
A BILL FOR AN ACT

RELATING TO ESTABLISHING A LOAN GUARANTY PROGRAM FOR TRANSIT
ORIENTED DEVELOPMENT.

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

1 SECTION 1. The legislature finds that rapid transit on
2 Oahu will stimulate more compact development around transit
3 stations, thereby reducing urban sprawl. The more intense use
4 of land will produce community benefits, such as affordable
5 housing, open plazas, and parks. However, transit-oriented
6 developments often require multiple sources of financing, and
7 community benefits increase the development costs, thereby
8 increasing project risk.

9 The purpose of this Act is to authorize the Hawaii housing
10 finance and development corporation to guarantee loans made by
11 commercial lenders to developers to finance the costs of
12 transit-oriented development projects that include affordable
13 housing.

14 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
15 amended by adding a new section to be appropriately designated
16 and to read as follows:



1 "§201H- Loan guaranty program for transit-oriented
2 development. (a) The corporation may guarantee loans made by
3 commercial lenders authorized to do business in this State, to
4 developers for the purpose of developing transit-oriented
5 development projects that include affordable housing; provided
6 that the executive director shall determine that:

- 7 (1) The transit-oriented development projects are located
8 within a transit-oriented development zone designated
9 by the respective county; and
- 10 (2) The commercial lender has completed its due diligence
11 in approving the loan, including ensuring adequate
12 collateral.

13 The corporation may impose other conditions that the executive
14 director deems reasonable to implement the loan guaranty.

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

- 18 (1) For any loan that finances operating costs, the
19 maximum term of the loan shall be ten years;
- 20 (2) For any loan that finances capital improvement costs,
21 the maximum term of the loan shall be twenty years;



1 (3) The interest rate charged on any loan shall be one per
2 cent below the commercial lender's prime rate for as
3 long as the loan guaranty is in effect;

4 (4) The loan guaranty may be up to eighty-five per cent of
5 the outstanding principal amount of any single loan,
6 but shall not include any fees or accrued interest
7 associated with the loan or its collection; and

8 (5) The total principal amount of the guaranteed portion
9 of all loans outstanding at any time shall not exceed
10 \$10,000,000.

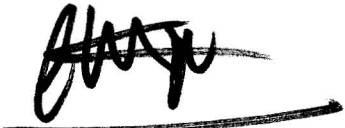
11 (c) The corporation may adopt rules pursuant to chapter 91
12 to effectuate this section.

13 (d) As used in this section, "transit-oriented
14 development" means any land use project of relatively intense
15 concentration involving a mixture of uses that depends upon and
16 supports transit ridership."

17 SECTION 3. New statutory material is underscored.

18 SECTION 4. This Act shall take effect on July 1, 2009.

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INTRODUCED BY: Shawn E. Lee

Manjiv B. Lee
Q. J. ...

Karl Moody
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Report Title:

Loan Guaranty Program for Transit Oriented Development

Description:

Authorizes Hawaii housing finance and development corporation to guarantee loans made by commercial lenders to developers for the financing of transit-oriented development projects that include affordable housing.

