

(August 2, 2017)

FLOOR AMENDMENT

Bill No. 2659, Relating To A Bill For An Ordinance Amending Chapter 5A, Section 5A-11A.1, Kaua'i County Code 1987, As Amended, Relating To The Beneficial Tax Rate For Property Used For Long-Term Affordable Rental

Introduced By: MEL RAPOZO

Amend Bill No. 2659 in its entirety to read as follows:

“BE IT ORDAINED BY THE COUNCIL OF THE COUNTY OF KAUA'I, STATE OF HAWAII:

SECTION 1. Chapter 5A, Kaua'i County Code 1987, as amended, is hereby amended by amending Section 5A-11A.1 to read as follows:

**“Sec. 5A-11A.1 Beneficial Tax Rate for Property Used for Long-Term Affordable Rental.**

(a) Definitions. As used in this Section:

“Dwelling” means a building or portion thereof designed or used exclusively for residential occupancy and having all necessary facilities for permanent residency such as living, sleeping, cooking, eating and sanitation.

“Long-term affordable rental” means a dwelling subject to a written lease agreement with a term of one (1) year or more and at a monthly rent not to exceed the maximum housing cost based on [eighty percent (80%) of the Kaua'i median household income as set forth in the Kaua'i County Housing Agency Affordable Rental Housing Guideline] the long-term affordable rental limit for the year in which the owner files his or her application.

“Long-term affordable rental limit” means the midpoint of the maximum rental limits for each unit type using between eighty percent (80%) and one hundred percent (100%) of the Kaua'i median household income as defined by the Kaua'i County Housing Agency Rental Housing Guidelines.

(b) Any owner who owns real property that is rented or leased as a long-term affordable rental shall receive the homestead tax rate as provided in Sec. 5A-6.4 provided that all dwellings on the property are long-term affordable rentals or owner-occupied.

(c) The owner may apply for the beneficial tax rate on a single year or multi-year basis. An owner with a multi-year written lease agreement may apply to receive the beneficial tax rate for each year that the lease agreement is in effect up to a maximum of three (3) years, provided that rent in each year of the lease does not exceed the long term affordable rental limits at the time of application. For each subsequent year of the multi-year lease, the owner shall file by September 30<sup>th</sup>, an annual affidavit confirming the unit(s) is still being rented at the specified rent level in accordance with the multi-year lease agreement. At the expiration of the multi-year beneficial tax period, the owner may file a new application to receive the beneficial tax

rate as long as the property adheres to the long term affordable rental requirements at the time of the new application.

(d) The owner shall file his or her application annually in a form prescribed by the Director of Finance by September 30th prior to the fiscal year beginning July 1st for the beneficial tax rate. The owner shall notify the Director of Finance within thirty (30) calendar days if the property is no longer being rented or leased as a long-term affordable rental due to the sale of the property or conversion to short-term rental. Should there be a change in the use as a long-term affordable rental, the beneficial tax rate shall be automatically revoked and all differences in the amount of taxes that should be due for the remainder of the tax year without the beneficial tax rate shall become due and payable.

(e) For the [2017] 2018 tax year, any owner who owns real property that is rented or leased as a long-term affordable rental may apply for the beneficial tax rate for Long Term Affordable Rental provided that the monthly rent amount stated in their written lease agreement is at or below the rates established by the Kaua'i County Housing Agency Affordable Rental Housing Guideline for the 2015 tax year. [The owner shall file an application with the Department of Finance, Real Property Tax Assessment Division by September 30, 2016.] The owner shall file an application with the Department of Finance, Real Property Tax Assessment Division by September 30, 2017. Hereafter, the long term affordable rental limit shall be determined by the Department of Finance, Real Property Tax Assessment Division by October 1<sup>st</sup> using the most current Kaua'i County Housing Agency Affordable Rental Housing Guidelines, provided that the 2015 tax year rates shall be set as the minimum floor for the County's Long-Term Affordable Rental Program.

(f) The Director may adopt rules and prescribe forms.

SECTION 2. If any provision of this Ordinance or the application thereof to any person, persons, or circumstances is held invalid, the invalidity does not affect the other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end, the provisions of this Ordinance are severable.

SECTION 3. Ordinance material to be repeal is bracketed. New Ordinance material is underscored. When revising, compiling, or printing this Ordinance for inclusion in the Kaua'i County Code 1987, as amended, the brackets, bracketed material, and underscoring shall not be included.

SECTION 4. This Ordinance shall take effect upon approval.

(Material to be deleted is bracketed. New material is underscored.)  
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