RESOLUTION URGING THE ESTABLISHMENT OF A VACANT LOT PROPERTY TAX SURCHARGE

WHEREAS, vacant lots in Transit-Oriented Development ("TOD") zones and other urban areas can impede the realization of community goals for housing and economic activity; and

WHEREAS, vacant buildings can drag down a neighborhood by attracting vandalism/crime and creating safety hazards like fires, pests, or structural collapse. They also depress nearby property values and tax revenue, which can reduce investment and weaken local services

WHEREAS, Honolulu's relatively low effective real property tax rates may unintentionally incentivize property owners and developers to hold or maintain vacant lots for extended periods, waiting to develop or sell such properties only when it is most financially beneficial; and

WHEREAS, a Vacant Lot Property Tax Surcharge does not make it unlawful to maintain vacant land or vacant buildings, but instead requires property owners who choose to keep vacant lots to pay an additional cost that reflects the broader impacts on the community; and

WHEREAS, a Vacant Lot Property Tax Surcharge can encourage timely development, rehabilitation, or active use of land, while also generating additional revenues that could support infrastructure, housing, and other community benefits including the potential acquisition of long-term vacant lots for redevelopment; now, therefore,

BE IT RESOLVED that the McCully-Mō'ili'ili Neighborhood Board No. 15 urges the Honolulu City Council to establish a Vacant Lot Property Tax Surcharge, with the following recommended provisions:

1. Definition of "Vacant Lot".

Establish the definition of a "vacant lot" as any parcel that meets one or more of the following conditions:

- A lot without a Department of Planning and Permitting ("DPP")-approved and fully constructed structure; or
- A lot on which the existing structure is considered essentially abandoned or substantially unoccupied.

The definition shall not include:

- a lot with active use and benefit, such as those with agricultural zoning, those with community gardens, parks, etc; or
- a lot which has active construction underway toward a DPP approved structure consistent with the property's zoning designation.

2. Areas of Applicability

Provide that:

- The surcharge is intended to apply to vacant lots in higher density areas, Transit-Oriented Development (TOD) areas, or in such areas where vacant lots are a detriment to the neighborhood; and

3. Rate Structure

Establish a property tax surcharge which:

- Will increase over time to ensure those with long-term vacant lots pay the most; and
- Includes an initial grace period to allow lot owners a reasonable opportunity to develop or otherwise utilize the lot; and
- Is impactful enough to incentivize vacant lot owners to develop or turn the lot into something the community can benefit from; and
- Continues to apply notwithstanding any sale or transfer of ownership.

4. Relationship to Existing Tax Rates

- Specify that the Vacant Lot Property Tax Surcharge is imposed in addition to existing real property tax rates and is not a replacement for any base real property tax; and
- Specify that the Vacant Lot Property Tax Surcharge shall not be reduced or lessened.

BE IT FURTHER RESOLVED that copies of this Resolution be transmitted to all 35 other Neighborhood Boards, the Mayor of the City and County of Honolulu and the members of the Honolulu City Council.

- Council Chair Tommy Waters — tommy.waters@honolulu.gov
- Vice Chair Esther Kiaʻāina — ekiaaina@honolulu.gov
- Councilmember Matt Weyer — mweyer@honolulu.gov
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