

MAR 07 2025

SENATE CONCURRENT RESOLUTION

REQUESTING THE UNIVERSITY OF HAWAII ECONOMIC RESEARCH ORGANIZATION TO CONDUCT A STUDY ON THE POTENTIAL IMPACT OF THE USE OF TAXATION AND EMINENT DOMAIN ON THE PRICE AND THE AVAILABILITY OF HOUSING IN THE STATE TO ADDRESS THE CONCENTRATION OF RESIDENTIAL PROPERTY OWNERSHIP AMONG OWNERS OF VACANT AND SURPLUS HOUSING AND INSTITUTIONAL INVESTOR PROPERTY OWNERS.

1 WHEREAS, Hawai'i is experiencing a housing crisis, with high
2 prices and low supply that makes housing "extremely
3 unaffordable", according to the University of Hawai'i Economic
4 Research Organization's Hawai'i Housing Factbook 2024; and

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6 WHEREAS, out-of-state buyers represent over twenty percent
7 of single-family home transactions and nearly thirty percent of
8 condominium transactions; and

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10 WHEREAS, over half of all condominium sales on Hawai'i
11 Island, Kaua'i, and Maui are made by out-of-state buyers; and

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13 WHEREAS, approximately twenty percent of houses and
14 condominium units statewide are held by out-of-state owners,
15 with a substantially higher percentage on islands such as Maui,
16 where nearly a third of all homes are owned by non-residents;
17 and

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19 WHEREAS, institutional investors have further exacerbated
20 the housing shortage through the purchase of large numbers of
21 single-family homes for the sole purpose of renting homes back
22 to the communities where the homes are located; and

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24 WHEREAS, Honolulu has the fifth-highest share of
25 institutional investor-owned property nationwide; and

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27 WHEREAS, according to the 2023 American Community Survey
28 conducted by the United States Census Bureau, almost eighty



1 thousand housing units are vacant in the State, producing a
2 statewide vacancy rate of fourteen percent, which is nearly
3 fifty percent higher than the national average; and
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5 WHEREAS, existing conditions have created an abundance of
6 "vacant and surplus housing", defined as houses or condominiums
7 that are not used by the property owner as a primary residence
8 or are unoccupied by the owner and are not rented for more than
9 six months out of the year; and
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11 WHEREAS, property ownership by institutional investors has
12 the potential to further increase rents and sales prices while
13 decreasing the overall housing availability; and
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15 WHEREAS, the consequences of this long-term strain on the
16 State's housing market has resulted in out-migration, families
17 being priced out of the local market, and homelessness; and
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19 WHEREAS, despite meaningful efforts by the State and
20 counties to address housing affordability issues by, in part,
21 increasing housing supply, according to the University of Hawai'i
22 Economic Research Organization Housing Factbook 2024, "the
23 ability to provide new housing remains extremely limited" with
24 single-family home sales at a twenty-five-year low as "the rate
25 of new construction...[is] unable to keep up with losses to the
26 vacation rental market" on certain islands; and
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28 WHEREAS, the State must consider more aggressive actions to
29 decrease housing prices and increase housing supply, including
30 comprehensive taxation and potential condemnation of vacant and
31 surplus housing and properties owned by institutional investors;
32 and
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34 WHEREAS, the State, through its taxation power, has the
35 authority to impose a large tax on the gross profit of the sale
36 of homes by owners whose properties are held for a short term to
37 "flip" the property, or by institutional investor property
38 owners who hold single-family homes for the sole purpose of
39 renting the property; and
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1 WHEREAS, the State also has the authority to impose an
2 additional tax applicable to property owners of vacant and
3 surplus housing; and

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5 WHEREAS, similar taxes in other jurisdictions, such as the
6 Empty Homes Tax imposed by the city of Vancouver, Canada, have
7 produced more than a fifty percent decrease in vacancies while
8 simultaneously generating tax revenue equivalent to over \$35
9 million United States dollars; and

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11 WHEREAS, the State also has the authority to impose a tax
12 on rent increases by property owners beyond a certain amount
13 determined in relation to the rate of inflation; and

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15 WHEREAS, the State has previously used eminent domain on a
16 broad scale to correct a housing market skewed by artificial
17 deterrents to its normal functioning, address inflated housing
18 prices, increase the availability and turnover of residential
19 property, and to stabilize the State's economy by containing the
20 cost of living and the cost of public assistance, including via
21 the Land Reform Act of 1967, which both the Hawaii Supreme Court
22 and United States Supreme Court upheld as proper exercises of
23 the State's eminent domain power in *Hawaii Housing Authority v.*
24 *Lyman*, 704 P.2d 888 (Haw. 1985), and *Hawaii Housing Authority v.*
25 *Midkiff*, 467 U.S. 229 (1984); and

26
27 WHEREAS, as the State's housing shortage persists, the
28 State should utilize its eminent domain power to correct these
29 conditions harming the existing housing market by seizing vacant
30 and surplus housing and, upon payment of just compensation,
31 acquiring and repurposing those properties as affordable housing
32 for state residents; and

33
34 WHEREAS, these measures would apply equally to residents
35 and nonresidents alike, but would likely fall heavier on persons
36 or entities who do not meaningfully contribute to the State via
37 labor, community and political engagement, or payment of taxes
38 other than property taxes; now, therefore,

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40 BE IT RESOLVED by the Senate of the Thirty-third
41 Legislature of the State of Hawaii, Regular Session of 2025, the
42 House of Representatives concurring, that the University of



1 Hawai'i Economic Research Organization is requested to study the
2 potential impact of the use of taxation and eminent domain on
3 the price and availability of housing in the State; and
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5 BE IT FURTHER RESOLVED that University of Hawai'i Economic
6 Research Organization is requested to include in its assessment
7 of taxation and eminent domain, as applied to vacant and surplus
8 housing and housing owned by institutional investors, findings
9 regarding the impact of these policies on housing sale prices,
10 rental prices, and housing supply, as well as on the state
11 economy in general; and
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13 BE IT FURTHER RESOLVED that the University of Hawai'i
14 Economic Research Organization is requested to submit a report
15 of its findings and recommendations, including any proposed
16 legislation, to the Legislature no later than forty days prior
17 to the convening of the Regular Session of 2026; and
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19 BE IT FURTHER RESOLVED that University of Hawai'i Economic
20 Research Organization is requested to transmit requests or
21 recommendations to any relevant agency or agencies as necessary
22 to assess the legality and administrability of a taxation and
23 condemnation program; and
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25 BE IT FURTHER RESOLVED that a certified copy of this
26 Concurrent Resolution be transmitted to the Executive Director
27 of the University of Hawai'i Economic Research Organization.
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OFFERED BY: _____

