

MAR 07 2025

---

---

# SENATE RESOLUTION

REQUESTING THE UNIVERSITY OF HAWAI'I 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

5  
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

9  
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

12  
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

18  
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

23  
24 WHEREAS, Honolulu has the fifth-highest share of  
25 institutional investor-owned property nationwide; and

26  
27 WHEREAS, according to the 2023 American Community Survey  
28 conducted by the United States Census Bureau, almost eighty  
29 thousand housing units are vacant in the State, producing a



1 statewide vacancy rate of fourteen percent, which is nearly  
2 fifty percent higher than the national average; and  
3

4 WHEREAS, existing conditions have created an abundance of  
5 "vacant and surplus housing", defined as houses or condominiums  
6 that are not used by the property owner as a primary residence  
7 or are unoccupied by the owner and are not rented for more than  
8 six months out of the year; and  
9

10 WHEREAS, property ownership by institutional investors has  
11 the potential to further increase rents and sales prices while  
12 decreasing the overall housing availability; and  
13

14 WHEREAS, the consequences of this long-term strain on the  
15 State's housing market has resulted in out-migration, families  
16 being priced out of the local market, and homelessness; and  
17

18 WHEREAS, despite meaningful efforts by the State and  
19 counties to address housing affordability issues by, in part,  
20 increasing housing supply, according to the University of Hawai'i  
21 Economic Research Organization Housing Factbook 2024, "the  
22 ability to provide new housing remains extremely limited" with  
23 single-family home sales at a twenty-five-year low as "the rate  
24 of new construction...[is] unable to keep up with losses to the  
25 vacation rental market" on certain islands; and  
26

27 WHEREAS, the State must consider more aggressive actions to  
28 decrease housing prices and increase housing supply, including  
29 comprehensive taxation and potential condemnation of vacant and  
30 surplus housing and properties owned by institutional investors;  
31 and  
32

33 WHEREAS, the State, through its taxation power, has the  
34 authority to impose a large tax on the gross profit of the sale  
35 of homes by owners whose properties are held for a short term to  
36 "flip" the property, or by institutional investor property  
37 owners who hold single-family homes for the sole purpose of  
38 renting the property; and  
39

40 WHEREAS, the State also has the authority to impose an  
41 additional tax applicable to property owners of vacant and  
42 surplus housing; and



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42

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

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

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

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

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

BE IT RESOLVED by the Senate of the Thirty-third Legislature of the State of Hawaii, Regular Session of 2025, that the University of Hawai'i Economic Research Organization is requested to study the potential impact of the use of taxation and eminent domain on the price and availability of housing in the State; and



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

BE IT FURTHER RESOLVED that University of Hawai'i Economic Research Organization is requested to include in its assessment of taxation and eminent domain, as applied to vacant and surplus housing and housing owned by institutional investors, findings regarding the impact of these policies on housing sale prices, rental prices, and housing supply, as well as on the state economy in general; and

BE IT FURTHER RESOLVED that the University of Hawai'i Economic Research Organization is requested to submit a report of its findings and recommendations, including any proposed legislation, to the Legislature no later than forty days prior to the convening of the Regular Session of 2026; and

BE IT FURTHER RESOLVED that University of Hawai'i Economic Research Organization is requested to transmit requests or recommendations to any relevant agency or agencies as necessary to assess the legality and administrability of a taxation and condemnation program; and

BE IT FURTHER RESOLVED that a certified copy of this Resolution be transmitted to the Executive Director of the University of Hawai'i Economic Research Organization.

OFFERED BY: Kal Nehohu

