ORDINANCE NO. ____________

BILL NO. 168 (2025)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, TO ESTABLISH A REAL PROPERTY EXEMPTION TO INCREASE AND MAINTAIN ACCESS TO AFFORDABLE HOUSING

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. The Council seeks to further the following Countywide Policy Plan objective: "Explore taxation mechanisms to increase and maintain access to affordable housing."

To that end, this Ordinance establishes a Real Property Tax exemption to encourage property owners to rent their residential properties at no more than 70 percent of Fair Market Rents, also known as FMRs, as established and updated each year by the United States Department of Housing and Urban Development.

SECTION 2. Section 3.48.466, Maui County Code, is amended by amending Subsection C to read as follows:

"C. The provisions of subsection A are subject to the following conditions:

1. Long-term rental exemptions may be allowed on more than one home for any one taxpayer if the homes are located on different parcels.

2. If the property where a homeowner resides qualifies for a home exemption under section 3.48.450, and a long-term rental exemption, for tax years beginning on or after July 1, 2023:

a. The property is totally exempt if the value of the property is not in excess of [$400,000] <u>$300,000</u>; or

b. If the value of the property is in excess of [$400,000,] $300,000, the exemption will be in the amount of $100,000.

3. If a portion of the structure is used for commercial purposes, that portion of the structure will not be entitled to an exemption.

4. The exemption will not be allowed for any real property that is classified as "commercialized residential" or as a "TVR-STRH."

5. If the term of the lease is greater than one year, one year of exemption will be granted. After the initial year of the exemption, no exemption will be allowed unless the lease terminates after September 30 of any later assessment year.

6. If the long-term rental lease is granted to any of the following lessees, the exemption must not be allowed:

a. A natural person who has an ownership interest in the property including natural persons who are considered as owners under section 3.48.150.

b. An officer or member of a corporation that has an ownership interest in the property.

c. A partner in a partnership that has an ownership interest in the property.

d. A business, corporation, partnership, or any entity other than a natural person.

7. If the tenant of the long-term lease maintains a permanent place of abode in addition to the dwelling unit, the exemption must not be allowed.

8. If the property's rent is no more than 70 percent of fair market rents as established and updated each year by the United States Department of Housing and Urban Development, for tax years beginning on or after July 1, 2026:

a. The property is totally exempt if the value of the property is not in excess of $500,000; or

b. If the value of the property is in excess of $500,000, the exemption will be in the amount of $100,000."

SECTION 3. Material to be repealed is bracketed. New material is underscored. In printing this bill, the County Clerk need not include the brackets, the bracketed material, or the underscoring.

SECTION 4. This Ordinance takes effect on approval.

APPROVED AS TO FORM AND LEGALITY:

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Department of the Corporation Counsel
County of Maui

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INTRODUCED BY:

KEANI N. W. RAWLINS-FERNANDEZ