

BILL014(26)
Testimony

MISC. COMM. 23

COUNCIL

COUNCIL Meeting

Meeting Date: Jan 28, 2026 @ 10:00 AM

Support: 1

Oppose: 6

I wish to comment: 0

Name: Jacob Wiencek	Email: jacob.m.wiencek@pm.me	Zip: 96815
Representing: Self	Position: Oppose	Submitted: Jan 22, 2026 @ 09:20 PM
Testimony: Aloha Councilmembers Affordable housing is the core of our broader affordability challenge that is DRIVING away working- and middle-class families. In recent years, this council has made steady progress in addressing these affordable housing concerns. While I understand the impulse to properly scope the development incentives we provide, I do not think this bill balances these objectives well. I fear it will lead to less affordable housing development. Worsening the crisis hardworking people in Honolulu face. Therefore, I urge the Council to OPPOSE this bill.		
Name: Arjuna Heim	Email: arjuna@hiappleseed.org	Zip: 96813
Representing: Hawaii Appleseed Center for Law and Economic Justice	Position: Oppose	Submitted: Jan 27, 2026 @ 12:48 PM
Name: Geena Thielen	Email: geena@ccs-hawaii.com	Zip: 96734
Representing: Self	Position: Oppose	Submitted: Jan 27, 2026 @ 05:28 PM
Name: Stefanie Sakamoto	Email: ssakamoto@imanaka-asato.com	Zip: 96789
Representing: BIA Hawaii	Position: Oppose	Submitted: Jan 27, 2026 @ 07:42 PM
Name: Dalan Kam	Email: dailybusphoto808@gmail.com	Zip: 96821
Representing: Self	Position: Oppose	Submitted: Jan 27, 2026 @ 08:36 PM
Testimony: Aloha Council, I am testifying in opposition. With an increased focus on dense mixed-use affordable housing (primarily along Skyline's future pathway) to address our housing affordability crisis, it seems counterintuitive to take away financial incentives to build these, especially in a time		

where it is crucial to plan for these before their accompanying mass transit is built. I urge the council to reject Bill 14.

Name:

Natalie Iwasa

Email:

iwasajunk@mail.com

Zip:

96825

Representing:

Self

Position:

Support

Submitted:

Jan 27, 2026 @ 11:16 PM

Name:

Evan Oue

Email:

eoue@imanaka-asato.com

Zip:

96813

Representing:

NAIOP Hawaii Chapter

Position:

Oppose

Submitted:

Jan 28, 2026 @ 07:32 AM



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
**Opposition to Bill 14 – Relating to the Real Property Tax Exemption for Low-Income
Rental Housing**

Honolulu City & County Council Meeting
Tuesday, January 28, 2026 at 10:00AM

Aloha Chair Waters and Council Members;

Mahalo for the opportunity to testify in **strong opposition to Bill 14**, which revises the real property tax exemption for low-income rental housing projects by applying the exemption only to the assessed value attributable to exempt floor area rather than the total assessed value of the project. This bill has the potential to undermine the production and long-term stability of income restricted rental housing.

The property tax exemption for affordable rental housing has long functioned as one of the most significant financial incentives available to stabilize operating performance and enable project feasibility. While Bill 14 does not add a tax, narrowing the exemption base increases the effective tax burden on these projects by reducing the amount of assessed value that can be exempted.

The total assessed value exemption is economically meaningful because it reduces annual carrying costs, lowers operating risk, and supports stable long-term cash flow — all of which are critical to securing financing and delivering housing that is affordable at scale.¹ Restricting the scope of this exemption introduces new costs and complexity into project pro formas, which can reduce feasibility, discourage participation, and ultimately disincentivize the construction of the very affordable housing the City needs.²

For example, consider a mixed-income rental project with a total assessed value of 40 million, of which 20 million is attributable to income-restricted units. Under a project-wide exemption, the real property tax burden would be reduced to zero for the duration of the affordability period. Under a floor-area-only exemption, by contrast, the remaining 20 million in non-exempt value would still be taxed. At a typical apartment tax rate of 3.50 per 1,000 of assessed value, this would translate into roughly 70,000 per year in additional operating costs, or 700,000 over ten years, directly reducing net operating income and weakening project feasibility. **In thin-margin mixed-income projects, shifting from a total assessed value exemption to a partial one can be the difference between a feasible capital stack and a deal that never gets built, because the incentive no longer meaningfully offsets the carrying costs of the entire project.**

¹ <https://www.lewis.ucla.edu/2022/08/10/31-inclusionary-zoning-with-emily-hamilton/>

² <https://www.lewis.ucla.edu/2024/10/16/79-who-pays-for-inclusionary-zoning-with-shane-phillips/>



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At a time when Honolulu faces a persistent housing shortage,³ we should not be in the position of adding regulatory or fiscal complications to housing incentives that have demonstrated practical utility. Preserving broad, predictable tax exemption treatment for low-income rental housing projects is essential to maintaining long-term affordability and encouraging continued production.

For these reasons, Hawai‘i Appleseed respectfully urges the Council to oppose Bill 14.

Mahalo for the opportunity to testify.

³ <https://www.wardresearch.com/2024-hawaii-housing-planning-study>



January 28, 2026

Council Chair Waters, Vice Chair Tupola and Members of the Council

Re: Bill 14 Relating to the real property tax exemption for low income housing

Dear Chair Waters, Vice Chair Tupola and Members of the Council,

I am testifying in opposition to Bill 14. The City's Bill 7 program has started to show real promise, but continues to be plagued by too few projects. This is a direct result of the challenging conditions these projects face. High land and construction costs, high interest rates and razor thin margins. By reducing the tax exemption available to these projects, there will be less built and our housing crisis will worsen. My objections to this bill fall into 3 categories.

First and most significantly the narrow definition of area that qualifies for the exemption would exclude all common area elements that are there to support the residents. These include corridors, fire escapes, elevators and amenity rooms. These are all vital to truly make a dwelling and should be included.

Secondly this will actively discourage mixed use development that makes for such vibrant and walkable cities all around the world.

Thirdly it is a cornerstone of many affordable housing projects that the "market" units subsidize the "affordable" units. The more cost applied to market units, the less they can subsidize. For these reasons I am writing in opposition to Bill 14.

Sincerely,

Geena Thielen
President/RME



**HONOLULU CITY COUNCIL
HONOLULU HALE
10:00 AM**

January 28, 2026

Subject: Bill 14 - Relating to Real Property Tax Exemption for Affordable Housing Projects

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

My name is Roseann Freitas, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA-Hawaii offers the following testimony in opposition to Bill 14 (2026), which would revise the real property tax exemption for low-income rental housing projects so that it applies only to the assessed value attributed to the floor area of dwelling units reserved for low-income households, rather than to the broader project.

While we appreciate the Council's continued focus on supporting low-income rental housing, this change would significantly reduce the effectiveness of one of the City's key financial tools for making these projects feasible. Affordable rental housing projects already operate under extremely tight financial constraints. Land prices, construction costs, insurance, and financing expenses in Honolulu leave very little room in project budgets. Real property tax exemptions are often a critical component of a project's financial structure that allows developers to secure financing and maintain long-term affordability.

We are also concerned that the proposed structure may introduce additional administrative complexity in allocating assessed values between exempt and non-exempt portions of a project. Uncertainty or dispute over valuations can further complicate financing and long-term operations.

At a time when Honolulu faces a severe shortage of affordable rental housing, policy changes should aim to strengthen incentives and reduce barriers to production. Bill 14 moves in the opposite direction by reducing a key financial support that helps make these projects possible.

We appreciate the opportunity to provide our comments on this matter.

TO: Members of the Honolulu City Council

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

DATE: Wednesday, January 28, 2026

SUBJECT: Bill 14, Real Property Tax Exemption for Low-Income Rental Housing –
SUPPORT

Aloha Chair Waters and Councilmembers,

Thank you for allowing testimony on Bill 14, which would revise the real property tax exemption for low-income rental properties so that only the portion of properties used as low-income rental housing actually receive the reduced tax benefit.

For the current fiscal year, there are 265 properties that benefit from this exemption at a cost of almost \$21.8 million that must be borne by other taxpayers. Restricting the exemption in the manner allowed in Bill 14 results in more targeted tax policy to support a public good.

Please vote “yes” on Bill 14.



COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION

HAWAII CHAPTER

January 28, 2026

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

RE: **Bill 14- RELATING TO THE REAL PROPERTY TAX EXEMPTION FOR LOW-INCOME RENTAL HOUSING.**

Hearing date: January 28, 2026, at 10:00 AM

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

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii with **Opposition on Bill 14- RELATING TO THE REAL PROPERTY TAX EXEMPTION FOR LOW-INCOME RENTAL HOUSING.** NAIOP Hawaii is the local chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals.

Bill 14 revises the real property tax exemption for low-income rental housing projects to apply to the assessed value of only the portion of the project's building and land attributed to the exempt floor area for dwelling units reserved for low-income households during a regulated period of at least 15 years.

Under current law, projects that reserve at least 20% of their units for households at or below 80% AMI receive a real property tax exemption for the entire project. This structure has been a critical financial tool in making these developments feasible. Bill 14 would significantly weaken that incentive by restricting the exemption to only a portion of the building, thereby increasing operating costs for the remaining units.

This change would have a negative impact on both existing and future affordable housing projects. Many projects were financed and built in reliance on the full-project exemption. Reducing the exemption after the fact undermines those financial assumptions and threatens long-term project stability.

Projects serving households at 80% AMI generally do not qualify for Low-Income Housing Tax Credits, leaving them with limited subsidy options. As a result, the real property tax exemption is often the primary mechanism that allows these projects to “pencil.” Without it, financing becomes more difficult, rents must rise, or projects simply will not be built.

At a time when Honolulu continues to face a severe shortage of workforce and affordable rental housing, policy changes should strengthen incentives for production, not weaken them. Bill 14 moves in the wrong direction by increasing costs and reducing the feasibility of mixed-income affordable projects that serve essential workers and local families.

NAIOP Hawaii shares the Council’s goals of developing affordable housing for our residents. For these reasons, we respectfully urge the Council to reject Bill 14 or amend it to preserve the full-project real property tax exemption for qualifying affordable housing developments. NAIOP Hawaii appreciates the City’s commitment to collaborating on this issue and looks forward to working together.

Mahalo for your consideration,

A handwritten signature in dark ink, appearing to read "Ken K. Hayashida". The signature is fluid and cursive, with the first name "Ken" and the last name "Hayashida" clearly distinguishable.

Ken Hayashida, President
NAIOP Hawaii