

BILL040(26)
Testimony

MISC. COMM. 215

COUNCIL

COUNCIL Meeting

Meeting Date: Jun 3, 2026 @ 10:00 AM

Support: 10

Oppose: 1

I wish to comment: 1

Name: Brett Kulbis	Email: brett.kulbis@use.startmail.com	Zip: 96706
Representing: Self	Position: Oppose	Submitted: May 29, 2026 @ 10:34 AM

Testimony:

Chair, Vice Chair, and Members of the Council,

I am writing in strong opposition to Bill 40 (2026), relating to real property taxation.

Bill 40 creates a new, retroactive property tax carve-out for a very narrow class of homeowners: initial buyers of certain owner-occupied affordable condominium units subject to City or State regulatory agreements. While the goal of helping local residents in affordable housing is understandable, this bill undercuts core principles of fiscal responsibility, tax neutrality, and predictability in our property tax system.

Based on typical production of regulated affordable for-sale condominiums and the additional requirement that buyers must both occupy the unit and have missed the home exemption filing deadline, a reasonable, conservative estimate is that this bill will benefit only on the order of 50 to 200 households per year, or roughly 100 to 600 residents, not thousands. In other words, the Council is proposing to change the tax code, retroactively, for a very small group of people while shifting the cost onto every other taxpayer.

First, Bill 40 further narrows our real property tax base by adding yet another special exemption category on top of an already complicated set of home exemptions, age-based exemptions, and other special rules. Conservative fiscal policy favors a broad base and low rates, not an ever-growing patchwork of favors for select groups. Each new carve-out shifts the burden onto other taxpayers or onto future service cuts, rather than forcing the City to live within its means and prioritize spending.

Second, the bill applies retroactively to tax years beginning July 1, 2025 and thereafter. Retroactive tax changes undermine sound budgeting because the City has already planned for that revenue. It also sets a precedent that, if enough political pressure exists, the Council will go back and rewrite tax bills after the fact. That is unfair to residents and businesses who plan and budget based on the rules in place at the time.

Third, Bill 40 rewrites the rules specifically to protect this small subset of new condo buyers from the consequences of missing the well-publicized September 30 deadline to claim a home exemption. This weakens the principle of personal responsibility and consistent administration. Thousands of other homeowners must comply with the same deadline every year; they do not receive retroactive relief if they file late. If there is a genuine systemic problem with misclassification or the filing process, the Council should fix it in a way that applies equally to all similarly situated homeowners, not just to 50–200 households connected to specific regulated projects.

Fourth, the bill ties this new special treatment to government-regulated affordable for-sale projects under City or State

regulatory agreements. This favors complex, bureaucratic schemes over market-oriented solutions such as reducing regulatory barriers, speeding up approvals, and lowering the cost of building for everyone. If Honolulu wants to promote homeownership, the more fiscally conservative approach is to streamline permitting, curb excessive mandates, and encourage broad-based growth, not carve out tax exemptions for a small class of units chosen through regulatory programs.

Finally, Bill 40 moves in exactly the wrong direction if the Council is serious about long-term fiscal sustainability. The City faces substantial infrastructure, pension, and operating cost pressures in the coming years. In that environment, the Council should be very cautious about deliberately shrinking the tax base, especially on a retroactive basis, for a small and narrowly defined group. At a minimum, any such tax preference should be temporary, strictly capped, fully offset by reductions in spending or other exemptions, and prospective only—not written as an open-ended, retroactive benefit. For these reasons, I respectfully urge you to reject Bill 40 (2026) or, at the very least, to significantly amend it to remove retroactivity, sunset the exemption, and offset its cost so that the City does not further weaken its fiscal position. Honolulu needs a simpler, more neutral, and sustainable tax system—not another special carve-out for a tiny group of beneficiaries.

Mahalo for your consideration and for your service to our community.

Brett Kulbis
U.S. Navy Retired
Ewa Beach

Name:	Email:	Zip:
Pikachu Shelby Billionaire	presidentbillionaire@gmail.com	96792
Representing:	Position:	Submitted:
Ohana Unity Party	Support	May 31, 2026 @ 07:35 AM

Testimony:

****Public Testimony in Strong Support of Bill [40] (2026) / OCS2026-028****
****(Amending Real Property Tax Exemptions for Owner-Occupied Homes and Related Provisions)****

****Submitted for the Honolulu City Council Regular Meeting – June 3, 2026****

Aloha kakou e nā Councilmembers,

My name is ****Master Shelby "Pikachu" Billionaire, HRM****, Chairman of the Ohana Unity Party, a Honolulu resident, taxpayer, and strong advocate for protecting local homeowners and making government work fairly for our ohana.

I submit this testimony in ****strong and enthusiastic SUPPORT**** of this bill amending the Revised Ordinances of Honolulu Chapter 8 (Real Property Taxation), specifically sections dealing with the owner-occupied home exemption.

Why This Bill Deserves Strong Support

This legislation makes practical, common-sense improvements to the homeowner property tax exemption — one of the most important protections for local families facing Hawaii's crushing cost of living. Key positive provisions include:

- **Better timing and clarity for filing claims** — helping residents avoid losing exemptions due to technicalities or missed deadlines.
- **Continuation of exemptions during temporary absences** — such as home renovations, sabbaticals/work assignments, long-term care, or when a home is temporarily uninhabitable due to fire or disaster. This prevents unfair penalties for homeowners going through life events or necessary repairs.
- **Stronger rules for affordable housing units and condominium classifications** — supporting both owner-occupants and broader housing goals.
- **Retroactive application** where appropriate to provide relief to affected residents.

In a city where property taxes and housing costs continue to rise, protecting the owner-occupied exemption is not a luxury — it is a matter of fairness and stability for working families, kūpuna, and multi-generational households who actually live in their homes.

This bill reduces bureaucratic red tape while maintaining safeguards against abuse. It shows pono governance: helping real homeowners without opening loopholes for speculators or absentee investors.

"E mālama i ka 'āina, e mālama i ke kanaka" — Care for the land and care for the people. By strengthening protections for those who truly occupy and cherish their homes, this bill puts our ohana first.

I urge the Honolulu City Council to pass this bill promptly so that hardworking residents can benefit without unnecessary delays or penalties.

Mahalo nui loa for your kuleana in supporting Honolulu's homeowners. I respectfully request that this testimony be entered into the official public record.

Me ke aloha pumehana,

Master Shelby "Pikachu" Billionaire, HRM

Kingdom of The Hawaiian Islands, H.I.

Ohana Unity Party, Chairman

Presidentbillionaire@gmail.com

X: @AmericanpartyOG

YouTube: <https://www.youtube.com/@theXXXfiles>

Name:	Email:	Zip:
Ted Kefalas	tkefalas@grassrootinstitute.org	96813
Representing:	Position:	Submitted:
Grassroot Institute of Hawaii	Support	Jun 1, 2026 @ 09:18 AM
Name:	Email:	Zip:
Michael Nashiro	mikey808@gmail.com	96813
Representing:	Position:	Submitted:
Self	Support	Jun 1, 2026 @ 02:20 PM

Testimony:

Aloha Chair, Vice Chair, and Councilmembers,

My name is Michael Nashiro, and I am writing in strong support of Bill 40.

I recently purchased a reserved affordable housing unit at Ulana Ward Village in Kaka’ako. This unit is part of a State-regulated affordable housing program under the Hawai’i Community Development Authority (HCDA), which imposes strict requirements on pricing, income eligibility, and occupancy. I’ve lived in Honolulu my entire life, and this purchase represents an important step in being able to continue living in the community I’ve always called home.

My unit was priced in the \$600,000 range under these affordability restrictions, which is already a stretch for many local residents. Despite being a regulated affordable unit, my property is currently classified under the City’s higher Residential A tax rate based on assessed value. Because my purchase closed after the homeowner’s exemption deadline, I am unable to receive the homeowner tax rate during my first year—even though I occupy the unit as my primary residence.

This results in thousands of dollars in additional taxes during the first year of ownership. For many of us in affordable housing, including myself, the financial margins are tight. We budget carefully to make these purchases work, and an unexpected cost of this size has a very real impact.

This situation is not due to neglect or oversight. Purchases of HCDA-regulated affordable units often follow timing that buyers do not control, including lottery selection, construction timelines, and coordinated closings. At the same time, while we are subject to strict State affordability regulations, the City’s tax classification system does not account for those restrictions in the first year of ownership. The result is a mismatch where housing that is legally defined and sold as “affordable” is taxed in a way that does not reflect that reality.

Bill 40 addresses this gap in a targeted and practical way. It does not create a broad or open-ended exemption—it simply

ensures that verified owner-occupants of regulated affordable housing are taxed consistently with the intent of these programs from the moment they move in.

I understand concerns about fairness, fiscal responsibility, and maintaining a stable tax system. However, this situation is fundamentally different from someone missing a routine filing deadline. The number of affected homeowners is small and highly specific, and the fiscal impact to the City is limited. At the same time, the financial impact on each affected homeowner is significant—especially during the critical first year of ownership.

More importantly, this is about aligning policy with purpose. Affordable housing programs are designed to support local residents, yet without this fix, the system unintentionally creates an additional burden at the exact moment when stability matters most.

Bill 40 helps ensure that affordable housing is not only affordable at the time of purchase, but remains sustainable in practice during ownership.

I respectfully urge you to support Bill 40.

Mahalo for your time and consideration.

Michael Nashiro
Ulana Ward Village Resident

Name:	Email:	Zip:
Eli Tsukayama	eli.tsukayama@gmail.com	96813
Representing:	Position:	Submitted:
Self	Support	Jun 1, 2026 @ 03:27 PM

Testimony:

As a new first-time homeowner at Ulana (an "affordable" housing development), I strongly support this proposal. As a new homeowner in Hawaii, I am learning the responsibilities, struggles, and details of owning a home in Honolulu, and I apologize if I am using incorrect technical terms. Allowing owner-occupants of "affordable housing" (which requires owner-occupancy) to claim the "Residential Real Property Exemption" seems like common sense, both in terms of helping to make affordable housing affordable, but also in terms of fairness (e.g., these are our primary residences and not investment properties).

Name:	Email:	Zip:
Jonathan Huynh	jhweather123@yahoo.com	96792
Representing:	Position:	Submitted:
Self	Support	Jun 1, 2026 @ 08:11 PM

Testimony:

I strongly support Bill 40 as a targeted measure to provide property tax relief to low-income seniors who need it most.

This bill correctly recognizes that not all seniors have equal financial means. By maintaining the existing income threshold of 80% of Area Median Income (as defined in §8-10.17), the bill ensures enhanced exemptions reach seniors facing genuine housing cost burdens, not those with substantial assets or retirement income.

I urge the council to pass Bill 40 as a balanced approach to supporting vulnerable seniors while maintaining accountability through income verification. Mahalo.

Name:

Jacob Otto Zaa

Email:

jacobzaa@gmail.com

Zip:

96813

Representing:

Self

Position:

Support

Submitted:

Jun 2, 2026 @ 11:22 AM

Testimony:

I strongly support Bill 40. Mahalo to Councilmember Dos Santos-Tam for introducing this bill.

I recently purchased an affordable housing condo at Ulana in Kaka'ako, which is under HCDA. My fiancée and I recently welcomed our first child. We are a young local family trying to live and work where I was born and raised. As you know, housing in Hawai'i is UNAFFORDABLE for many residents, and Ulana is one of the few affordable homeownership opportunities for working families like ours.

Unfortunately, because of the timing of closings for all 699 Ulana buyers, the homeowner exemption filing deadline occurred before we were able to close on our homes. This unintended consequence has significant financial impacts.

I purchased a 2 bed/1 bath unit purchased at \$591,900. The unit was assessed at \$1,300,000, which is more than double the purchase price and another issue that should be addressed. Without the homeowner exemption and classified as Residential A, my property tax will be approximately \$7,420. With the homeowner exemption, my property tax would be approximately \$4,130. That is a difference of \$3,290.

With a mortgage, HOA fees, and a young child, my fiancée and I are already stretched thin, and every dollar matters. The unexpectedly high assessment, combined with the Residential A classification, creates a substantial financial burden.

Bill 40 is common-sense and corrects an unintended timing issue and provides relief to local families.

I respectfully ask you to move Bill 40 forward and help local families.

Thank you,

Jacob Otto Zaa

Name:	Email:	Zip:
Allyson Goldman	a.goldman368@gmail.com	96813
Representing:	Position:	Submitted:
Self	Support	Jun 2, 2026 @ 11:28 AM
Testimony: I strongly support Bill 40. My fiancé and I recently purchased an affordable housing unit at Ulana and are raising our 5-month old baby there. Because of the timing of the closings, we missed the homeowner exemption filing deadline through no fault of our own and now face thousands of dollars in additional property taxes. Bill 40 would help to ease the unintended financial burden caused by a timing issue. Please support this measure to help local families like ours. Thank you for your consideration. Allyson Goldman		
Name:	Email:	Zip:
Tami Hashimoto-Chan	Tami@smartmoneyhawaii.com	96813
Representing:	Position:	Submitted:
Self	Support	Jun 2, 2026 @ 11:55 AM
Testimony: I strongly support Bill 40. I recently purchased an affordable housing unit at Ulana with the intent and requirement that it is owner-occupied. Due to the timing of the closing date and the homeowner exemption filing deadline, I was unable to qualify for the homeowner exemption for the upcoming tax year and was instead charged at the higher Residential A tax classification.		
Name:	Email:	Zip:
Christine Otto Zaa	ottozaa@gmail.com	96816
Representing:	Position:	Submitted:
Self	Support	Jun 2, 2026 @ 01:50 PM
Testimony: Aloha Councilmembers, I strongly support Bill 40 and appreciate Councilmember Dos Santos-Tam for addressing an unintended consequence that is financially impacting the almost 700 owner-occupants of affordable housing units at Ulana in Kaka'ako.		

The issue is made even worse by the City's extremely high assessments. My son and his young family purchased an affordable housing unit at Ulana for approximately \$592,000, yet the property was assessed at \$1.3 million before he even signed his closing docs--more than double the purchase price! As a result, they are facing a property tax bill of roughly \$7,500 under the Residential A classification.

While this may only affect homeowners for one year, thousands of dollars in unexpected taxes is a significant burden, especially for first-time homebuyers who are already stretched. And many do not fully understand the implications until the bill arrives.

Affordable housing programs should be affordable in all respects, including property taxes and assessments. The owner-occupancy hold periods should be taken into account when tax policies are developed and implemented. Why welcome families through the front door only to sucker punch them in the back with unexpected costs immediately afterward?

I do have one suggestion to improve Bill 40. I spend considerable time at Ulana and regularly witness tourists illegally renting units that were intended to provide affordable homeownership opportunities for local families. I called HCDA and was informed that a number of owners have been caught violating the occupancy requirements, though I don't believe there is any meaningful penalty. So I ask that any relief provided through Bill 40 should be limited to homeowners who are complying with the affordable housing program's owner-occupancy requirements. Those who have violated those requirements should not receive benefits intended for working families who are using these units as their primary residence. These investors should be ashamed for stealing housing from local families and should be blacklisted.

Affordable housing is a scarce public resource. Every unit being used as an illegal STR is a unit that has been taken away from a local family that followed the rules and desperately needs housing. Those who exploit affordable housing programs for personal profit should not be rewarded with additional tax benefits. Stronger penalties should be considered to deter future violations and preserve these homes for the working class families they were intended to serve.

I respectfully ask you to support Bill 40 and continue working with the State to address this issue and others related to our affordable housing programs.

Mahalo,
Christine Otto Zaa

Name:	Email:	Zip:
Natalie Iwasa	iwasajunk@mail.com	96825
Representing:	Position:	Submitted:
Self	I wish to comment	Jun 3, 2026 @ 03:52 AM
Name:	Email:	Zip:

Jocelyn Doane	jocelynmdoane@hotmail.com	96822
Representing: Self	Position: Support	Submitted: Jun 3, 2026 @ 07:14 AM
Testimony: I strongly support Bill 40. This measure would ensure that some new home owners subject to government restrictions that require them to live in their homes are able to access the home exemption that they clearly qualify for, which may also assist in ensuring they are not subject to higher residential A rates which are not meant to apply to home owner occupants.		

June 3, 2026, 10 a.m.

Honolulu Hale

To: Honolulu City Council

Tommy Waters, Chair

Andria Tupola, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: Bill 40 (2026) — RELATING TO REAL PROPERTY TAXATION

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

The Grassroot Institute of Hawaii **supports** [Bill 40 \(2026\)](#), which would allow buyers who purchase condo units designated as affordable housing by the state or city to immediately receive the homeowner exemption.

This bill addresses a discrepancy that arises when a homebuilder constructs an affordable housing project but does not immediately sell all of the units. The eventual owners of such units can sometimes find themselves paying property taxes in the Residential A tax class, which carries a much higher rate than the Residential class.

Even if the condo unit is in the Residential class, the homebuyer cannot access the homeowner exemption if they buy the property after the September 31 deadline to file for the exemption, which would stick them with higher tax bills for a year.

Residents who qualify for affordable housing tend to have lower incomes by definition. Reducing their tax bills by granting them immediate access to the Residential tax class rate and the homeowner exemption would reduce the financial strain associated with the purchase of a home.

Thank you for the opportunity to testify.

Ted Kefalas

Director of Strategic Campaigns

Grassroot Institute of Hawaii

TO: Members of the Honolulu City Council

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

DATE: Wednesday, June 3, 2026

SUBJECT: Bill 40, Additional Real Property Tax Exemption - **COMMENTS**

Aloha Chair Waters and Councilmembers,

Thank you for allowing testimony on Bill 28, which creates a retroactive exemption for certain purchasers of condominiums.

Section 1 of the bill states, “due to the timing of their home purchase and the deadline for homeowners to file for a home exemption, homeowners may miss the deadline to file for a home exemption for the upcoming tax year, which negatively impacts the tax classification of their home and subjects them to a higher applicable tax rate. The tax classification of a home as Residential A instead of Residential costs City residents thousands of dollars per year in additional real property taxes.”

I have been raising this issue for years. The difference between taxes at the Residential rate vs Residential A starts at 15% and goes up sharply after the first \$1 million in assessed value.

Homebuyers of single-family homes also face this unduly high and unfair tax, not just condo owners.

Rather than provide a very narrowly-crafted new exemption, the better solution is to remove the Residential A classification altogether.

To replace the revenue lost under the Residential A, remove exemptions for credit unions, labor unions, business leagues and other groups that are not charitable nonprofits.

Also note that the retroactive effective date on this bill is not good fiscal policy.