



A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAX EXEMPTIONS 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 a real property tax exemption for properties that are used as low-income rental housing.

SECTION 2. Chapter 8, Article 10, Revised Ordinances of Honolulu 1990, as amended, is amended by adding a new section to be appropriately designated by the revisor of ordinances and to read as follows:

Section 8-10. Exemption for Section 8 rental housing.

- (a) Except for the minimum tax pursuant to section 8-11.1(g), an owner of real property classified as improved residential or apartment that is leased to a Section 8 program participant may be granted an exemption from real property taxes for the next tax year equal to 100 percent of the gross assessed valuation of the property or dwelling unit.
- (b) If any portion of the property is ineligible for the property tax exemption under this section:
 - (1) The ineligibility for exemption under this section shall not disqualify that portion from exemption under any other law; and
 - (2) The tax shall be assessed upon so much of the value of the building and land thereunder as the proportion of the nonexempt floor area of the building bears to the total floor area.
- (c) Any owner who leases real property to a Section 8 program participant shall petition the director, providing evidence that the current tenant is a Section 8 program participant and certifying that such use will continue in the next tax year. Along with the petition, the owner shall submit a copy of the current rental agreement and the contract to pay Section 8 subsidies.
- (d) 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



A BILL FOR AN ORDINANCE

petition is approved, the assessment based upon the petition shall be effective on October 1st of the same calendar year and apply to the following tax year.

- (e) The director shall make a finding whether the property, or the dwelling unit or units thereon, is and will be maintained and used for the sole purpose of providing housing to Section 8 program participants. That finding shall be based on the rental agreement or agreements, contracts to pay Section 8 subsidies and such other evidence required of and provided by the owner as the director may deem pertinent.
- (f) The owner may appeal any disapproved petition as in the case of an appeal from an assessment.
- (g) (1) Failure of the owner to observe the restrictions on the use of such person's real property shall cancel the exemption, and all differences between the amount of taxes that were paid and the amount that would have been due without the exemption shall 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 shall preclude the city from pursuing any other remedy to enforce the covenant on the use of the real property.
- (2) The additional taxes and penalties, due and owing as a result of failure to retain the use of the property to provide housing to Section 8 participants shall be a paramount lien upon the property as provided for by this chapter.
- (h) The director shall make and adopt necessary rules and regulations to administer this section.
- (i) For the purposes of this section:

"Section 8 program" means the Section 8 Housing Assistance Payments Program administered by the City and County of Honolulu or the State of Hawaii under contract with the U.S. Department of Housing and Urban Development.



A BILL FOR AN ORDINANCE

"Section 8 program participant" means a person who is deemed eligible for the Section 8 program and who is leasing real property from an owner who has a contract with the Section 8 program to pay subsidies to the owner on behalf of the participant.

"Owner" includes lessees of real property whose lease term extends at least 10 years from January 1 following the filing of the petition."

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.



A BILL FOR AN ORDINANCE

SECTION 4. This ordinance shall take effect upon approval and apply to the tax years beginning July 1, 2007 and thereafter.

INTRODUCED BY:

Donovan Dela Cruz

Ann Kobayashi

DATE OF INTRODUCTION:

January 6, 2006
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 2006.

MUFU HANNEMANN, Mayor
City and County of Honolulu

(OCS/020606/ct)

FILED
JAN 06 2006
PURSUANT TO ROH Sec. 1-24