BILL034(24)
Testimony

MISC. COMM. 448

COUNCIL

COUNCIL Meeting

Meeting Date: Sep 3, 2025 @ 10:00 AM

Support: 3

Oppose: 1

I wish to comment: 0

Name:	Email:	Zip:
Donald Sakamoto	cylonone@aol.com	96744
Representing:	Position:	Submitted:
Self	Support	Aug 29, 2025 @ 01:07 PM
Testimony:		
Oral testimony via video conference only.		

Name:	Email:	Zip:
Nicholas Maiocco	nickvine4@gmail.com	96782
Representing:	Position:	Submitted:
Self	Support	Aug 31, 2025 @ 01:38 PM

Name:	Email:	Zip:
Linda Howe	lindamhowe@gmail.com	96744
Representing:	Position:	Submitted:
Self	Oppose	Sep 1, 2025 @ 03:43 PM

Name:	Email:	Zip:
Suzanne Young	anakama@wik.com	96813
Representing:	Position:	Submitted:
Honolulu Board of Realtors	Support	Sep 2, 2025 @ 11:12 AM

To the Members of the Honolulu City Council,

This letter is in response to the failure to pass Bill 34(24) last year. It is perplexing how the city council, mayor, and governor collectively advocate for affordable housing yet take no action on this critical bill. As property owners striving to maintain affordable rentals for local residents, we strongly oppose the current tier structure and tax rate hike. There is no viable resolution for residential affordability, and since most residents cannot afford to purchase a home, renting remains their only option.

To address these concerns, renters should be able to verify payments to landlords through a 1099 or the Hawaii tax system, enabling them to claim deductions on Hawaii income taxes. Additionally, landlords should receive tax incentives for providing affordable housing based on HUD's Area Median Income (AMI) and Fair Market Rents (FMR) standards. Further research is needed to refine these proposals.

Our property taxes at 3385 Maunaloa Ave have increased from $5,513.92 to $8,956.72, a 62% increase due to an 18% rise in assessment value and the tiered tax rate structure.

Facts:

- Property assessments have increased excessively, averaging 20-30% over the past few years. Our property at 3385 Maunaloa experienced an 18.8% increase from 2023 to 2024, leading to three appeals in four years.
- Mean property values have risen over the past seven years, surpassing $1 million in 2021.
- The 2017 tax rate has not adjusted to reflect the Tier 2 threshold of $1 million.
- Our current property taxes are $5,213, but they are now increasing by 62%, adding $3,743 and bringing the total to $8,956. This burden will inevitably be passed on to tenants.
- The Tier 1 and Tier 2 tax structure is inequitable. Taxing the first million dollars at different rates is discriminatory, especially when exceeding the threshold by a mere dollar. Additionally, the $11.50/$1,000 tax on Tier 2 is excessive and creates a disproportionate burden.
- Our properties are rented long-term to local families, and these tax hikes will force us to increase rental rates.
- The $1,392,000 assessment represents a 4.48% year-over-year increase, with the $1 million Tier 2 threshold remaining unchanged since 2017. This threshold must be revised.

Proposed Solutions:

- The first million dollars of property value should be taxed equally for all properties to prevent discriminatory practices against owners of properties exceeding $1 million.
- Property tax increases should be capped at 2-3% annually, similar to policies in other states.
- The $10.50/$1,000 tax for property values over $1 million should be eliminated.
- Landlords who offer affordable rental rates should receive tax breaks to incentivize keeping locals housed.
- Renters should be allowed to provide documentation for an exemption on their property taxes.

We are committed to maintaining affordable rentals for our tenants, including an elderly retired resident, a family of five, and a college professor. We have filed an appeal regarding this assessment and urge you to consider these proposals to prevent further economic strain on property owners and renters alike.

Mahalo for your time,
Nicholas and Keli Maiocco 2235 Aupaka St. Pearl City
3385 and 3385A Maunaloa Ave Honolulu

Testimony of Linda Howe
City and County of Honolulu
Council Meeting, September 3, 2025
Regarding Bill 34 (24)
IN Opposition with comments

Thank you for the opportunity to testify today *in support of the intent* of the Bill 34 (CD 1) and I offer these comments to identify the issues which trigger my opposition to CD 1:

The 2016 ordinance establishing the Residential A category set a $1MM threshold for non-owner-occupant properties. That year, the median sales price for single family homes (SFH) on Oahu was roughly $650,000. The 2016 ordinance did not include any mechanism for adjustments of that threshold and, today, the median SFH value has risen to $1.07MM. A substantial portion of Oahu's residential properties are non-owner-occupied, and even if they are in long-term rental, they may have inflated into the higher Residential A tax category, more than doubling taxes! These increases in property valuations expose the fatal flaw increasing Honolulu's cost of living: **forcing even long-term rentals into higher property tax categories.** This is similar to how higher tariffs ultimately increase costs for consumers.

This Residential A tax burden creep is a CASH COW for the City & County budget, paid for by renters. Director Kawano testified recently at a Budget Committee hearing that the City has reaped a full 6% increase in 'revenues' from the 2025 Residential A tax category.

Comments:

1) As drafted, Bill 34 does not include any mechanism for adjustments for increasing property valuations: the same mistake! Please don't make the same mistake.

2) Adjusting the Tier 1 threshold from $1MM to $1.3MM is insufficient and should be increased to reflect the original 'spread' between the 2016 Median Sales Price and the $1MM threshold – a 35% percentage differential.

3) BTW, the same fatal flaw is seen in the transient vacation (TV) threshold/tier adjustments! No adjustment or indexing mechanism.

In conclusion, while this adjustment is laudable for its effort to more highly tax the super-wealthy owners of high-value, non-owner-occupant properties, even if the threshold is increased, unless Bill 34 includes an automatic threshold adjustment mechanism, this cycle of unfair taxation on rental properties, paid for by Oahu's long-term renters, will be doomed to 'Repeat.'

Honolulu Board of REALTORS®
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Testimony by Suzanne Young, CEO
Honolulu Board of REALTORS®

Bill 34 (2024)
Relating to Real Property Taxation

Honolulu City Council
Tommy Waters, Chair
Andria Tupola, Vice Chair

City Council Chamber
Wednesday, September 3, 2025
10:00 A.M.

Aloha Chair Waters, Vice Chair Tupola, and members of the City Council:

Thank you for the opportunity to provide testimony on Bill 34 (2024). On behalf of our more than 6,800 members, the Honolulu Board of REALTORS® (HBR) and its City Affairs Committee express **support** for Bill 34 (2024), Relating to Real Property Taxation.

HBR believes the proposed amendments represent a much-needed update to property classification thresholds to reflect today's housing market conditions on O‘ahu.

When the Residential A property classification was introduced in 2014, it was designed to target high-value, non-owner-occupied residences. At that time, the median single-family home price on O‘ahu was less than $700,000. Since then, home values have risen sharply, with the median single-family home price now exceeding $1 million. As a result, many modest, multi-generational properties have inadvertently fallen under the Residential A classification—something that was never intended. The Residential A amendments help realign the policy, ensuring that only high-value, investment properties are classified as Residential A, consistent with the original intent.

HBR respectfully encourages the Council to consider reviewing Residential A thresholds every 3–5 years, or alternatively, tying future adjustments to local real estate market trends. Useful benchmarks could include the UHERO Home Price Index for O‘ahu or DBEDT’s median home sale data. Linking threshold adjustments to such objective data sources will ensure that property tax classifications remain current, equitable, and reflective of market realities.

We appreciate the Council’s thoughtful consideration of these amendments and stand ready to continue working together to keep policy aligned with the needs and realities of our local community.