

BILL063(25)
Testimony

MISC. COMM. 36

COUNCIL

COUNCIL Meeting

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

Support: 1

Oppose: 0

I wish to comment: 1

Name: Natalie Iwasa	Email: iwasajunk@mail.com	Zip: 96825
Representing: Self	Position: I wish to comment	Submitted: Jan 26, 2026 @ 10:59 PM
Name: Suzanne Young	Email: diopilo.hardison@hcentral.com	Zip: 96816
Representing: Honolulu Board of REALTORS	Position: Support	Submitted: Jan 28, 2026 @ 07:47 AM

TO: Members of the Honolulu City Council

FROM: Natalie Iwasa
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DATE: Wednesday, January 26, 2026

SUBJECT: Bill 63 (2025), CD1, Real Property Taxation, Long-Term Rental Dedication –
COMMENT

Aloha Chair Waters and Councilmembers,

Thank you for allowing testimony on Bill 63 (2025), CD1, which would revise long-term low-income residential rental dedications of property for real property tax purposes.

While I support the intent of this bill, I oppose the rollback provision. Under the bill, if the property fails to qualify for the dedication for a period of 45 days or more, the dedication is lost, and taxes roll back to the year previous to the year of disqualification. This is true even if fraud or other nefarious actions on behalf of the property owner are absent.

There are several reasons a property owner may have a 45-day or more gap in meeting eligibility requirements due to outside factors, including storm damage, fire or renovation work needed after a tenant leaves. The homeowners exemption under ROH Sec 8-10.3 includes several provisions that allow a homeowner to keep that exemption, e.g., fire in the home, even when the owner does not live in the home for up to two years. Bill 63, however, includes no exceptions for disqualification.

In addition to the retroactive tax, there would be a penalty of 10%. Using current rates and a residential property assessed at \$1.1 million, the current median sales price, disqualification would result in additional tax of \$1,290 for the prior year plus a \$129 penalty for a total of \$1,419.

Given this potential penalty and the risk of rollback, the benefit of the reduced tax is very likely not high enough to motivate landlords to apply for this dedication. Increases in real property taxes due to the extremely high rates under the Residential A classification merely get passed on to renters. There's no skin off the landlord's back.

The city may get a handful of applications, but this is not going to be an effective program. There's simply not enough motivation to participate.



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