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# A BILL FOR AN ACT

RELATING TO VACANT AND ABANDONED RESIDENTIAL PROPERTY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that vacant and abandoned  
2 residential properties impose significant costs on the  
3 community. Abandoned homes may start out as simply eyesores but  
4 eventually become public safety hazards and magnets for criminal  
5 activity. In April 2018, a fire at a large unoccupied home in  
6 Maunawili, Oahu caused \$1.8 million in damages. Neighbors  
7 reported that the fire may have been sparked by trespassing  
8 hikers or homeless individuals who had been illegally living on  
9 the property.

10           On January 3, 2019, fifteen companies and sixty  
11 firefighters responded to a massive fire in an abandoned home in  
12 Makiki, Oahu. The homeowner reported that he had been  
13 unsuccessful in preventing squatters from occupying the property  
14 and that, at the time of the fire, his permit to demolish the  
15 home was under review by the county.

16           Vacant and abandoned homes also correspond to other  
17 substantial, but less obvious, financial costs. In the January



1 2017 report on the true costs of abandoned properties  
2 commissioned by Community Blight Solutions, a former United  
3 States Treasury Department Deputy Assistant Secretary for  
4 Economic Policy noted that vacant homes lead to a decline in  
5 values of surrounding properties, an increase in crime in the  
6 neighborhood, and a reduction in the tax base for local  
7 governments.

8 The purpose of this Act is to reduce the potential hazards  
9 associated with vacant and abandoned residential properties by:

10 (1) Requiring each county to establish an expedited  
11 procedure for approvals of demolition permits for  
12 vacant residential properties; and

13 (2) Allowing the department of taxation to seek the  
14 nonjudicial foreclosure sales of vacant and abandoned  
15 residential properties with outstanding recorded state  
16 tax liens.

17 SECTION 2. Chapter 46, Hawaii Revised Statutes, is amended  
18 by adding a new section to part IV to be appropriately  
19 designated and to read as follows:

20 "§46- Expedited demolition permits for vacant  
21 residential structures. (a) Each county shall establish an



1 expedited procedure to approve permits for the demolition of  
2 vacant residential structures located within the county.  
3 Expedited processing of a permit to demolish vacant residential  
4 structures shall take no more than twenty-one days from the date  
5 of the permit application, not including weekends or state  
6 holidays. Expedited processing for permits to demolish vacant  
7 residential structures shall commence no later than January 1,  
8 2024.

9 (b) Expedited processing of a permit to demolish a vacant  
10 residential structure shall apply only to permits to demolish  
11 the entire vacant residential structure. Expedited processing  
12 shall not apply to permits for:

13 (1) Partial demolition of a vacant residential structure;

14 or

15 (2) Complete or partial demolition of a vacant residential  
16 structure as part of a renovation, rehabilitation,  
17 reconstruction, or new construction on the parcel.

18 An application for a building permit for renovation,  
19 rehabilitation, reconstruction, or new construction on the  
20 parcel for which the expedited demolition permit was approved  
21 shall be denied if the permit application for renovation,



1 rehabilitation, reconstruction, or new construction is submitted  
2 within three hundred sixty-five days of the approval of the  
3 expedited demolition permit and the same parcel owner is listed  
4 on both permit applications. A parcel owner may appeal a denial  
5 of a permit application pursuant to this section through the  
6 appeals process established by the planning department in the  
7 county within which the parcel is located.

8 (c) The owner of a residential structure shall establish  
9 that the residential structure is vacant by providing the county  
10 planning department with sworn statements from each borrower who  
11 has at least one loan secured by the parcel and each and every  
12 owner of the residential structure and parcel expressing their  
13 intent to vacate and abandon the property.

14 (d) A residential structure shall not be deemed vacant and  
15 abandoned where the residential structure is:

- 16 (1) Undergoing renovation, rehabilitation, reconstruction,  
17 or construction that is proceeding diligently;  
18 (2) Used on a seasonal basis but is otherwise secure;  
19 (3) The subject of an ongoing probate action, action to  
20 quiet title, or other ownership dispute;



1       (4) Damaged by natural disaster but the owner intends to  
2           repair and reoccupy the residential structure; or

3       (5) Occupied by a mortgagor, relative, or lawful tenant.

4       (e) For the purpose of this section:

5       "Parcel" means the real property, or portion thereof, upon  
6 which a residential structure is located.

7       "Residential structure" means a one- or two-family  
8 unattached building designed or used exclusively for residential  
9 occupancy and located on a parcel zoned for residential use."

10       SECTION 3. Chapter 667, Hawaii Revised Statutes, is  
11 amended by adding a new section to part II to be appropriately  
12 designated and to read as follows:

13       "§667-       Use of power of sale foreclosure in state tax  
14 lien foreclosures of vacant and abandoned residential  
15 structures. A state tax lien on a parcel upon which a  
16 residential structure exists may be foreclosed by nonjudicial or  
17 power of sale foreclosure procedures set forth in this chapter  
18 by the department of taxation; provided that the department of  
19 taxation has established its lien and that the residential  
20 structure is vacant and abandoned as provided in section 231-63;  
21 provided further that liens that have existed for three or more



1 years, including liens on vacant and abandoned residential real  
2 property that have existed for any length of time, may be  
3 enforced by the department of taxation by foreclosure without  
4 suit as provided in section 231-63 and this chapter."

5 SECTION 4. Section 231-63, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "[~~§~~231-63~~]~~ **Tax liens; foreclosure without suit,**  
8 **notice.** (a) All real property on which a lien for state taxes  
9 exists may be sold by way of foreclosure without suit by the  
10 [~~state tax collector,~~] department, and in case any lien, or any  
11 part thereof, has existed thereon for three years, shall be sold  
12 by the [~~state tax collector~~] department at public auction to the  
13 highest bidder, for cash, to satisfy the lien, together with all  
14 interest, penalties, costs, and expenses due or incurred on  
15 account of the tax, lien, and sale, the surplus, if any, to be  
16 rendered to the person thereto entitled.

17 (b) A state tax lien on a parcel upon which a vacant and  
18 abandoned residential structure exists may be foreclosed by  
19 nonjudicial or power of sale foreclosure procedures set forth in  
20 chapter 667 by the department at any time; provided that the



1 department has established that the parcel and residential  
2 structure are vacant and abandoned; provided further that:

3     (1) The department shall establish that a residential  
4     structure is vacant and abandoned by mailing to the  
5     residential structure's owner by certified mail with  
6     return receipt a sworn statement establishing that the  
7     department has conducted at least two separate  
8     inspections, each at least seven days apart and at  
9     different times of day, and at each inspection, no  
10    occupant was present and there was no evidence of  
11    occupancy. The department shall maintain a copy of  
12    the statement and return receipt on file for the  
13    owner's inspection and review;

14    (2) Prima facie evidence that a residential structure is  
15    not vacant and abandoned shall include but is not  
16    limited to delivery of certified United States mail  
17    and ongoing and current utility usage; and

18    (3) A residential structure shall not be deemed vacant and  
19    abandoned where the residential structure is:



- 1           (A) Undergoing renovation, rehabilitation,
- 2                           reconstruction, or construction that is
- 3                           proceeding diligently;
- 4           (B) Used on a seasonal basis but is otherwise secure;
- 5           (C) The subject of any ongoing probate action, action
- 6                           to quiet title, or other ownership dispute;
- 7           (D) Damaged by natural disaster but the owner intends
- 8                           to repair and reoccupy the residential structure;
- 9                           or
- 10          (E) Occupied by a mortgagor, relative, or lawful
- 11                           tenant.

12           As used in this subsection, "parcel" and "residential

13 structure" shall have the same meaning as those terms are

14 defined in section 46-\_\_\_\_\_.

15          (c) The sale shall be held at any public place proper for

16 sales on execution, after notice published at least once a week

17 for at least four successive weeks immediately prior thereto in

18 any newspaper with a general circulation of at least sixty

19 thousand published in the State and any newspaper of general

20 circulation published and distributed in the taxation district





1 wherein the property to be sold is situated, if there is a  
2 newspaper published in the taxation district.

3 If the address of the owner is known or can be ascertained  
4 by due diligence, including an abstract of title or title  
5 search, the [~~state tax collector~~] department shall send to each  
6 owner notice of the proposed sale by registered mail, with  
7 request for return receipt. If the address of the owner is  
8 unknown, the [~~state tax collector~~] department shall send a  
9 notice to the owner at the owner's last known address as shown  
10 on the records of the department [~~of taxation~~]. The notice  
11 shall be deposited in the mail at least forty-five days [~~prior~~  
12 ~~to~~] before the date set for the sale. The notice shall also be  
13 posted for a like period in at least three conspicuous public  
14 places within [~~such~~] the taxation district, and if the land is  
15 improved, one of the three postings shall be on the land."

16 SECTION 5. There is appropriated out of the general  
17 revenues of the State of Hawaii the following sums or so much  
18 thereof as may be necessary for fiscal year 2023-2024 to assist  
19 the counties in implementing section 2 of this Act:

20 County of Hawaii \$  
21 County of Kauai \$



1	County of Maui	\$
2	City and county of Honolulu	\$
3	Total	\$

4 The sums appropriated shall constitute the State's share of  
5 the cost of the mandated program under article VIII, section 5,  
6 of the state constitution.

7 SECTION 6. If any provision of this Act, or the  
8 application thereof to any person or circumstance, is held  
9 invalid, the invalidity does not affect other provisions or  
10 applications of the Act that can be given effect without the  
11 invalid provision or application, and to this end the provisions  
12 of this Act are severable.

13 SECTION 7. This Act does not affect rights and duties that  
14 matured, penalties that were incurred, and proceedings that were  
15 begun before its effective date.

16 SECTION 8. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 9. This Act shall take effect on June 30, 3000.



**Report Title:**

Vacant and Abandoned Properties; Counties; Expedited Permits;  
Tax Liens; DOTAX; Nonjudicial Foreclosure; Appropriation

**Description:**

Requires the counties to establish expedited procedures to approve demolition permits for vacant residential properties. Allows the Department of Taxation to satisfy certain tax liens through the nonjudicial foreclosure of vacant and abandoned residential properties at any time after establishing vacancy and abandonment. Appropriates moneys. Effective 6/30/3000.  
(HD1)

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