REPORT OF THE COMMITTEE ON BUDGET

Voting Members:
Radiant Cordero, Chair; Matt Weyer, Vice Chair;
Esther Kia'āina, Calvin K.Y. Say, Augie Tulba

Committee Meeting Held
November 21, 2024

Honorable Tommy Waters
Chair, City Council
City and County of Honolulu

Mr. Chair:

Your Committee on Budget, which considered Bill 46 (2024), CD1 entitled:

"A BILL FOR AN ORDINANCE RELATING TO REAL PROPERTY TAXATION,"

which passed second reading and was the subject of a public hearing at the October 9, 2024 Council meeting, reports as follows:

The purpose of the bill is to address the taxation of vacant residential properties in the City and County of Honolulu.

The Director of Budget and Fiscal Services testified and responded to Councilmembers' questions.

Your Committee approved a CD2 version that makes the following amendments:

A. In SECTION 1 of the bill, describes the new "residential E" real property tax classification (instead of an empty homes tax), including residential properties that are vacant or not likely to be long-term residences, to be taxed at a rate intended to help address the City's lack of affordable housing crisis that arises from inadequate housing supply and inadequate funding to address these problems.

ADOPTED ON _____ COMMITTEE REPORT NO. 355

B. Deletes SECTION 2 of the bill and replaces it with a new SECTION 2 that:

1. Revises ROH Section 8-7.1(c) to add a new subdivision (c)(8) to establish a new residential E real property tax class comprised of:

[A] parcel, or portion thereof, that otherwise would be classified as residential or residential A based upon its highest and best use, or is dedicated for residential use under § 8-7.5, including any property improved with a dwelling unit, condominium unit, apartment building, or duplex unit used for residential use, except the following:

(A) Property that has a home exemption under § 8-10.3;

(B) Property that is an accessory dwelling unit or an ohana unit. "Accessory dwelling unit" and "ohana unit" have the same meanings as defined in § 21-10.1;

(C) Property that is the principal residence of one or more of theowners of the property for at least six months in the tax year;

(D) Property that is the principal residence on O'ahu of a renter or other permitted occupant of the property for at least six months in the tax year. Multiple rental or occupancy periods may be aggregated for the calculation of the six-month period;

(E) Property that is subject to a probate court proceeding or the title tothe property is the subject of pending litigation that is active orresolved before a court of competent jurisdiction during a tax year or during the following tax year;

(F) Property that is owned by a person who occupied the property as their principal residence and who died during the tax year, which caused the residential property to be transferred by will, intestate succession, or operation of law to a new owner or during the five tax years following the tax year of the death;

(G) Property that is owned, rented, or occupied by a person who is undergoing medical care, including but not limited to residing in an assisted living facility, or providing medical care as a caregiver, which requires the owner, renter, or permitted occupant to reside in a place other than the property for longer than six months during the tax year;

(H) Property that is legally occupied by a person who is:

(i) On active duty with the armed forces of the United States; and

(ii) Deployed outside of the city on orders of the armed forces;

(I) Property that is determined to be a "substandard building" as defined in § 16A-2.1, and for which there is a pending application for a building permit for major construction, repair, or renovation to the property that would resolve the conditions that render the property a "substandard building" and any building permits remain open or the property is otherwise lawfully occupiable for a portion or all of the tax year;

(J) Property that has an open building permit for major construction, repair, or renovation to the property that reasonably requires the occupant to reside in a different dwelling unit during construction and

the building permit remains open or the property is otherwise lawfully occupiable for a portion or all of the tax year;

(K) Property that is:

(i) The subject of active efforts during the prior tax year to sell or rent the property (as evidenced by active advertising of the property, a listing in the multiple listing service, and related evidence of active sale or rental efforts); or

(ii) 100 percent of the legal interest in the property was sold or 100 percent of the ownership was transferred during the tax year and ownership of the property was not transferred more than once during the five tax-years prior to the sale;

(L) The property is a part of a State-licensed residential home for senior citizens, persons with medical or mental disabilities, or is a State-licensed halfway house;

(M) The property is owned or operated by a nonprofit organization, and the property is used to provide temporary housing for individuals as part of the organization's mission (e.g., a group living facility for victims of domestic abuse, homeless persons, mentally ill persons, or disabled persons);

(N) The property is owned by a nonprofit organization and the property was used during the tax year for operations of the nonprofit organization;

(O) The property is owned or controlled by the federal government, the State government, a political subdivision of the State government, or the city;

(P) The property:

(i) Is owned by a person who receives the majority of the person's income from an O'ahu source or, in the case of a person receiving retirement or public benefit payments, including social security, pension, or disability benefit payments, such payments must be received at an address in the city; and

(ii) Is owned by the same owner who owned the property before 2024;

(Q) The property is a second dwelling that is owned:

(i) By the same person that owned the property before 2024 and the owner of a principal residence for which the homeowner has a home exemption under § 8-10.3;

(ii) By one or more of the descendants of a person who owned the property at least 25 years ago; or

(iii) Jointly by members of two or more families and:

(aa) Is not owned by a corporation;

(bb) Is owned by at least one person from each family who receives the majority of the person's income from an O'ahu source or, in the case of a person receiving retirement or public benefits, including social security, pension, or disability payments received at a Honolulu address; and

(cc) Was owned by the same owners before 2024.

This exception applies to only one second dwelling in relation to the principal residence.

2. Revises ROH Section 8-7.1(c) to add a new subdivision (c)(9) to clarify that "A property that would otherwise be excepted from the residential E classification pursuant to subdivision (c)(8), not including paragraph (c)(8)(D), will nevertheless be subject to the residential E classification if the property is owned by a person who also owns a property having a home exemption under § 8-10.3 and a second residential property that is excepted from the residential E classification."

C. Adds a new SECTION 3 to amend ROH Section 8-7.1 by adding a new subsection (h) to:

1. Provide that "[a]t least 20 percent of revenues collected from taxpayers for real property taxes assessed and payable for residential E properties under this article shall be used to support affordable housing initiatives within the purview of the office of housing";

2. Require the director to, not later than December 31, 2025, adopt administrative rules to implement, administer, and enforce the residential E tax classification;

3. Require the department to, not later than March 1, 2026, develop and implement an outreach program to educate the public regarding the residential E tax classification; and

4. Require the department to, not later than 45 days following the end of each fiscal year, report to the Council annually regarding the implementation, education program, and tax collection of residential E classification.

D. Adds a new SECTION 4 that states:

This ordinance shall not apply to any property: 1) classified as residential or residential A, or dedicated for residential use under Section 8-7.5, Revised Ordinances of Honolulu 2021, on the effective date of this ordinance; and 2) is subject to a lease or rental agreement on the effective date of this ordinance. Such properties shall be subject to this ordinance on the termination date of the lease or rental agreement without regard to optional extensions thereof.

E. Adds a new SECTION 5 to provide that "[i]f any provision of this ordinance, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the ordinance that can be given effect without the invalid provision or application, and to this end, the provisions of this ordinance are severable."

REPORT OF THE COMMITTEE ON BUDGET

Voting Members:
Radiant Cordero, Chair; Matt Weyer, Vice Chair;
Esther Kia'āina, Calvin K.Y. Say, Augie Tulba

F. Adds a new SECTION 6 with instructions to the Revisor of Ordinances.

Renumbers the prior SECTION 3 and subsequent SECTIONS.

G. Revises renumbered SECTION 8 to provide that the ordinance applies to tax years beginning July 1, 2027 and thereafter.

H. Makes miscellaneous technical and nonsubstantive amendments.

Your Committee on Budget is in accord with the intent and purpose of Bill 46 (2024), CD1, as amended herein (Ayes: Cordero, Kia'āina, Say, Tulba, Weyer – 5; Noes: None), and recommends that it pass third reading in the form attached hereto as Bill 46 (2024), CD2. (Ayes: Cordero, Weyer – 2; Aye with reservations: Say – 1; Noes: Kia'āina, Tulba – 2.)

Respectfully submitted,

Committee Chair

At the 12/11/24 Council meeting, the Bill was further amended and action on Bill 46 (2024), CD2, FD1 was subsequently postponed.

Committee Report was not adopted and Bill 46 (2024), CD2, FD1 was filed on 08/01/26 pursuant to ROH SEC. 1-2.4.

HONOLULU CITY COUNCIL
Ke Kanihela o ke Kalana o Honolulu
CITY AND COUNTY OF HONOLULU

ADOPTED ON _____ COMMITTEE REPORT NO. 355

HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

ORDINANCE _____

BILL **46 (2024), CD2**

A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAXATION.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to address the taxation of vacant residential properties in the City and County of Honolulu ("City").

This ordinance establishes a new real property tax classification of "residential E" for certain properties, including residential properties that are vacant or not likely to be long-term residences, to be taxed at a rate intended to help address the City's lack of affordable housing crisis that arises from inadequate housing supply and inadequate funding to address these problems.

Property owners in the State of Hawai'i ("State") have among the lowest property taxes of property owners in any state in the nation, and funds for programs that address affordable housing are limited. The City has one of the nation's highest housing costs, with the median cost for a single-family home exceeding $1,000,000, as of December 2023. The 2020 U.S. Census reports that the City has a housing vacancy rate of 9.2 percent, with 34,253 housing units unoccupied. A 2024 study by *Demographia International Housing Affordability* ranks Honolulu as having the third worst "impossibly unaffordable" housing in the United States and the 89th worst out of 94 least affordable housing markets in eight major nations of the English-speaking world.

The new tax classification of properties that are vacant or not likely to be long-term residences helps to ease these problems by: (1) encouraging existing owners to rent or sell vacant housing stock for use as homes for local residents; (2) increasing the City's supply of homes to better meet demand and reduce market pressures that cause high and unaffordable housing prices; and (3) raising funds for affordable housing solutions.

The new classification could help to convert existing investment properties into housing for local residents without the need for costly construction, long delays for development and permitting, and the acquisition of more land. Taxes collected from these properties could increase the affordable housing stock for residents by encouraging long-term rentals and providing funds for the construction of new affordable housing.

A BILL FOR AN ORDINANCE

SECTION 2. Section 8-7.1, Revised Ordinances of Honolulu 2021 ("Valuation—Considerations in fixing"), is amended by amending subsection (c) to read as follows:

"(c) (1) Real property must be classified into the following general classes, upon consideration of its highest and best use, and upon other criteria set forth in this section:

(A) Residential;

(B) Hotel and resort;

(C) Commercial;

(D) Industrial;

(E) Agricultural;

(F) Preservation;

(G) Public service;

(H) Vacant agricultural;

(I) Residential A;

(J) Bed and breakfast home; [~~and~~]

(K) Transient vacation[~~.~~]; and

(L) Residential E.

(2) In assigning real property to one of the general classes, the director shall give major consideration to the districting established by the city in its general plan and zoning ordinance, specific class definitions or criteria set forth in this section, and such other factors [~~which~~] that influence highest and best use.

Notwithstanding the city's zoning district classification, the director shall assign to the agricultural class any real property classified as tree farm property under HRS Chapter 186.

A BILL FOR AN ORDINANCE

(3) When real property is subdivided into condominium units, each unit and its appertaining common interest:

(A) Will be deemed a parcel and assessed separately from other units; and

(B) Will be classified as follows:

(i) If the unit has a single, legally permitted, exclusive actual use, it must be classified upon consideration of the unit's actual use into one of the general classes in the same manner as real property;

(ii) If the unit has multiple, legally permitted uses, it must be classified:

(aa) Upon consideration of the unit's highest and best use into one of the general classes in the same manner as real property; or

(bb) Residential, only upon approved dedication as provided in § 8-7.5 when the unit is legally permitted multiple exclusive uses, including residential use; or

(iii) If the unit is a condominium parking unit or a condominium storage unit, it must be classified residential, only upon approved dedication when the unit is used in conjunction with a unit in residential use within the project.

(4) "Residential A" means a parcel, or portion thereof, [~~which:~~] that:

(A) Is improved with no more than two single-family dwelling units; and

(i) Has an assessed value of $1,000,000 or more;

(ii) Does not have a home exemption; and

(iii) Is zoned R-3.5, R-5, R-7.5, R-10, or R-20 or is dedicated for residential use;

(B) Is vacant land zoned R-3.5, R-5, R-7.5, R-10, or R-20 and has an assessed value of $1,000,000 or more; or

(C) Is a condominium unit with an assessed valuation of $1,000,000 or more and does not have a home exemption.

Residential A excludes any parcel, or portion thereof, improved with military housing located on or outside of a military base.

(5) Notwithstanding this subsection, real property with the following uses must be classified as follows:

(A) Real property used as a bed and breakfast home, in accordance with Chapter 21 (the land use ordinance), must be classified as bed and breakfast home. "Bed and breakfast home" has the same meaning as defined in § 21-10.1.

(B) Real property used as a transient vacation unit, in accordance with Chapter 21 (the land use ordinance), must be classified as transient vacation. "Transient vacation unit" has the same meaning as defined in § 21-10.1.

(C) Real property used as a time share unit[~~.~~], in accordance with HRS Chapter 514E and Chapter 21 (the land use ordinance), must be classified as hotel and resort. "Time share unit" has the same meaning as defined in § 21-10.1.

Property used as a bed and breakfast home, transient vacation unit, or time share unit must not be classified as residential or residential A.

(6) "Vacant agricultural" means a parcel, or portion thereof, that would otherwise be classified agricultural by the director upon major consideration of the districting established by the city in its general plan and zoning ordinance and of such other factors that influence highest and best use, but which parcel, or portion thereof:

(A) Has no residential buildings; and

(B) Is not dedicated for agricultural purposes.

If a portion of a parcel is dedicated as vacant agricultural, the remainder of the parcel that is zoned agricultural must be dedicated for agricultural use.

(7) Notwithstanding this subsection, all real property actually used by a public service company in its public service business will be classified as public service. For the purposes of this subsection, "public service company" means a public utility, except airlines, motor carriers, common carriers by water, and contract carriers, where:

(A) "Public utility" includes every person [~~who~~] that may own, control, operate, or manage as owner, lessee, trustee, receiver, or otherwise, whether under a franchise, charter, license, articles of association, or otherwise, any plant or equipment, or any part thereof, directly or indirectly for public use, for the transportation of passengers or freight, or the conveyance or transmission of telecommunications messages, or the furnishing of facilities for the transmission of intelligence by electricity by land, water, or air within the State, or between points within the State, or for the production, conveyance, transmission, delivery, or furnishing of light, power, heat, cold, water, gas, or oil, or for the storage or warehousing of goods, or the disposal of sewage; provided that the term:

(i) Includes any person insofar as that person owns or operates a private sewer company or sewer facility;

(ii) Includes any telecommunications carrier or telecommunications common carrier;

(iii) Does not include any person insofar as that person owns or operates an aerial transportation enterprise;

(iv) Does not include persons owning or operating taxicabs, as defined in this subsection;

(v) Does not include common carriers transporting only freight on the public highways, unless operating within localities or along routes or between points that the State Public Utilities

Commission finds to be inadequately serviced without regulation under this chapter;

(vi) Does not include persons engaged in the business of warehousing or storage, unless the State Public Utilities Commission finds that regulation thereof is necessary in the public interest;

(vii) Does not include:

(aa) The business of any carrier by water to the extent that the carrier enters into private contracts for towage, salvage, hauling, or carriage between points within the State and the carriage is not pursuant to either an established schedule or an undertaking to perform carriage services on behalf of the public generally; and

(bb) The business of any carrier by water, substantially engaged in interstate or foreign commerce, transporting passengers on luxury cruises between points within the State or on luxury round-trip cruises returning to the point of departure;

(viii) Does not include any person [~~who:~~] that:

(aa) Controls, operates, or manages plants or facilities for the production, transmission, or furnishing of power primarily or entirely from nonfossil fuel sources; and

(bb) Provides, sells, or transmits all of that power, except such power as is used in its own internal operations, directly to a public utility for transmission to the public;

(ix) Does not include a telecommunications provider only to the extent determined by the State Public Utilities Commission, pursuant to applicable State law;

(x) Does not include any person [~~who~~] that controls, operates, or manages plants or facilities developed pursuant to applicable State law for conveying, distributing, and transmitting water for irrigation and such other purposes that shall be held for public use and purpose; and

(xi) Does not include any person [~~who~~] that owns, controls, operates, or manages plants or facilities for the reclamation of wastewater; provided that:

(aa) The services of the facility must be provided pursuant to a service contract between the person and a State or city agency and at least 10 percent of the wastewater processed is used directly by the State or a city agency that has entered into the service contract;

(bb) The primary function of the facility must be the processing of secondary treated wastewater that has been produced by a municipal wastewater treatment facility that is owned by a State or city agency;

(cc) The facility must not make sales of water to residential customers;

(dd) The facility may distribute and sell recycled or reclaimed water to entities not covered by a State or city service contract; provided that in the absence of regulatory oversight and direct competition, the distribution and sale of recycled or reclaimed water must be voluntary and its pricing fair and reasonable. For the purposes of this subparagraph, "recycled water" and "reclaimed water" mean treated wastewater that by design is intended or used for a beneficial purpose; and

(ee) The facility must not be engaged, either directly or indirectly, in the processing of food wastes;

(B) "Motor carrier" means a common carrier or contract carrier transporting freight or other property on the public highways, other than a public utility or taxicab;

(C) "Contract carrier" means a person other than a public utility or taxicab which, under contracts or agreements, engages in the transportation of persons or property for compensation, by land, water, or air;

(D) "Carrier" means a person [~~who~~] that engages in transportation, and does not include a person such as a freight forwarder or tour packager [~~who~~] that provides transportation by contracting with others, except to the extent that such person engages in transportation;

(E) "Taxicab" includes:

(i) Any motor vehicle used in the movement of passengers on the public highways under the following circumstances, namely, the passenger hires the vehicle on call or at a fixed stand, with or without baggage for transportation, and controls the vehicle to the passenger's destination; and

(ii) Any motor vehicle having seating accommodations for eight or less passengers used in the movement of passengers on the public highways between a terminal, i.e., a fixed stand, in the city, and a terminal in a geographical district outside the limits of the city, and vice versa, without picking up passengers other than at the terminals or fixed stands; provided that passengers may be unloaded at any point between terminals; and provided further that this definition relating to motor vehicles operating between terminals pertains only to those motor vehicles whose operators or owners were duly licensed under any applicable provision of law or ordinance and doing business between such terminals on January 1, 1957;

(F) "Telecommunications carrier" or "telecommunications common carrier" means any person that owns, operates, manages, or controls any facility used to furnish telecommunications services for

profit to the public, or to classes of users as to be effectively available to the public, engaged in the provision of services, such as voice, data, image, graphics, and video services, that make use of all or part of their transmission facilities, switches, broadcast equipment, signaling, or control devices; and

(G) "Telecommunications service" or "telecommunications" means the offering of transmission between or among points specified by a user, of information of the user's choosing, including voice, data, image, graphics, and video without change in the form or content of the information, as sent and received, by means of electromagnetic transmission, or other similarly capable means of transmission, with or without benefit of any closed transmission medium, and does not include cable service as defined under applicable State law.

(8) Notwithstanding any other provision to the contrary, "residential E" means a parcel, or portion thereof, that otherwise would be classified as residential or residential A based upon its highest and best use, or is dedicated for residential use under § 8-7.5, including any property improved with a dwelling unit, condominium unit, apartment building, or duplex unit used for residential use, except the following:

(A) Property that has a home exemption under § 8-10.3;

(B) Property that is an accessory dwelling unit or an ohana unit. "Accessory dwelling unit" and "ohana unit" have the same meanings as defined in § 21-10.1;

(C) Property that is the principal residence of one or more of the owners of the property for at least six months in the tax year;

(D) Property that is the principal residence on O'ahu of a renter or other permitted occupant of the property for at least six months in the tax year. Multiple rental or occupancy periods may be aggregated for the calculation of the six-month period;

(E) Property that is subject to a probate court proceeding or the title to the property is the subject of pending litigation that is active or resolved before a court of competent jurisdiction during a tax year or during the following tax year;

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(F) Property that is owned by a person who occupied the property as their principal residence and who died during the tax year, which caused the residential property to be transferred by will, intestate succession, or operation of law to a new owner or during the five tax years following the tax year of the death;

(G) Property that is owned, rented, or occupied by a person who is undergoing medical care, including but not limited to residing in an assisted living facility, or providing medical care as a caregiver, which requires the owner, renter, or permitted occupant to reside in a place other than the property for longer than six months during the tax year;

(H) Property that is legally occupied by a person who is:

(i) On active duty with the armed forces of the United States; and

(ii) Deployed outside of the city on orders of the armed forces;

(I) Property that is determined to be a "substandard building" as defined in § 16A-2.1, and for which there is a pending application for a building permit for major construction, repair, or renovation to the property that would resolve the conditions that render the property a "substandard building" and any building permits remain open or the property is otherwise lawfully occupiable for a portion or all of the tax year;

(J) Property that has an open building permit for major construction, repair, or renovation to the property that reasonably requires the occupant to reside in a different dwelling unit during construction and the building permit remains open or the property is otherwise lawfully occupiable for a portion or all of the tax year;

(K) Property that is:

(i) The subject of active efforts during the prior tax year to sell or rent the property (as evidenced by active advertising of the property, a listing in the multiple listing service, and related evidence of active sale or rental efforts); or

(ii) 100 percent of the legal interest in the property was sold or 100 percent of the ownership was transferred during the tax year and ownership of the property was not transferred more than once during the five tax-years prior to the sale;

(L) The property is a part of a State-licensed residential home for senior citizens, persons with medical or mental disabilities, or is a State-licensed halfway house;

(M) The property is owned or operated by a nonprofit organization, and the property is used to provide temporary housing for individuals as part of the organization's mission (e.g., a group living facility for victims of domestic abuse, homeless persons, mentally ill persons, or disabled persons);

(N) The property is owned by a nonprofit organization and the property was used during the tax year for operations of the nonprofit organization;

(O) The property is owned or controlled by the federal government, the State government, a political subdivision of the State government, or the city;

(P) The property:

(i) Is owned by a person who receives the majority of the person's income from an O'ahu source or, in the case of a person receiving retirement or public benefit payments, including social security, pension, or disability benefit payments, such payments must be received at an address in the city; and

(ii) Is owned by the same owner who owned the property before 2024;

(Q) The property is a second dwelling that is owned:

(i) By the same person that owned the property before 2024 and the owner of a principal residence for which the homeowner has a home exemption under § 8-10.3;

(ii) By one or more of the descendants of a person who owned the property at least 25 years ago; or

(iii) Jointly by members of two or more families and:

(aa) Is not owned by a corporation;

(bb) Is owned by at least one person from each family who receives the majority of the person's income from an **O'ahu** source or, in the case of a person receiving retirement or public benefits, including social security, pension, or disability payments received at a Honolulu address; and

(cc) Was owned by the same owners before 2024.

This exception applies to only one second dwelling in relation to the principal residence.

For purposes of this subdivision (c)(8), "**O'ahu** source" means a business or an employer with a physical place of business in the city.

(9) A property that would otherwise be excepted from the residential E classification pursuant to subdivision (c)(8), not including paragraph (c)(8)(D), will nevertheless be subject to the residential E classification if the property is owned by a person who also owns a property having a home exemption under § 8-10.3 and a second residential property that is excepted from the residential E classification."

SECTION 3. Section 8-7.1, Revised Ordinances of Honolulu 2021 ("Valuation—Considerations in fixing"), is amended by adding a new subsection (h) to read as follows:

"(h) With regard to properties classified as residential E:

(i) At least 20 percent of revenues collected from taxpayers for real property taxes assessed and payable for residential E properties under this article shall be used to support affordable housing initiatives within the purview of the office of housing;

(ii) Not later than December 31, 2025, the director shall adopt administrative rules pursuant HRS Chapter 91 for the purposes of implementing, administering, and enforcing the tax classification;

(iii) Not later than March 1, 2026, the department shall develop and implement an outreach program providing education to the public through various media, including online, by mail, and in person, regarding the residential E real property tax classification; and

(iv) Not later than 45 days following the end of each fiscal year, the department shall submit to the council a report, including a copy of the report in rich text format, providing, for the current fiscal year, information regarding the residential E classification implementation, education program, and tax collection."

SECTION 4. This ordinance shall not apply to any property: 1) classified as residential or residential A, or dedicated for residential use under Section 8-7.5, Revised Ordinances of Honolulu 2021, on the effective date of this ordinance; and 2) is subject to a lease or rental agreement on the effective date of this ordinance. Such properties shall be subject to this ordinance on the termination date of the lease or rental agreement without regard to optional extensions thereof.

SECTION 5. If any provision of this ordinance, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the ordinance that can be given effect without the invalid provision or application, and to this end, the provisions of this ordinance are severable.

SECTION 6. The Revisor of Ordinances shall, pursuant to the Revisor's authority under SECTION 2 of Ordinance 23-7, update the Reporting Requirements Table to include the reporting requirements enacted by SECTION 3 of this ordinance.

SECTION 7. Ordinance material to be repealed is bracketed and stricken. New material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu 2021, the Revisor of Ordinances need not include the brackets, the material that has been bracketed and stricken, or the underscoring.

A BILL FOR AN ORDINANCE

SECTION 8. This ordinance takes effect upon its approval and applies to the tax years beginning July 1, 2027 and thereafter.

INTRODUCED BY:

Tommy Waters

Radiant Cordero

DATE OF INTRODUCTION:

August 1, 2024
Honolulu, Hawai'i

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____day of _____, 20 ____.

RICK BLANGIARDI, Mayor
City and County of Honolulu

Report Title:
Residential E; New Tax Classification; Residential Properties; Residential A Properties; Vacant Property; Real Property Tax; Second Dwelling; Home Exemption; Armed Forces; Homelessness; Mayor's Office of Housing; Rules; Outreach Program; Descendants; Families

Description:
Establishes a new "residential E" real property tax classification for certain residential properties that otherwise would be classified as "residential" or "residential A," or dedicated for residential use under Section 8-7.5, Revised Ordinances of Honolulu 2021 ("ROH"), that are vacant or not likely to be long-term residences. Excludes accessory dwelling units and ohana units.

Requires that at least 20 percent of the tax revenues collected from residential E properties be used to support affordable housing initiatives within the purview of the Mayor's Office of Housing. Requires the Budget and Fiscal Services ("BFS") Director to adopt rules to implement, administer, and enforce the residential E real property tax classification not later than December 31, 2025. Requires the BFS to develop and implement an outreach program to educate the public regarding the residential E tax classification not later than March 1, 2026 and to report to the City Council, not later than 45 days following the end of each fiscal year, regarding the implementation, education program, and tax collection of residential E classification.

Applies to the tax years beginning July 1, 2027 and thereafter.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.