

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

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June 22, 2026

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: Testimony on Bill 40, CD1 (2026) - Relating to a One-Time
Remission for Affordable Housing Purchasers

The Department of Budget and Fiscal Services ("BFS") provides the following comments on Bill 40 CD1 (2026), which proposes to provide a real property tax remission to those classified as Residential A who purchased affordable housing condominium units subject to government-imposed restrictions for owner occupancy.

The remission amount, which is the difference in taxes between the Residential A and Residential rates, reflects the financial impact that certain owners of affordable housing condo units faced because the recorded sale date was after the September 30 home exemption filing deadline, preventing the submittal of timely home exemption claims. This caused certain units to be classified as Residential A, which carries a higher tax rate than Residential.

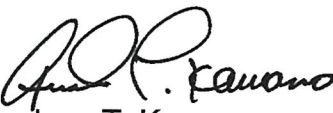
This one-time remission program assists the initial buyers of affordable housing condominium projects in meeting their financial obligations as new homeowners. We are hopeful this option also reduces sensitivity among non-affordable home buyers who may not have the same opportunity and who understand the heightened financial challenges faced by those in the affordable housing market. This option also prevents disrupting our classification criteria, the board of review appeal process, and the home exemption program.

The Honorable Val Okimoto, Chair
and Members
Committee on Budget
June 22, 2026
Page 2

BFS understands that a retroactive date is needed, and absorbing approximately \$650,000 in lost revenue is part of the equation in finding a solution to this unique situation. Provisions within the proposed CD1 and the timing of the remission will help reduce future budgeting challenges. Further, since this timing issue could affect future affordable housing projects, the proposed CD1 is intended to address those cases as well.

Thank you for the opportunity to work with Council and 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:



Krishna F. Jayaram, Managing Director Designate
Office of the Managing Director