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DEPARTMENT OF BUDGET AND FISCAL SERVICES
KA 'OIHANA MĀLAMA MO'OHELU A KĀLĀ
CITY AND COUNTY OF HONOLULU

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October 13, 2025

The Honorable Val Okimoto, Chair
and Members
Committee on Budget
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawai'i 96813

Dear Chair Okimoto and Councilmembers:

SUBJECT: Bill 63 (2025) - Relating to the Real Property Dedication for Affordable Long-Term Residential Use

The Department of Budget and Fiscal Services ("BFS") would like to provide comments on Bill 63 (2025), which proposes to increase the current Area Median Income from 80% to 100% for tenants who will reside in long-term residential units, which would allow owners of real property classified as residential A to dedicate their property as residential for real property tax purposes.

BFS understands that limiting the rental amount for the tenant and offering tax relief assures benefit to the long-term tenant, local residents, and the property owner. However, BFS needs to weigh the unknown revenue loss and financial burden that may arise from providing core city services to our community.

For all active council legislation relating to the City's real property tax program, BFS recommends another Permitted Interaction Group ("PIG"). The next PIG will allow City Council and City Administration to share ideas and concerns on all active property tax bills and collaborate to avoid unintended consequences for taxpayers and adverse fiscal impacts to City finances.

DEPT. COM. 772 BUD

Thank you for the opportunity to provide testimony on this bill. Please contact me at (808) 768-3901 with any questions you may have.

Sincerely,

Andrew T. Kawano
Director

APPROVED:

Michael D. Formby, Managing Director
Office of the Managing Director