

STAND. COM. REP. NO.

1534

Honolulu, Hawaii

, 2023

**MAR 24**

RE: S.B. No. 764

S.D. 1

H.D. 2

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 764, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AFFORDABLE HOUSING,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Increase the allowable amount a bank may invest, in aggregate, in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in affordable housing properties to fifteen percent of the bank's capital and surplus;
- (2) Require approval from the Commissioner of Financial Institutions for the bank to invest up to twenty percent of its capital and surplus; and
- (3) Cap the allowable aggregate amount invested at twenty percent.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; Holomua Collaborative; Central Pacific Bank; Hunt Development Group, LLC;

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Hunt Capital Partners, LLC; Catholic Charities Hawai'i; Hawaii Bankers Association; HPM Building Supply; Chamber of Commerce Hawaii; Hawaiian Host Group; JN Group; Title Guaranty of Hawai'i; Maui Chamber of Commerce; and Housing Hawaii's Future.

Your Committee finds that a housing crisis exists in the State. Your Committee further finds that existing law limits the amount a bank may invest in entities formed to invest in residential properties that qualify for the federal Low-Income Housing Tax Credit. This measure increases the existing statutory limit, which will encourage banks to invest more into affordable housing projects.

Your Committee has amended this measure by:

- (1) Specifying that banks may invest, in aggregate, in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in affordable housing properties with the approval of the Commissioner of Financial Institutions;
- (2) Deleting language that required the Commissioner of Financial Institutions to render a decision on an application within twenty days or the application would be deemed approved;
- (3) Inserting after-the-fact notice requirements that outline when a bank may invest its own assets without prior notification to or approval by the Commissioner of Financial Institutions;
- (4) Inserting language that outlines the procedure for a bank to submit an investment proposal for consideration by the Commissioner of Financial Institutions; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 764, S.D. 1, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as S.B. No. 764, S.D. 1, H.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,

A handwritten signature in black ink that reads "Mark M. Nakashima". The signature is written in a cursive, flowing style with a long horizontal stroke extending to the right.

MARK M. NAKASHIMA, Chair



