

May 30, 2019

MEMO TO: AH-18 File

F R O M: Tasha Kama, Chair
Affordable Housing Committee



SUBJECT: **TRANSMITTAL OF INFORMATIONAL DOCUMENT RELATING TO
LONG TERM DEDICATION FOR RESIDENTIAL WORKFORCE
HOUSING RENTAL UNIT PROJECTS AND REPEALING RELATED
PROVISIONS (AH-18)**

The attached informational document pertains to Item 18 on the Committee's agenda.

ah:ltr:020afile01:ans

Attachment

ORDINANCE NO. _____

BILL NO. _____ (2019)

A BILL FOR AN ORDINANCE AMENDING
CHAPTER 3.48, MAUI COUNTY CODE, RELATING
TO LONG TERM DEDICATION FOR RESIDENTIAL WORKFORCE HOUSING
RENTAL UNIT PROJECTS AND REPEALING THE EXEMPTION FOR LOW AND
MODERATE INCOME HOUSING

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

SECTION 1. Chapter 3.48, Maui County Code, is amended by adding a
new section to be appropriately designated and to read as follows:

**“3.48.367 Land dedicated for use as residential
workforce housing rental unit project.** A. As used in this
section, unless the context otherwise requires:

“Owner” means the fee simple owner of property; a lessee of
property whose lease term extends at least thirty years from the
date of an application for an exemption; or, if the fee simple owner
has provided written authorization, a lessee of property whose
lease term extends at least ten from the date of an application for
an exemption.

“Residential workforce housing unit” has the same meaning
as in section 2.96.020.

“Residential workforce housing rental unit project” means
any project comprised of ten or more rental units where all of the
units are residential workforce housing rental units subject to the
restrictions in section 2.96.070.

B. An owner may apply to the director for a property tax
exemption under this section. The director shall prescribe the form
of the application. The application must include a declaration that,
if the exemption is granted, the property will be dedicated for use
as a residential workforce housing rental unit project for thirty
years.

C. The director of finance shall forward an application
submitted in accordance with subsection B to the director of
housing and human concerns. If the director of housing and
human concerns determines the property described in the
application will be utilized for a residential workforce housing

rental unit project, the director of finance will grant the exemption by approving the application.

D. If the exemption is granted, the owner must record the approved application with the bureau of conveyances of the State of Hawaii or the land court of the State of Hawaii, as appropriate.

E. If an exemption is granted under this section, it will be automatically renewed for successive one-year terms until the dedication period has expired, the owner voluntarily cancels the exemption in writing, or the exemption is canceled under subsection F.

F. Failure to comply with this section or the declaration included in the application will result in cancellation of the exemption retroactive to the beginning the most recent renewal period. Any additional taxes and penalties, due and owing as a result of failure to comply with this section or the declaration included in the application, shall be a paramount lien upon the property as provided for by ordinance. Nothing in this subsection shall preclude the County from pursuing any remedy to enforce the dedication included with the application.

G. The owner may request to be relieved from compliance with the requirements of this section or the declaration included in the application for a designated period not to exceed thirty-six months. The director will approve the request if the owner shows the relief will more likely than not increase the property's viability as a residential workforce housing rental unit project. The dedication period will be extended by the length of the designated period.

H. An application for an exemption under this section must be filed with the director by September first of any calendar year, and the exemption will be granted or denied by December fifteenth. If granted, the exemption will be effective on January first of the next calendar year.

I. If an application for an exemption under this section or a request for relief under subsection G is denied, the owner may appeal by the same procedure that is used to appeal from an assessment.

J. The director must report to the council on the status of all dedications at least quarterly.

SECTION 2. Section 3.48.545, Maui County Code, is repealed.

["3.48.545 Low and moderate income housing. A. For the purposes of this section, "nonprofit or limited distribution mortgagor" means a mortgagor who qualified for and obtains mortgage insurance under Sections 202, 221(d) (3) or 236 of the

National Housing Act as a nonprofit or limited distribution mortgagor.

B. Real property used for a housing project which is owned and operated by a nonprofit or limited distribution mortgagor or which is owned and operated by a person, corporation, or association regulated by federal and state laws or by a political subdivision of the state or agency thereof as to rents, charges, profits, dividends, development costs and methods of operation shall be exempt from property taxes.

C. Exemptions claimed under Section 53-38 of the Hawaii Revised Statutes shall disqualify the same property from receiving an exemption under this section.

D. The director of finance shall promulgate rules and regulations necessary to administer this section.”]

SECTION 3. Section 3.48.550, Maui County Code, is repealed.

["3.48.550 Claim for exemption. A. Notwithstanding any provision in this chapter to the contrary, any real property exempt from property taxes under Section 3.48.545 shall be exempt from property taxes from the date the property is qualified for the exemption; provided, that a claim for exemption is filed with the director within sixty days of the qualification. As used in this section, the date of the qualification shall be the date when the mortgage made by a nonprofit or limited distribution mortgagor and insured under sections 202, 221(d)(3) or 236 of the National Housing Act is filed for recording with the registrar of the bureau of conveyances or the assistant registrar of the land court of the state, whichever is applicable.

B. After the initial year of the qualification, the claim for exemption shall be filed in the manner provided by applicable law or rule or regulation.

C. In the event property taxes have been paid to the County in advance for real property subsequently becoming qualified for the exemption, the director of finance shall refund to the nonprofit or limited distribution mortgagor owning the property that portion of the taxes attributable to and paid for the period after the qualification.”]

SECTION 4. 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 5. This ordinance shall take effect for the tax year beginning
January 1, 2020.

APPROVED AS TO FORM AND
LEGALITY:

JEFFREY UEOKA
Department of the Corporation
Counsel
County of Maui

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