

To: Honolulu City Council Budget Committee
The Honorable Ernest Martin, Chair

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Committee Hearing: Tuesday, April 12, 2011
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Committee Meeting Room

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Subject: Support for CB3, Relating to the real property tax exemption for historic residential real property

I am writing in support of CB 3, which adds clarity, transparency and improved enforcement of the City's tax incentive program for preservation of historic homes.

The real property tax exemption program offers homeowners of registered historic residences some relief and protection from the City's tax laws, which encourage the demolition of older buildings by taxing them at their "highest and best use."

CB3 would help the existing program by adding clarity to the conditions for receiving the tax break. These include:

1. Definition and proof of visual access from a public way;
2. Definition, proof and communication of alternative visual visitation 12 days/year if the property is not visible from a public way;
3. Standards for maintenance, repair and condition;
4. Specifications for the historic plaque or sign; and
5. Standardizing submittal requirements, enforcement procedures and penalties for non-compliance.

The City's property tax incentive program is critically important to protect Hawaii's historic resources. By developing clear, fair and effective standards and guidelines for enforcement of the program, this bill will ensure that the public benefit is maintained.

Development pressure on all historic homes—from modest plantation cottages to ranch-style homes—is intense because land values are so high and the City's tax laws take full advantage of this. This successful program has proven to protect against demolition by developers hoping to maximize their returns. The existing exemption also creates an incentive for our younger generation to continue living in and caring for their family's historic island homes.

I am the owner of an historic home on Oahu Avenue in Manoa. When I purchased the 100 year old house in 1999, it was in complete disrepair. The roof leaked, the electrical and plumbing systems were dysfunctional, the kitchen appliances dated back to the 1940s, and the entire exterior needed repair and painting. I could have demolished the house and build a modern, conventional home for a fraction of the price I have spent on restoring it. However, I loved the charm of my old house, the way it fit our wide tree-lined street and blended with the similarly-aged homes in our neighborhood.

I have spent the last 11 years identifying, repairing, preserving and replacing the historic features of the house. Rotten timbers were replaced using wood custom-milled siding and flooring to replicate that which was originally used. The electrical system was replaced using switches that replicated the originals. The plumbing was replaced and old, unusable fixtures were replaced with modern replicas. I completely refurbished the kitchen, refinished the original fur floors, replaced the roof, re-painted the interior and exterior of the house, and completed other tasks too numerous to recount in this testimony. The amount of money I have spent on preserving and maintaining my house far exceeds any tax incentives that I have benefited from since my house has been on the Historic Register—or expect to recover in the future.

My home has been featured in two of the recent Malama O Manoa tours of historic homes, and approximately 500 people have passed through my front doors during those times. In fact, hundreds of people walk past my home every day on their way to and from the University and their homes in Manoa Valley. Many stop in front of my home to enjoy the architecture and its historic quality.

Our history is reflected in the architectural structures of the time. Historic homes are disappearing rapidly because of the cost of maintenance and in the unending pursuit of the highest and best use of any property. In the 11 years that I have lived in Manoa, two beautiful old homes in my one block have already been torn down because it was much cheaper to build a new home. We need to protect Hawaii's historic resources and I believe that CB 3 will help achieve that goal.