

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



GOV. MSG. NO. 1366

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

July 15, 2026

The Honorable Ronald D. Kouchi
President of the Senate,
and Members of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Nadine K. Nakamura
Speaker, and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Aloha President Kouchi, Speaker Nakamura, and Members of the Legislature:

This is to inform you that on July 15, 2026, the following bill was signed into law:

S.B. NO. 2338, S.D. 1, H.D. 2,
C.D. 1

RELATING TO HOUSING.
ACT 263

Mahalo,

A handwritten signature in black ink that reads "Josh Green M.D." in a cursive style.

Josh Green, M.D.
Governor, State of Hawai'i

Approved by the Governor

on JUL 15 2026

THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

ACT 263
S.B. NO. 2338
S.D. 1
H.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the Hawaii housing
2 finance and development corporation and Hawaii public housing
3 authority both provide critical services to address Hawaii's
4 affordable housing crisis. The Hawaii housing finance and
5 development corporation oversees the financing of affordable
6 housing and the Hawaii public housing authority manages the
7 State's public housing programs and housing choice vouchers.
8 Through these two entities, the supply of affordable housing in
9 Hawaii has grown, with billions of dollars financed and more
10 than six thousand public housing units currently being managed.
11 The legislature further finds that the executive directors
12 of the two entities face different compensation limitations,
13 with the executive director of the Hawaii public housing
14 authority being paid not more than the governor, and the
15 executive director of the Hawaii housing finance and development
16 corporation being paid a lower salary of not more than the
17 director of business, economic development, and tourism--a



1 difference of more than \$10,000. In addition, the salary of the
2 executive assistant of the Hawaii housing finance and
3 development corporation is also capped at a percentage of the
4 executive director's salary.

5 The legislature believes that increasing certain salary
6 caps will help the State compete with the private sector for
7 highly skilled individuals and further increase the supply of
8 affordable housing in Hawaii. Additionally, the legislature
9 recognizes that increases in salary caps are necessary, and that
10 these increases will help expand agencies' development plans.

11 Accordingly, the purpose of this Act is to:

- 12 (1) Exempt Hawaii housing finance and development
13 corporation (HHFDC) employees from the requirement
14 that their employment actions and job descriptions be
15 subject to approval by the director of business,
16 economic development, and tourism;
- 17 (2) Require the executive director of HHFDC to be paid a
18 salary recommended by its board of directors and
19 subject to the approval of the director of business,
20 economic development, and tourism, not to exceed
21 ninety-nine percent of the salary of the governor;



- 1 (3) Rename the position of executive assistant to deputy
2 executive director for HHFDC and increase the salary
3 cap for the deputy executive director;
- 4 (4) Establish conditions for the issuance, renewal, and
5 termination of employment contracts issued by the
6 HHFDC, Hawaii community development authority (HCDA),
7 and the Hawaii public housing authority (HPHA);
- 8 (5) Exempt the executive director of HCDA, and officers,
9 agents, and employees appointed by the executive
10 director, from the requirement that their employment
11 actions and job descriptions be subject to approval by
12 the director of business, economic development, and
13 tourism; and
- 14 (6) Require the executive director of HCDA to be paid a
15 salary recommended by the authority and subject to the
16 approval of the director of business, economic
17 development, and tourism, not to exceed ninety-nine
18 per cent of the salary of the governor.

19 SECTION 2. Section 201H-2, Hawaii Revised Statutes, is
20 amended by amending subsections (a) and (b) to read as follows:



1 "(a) There is established the Hawaii housing finance and
2 development corporation to be placed within the department of
3 business, economic development, and tourism for administrative
4 purposes only. The corporation shall be a public body and a
5 body corporate and politic. All employees covered under
6 subsection (b) shall be exempt from section 26-35(a)(4).

7 (b) The corporation shall employ, exempt from chapter 76
8 ~~[and section 26-35(a)(4)]~~, an executive director ~~[and an~~
9 ~~executive assistant.]~~, a deputy executive director, and a
10 finance manager. The executive director shall be paid a salary
11 ~~[not to exceed the salary of the director of business, economic~~
12 ~~development, and tourism.]~~ recommended by the board; provided
13 that the salary shall be subject to the approval of the director
14 of business, economic development, and tourism, and shall not
15 exceed ninety-nine per cent of the salary of the governor. The
16 ~~[executive assistant]~~ deputy executive director shall be paid a
17 salary not to exceed ~~[ninety]~~ ninety-five per cent of the
18 executive director's salary. The finance manager shall be paid
19 a salary set by the board. Subsequent salary increases shall be
20 determined by the board; provided that the salary increases
21 shall be not less than the collective bargaining increases



1 provided to state employees in comparable professional
2 bargaining units. The finance manager shall oversee all finance
3 programs of the corporation and develop new initiatives to
4 deliver housing to a range of household incomes using minimal
5 state resources and as efficiently as possible. The finance
6 manager shall have knowledge of the following:

- 7 (1) State housing finance agencies;
- 8 (2) Public finance;
- 9 (3) Bond issuance, debt management, and credit
10 underwriting;
- 11 (4) Regulatory compliance;
- 12 (5) Portfolio management; and
- 13 (6) Housing finance planning and legislation.

14 The corporation may employ, subject to chapter 76, technical
15 experts and officers, agents, and employees, permanent and
16 temporary, as required. The corporation may also employ
17 officers, agents, and employees, prescribe their duties and
18 qualifications, and fix their salaries, not subject to
19 chapter 76, when in the determination of the corporation, the
20 services to be performed are unique and essential to the
21 execution of the functions of the corporation. The corporation



1 shall not offer an employment contract entered into on or after
2 the effective date of this Act that exceeds a three-year term.
3 No employment contract shall contain an automatic renewal
4 provision. Any renewal or extension of an employment contract
5 shall be subject to approval by the board. No employment
6 contract shall contain any provision for severance pay,
7 liquidated damages, or a financial buyout of the unexpired term
8 of the contract; provided that nothing in this subsection shall
9 prohibit the payment of any compensation or benefits earned or
10 accrued before the date of termination. The corporation may
11 call upon the attorney general for legal services as it may
12 require. The corporation may delegate to one or more of its
13 agents or employees its powers and duties as it deems proper."

14 SECTION 3. Section 206E-3, Hawaii Revised Statutes, is
15 amended by amending subsection (c) to read as follows:

16 "(c) The authority shall appoint [the], exempt from
17 chapter 76 and section 26-35(a)(4), an executive director who
18 shall be the chief executive officer~~[- The authority shall set~~
19 ~~the salary of the executive director, who shall serve at the~~
20 ~~pleasure of the authority and shall be exempt from chapter 76.]~~
21 and whose salary shall be recommended by the authority; provided



1 that the salary shall be subject to the approval of the director
2 of business, economic development, and tourism and shall not
3 exceed ninety-nine per cent of the salary of the governor. The
4 executive director shall serve at the pleasure of the authority.
5 The authority shall not offer an employment contract entered
6 into on or after the effective date of this Act that exceeds a
7 three-year term. No employment contract shall contain an
8 automatic renewal provision. Any renewal or extension of an
9 employment contract shall be subject to approval by the
10 authority. No employment contract shall contain any provision
11 for severance pay, liquidated damages, or a financial buyout of
12 the unexpired term of the contract; provided that nothing in
13 this subsection shall prohibit the payment of any compensation
14 or benefits earned or accrued before the date of termination."

15 SECTION 4. Section 206E-4, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "**§206E-4 Powers; generally.** Except as otherwise limited
18 by this chapter, the authority may:

19 (1) Sue and be sued;

20 (2) Have a seal and alter the same at pleasure;



- 1 (3) Make and execute contracts and all other instruments
2 necessary or convenient for the exercise of its powers
3 and functions under this chapter;
- 4 (4) Make and alter bylaws for its organization and
5 internal management;
- 6 (5) Make rules with respect to its projects, operations,
7 properties, and facilities, which rules shall be in
8 conformance with chapter 91;
- 9 (6) Through its executive director appoint officers,
10 agents, and employees, prescribe their duties and
11 qualifications, and fix their salaries, without regard
12 to chapter 76[+] and section 26-35(a)(4);
- 13 (7) Prepare or cause to be prepared a community
14 development plan for all designated community
15 development districts;
- 16 (8) Acquire, reacquire, or contract to acquire or
17 reacquire by grant or purchase real, personal, or
18 mixed property or any interest therein; to own, hold,
19 clear, improve, and rehabilitate, and to sell, assign,
20 exchange, transfer, convey, lease, or otherwise
21 dispose of or encumber the same;



- 1 (9) Acquire or reacquire by condemnation real, personal,
2 or mixed property or any interest therein for public
3 facilities, including but not limited to streets,
4 sidewalks, parks, schools, and other public
5 improvements;
- 6 (10) By itself, or in partnership with qualified persons,
7 acquire, reacquire, construct, reconstruct,
8 rehabilitate, improve, alter, or repair or provide for
9 the construction, reconstruction, improvement,
10 alteration, or repair of any project; own, hold, sell,
11 assign, transfer, convey, exchange, lease, or
12 otherwise dispose of or encumber any project, and in
13 the case of the sale of any project, accept a purchase
14 money mortgage in connection therewith; and repurchase
15 or otherwise acquire any project that the authority
16 has theretofore sold or otherwise conveyed,
17 transferred, or disposed of;
- 18 (11) Arrange or contract for the planning, replanning,
19 opening, grading, or closing of streets, roads,
20 roadways, alleys, or other places, or for the
21 furnishing of facilities or for the acquisition of



- 1 property or property rights or for the furnishing of
2 property or services in connection with a project;
- 3 (12) Grant options to purchase any project or to renew any
4 lease entered into by it in connection with any of its
5 projects, on terms and conditions as it deems
6 advisable;
- 7 (13) Prepare or cause to be prepared plans, specifications,
8 designs, and estimates of costs for the construction,
9 reconstruction, rehabilitation, improvement,
10 alteration, or repair of any project, and from time to
11 time to modify the plans, specifications, designs, or
12 estimates;
- 13 (14) Provide advisory, consultative, training, and
14 educational services, technical assistance, and advice
15 to any person, partnership, or corporation, either
16 public or private, to carry out the purposes of this
17 chapter, and engage the services of consultants on a
18 contractual basis for rendering professional and
19 technical assistance and advice;



- 1 (15) Procure insurance against any loss in connection with
2 its property and other assets and operations in
3 amounts and from insurers as it deems desirable;
- 4 (16) Contract for and accept gifts or grants in any form
5 from any public agency or from any other source;
- 6 (17) Do any and all things necessary to carry out its
7 purposes and exercise the powers given and granted in
8 this chapter; and
- 9 (18) Allow satisfaction of any affordable housing
10 requirements imposed by the authority upon any
11 proposed development project through the construction
12 of reserved housing, as defined in section 206E-101,
13 by a person on land located outside the geographic
14 boundaries of the authority's jurisdiction; provided
15 that the authority may permit cash payments in lieu of
16 providing reserved housing. The substituted housing
17 shall be located on the same island as the development
18 project and shall be substantially equal in value to
19 the required reserved housing units that were to be
20 developed on site. The authority shall establish the



1 following priority in the development of reserved
2 housing:

3 (A) Within the community development district;

4 (B) Within areas immediately surrounding the
5 community development district;

6 (C) Areas within the central urban core;

7 (D) In outlying areas within the same island as the
8 development project.

9 The Hawaii community development authority shall
10 adopt rules relating to the approval of reserved
11 housing that are developed outside of a community
12 development district. The rules shall include, but
13 are not limited to, the establishment of guidelines to
14 ensure compliance with the above priorities."

15 SECTION 5. Section 356D-2, Hawaii Revised Statutes, is
16 amended by amending subsection (b) to read as follows:

17 "(b) The authority shall employ, exempt from chapter 76
18 and section 26-35(a)(4), an executive director, an executive
19 assistant, a chief financial management advisor, a property
20 management branch chief, a chief planner, and a redevelopment
21 officer, whose salaries shall be set by the board established



1 under section 356D-3; provided that no salary shall exceed the
2 governor's salary. The authority may employ, subject to
3 chapter 76, technical experts and officers, agents, and
4 employees, permanent or temporary, as required. The authority
5 may also employ officers, agents, and employees; prescribe their
6 duties and qualifications; and fix their salaries, not subject
7 to chapter 76, when in the determination of the authority, the
8 services to be performed are unique and essential to the
9 execution of the functions of the authority; provided that if
10 the authority hires an officer, agent, or employee in a capacity
11 not subject to chapter 76, the authority shall include in an
12 annual report to the legislature, to be submitted [~~not~~] no later
13 than twenty days prior to the convening of each regular session,
14 the position descriptions and reasons for hiring the personnel
15 in a civil service exempt capacity. The authority shall not
16 offer an employment contract entered into on or after the
17 effective date of this Act that exceeds a three-year term. No
18 employment contract shall contain an automatic renewal
19 provision. Any renewal or extension of an employment contract
20 shall be subject to approval by the board. No employment
21 contract shall contain any provision for severance pay,



1 liquidated damages, or a financial buyout of the unexpired term
2 of the contract; provided that nothing in this subsection shall
3 prohibit the payment of any compensation or benefits earned or
4 accrued before the date of termination. The authority may call
5 upon the attorney general for legal services as it may require.
6 The authority may delegate to one or more of its agents or
7 employees the powers and duties it deems proper."

8 SECTION 6. The amendments made to sections 201H-2(b) and
9 206E-3(c), Hawaii Revised Statutes, regarding the approval of
10 the salaries of the executive directors of the Hawaii housing
11 finance and development corporation and Hawaii community
12 development authority by the director of business, economic
13 development, and tourism, shall not apply to any employment
14 contract executed before the effective date of this Act. The
15 amendments shall apply to any new employment contract, contract
16 renewal, or contract extension entered into after the expiration
17 of a contract in effect on the effective date of this Act.

18 SECTION 7. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20

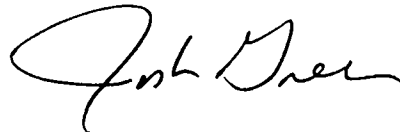


1 SECTION 8. This Act shall take effect upon its approval.



S.B. NO. 2338
S.D. 1
H.D. 2
C.D. 1

APPROVED this 15th day of July, 2026

A handwritten signature in black ink, appearing to read "Josh Green". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

GOVERNOR OF THE STATE OF HAWAII

THE SENATE OF THE STATE OF HAWAI‘I

Date: May 6, 2026
Honolulu, Hawai‘i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate
of the Thirty-Third Legislature of the State of Hawai‘i, Regular Session of 2026.


President of the Senate


Clerk of the Senate

SB No. 2338, SD 1, HD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 6, 2026
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Third Legislature of the State of Hawaii, Regular Session of 2026.



Nadine K. Nakamura
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives