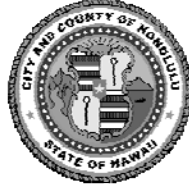


DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU

REAL PROPERTY ASSESSMENT DIVISION
842 BETHEL STREET, 2ND FLOOR * HONOLULU, HI 96813
PHONE: (808) 768-7901 • FAX: (808) 768-7782
www.honolulu.gov



RICK BLANGIARDI
MAYOR

ANDREW T. KAWANO
DIRECTOR

CARRIE CASTLE
DEPUTY DIRECTOR

STEVEN H. TAKARA
ADMINISTRATOR

July 11, 2022

«Petitioner»
«C/O»
«Mailing Address»
«City, State, Zip Code»
«Country»

Dear «Petitioner»:

SUBJECT: AUDIT FOR THE RESIDENTIAL USE PROGRAM

The City and County of Honolulu's Real Property Assessment Division ("RPAD") is auditing its Residential Use Dedication program. Revised Ordinances of Honolulu ("ROH"), Section 8-7.5 allows RPAD to reclassify property into one of the residential classifications if an owner dedicates real property for residential use. Residential use means the actual use of a dwelling unit or lodging unit as a residence by an owner, an owner's guest without compensation, or occupants for compensation of 30 or more consecutive days. Please refer to the enclosed ROH Section 8-7.5. The residential use must also be a legal use under the City's land use ordinance, found at ROH Chapter 21.

RPAD's records indicate Parcel ID/Tax Map Key «Parcel ID/TMK» is currently dedicated and classified in one of the residential classes. To assist RPAD with its audit, please complete and submit the enclosed document to certify compliance with the Residential Use Dedication program. If applicable, please also include a copy of the owner/petitioner's 2020 Schedule E of the IRS Form 1040 and/or property's rental/lease agreement. The compliance certification and all applicable documents must be submitted to RPAD by **September 1, 2022** via email at rpato@honolulu.gov or by mail or in person at either RPAD office.

If RPAD does not receive the compliance certification by September 1, 2022, then the residential use dedication will be cancelled by the director. The property will be reclassified based upon its highest and best use and may be subject to rollback taxes, penalties, and interest. In most cases, a property's highest and best use is based upon its underlying zoning, and the property will be re-classified from residential to a higher use (i.e., class) that is taxed at a higher rate, such as hotel and resort, commercial, or the industrial classification, in tax year 2023-2024. If RPAD receives the completed certification and verifies compliance with the program requirements, the Notice of Assessment for tax year 2023-2024, which will issue on or before December 15, 2022, will indicate the residential use dedication.

In the event a sale or transfer of a property occurs during the dedication period, the tax benefit associated with the residential use dedication will continue for the duration of the dedication period, after which time the dedication will automatically cancel. If the new owner is agreeable to complying with the restrictions set forth in ROH Section 8-7.5(b) and wishes to apply for the residential use dedication, then the new owner should submit a Petition to Dedicate Certain Property for Residential Use (BFS-RP-P-41E) on or before September 1 preceding the end of the dedication period,

Feel free to contact our office at (808) 768-3799 with any questions you may have.

Sincerely,

A handwritten signature in cursive script that reads "Rosalynn Bee".

Rosalynn Bee, Acting PTO Officer
Real Property Assessment Division

Compliance Certification
for Residential Use Dedication

«Parcel ID/TMK»
«Petitioner»
«C/O»
«Mailing Address»
«City, State, Zip Code»
«Country»

The owner/petitioner will need to complete, sign, and submit this compliance certification with all applicable documents by September 1, 2022 via email to rpapto@honolulu.gov, by mail, or in person at either Real Property Assessment Division offices to verify residential use for tax year 2023-2024.

Please describe how you are using this property.

If there are any periods during the dedication period when the property was not used in accordance with the dedication, please provide an explanation and time period.

As an owner, and representative of all other owners of the property named in this letter if any, my signature below certifies that all statements are true and correct to the best of my knowledge and understands that any misstatement of facts will be grounds for disallowance of the dedication and penalty.

Signature and Date

Real Property Assessment Division
842 Bethel Street, Basement
Honolulu, HI 96813

Real Property Assessment Division
1000 Uluohia Street #206
Kapolei, HI 96707

Sec. 8-7.5 Certain property dedicated for residential use.

(a) As used in this section:

"Apartment building" means a multi-family dwelling that is situated on a single parcel, which parcel is not subdivided into condominium units.

"Condominium unit" is a dwelling or lodging unit that is part of a condominium property regime established pursuant to HRS Chapter 514A and/or 514B.

"Condominium parking unit" is a unit that is a part of a condominium property regime established pursuant to HRS Chapter 514A and/or 514B described as a parking stall.

"Condominium storage unit" is a unit that is a part of a condominium property regime established pursuant to HRS Chapter 514A and/or 514B described as a storage space.

"Detached dwelling" is as defined in Section 21-10.1.

"Dwelling unit" is as defined in Section 21-10.1.

"Lodging unit" is as defined in Section 21-10.1.

"Multi-family dwelling" means a building containing three or more dwelling or lodging units, as defined in Section 21-10.1, which is not a hotel.

"Owner" means a person who is the fee simple owner of real property, or who is the lessee of real property whose lease term extends at least five years from the date of the petition.

"Residential use" means the actual use of a dwelling unit or lodging unit as a residence:

-(1) by occupants for compensation for periods of 30 or more consecutive days;

-(2) by the unit owner personally or

-(3) by the unit owner's guest(s) without compensation. For purposes of this definition, compensation includes, but is not limited to, monetary payment, services or labor of employees. Residential use specifically excludes the use of the unit as a transient vacation unit or for time sharing. For purposes of this dedication, residential use shall include the use of the unit as a group living facility, a boarding facility, or as special needs housing for the elderly.

(b) The owner of a parcel may dedicate the parcel for residential use and have the property classified as residential and assessed at its value in residential use, provided that the property:

(1) Is within an apartment, apartment mixed use, resort, business, business mixed use, industrial or industrial mixed use district; or if it is in the Waikiki special district, is zoned apartment mixed use subprecinct, resort mixed use precinct, or resort-commercial precinct; or is in a transit-oriented development zone pursuant to Section 21-9.100;

(2) Is used exclusively for residential use, except that a portion of the property may be used for nonprofit purposes pursuant to Section 8-10.10; and (3) The parcel is improved with one or more detached dwellings, as defined in

Section 21-10.1 or with one or more apartment buildings or with both dwellings and apartment buildings or is a condominium unit that is legally permitted multiple uses including residential use and is actually and exclusively used as a residence, or (4) A condominium parking unit or a condominium storage unit that is used in conjunction with a unit in residential use within the project.

(c) The owner of real property who wishes to dedicate such property for residential use and have the property assessed at its value in residential use according to subsection (b) 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.

(d) The approval of the petition by the director to dedicate shall constitute a forfeiture on the part of the owner of any right to change the use of such person's property for a minimum period of five years, automatically renewable thereafter for additional periods of five years subject to cancellation by either the owner or the director.

Cancellation of the dedication by the owner must be in writing and submitted to the director by September 1st only within the 5th year of the date of the dedication, or the latest five-year renewal period. Upon sale or transfer of the dedicated property, the dedication shall continue for the remainder of the five year dedication or latest five-year renewal subject to all restrictions and penalties. Upon expiration of the fifth year the dedication will not automatically renew and will be canceled by the director. For the purpose of this dedication, there is no change in use if the owner demolishes and constructs or reconstructs one or more detached dwellings or multi-family dwellings, provided that such construction or reconstruction is permitted pursuant to Chapter 21, Revised Ordinances of Honolulu 1990, as amended, the replacement structure or structures are completed no less than 24 months after the building permit is issued, and at least the same number of dwelling or lodging units as those demolished are developed. The five-year dedication will be suspended during this period of demolition and construction or reconstruction, and the parcel and any improvements thereon will continue to be classified and assessed at their value in residential use during the suspension.

(e) (1) Failure of the owner to observe the restrictions on the use of such person's property shall cancel the dedication retroactive to the tax year preceding the tax year in which the breach of the dedication occurs, and all differences in the amount of taxes that were paid and those that would have been due from assessment in the higher use shall be payable with a 10 percent per year penalty retroactive to the tax year preceding the tax year in which the breach of the dedication occurs. Any assessment under Chapter 36, levied upon a special improvement district noted in Appendix 36-A, that would have been due but for the dedication shall also be due and payable along with applicable penalties and interest, retroactive to the tax year preceding the tax year in which the breach of the dedication occurs. Failure to observe the restrictions on the use means failure for a period of over 12 consecutive months to use the property in the manner requested in the petition or the overt act of changing the use for any period. Nothing in this subsection shall preclude the county from pursuing any other remedy to enforce the covenant on the use of the property.

(2) The additional taxes and penalties, due and owing as a result of failure to observe the restrictions on use or any other breach of the dedication shall be a paramount lien upon the property as provided for by this chapter. Any special assessment under Chapter 36, due and owing as a result of failure to observe the restrictions on use or any other breach of the dedication shall be a lien against the land and improvements of the parcel of land in accordance with ROH Section 36-3.5.

(f) The director shall prescribe the form of the petition. The petition shall be filed with the director by September 1st of any calendar year. The notice of assessment shall serve as notification of approval or disapproval of the petition for dedication. If the petition is approved, the assessment based upon the use requested in the dedication shall be effective as of October 1st of the same calendar year.

(g) The owner may appeal any disapproved petition as in the case of an appeal from an assessment.

(Sec. 8-7.5, R.O. 1978 (1987 Supp. to 1983 Ed.); Am. Ord. [96-15](#), [09-32](#), [10-14](#), [10-30](#), [10-31](#), [12-14](#), [17-13](#))