

OFFICE OF HOUSING  
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CITY AND COUNTY OF HONOLULU

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October 9, 2024

2024-HOU-052

The Honorable Tommy Waters  
Chair and Presiding Officer  
and Members  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawai'i 96813

Dear Chair Waters and Councilmembers:

SUBJECT: Support for the Concept of Bill 46 (2024) – Relating  
to the Taxation of Vacant Residential Properties

The Office of Housing (HOU) **supports** an empty homes tax on homes left vacant for more than six months out of the year because we need to increase O'ahu's supply of housing. According to the Department of Business, Economic Development and Tourism's (DBEDT) 2024 Housing Demand Report, there are approximately 34,270 vacant units on O'ahu.<sup>1</sup> This bill could potentially be a means to increase our housing supply without the cost of new construction or restrictions on household income.

We understand that the Department of Budget and Fiscal Services (BFS) recently awarded a contract to a private entity to conduct a study on an empty homes tax program so we defer to BFS for comments on program implementation and fiscal impact to the City's budget. We also recognize that results of the study may inform future decisions on policy and programming. Several questions remain until this study is complete. As the contract for the consultant was only just awarded around two months ago, it is premature to determine revenue allocations at this time. Additionally, as the City Charter specifies the revenue mechanism for the Affordable Housing Fund, we defer to COR to determine if revenue from an empty homes tax can be deposited into the Fund.

Several City funds that support housing and homelessness programs restrict the City's flexibility in use, which includes the Affordable Housing Fund and capital improvement project (CIP) program allocations. Having a broader application of

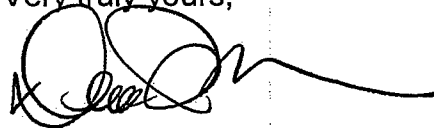
<sup>1</sup> Department of Business, Economic Development and Tourism (March 2024) *Hawai'i Housing Demand: 2025-2035*.  
[https://files.hawaii.gov/dbedt/economic/reports/hawaii\\_housing\\_demand\\_2024\\_final.pdf](https://files.hawaii.gov/dbedt/economic/reports/hawaii_housing_demand_2024_final.pdf)

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revenues as BFS has recommended can serve two key purposes: 1) to support housing and homelessness programs, and 2) to help to offset gaps for other core City services, including those that may be impacted by the property tax relief bills currently under consideration by Council.

Thank you for the opportunity to provide testimony on this matter.

Very truly yours,



Denise Iseri-Matsubara  
Executive Director

APPROVED:



Michael D. Formby, Managing Director  
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