



October 7, 2020

## **VACANT PROPERTY TAX BILL PASSES FIRST READING**

Councilmember Alan Kekoa Texeira introduced [Bill 76](#) (2020) because of the imperative need for affordable housing opportunities in Honolulu for our local families. The measure, which passed first reading today by members of the City Council at Honolulu Hale, would establish a vacant residential property tax classification, targeting residential housing units that are sitting unoccupied.

*“So many families need a place to live. We are dealing with a housing crisis which impacts low-income populations as well as middle-class households,” said Councilmember Texeira. “And because of our unique location, we have seen investors come here to O‘ahu, purchase local homes as vacation properties then leave these properties vacant for majority of the year. This has to stop because it’s counterproductive to solving our housing shortage and it’s time that we look for ways to create new housing opportunities for local families.”*

[Bill 76](#) aims to create a new property tax classification for “vacant residential” properties on O‘ahu, which includes any property that is classified as residential, any condominium dwelling unit or a unit that has been improved with a duplex unit or detached dwelling; and has been unoccupied for more than 180 consecutive days during the previous tax year. The measure alone does not determine the tax rate, which is which is submitted annually by the City’s Department of Budget & Fiscal Services to the Honolulu City Council for approval; if adopted, the Council would set the rate in the year that classification takes effect.

There are several exceptions to this classification:

- 1) The owner or tenant of the parcel, or portion thereof, is undergoing medical care that requires the owner or tenant to reside in a place other than on the parcel, or portion thereof, for longer than 45 days during the previous tax year;
- 2) Title to the property was transferred during the previous tax year;
- 3) The owner of the parcel, or portion thereof, is deceased and a determination of ownership is pending before a probate court of competent jurisdiction;
- 4) The dwelling unit thereon is undergoing major renovations that require the owner or tenant of the parcel, or portion thereof, to vacate the parcel, or portion thereof, for longer than 45 days during the previous tax year: or
- 5) The parcel, or portion thereof, is subject to a court order that prohibits occupancy.

Due to the early success exhibited by vacancy taxes in other cities around the world including Vancouver, Canada and Oakland, California, Councilmember Texeira introduced [Bill 76](#) with the intention to continue discussing whether implementing a vacancy tax returns units to the market and lowers vacancy rates.

According to a Housing in Honolulu Study performed by University of California – Los Angeles in June 2020<sup>1</sup>, Hawaii is particularly vulnerable to high vacancy rates and out-of-state ownership of housing units

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<sup>1</sup> [Housing in Honolulu: Analyzing the Prospect of Taxing Empty Homes](#) by Adam Barsch, Erika Cervantes, Mary Daou, Dickran Jebajian, Michael Rios (2020)

due to its desirability as a vacation destination. The report mentions that from 2008-2015, nearly 30% of all housing units sold in Hawaii were purchased by out-of-state residents.

Bill 76 will now go before members of the Council Budget Committee to be reviewed and discussed. The public is encouraged to provide testimony, which can be submitted online at <https://www.honolulu.gov/ccl-testimony-form.html>.

Councilmember Alan Kekoa Texeira represents the residents of City Council District 3 - Windward O'ahu which includes the areas of Ahuimanu, He'eia, Haiku, Kāne'ohe, Maunawili, Kailua, Olomana, Enchanted Lake, and Waimānalo.

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