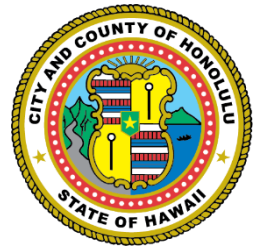


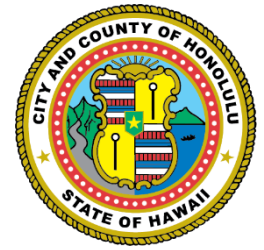
REVISED ORDINANCES OF HONOLULU (ROH) CHAPTER 8



ROH § 8-6.3 (a) Real property shall be assessed in its **entirety** to the owner thereof,...to the lessee or the lessee's successor in interest holding the land..."

ROH § 8-7.1(a) The director of budget and fiscal services shall cause the fair market value of all taxable real property to be determined and annually assessed by the **market data and cost approaches** to value using appropriate systematic methods suitable for mass valuation of real property for taxation purposes, so selected and applied to obtain, as far as possible, uniform and equalized assessments throughout the county.

We encourage property owners to check their property records at our website of <https://realproperty.honolulu.gov/> click Property Records Search icon



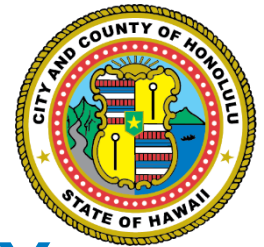
VALUATION METHODOLOGIES

Most of the residential parcels are valued using the market data approach (sales comparison). We use market modeling to process standardized mass appraisal methodology and statistical testing to derive a parcel's fair market value.

Our website has a 7 minute video to help explain our market modeling process. <https://realproperty.honolulu.gov/help-resources/informational-videos/>

Non-residential parcels such as commercial, industrial, and hotels are typically valued using the cost approach.

The income approach is not used by the City but is considered when appellants share income data at their board of review hearing or tax appeal court proceedings.



DISTRIBUTION OF REAL PROPERTY TAX RESPONSIBILITIES

**PARCEL
VALUE**



**Real Property
Assessment Division**
Determines valuation of
parcel. Administers
exemptions & dedications.

x

**TAX
RATE**



**Mayor proposes &
City Council adopts**
Sets tax rates
annually.

=

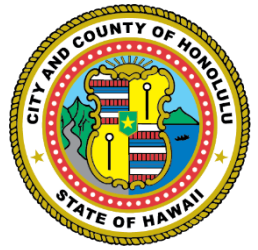
**REAL
PROPERTY
TAX**



Treasury Division
Computes the taxes, then
bills and collects tax
payments.
Administers tax credits.

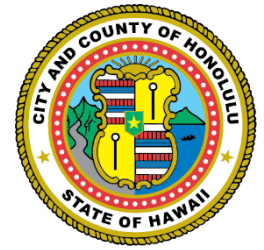
RESIDENTIAL A CLASSIFICATION

ROH 8-7.1(c)(4)



- (4) “Residential A” means a parcel, or portion thereof, which:
- (A) Is improved with no more than two single-family dwelling units; and
 - (i) Has an assessed value of \$1,000,000 or more;
 - (ii) Does not have a home exemption; and
 - (iii) Is zoned R-3.5, R-5, R-7.5, R-10, or R-20 or is dedicated for residential use;
 - (B) Is vacant land zoned R-3.5, R-5, R-7.5, R-10, or R-20 and has an assessed value of \$1,000,000 or more; or
 - (C) Is a condominium unit with an assessed valuation of \$1,000,000 or more and does not have a home exemption.

Residential A excludes any parcel, or portion thereof, improved with military housing located on or outside of a military base.



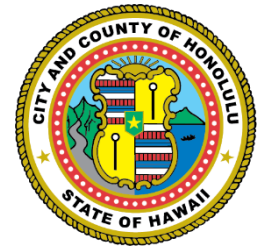
RESIDENTIAL A CLASSIFICATION

ROH 8-7.1(c)(4)

The first \$1,000,000 of value is taxed at \$4.00 per thousand of value. The amount over \$1M is taxed at \$11.40 per thousand of assessed value.

Residential A applies only to zones R-3.5, R-5, R-7.5, R-10, or R-20, or properties dedicated for residential use (within an apartment, apartment mixed use, resort, business, business mixed use, industrial, or industrial mixed use district; or if it is in the Waikiki special district, is zoned apartment mixed use sub-precinct, resort mixed use precinct, or resort-commercial precinct; or is in a transit-oriented development special district pursuant to § 21-9.100)

REAL PROPERTY TAX CALCULATIONS



Example 1, with home exemption

Total Assessed Value: \$1,600,000
Home Exemption: **\$120,000**
Classification: **Residential**
Tax Rate: \$3.50 per \$1,000 net taxable

Total		Net
<u>Value</u>	<u>Exemption</u>	<u>Taxable</u>
\$1,600,000	- \$120,000	= \$1,480,000

$\$1,480,000 \div \$1,000 = \$1,480 \times \$3.50 = \mathbf{\$5,180.00 \text{ Taxes}}$

Value of a Home Exemption

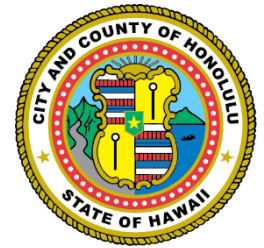
$\$120,000 \div \$1,000 = \$120 \times \$3.50 = \$420.00$

$\$160,000 \div \$1,000 = \$160 \times \$3.50 = \$560.00$

Our website has a 6 minute video to help explain the home exemption programs.

<https://realproperty.honolulu.gov/help-resources/informational-videos/>

REAL PROPERTY TAX CALCULATIONS



Example 2, without home exemption

Total Assessed Value: \$1,600,000
Home Exemption: **\$0**
Classification: **Residential A**
Tax Rate:
Tier 1 (up to \$1M): \$4.00 per \$1,000 net taxable
Tier 2 (> \$1M): \$11.40 per \$1,000 net taxable

Total Value	Exemption	=	Net Taxable
\$1,600,000	\$0	=	\$1,600,000

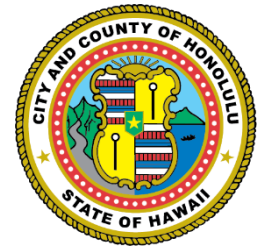
$$\$1,000,000 \div \$1,000 = \$1,000 \times \$4.00 = \$4,000.00$$

$$\$600,000 \div \$1,000 = \$600 \times \$11.40 = \$6,840.00$$

$$\$4,500.00 + \$6,840.00 = \mathbf{\$10,840.00 \text{ Taxes}}$$

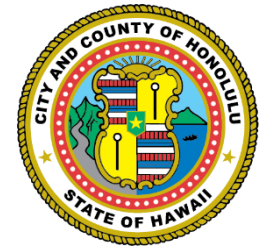
Difference of \$5,660.00 in Taxes (109%)

TAX CREDITS, EXEMPTIONS, & DEDICATIONS



- Tax credits, Exemptions, and Dedications are all forms of tax relief.
- Exemptions and Dedications are handled by the Real Property Assessment Division (“RPAD”). We feel realtors should be familiar with both, how to look them up, and how to explain them to their clients.
 - **Exemptions** are something a taxpayer/owner may qualify for, which reduces the taxable value of a property. One example, the home exemption, will reduce the taxable value of a home by \$120k for those who qualify and will increase if you are 65 years of age or older. The deadline to file is September 30 preceding the tax year.
 - **Dedications** are essentially a promise by the owner to use their property in a certain way for a set amount of years in order to receive tax relief. The most common Dedication is the Residential Use Dedication, which there are about 2,967 approved for TY:2025.

Real Property Tax Relief FY 2024-2025 (In Thousands of Dollars)



ROH Section	Tax Relief Program	Count	Relief Amounts	Tax Relief
8-10.3	Home exemption	152,754	\$ 21,491,739	\$ 75,455
8-10.3	In-lieu of home exemption	42	\$ 8,400	\$ 29
8-10.5	Homes of totally disabled veterans	3,279	\$ 3,422,258	\$ 11,991
8-10.6	Persons affected with Hansen's	3	\$ 75	\$ -
8-10.7	Persons totally disabled	1,333	\$ 34,460	\$ 122
8-10.7	Persons with impaired sight	198	\$ 5,000	\$ 18
8-10.7	Persons with impaired hearing	61	\$ 1,625	\$ 6
8-10.9	Charitable (church)	880	\$ 3,017,245	\$ 19,689
8-10.9	Charitable (hospital)	94	\$ 1,300,603	\$ 15,315
8-10.9	Charitable (schools)	144	\$ 1,770,873	\$ 8,193
8-10.9	Charitable (cemeteries)	42	\$ 55,640	\$ 297
8-10.9	Charitable (non-profit child care)	9	\$ 38,539	\$ 313
8-10.9	Charitable (non-profit)	896	\$ 3,361,997	\$ 28,560
8-10.10	Crop shelters	19	\$ 1,696	\$ 10
8-10.11	Open Spaces Dedication	6	\$ 23,593	\$ 86
8-10.12	Renewable energy	44	\$ 436,497	\$ 5,413
8-10.17	Low-income rental housing	289	\$ 3,536,549	\$ 20,946
8-10.19	Historic residential real property	430	\$ 992,227	\$ 7,028
8-10.20	Hawaiian home land lease	3,948	\$ 3,254,588	\$ 11,422
8-10.20	Hawaiian home 7 year	35	\$ 28,080	\$ 98
8-10.21	Credit union	78	\$ 281,281	\$ 3,481
8-10.22	Slaughterhouses	1	\$ 2,520	\$ 14
8-10.24	Public utilities	470	\$ 1,384,180	\$ 575
8-10.27	Historic commercial real property	16	\$ 48,209	\$ 598
8-10.29	Kuleana land	52	\$ 61,177	\$ 341
8-10.30	For-profit child care centers	14	\$ 20,427	\$ 253
8-10.31	Industrial Central Kakaako	64	\$ 84,657	\$ 1,050
8-10.33	Affordable Rental Dwelling Units	79	\$ 31,825	\$ 111
8-10.33	Affordable Rental Housing Units	1	\$ 3,982	\$ 14
8-10.34	During Construction Affordable Housing	1	\$ 68	\$ -
8-7.3	Agricultural Dedication	1,275	\$ 1,690,172	\$ 9,634
8-7.3	Vacant Agricultural Dedication	110	\$ 32,749	\$ 278
8-13.2	Tax Credit	4,458	\$ -	\$ 9,562
Totals		171,125	\$ 46,422,931	\$ 230,902

(In Thousands of Dollars)

The following programs were added to this report. Previous year (FY 2023-2024) data supplied below.

8-7.3	Agricultural Dedication	1,303	\$ 1,817,699	\$ 10,361
8-7.3	Vacant Agricultural Dedication	118	\$ 37,961	\$ 322
8-13.2	Tax Credit	3,122	\$ -	\$ 5,845

(In Thousands of Dollars)

Real Property Assessment Division Contact Info

Phone: (808)768-3799

email:

bfsrpmmailbox@honolulu.gov

Website:

<https://realproperty.honolulu.gov/>

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