



FROM THE DESK OF SUZANNE YOUNG

December 6, 2024

EMPTY HOMES TAX

This week, the Honolulu Board of REALTORS® held a forum for our members and the public to raise awareness about the impacts of Bill 46, the Empty Homes Tax, being considered by the Honolulu City Council to help address the affordable housing crisis facing O‘ahu. Many in attendance were unaware that Bill 46 is up for a final vote by the full council on December 11.

The challenges facing our residents in becoming homeowners, particularly first-time homebuyers, are something all of you—our 6,800-plus members—deal with daily. REALTORS® can sometimes be perceived as enablers of the wealthy or foreign investors. The truth is that you are on the front lines every day, helping residents become homeowners. Nearly 200 homes under \$500,000 are sold each month, the vast majority to local, first-time homebuyers.

However, 200 homes per month is not enough and will not solve our affordable housing problem. Neither will taxing so-called empty homes on O‘ahu.

We applaud Chair Waters for his passion for addressing our affordable housing crisis and appreciate the intent of Bill 46—to free up housing that is already built. However, the 11,000 homes and \$189 million in revenue being stated in reports are far from accurate. Instead of waiting for the \$500,000 study to be completed in January to provide more accurate data, as Budget Director Andrew Kawano requested, the City Council seems poised to approve this bill.

The 17 exemptions provided for in the most recent draft of Bill 46 sound reasonable, but to receive an exemption, the property owner may have to file for that exemption every single year. This would impact all property owners renting homes to local residents. There are over 90,000 homes in the Residential Class without a current exemption. There are an additional 28,000 homes in Residential A Class, the vast majority being occupied, that may require an annual exemption to be filed. That’s over 100,000 properties that the City will have to manually review an exemption for each year. If a property owner misses the deadline—even by one day—they will be deemed an empty home for an entire year and face a significant empty homes tax.

We know what will happen to our kupuna and property owners who are simply busy with life’s demands. Frankly, they aren’t even aware that Bill 46 will impact them because it’s called the empty homes tax, and they know their property is not empty. This issue occurred when the Council passed Residential A in 2014. Many homeowners were caught unaware and penalized; this only required filing a one-time homeowner exemption. A previous version of Bill 46 required an annual exemption filing, and until administrative rules are determined, homeowners could be subject to an annual filing requirement to attest their property. With over 100,000 homes that this will apply to, we know thousands will be negatively impacted **each year**.

Bill 46 was never intended to hurt local residents, which is why so many exemptions are included, but it does not cover every local. Take, for example, the long-time kama'āina family who, for whatever reason, moved to the mainland—whether for work or to be closer to the grandkids—who have a home here, whether they inherited it or owned it for years. They come back home three times a year. When they talk about home, they talk about Hawai'i. They intend to come back permanently eventually. Their home is not empty. It still has tutu's ashes on the counter, and all their family belongings are there. There's no exemption for them. They will be forced to sell it, rent it with their family possessions inside, or pay a huge tax. Bill 46 is basically saying to that Kama'āina, "Don't come back." We know others have similar reasons why their home is "empty" but have no exemption.

HBR has encouraged the Council to target the properties that are most likely empty homes by using the Residential A classification and properties valued at \$3M and above. That will not hurt our local residents or burden our real property tax department unnecessarily and will be easy to enforce.

We have urged the Council to pause action on Bill 46, heed the Budget Director's advice to wait until the feasibility study is completed in January, and avoid the inevitable legal challenges that San Francisco faced. We have also expressed a desire to work together to find better ways to address our affordable housing crisis by creating more homes in the \$500,000 price range and below to truly help our local families stay in Hawai'i.




























It's not too late to call or email your council member and voice your concerns and opposition to Bill 46. Most importantly, it's critical to stay civically engaged and informed about the policies under consideration with our elected officials. Collectively, our voice is influential and can help shape decision-making that supports local homeowners and residents interested in achieving homeownership and building stronger communities.

If you have a client or know someone who wants to become a homeowner on O'ahu, encourage them to take the first step by enrolling in a homebuyer education course supported by HBR's HOPE program at www.hicentral.com/hope.php.

Mahalo for all you do to advocate for homeownership and serve our community with integrity and professionalism.

Suzanne Young
CEO, Honolulu Board of REALTORS®

**Time is ticking - Bill 46 goes to the last full council vote on December 11th.
Contact your Councilmember to voice your concerns and opposition to this bill.**

<p>CONTACT YOUR COUNCILMEMBER Representatives who support/undecided on Bill 46</p>					<p>CONTACT YOUR COUNCILMEMBER Representatives who oppose Bill 46</p>			
								
DISTRICT 4, CHAIR Tommy Waters 808-768-5004	DISTRICT 2 Matt Weyer 808-768-5002	DISTRICT 5 Calvin Say 808-768-5005	DISTRICT 6 Tyler Dos Santos-Tam 808-768-5006	DISTRICT 7 Radiant Cordero 808-768-5007	DISTRICT 1 Andria Tupola 808-768-5001	DISTRICT 3 Esther Kia'aina 808-768-5003	DISTRICT 8 Val Aquino Okimoto 808-768-5008	DISTRICT 9 Augie Tulba 808-768-5009
								
								

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