

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) Regular Session

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WLL

Bill No. 538-31(cov)

Introduced By:

T.R. MUÑA BARNES

AN ACT TO APPROVE THE TERMS AND CONDITIONS OF GUAM ECONOMIC DEVELOPMENT AUTHORITY PROJECT REVENUE BONDS TO FINANCE THE IRONWOOD LADA SENIOR VILLAGE AFFORDABLE MULTIFAMILY RENTAL HOUSING DEVELOPMENT; TO AMEND PUBLIC LAW 30-172 RELATIVE TO THE LADA ESTATES PROJECT ENSURING DEVELOPMENT OF PROJECT FOR AFFORDABLE HOUSING FOR THE PEOPLE OF GUAM; AND TO AMEND PUBLIC LAW 31-195 RELATIVE TO AFFORDABLE HOMES.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that §50103(a) of Title 12 of the Guam Code Annotated declares that there exists in Guam a substantial and serious shortage of housing in all categories, which shortage is inimical to the health and welfare of the residents of Guam and to the economic development of Guam, and provides that the Guam Economic Development Authority ("GEDA") is established in part for the purpose of financing the construction of residential dwellings, including single family dwellings, multiple family dwellings, condominiums and cooperative apartments.

I Liheslaturan Guåhan further finds that Ironwood Estates Guam Development/Micronesia Community Development Corporation and/or related entities have requested that GEDA issue and sell bonds in an amount not to exceed

1 Twenty Million Dollars (\$20,000,000) for the purpose of financing the acquisition,
2 construction and development of an approximately two hundred (200) unit senior
3 multifamily rental housing development to be located in Dededo, Guam, and to be
4 known as Ironwood Lada Senior Village (the "Project"), on Lots 10120-14 and
5 10120-16 Dededo, Guam which Project constitutes a "project" as defined in
6 Chapter 64 of Title 12 of the Guam Code Annotated. Chapter 64 of Title 12 of the
7 Guam Code Annotated authorizes GEDA to issue project revenue bonds for the
8 purpose of providing funds, among other things, to make loans and pay or cause to
9 be paid all or any part of the costs of any project, including the Project, and
10 provides that GEDA shall not sell any bond without the approval by *I Liheslaturan*
11 *Guåhan* of the terms and conditions of the bonds.

12 *I Liheslaturan Guåhan* has determined to approve the issuance of project
13 revenue bonds by GEDA for the purposes described in the preceding paragraph, all
14 subject to approval by *I Maga'låhen Guåhan* and the Board of Directors of GEDA
15 in accordance with law. §64106 of Chapter 64 of Title 12 Guam Code Annotated
16 provides that, except as otherwise expressly provided by GEDA, project revenue
17 bonds shall be special obligations of GEDA payable solely from the revenues or
18 money of GEDA specified in the resolution or indenture providing for the issuance
19 of such bonds, and that the such project revenue bonds shall not constitute "public
20 indebtedness" of the Government of Guam as that term is used in §11 of the
21 Organic Act of Guam. The resolution or indenture under which project revenue
22 bonds approved pursuant to this Act are issued shall provide that such bonds be
23 payable solely from revenues derived from the Project.

24 **Section 2. Approval of the Terms and Conditions of GEDA Project**
25 **Revenue Bonds.** *I Liheslaturan Guåhan*, pursuant to §50103(k) of Title 12 of the
26 Guam Code Annotated, hereby approves the terms and conditions of the issuance
27 of project revenue bonds by GEDA for the purpose of providing financing for the

1 Project, which financing may take the form of a direct loan to the owner of the
2 Project, notwithstanding §50103(i) of the Guam Code Annotated, in accordance
3 with the following requirements, limitations, terms and conditions:

4 (a) The aggregate principal amount of the bonds shall not exceed
5 Twenty Million Dollars (\$20,000,000);

6 (b) The final maturity of the bonds shall not extend forty (40) years
7 from the delivery date of the bond;

8 (c) The all-in true interest cost of such bonds shall not exceed
9 seven percent (7%) per annum;

10 (d) The sale of the bonds and the resolution or indenture pursuant
11 to which such bonds are issued shall be approved by the Board of Directors
12 of GEDA and the resolution or indenture pursuant to which such bonds are
13 issued shall be approved by *I Maga'låhen Guåhan* as provided by Chapters
14 50 and 64 of Title 12 of the Guam Code Annotated; and

15 (e) Such bonds shall be issued pursuant to a resolution or indenture
16 or providing that the bonds are special obligations of GEDA payable solely
17 from the revenues specified in the such indenture providing, and each bond
18 issued thereunder shall recite that it is not “public indebtedness” of the
19 Government of Guam as that term is used in §11 of the Organic Act of
20 Guam.

21 **Section 3. Section 2 of Public Law 30-172 is hereby amended to read:**

22 “Section 2. Subsection (d) of Section 38 of Chapter VI of Public
23 Law 29-113, is hereby *amended* to read as follows:

24 (d) A new Section 6.1 is hereby *added* to P.L. 20-225 to read as
25 follows:

26 Section 6.1. Prices for Rental Development. The
27 Property *shall* be sold to a private, non-profit organization or

1 for profit organization for the same price as reflected in Section
2 6 of P.L. 20-225, as amended. Rental developments *shall* be
3 developed for families whose income *do not* exceed up to one
4 hundred fifty percent (150 %) of the median income for Guam
5 households as established by the U.S. Department of Housing
6 and Urban Development (HUD). When the property is sold to
7 a private, non-profit organization or for profit organization to
8 develop affordable rental development the transfer of sale *shall*
9 have a deed restriction to ensure the following:

10 (a) In the event the private, non-profit organization or for
11 profit organization sells the Property after the rental period, the
12 Property *shall only* be sold to a first time homeowner. First
13 time homeowner, as it relates to this Act, *shall* be an eligible
14 buyer as stated on Section 5 of P.L. 20-225, as amended by
15 Section 38 of P.L. 29-113.

16 (b) In the event the private, non-profit organization or for
17 profit organization sells the Property after the rental period, the
18 Property *shall only* be sold to a first time homeowner at the
19 same value the private, non-profit organization or for profit
20 organization purchased the Property and as stipulated on
21 Section 6 of P.L. 20-225, as amended.

22 (c) When the private, non-profit organization or for profit
23 organization sells the house and lot after the rental period it will
24 recover any cost of the vertical construction, rehabilitation cost,
25 administrative fee, and the allowable developer fee allowed by
26 HUD. The developer fee can be *only* applied to the cost of the
27 vertical unit and *not* the land. As stated in Subsection (b) of

1 this legislation, the land will be sold to the first-time
2 homeowner with the same value the private, non-profit
3 organization or for profit organization bought the property as
4 stated in Section 6 of P.L. 20-225.

5 (d) The private, non-profit organization or for profit
6 organization purchaser of the "Lada Estates Affordable
7 Housing Project" shall assume all current and future liabilities
8 associated with all claims and liens filed against the property
9 including property taxes.

10 (e) The Guam Housing Corporation shall have the first
11 right of refusal to all mortgages for property sold by the private,
12 non-profit organization or for profit organization purchaser,
13 pursuant to Section 6 of Public Law 20-225."

14 **Section 4. Section 4 of Public Law 31-195 is hereby amended to read**
15 **as follows:**

16 "Section 4. Covenant to Build Affordable Homes. Notwithstanding
17 any provision of law, homes constructed on the properties [~~referenced in~~
18 ~~Section 3 of this Act]~~ Lots 10120-14 and 10120-16, Dededo, Guam shall be
19 sold or rented in accordance with Public Law 30-172 (attached as Exhibit G)
20 within [~~six (6)~~] nine (9) years from the date of enactment."

21 **Section 5. Effective Date.** This Act shall become effective upon
22 enactment into law.

23 **Section 6. Severability.** *If* any provision of this Law or its application to
24 any person or circumstance is found to be invalid or contrary to law, such
25 invalidity shall not affect other provisions or applications of this Law which can be
26 given effect without the invalid provisions or application, and to this end the
27 provisions of this Law are severable.