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 HOUSING
February 06, 2026 at 9:30 a.m.
State Capitol, Room 430

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

Chair Evslin, Vice Chair Miyake, and members of the Committee.

HHFDC **supports** House Bill 2476, 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 KIAʻĀINA

HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII
KA MOKUʻĀINA O HAWAIʻI
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 HOUSING

Friday, February 6, 2026
9:30 AM – Room 430, Hawaii State Capitol

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

Honorable Chair Evslin, Vice Chair Miyake and Members of the House Committee on Housing:

The Hawaii Public Housing Authority (HPHA) <u>strongly supports</u> 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, 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 new housing development.

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 HAWAIʻI
OFFICE OF PLANNING
& SUSTAINABLE DEVELOPMENT

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARY ALICE EVANS
DIRECTOR

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Mailing Address: P.O. Box 2359, Honolulu, Hawaiʻi 96804

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Statement of
MARY ALICE EVANS, Director

before the
HOUSE COMMITTEE ON HOUSING

Friday, February 6, 2026
9:30 AM
State Capitol, Conference Room 430

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

Chair Evslin, Vice Chair Miyake, and Members of the House Committee on Housing.

The Office of Planning and Sustainable Development (OPSD) **supports** HB 2476 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 projects. 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.

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.

Testimony of
Pacific Resource Partnership

Hawai'i House of Representatives Committee on Housing
Wednesday, February 4, 2026

Subject: Testimony in Strong Support of HB2476, proposing amendments to Article VII, sections 12 and 13, of the Hawai'i State Constitution.

Aloha Chair Evslin, Vice Chair Miyake, 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, 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 new housing development.

If approved, this type of value capture financing will allow Hawai'i to finally join most of the country in using this type of funding, which has been used by mainland jurisdictions for decades to put hundreds of billions of dollars of infrastructure in place for new housing. In fact, housing infrastructure growth bonds would play a key role in making new housing more affordable for Hawai'i's people. PRP's research has shown that when homebuilders are tasked with putting infrastructure in place such as roads, sewers, water, and electricity – those costs are passed onto homebuyers and add 30% or more to the price of a home. In truth, the Hawai'i-model of having homebuilders foot the bill for tens of millions if not hundreds of millions of dollars in infrastructure, is dead. If HB2476 and value capture financing is not approved, we are unlikely to see the future construction of planned communities such as Ho'opili or Koa Ridge, which are adding thousands of units to Hawai'i's housing stock.

(Continued From Page 1)

Furthermore, value capture financing allows the counties to grow their revenue pie without increasing taxes on local residents. It enables parcels that otherwise would have remained dormant to leverage future property tax receipts to pay for infrastructure upfront through increment bonds, thus lessening the overall cost of construction and resulting in more affordable units. Moreover, increment bonds do not count towards a county's debt limit, allowing general fund spending to remain focused on core services.

Finally, housing infrastructure growth bonds could be key in unlocking the true potential of transit-oriented development (TOD) for Honolulu's Skyline, as the areas around rail stations currently zoned by the City and County lack the necessary infrastructure to build the type of density that TOD requires. Indeed, the most recent edition of the Hawai'i Perspectives survey of residents statewide, commissioned by PRP this past summer, showed that 53% favor the government paying for infrastructure for new housing, and that majority increases among young people.

In short, housing infrastructure growth bonds are a commonsense approach to putting infrastructure in place without burdening taxpayers. These bonds could go a long way in helping to build the 64,000 housing units the state needs to catch up with current demand. PRP respectfully urges the committee to pass this important measure.

Sincerely,

Andrew Pereira

Director of Public Affairs
Pacific Resource Partnership
1100 Alakea Street, 4th Floor
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Phone: (808) 528-5557
Email: apereira@prp-hawaii.com
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HAWAII REGIONAL COUNCIL OF CARPENTERS

February 6, 2026

TO: The Honorable Luke A. Evslin, Chair
The Honorable Tyson K. Miyake, Vice Chair
Members of the House Committee on Housing

RE: TESTIMONY IN STRONG SUPPORT OF HB2476

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

The Hawaiʻi 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.

Hawaiʻi'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 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 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

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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

when they are not backed by general funds, the bill provides certainty while preserving financial discipline.

In short, HB2476 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.

Mahalo for the opportunity to testify.

HAWAIʻI REALTORS®
808-733-7060
808-737-4977
1259 Aʻala Street, Suite 300
Honolulu, HI 96817

February 6, 2026

The Honorable Luke A. Evslin, Chair
House Committee on Housing
State Capitol, Conference Room 430 & Videoconference

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

HEARING: Friday, February 6, 2026, at 9:30 a.m.

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

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawaiʻi Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR **strongly supports** House Bill 2476, 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 new housing development.

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.

D·R·HORTON
America's Builder
HAWAII

February 3, 2026

Rep. Luke A. Evslin
Rep. Tyson K. Miyake
Members of the House Committee on Housing
Thirty-Third Legislature, Regular Session of 2026

Hearing date: February 6, 2026, at 9:30 AM

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

Aloha Chair Evslin, Vice Chair Miyake and Members of the Committee,

Mahalo for the opportunity to submit testimony on behalf of D.R. Horton Hawaii in **SUPPORT** of HB 2476 - PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13 OF THE HAWAII STATE CONSTITUTION and HB 2478 – 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** and **HB 2478.**

Mahalo for your consideration,

Tracy S. Tonaki
President
DR Horton Hawaii

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

547 Queen Street, Honolulu, Hawaii 96813
Telephone: (808) 594-0300 Fax: (808) 587-0299
Web site: http://dbedt.hawaii.gov/hcda/

Statement of
CRAIG K. NAKAMOTO
Executive Director
Hawaiʻi Community Development Authority
before the
HOUSE COMMITTEE ON HOUSING

Friday, February 6, 2026
9:30 a.m.
State Capitol, Conference Room 430 & Videoconference

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

Chairperson Evslin, Vice Chairperson Miyake, and Members of the Committee. The Hawaiʻi Community Development Authority (HCDA) **supports** HB 2476, 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, *Hawaiʻi Revised Statutes*.

Hawaiʻi 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 Hawaiʻi 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.

NAIOP
COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION
HAWAII CHAPTER

February 6, 2026

Representative Luke Evslin, Chair
Representative Tyson Miyake, Vice Chair
Committee on Housing

RE: **HB 2476 - PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION**
Hearing date – February 6, 2026 at 9:30am

Aloha Chair Evslin, Vice Chair Miyake and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **STRONG SUPPORT** of **HB 2476 – 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 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 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.

Hawaiʻi’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.

Mahalo for your consideration,

Ken Hayashida, President
NAIOP Hawaii

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

Housing Hawai‘i's Future
PO Box 3043
Honolulu, HI 96802-3043

February 6, 2026

TO: Chair Evslin and Members of the House Committee on Housing
RE: HB 2476, Proposing Amendments to Article VII, Sections 12 and 13, of the Hawai‘i State Constitution

Dear Chair Evslin 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 urge the House Committee on Housing to advance House Bill 2476.

This measure is of significant interest because it proposes constitutional amendments that would enable counties to issue housing infrastructure growth bonds. **This measure 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 would 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 opportunities for 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.**

Thank you,

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

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

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February 5, 2026

Honorable, Luke A. Evslin, House Committee on Housing, Chair
Honorable, Tyson K. Miyake, House Committee on Housing, Vice Chair
Honorable Members of the House Committee on Housing

RE: HB 2476- COUNTIES; HOUSING INFRASTRUCTURE GROWTH BONDS; CONSTITUTIONAL AMENDMENTS (CONAM)

Chair Evslin,

My name is Ana Tuiasosopo, and I am a Trustee and District Representative for the International Union of Operating Engineers (IUOE) Local 3, representing heavy equipment operators, mechanics, surveyors, and other skilled tradespeople in Hawaiʻi's construction industry. I submit this testimony in **strong support of HB 2476 which** proposes a targeted constitutional amendment to authorize counties to issue Housing Infrastructure Growth Bonds.

Hawaiʻi's housing crisis cannot be solved without addressing its most significant bottleneck: infrastructure financing. Legislative findings and the Legislature-funded TOD Infrastructure Financing and Delivery Strategy Study make clear that transit-oriented development areas and other priority growth areas across the State require hundreds of millions of dollars in upfront investment for roads, water, wastewater, drainage, and climate-resilient infrastructure. Existing tools—project-by-project contributions and irregular capital improvement appropriations—are fragmented, inequitable, and insufficient to meet the scale and timing of these needs.

HB2476 provides counties with a proven value-capture financing tool to address this gap. Housing Infrastructure Growth Bonds allow infrastructure to be funded upfront using a portion of the new property tax revenue generated by development enabled by that infrastructure. This mechanism does not create a new tax, does not increase tax rates, and does not divert existing revenues. Instead, it captures a portion of future tax growth that would not occur, "but for" the infrastructure investment itself.

Notably, Hawaiʻi is one of only two states in the nation that does not meaningfully use tax increment–style financing tools for infrastructure, the other being Arizona, which relies on narrower alternatives rather than a true, broad-based TIF framework. As a result, counties in Hawaiʻi are operating without a financing tool that is widely used across the country to support housing, infrastructure, and economic development. HB2476 helps bring Hawaiʻi into alignment with national best practices while preserving strong fiscal safeguards.

I humble ask for your support and approval of HB 2476.

Sincerely,

Ana Tuiasosopo
District Representative, Trustee
Operating Engineers Local 3

STANFORD CARR DEVELOPMENT, LLC

February 5, 2026

The Honorable Luke A. Evslin, Chair
The Honorable Tyson K. Miyake, Vice Chair
and Members of the House Committee on Housing

Subject: Testimony: HB2476, Relating to Proposing Amendments to Article VII, Sections 12 and 13, of the Hawaii State Constitution
Hearing: February 6, 2026 at 9:30 AM Conference Room 430

Dear Chair Evslin, Vice Chair Miyake and Members of the Committee:

Stanford Carr Development offers ***support with amendments*** of **HB2476**, 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.

HB2476 appropriately recognizes that Hawaiʻi 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.

While we support the intent of HB2476, we respectfully request amendments to broaden its scope and long-term usefulness:

1. Broaden the bond designation by replacing references to "housing infrastructure growth bonds" with **"infrastructure growth bonds."** This terminology more accurately reflects the broader public purpose of the financing mechanism and avoids unnecessarily limiting its application.

2. **Expand allowable uses** by amending the constitutional language and ballot question to expressly allow infrastructure growth bonds to be used for public infrastructure that supports:
    - housing development,
    - commercial enterprises and economic activity, and
    - other public facilities and community infrastructure.

Infrastructure such as roads, utilities, drainage, transit, broadband, and public facilities often serve mixed-use districts and economic centers, not housing alone. A broader scope will give counties flexibility to respond to local needs and align infrastructure investments with comprehensive planning and economic development strategies.

HB2476 is a positive step toward modernizing Hawaiʻi's infrastructure financing toolkit. With the recommended amendments to broaden the bond designation and permissible uses, the proposed constitutional authority will be more flexible, resilient, and effective in supporting sustainable growth across the State.

We respectfully urge the Committee to pass HB2476 **with amendments**.

Mahalo for the opportunity to provide testimony.

Sincerely,

Stanford S. Carr

LEGISLATIVE TAX BILL SERVICE

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, SB 3219

INTRODUCED BY: HB by EVSLIN, AMATO, BELATTI, ILAGAN, KAHALOA, KAPELA, KEOHOKAPU-LEE LOY, KILA, KITAGAWA, KUSCH, LOWEN, MARTEN, MATAYOSHI, MIYAKE, MORIKAWA, SOUZA, TAM; SB by HASHIMOTO, CHANG, KEOHOKALOLE, McKelvey

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 new housing development.

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 new housing 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.

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

EFFECTIVE DATE: Upon approval by the electorate.

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: 2/4/2026

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Representative Luke A. Evslin, Chair
Representative Tyson K. Miyake, Vice Chair
Committee of Housing

LATE

RE: HB2476 – Relating to Housing
Hearing Date – February 6, 2026 at 9:30 AM

Chair Evslin, Chair Hashem, and Committee Members:

My name is Alana Kobayashi Pakkala, and I serve as CEO of Kobayashi Group, a local, family-owned company that has been developing housing in Hawaiʻi for more than three decades.

Mahalo for the opportunity to submit testimony in strong support of HB2476.

One of the biggest barriers to delivering new housing is not simply land or entitlements — it is infrastructure. Roads, water, sewer, drainage, and other public improvements often determine whether homes can actually be built. HB2476 would allow counties to utilize Housing Infrastructure growth bonds, a value-capture financing tool that uses a portion of the future increase in property tax revenues within a designated district to pay for infrastructure that enables housing. Housing Infrastructure growth bonds are designed so repayment comes from new incremental tax revenues that would not exist without the infrastructure and resulting development.

Each county faces different infrastructure challenges. This measure does not mandate the use of this tool — it simply gives counties an additional option.

As a company working every day to bring new housing to market, we see firsthand how infrastructure timing directly affects whether homes are built this decade or pushed into the next. For these reasons, Kobayashi Group respectfully urges the Committee to pass HB2476.

Mahalo for your leadership and for the opportunity to provide testimony.

Warmest regards,

Alana Kobayashi Pakkala
Chief Executive Officer
Kobayashi Group

Cindy Freitas
makainanqi@gmail.com

TESTIMONY IN STRONG OPPOSITION

HB 2476 (2026) – Proposed Constitutional Amendment
Housing Infrastructure Growth Bonds

He Mele komo a he mele aloha no na kupuna o ke au i hala Aloha mai kakou.

Aloha,

My name is Cindy Freitas and I'm a Native Hawaiian descended of the native inhabitants of Hawai'i prior to 1778 and born and raised in Hawai'i.
I am also a practitioner who still practice the cultural traditional customary practices that was instill in me by my grandparents at a young age from mauka (MOUNTAIN TO SEA) to makai in many areas.

I'm in **STRONG OPPOSITION** to **HB 2476**.

HB 2476 proposes a **major amendment to the Hawai'i Constitution** to authorize Housing Infrastructure Growth Bonds and exclude them from county debt limits. Because this bill permanently alters the Constitution, **what it omits is just as important as what it authorizes**—and those omissions are substantial and dangerous.

1. No Informed Voter Disclosure

HB 2476 does **not require voters to be informed** of:

- How much future property tax revenue may be diverted
- How long that diversion may last
- What services schools, fire, police, EMS, libraries will lose access to that revenue

This deprives voters of meaningful consent for a constitutional change with long-term fiscal consequences.

2. No Constitutional Limits or Guardrails

The amendment includes **no limits** on:

- The number of districts
- Geographic size
- Percentage of a county's tax base that may be captured
- Bond duration

This creates a **blank-check financing authority** embedded directly in the Constitution.

3. No Requirement That Housing Be Affordable

Although justified by the housing crisis, HB 2476 does **not require** that infrastructure funded under this authority:

- Serve affordable or workforce housing
- Be income-restricted
- Prevent speculation or luxury development

Infrastructure financed with diverted public tax growth could subsidize development that **does not house local residents**.

4. No Anti-Displacement or Equity Protections

The amendment contains **no protections** for:

- Existing residents
- Renters
- Fixed-income homeowners
- Small businesses

Tax-increment-style financing has a documented history of accelerating displacement. HB 2476 constitutionalizes the mechanism **without any equity safeguards**.

5. No County Voter Approval

HB 2476 does **not require county-level voter approval** before:

- Creating districts
- Issuing bonds
- Pledging future tax increments

Local taxpayers lose control over long-term fiscal commitments made in their name.

6. No Transparency, Reporting, or Audit Requirements

The Constitution would be amended without requiring:

- Public reporting of diverted revenues
- Performance outcomes
- Independent audits

Accountability is left entirely to future statutes that can be weakened or repealed.

7. No Environmental or Climate Resilience Requirements

While findings reference sea-level rise, the constitutional language **does not require**:

- Climate-resilient infrastructure

- Avoidance of hazard-prone areas
- Alignment with adaptation plans

Long-term bonds could finance infrastructure that becomes unusable within the bond term.

8. No Protection for Core Public Services

Diverting future property tax growth reduces revenue available for:

- Fire and police protection
- Emergency medical services
- Roads, parks, and libraries

HB 2476 provides **no safeguards** to prevent erosion of essential services.

9. No Sunset, Review, or Reauthorization

Once placed in the Constitution, this authority:

- Has no sunset
- Requires no performance review
- Cannot be easily corrected if it fails

Permanent authority is granted without accountability.

10. No Clear Allocation of Risk

Although bonds are labeled “not general obligations,” the amendment does not address:

- What happens if development underperforms
- Impacts to county credit ratings
- Pressure on general funds when increments fall short

Risk is shifted not eliminated.

Conclusion: STRONG OPPOSE

HB 2476 asks voters to approve a **permanent constitutional financing mechanism without limits, safeguards, or guarantees** that it will actually produce affordable housing or protect public services.

This is not a housing solution it is a **constitutional blank check**.

For these reasons, I respectfully urge you to **STRONGLY OPPOSE HB 2476**.

Mahalo for the opportunity to testify.

Mahalo

Cindy Freitas

HB-2476
Submitted on: 2/5/2026 8:17:10 AM
Testimony for HSG on 2/6/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Comments	Written Testimony Only

Comments:

Comment: Include DHHL by Johnnie-Mae L. Perry

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