

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

677 QUEEN STREET, SUITE 300

HONOLULU, HAWAII 96813

FAX: (808) 587-0600

Statement of

DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

February 27, 2026 at 2:00 p.m.

State Capitol, Room 308

In consideration of

HOUSE BILL 2476 HOUSE DRAFT 2

PROPOSING AMENDMENTS TO

ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION.

Chair Todd, Vice Chair Takenouchi, and members of the Committee.

HHFDC **supports** House Bill 2476 House Draft 2, which proposes constitutional amendments to authorize counties to issue Housing Infrastructure Growth Bonds and exclude these bonds from county debt limit calculations.

Hawaii faces a severe housing shortage that cannot be addressed without significant investment in infrastructure, including water, wastewater, drainage, roads, and sea-level rise mitigation, especially in transit-oriented development (TOD) areas and other priority growth zones. Current funding mechanisms are fragmented and insufficient to meet the scale and timing of these needs. This bill fits squarely into Hawaii's broader strategy to expand affordable housing by addressing one of the most persistent barriers: *the lack of infrastructure*.

The State's housing strategy emphasizes:

1. **Transit-Oriented Development (TOD).** Concentrating housing near transit corridors to reduce costs and improve accessibility. This bill provides counties with a financing tool to fund infrastructure projects in TOD areas, enabling higher-density housing development.
2. **Accelerating Housing Production.** The State recognizes that insufficient infrastructure often stalls housing projects. By allowing counties to pledge future incremental property tax revenues through tax increment financing (TIF), this bill ensures upfront capital for infrastructure without raising property tax rates or creating new taxes.

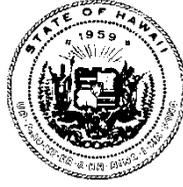
This bill will accomplish this as it:

1. Creates a new financing tool. Housing Infrastructure Growth Bonds allow counties to pledge a portion of future growth in property tax revenues within designated districts to fund infrastructure today.
2. Will not introduce new taxes or increase current tax rates, since these bonds rely on incremental property tax revenues generated by new development and rising property values, not on countywide tax hikes.
3. Protects fiscal health. This bill excludes these bonds from county debt limit calculations, preserving each county's ability to fund other essential services, while still investing in housing-related infrastructure. This enables counties to finance critical infrastructure without jeopardizing their bonding capacity for other essential services.

This bill is a bold initiative that equips counties with the tools necessary to address Hawaii's housing crisis responsibly and sustainably.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

IN REPLY PLEASE REFER TO:

26:OED

Statement of the
Hawaii Public Housing Authority

Before the
House Committee on Finance

Friday, February 27, 2026
2:00 p.m. – Room 308, Hawaii State Capitol

In consideration of
HB 2476, HD2
PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13,
OF THE HAWAII STATE CONSTITUTION

Honorable Chair Todd, Vice Chair Takenouchi and Members of the House Committee on Finance:

The Hawaii Public Housing Authority (HPHA) strongly supports this measure which proposes constitutional amendments to expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue housing infrastructure growth bonds for specified public works, public improvements, or other actions necessary for housing and community development, and exclude these bonds from determinations of the funded debt of the political subdivisions.

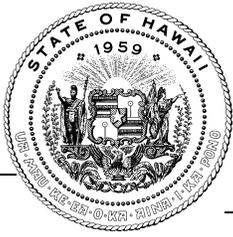
Hawaii's housing crisis is, at its core, an infrastructure issue. We cannot resolve the severe shortage of homes without first making significant infrastructure investments—particularly within Transit-Oriented Development (TOD) areas.

By allowing the counties to fund immediate infrastructure projects by pledging a portion of future property tax increases within designated districts, this financing tool will provide a sustainable funding stream without introducing new taxes or increasing current property tax rates.

Furthermore, the bill protects the fiscal health of the counties by excluding these bonds from county debt limit calculations, ensuring that counties can aggressively invest in housing-related infrastructure without compromising their ability to fund other essential public services.

Thank you for the opportunity to provide this testimony and for your continued commitment to Hawaii's housing needs.





**STATE OF HAWAII
OFFICE OF PLANNING
& SUSTAINABLE DEVELOPMENT**

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARY ALICE EVANS
DIRECTOR

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813
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Telephone: (808) 587-2846
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Statement of
MARY ALICE EVANS, Director

before the
HOUSE COMMITTEE ON FINANCE

Friday, February 27, 2026
2:00 PM
State Capitol, Conference Room 308

in consideration of

**HB 2476, HD 2
PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13,
OF THE HAWAII STATE CONSTITUTION**

Chair Todd, Vice Chair Takenouchi, and Members of the House Committee on Finance.

The Office of Planning and Sustainable Development (OPSD) **supports** HB 2476, HD 2, which proposes constitutional amendments to authorize counties to issue Housing Infrastructure Growth Bonds and exclude these bonds from county debt limit calculations.

Hawaii's infrastructure is facing challenges preventing housing development in transit-oriented development areas and other priority growth areas. The funding mechanisms we currently have in place are insufficient to finance these large cost infrastructure projects in transit-oriented development areas that are ripe for development. Without the proposed constitutional amendments to authorize counties to issue Housing Infrastructure Growth Bonds these projects cannot be funded, and infrastructure will continue to deteriorate which may affect housing production.

The State's Housing Strategy along with the TOD Council's Strategic Plan highlights:

- Housing in transit-oriented development areas
- Investment in infrastructure for housing development
- Improving accessibility to transit, goods and services
- Accelerating Housing Production

The proposed bill will accomplish:

- Creation of a new infrastructure financing tool
- No new tax or increase in current tax rate
- New housing development

Thank you for the opportunity to testify on this measure.

**OFFICE OF THE MAYOR
KE KE'ENA O KA MEIA
CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813
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RICK BLANGIARDI
MAYOR
MEIA



MICHAEL D. FORMBY
MANAGING DIRECTOR
PO'O HO'OKELE

KRISHNA F. JAYARAM
DEPUTY MANAGING DIRECTOR
HOPE PO'O HO'OKELE

February 26, 2026

The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice Chair
and Members of the House Committee on Finance
Hawaii'i House of Representatives
Hawaii'i State Capitol
415 South Beretania Street
Honolulu, Hawaii'i 96813

SUBJECT: Comments on House Bill 2476, HD2 Proposing amendments
to Article VII, Sections 12 and 13, of The Hawaii State
Constitution

Dear Chair Todd and Committee Members:

The City and County of Honolulu ("City") respectfully submits **comments** to House Bill 2476, HD2. This bill proposes to amendment to article VII, sections 12 and 13, of the Hawaii State Constitution to:

- (1) Expressly authorize the legislature to empower the counties and other political subdivisions of the State to issue housing infrastructure growth bonds, a form of financing payable solely from incremental real property tax revenues generated within designated districts;
- (2) Clarify that these bonds are payable solely from those incremental real property tax revenues and need not be supported by countywide tax increases; and
- (3) Exclude such bonds from county debt limit calculations to the extent they are in fact repaid from those incremental revenues.

The City has reviewed the language of HB2476, HD2 with their bond counsel and with the understanding that the proposed constitutional amendment would authorize the Counties to issue housing infrastructure growth bonds within a designated district, the City supports the proposed language subject to further discussion and details as this matter may be further revised during the deliberative process.

The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice Chair
and Members of the House Committee on Finance
February 26, 2026
Page 2

If you have any questions, please feel free to contact me or Anthony Miranda,
Legislative Liaison, at (808) 768-6608.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Formby", with a long horizontal line extending to the right.

Michael D. Formby
Managing Director



HAWAII REGIONAL COUNCIL OF CARPENTERS

February 27, 2026

TO: The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice Chair
Members of the House Committee on Finance

RE: TESTIMONY IN STRONG SUPPORT OF HB2476, HD2

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

The Hawai'i Regional Council of Carpenters, representing over 6,000 skilled union carpenters and tradespeople across the islands, is grateful for the opportunity to submit our testimony in strong support of HB2476, HD2.

Hawai'i's housing crisis cannot be solved without significant, sustained investment in the infrastructure that makes housing possible. Water systems, wastewater treatment, roads, drainage, and climate-resilient infrastructure are not optional. Without them, housing projects stall, costs rise, and homes that working families need never get built.

HB2476, HD2 addresses a core structural problem: counties lack reliable, scalable tools to finance housing-enabling infrastructure. The current system of fragmented, project-by-project contributions and irregular capital appropriations is insufficient to meet the scale and timing of infrastructure needs identified across all counties, particularly in transit-oriented and priority growth areas.

This measure provides a responsible solution by authorizing housing infrastructure growth bonds, a value-capture tool that has been used successfully in other jurisdictions. Importantly, these bonds do not create a new tax or raise property tax rates. They allow counties to use a portion of the future growth in property tax revenues generated by new development to finance infrastructure needed today.

From a workforce perspective, this matters. When infrastructure is funded predictably, housing projects move forward. That means steady work for local tradespeople, stronger apprenticeship pipelines, and more opportunities to build homes for the very communities we live in.

HB2476, HD2 also includes critical fiscal safeguards. The bonds are payable solely from incremental revenues generated within designated districts and are structured to protect county fiscal health. By clarifying constitutional authority and excluding these bonds from county debt limits when they are not backed by general funds, the bill provides certainty while preserving financial discipline.

STATE HEADQUARTERS & BUSINESS OFFICES

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HILO OFFICE: 525 Kilauea Avenue, Room 205, Hilo, Hawaii 96720-3050 • Ph. (808) 935-8575 Fax (808) 935-8576
KONA OFFICE: 75-126 Lunapule Road, Kailua-Kona, Hawaii 96740-2106 • Ph. (808) 329-7355 Fax (808) 326-9376
MAUI OFFICE: 330 Hookahi Street, Wailuku, Maui 96793-1449 • Ph. (808) 242-6891 Fax (808) 242-5961
KAUAI OFFICE: Kuhio Medical Ctr Bldg., 3-3295 Kuhio Hwy, Suite 201, Lihue, Kauai 96766-1040 • Ph. (808) 245-8511 Fax (808) 245-8911

In short, HB2476, HD2 helps align infrastructure financing with housing production, supports job creation for local workers, and advances long-term housing affordability without shifting costs onto working families.

For these reasons, HRCC respectfully urges your support for HB2476, HD2.

Mahalo for the opportunity to testify.



**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

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Web site: <http://dbedt.hawaii.gov/hcda/>

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

STERLING HIGA
CHAIRPERSON

CRAIG K. NAKAMOTO
EXECUTIVE DIRECTOR

Statement of
CRAIG K. NAKAMOTO
Executive Director
Hawai'i Community Development Authority
before the
HOUSE COMMITTEE ON FINANCE

Friday, February 27, 2026
2:00 p.m.
State Capitol, Conference Room 308 & Videoconference

In consideration of
HB 2476, HD2
PROPOSING AMENDMENTS TO
ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION.

Chairperson Todd, Vice Chairperson Takenouchi, and Members of the Committee. The Hawai'i Community Development Authority (HCDA) **supports** HB 2476, HD2, which proposes constitutional amendments to authorize the Legislature to enable counties and other political subdivisions to issue housing infrastructure growth bonds, as a value capture financing tool and to exclude those bonds from determinations of funded debt for specified housing-related infrastructure. The HCDA is submitting this testimony based on its role in planning and developing transit-oriented development related infrastructure under Chapter 206E, Part X, *Hawai'i Revised Statutes*.

Hawai'i is facing a significant affordable housing challenge, and counties play a critical role in planning and delivering the infrastructure necessary to support new housing development, including water, sewers, roads, and other essential improvements that make housing development feasible. Establishing a clear constitutional basis for housing infrastructure growth bonds strengthens local capacity to finance these vital components of housing development without adversely affecting county debt limits.

By amending Article VII, Sections 12 and 13 of the Hawai'i Constitution, this measure supports the use of innovative financing tools to accelerate housing

production, encourage smart growth, and expand local housing capacity while maintaining fiscal responsibility. These goals are consistent with HCDA's statutory mission.

The passage of this bill is the first step. If this measure is enacted into law, these constitutional amendments must be approved by the electorate through a ballot measure. A successful ballot measure will require informing and educating the electorate. Clarification is requested as to whether this responsibility is anticipated to be undertaken by the counties, a state agency, or the private sector.

Thank you for the opportunity to provide testimony in support.



Testimony of
Pacific Resource Partnership

Hawai'i House of Representatives Committee on Finance
Friday, February 27, 2026

Subject: Testimony in Strong Support of HB2476 HD2, relating to housing infrastructure growth bonds and excluding said bonds from the debt limit of the counties.

Aloha Chair Todd, Vice Chair Takenouchi, and esteemed members of the committee.

Pacific Resource Partnership (PRP), representing more than 6,000 union carpenters, over 250 signatory contractors, and community stakeholders statewide, respectfully submits this testimony in strong support of HB2476 HD2, which authorizes the counties to implement and issue Housing Infrastructure Growth Bonds (HIGBs) pursuant to section 12 of article VII of the Hawai'i State Constitution. It also amends county debt limit statements law (primarily in HRS chapter 47C) to conform with this authorization, allowing counties to exclude HIGBs from the counties' debt limits — provided a related constitutional amendment is ratified that expressly permits such bonds and excludes them from determinations of funded debt.

HB2476 HD2 delivers the necessary statutory framework to enable counties to utilize this innovative financing tool once voters approve the companion constitutional change. Without these conforming amendments, even successful ratification of the constitutional provision would leave counties without clear legal authority to issue HIGBs or properly account for them outside traditional debt calculations, creating barriers to implementation.

Housing Infrastructure Growth Bonds represent a smart, value-capture approach already employed successfully in most states to fund billions in infrastructure supporting new housing. These self-repaying bonds are backed solely by incremental property tax revenues from the new developments they enable — meaning no reliance on general funds, no tax increases on existing residents, and no addition to a county's funded debt burden. By shifting upfront costs for essential infrastructure (such as roads, sewers, water, electricity, and other utilities) away from individual homebuilders and homebuyers, HIGBs can reduce final home prices by 30% or more, directly improving affordability for local families.



(Continued From Page 1)

This mechanism also unlocks significant development potential in transit-oriented areas around Honolulu's Skyline rail system, where zoning already permits higher density but infrastructure gaps currently limit progress. Enabling counties to issue these bonds will help transform underutilized parcels into vibrant, housing-rich communities, expand the tax base organically, and stimulate construction activity that creates good-paying jobs for our members and signatory contractors.

PRP's recent Hawai'i Perspectives survey reinforces strong public backing for this strategy, with 53% of residents statewide supporting government investment in infrastructure to address housing needs — support that is even higher among younger demographics most affected by the crisis. HB2476 HD2 advances fiscal responsibility by requiring updated itemization and reporting of bonded indebtedness (including HIGBs in tabular summaries while clearly excluding them from funded debt totals under specified constitutional clauses), ensuring transparency and accountability.

In summary, this bill provides a practical, balanced pathway to deliver critical housing-enabling infrastructure without straining county budgets or burdening taxpayers. It fosters economic growth through increased construction opportunities and helps produce more attainable homes for Hawai'i's people. PRP respectfully urges the Committee to pass HB2476 HD2.

Mahalo for the opportunity to testify in strong support of this important measure.

Sincerely,

Andrew Pereira



Director of Public Affairs
Pacific Resource Partnership
1100 Alakea Street, 4th Floor
Honolulu, HI 96813
Phone: (808) 528-5557
Email: apereira@prp-hawaii.com
Website: www-PRP-Hawaii.com



February 27, 2026

House Committee on Finance
Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair

RE: HB2476 HD2, Proposing Amendments to Article VII, Sections 12 and 13, of the Hawaii State Constitution

Chair Todd, Vice Chair Takenouchi, and members of the committee –

Navian Hawaii is a nonprofit organization supporting the needs of Hawai'i's aging population, including through hospice, palliative care, and integrated support services. We appreciate the opportunity to provide testimony **in support of** HB2476 HD2, Proposing Amendments to Article VII, Sections 12 and 13, of the Hawaii State Constitution. This bill would expressly provide that the Legislature may authorize counties to issue housing infrastructure growth bonds for specified public works, public improvements, or other actions necessary for housing and community development.

Hawai'i is undergoing a major demographic shift, with a rapidly aging population that will have profound implications for our healthcare infrastructure. In 2023, over 21% of Hawai'i's residents were aged 65 and older – a proportion that has been increasing and is projected to reach one in four by 2035. The fastest-growing segment includes those over 80 years old.

Accordingly, Navian Hawaii is launching a community-based geriatric primary care service beginning 2026 across the State of Hawaii. The service will be built as a value-based care practice for Hawaii residents in assisted living facilities, adult residential care homes, and private homes.

For this model to succeed at scale, land use and housing policy must align with service delivery realities. Increased residential density - particularly in transit-oriented development (TOD) zones - makes home-based care more efficient and sustainable. When patients live in closer proximity to one another and near transit corridors, healthcare providers can reduce travel time, improve scheduling efficiency, and serve more individuals per day.

Denser, mixed-use neighborhoods also place seniors closer to public transportation, clinics, grocery stores, and social services, strengthening informal and formal support networks.

Housing infrastructure growth bonds would help counties unlock these neighborhoods. One of the primary barriers to realizing the full potential of TOD areas is the cost of roads, water and sewer upgrades, drainage, pedestrian improvements, and other public facilities required to



support increased density. These bonds would help ensure adequate infrastructure can be built in advance of and alongside new housing.

This bill invests in TOD zones, addressing both Hawaii's housing and healthcare needs. It would facilitate the construction of more units - including those for kūpuna - while reinforcing a healthcare model centered on aging in place.

Thank you for the opportunity to submit testimony.

February 27, 2026

TO: Chair Todd and Members of the House Committee on Finance
RE: HB2476 HD2, Proposing Amendments to Article VII, Sections 12 and 13, of the
Hawai'i State Constitution

Dear Chair Todd and Committee Members,

Housing Hawai'i's Future is a nonprofit dedicated to creating opportunities for Hawai'i's next generation by ending the workforce housing shortage.

We strongly support House Bill 2476 HD2. This measure proposes constitutional amendments that would enable counties to issue housing infrastructure growth bonds. It directly addresses a key barrier to housing development: the lack of sufficient infrastructure financing among our counties.

Allowing counties to issue growth bonds for housing infrastructure will provide a flexible and targeted financing tool that supports the development of roads, utilities, and other foundational improvements necessary for new housing opportunities. By further excluding these bonds from funded debt limits, the bill removes a financial constraint that often restricts counties' ability to invest in critical infrastructure.

While this financing authority has technically been authorized since the Ariyoshi administration, constitutional confusion has resulted in lost housing opportunities since that point. We need to make up for lost time.

Let's activate our infrastructure potential. **Let's advance House Bill 2476 HD2.**

Thank you,



Lee Wang
Executive Director
Housing Hawai'i's Future
lee@hawaiiifuture.org



Perry Arrasmith
Director of Policy
Housing Hawai'i's Future
perry@hawaiiifuture.org

February 27, 2026

The Honorable Chris Todd, Chair

House Committee on Finance

State Capitol, Conference Room 308 & Videoconference

**RE: House Bill 2476, HD1, PROPOSING AMENDMENTS TO ARTICLE VII,
SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION**

HEARING: Friday, February 27, 2026, at 2:00 p.m.

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR **strongly supports** House Bill 2476, HD2, which proposes constitutional amendments to expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue housing infrastructure growth bonds for specified public works, public improvements, or other actions necessary for housing and community development, and exclude these bonds from determinations of the funded debt of the political subdivisions. Effective 7/1/3000.

Hawaii continues to face a serious housing shortage and infrastructure remains one of the most significant barriers to housing production. Roads, water and sewer systems, drainage, and public amenities must be in place before homes can be built, yet existing state and county funding mechanisms are insufficient to meet the scale and timing of these needs. Even in strong budget years, traditional capital improvement funding and general obligation bonds cannot keep pace with housing demand.

Housing Infrastructure Growth Bonds ("HIG") offer a proven, fiscally responsible way to close this gap. HIG is a value-capture financing tool that has been used nationwide for decades and is now implemented in 48 out of 50 states. It allows counties to fund infrastructure upfront by using a portion of future property tax growth generated by new development within a defined area.

In practice, a county establishes a HIG district and sets a base assessed property value. As infrastructure investment enables development and increases property values, the incremental property tax revenue above that base is generated. That new revenue, which is revenue that would not exist without the infrastructure investment, is used to repay the bonds. Importantly, HIG does not create or increase taxes; it simply reallocates a portion of newly created tax revenue for a limited period. Once the bonds are paid off, all property tax revenue flows back to the county's general fund.

For the foregoing reasons, HAR strongly supports HIG as an important tool to invest in infrastructure, create much needed housing, and support our communities. Mahalo for the opportunity to provide testimony on this measure.



February 25, 2026

Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Members of the House Committee on Finance
Thirty-Third Legislature, Regular Session of 2026

Hearing date: February 27, 2026, at 2:00 PM

**RE: HB 2476, HD2 – PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION
HB 2478, HD1 – RELATING TO BONDS**

Aloha Chair Todd, Vice Chair Takenouchi and Members of the Committee,

Mahalo for the opportunity to submit testimony on behalf of D.R. Horton Hawaii in **SUPPORT** of HB 2476, HD2 – PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION and HB 2478 HD1 – RELATING TO BONDS. D.R. Horton Hawaii is proud to be one of Hawaii's largest homebuilders, serving Hawaii's families for more than 52 years. We specialize in providing affordable housing and first-time homebuyer opportunities across the state and remain committed to addressing Hawaii's critical housing needs.

HB 2476 and HB 2478, which together would authorize the use of housing infrastructure growth bonds, a form of tax increment financing, to fund required infrastructure necessary to help further development of new homes for Hawaii's families. One of the greatest barriers to producing any type of housing, but especially affordable and workforce housing, is the extraordinary initial and long-term capital holding costs of financing both off-site and on-site required infrastructure such as roads, drainage, sewer, water, electrical and communications systems. In Hawaii, if financing is even available in the market, these substantial costs must be paid upfront by homebuilders with an extremely slow, long capital return, house by house. This long capital return ties up already scarce available financing, ultimately preventing reinvestment in new infrastructure projects and thus...new housing. Just as wall studs, kitchen cabinets and roofing material costs are all underwritten into the cost of housing, so too are the substantial initial and holding cost for infrastructure. If infrastructure financing is not available in the market, as is the case today, then fully entitled master planned communities get stalled...as is the case today.



Housing infrastructure growth bonds provide a practical and proven tool that most mainland jurisdictions have used for decades to align infrastructure delivery with housing production. By allowing counties to issue increment bonds secured by the future increase in property tax revenues generated by new development, these measures could shift infrastructure financing from an upfront cost passed on to homebuyers to a self-funding public mechanism tied directly to growth. This approach lowers the initial capital stack required to get infrastructure built, reduces long term interest risk and ultimately translates into lower costs, and thus, lower sales prices for Hawaii's homebuyers.

Equally important, these bonds do not raise existing tax rates or divert general fund resources away from essential public services. Instead, they allow dormant or underutilized parcels to generate the very revenue needed to support their own infrastructure, broadening the counties' long-term tax base without increasing the tax burden on current residents. Excluding these bonds from traditional funded debt limits recognizes that they are growth-driven financing tools rather than general obligation liabilities, thereby preserving county borrowing capacity for schools, parks, and other core needs. For homebuilders, this certainty and partnership with government can mean the difference between producing homes affordable to Hawaii's families or a stalled project that never gets out of the ground.

Finally, authorizing housing infrastructure growth bonds would unlock opportunities for thoughtfully planned communities as well as transit-oriented development neighborhoods throughout the state. Areas already zoned for housing, including those near rail stations and employment centers, frequently lack the infrastructure capacity to support additional housing units, even when market demand and zoning allow it. These bills would create a structured, accountable method to finance that capacity in advance, accelerating production and helping reduce the substantial housing shortfall. For homebuilders committed to building homes for Hawaii's families, HB 2476 and HB 2478 represent a commonsense, fiscally responsible partnership that can lower costs, increase supply, and move the state meaningfully closer to our collective housing goals.

For these reasons, I strongly urge this committee to **PASS HB 2476, HD2 and HB 2478, HD1.**

Mahalo for your consideration,

Tracy S. Tonaki
President
DR Horton Hawaii



February 25, 2026

Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Committee on Finance

RE: **HB 2476 HD2 - PROPOSING AMENDMENTS TO ARTICLE VII,
SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION**
Hearing date – February 27, 2026 at 2:00pm

Aloha Chair Todd, Vice Chair Poepoe and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **STRONG SUPPORT** of **HB 2476 HD2 – PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION**. NAIOP Hawaii is the Hawaii chapter of the nation’s leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders, and other professionals.

HB 2476 HD2 proposes amendments to the Constitution of the State of Hawai‘i to expressly provide that the Legislature may authorize political subdivisions, such as counties, to Housing Infrastructure growth bonds (HIG), and to exclude these increment bonds in calculating the debt limit of the political subdivisions.

NAIOP Hawaii supports HB 2476 HD2 which will explicitly enable the Legislature to authorize counties to issue tax increment bonds. The proposed amendments allow for the utilization of HIGB, a proven financial tool for supporting district infrastructure and fostering economic growth.

NAIOP Hawaii firmly believes that HIG serves as necessary financing tool that will allow for the development of infrastructure from which future housing and mixed-use communities will grow from and serve many generations of Hawaii residents to come. Hawai‘i’s housing shortage is fundamentally an infrastructure problem. Roads, water systems, wastewater capacity, drainage, and public facilities are often the binding constraints on housing production. Even in strong budget years, existing tools such as capital improvement funding and general obligation bonds cannot keep pace with the scale

and timing of infrastructure demand tied to housing growth. HIG consistently unlocks the highest financing capacity that can serve as a long-term investment in Hawaii's future.

HIG provide a proven, fiscally responsible solution having been implemented in 48 states across the country. HIG is a value-capture financing tool that allows local governments to fund infrastructure upfront and repay that investment using a portion of the future increase in tax revenue generated by the development the infrastructure enables. HIG reallocates a share of newly created tax revenue within a defined district to pay for the infrastructure that made that growth possible without implementing new taxes for residents.

This approach aligns costs with benefits. Development that creates new demand for infrastructure also generates the revenue to pay for it. Properly structured HIG districts do not divert existing revenues from public services because the incremental property tax revenue would not exist without the infrastructure investment. Jurisdictions can also require fiscal impact analyses and dedicate only a portion of the increment to bond repayment, ensuring essential public services remain fully funded.

HIG is not an experimental concept. It has been used nationwide for decades and is widely regarded as one of the most effective tools for financing infrastructure in urban redevelopment, transit-oriented development, master-planned communities, and post-disaster recovery areas. Compared to alternatives such as special assessments or community facilities districts, HIG generally provides greater financing capacity while avoiding the need to impose new taxes or fees directly on residents, which can increase housing costs.

In 2022, The State of Hawaii commissioned the TOD Infrastructure Financing Study, a four-phase study which took eighteen months to complete (June '22 – Dec '23) and included input from a multitude of consultants, State and City offices, and stakeholders. According to the Study:

1. Existing County and State funding for infrastructure is not sufficient to meet the needs of Hawaii's long-standing affordable housing crisis.
 - i. Counties are already investing in infrastructure via existing means such as CIP; however, existing sources, even in good budget years, are not sufficient for the infrastructure needed to support housing production goals. Additional tools, including those explored by this study, are needed to supplement their resources.
2. Tax Increment Financing provides the highest financing capacity out of all alternative financing mechanisms, including Community Facilities, One-Time Fees, General Excise Tax Surcharges, Transient Accommodation Taxes Surcharge, and the like.

3. Tax Increment Financing, as a value capture tool, provides greater flexibility in eligibility, as opposed to traditional public funding such as GO Bonds, CIP, State grants, or Federal programs).

Importantly, this measure does not mandate the use of HIG. It simply provides local governments with an additional option in their infrastructure financing toolbox, subject to public process and appropriate safeguards. These safeguards can include “but-for” findings, fiscal modeling, and legislative approvals to ensure the tool is used only where it is necessary and beneficial.

Hawai‘i’s housing and infrastructure challenges are challenges of financing and timing. HIG help solve both by allowing infrastructure to be built when it is needed, not years later when funding becomes available. By enabling infrastructure delivery without raising taxes, this measure supports housing production, protects general funds, and promotes fiscally responsible growth.

Accordingly, NAIOP Hawaii greatly supports the utilization of HIG to provide the highest financing capacity for projects in specific districts across the State. Empowering counties with the opportunity to issue tax increment bonds will enhance their financial capacity to address the essential infrastructure requirements that are critical to improving our local housing crisis. Thank you for the opportunity to provide testimony in support of HB2476 HD2.

Mahalo for your consideration,



Ken Hayashida, President
NAIOP Hawaii

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONSTITUTIONAL AMENDMENT; Housing Infrastructure Growth Bonds; Debt Limit; Counties

BILL NUMBER: HB 2476 HD2

INTRODUCED BY: JHA

EXECUTIVE SUMMARY: Proposes constitutional amendments to expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue housing infrastructure growth bonds, and exclude these bonds from determinations of the funded debt of the political subdivisions for specified public works, public improvements, or other actions necessary for housing and community development. Effective 7/1/3000. (HD1)

SYNOPSIS: Amends Article VII, Section 12 of the Constitution to add a new paragraph defining "housing infrastructure growth bonds" as all bonds, the principal of and interest on which are payable from and secured solely by all real property taxes levied by a political subdivision, such as a county, on the assessed valuation of the real property in a designated district established by the political subdivision that is in excess of the assessed valuation of the real property for the fiscal year prior to the effective date specified by resolution of the political subdivision of the specified public works, public improvements, or other actions necessary for housing and community development by the political subdivision within the designated district. Further amends that section to give the Legislature power to authorize political subdivisions to issue housing infrastructure growth bonds.

Additionally, adds a new paragraph to Article VII, Section 12 of the Constitution to define "community development" as the planning, acquisition, ownership, construction, reconstruction, rehabilitation, or improvement of capital projects or improvements, including real or personal property, or any interest therein, that advances a community's values, culture, and vision. Community development shall be limited to capital assets and shall not include operating expenses.

Amends Article VII, Section 13 of the Constitution to exclude housing infrastructure growth bonds from the debt limit specified in that section.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: The proposed measure would allow the counties to issue tax increment bonds (although they are called something else in the bill) and utilize the concept of tax increment financing as another means of financing capital improvements. The concept of tax increment financing is based on increased property tax revenue generated from rising property tax assessments which result from the improvements. Under a tax increment financing plan, a

specific geographic area would be designated as a tax increment district for which tax increment bonds would be sold to cover capital improvement project costs within that district.

Upon the designation of a tax increment district an “assessment base” is established, based on the total assessed value of taxable real property in a tax increment district at that time. A “tax increment,” which is the amount by which the current valuation of the real property exceeds the assessment base, is then determined. The revenues derived from the assessment base would be paid into the county’s general fund while the revenues derived from the tax increment would be deposited into the tax increment fund. In addition to the revenues derived from the determination of the tax increment, the proceeds of tax increment bonds are also to be deposited into the tax increment fund. The total revenues in the tax increment fund are then be used to finance capital improvements including debt repayment made to the tax increment district which, in turn, will result in increased property valuations due to renovation and increased capital improvements within the designated district.

While this concept provides another means for the financing of capital improvements, caution should be exercised to ensure that the amount of revenues generated within a tax increment district will be enough to cover the debt service of the tax increment bonds issued. Provisions should be made to ensure that this method of financing is not abused as it has been in other states. Specifically, it should be provided that once a tax increment financing district has been designated and the project costs estimated, such districts may not be enlarged nor shall expenditures exceed projections to include purposes other than originally authorized without specific local government approval.

In other words, in designating such districts, certification of assessment values should be done to ensure that valuations of properties within the tax increment district will increase sufficiently to generate enough revenues to repay the cost of the bonds sold. Conversely, specific provisions should be made to ensure that any excess revenues are returned to the county general fund.

The measure also provides that tax increment bonds shall be excluded from the determination of funded debt of the counties for purposes of the constitutional spending ceiling. It is questionable why tax increment bonds should be treated differently from any other debt of the counties.

As the Hawaii Supreme Court explained in *Convention Center Authority v. Anzai*, 78 Haw. 157, 890 P.2d 1197 (1995), Hawaii’s Constitution has had some form of debt limitation in place essentially from its inception. Under the Organic Act, the debt limit was set at ten percent of the assessed value of real property. The limit was subsequently increased to fifteen percent at the 1950 Constitutional Convention. The present structure of the debt limit and its exceptions was adopted by the 1968 Constitutional Convention, where the delegates were particularly wary of the implications of pledging the full faith and credit of the state behind an undertaking that was not “self-sustaining” or whose revenues, and/or the user taxes derived from the undertaking, could not cover the debt service charges. That is why the present constitutional provisions provide for the excludability of reimbursable general obligation bonds from the debt limit to the extent that “reimbursements are in fact made from the net revenue, or net user tax receipts, or combination of both, as determined for the immediately preceding fiscal year.” Haw. Const. art.

VII, § 13(6). In other words, the amounts that are not directly reimbursed to the general fund by revenue and/or user taxes are not excludable from the debt limit. This compromise position carefully balances the competing interests of flexibility and security.

We question the wisdom of writing an exception into our constitutional debt limit safeguards for debt that is supposed to be paid back by increased property tax revenues from development that has yet to occur. If the development does not deliver as advertised, government remains on the hook to repay the bonds, meaning that all of us suffer.

Digested: 2/25/2026



February 27, 2026

TO: HONORABLE CHRIS TODD, CHAIR, HONORABLE JENNA TAKENOUCHI, VICE CHAIR, COMMITTEE ON FINANCE.

SUBJECT: **SUPPORT OF H.B. 2476 HD2, PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION.** Proposes constitutional amendments to expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue housing infrastructure growth bonds, and exclude these bonds from determinations of the funded debt of the political subdivisions for specified public works, public improvements, or other actions necessary for housing and community development.

HEARING

DATE: Friday, February 27, 2026
TIME: 2:00 p.m.
PLACE: Capitol Room 308

Dear Chair Todd, Vice Chair Takenouchi and Members of the Committees,

The General Contractors Association of Hawaii (GCA) is an organization comprised of approximately five hundred (500) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. Our mission is to elevate Hawaii's construction industry and strengthen the foundation of our community.

GCA **Supports** on H.B. 2476 HD2, which proposes constitutional amendments to expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue housing infrastructure growth bonds, and exclude these bonds from determinations of the funded debt of the political subdivisions for specified public works, public improvements, or other actions necessary for housing and community development.

This measure will allow for a financial tool that other states utilize to support infrastructure development. Infrastructure is vital to address the affordable housing crisis facing the State. GCA believes that this will aid in transit oriented development and housing production.

Thank you for the opportunity to provide testimony in support of this measure.



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Testimony in Support of HB 2476 – Proposing Amendments to Article VII, Sections 12 and 13 of the Hawai‘i State Constitution

Aloha Chair, Vice Chair, and Members of the Committee:

Avalon Development Company strongly supports HB 2476, which proposes constitutional amendments to authorize counties to issue housing infrastructure growth bonds and to exclude those bonds from county debt limit calculations. Hawai‘i’s housing crisis cannot be meaningfully addressed without first solving the infrastructure constraints that prevent housing from being built.

Across all counties, housing production is stalled by the high upfront cost of essential infrastructure such as water, wastewater, drainage, roads, and climate-resilient improvements—particularly in transit-oriented development and other priority growth areas. Existing funding tools, including capital improvement appropriations and project-by-project contributions, are fragmented, unpredictable, and insufficient to meet the scale and timing of these needs.

HB 2476 provides counties with a proven, fiscally responsible financing tool that allows infrastructure to be built when it is needed. Housing infrastructure growth bonds rely solely on incremental property tax revenues generated by new development within designated districts. This approach does not create new taxes or increase existing property tax rates, and it ensures that growth helps pay for the infrastructure it requires.

Importantly, the bill safeguards county fiscal health by clarifying that these bonds are not backed by countywide revenues and are excluded from debt limit calculations when repaid solely from incremental revenues. This allows counties to invest in housing-enabling infrastructure without compromising their ability to fund other essential public services.

By aligning infrastructure financing with housing production, HB 2476 removes a critical barrier to new housing, supports transit-oriented development, and advances long-term housing affordability for local residents. We respectfully urge you to pass this important measure.

Mahalo for the opportunity to testify.

Respectfully Submitted,
Avalon Development Company



House Committee on Finance
Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair

February 27, 2026
2:00 pm
Room 308

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

Castle & Cooke Homes Hawai'i, Inc. respectfully submits testimony in **strong support** of **HB2476_HD2**.

We are committed to building quality communities for local families. Hawai'i's housing affordability crisis is driven in large part by the ever-increasing cost of infrastructure, roads, drainage, sewer, water, and electrical systems must be constructed before housing can be delivered, and those costs continue to rise. High costs are also related to long-term design standards which benefit future generations of buyers. New buyers bear the full cost immediately, even though the infrastructure will serve future residents and users for decades.

HB2476_HD2 would allow this approach to move forward if voters approve and ratify the related constitutional amendment. The bill would enable counties to finance housing-related infrastructure through growth bonds that are repaid over time as development occurs, and property values increase. Instead of requiring new buyers to shoulder the full cost upfront, infrastructure would be paid gradually by all who benefit from it, including future residents and users. Repayment would come from the growth in property tax revenues generated by the development itself, rather than from higher tax rates.

By aligning infrastructure financing with the long-term growth it supports, HB2476_HD2 removes a significant cost burden from new buyers while creating a fair, sustainable method of paying for infrastructure over time. This approach improves housing affordability, supports responsible growth, and allows housing projects to move forward without imposing additional costs on existing residents. This can ease financing pressures, make projects easier to move forward, and ultimately help produce more homes at attainable prices.

Importantly, this financing mechanism is designed to grow the tax base without increasing tax rates on existing residents, while preserving county borrowing capacity for other essential public services and infrastructure.

Hawai'i's housing shortage is widely recognized and addressing it will require coordinated action across land use, permitting, infrastructure, and financing. HB2476_HD2 represents a meaningful step toward providing counties with the tools needed to unlock housing-ready lands and accelerate the delivery of new homes.

For these reasons, Castle & Cooke respectfully urges the Committee to pass HB2476_HD2.



Testimony of Move Oahu Forward
Hearing on HB 2476
February 27, 2026, at 2:00 pm

Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Members of the House Committee on Finance

HB 2476 – PROPOSING A CONSTITUTIONAL AMENDMENT TO AUTHORIZE THE COUNTIES TO ISSUE HOUSING INFRASTRUCTURE GROWTH BONDS.
Hearing date – February 27, 2026 at 2:00 pm

Chair Todd, Vice Chair Takenouchi and members of the Committee,

Move Oahu Forward (MOF) respectfully submits testimony in **SUPPORT of HB 2476– PROPOSING A CONSTITUTIONAL AMENDMENT TO AUTHORIZE THE COUNTIES TO ISSUE HOUSING INFRASTRUCTURE GROWTH BONDS**. MOF is a non-profit established in 2012 to support rail transit and public transportation options. With the Skyline running, MOF is pivoting to expand its focus to the “promise” of rail and Transit Oriented Communities (TOC). Our focus is in the Kalihi corridor.

HB 2476 proposes amendments to the Hawaii State Constitution, allowing the Legislature to authorize the counties to issue housing infrastructure growth bonds, and to exclude same from the calculations of the counties’ debt limits. Such bond financing is a proven financial tool to make infrastructure investments to support affordable housing developments which in turn, foster economic growth.

The State of Hawaii commissioned the TOD Infrastructure Financing Study (June ’22 – Dec ’23), and made the following recommendations:

- a. Existing County and State infrastructure funding is not sufficient to meet the needs of Hawaii’s affordable housing crisis.
- b. Such bond financing provides the highest financing capacity and a greater eligibility flexibility.

MOF wholeheartedly supports the addition of housing infrastructure growth bond into our collective affordable housing toolbox. It provides the highest financing capacity for projects in specific districts, to include Transit Oriented Communities. This will help our communities realize the “promise” of rail in an equitable and more expedient manner.

Thank you for the opportunity to provide testimony in support of HB 2476.

Aloha,
Jennifer Sabas
Executive Director
Move Oahu Forward

February 25, 2026

The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice Chair
and Members of the Committee on Finance

Subject: Testimony: HB 2476, HD2, Relating to Proposing Amendments to
Article VII, Sections 12 and 13, of the Hawaii State Constitution
Hearing: February 27, 2026 at 2:00 PM Conference Room 308

Dear Chair Todd, Vice Chair Takenouchi and Members of the Committee:

Stanford Carr Development **supports HB 2476, HD2**, which proposes a constitutional amendment to authorize counties and other political subdivisions to issue bonds payable from incremental real property tax revenues and exclude those bonds from constitutional debt limits.

Specifically, we want to express support for the HD2 language that clarified the authorized uses of housing infrastructure bonds to include other actions necessary for housing and community development, and further defined community development. Infrastructure such as roads, utilities, drainage, transit, broadband, and public facilities often serve mixed-use districts and economic centers, not housing alone. The broader scope will give counties flexibility to respond to local needs and align infrastructure investments with comprehensive planning and economic development strategies.

HB 2476, HD2 appropriately recognizes that Hawai'i faces significant infrastructure financing gaps and that traditional funding mechanisms are often insufficient to meet the timing, scale, and coordination required to support growth. The bill introduces a value-capture financing tool that has been successfully used in other jurisdictions to fund infrastructure without increasing tax rates, and we support this policy direction.

We respectfully urge the Committee to pass HB 2476, HD2. Mahalo for the opportunity to provide testimony.

Sincerely,



Stanford S. Carr

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Councilmembers
K. Kauano'e Batangan
Tom Cook
Gabe Johnson
Tamara Paltin
Keani N.W. Rawlins-Fernandez
Shane M. Sinenci
Nohelani U'u-Hodgins



Director of Council Services
David M. Raatz, Jr., Esq.

Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

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COUNTY OF MAUI
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WAILUKU, MAUI, HAWAII 96793
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February 26, 2026

TO: Honorable Chris Todd, Chair, and
Members of the House Committee on Finance

FROM: Nohelani U'u-Hodgins *Nohelani U'u-Hodgins*
Councilmember

DATE: Friday, February 27, 2026
2:00 p.m., Conference Room 308

SUBJECT: **TESTIMONY IN SUPPORT OF HB 2476, HD2, PROPOSING
AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE
HAWAII STATE CONSTITUTION**

Thank you for the opportunity to testify in support of this important measure. The purpose of this measure is to propose constitutional amendments to expressly provide the Legislature may authorize political subdivisions, such as the counties, to issue housing infrastructure growth bonds for specified public works, public improvements, or other actions necessary for housing and community development, and exclude these bonds from determinations of the funded debt of the political subdivisions.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

Hawai'i continues to face a severe housing shortage, and we must utilize responsible and innovative financing tools to increase housing supply. HB 2476, HD2 provides a fiscally sound mechanism by allowing access to lower-cost financing through special purpose revenue bonds. These bonds are payable solely from the project revenues and do not constitute a general obligation of the State, thereby protecting taxpayers while helping projects move forward.

This measure provides important statutory clarification and administrative improvements that will help streamline the delivery of infrastructure necessary to support housing development. By strengthening oversight and reporting requirements

February 26, 2026

Page 2

while improving procedural alignment, the bill promotes transparency, fiscal responsibility, and efficiency in the use of public resources.

Housing production depends on timely infrastructure investment and HB 2476, HD2 helps remove unnecessary delays and uncertainty that can slow projects, increase costs, and ultimately limit housing supply. By improving coordination and accountability, this measure supports responsible growth while safeguarding public funds.

For these reasons, I respectfully urge your support of HB 2476, HD2.

Mahalo for the opportunity to submit testimony in support of this measure.