

Bill 76 Testimony

MISC. COM. 790

Testimony by Suzanne Young, CEO
Honolulu Board of REALTORS®

In Opposition to Bill 76 (2020)
Honolulu City Council
Thursday, November 5, 2020
Honolulu Hale

Dear Chair Kobayashi and Council Members:

Thank you for the opportunity to provide testimony on this bill. The Honolulu Board of REALTORS® (HBR) **opposes Bill 76 (2020)**, which establishes a vacant home tax for residential properties that are left vacant for 180 consecutive days. The bill's true intent is currently unclear, as to whether it is to increase the housing supply on O'ahu or to bring in additional revenue to the city. HBR supports increasing the greatly needed housing supply but has many concerns about how effective this bill would be in providing housing for local residents. Also, the bill's impediment on private property rights is problematic. HBR and its City Affairs Committee offer the following comments on behalf of our 6,000 members to voice our concerns and possible recommendations.

Concerns:

- Adding a tax to vacant residential properties infringes on private property rights if these properties do not pose a health or safety risk.
- Due to COVID-19, there is a lack of community availability to provide testimony and input. The City needs to allow additional time for more public engagement and discussion post-COVID-19.
- COVID-19 has caused an economic crisis in Honolulu. No one knows what the economy or the real estate market will look like as Honolulu moves through and recovers from the COVID-19 pandemic. The discussion on this bill should be deferred until the economy and real estate market can be fully assessed once the threat of COVID-19 has passed.
- This measure is too broad and could have the unintended consequence of applying to property owners that are having difficulty finding a renter or for properties that are undergoing renovations for an extended amount of time.
- This bill lacks much-needed details about the implementation and impact of this bill. For instance:
 - What types of properties will be taxed? Vacant homes, blighted properties, long-term abandoned, and temporarily abandoned are all different.
 - How will the City determine the implementation and enforcement of what is deemed a "vacant" home and track how long it is vacant?
 - The currently proposed method of tracking the water usage is insufficient as condominiums do not have submeters, and owners may have their lawn regularly serviced, which would show inaccurate water usage.
 - In addition to exemptions that are included in the bill, there are still several other reasons that one may leave their home vacant, such as military duty, work assignment outside of the state, travel restrictions and concerns regarding COVID-19, a property that is intestate, or a property in which the probate process is taking longer than the anticipated timeframe.

- The bill does not stipulate the specific criteria properties would be subject to this tax, especially with an issue of double taxation for properties that are already being taxed a higher rate, such as those falling under Res A.
- The public cannot correctly foresee the potential impact of this bill as there has not been a proposed tax rate.

Recommendation(s):

While HBR **opposes Bill 76(2020)** as it infringes on homeowners' private property rights and the increase of property taxes, we kindly request the Council take into consideration the following recommendations to ease the burden on homeowners:

- Postpone this bill until there can be proper community engagement and discussion. We need to see where the economy and real estate market stands. Once the economy can open and those affected by COVID-19 can obtain regular employment that allows them to stay in their properties (owned or rented), identify the requirements that qualify a home as vacant, establish the tax rate, and outline the enforcement guidelines and policies for the community to review.
- Determine whether the implementation will be beneficial in accordance with the housing needs and if the program will be revenue-neutral. Commission a taskforce to identify the number of vacant homes in Honolulu County, project the anticipated increase in the housing supply (property types, areas, the rental levels), and potential tax revenue.
- Provide incentives to homeowners to rent out their homes. For example, if a homeowner rents out their currently vacant home, they could receive a tax break or tax credit.
- Implement a sunset date to be effective for one (1) year. Hold a one-year trial period that would then allow the City Council to review and determine if the new tax classification is achieving its goal of increasing the housing supply and that the program is operationally self-funding.
- Establish a threshold to the properties that would be impacted (i.e., assessed over \$3 million).
- Provide expedited permits and fee waivers for homeowners who are improving properties for rental purposes or providing housing (i.e., in-law suite).

This bill should be extensively studied and detailed so that the outcome of a new tax will be beneficial to the housing supply and not inhibit private property rights. We appreciate the Council's consideration of our testimony.

Mahalo,
Suzanne Young
Chief Executive Officer

From: CLK Council Info
Sent: Wednesday, November 4, 2020 4:59 PM
Subject: Council/Public Hearing Speaker Registration/Testimony

Speaker Registration/Testimony

Name Sharlene Chun-Lum
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Meeting Date 11-04-2020
Council/PH Committee Council
Agenda Item Bill 76 (2020)
Your position on the matter Support
Representing Self
Organization
Written Testimony I submitted testimony in favor of this bill on October 7, 2020.
Please pass this bill.
Testimony Attachment
Accept Terms and Agreement 1

IP: 192.168.200.67