



A Just Peace and Open and Affirming Congregation

Testimony of Church of the Crossroads In support of House Concurrent Resolution 170 and House Resolution 170 before the House Committee on Housing on March 22, 2022, at 10:00am

The Church of the Crossroads was founded in 1922, as Hawaii's first intentionally multi-ethnic church. With approximately 190 members, our mission includes pursuing peace, justice, and stewardship of our environment.

The Church of the Crossroads believes that lack of affordable housing and homelessness are major justice and equity issues that hurt our entire community. We are in strong support of HCR 170 and HR 170 encouraging each of our counties to adopt Empty Homes Taxes.

Local Residents are Priced Out of Hawaii. Little Wonder:

- \$1,000,000: Median home price in Honolulu.
- \$85,857 Median household income in Honolulu. (2020 Census)

Investors are hoarding our local housing:

- 34,253 Vacant Housing Units - NOT Occupied in Honolulu (2020 Census)
- 9.2% vacancy rate for Oahu housing units (almost 1 in 10 units) (2020 Census)

Our Tax System is Broken. Let's help fix it, with an Empty Homes Tax.

1. We have the lowest property tax in the nation. This encourages outside investors to buy up our housing and hoard it for their own profits. This drives up our cost of housing while depriving local residents of affordable homes.
2. A well designed Empty Homes Tax, like Bill 9 in Honolulu, will impose tax only on properties that are NOT occupied at least 6 months of the year by persons who use it as their home (principal residence).
 - a. No one who rents, owns or occupies their home as their principal residence should need to pay this tax for their own home.
 - b. The tax would apply to properties NOT used for homes - those left vacant or blighted, or used for purposes other than homes for local residents.

- c. The tax will encourage property owners and investors to convert existing vacant properties into homes for Hawaii residents, all **without** taking any new lands for development, without any need for public subsidies or costs for construction, and without long delays for permitting and development.
 - d. Property owners who wish to keep a property vacant or use it for other than a home may continue to do so, but would pay the tax annually to help address harms caused by our severe lack of available homes.
 - e. Revenues from this tax could be dedicated solely to programs to address affordable housing and homelessness.
 - f. Short-term equitable exemptions can be provided (such as death of owner-occupant, major construction, sale or transfer of a property, military deployment, litigation related to property title, extended medical care, etc).
3. Lack of affordable housing is a crisis that continues to grow in our entire state. Failure to amend our laws to provide sufficient affordable housing for our local residents is morally wrong and economically unsustainable.
 - a. Pricing local families out of affordable housing forces our families to live in overcrowded conditions or to leave our islands, tearing families apart.
 - b. Our economy is based primarily on local service jobs, most of which are not high paying. Yet our housing prices are being influenced by international speculation in Hawai'i real estate. The people buying at these high prices are often not living or working in Hawai'i.
4. What others say:
 - a. The Oahu Real Property Tax Advisory Commission (ORPTAC) unanimously recommends implementing an Empty Homes Tax to positively impact our housing situation.
 - b. The UCLA Luskin School of Public Affairs report for Honolulu identified the Empty Homes Tax as the form of vacancy tax best suited to the needs of our community and the capacity of local government.

While there is no one magic solution to our affordable housing and homelessness crises, an Empty Homes Tax can help address these problems, by increasing our supply of housing and creating dedicated revenues to address these problems.

Thank you for your consideration of this testimony and for your efforts to create a more equitable and fair community for us all.

Submitted on behalf of the Church of the Crossroads

By Richard Tillotson, Co-Chair, Peace, Justice & Stewardship of Creation Mission Team

Email: office@churchofthecrossroadshawaii.org



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Submitted on behalf of the Church of the Crossroads

By Richard Tillotson, Co-Chair, Peace, Justice & Stewardship of Creation Mission Team

Email: office@churchofthecrossroadshawaii.org



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**Testimony of Faith Action HousingNOW!
In support of House Concurrent Resolution 170
and House Resolution 170
before the Honolulu Committee on Housing
on March 22, 2022, at 10:00am**

Faith Action for Community Equity is an organization of religious and community organizations driven by a deep spiritual commitment to improving the quality of life for all the people of Hawaii by addressing the root causes of social inequities.

Faith Action HousingNOW! supports House Concurrent Resolution 170 and House Resolution 170, urging our counties to adopt Empty Homes Taxes. An Empty Homes Tax can help correct social inequities and address the major crises in affordable housing and homelessness that are endangering our entire state.

Our local residents are Priced Out of Housing in Hawai'i.

Hawai'i has one the nation's highest housing costs. On Oahu, the median cost of housing is over \$1,000,000 for a single-family home, yet the median household income is only \$85,857 (2020 Census). Out-of-state investors are hoarding housing units everywhere on our islands. On Oahu alone, 34,253 housing units are vacant (2020 Census), and almost 1 in every 10 units is not a home for anyone.

Our tax structure incentivizes this cruel result. We have the lowest property tax in the nation, with no incentive to use property for homes for local residents. This causes huge outside investments in our housing. These investors enjoy high profits, but drive up our housing prices even further. All while thousands of properties remain vacant and local residents are priced out, without an affordable place to live.

While there is no one single miracle cure for our affordable housing crisis, we believe an Empty Homes Tax is an important part of solutions that are needed. An Empty Homes Tax can help by:

- Increasing our supply of housing stock by incentivizing owners of tens of thousands of existing vacant housing units to convert them into homes for Hawai'i residents

- Rapidly increasing available housing stock while avoiding costly construction, long delays in permitting and construction, taking more land for development, and expensive public subsidies
- Discouraging outside investment & speculation that drive our housing costs even higher
- Creating major dedicated tax revenues for affordable housing & homelessness solutions

A well-designed Empty Homes Tax would only be imposed on properties not used as the principal residence for Hawai'i residents. Thus, local residents would **not** need to pay this tax for their own principal residence, regardless of whether they own or rent their home.

An Empty Homes Tax can support, rather than jeopardize, local community needs for affordable housing. Such a tax would finally set our tax policy right by encouraging property owners in Honolulu to use their properties for homes for local residents, and NOT to hoard our housing or leave our homes vacant.

The Oahu Real Property Tax Advisory Commission (ORPTAC), a citizens advisory group, studied this issue intensively in December 2021, unanimously recommending an Empty Homes Tax bill. Their report and recommended bill are here:

<https://static1.squarespace.com/static/6098c5bb75e480679bd2fab3/t/62197e78107e855cd4bbc256/1645837965728/Real+Property+Tax+Commission+2021-12-29+Interim+Report+Complete.pdf>. Bill 9 has now been introduced in the Honolulu City Council to help encompass the ORPTAC recommendations. We urge all counties to adopt Empty Homes Taxes such as recommended by ORPTAC.

Thank you for helping support new solutions to improve the quality of our community.

Submitted on behalf of Faith Action HousingNOW!
By Ellen Godbey Carson
Email: housing@faithactionhawaii.org



March 22, 2022

10 a.m.

Via Videoconference

Conference Room 423

To: Committee on Housing

Rep. Nadine K. Nakamura, Chair

Rep. Troy N. Hashimoto, Vice Chair

From: Grassroot Institute of Hawaii

Joe Kent, Executive Vice President

RE: HCR170/HR170 — URGING THE COUNTIES TO UTILIZE AN EMPTY HOMES TAX AS A MEANS OF ADDRESSING AFFORDABLE HOUSING IN THE STATE

Dear Committee Members,

The Grassroot Institute of Hawaii appreciates the opportunity to offer comments on [HCR170](#) and [HR170](#), which would urge the counties to utilize an “empty homes” tax in the hopes of increasing the stock of affordable housing in the state.

This measure has the admirable aim of opening up additional housing for Hawaii residents. However, empty homes taxes are a poor vehicle for that purpose. Rather than improve the supply of housing in this state, an empty homes tax would have the effect of penalizing homeowners, driving up already sky-high taxes, implementing privacy-invasive and severe enforcement measures and providing little to benefit to residents in need of affordable housing.

Here are some points to consider:

>> **“Empty homes” taxes do not free up affordable housing.**

The purported goal of an empty homes tax is to encourage existing owners to rent or sell vacant housing to local residents. However, the homes these taxes target — generally those owned by wealthy mainland individuals — are often not homes that average Oahu residents can afford.

Kam Napier, editor-in-chief of Pacific Business News, addressed this point when a similar measure was proposed in 2019. He wrote that “all it would do is put some luxury Kakaako apartments into the rental pool, renting for \$5,000, \$6,000 or even \$8,000 a

month. I don't think that satisfies anyone's desire for more affordable housing."¹

Thomas Davidoff, a real estate finance professor at the University of British Columbia, wrote in 2018: "Foreign-buying, and especially empty-home owning, is concentrated at the high end."²

>> 'Empty homes' taxes have been tried before with several unintended consequences. Vancouver, Canada, imposed an empty-house tax in 2017 with little success.

In 2018, Canada's CBC News reported that "in its first year of implementation, the tax appears to be doing little to achieve its stated goal."³

In 2021, the Vancouver Sun noted that the tax's effect on rental availability was hard to determine amidst other taxes, housing regulation and broader economic changes.⁴

And just last month, in February, 2022, Quartz reporter Camille Squires wrote, "Even where successful, vacancy taxes haven't been enough to meaningfully bring down prices across a city. To meet demand, cities need more new construction."⁵

>> Hawaii's property tax is high enough already.

Many people have tried to support the idea of an empty homes tax by pointing out that Hawaii has among the lowest property tax rates in the nation. While technically true, this statistic is misleading. Why? Because those low rates are offset by the high value of the property involved.

For example, the median cost for a single-family home on Oahu exceeds \$1 million as of August 2021, leaving Hawaii homeowners paying property taxes of \$3,333 in actual dollars, which is on par with the national average of \$3,719.⁶

As stated by housing information site Bungalow, "Hawaii has the lowest effective property tax rate in the country, but it does cost to live in paradise. It is one of the most expensive states to live in and has the highest median home value, which means that the actual dollar amount homeowners spend is on the high side."⁷

>> Vacancy taxes require an invasive enforcement mechanism.

¹ Kam Napier, "[Vexed on Honolulu vacancy tax arguments](#)," Pacific Business News, June 28, 2019.² Emily Cadman and Natalie Obiko Pearson, "[Taxing Rich Peoples' Empty Homes Isn't Helping the Housing Crisis](#)," Bloomberg, Aug. 15, 2021.

³ Karin Larsen, "[Empty homes tax not helping rental crisis, generating millions more for Vancouver: report](#)," CBC, Nov. 29, 2018.

⁴ Gordon Hoekstra, "[Three years in, has B.C.'s speculation and vacancy tax made a difference?](#)" Vancouver Sun, Nov. 14, 2021.

⁵ Camille Squires, "[San Francisco is the latest city to consider tackling its housing crisis by taxing empty homes](#)," Quartz, Feb. 11, 2022.

⁶ "[Attom Data Solutions releases 2020 Property Tax Analysis](#)," Attom Data Solutions, April 9, 2021. See also, "[2020 Property Taxes by County](#)," Attom Data Solutions, April 9, 2021.

⁷ "[10 Most Expensive States in the U.S.](#)," Bungalow, Feb. 1, 2022, and "[5 states with the highest and](#)

[lowest property tax rates](#),” Bungalow, Feb. 1, 2022.

In order to determine whether a house has been vacant long enough to qualify for the proposed tax, the county would need to set up some sort of monitoring system. Not only would this add to the workload of existing county employees, or require additional employees to be hired, it also would authorize the county to demand from the homeowners proof of occupancy, such as:

>> Vehicle registration, government-issued personal identification, driver’s license, utilities records and mailing address used for personal bank and credit accounts.

>> Tenancy agreements, occupancy agreements, and proof of income and general excise taxes paid for rental income.

>> Proof of receiving or providing medical care by the owner or tenant that precluded occupancy of the property.

>> Proof of sale or transfer of ownership, sale activity efforts and listing in the multiple listing service for the property.

>> Death certificates.

>> Court orders and proceedings.

>> Proof of military orders of deployment.

>> Building permits and applications.

How invasive this scheme would be would depend on its implementation, but there is little doubt that this process would create headaches, and privacy worries for homeowners.

>> An empty homes tax acknowledges the existence of Hawaii’s housing shortage, but does nothing to address them.

If there ever was a proposal that attempts to address the symptoms of a problem instead of the causes, it is an empty homes tax. Such a tax does nothing about the barriers to development, such as zoning and regulation, and seeks only to create more expense and regulation in the housing market.

As you might already know, the Grassroot Institute of Hawaii has issued several publications analyzing how zoning and other regulations throttle the growth of housing on Oahu and throughout Hawaii.

One was our policy report [“Reform the Hawaii LUC to encourage more housing,”](#) which recommends giving the counties more authority to make decisions, thus reducing the amount of bureaucracy and preventing the state Land Use Commission from becoming a de

facto state zoning commission.

Another was [“Build up or build out? How to make housing more affordable,”](#) which recommends “increasing the area of urbanized land and building marketable densities outside of the existing urban footprint,” which currently is about only 5% of all land in the state. For example, an increase of only 1 or 2 percentage points in Hawaii’s urban-designated land would be equivalent to a 20% to 40% increase, respectively, in lands available for more housing.

In addition, the institute has made available a zoning-reform toolkit, [“How to Build Affordable, Thriving Neighborhoods,”](#) which explores different ways to increase housing supply and improve affordability by reforming state and local zoning restrictions.

We summarized many proposals from the toolkit in a commentary published in The Maui News, [“50 ways — at least — to update Maui’s zoning code.”](#)

In short, the best way Hawaii’s affordable housing shortage would be to address the underlying causes — the high cost of construction, barriers caused by regulation and zoning restrictions, and the lack of available land for development.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joe Kent', with a stylized flourish at the end.

Joe Kent
Executive Vice President
Grassroot Institute of Hawaii

HCR-170

Submitted on: 3/20/2022 11:23:44 AM

Testimony for HSG on 3/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Bruce Anderson	Individual	Support	Written Testimony Only

Comments:

I support HCR170 to encourage empty homes taxes in each of our counties to try to help alleviate the extremely high housing cost here in Hawaii. Too many houses, condos and apartments sit empty because they are owned by people and corporations who own the property as a speculative investment rather than as a place to live. The median housing price here is so high that people earning a normal salary cannot afford a decent place to live. A number of other cities have enacted similar measures that not only help discourage removing housing from the market for investment, but also generate money that can be used to build lower cost public housing. These measures can be in the form of either increased property taxes on non-residents or a special fee applied to transfer taxes during home purchase if the purchaser does not intend to inhabit the property. Thank you for listening to my opinion and for your service to our state.

Bruce Anderson

941 B Prospect Street,

Honolulu, HI 96822

HCR 170 / HR 170 TESTIMONY

To: House Committee on Housing
Hearing on March 22, 202

From: John Kawamoto

Position: Support

The price of housing in Hawaii has steadily increased for decades, while wages have stagnated. The growing gap between housing prices and wages has made housing less and less affordable for more and more families. Hawaii now faces a shortage of 50,000 homes.

Housing is a complex issue, and there is no single silver bullet that can solve the housing crisis, but the empty homes tax can be used as an element of a multi-faceted solution.

Due to the desirability of living in Hawaii, housing in Hawaii is in the national and international housing markets. Many rich non-residents use housing as an investment, living only a small part of the year in their Hawaii homes. It's a profitable financial investment because the price of housing in Hawaii has a long history of increasing, and the property tax is low compared with other jurisdictions. But it has shifted Hawaii's housing market in the wrong direction.

Hawaii's housing industry is geared toward the luxury market because that's where the biggest profits are. For example, it costs nearly as much to build a condo with luxury units as the same sized condo with moderately priced units. However, there's a big difference between the revenue from sales and the profits. As a result, Hawaii's housing industry has given insufficient attention to the residential housing market.

Taxes are frequently used as disincentives. For example, cigarettes are taxed because they are a health hazard. The Empty Homes Tax seeks to reorient the housing market by creating a disincentive for non-residents to own empty homes in Hawaii.

An effective empty homes tax would represent a major step toward making more housing available to Hawaii's families.

HCR-170

Submitted on: 3/20/2022 4:25:06 PM

Testimony for HSG on 3/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Elizabeth Nelson	Individual	Support	Written Testimony Only

Comments:

Aloha, I am in full support of this resolution. Local residents are being priced out of housing in Hawaii. Our tax structure is broken and encourages outside investors who do not then even live here, or contribute to the local economy. We need to prioritize housing that local people who live and work here can afford. Thank you.

Elizabeth Nelson

Kaneohe

HCR-170

Submitted on: 3/21/2022 9:44:00 AM

Testimony for HSG on 3/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Valerie Wayne	Individual	Support	Written Testimony Only

Comments:

I strongly support HCR170. With 34,000 empty homes in Hawaii, and a tax structure that rewards investors more than local residents, we need to act now to supply more housing for Hawaii's people. This bill is an effective way to do that. Please give it your thoughtful consideration and do what you can to support it. It is one of many ways for us to address the urgent problem of the houseless and homeless in our state.

HOUSE COMMITTEE ON HOUSING

Rep. Nadine K. Nakamura, Chair

Rep. Troy N. Hashimoto, Vice Chair

LATE

Tuesday, March 22, 2022 at 1000 HST

RE: Testimony in SUPPORT of HCR170

Aloha Chair Nakamura, Vice Chair Hashimoto, and the members of the Committee on Housing:

Mahalo for hearing HCR170 urging the counties to utilize an empty homes tax as a means of addressing affordable housing in the state. **I am writing in strong support of HCR170.**

According to the 2020 Census, **there are 34,253 “empty homes” in Honolulu** county where I reside. In “town,” also known as “urban Honolulu,” there is an influx of new developments increasing the number of available homes; however, **the rate of homelessness increases every year** due to stagnant wages concurrent with a surge in the cost of living, displacement from gentrification, and discrimination.

- Hawai‘i ranks #2 in the nation for homelessness¹
- An estimated 15,000 people in Hawai‘i are homeless²
- Approximately 50% of our homeless neighbors are elderly
- 51% are Pasifika (includes Kānaka)

Discrimination serves as a barrier in securing permanent housing. It is not explicitly unlawful for landlords to discriminate based on an applicant’s source of income. Additionally, disabled people face discrimination due to the deficit in supply of ADA compliant homes.

For example, there are currently 297 “wheelchair accessible” units available “for rent” on O‘ahu.³ A majority of these units are located in town near conveniences such as hospitals, supermarkets, and pharmacies, in neighborhoods with paved sidewalks.

Notwithstanding the aforementioned, **disabled people are living on the streets while their vouchers time out because they are unable to secure housing in a wheelchair accessible unit.** One person I know received his voucher almost a year ago. He is still homeless, waiting for a wheelchair accessible unit to become available.

It begs the question: **How is one person unable to secure housing when there are 297 units available “for rent?”**

It is no coincidence that a majority of the short-term vacation rentals are located “in town.” Town is convenient afterall, but who gets to enjoy these conveniences?

¹ <https://www.civilbeat.org/2020/01/hawaii-is-no-longer-no-1-for-homelessness-new-york-is-worse>

² <https://ltgov.hawaii.gov/homeless-in-hawaii-facts-and-resources/>

³ <https://www.apartments.com/apartments-condos/wheelchair-accessible/?bb=-m6u27x5pSz2zm42H>

Simply put, **the owners of these ADA compliant units would rather make a profit by accommodating tourists rather than house the elderly, disabled, and homeless people in our communities.**

Age, ability, and other protected classes should not serve as risk factors for becoming homeless—neither should poverty. Anyone can become disabled, and we all will grow old someday. Additionally, how many of us are just one paycheck, or injury, or illness away from homelessness?

An empty homes tax is a necessary step in addressing the housing crisis. We can perpetuate our traditions by continuing to care for our elders, and invest in our future by keeping the keiki housed and off the streets, and in the state when they become working adults.

Please pass this historic bill and support an empty homes tax in Hawai'i.

Mahalo for considering my testimony,

Soon Kim
House District 32

LATE

HCR-170

Submitted on: 3/21/2022 1:28:18 PM

Testimony for HSG on 3/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Robin Hart	Individual	Support	Written Testimony Only

Comments:

Please support this important bill!

- Local residents are being priced out of Housing in Hawaii. Our median cost of housing is over \$1,000,000. Yet the Census Bureau reports Oahu has over 34,000 empty homes!
- Our tax structure is broken and encourages outside investors who don't even use our houses as homes. This is not sustainable. It is hurting all of us. We need to prioritize affordable homes for those who work and live here.
- An empty homes tax can help address our lack of supply of housing for local residents.

THANK YOU!