BILL034(24)
Testimony

MISC. COMM. 381

*BUDGET (BUD)

***BUDGET (BUD) Meeting**

Meeting Date: Jul 22, 2025 @ 09:00 AM

Support: 1

Oppose: 0

I wish to comment: 1

Name:	Email:	Zip:
Suzanne Young	suzanne.young@hicentral.com	96816
Representing:	Position:	Submitted:
Honolulu Board of Realtors	Support	Jul 21, 2025 @ 11:07 PM
Name:	Email:	Zip:
Natalie Iwasa	iwasajunk@mail.com	96825
Representing:	Position:	Submitted:
Self	I wish to comment	Jul 22, 2025 @ 05:57 AM

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Testimony by Suzanne Young, CEO
Honolulu Board of REALTORS®

BILL 34 (24), PROPOSED CD1 (RC1)
RELATING TO REAL PROPERTY TAXATION.

Committee on Budget
Val Okimoto, Chair
Scott Nishimoto, Vice Chair

City Council Chamber
Tuesday, July 22, 2025
9:00 AM

Aloha Chair Okimoto, Vice Chair Nishimoto, and members of the Budget Committee:

On behalf of the Honolulu Board of REALTORS® (HBR), representing more than 6,000 local real estate professionals, I submit this testimony in support of the amendments in Bill 34 (2024), Proposed CD1 (RC1). HBR believes the proposed amendments reflect a long-overdue resynchronization of property classification thresholds with the reality of today's housing market on O'ahu.

When Residential A began in 2014, it was intended to apply to high value, non-owner-occupied homes. The median single-family home price at the time was less than $700,000. Over the past decade, home values on Oahu have significantly risen, with the median single-family home now exceeding $1 million. This has led to many modest, generational properties being classified as Residential A, and that was not the original intent. The proposed CD1 corrects this, ensuring that Residential A targets high value, investment properties as originally intended.

For the Committee's consideration, HBR recommends that Residential A thresholds be reviewed every 3-5 years or alternatively, future adjustments be indexed to the local real estate market, such as using the UHERO Home Price Index for O'ahu or DBEDT's median home sale data. Linking threshold adjustments to data sources such as these would help ensure property tax classifications remain current, objective, and fair.

We appreciate the Committee's consideration of these amendments and stand ready to continue this discussion to keep policy aligned with local market realities.

Mahalo.

TO: Members of the Budget Committee

FROM: Natalie Iwasa, CPA, CFE
808-395-3233

DATE: Tuesday, July 22, 2025

SUBJECT: Discussion Bill 34, Real Property Taxes – **COMMENTS**

Aloha Chair Okimoto and Councilmembers,

Thank you for having a discussion on Bill 34, which would increase the Residential A threshold from $1 million to $1.3 million and create three tax tiers for Residential A, transient vacation units and bed and breakfasts.

The median home price is now about $1.1 to $1.2 million. That means that more than half of homes that are rented fall into the Residential A classification. It won't be long before the median price reaches $1.3 million. The $1.3 million threshold is simply too low. (Note that when Residential A was first discussed more than 10 years ago, a proposed threshold was $1.5 million, which is the amount proposed in the CD1.)

Also note that rental properties that are not in the Residential A classification currently pay $420 more than homeowners who live in their homes.

While I appreciate the idea behind the tiered rates, it would make our real property tax system more complex, for administration purposes and for owners who try to anticipate the cost of their real property taxes for the next year.

Also note that tiers may motivate the city to value properties at higher amounts to get over thresholds to reach the higher taxed amounts.

While I offer these comments, I do not support the Residential A classification nor the Bed and Breakfast classification. I lieu of these higher-taxed classifications, the city should remove and reduce exemptions for entities such as credit unions, labor unions, for-profit child care businesses, business leagues and others.