
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 enjoy the benefits and
10 convenience of amenities such as grocery stores within walking
11 distance.

12 However, transit-oriented developments are often associated
13 with higher risks because of the multiple sources of financing
14 required, the added costs of providing even more community
15 benefits, and requirements that the community benefits be
16 provided sooner, rather than later. These risks make affordable



1 housing that is a part of transit-oriented development more
2 difficult to develop.

3 The purpose of this Act is to encourage the development and
4 implementation of transit-oriented development projects that
5 include affordable housing by authorizing the Hawaii housing
6 finance and development corporation to guarantee loans to
7 developers for such projects.

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

11 "§201H- Transit-oriented development; affordable
12 housing; loan guaranty. (a) The corporation may guarantee
13 loans made by commercial lenders authorized to do business in
14 the State to developers for the purpose of developing and
15 implementing transit-oriented development projects that include
16 affordable housing if the following conditions, as determined by
17 the executive director, are met:

18 (1) The transit-oriented development project is located
19 within a transit-oriented development in a zone
20 designated by the applicable county; and



1 (2) The commercial lender has completed its due diligence
2 in approving the loan, including ensuring adequate
3 collateral;

4 provided that the corporation may impose additional conditions
5 that the executive director deems reasonable to implement the
6 loan guaranty.

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

10 (1) For any loan that finances operating costs, the
11 maximum term of the loan shall be ten years;

12 (2) For any loan that finances capital improvement costs,
13 the maximum term of the loan shall be twenty years;

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

17 (4) The loan guaranty may constitute up to eighty-five per
18 cent of the outstanding principal amount of any single
19 loan, but shall not include any fees or accrued
20 interest associated with the loan or its collection;

21 and



1 (5) The total principal amount of the guaranteed portion
2 of all loans outstanding at any time shall not exceed
3 \$10,000,000.

4 (c) The corporation may adopt rules pursuant to chapter 91
5 to implement this section.

6 (d) As used in this section, "transit-oriented
7 development" means land use projects of relatively intense
8 concentration involving a mixture of uses that depend upon and
9 support transit ridership."

10 SECTION 3. New statutory material is underscored.

11 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

Transit-oriented Development

Description:

Authorizes the Hawaii Housing Finance and Development Corporation to offer loan guarantees to encourage affordable housing as part of transit-oriented development. (HB445 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

