

JAN 23 2009

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# A BILL FOR AN ACT

RELATING TO TRANSIT ORIENTED DEVELOPMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1.    The legislature finds that in addition to  
2 increasing mobility, rapid transit can be a significant  
3 contributor to more sustainable living.  It can stimulate more  
4 compact development around transit stations, thereby reducing  
5 the pressure for urban sprawl.  Community benefits, such as open  
6 plazas, and community focal points can also be a part of transit  
7 oriented development.  And residents living close to transit  
8 stations can realize significant savings in transportation  
9 costs, as well as the benefits of having daily supportive uses,  
10 such as grocery stores, within walking distance.

11           The legislature further finds, however, that transit  
12 oriented developments are often associated with higher financial  
13 risk because of the multiple sources of financing required, the  
14 added costs of providing more community benefits, and  
15 requirements that the community benefits be provided sooner,  
16 rather than later.  As a result, affordable housing can be more  
17 difficult to develop.



1           The purpose of this Act is to encourage affordable housing  
2 as part of transit oriented development by offering loan  
3 guaranties to developers for the purpose of developing transit  
4 oriented development projects that include affordable housing.

5           SECTION 2. Chapter 201H, part II, Hawaii Revised Statutes,  
6 is amended by adding a new section to be appropriately  
7 designated and to read as follows:

8           "§201H-        Loan guaranty. (a) The corporation may  
9 guarantee loans made by commercial lenders authorized to do  
10 business in the State, to developers for the purpose of  
11 developing transit oriented development projects that include  
12 affordable housing; provided that the executive director shall  
13 determine that:

- 14           (1) The transit oriented development project is located  
15               within a transit oriented development zone designated  
16               by the respective county; and
- 17           (2) The commercial lender has completed its due diligence  
18               in approving the loan, including ensuring adequate  
19               collateral.

20 The corporation may impose other conditions that the director  
21 deems reasonable to implement the loan guaranty.



1        (b) In addition to the conditions that the executive  
2 director may impose under subsection (a), any loan guaranty made  
3 pursuant to this section shall meet the following conditions:

- 4        (1) For any loan that finances operating costs, the  
5 maximum term of the loan shall be ten years;
- 6        (2) For any loan that finances capital improvement costs,  
7 the maximum term of the loan shall be twenty years;
- 8        (3) The interest rate charged on any loan shall be one per  
9 cent below the commercial lender's prime rate for as  
10 long as the loan guaranty is in effect;
- 11       (4) The loan guaranty may be up to eighty-five per cent of  
12 the outstanding principal amount of any single loan,  
13 but shall not include any fees or accrued interest  
14 associated with the loan or its collection; and
- 15       (5) The total principal amount of the guaranteed portion  
16 of all loans outstanding at any time shall not exceed  
17 \$10,000,000.

18       (c) The corporation may adopt rules pursuant to chapter 91  
19 for the purposes of this section.

20       (d) As used in this section, "transit oriented  
21 development" means land use projects of relatively intense

1 concentration involving a mixture of uses that depends upon and  
2 supports transit ridership."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: Nancy Sakuma



**Report Title:**

Affordable Housing; Transit Oriented Development; Loan Guaranty

**Description:**

Encourages affordable housing as part of transit oriented development by offering loan guaranties to developers for the purpose of developing transit oriented development projects that include affordable housing.

