

DEPARTMENT OF BUDGET AND FISCAL SERVICES  
KA 'OIHANA MĀLAMA MO'OHĒLU A KĀLĀ  
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813  
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • WEBSITE: [honolulu.gov/budget](http://honolulu.gov/budget)

RICK BLANGIARDI  
MAYOR  
MEIA



ANDREW T. KAWANO  
DIRECTOR  
PO'O

CARRIE CASTLE  
DEPUTY DIRECTOR  
HOPE PO'O

April 1, 2026

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

Dear Chair Todd, Vice-Chair Takenouchi, and Committee Members:

SUBJECT: Testimony in Support of Senate Bill 3218, SD2, HD1, Relating to Bonds  
Hearing: April 2, 2026 at 2:00 p.m., Conference Room 308 and  
via Videoconference

The Department of Budget and Fiscal Services, City and County of Honolulu ("City"), **supports** Senate Bill ("SB") 3218, SD2, HD1, which authorizes counties to issue Housing Infrastructure Growth Bonds after a proposed constitutional amendment is approved.

SB 3218, SD2, HD1 updates Chapter 47C, Hawai'i Revised Statutes, to conform to a proposed constitutional amendment that would authorize counties to issue Housing Infrastructure Growth Bonds and exclude those bonds from the counties' legal debt limit. The bill, as written, will provide the City with an additional financing tool to address the housing infrastructure issue, which is one of the primary barriers to housing production.

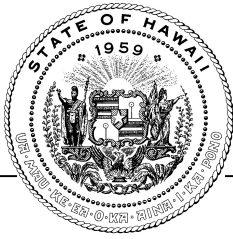
For the reason stated above, the City **supports** SB 3218, SD2, HD1.

Mahalo for the opportunity to testify on this bill. Should you have any questions or concerns, please feel free to contact the Department of Budget and Fiscal Services at (808) 768-3900 or [bfsmail@honolulu.gov](mailto:bfsmail@honolulu.gov).

Sincerely,

A handwritten signature in blue ink that reads "Andrew T. Kawano". The signature is stylized and cursive.

Andrew T. Kawano  
Director



**STATE OF HAWAI'I  
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, Hawai'i 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawai'i 96804

Telephone: (808) 587-2846  
Fax: (808) 587-2824  
Web: <https://planning.hawaii.gov/>

Statement of  
**MARY ALICE EVANS, Director**

before the  
**HOUSE COMMITTEE ON FINANCE**  
Thursday, April 2, 2026, 2:00 PM  
State Capitol, Conference Room 308

in consideration of  
**SB 3218, SD 2, HD 1**  
**RELATING TO BONDS.**

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

The Office of Planning and Sustainable Development (OPSD) **supports and offers amendments for SB 3218, SD 2, HD 1**, which in Part I substitutes the word "tax increment" with "housing infrastructure growth" for purposes of the Housing Infrastructure Growth Financing Act, except under certain circumstances; in Part II conforms state law concerning county debt limits to permit counties to exclude housing infrastructure growth bonds from the debt limit of the counties, if a constitutional amendment authorizing the use of housing infrastructure growth bonds and excluding housing infrastructure growth bonds from determinations of the counties' funded debt is ratified.

SB 3218, SD 2, HD 1, serves as the necessary enabling legislation to authorize the counties to implement housing infrastructure growth bonds. This measure is a critical companion to SB 3219, HD 2, which proposes the constitutional amendments required to expressly provide that the Legislature may authorize political subdivisions to issue these bonds for public works and community development while excluding them from county debt limit determinations. By establishing the statutory framework for these bonds, SB 3218, SD 2, HD 1, ensures the State is prepared to act once the corresponding constitutional amendment is ratified by the voters.

This measure addresses one of the most significant obstacles to housing production in Hawai'i: the lack of adequate infrastructure financing. Currently, the funding mechanisms available to our counties are insufficient to cover the substantial upfront costs of wastewater, water, transportation, and other improvements required for large-scale development. This "infrastructure gap" is particularly acute in Transit-Oriented Development (TOD) areas and other priority growth centers that are otherwise ripe for housing but remain stalled due to a lack of core utility capacity.

This measure provides a critical solution by authorizing counties to issue Housing Infrastructure Growth (HIG) bonds. These bonds allow counties to fund and build essential infrastructure today, with the debt being serviced by the future increases in property tax revenue specifically generated by the new developments that the infrastructure made possible. Without the proposed constitutional amendments to authorize this tool, and subsequently this enabling legislation, many high-priority projects will remain unfunded. Consequently, existing infrastructure will continue to deteriorate over time, further stunting housing production and increasing the long-term cost of development for the State and the counties.

The implementation of HIG bonds aligns perfectly with the State's Housing Strategy and the TOD Council's Strategic Plan. These guiding documents emphasize the necessity of investing in infrastructure to accelerate housing production, particularly in areas that improve resident accessibility to transit, goods, and services. By passing this measure, the State will create a powerful new financing tool that requires no new taxes and no increase in current tax rates, instead leveraging the economic growth of the developments themselves to pay for the necessary foundations of our communities.

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

Josh Green, M.D.  
Governor

Sylvia Luke  
Lt. Governor

James Kunane Tokioka  
DBEDT Director

Dane K. Wicker  
DBEDT Deputy Director

Walter Thoenmes  
Stadium Authority Chair

Michael R. Yadao  
Stadium Authority Executive Director



Statement of  
**MICHAEL R. YADAO**  
Stadium Authority  
Department of Business, Economic Development, and Tourism  
before the

**HOUSE COMMITTEE ON FINANCE**

Thursday, April 2, 2026  
02:00 PM  
State Capitol, Conference Room 308

In consideration of  
**S.B. 3218, SD2, HD1**  
**RELATING TO BONDS.**

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

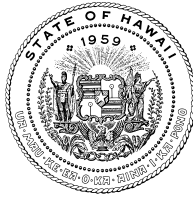
The Stadium Authority supports Senate Bill 3218, SD2, HD1 which conforms county debt limit statements law to permit counties to exclude housing infrastructure growth bonds from the debt limit of the counties, if a constitutional amendment authorizing the use of housing infrastructure growth bonds and excluding housing infrastructure growth bonds from determinations of the counties' funded debt is ratified.

Housing infrastructure is incredibly important and the growth bonds that facilitate that construction are an integral part of our Stadium Authority Development District and to all projected housing developments statewide. Increasing the counties' ability to issue those bonds can only lead to an increase in the state's housing inventory and make a significant contribution to our local construction economy.

Thank you for the opportunity to testify.

**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**

April 02, 2026 at 2:00 p.m.

State Capitol, Room 308

In consideration of

### **SENATE BILL 3218, SENATE DRAFT 2, HOUSE DRAFT 1 RELATING TO BONDS.**

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

HHFDC **supports** SB3218, SD2, HD1, which amends the Hawaii Revised Statutes to align with a proposed constitutional amendment authorizing counties to issue Housing Infrastructure Growth Bonds and exclude these bonds from county debt limit calculations.

Infrastructure financing remains one of the most significant barriers to housing development in Hawaii. Counties often face debt ceiling constraints that prevent them from funding critical infrastructure, such as roads, water, sewer, and utilities, needed to unlock housing projects. This bill provides a statutory framework to operationalize the constitutional authority proposed in Senate Bill 3219, House Draft 2, ensuring counties can issue Housing Infrastructure Growth Bonds without jeopardizing their fiscal health.

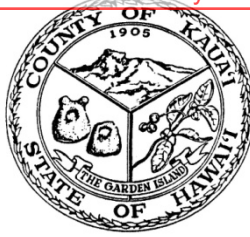
By enabling counties to finance infrastructure through Housing Infrastructure Growth Bonds, this measure will accelerate housing production statewide. This approach complements housing initiatives and leverages county participation in meeting our shared housing goals.

This bill ensures that counties maintain transparency and accountability through updated reporting requirements. Excluding Housing Infrastructure Growth Bonds from debt limit calculations does not eliminate oversight; it simply provides counties with flexibility to invest in infrastructure without crowding out other essential services.

Thank you for the opportunity to testify.

**COUNTY COUNCIL**

Mel Rapozo, Chair  
KipuKai Kualii, Vice Chair  
Addison Bulosan  
Bernard P. Carvalho, Jr.  
Felicia Cowden  
Fern Holland  
Arryl Kaneshiro



**OFFICE OF THE COUNTY CLERK**

Jade K. Fountain-Tanigawa, County Clerk  
Lyndon M. Yoshioka, Deputy County Clerk

Telephone: (808) 241-4188  
Facsimile: (808) 241-6349  
Email: cokcouncil@kauai.gov

**Council Services Division**  
4396 Rice Street, Suite 209  
Lihu'e, Kaua'i, Hawai'i 96766

April 1, 2026

**TESTIMONY OF ADDISON BULOSAN  
COUNCILMEMBER, KAUAI COUNTY COUNCIL  
ON  
SB 3218, SD 2, HD 1, RELATING TO BONDS  
House Committee on Finance  
Thursday, April 2, 2026  
2:00 p.m.  
Conference Room 308  
Via Videoconference**

Dear Chair Todd and Members of the Committee:

Thank you for this opportunity to provide testimony in SUPPORT of SB 3218, SD 2, HD 1, Relating to Bonds. My testimony is submitted in my individual capacity as a member of the Kaua'i County Council.

I am proud to support SB 3218, SD 2, HD 1, which conforms county debt limit statements law to permit counties to exclude housing infrastructure growth bonds from the debt limit of the counties if a constitutional amendment authorizing the use of housing infrastructure growth bonds and excluding housing infrastructure growth bonds from determinations of the counties' funded debt is ratified. Housing Infrastructure Growth Bonds are a tried-and-true method to help keep pace with the growing housing demand by investing in a sustained manner in local infrastructure. Additionally, these bonds are a value-capture financing tool, which does not create or increase the rate of taxation and that has been used across the U.S. for numerous years. This measure proactively conforms existing statutes should the proposed constitutional amendments be ratified.

Thank you again for this opportunity to provide testimony in support of SB 3218, SD 2, HD 1. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188 or via email to cokcouncil@kauai.gov.

Sincerely,

**ADDISON BULOSAN**  
Councilmember, Kaua'i County Council

RM:mn

Council Chair  
Alice L. Lee

Vice-Chair  
Yuki Lei K. Sugimura

Councilmembers  
Kauaone 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.

**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

April 1, 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: Thursday, April 2, 2026  
2:00 p.m., Conference Room 308

SUBJECT: **TESTIMONY IN SUPPORT OF SB 3218, SD2, HD1, RELATING TO BONDS**

Thank you for the opportunity to testify in support of this important measure. The purpose of this measure is to substitute the word "tax increment" with "housing infrastructure growth" for purposes of the Housing Infrastructure Growth Financing Act, except under certain circumstances. The purpose of this measure is to also conform state law concerning county debt limits to permit counties to exclude housing infrastructure growth bonds from the debt limit of the counties, if a constitutional amendment authorizing the use of housing infrastructure growth bonds and excluding housing infrastructure growth bonds from determinations of the counties' funded debt is ratified.

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.

SB 3218, SD2, HD1, and its companion bill HB 2478, HD1, ensure that state law is properly aligned with the proposed constitutional amendments in HB 2476, HD2, providing counties with the clear legal authority and operational framework needed to implement housing infrastructure growth bonds. Without these statutory updates, even if voters approve the constitutional amendment, counties would encounter uncertainty or delays in putting this financing tool into practice. By establishing the necessary

April 1, 2026  
Page 2

guidelines and structure in statute, SB 3218, SD2, HD1, enables counties to move forward confidently and efficiently in funding infrastructure that supports much-needed housing developments.

SB 3218, SD2, HD1, helps strengthen transparency and fiscal accountability by requiring clear reporting and detailed disclosure of bonded indebtedness, while appropriately classifying these bonds to protect county financial stability.

Overall, the measure represents a prudent and responsible approach to financing infrastructure, supporting economic growth through construction activity and enabling the development of more affordable housing for Hawai'i's residents without increasing the tax burden.

In addition, this measure was amended to rename the Tax Increment Financing Act to the Housing Infrastructure Growth Financing Act and substituting the word "tax increment" with "housing infrastructure growth," where applicable, thereby authorizing counties to implement, issue, and administer housing infrastructure growth bonds.

For these reasons, I respectfully urge your support of SB 3218, SD2, HD1.

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

# OFFICE OF THE MAYOR

DEREK S.K. KAWAKAMI, MAYOR

REIKO MATSUYAMA, MANAGING DIRECTOR

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## Testimony of Derek S.K. Kawakami

Mayor, County of Kaua'i

Before the

**Committee on Finance**

April 2, 2026; 2:00 PM

Conference Room 308 & Videoconference

In consideration of

**Senate Bill 3218 SD2 HD1**

**Relating to Bonds**

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

I write in **support** for SB 3218 SD2 HD1 which substitutes the word "tax increment" with "housing infrastructure growth" for purposes of the Housing Infrastructure Growth Financing Act, except under certain circumstances; and conforms state law concerning county debt limits to permit counties to exclude housing infrastructure growth bonds from the debt limit of the counties, if a constitutional amendment authorizing the use of housing infrastructure growth bonds and excluding housing infrastructure growth bonds from determinations of the counties' funded debt is ratified.

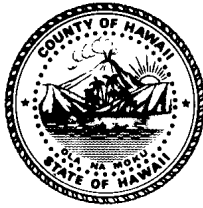
SB 3218 SD2 HD1 is the statutory implementing legislation for its companion constitutional measure, SB 3219 HD2. While SB 3219 HD2 creates the constitutional authority for counties to issue Housing Infrastructure Growth Bonds outside of debt limits, SB 3218 SD2 HD1 codifies and provides the detailed statutory framework to put that power into practice.

Hawai'i's housing crisis is well documented, but the root causes are sometimes less visible. While land costs, permitting delays, and construction expenses all play a role, one of the most significant barriers is the lack of adequate infrastructure financing. Wastewater systems, water supply, roads, and other public improvements are prerequisites for housing development. Without them, even the most shovel-ready projects cannot move forward. Currently, the financing tools available to our counties are insufficient to cover these substantial upfront costs, leaving high-priority housing projects stranded.

Without this tool, the status quo will persist with deteriorating infrastructure, stalled housing projects, rising development costs, and an ever-deepening housing shortage. With it, Hawai'i's counties will have a powerful, fiscally responsible mechanism to accelerate housing production statewide.

Thank you for the opportunity to testify in **support** of SB 3218 SD2 HD1.

**Jennifer Kagiwada**  
Council Member District 2 South Hilo



Office: (808) 961-8272  
jennifer.kagiwada@hawaiicounty.gov

## HAWAI'I COUNTY COUNCIL - DISTRICT 2

25 Aupuni Street • Hilo, Hawai'i 96720

DATE: April 4, 2026  
TO: House Committee on Finance  
FROM: Jennifer Kagiwada, Council Member  
Council District 2  
SUBJECT: SB3218

Aloha Chair Todd, Vice Chair Takenouchi, and esteemed Committee Members,

I am writing in **support** of SB 3218. We can all agree that despite all the work being done to create new housing opportunities we are still in an affordable housing deficit. This bill allows for more flexibility and authority to our Counties for creative funding mechanisms for affordable housing. The more we can create and utilize tools such as growth bonds and allow for revisions within our county debt reporting requirements the more we can support the necessary infrastructure to provide for additional affordable housing, which is badly needed for addressing housing concerns within Hawai'i County. I am in support of providing additional tools to our Counties to address their unique infrastructure and funding needs in the pursuit of affordable housing for their communities.

Mahalo,

A handwritten signature in black ink, appearing to read "Jenn Kagiwada".

Jenn Kagiwada



**HAWAI'I COMMUNITY  
DEVELOPMENT AUTHORITY**

547 Queen Street, Honolulu, Hawai'i 96813  
Telephone: (808) 594-0300 Fax: (808) 587-0299  
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**

Thursday, April 2, 2026  
2:00 p.m.  
State Capitol, Conference Room 308 & Videoconference

In consideration of  
**S.B. 3218, S.D.2, H.D.1**  
**RELATING TO BONDS.**

Chairperson Todd, Vice Chairperson Takenouchi, and members of the Committee. The Hawai'i Community Development Authority (HCDA) **supports S.B. 3218, S.D.2, H.D.1**, which conforms county debt-reporting laws to allow counties to exclude housing infrastructure growth bonds from their debt limits if the proposed constitutional amendment authorizing those bonds is ratified.

HCDA works closely with counties, state agencies, and private partners to advance housing and supporting infrastructure within designated community development districts and transit-oriented development areas, pursuant to Chapter 206E, Part X, *Hawai'i Revised Statutes*. These partnerships are essential to delivering the infrastructure, such as utilities, transportation improvements, and public facilities, that enables housing development.

Housing infrastructure growth bonds represent an important value-capture financing tool that allows infrastructure to be funded through a portion of the future increase in property tax revenues generated by new development within a designated district. This approach can provide upfront capital for infrastructure without requiring new taxes or interfering with counties' traditional bonding capacity.

Aligning county debt-reporting practices with this financing mechanism will help ensure counties can fully utilize this tool if authorized by voters. Doing so will support coordinated planning and investment in housing-related infrastructure, an essential component of increasing the housing supply and addressing Hawai'i's ongoing housing shortage.

Thank you for the opportunity to provide testimony in support.

Hawai'i State Association of Counties (HSAC)  
Counties of Kaua'i, Maui, Hawai'i, and City & County of Honolulu  
Website: [hawaiicounties.org](http://hawaiicounties.org) | Email: [hsac@hawaiicounties.org](mailto:hsac@hawaiicounties.org)



**Testimony of the Hawai'i State Association of Counties**

**SB 3218 SD2 HD1 - Support**

**Relating to Bonds**

Committee on Finance

Thursday, April 2, 2026, 2:00 p.m.

On behalf of the Hawai'i State Association of Counties (HSAC), we respectfully submit testimony in **support of SB 3218 SD2 HD1**.

HSAC includes membership from the Counties of Hawai'i, Maui, Kaua'i, and the City and County of Honolulu. Our purpose is to provide a coordinated county voice on matters of statewide concern and to advance sound fiscal and intergovernmental policy in the best interests of Hawai'i's residents.

SB 3218 SD2 HD1 updates Chapter 47C, Hawai'i Revised Statutes, to conform to a proposed constitutional amendment that would authorize counties to issue Housing Infrastructure Growth Bonds and exclude those bonds from county funded debt calculations. The measure aligns existing statutes with Article VII, Section 13 of the Hawai'i State Constitution, contingent upon voter ratification of the constitutional amendment.

This bill does not require counties to issue bonds and does not appropriate state funds. Instead, it provides counties with an additional financing tool to address one of the primary barriers to housing production: infrastructure.

Infrastructure costs, including roads, sewer, drainage, water, and other public improvements, must be in place before housing can be delivered. These costs are substantial and frequently delay or limit projects, particularly in areas identified for growth and transit oriented development. Housing Infrastructure Growth Bonds would allow counties, if authorized by voters, to finance qualifying infrastructure tied directly to new development without affecting existing general obligation borrowing capacity.

The measure also preserves transparency and fiscal accountability. Counties will continue to prepare detailed annual debt summaries and supporting schedules. SB 3218 SD2 HD1 simply clarifies how these bonds would be treated in funded debt calculations if constitutionally authorized.

This proposal strengthens county fiscal flexibility, respects home rule authority, and supports coordinated state and county efforts to increase housing supply in a responsible manner.

For these reasons, HSAC respectfully urges the Committee to pass SB 3218 SD2 HD1.

Nahelani Parsons, Executive Director

**Hawai'i State Association of Counties**



# HAWAII REGIONAL COUNCIL OF CARPENTERS

April 2, 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 SB 3218 SD2 HD1**

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

The Hawai'i Regional Council of Carpenters (HRCC), 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 SB 3218 SD2 HD1.

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.

**SB 3218 SD2 HD1 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.

SB 3218 SD2 HD1 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

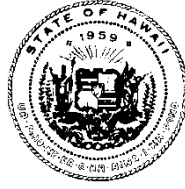
OAHU: 1311 Houghtailing Street, Honolulu Hawaii 96817-2712 • Ph. (808) 847-5761 Fax (808) 440-9188  
HILO OFFICE: 525 Kilauea Avenue, Room 205, Hilo, Hawaii 96720-3050 • Ph. (808) 935-8575 Fax (808) 935-8576  
KONA OFFICE: 75-126 Lunapule Road, Kailua-Kona, Hawaii 96740-2106 • Ph. (808) 329-7355 Fax (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, SB 3218 SD2 HD1 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 SB 3218 SD2 HD1.

Mahalo 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**

**Thursday, April 2, 2026**  
**2:00 PM – Room 308, Hawaii State Capitol**

In consideration of  
**SB 3218, SD2, HD1**  
**RELATING TO BONDS**

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 in Part I: Substitutes the word "tax increment" with "housing infrastructure growth" for purposes of the Housing Infrastructure Growth Financing Act, except under certain circumstances. Part II: Conforms state law concerning county debt limits to permit counties to exclude housing infrastructure growth bonds from the debt limit of the counties, if a constitutional amendment authorizing the use of housing infrastructure growth bonds and excluding housing infrastructure growth bonds from determinations of the counties' funded debt is ratified.

SB 3218, SD2, HD1 is the implementing legislation for its companion measure SB 3219, HD2. While the latter creates the constitutional power for counties to issue Housing Infrastructure Growth Bonds outside of debt limits, SB 3218, SD2, HD1 codifies and provides statutory guidance to put that power into practice.

To speed up housing development, we have to fix how we fund infrastructure. This bill puts the State's housing strategy into motion by giving counties a new tool to unlock thousands of new homes, especially in Transit Oriented Development areas without the debt hitting their bottom line or risking their financial security.

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



April 2, 2026

**The Honorable Chris Todd, Chair**

House Committee on Finance

State Capitol, Conference Room 308 & Videoconference

**RE: Senate Bill 3218, SD2, HD1, Relating to Bonds**

**HEARING: Thursday, April 2, 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** Senate Bill 3218, SD2, which Part I: Substitutes the word "tax increment" with "housing infrastructure growth" for purposes of the Housing Infrastructure Growth Financing Act, except under certain circumstances. Part II: Confirms state law concerning county debt limits to permit counties to exclude housing infrastructure growth bonds from the debt limit of the counties, if a constitutional amendment authorizing the use of housing infrastructure growth bonds and excluding housing infrastructure growth bonds from determinations of the counties' funded debt is ratified. 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.



 808-733-7060

 808-737-4977

 1259 A'ala Street, Suite 300  
Honolulu, HI 96817

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





April 1, 2026

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

**Strong Support of SB 3218, SD2, HD1, RELATING TO BONDS.**

**FIN HEARING: Thursday, April 2, 2026, at 2:00 p.m.  
State Capitol, Conference Room 308, and VIA VIDEOCONFERENCE**

The Land Use Research Foundation of Hawai'i (LURF) is a private research and trade association founded in 1979, whose members include major Hawai'i landowners, developers, utility companies, and land use professionals. LURF's mission is to research, educate, and advocate for reasonable, rational, and equitable land use planning, laws, and regulations that encourage well-planned and sustainable economic growth in agriculture, housing, renewable energy, commercial and industrial uses, and tourism, while safeguarding Hawai'i's significant natural, environmental, historic, and cultural resources, public health, and safety.

LURF **strongly supports SB 3218, SD2, HD1, Relating to Bonds**, which includes the following in Part I: Substitutes the word "tax increment" with "housing infrastructure growth" for purposes of the Housing Infrastructure Growth Financing Act, except under certain circumstances. In Part II: Conforms state law concerning county debt limits to permit counties to exclude housing infrastructure growth bonds from the debt limit of the counties, if a constitutional amendment authorizing the use of housing infrastructure growth bonds and excluding housing infrastructure growth bonds from determinations of the counties' funded debt is ratified. Effective 7/1/3000. (HD1)

To address Hawai'i's severe housing shortage, Hawai'i will require significant, dependable, and continuing investment in and funding of the infrastructure essential to support new housing development, particularly in transit-oriented development areas and other priority growth areas across the State that have been identified by the state and counties for urban and residential development. This measure expressly authorizes counties to issue housing infrastructure growth bonds and excludes such bonds from county debt limit calculations, when repaid solely from incremental county tax revenues; and will provide the counties with a permanent flexible financing tool to build the necessary infrastructure to support future housing and mixed-use development.

Based on the reasons stated above, LURF is in **strong support of SB 3218, SD2, HD1**, and respectfully requests your favorable consideration of this bill.

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



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

April 2, 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 **SB3218\_\_SD2\_HD1**.

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.

SB3218\_\_SD2\_HD1 addresses this imbalance by allowing 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, SB3218\_\_SD2\_HD1 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. SB3218\_\_SD2\_HD1 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 SB3218\_\_SD2\_HD1.

Mahalo, for the opportunity to submit testimony and for your consideration.



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## **TESTIMONY IN SUPPORT OF SB 3218 SD2 HD1— RELATING TO BONDS**

**DATE:** Wednesday April 2, 2026

**TIME:** 2:00 pm

**COMMITTEE:** House Committee on Finance

Chair: Chris, Todd

Vice Chair: Jenna Takenouchi

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

Mahalo for the opportunity to submit testimony in strong **SUPPORT** of SB 3218 SD2 HD1— ,  
Relating to Bonds.

The Avalon Group is engaged in development projects throughout Hawai'i. From our experience, one of the most significant constraints on housing production is the availability and timing of financing needed to construct essential infrastructure. Critical improvements such as roads, drainage systems, and utilities must be completed before homes can be delivered. However, these infrastructure costs are typically required upfront, placing considerable strain on project feasibility and ultimately contributing to higher housing prices.

SB 3218 addresses this challenge by clarifying the statutory treatment of housing infrastructure growth bonds as a value-capture financing mechanism. By aligning infrastructure investment with the future tax base generated by new development, counties are provided with a practical tool to fund necessary improvements without relying solely on limited general obligation debt or shifting additional financial burdens to the early stages of a project.

Importantly, this approach does not raise taxes or increase existing tax rates. Instead, infrastructure costs are repaid over time using a portion of the new property tax revenues generated by development that would not occur without the initial infrastructure investment. Additionally, excluding these bonds from traditional debt limits preserves county borrowing capacity for other critical public priorities.

For the private sector, SB 3218 SD2 HD1 offers greater predictability and stronger coordination with public partners. Clear and dependable infrastructure financing mechanisms allow housing projects to proceed more efficiently, supporting increased housing supply and more attainable housing opportunities statewide.



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SB 3218 SD2 HD 1 is a key implementation measure that aligns statute with the proposed constitutional authority for housing infrastructure growth bonds. Together, these measures provide counties with a flexible and fiscally responsible strategy to address long-standing infrastructure gaps that have delayed housing delivery, including in transit-oriented development areas and other priority growth regions.

For these reasons, The Avalon Group respectfully urges the Committee to pass SB 3218.

Mahalo for your consideration.

Respectfully submitted,

A large, stylized handwritten signature in black ink, appearing to read 'Christine Camp', is written over the typed name and title.

Christine Camp  
President & Chief Executive Officer  
Avalon Group



April 1, 2026

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

Hearing date: April 2, 2026 @ 2:00pm

RE: **SB 3218 –PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE  
HAWAII STATE CONSTITUTION  
SB 3219 – 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 SB 3218 – RELATING TO BONDS and SB 3219 PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION. 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.

SB 3218 and SB 3219, 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, SB 3218 and SB 3219 represent a common sense, 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 SB 3218** and **SB 3219**.

Mahalo for your consideration,

Tracy S. Tonaki  
President  
D.R. Horton Hawaii



Testimony of  
Pacific Resource Partnership

Hawai'i State Legislature  
Honorable Members of the House Committee on Finance (FIN)  
Thursday, April 2, 2026

**Subject: Testimony in Strong Support of SB3218 SD2 HD1 relating to housing infrastructure growth bonds and debt limit statements 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 SB3218 SD2 HD1.

This measure amends the Hawai'i Revised Statutes to align county debt limit statements with constitutional provisions, enabling counties to exclude housing infrastructure growth bonds from their debt limit calculations — provided the related constitutional amendment is ratified by voters. By updating definitions and ensuring clear reporting of bonded indebtedness, SB3218 SD2 HD1 provides the statutory framework needed for counties to effectively implement this innovative value-capture financing tool. Recent studies and buildouts highlight the substantial benefits of value capture financing and similar mechanisms for housing infrastructure. For instance, a 2025 report from the National Association of Realtors details how municipalities nationwide are leveraging value capture financing to fund affordable and workforce housing, transit improvements, and walkable downtowns.

Meanwhile, events in both California and Hawai'i underscore the flexibility and urgency of this financing tool. Following the devastating January 2025 Palisades Fire that destroyed homes and infrastructure in the Santa Monica Mountains, California enacted SB782 (signed October 10, 2025), creating expedited "Disaster Recovery Districts" — a type of Enhanced Infrastructure Financing District (EIFD). These districts use future property-tax increments to rebuild streets, water/sewer systems, utilities, and other public works without any new taxes or fees on property owners. Los Angeles County is now establishing such a district for unincorporated Santa Monica Mountains communities.



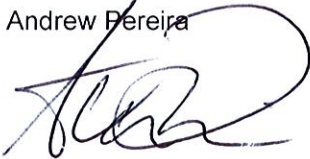
**(Continued From Page 1)**

Here in Hawai'i, the recent flooding from two Kona low storms dramatically demonstrated the critical need for upgraded and new infrastructure to protect our communities. Housing infrastructure growth bonds, repaid solely from incremental tax revenues generated by new development and rising values, offer a practical way to finance these essential improvements alongside much-needed housing.

PRP's research shows that when homebuilders must fund roads, sewers, water, and power upfront, those costs are passed directly to buyers and inflate home prices by 30% or more. These bonds shift the risk to bond purchasers, not taxpayers, keep general-fund resources focused on core services, and can unlock thousands of new housing units, as well as projects on the neighbor islands and around Honolulu's Skyline rail corridor. PRP respectfully urges the committee to pass SB3218 SD2 HD1 so Hawai'i can deliver the housing and resilient infrastructure our families need right now.

Mahalo for your consideration.

Andrew Pereira



Director of Public Affairs  
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