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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 in Hawaii. Rapid transit  
4 can stimulate more compact development around transit stations,  
5 thereby reducing the pressure for urban sprawl. Community  
6 benefits, such as open plazas, and community focal points can  
7 also be components of transit-oriented development. Residents  
8 living close to transit stations can realize significant savings  
9 in transportation costs, as well as the benefits of having daily  
10 supportive uses, such as grocery stores, within walking  
11 distance.

12           However, transit-oriented developments are often associated  
13 with higher risk because of the multiple sources of financing  
14 required, the added costs of providing more community benefits,  
15 and requirements that the community benefits be provided sooner,  
16 rather than later. These risks make affordable housing that is  
17 a part of transit-oriented development more difficult to  
18 develop.



1           The purpose of this Act is to encourage affordable housing  
2 as part of transit-oriented development by offering loan  
3 guaranties.

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

7           "§201H- Transit-oriented development; affordable  
8 housing; loan guaranty. (a) The corporation may guarantee  
9 loans made by commercial lenders authorized to do business in  
10 this State to developers for the purpose of developing and  
11 implementing transit-oriented development projects that include  
12 affordable housing; provided that the executive director shall  
13 determine that:

14           (1) The transit-oriented development projects are 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  
21 executive director deems reasonable to implement the loan  
22 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  
9 percent below the commercial lender's prime rate for  
10 as 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



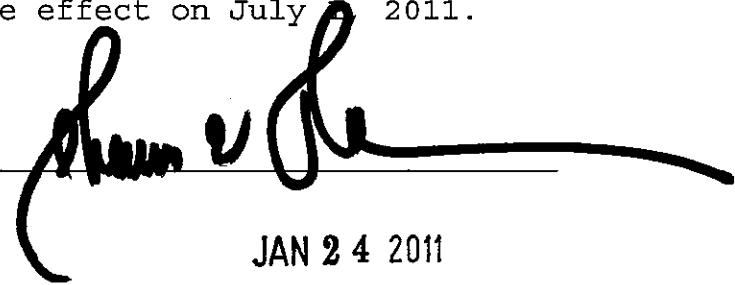
1 concentration involving a mixture of uses that depend upon and  
2 support transit ridership."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect on July 2011.

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INTRODUCED BY:



A large, stylized handwritten signature in black ink, written over a horizontal line. The signature is cursive and appears to read 'John E. De'.

JAN 24 2011



**Report Title:**

Transit-Oriented Development; Loan Guaranty

**Description:**

Establishes a loan guaranty for transit-oriented development projects that include affordable housing; limits the total principal amount of the guaranteed portion of all loans outstanding at any time to \$10,000,000.

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