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Testimony by Suzanne Young, Chief Executive Officer
Honolulu Board of Realtors

Regarding Bill 41 – Relating to Real Property Taxation

Honolulu City Council
Wednesday, April 26, 2017
Honolulu Hale

Aloha Chair Menor and City Council Members,

The Honolulu Board of REALTORS (HBR) supports Bill 41 relating to real property taxation and appreciates the introduction of this bill to repeal the Residential A property tax classification.

While we appreciate that the Council passed Bill 7 which supported HBR's recommendation to tier the Residential A property tax rate, we have long been opposed to the establishment of a separate residential real property tax classification known as Residential A. Instead, we believe that creating an income property classification will serve the long-term best interests of homeowners as well as the city.

The industry standard for the luxury market – as we have maintained – begins at \$2 million, not \$1 million, so the Residential A classification was arbitrary in our professional opinion. And in today's market, many modest homes are valued and taxed within the \$1 to \$2 million level. We have seen that the most at risk of this inequitable tax classification is our aging population, their ohana who have owned older Oahu homes for generations, and renters in urban areas with rising property values due to renovations. Multiple amendments have been introduced to address the burden placed on local families whose property values are inflated due to Oahu's rising cost of homeownership. But these are just band aids that lack strategic direction.

HBR is committed to working with the Honolulu City Council as well as the administration to ensure that kama'aina are not priced out of paradise. Repeal of Residential A would be the right step.

Mahalo for your consideration.

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COUNCIL