



A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAX RELIEF FOR PROPERTIES USED FOR LOW-INCOME RENTAL HOUSING.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to provide real property tax relief for certain properties that are used as low-income rental housing.

SECTION 2. Chapter 8, Revised Ordinances of Honolulu 1990 ("Real Property Tax"), is amended by adding a new section to read as follows:

"Sec. 8-7.6 Property dedicated for low-income rental housing.

- (a) For the purposes of this section, "low-income rental housing" means housing rented at or below the rental rate limits established by the United States Department of Housing and Urban Development for households earning 80 percent of the city's area median income for the applicable household size, or less.
- (b) An owner of real property classified as Residential A used as low-income rental housing may make a five-year dedication of the property for low-income rental housing use and have the property classified as Residential provided that:
 - (1) The property has an assessed valuation of less than \$1,300,000 at the time the owner files the petition;
 - (2) The property is exclusively used during the dedication period as a rental home or apartment unit with a lease period of at least one year; and
 - (3) The rental home or apartment unit is rented at a rate that meets the requirements of low-income rental housing as defined in subsection (a).
- (c) The owner of real property who wishes to dedicate such property for low-income rental housing shall petition the director and declare in such petition that if the petition is approved, the owner shall meet the applicable requirements of subsection (b) pertaining to the property.



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- (d) Any owner desiring to dedicate the owner's property for low-income rental housing shall petition the director, describing the property to be dedicated, providing evidence that the property is currently used exclusively for affordable rental housing, and certifying that such use will continue in the dedicated tax years.
- (e) The director shall prescribe the form of the petition. The petition for the following tax year shall be filed with the director by September 1st of any calendar year and shall be approved or disapproved by October 31st of that calendar year. If the petition is approved, the assessment based upon the use requested in the dedication shall be effective on October 1st of the same calendar year and apply to the following tax year.
- (f) The director shall make a finding whether the property is and will be maintained and used for the sole purpose of providing low-income rental housing. That finding shall be based on the rental agreement or agreements and such other evidence required of and provided by the owner as the director may deem pertinent.
- (g) The approval of the petition by the director shall constitute a forfeiture on the part of the owner of any right to change the use of the owner's real property for low-income rental housing for the dedication period. The dedication period may be renewed in the same manner as the initial petition.
- (h) The owner may appeal any disapproved petition as in the case of an appeal from an assessment.
- (i) (1) Failure of the owner to observe the restrictions on the use of such person's real property will cancel the exemption retroactive to the date of the initial dedication, and all differences between the amount of taxes that were paid and the amount that would have been due from assessment without the dedication will be payable with a 10 percent per year penalty from the respective dates that these payments would have been due. Failure to observe the restrictions on the use means any failure of 45 consecutive days or more during the tax year of the exemption to use the real property in the manner certified in the petition or the overt act of changing the use for any period. Nothing in this subsection precludes the city from pursuing any other remedy to enforce the covenant on the use of the real property.



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- (2) The additional taxes and penalties, due and owing as a result of failure to use or any other breach of the dedication shall be a paramount lien upon the property as provided for by this chapter.
- (i) Prior to September 1st in each of the five years of the dedication, the owner shall submit to the director a copy of the rental agreement to be in force in the upcoming tax year.
- (k) The director shall make and adopt necessary rules and regulations to administer this section."

SECTION 3. New ordinance material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the revisor of ordinances need not include the underscoring.



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SECTION 4. This ordinance takes effect upon its approval and applies to the tax years beginning July 1, 2016 and thereafter.

INTRODUCED BY:

Ann Kobayashi

DATE OF INTRODUCTION:

January 22, 2015
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Susan A. Bender
Deputy Corporation Counsel Susan A. Bender

APPROVED this 30th day of March, 2015.

Kirk Caldwell
KIRK CALDWELL, Mayor
City and County of Honolulu

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

ORDINANCE 15-6

BILL 1 (2015), CD1

Introduced: 01/22/15

By: ANN KOBAYASHI

Committee: BUDGET

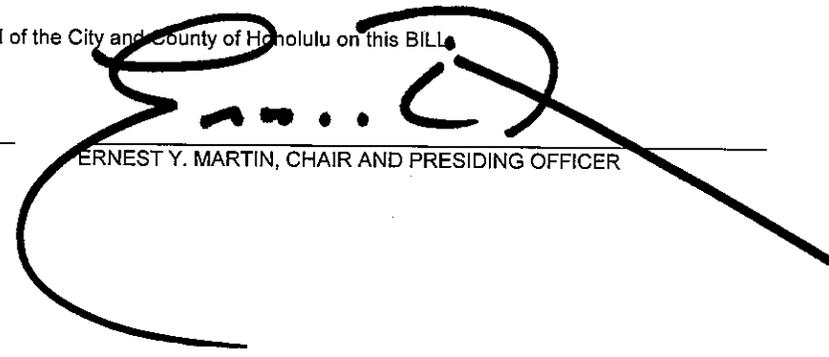
Title: A BILL FOR AN ORDINANCE RELATING TO REAL PROPERTY TAX RELIEF FOR PROPERTIES USED FOR LOW-INCOME RENTAL HOUSING.

Voting Legend: * = Aye w/Reservations

01/28/15	COUNCIL	BILL PASSED FIRST READING AND REFERRED TO COMMITTEE ON BUDGET. 8 AYES: ELEFANTE*, FUKUNAGA, KOBAYASHI, MANAHAN, MARTIN, MENOR, OZAWA, PINE. 1 ABSENT: ANDERSON
02/07/15	PUBLISH	PUBLIC HEARING NOTICE PUBLISHED IN THE HONOLULU STAR-ADVERTISER.
02/11/15	BUDGET	CR-44 – BILL REPORTED OUT OF COMMITTEE FOR PASSAGE ON SECOND READING AND SCHEDULING OF A PUBLIC HEARING.
02/18/15	COUNCIL/PUBLIC HEARING	CR-44 ADOPTED. BILL PASSED SECOND READING, PUBLIC HEARING CLOSED AND REFERRED TO COMMITTEE ON BUDGET. 8 AYES: ANDERSON, FUKUNAGA, KOBAYASHI, MANAHAN, MARTIN, MENOR, OZAWA, PINE. 1 NO: ELEFANTE.
02/25/15	PUBLISH	SECOND READING NOTICE PUBLISHED IN THE HONOLULU STAR-ADVERTISER.
03/04/15	BUDGET	CR-75 – BILL REPORTED OUT OF COMMITTEE FOR PASSAGE ON THIRD READING AS AMENDED IN CD1 FORM.
03/11/15	COUNCIL	CR-75 ADOPTED AND BILL 1 (2015), CD1 PASSED THIRD READING. 7 AYES: ANDERSON, FUKUNAGA, KOBAYASHI, MANAHAN, MARTIN, MENOR, OZAWA. 1 NO: ELEFANTE. 1 ABSENT: PINE.

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this BILL.


GLEN TAKAHASHI, ACTING CITY CLERK


ERNEST Y. MARTIN, CHAIR AND PRESIDING OFFICER