

BILL040(26)
Testimony

MISC. COMM. 296

*BUDGET (BUD)

***BUDGET (BUD) Meeting**

Meeting Date: Jul 14, 2026 @ 09:00 AM

Support: 2

Oppose: 0

I wish to comment: 0

Name: Kawika Machida	Email: kawikakmmachida@gmail.com	Zip: 96813
Representing: Self	Position: Support	Submitted: Jul 8, 2026 @ 09:55 PM

Testimony:

Aloha Council members,

My name is Kawika Machida and I am a resident at Ulana Ward Village. While I am in strong support of the spirit of Bill 40 and its intent to provide fair and equitable real property tax relief for myself and my neighbors, I have the following concerns with the current Committee Draft that I humbly request the Council work to address in future readings/hearings:

As opposed to some other immediate remedy, the relief currently offered through this bill will be in the form of a remission that will not be granted until after payment of our second tax installment by February 2027. Ulana residents are in need of something more immediate that corrects our assessments such as a retroactive home exemption that will immediately adjust the 2026 - 2027 taxes owed. A remission would still require us to pay upfront these high tax bills, which will significantly strain or break our tight budgets. Furthermore, as nearly all buyers financed their purchases, escrow is facilitating our payments of real property taxes. Each month, we pay them not only the monthly principal and interest on our mortgages, but also an additional escrow payment to cover the cost of real property taxes and insurance, which they pay on our behalf using this escrow balance. If the high tax bills come in unabated, escrow will pay out from our now inadequately built-up escrow balances (which were calculated for paying lower expected tax liabilities), and then after noticing the balance shortage, will automatically adjust future monthly escrow payments hundreds of dollars higher to make-up for the shortfall. This remission form does not protect us from these knock off effects of our inexplicably high assessments and Residential A tax rates.

The Committee Draft only reflects a remission calculated between the difference paid under Residential and Residential A tax rates. What about the \$120,000 portion of our assessment (\$160,000 for seniors 65 or older) that would have been exempted from property taxes had we received home exemptions? As currently written, Ulana units assessed under \$1 million, but still materially higher than their appraised values, will receive no relief since they were never taxed at the Residential A rate to begin with. All unit owners should at least get the benefit from the \$120,000 or \$160,000 portion of their assessments exempted, just like any other homeowner in Honolulu is entitled to.

I respectfully request your continued support for Bill 40 to help not only my neighbors and I at Ulana today, but all local families participating in these programs tomorrow, in their pursuit and sustainment of homeownership. I also ask that you continue dialogue with BFS and RPAD to address these concerns and produce a revised bill that sufficiently provides the relief we so urgently need.

Mahalo for your time and consideration.

Kawika Machida, Ulana Ward Village Resident

Name: Ted Kefalas	Email: tkefalas@grassrootinstitute.org	Zip: 96813
Representing: Grassroot Institute of Hawaii	Position: Support	Submitted: Jul 13, 2026 @ 08:19 AM

July 14, 2026, 9 a.m.

Honolulu Hale

To: Honolulu City Council Committee on Budget

Val A. Okimoto, Chair

Scott Y. Nishimoto, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: Bill 40 (2026), CD1 — RELATING TO REAL PROPERTY TAXATION

Aloha Chair Okimoto, Vice Chair Nishimoto and other members of the Committee,

The Grassroot Institute of Hawaii **supports** [Bill 40 \(2026\), CD1](#), 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 immediately receive the homeowner exemption if the unit is purchased after the Sept. 31 deadline to file for the exemption, which would stick the new owners with higher tax bills for the duration of the tax 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 new home.

Thank you for the opportunity to testify.

Ted Kefalas

Director of Strategic Campaigns

Grassroot Institute of Hawaii