

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
1002 North School Street, Building E
Honolulu, Hawaii 96817**

**November 20, 2014
9:00 a.m.**

AGENDA

I. CALL TO ORDER/ROLL CALL

II. APPROVAL OF MINUTES

- A. Regular Meeting Minutes, October 28, 2014 (**Pages 1 – 13**)
- B. Executive Session Minutes, October 28, 2014 (not for public release)

III. PUBLIC TESTIMONY

Public testimony on any item relevant to this agenda shall be taken at this time. Pursuant to section 92-3, Hawaii Revised Statutes, and section 17-2000-18, Hawaii Administrative Rules, the Board may limit public testimony to three minutes per agenda item.

IV. FOR ACTION

- A. Motion: To Authorize the Executive Director to Accept and Pay for the Investment Grade Energy Audit from Ameresco in the Amount of \$151,436 (**Pages 14 - 15**)

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to the Energy Performance Contract with Ameresco.

- B. Motion: To Approve the Increase in Payment Standard From 90% to 95% of the Fair Market Rents for the Section 8 Housing Choice Voucher Program and to Authorize the Executive Director to Take All Necessary Steps to Implement the New Payment Standards Effective January 1, 2015 (**Pages 16 – 19**)

- C. Motion: To Approve the Selection of a Master Developer for the Redevelopment of Mayor Wright Homes and to Authorize the Executive Director to Begin Negotiations to Enter into A Master Development Agreement with the Selected Master Developer
- D. Motion: To Approve Compensation for the Hawaii Public Housing Authority's (HPHA) Executive Director Effective January 1, 2014 Provided that the Executive Director's Salary Shall Not Exceed the Governor's Salary Pursuant to §356D-2, Hawaii Revised Statutes (**Page 20**)

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(2) and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to Compensation for the Hawaii Public Housing Authority's (HPHA) Executive Director Effective January 1, 2014 Provided that the Executive Director's Salary Shall Not Exceed the Governor's Salary Pursuant to §356D-2, Hawaii Revised Statutes.

V. TASK FORCE REPORT

- A. Finance Task Force Report
- B. Personnel Task Force Report

VI. REPORTS

- A. Executive Director's Report Highlights: (**Pages 21 – 65**)
 - Property Management and Maintenance Services Branch Occupancy and Rent Collection Status
 - Section 8 Lease up Status and Program Activity
 - Hawaii Public Housing Authority's Section 8 Management Assessment Program (SEMAP) Score of 97 and High Performer Rating for the Fiscal Year July 1, 2013 to June 30, 2014
 - Design and Construction Project Updates
 - Contracts Executed During October 2014

VII. FOR DISCUSSION/INFORMATION

- A. For Information: *Kolio v. State of Hawaii, Hawaii Public Housing Authority; Case No. 13-000785* Eviction Appeal and Oral Arguments Before the Supreme Court (**Page 66**)

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to *Kolio v. State of Hawaii, Hawaii Public Housing Authority; Case No. 13-000785*)

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities on any item listed above. If any person requires special needs (i.e., large print, taped materials, sign language interpreter, etc.) please call Ms. Taryn Chikamori at (808) 832-4690 by close of business two days prior to the meeting date. Meals will be served to the Board and support staff as an integral part of the meeting.

HAWAII PUBLIC HOUSING AUTHORITY
MINUTES OF THE REGULAR MEETING
HELD AT 1002 NORTH SCHOOL STREET, BUILDING E
HONOLULU, HAWAII 96817
ON TUESDAY, OCTOBER 28, 2014
IN THE COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority held a Regular Board Meeting at 1002 North School Street, on Tuesday, October 28, 2014 at 9:00 a.m. Chairperson Gierlach called the meeting to order. Those present were as follows:

PRESENT: Director David Gierlach, Chairperson
Director Jason Espero, Vice Chairperson
Director Myoung Oh, Secretary
Director Gilbert De Motta
Director Morgan Kaya
Director Debbie Shimizu
Director Sheri Tanaka
Designee Barbara Yamashita

Deputy Attorney General, Diane Taira

EXCUSED: None

STAFF PRESENT: Hakim Ouansafi, Executive Director
Barbara Arashiro, Executive Assistant
Chong Gu, Chief Financial Management Advisor
Kiriko Oishi, Chief Compliance Officer
Dawn Takeuchi Apuna, Chief Planner
Rick Sogawa, Procurement Officer
Becky Choi, State Housing Development Administrator
Joanna Renken, Supervising Public Housing Manager
Stephanie Fo, Section 8 Subsidy Programs Branch Chief
Renee Blondin-Nip, Hearings Officer
Gary Nakatsu, Data Processing Supervisor
Shirley Befitel, Personnel Officer
Clarence Allen, Fiscal Officer
Rochelle Akamine, Resident Services Program Specialist
Sam Liu, Property Management Specialist
Kalia McKeague, Property Management Specialist
Taryn Chikamori, Secretary to the Board

OTHERS PRESENT (and signing in as):

Daria Fand, Kalakaua Homes resident
Brian Uy, private resident

Proceedings:

Chairperson Gierlach declared a quorum present.

Chairperson Gierlach introduced new Board member Director Morgan Kaya. Director Kaya stated she works for Altres Staffing.

Executive Director Ouansafi introduced Supervising Deputy Attorney General Diane Taira.

Approval of Minutes:

Director Espero moved,

To approve the Annual and Regular Meeting Minutes of August 21, 2014.

The minutes were unanimously approved.

Public Testimony:

Daria Fand, Kalakaua Homes resident, stated that she is an advocate for the no smoking ban and has been working with the Coalition for a Tobacco Free Hawaii and the Department of Health (DOH). She thanked the Hawaii Public Housing Authority (HPHA) for working with the Legislature to pass the no smoking law. She stated that because there is no lease addendum the policy is not enforceable. She requested information on: 1) who from HPHA is working with the Attorney General's (AG) office; 2) how often are they communicating; 3) what are the questions and responses from the AG's office; and 4) how long has the lease addendum been under review at the AG's office. She recommended/requested that the Board write a letter to the AG's to inform them of the urgency of the lease addendum.

Executive Director Ouansafi stated that the AG's office is working to expedite various items. He also clarified that although the lease addendum is being worked on, the ban on smoking is state law and a lease addendum is not required to enforce the law.

For Action:

Director Espero moved,

To Adopt Administrative Policy, Programs No. 1, Relating to Hawaii Public Housing Authority's Non-Discrimination Policy and Complaint Procedures for All Programs, and to Authorize the Executive Director to Undertake All Actions Necessary to Implement the Policy.

Executive Director Ouansafi stated that the policy has not been updated since 2001. There are references to the Hawaii Community Development Corporation of Hawaii (the HPHA's predecessor). The non-retaliation language was moved to the policy section of the memorandum. He stated the policy was clarified to include complaints relative to language access. The Compliance Officer has the added responsibilities of being the Language Access Coordinator and Section 504 coordinator.

Director Shimizu asked if the tenants are given a list of resources of who can help them complete the complaint form. Executive Director Ouansafi confirmed her understanding and added that the complaint does not need to be written, it can also be verbal.

Director Shimizu asked about the availability of translated complaint forms into various languages. Executive Director Ouansafi confirmed that translated forms will be available and distributed copies of various translated documents as samples for the Board to review.

Director Shimizu stated the policy states "HIV status", but was concerned that there are other communicable diseases. She questioned whether the policy needed to list HIV specifically. Supervising Deputy Attorney General Taira confirmed that there are specific statutory protections regarding persons with HIV.

Director Shimizu stated that with the current situation she would like to see future discussions on how other communicable diseases are dealt with.

The motion was unanimously approved.

For Action:

Director Oh moved,

To Adopt Administrative Policy, Programs No. 2, Relating to Hawaii Public Housing Authority's Language Access Policy for All Programs, and to Authorize the Executive Director to Undertake All Actions Necessary to Implement the Policy.

Executive Director Ouansafi stated that the HPHA is committed to a non-discriminatory environment. He stated that federal properties have a similar policy adopted in the Admissions and Continued Occupancy Policy (ACOP) and the HPHA wants to extend the policy to the state projects as well.

The motion was unanimously approved.

For Action:

Director Espero moved,

To Authorize the Executive Director to Accept and Pay for the Investment Grade Energy Audit from Ameresco in the Amount of \$151,436.

Chairperson Gierlach requested that the item be deferred to next month to allow the Board to confer with Deputy Attorney General John Wong. He stated that Deputy Attorney General Wong is the attorney most familiar with this action and he was unable to attend the meeting today.

For Action:

Director Oh moved,

To Authorize the Executive Director to Close the Waitlist for the Palolo Homes Project Based Section 8 Program.

Executive Director Ouansafi stated that Palolo Homes has 300 units and there are approximately 3,400 families on the waitlist. He stated that in order to serve all these families it would take about 100 years.

Director Espero asked how many other project based properties does the HPHA have. Executive Director Ouansafi responded that the HPHA has approximately 3,000 units under the Performance Based Contract Administration (PBCA) program which is contracted out to the Bremerton Housing Authority and two properties with project based vouchers: Palolo Homes and Kuhio Park Terrace (KPT).

Director Espero asked if KPT's waitlist will remain open. Executive Director Ouansafi responded that KPT waitlist will remain open.

Director Espero asked if the Palolo Homes waitlist is closed will the HPHA give applicants other options. Executive Director Ouansafi responded the HPHA encourages applicants to apply for public housing and the City and County of Honolulu's (C & C) Section 8 program.

The motion was unanimously approved.

For Action:

To Approve the Selection of a Master Developer for the Redevelopment of Mayor Wright Homes and to Authorize the Executive Director to Begin Negotiations to Enter into A Master Development Agreement with the Selected Master Developer.

Chairperson Gierlach deferred the motion to Executive Session.

For Action:

Director Oh moved,

To Ratify All Past Actions as of January 2012 Regarding the Development of the Hawaii Public Housing Authority's Administrative Offices Located at 1002 N. School Street, Honolulu, Hawaii 96817 and to Authorize the Executive Director to Continue Taking all the Necessary Steps Needed for Such Development.

Executive Director Ouansafi stated that all the information has already been shared with the Board, but the Department of the Attorney General suggested that the HPHA makes a formal request to the Board.

The motion was unanimously approved.

For Action:

To Adopt Amendments to the Hawaii Public Housing Authority's (HPHA) By-Laws to Establish Voting Requirements to Discipline or Terminate the Executive Director or Executive Assistant for Cause; and to Authorize the Executive Director to Delegate Authority to Qualified Staff to Execute Instruments or Checks for Payments on Behalf of the Hawaii Public Housing Authority.

Chairperson Gierlach deferred the motion to Executive Session.

For Action:

To Approve Compensation for the Hawaii Public Housing Authority's (HPHA) Executive Director Effective January 1, 2014 Provided that the Executive Director's Salary Shall Not Exceed the Governor's Salary Pursuant to §356D-2, Hawaii Revised Statutes; and to Clarify Delegated Authority Related to the

Executive Assistant, Chief Financial Management Advisor, Property Management Branch Chief, Chief Planner, and Redevelopment Officer During Temporary Assignment.

Chairperson Gierlach deferred the motion to Executive Session.

Executive Director's Report:

- Executive Director Ouansafi stated the HPHA's occupancy rate could potentially be at 99%, but because units are being held for relocation and right sizing the HPHA's occupancy rate is around 97% - 98%.
- Executive Director Ouansafi reported that several years ago the unit turnaround time was in the three digits and the goal is 7 days. Currently, the unit turnaround time is approximately 7.25 days.
- Executive Director Ouansafi reported that the HPHA submitted the Section 8 Management Assessment Program (SEMAP) to the U.S. Department of Housing and Urban Development (HUD) and the HUD system currently shows the HPHA's Section 8 program is rated as a high performer.
- Executive Director Ouansafi reported that the Public Housing Assessment System (PHAS) has been completed and the HPHA is a standard performer, with substandard performance (in the MASS). The HUD report recently issued is for the period July 2012 – June 2013, but if the scores were completed today the HPHA would be rated higher.
- Executive Director Ouansafi reported that the Real Estate Assessment Center (REAC) scores have gone up. The REAC inspections start again next month.
- Executive Director Ouansafi stated that Ms. Gail Lee, AMP 31 Manager, is retiring and he thanked her for her service. He stated because she is retiring there will be a management shift at some properties and he is working with the staff to ensure continuity of operations.
- Executive Director Ouansafi reported that the HPHA will be presenting the HPHA's mission to the Legislature at an informational briefing at the State Capitol. Executive Director Ouansafi reported that the HPHA housed over 3,000 homeless people which include 837 children in the last few years. He stated that 94% of these families are actually paying rent.
- Director De Motta stated that Senator Kahele asked when construction will begin at Lanakila Homes. Executive Director Ouansafi reported that the HPHA just received the permits and will begin construction after all necessary prep work is completed.

- Director De Motta stated he spoke to the County of Hawaii regarding the private resident's patio that is encroaching on the HPHA's property. He was informed that a violation letter was sent from the County and the owner was informed that the patio needs to come down by January 2015.
- Executive Director Ouansafi reported that the HPHA will be having its Annual Employee Recognition Day on October 29, 2014. The Board members are encouraged to attend.
- Executive Director Ouansafi reported that HUD conducted an audit of HPHA's compliance with environmental review requirements on HUD funded construction projects. Executive Director Ouansafi clarified that the projects cited in the HUD report are not under contract, so technically the violations did not occur. However, the audit report allowed the HPHA to double check that all requirements will be fulfilled prior to the execution of the construction contracts and that the response was sent to HUD.
- Executive Director Ouansafi reported that the Department of Budget and Finance (B&F) staff is not processing the HPHA's request for \$6.1 million for Capital Improvement Program (CIP) funds. He stated that he spoke to B&F Director and the Chief of Staff to help resolve the issue.
- Executive Director Ouansafi reported that the HPHA is working on creating: 1) an automated phone system with different languages; 2) an online application process; and 3) a system which will allow tenants to pay their rent online.
- Executive Director Ouansafi reported that the HPHA will be requesting from the Legislature: 1) \$147 million of CIP funds; 2) Silo funds for Mayor Wright Homes re-development and School Street re-development; 3) operating funds for the State projects; and 4) funding for 17 more positions. If the HPHA does not receive the operating funds for the State projects the HPHA may need to raise rents.
- Executive Director Ouansafi stated that the HPHA had a meeting with the auditors who reported that the HPHA is in the best position it has ever been in. Chairperson Gierlach appointed Director Espero, Director Oh, and Director Tanaka to the Finance Task Force to review the audited financial statements.
- Director Shimizu asked about the storm damage. Executive Director Ouansafi reported that the HPHA had no storm damage. The item was included on the agenda in anticipation of any report that needed to be made.
- Executive Director Ouansafi reported that the HPHA intends to terminate the lease agreement with the Honolulu Community Action Program (HCAP) at the Makalapa Community Center located adjacent to Puuwai Momi. The lease agreement required HCAP to upkeep and maintain the building. They have not up kept the building and it is now unstable and unsafe for the children. HCAP had asked to

extend the lease, but the HPHA had previously extended the lease and the issues still have not been addressed.

Director Espero asked what the costs of repairs are. Executive Director Ouansafi reported that the HPHA hasn't had an official estimate, but his guess is over a million dollars.

Chairperson Gierlach asked why the tenant is responsible for the repairs. Executive Director Ouansafi responded that according to the lease agreement HCAP is responsible to maintain the facilities.

Director Oh asked how long HCAP has occupied the facilities. Executive Director Ouansafi stated he is unsure of the exact time, but guessed that it for many years.

- Director Shimizu asked for clarification on Cloudbreak Hawaii LLC's violation. Executive Director Ouansafi responded that before the HPHA applied for the project-based Veteran Affairs Supportive Housing (VASH) vouchers, Cloudbreak committed to provide units. The HPHA was awarded the vouchers and Cloudbreak said they only have one or two units. The HPHA is working with Cloudbreak to secure the number of units required by the application. They currently have 19 units available and are working on the remaining unit.
- Director Shimizu asked to explain why evictions are going up. Executive Director Ouansafi responded that many are for non-payment of rent, safety, and lease violations. Some tenants have not been paying rent for years and the AMP Managers are working with the Hearing Office to process those evictions.
- Director De Motta asked if the HPHA is working on a direct rent payment system. Executive Director Ouansafi responded that the HPHA will be working with banks and updating the HPHA software.

Finance Report

- Director Shimizu asked why on page 108 there is a huge variance for Asset Management Project's (AMP) 37, 38, 46, and 49. Executive Director Ouansafi reviewed all the variances. He reported the revenue variance is as follows: 1) the CFP is 100% less because the draw is split over 12 months and there is no actual draw; 2) the State CIP fund is 100% less than budgeted because the HPHA is waiting for B & F to release the funds; 3) the grant income is 32% less than budget because the actual payments are lower than budgeted; 4) the other income is 61% less than budgeted because the Special Teams were anticipated to go to the AMP's to help with repairs but because of issues they were not able to go to these AMP's. Executive Director Ouansafi reported that the expense variance is as follows: 1) the Housing Assistance Payments (HAP) is 15% greater because the HPHA received more subsidy from HUD; 2) the tenant services is 137% greater than budgeted because of relocation costs for the Kalihi Valley Homes (KVH) roof repairs; 3) utility

cost were 10% less than budgeted because of energy saving measures; 4) the maintenance is 25% less than budgeted because the HPHA spent less on construction costs; 5) protective service is less than budgeted because the HPHA is spending less; 6) general expenses is more than budgeted because clearing of \$107,000 and \$87,000 for Central Office Cost Center (COCC); and 7) the bad debt is 78% greater because of the write offs.

Executive Director's Report Continued:

- Director Espero asked the progress of the online application. Executive Director Ouansafi reported that the English version is almost complete, but will not be released until other languages are ready. The HPHA also intends to install computers outside the Applications Office for applicants to use.

Director Espero asked if the process will be 100% online or will paper applications still be an option. Executive Director Ouansafi responded that the HPHA will offer both options. The HPHA will possibly be working with the University of Hawaii (UH) to have students assist applicants.

- Director Espero stated that if the HPHA does not receive subsidy from the Legislature for the State housing projects the HPHA will need to look at rent increases. Executive Director Ouansafi stated that realistically it would take a combination of funds from the State and a rent increase. He stated in order to break even the HPHA may need to double the rent. Chairperson Gierlach voiced his concern at a rent increase and encouraged the staff to work vigorously to obtain State subsidy from the Legislature.
- Director Espero stated that service providers feel that the HPHA is not doing enough to help with the homeless problem. He suggested that the HPHA designate 1% of the units to the Housing First Program and the perception of the HPHA would be better. Executive Director Ouansafi responded that because there is a lack of affordable housing everyone looks at the HPHA for housing. He stated that the HPHA's issue with the Housing First Program is that it will hurt the tenant if they are evicted, because they are evicted for life. The HPHA provides more housing for the homeless than any other housing agency. The HPHA housed more than 3,000 people. The HPHA is fully occupied and it appears that the public doesn't understand that.

Chairperson Gierlach stated that the Board and others need to do a better job in explaining the abilities and limitations of the HPHA given the HUD program rules, and the achievements of the HPHA despite these limitations.

Executive Director Ouansafi reported that the HPHA contacted 150 families to issue vouchers and 62 of the families have a homeless preference. Executive Director Ouansafi stated that without the HPHA there would be thousands more homeless

people in the streets. Many public housing agencies stop taking vouchers because they lose money, the HPHA is asking for more vouchers so it can help more people.

Director Espero requested that the HPHA give the presentation at the Partners in Care meetings because not all the providers will be able to make the presentation at the Capitol.

Director De Motta asked if the HPHA can discriminate because an applicant is not homeless. Executive Director Ouansafi responded that the HPHA is not discriminating, but has three preference categories which are: homeless, domestic violence, and involuntary displacement. The HPHA has also identified three units for the people who have been involuntarily displaced by the lava flow.

- Director De Motta asked if the HPHA has land on Hawaii Island to build more housing. Executive Director Ouansafi reported that the HPHA is looking into selling properties that are difficult to manage and to build in areas that make more sense.

Director De Motta asked if the HPHA can contact the Hawaii Island Community Development (HICD) about the new developments. Executive Director Ouansafi responded that the HPHA cannot contact them or they could be precluded from participating in procurement. He suggested that the HICD keep checking the HPHA's website for Request for Proposals (RFP) or Request for Qualifications (RFQ).

Chairperson Gierlach called for a recess at 10:07 a.m. and reconvened at 10:17 a.m.

Director Yamashita moved at 10:17 a.m.,

To go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to:

- 1. To Approve the Selection of a Master Developer for the Redevelopment of Mayor Wright Homes and to Authorize the Executive Director to Begin Negotiations to Enter into A Master Development Agreement with the Selected Master Developer;**
- 2. To Adopt Amendments to the Hawaii Public Housing Authority's (HPHA) By-Laws to Establish Voting Requirements to Discipline or Terminate the Executive Director or Executive Assistant for Cause; and to Authorize the Executive Director to Delegate Authority to Qualified Staff to Execute Instruments or Checks for Payments on Behalf of the Hawaii Public Housing Authority**

3. **To Approve Compensation for the Hawaii Public Housing Authority's (HPHA) Executive Director Effective January 1, 2014 Provided that the Executive Director's Salary Shall Not Exceed the Governor's Salary Pursuant to §356D-2, Hawaii Revised Statutes; and to Clarify Delegated Authority Related to the Executive Assistant, Chief Financial Management Advisor, Property Management Branch Chief, Chief Planner, and Redevelopment Officer During Temporary Assignment**
4. **Executive Session Minutes for August 21, 2014**
5. ***Kolio v. State of Hawaii, Hawaii Public Housing Authority; Case No. 13-000785*) Eviction Appeal and Oral Arguments Before the Supreme Court**

The motion was unanimously approved.

The Board reconvened from Executive Session at 11:06 a.m.

Chairperson Gierlach reported that the Executive Session minutes were deferred and the Board received an update on the Kolio litigation.

For Action:

Designee Yamashita moved,

To Approve a Personnel Task Force comprised of Director Tanaka and Director Kaya to draft an employment contract for the Executive Director.

The motion was unanimously approved.

For Action:

Designee Yamashita moved,

To Adopt Amendments to the Hawaii Public Housing Authority's (HPHA) By-Laws to Authorize the Executive Director to Delegate Authority to Qualified Staff to Execute Instruments or Checks for Payments on Behalf of the Hawaii Public Housing Authority.

The motion was unanimously approved.

Chairperson Gierlach reported that the motion To Adopt Amendments to the Hawaii Public Housing Authority's (HPHA) By-Laws to Establish Voting Requirements to

Discipline or Terminate the Executive Director or Executive Assistant for Cause will be deferred to the next Board meeting.

For Action:

Director Espero moved,

To Approve Compensation for the Hawaii Public Housing Authority's (HPHA) Executive Director's Salary to 95% of the Governor's Salary Retroactive to July 1, 2014; and to Clarify Delegated Authority Related to the Executive Assistant, Chief Financial Management Advisor, Property Management Branch Chief, Chief Planner, and Redevelopment Officer During Temporary Assignment.

The motion was unanimously approved.

Chairperson Gierlach stated that the salary adjustment is a result of the unanimous agreement that Executive Director Ouansafi and the staff are doing a great job and the Board is pleased with his excellent performance as the Executive Director.

Chairperson Gierlach stated that the Regular Board meeting is November 20, 2014 and a Special meeting needs to be scheduled for November 24, 2014 regarding the employment contract for the Executive Director.

Adjournment:

There was no further business to discuss, Chairperson Gierlach asked for a motion to adjourn the Regular Meeting.

Director Yamashita moved,

To adjourn the Regular Hawaii Public Housing Authority Board meeting.

The motion was unanimously approved.

The meeting was adjourned at 11:12 a.m.

MINUTES CERTIFICATION

Minutes Prepared by:

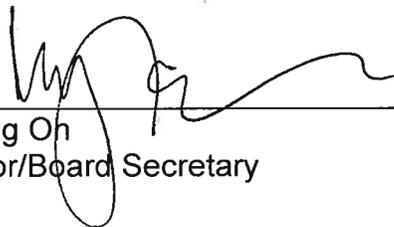


Taryn T. Chikamori
Secretary to the Board

NOV 20 2014

Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on November 20, 2014: [] As Presented [] As Amended



Myoung Oh
Director/Board Secretary

NOV 20 2014

Date

PUBLIC TESTIMONY SUBMITTED BY:
DARIA FAND, KALAKAUA HOMES RESIDENT

TO: HAWAII PUBLIC HOUSING AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING
1002 North School Street, Building E
Honolulu, Hawaii 96817

November 20, 2014, 9:00 a.m.

Chair Gierlach and Board Members:

I'm a resident at Kalakaua Homes, and an active community advocate. At last month's HPHA Board of Directors meeting, October 28, I presented and submitted, respectively, oral and written public testimony on the matter of the no-smoking policy. In this testimony, I made several requests (four, to be specific), and my understanding was that within a month, I would receive a response from HPHA. I have not received a response yet, a month later, and am herein re-submitting the same requests, below, adding that I would like HPHA to provide me with the timely response that is due me, regarding each point.

At last month's meeting, HPHA commented that since there is a law now, an internal policy is not required and that the Attorney General's office has already been contacted. I am very strongly urging the Executive Director and this Board to take stronger actions to urge the AG's office to conclude this review process, because an internal policy IS required to effectuate the law. In all of the Legislative hearings that led up to this law, HPHA emphasized the primacy of the Administrative Rules in carrying out this policy, **and I would like HPHA to stand by those statements now by not deprioritizing this issue**, allowing it to remain in limbo indefinitely at the AG's office. The HPD can't and won't be the enforcers of this policy – they will ask complainants to turn to our Management, and without procedures spelled out in a lease addendum, this program is not being taken seriously by residents. **I remind HPHA for a second time that this is a liability, as non-smokers with health problems continue to endure and suffer secondhand smoke.**

My most urgent request and recommendation is that THIS BOARD send a letter to the AG to ask that he approve the Administrative Rules without further delay, which include the no-smoking lease provisions (given that the AR's are still stalled there). I cannot emphasize enough how critical the lease addendum is to enforcement and implementation of the smoke-free law, and therefore how urgently we need an internal policy for our no-smoking drive. We need the internal rules to educate residents, to help them transition to a "new social norm", and to spell out consequences for violation. None of these things have been possible since the law passed, due to this delay, which means we are losing valuable buy-in from the community, and are suffering continued violations.

The Administrative Rules have been in limbo over half a year, **and we need our lease addendum NOW**. I am asking that this Board and Executive Director Ouansafi take the actions necessary to make this a priority.

To recap the above, and the other requests I made last month:

1. That I be informed how long the lease addendum has been at the AG's office, how many times HPHA has reached out to them, who has contacted them expressing the need for their action on this matter, and their response, if any

2. That the Board as a whole send a letter to the AG's office, letting them know of the urgency of their action on this matter and including any language that will expedite their efforts; in this communication, it should be stated that as long as there is no no-smoking policy/AR's in force and HPHA residents are sickened by secondhand smoke, this constitutes a premises liability issue for HPHA that must be swiftly remedied

Regarding generally related matters:

3. I'm requesting that additional signage be erected on my property on the Ewa side, as all the signs appear to be on the Diamond Head half of the property (the family units end); the Ewa side houses elderly and disabled in three mid-high rises, **and this part of the property lacks signage, including the Kaheka Street exit on that side of the property, which by law is required**

4. Per my close discussions with the Department of Health, I understand enforcement strategies are still being developed at the Managers' meetings; I understand that residents are generally not allowed at the Manager's meetings, but I'm requesting that just for the portions where the no-smoking policy implementation is being discussed, that I be allowed to attend to provide an educated resident's point of view about some of the problems and possible solutions; I would like to be apprised in writing of the exact procedures that are adopted for complaints, how Managers will responsibly and diligently follow up with them, and how other staff such as maintenance and night-time security (where present) will be advised from the top down, as important front-line personnel helping to enforce this policy

I am appealing to you to give me a voice in this process, as a highly informed "eyes on the ground" stakeholder who is also working closely with the DOH and the Coalition for a Tobacco-Free Hawaii on the smoke-free process in housing. I believe I could contribute and inform with relevant input, as a resident.

Thank you for your careful consideration and attention to these points.

FOR ACTION

MOTION: To Authorize the Executive Director to Accept and Pay for the Investment Grade Energy Audit from Ameresco in the Amount of \$151,436

I. FACTS

- A. The Hawaii Public Housing Authority (HPHA) issued a Request for Proposal for an energy performance contract for 67 federally subsidized low-income housing projects in February 2008.
- B. HPHA executed a contract with Ameresco/Pacific Energy JV ("Ameresco") on November 21, 2008, to will perform an investment grade energy audit of all of the HPHA's federally subsidized low-income housing projects statewide.
- C. The Ameresco Team has conducted a survey of all federally subsidized low-income housing projects statewide (February 17 to February 27, 2009).
- D. On April 16, 2009, the Ameresco Team presented to the HPHA Board their progress to date, a review of the interim audit results, preliminary measures matrix, preliminary project costs and savings, overview of financing scenarios and prioritization of measures.
- E. On October 19, 2009 the HPHA Board accepted the Investment Grade Audit and Proposed Energy Conservation Measures from Ameresco, Inc. and authorized the Executive Director to negotiate the scope of work and the terms of an Energy Services Agreement with Ameresco, Inc. the execution of which would be subject to Board Approval.
- F. The HPHA received a "draft" Energy Service Agreement from Ameresco on March 31, 2010.
- G. The Energy Service Agreement was sent to the State's consultant Mr. David Birr, on June 21, 2010 for his review and comment.
- H. HPHA subsequently held meetings with various stakeholders including, the Department of Budget and Finance, the U.S. Department of Housing and Urban Development, Department of Accounting and General Services and the Department of the Attorney General to discuss the proposed energy services agreement and means of financing.

II. DISCUSSION

- A. The current contract between the HPHA and Ameresco covers the investment-grade energy audit only. Pursuant to the existing agreement, Ameresco will be compensated in an amount not to exceed \$151,436.00 for the completion of an investment grade energy audit.

If the HPHA decides to accept the investment grade audit and not pursue any energy conservation measures under an energy services agreement with Ameresco, the contract requires that HPHA pay the contract amount of \$151,436.00.

III. RECOMMENDATION

That the Board of Directors authorize the Executive Director to accept and pay for the investment grade energy audit from Ameresco in the amount of \$151,436.00.

Approved by the HPHA Board of
Directors on the date set forth above



David J. Gierlach, Chairperson

FOR ACTION

MOTION: To Approve the Increase in Payment Standard From 90% to 95% of the Fair Market Rents for the Section 8 Housing Choice Voucher Program and to Authorize the Executive Director to Take All Necessary Steps to Implement the New Payment Standards Effective January 1, 2015

I. FACTS

- A. The Hawaii Public Housing Authority operates the Section 8 Housing Choice Voucher (Section 8) Program on Oahu. Under the Section 8 program, a very low-income family is determined to be eligible, issued a voucher and is allowed to select housing in the private rental market.
- B. The housing voucher issued to a family is based on the eligible family's size and composition.
- C. Under the Section 8 program, the payment standard is the amount generally needed to rent a moderately-priced dwelling unit in the local housing market and is used to calculate the amount of housing assistance a family will receive.
- D. When issuing a voucher, the HPHA calculates the maximum amount of Section 8 housing assistance allowable which is generally the lesser of: 1) the payment standard minus 30% of the family's monthly adjusted income; or 2) the gross rent for the unit minus 30% of monthly adjusted income.
- E. The payment standard does not limit the amount of rent a landlord may charge or the family may pay. A family which receives a housing voucher can select a unit with a rent that is below or above the payment standard. The housing voucher family must pay 30% of its monthly adjusted gross income for rent and utilities, and if the unit rent is greater than the payment standard the family is required to pay the additional amount. By law, whenever a family moves to a new unit where the rent exceeds the payment standard, the family may not pay more than 40 percent of its adjusted monthly income for rent.
- F. Under the HUD rules, the range of possible payment standard amounts is based on HUD's published fair market rent (FMR) schedule for the FMR area in which the HPHA has jurisdiction. The HPHA may set its payment

standard amounts from 90 percent to 110 percent of the published FMRs, and may set them higher or lower with HUD approval. The HPHA is required to establish payment standard amounts for each unit size in an FMR area.

- G. The level at which the payment standard amount is set directly affects the amount of subsidy a family will receive, and the amount of rent paid by program participants. If the family leases a unit with a gross rent at or below the payment standard for the family, the family's share of the rent will be its total tenant payment (TTP). If the rent for the unit is higher than the payment standard, the family's share will be higher than the TTP.
- H. The payment standard amount for a family is the *lower of*:
 - Payment standard amount for the family unit size, or
 - Payment standard amount for the size of the unit leased by the family.

II. DISCUSSION

- A. The table below lists the FMR and payment standard for 2014 and the proposed amounts for 2015.

Unit Size Bedrooms	0	1	2	3	4	5	6
2014 FMR	\$1,267	\$1,382	\$1,820	\$2,682	\$3,078	\$3,345	\$3,781
2015 FMR	\$1,260	\$1,374	\$1,810	\$2,667	\$3,061	\$3,520	\$4,048
Current 90% payment standard for 2014	\$1,140	\$1,244	\$1,638	\$2,414	\$2,770	\$3,186	\$3,601
90% Payment Standard for 2015	\$1,134	\$1,236	\$1,629	\$2,400	\$2,754	\$3,168	\$3,643
Proposed 95% Payment Standard for 2015	\$1,197	\$1,305	\$1,720	\$2,534	\$2,908	\$3,344	\$3,846

- B. The HPHA established the payment standard amounts on the payment standard schedule at 90 percent of the published FMR in 2014. The HPHA is requesting to increase the payment standard to 95% of the FMR published for 2015. The current Section 8 Administrative Plan indicates that the HPHA will establish a payment standard between 90% and 110%.

- C. Like HUD's FMR, the payment standard schedule is established by bedroom size category. The payment standard schedule applies to all voucher units administered by the HPHA regardless of the source of funding (e.g., formula allocation, or vouchers targeted to specific groups of recipients) or the date on which the vouchers were awarded by HUD.
- D. If the payment standard amount is too *low*:
- Families may need to pay more than they can afford; or
 - Families may have a hard time finding acceptable units or units in more desirable areas;
 - Housing choices will be narrowed and the PHA's efforts to affirmatively further fair housing will be undermined.

If the payment standard amount is too *high*, owners may be encouraged to ask for higher than reasonable rents.

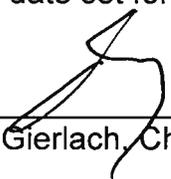
- E. Payment standard amounts should be high enough to allow families a reasonable selection of modest, decent, safe, and sanitary housing in a range of neighborhoods in the HPHA's jurisdiction.
- F. According to rentjungle.com the rent trend data in Honolulu, Hawaii and Honolulu Average Rent are as follows:
- As of October, 2014, average apartment rent within 10 miles of Honolulu, HI is \$1936. One bedroom apartments in Honolulu rent for \$1613 a month on average and two bedroom apartment rents average \$2169.
 - The average apartment rent over the prior 6 months in Honolulu has increased by \$98.50 (5%). One bedroom units have increased by \$93.50 (6%) and two bedroom apartments have increased by \$29 (1%).
- G. If rents decrease below the 2014 rents all voucher holders could be affected. In cases where the landlord asks for a rent increase the tenant could be forced to move. The agency would not be able to increase any rents to landlords and would have to negotiate with the landlord to decrease the rent from the current amount if the current rent does not meet the reasonable test.
- H. The increase in the payment standard will benefit the existing voucher holders by keeping their portion of the rental payments close to 30% of their adjusted income. Also, by minimizing the impact on the amount of section 8 housing assistance to be paid, there is minimal impact on the number of families that could be served from the HPHA's waitlist.

III. STAFF RECOMMENDATION

To Approve the Increase in Payment Standard From 90% to 95% of the Fair Market Rents for the Section 8 Housing Choice Voucher Program and to Authorize the Executive Director to Take All Necessary Steps to Implement the New Payment Standards Effective January 1, 2015

Prepared by: Stephanie Fo, Section 8 Subsidy Programs Branch Chief 

Adopted by the Board of Directors
on the date set forth above



David Gierlach, Chair

FOR ACTION

MOTION: To Approve the Selection of a Master Developer for the Redevelopment of Mayor Wright Homes and to Authorize the Executive Director to Begin Negotiations to Enter into a Master Development Agreement with the Selected Master Developer

I. FACTS

- A. Mayor Wright Homes is a federal public housing property that has been in use for over sixty years. Mayor Wright Homes was built in 1953 and modernized in 1984. Mayor Wright Homes currently consists of 364 units in 24 walkup and 11 townhouse building.
- B. On May 22, 2014, the HPHA's Board of Directors ratified all past actions of the Hawaii Public Housing Authority concerning the future mixed finance redevelopment of Mayor Wright Home, including the selection of Mayor Wright Homes for redevelopment.
- C. On July 11, 2014, the Contract and Procurement Office issued Request for Qualifications (RFQ) no. RFQ-OED-2014-33, to procure a master developer for the mixed income transit oriented development redevelopment of Mayor Wright Homes. Submittals were due no later than 4:00 p.m., Wednesday, August 27, 2014.
- D. The intent of the redevelopment of Mayor Wright Homes is to revitalize, modernize and improve the quality of life for the development's residents while making the best use out of the existing land and to encourage a sense of community with the surrounding neighborhood. Proposed redevelopment shall introduce creative physical designs, unit configurations and sustainable building materials that indistinguishably integrate public housing into the surrounding neighborhood. The proposed redevelopment should be complementary to the Downtown Transit Oriented Development Plan.
- E. A five-member review and selection committee was appointed by the Executive Director to review every submittal that was received. Each review and selection committee may consist of government and non-government employees and included HPHA staff, a representative from a financial institution and a representative in the field of housing development from Hawaii and out-of-state.

- F. Submittals were to be evaluated using a two-stage evaluation process. Stage I of the evaluation process was used to determine the respondents that will comprise the competitive range, from which final selection for contract award will ultimately be made. Stage II of the evaluation process will be reserved for the competitive range respondents only. Stage II of the evaluation process will entail presentation/interviews with the respondents on the short list. Scoring will be based upon how well the submittals meets the criteria established in the RFQ and ranked accordingly. If an agreement cannot be negotiated with the top-ranked respondent, negotiations will be terminated. The HPHA will then initiate negotiations with the next highest rated respondent. This procedure will continue until a mutually satisfactory agreement has been negotiated.
- G. On the week of September 15, 2014, Phase I of the evaluation process was conducted on all submittals received by the review and selection committee.
- H. On the week of September 30, 2014, Phase II of the evaluation process which included a presentation and oral interview was conducted by the review and selection committee on all submittals that comprised the competitive range.
- I. On the week of September 30, 2014, a final evaluation of all submittals received that comprised the competitive range was conducted by the review and selection committee.

II. DISCUSSION

- A. The top-ranked master developer's qualifications included:
- Development of mixed-use, mixed-income master planned communities nationwide;
 - Developing and managing affordable housing transformations projects employing various sources of Federal, State, and local subsidy programs including operating subsidy from the U.S. Dept. of Housing and Urban Development and Low Income Housing Tax Credits;
 - Development of social and community programs and transit-oriented development; and
 - Affordable housing revitalization and development projects in Hawaii.

B. The top-ranked master developer's technical response included the following:

- Mix of housing units to consist of public housing, affordable low-income tax credit rental, market rate rental, affordable for-sale, and market rate housing.
- Different building types from townhomes to mid-rise garden apartments to high rise structures with affordable and market rate units to be indistinguishable.
- Number of units to range from 1,000 to 1,500 units which could include senior and student housing.
- Retail and commercial spaces, including neighborhood and grocery stores, retail shops, services, restaurants and food outlets designed for community's needs.
- All areas to emphasize large streets with sidewalks for pedestrian use and aesthetically pleasing building layouts/fronts.
- Conduct interviews and engage with community members to gain local knowledge and connections. Have them help plan and implement community meetings to engage larger audience.

III. RECOMMENDATION

Staff recommends that the HPHA's Board of Directors approve the selection of the master developer for the redevelopment of Mayor Wright Homes and to authorize the Executive Director to begin negotiations to enter into a Master Development Agreement with the selected master developer

Prepared by: Rick T. Sogawa, Procurement Officer RS

Approved by the HPHA Board of
Directors on the date set forth above



David Gierlach
Chairperson

FOR ACTION

Motion: To Approve Compensation for the Hawaii Public Housing Authority's (HPHA) Executive Director Effective January 1, 2014 Provided that the Executive Director's Salary Shall Not Exceed the Governor's Salary Pursuant to §356D-2, Hawaii Revised Statutes

I. FACTS

- A. On October 16, 2014, the Board of Directors approved the Executive Director's salary at 95% of the Governor's salary pursuant to §356D, Hawaii Revised Statutes.

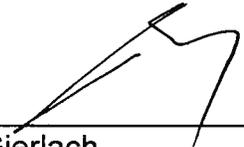
II. DISCUSSION

- A. Upon processing of the personnel action, it was determined that the October motion, which was posted on the agenda as "effective January 1, 2014", was inadvertently announced during the meeting as "effective July 1, 2014".
- B. After clarifying the issue with the Board Chair, staff were instructed to bring this item back to the Board for correction.

III. RECOMMENDATION

That the Board of Directors approve compensation for the Hawaii Public Housing Authority's (HPHA) Executive Director effective January 1, 2014 at 95% of the Governor's annual salary.

Approved by the HPHA Board of
Directors on the date set forth above



David Gierlach
Chairperson

**Hawaii Public Housing Authority
2014 Audited Financial Statements
November 19th meeting with Board Finance Task Force**

Present:	Sheri Tanaka	Finance Task Force
	Myoung Oh	Finance Task Force
	Hakim Ouansafi	Executive Director
	Barbara Arashiro	Executive Assistant
	Chong Gu	CFMA

The Board Finance Task Force met with HPHA staff for several hours to review the Management Discussion and Analysis (MD&A) page by page and received clarifications and answers to all inquiries and questions. The Task Force were very satisfied with the answers received and found that the report was well written, accurate and reflects the condition of HPHA. We were very pleased with the condition of HPHA financial and the significant progress made by the agency. Most noteworthy at today's meeting is that the HPHA, for the first time in recent history, has prepared the financial statements. In previous years, the auditors would prepare the statements based on their field work and HPHA would need to verify and accept the statements as its own. This year, the fiscal staff prepared the HPHA's financial statements and the auditors are checking our statements.

During the audit period of July 1, 2013 to June 30, 2014, the HPHA administered many major programs such as the Federal State public housing programs (over 5,300 federal public housing units), State public housing programs (over 860 state public housing units), Section 8 Housing Choice Voucher Program, Veterans Affairs Supportive Housing Program, State funded rental assistance program and the Federal rental assistance program.

Below is a summary of the discussion and highlights of items that we covered:

1. Overview of Financial Statements

The HPHA's basic financial statements comprise three components:

- Government-wide financial statements;
- Governmental fund financial statements; and
- Proprietary fund financial statements.

This report also contains other supplemental information in addition to the basic financial statements themselves.

The government-wide financial statements of the HPHA are divided into three categories:

- **Governmental activities.** The activities in this section are primarily supported by State appropriations or by HUD contributions, and focus on money flow into and out of those funds and the balances left at year-end.
- **Business-type activities.** Business type activities (*also referred to as "proprietary funds"*) are financed and operated in a manner similar to private business enterprises, where funding to recover costs of providing goods and services to the general public is derived through user charges.
- **Fiduciary funds.** Fiduciary funds account for assets held by the HPHA in a trustee capacity or as an agent for others. Fiduciary funds of the HPHA, consisting of agency funds and private-purpose trust funds, are reported in the Statement of Fiduciary Net Assets using an accrual basis of accounting.

Detailed information on HPHA's most significant funds is represented in the fund financial statements, but the fund statements are not a representation of the HPHA as a whole.

Fund Financial Statements: The HPHA uses fund accounting to ensure and demonstrate fiscal accountability. The financial activities of the HPHA are recorded in individual funds, each operated, managed and deemed to be a separate accounting entity. Funds are then either reported as a major or non-major fund.

Notes to the Financial Statements: Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

2. **Financial Highlights Discussed**

- At the close of the fiscal year, the assets of the HPHA exceeded its liabilities by \$480.57 million (net Position). Of this amount, \$301.98 million was invested in capital assets, net of related debt.
- As of June 30, 2014, HPHA has no Mortgage and Notes Payable debt outstanding
- The HPHA's government wide net position increased by \$28.35 million. The increase in net position is the offsetting activities in government activities and business-type activities as follows:
 - a. Governmental activities increase in net assets of \$26.03 million is primarily due to State allotted appropriations of \$49.63 million, net of lapsed funds of \$0.73 million and net transfers out of \$5.74 million (e.g., money we receive from the State for security and R&M).
 - b. Business-type activities increase in net assets of \$2.33 million is primarily due to capital contribution of \$11.92 million; net transfers in of \$7.54 million from Governmental Activities and loss before transfers of \$17.13 million.

Operating grants and contributions increased by \$0.60 million in the current year from \$72.42 million to \$73.02 million. Capital grants and contributions increased by \$1.40 million in the current year from \$12.47 million to \$13.87 million

The capital contribution is related to the Capital Project fund's current year capital outlay of \$11.92 million expended for the benefit of business-type activities funds.

Similar to the prior year, the net operating transfers are related to rental housing shortfalls paid for by the General Fund and Capital Project Funds.

The loss before transfers of \$17.13 million is primarily due to higher personnel and repair and maintenance costs (e.g., centralized maintenance).

- It was explained that the completed audit may include several adjustments to the final numbers, but the changes would not be substantial or significant enough that it would have any significant impact on the Statement of Net Position or the Statement of Activities. The staff also does not anticipate any revisions to the MD&A based on auditor adjustments.

3. Concerns that need immediate attention of the board

Among the most important financial issues that the Board will need to participate in discussions on are:

- The State family projects or Housing Revolving fund losses before transfers amounted to \$2.09 million. This mainly because rental income received is not sufficient to support operational expenditures.
- Similarly, the State elderly and disabled or Housing for Elderly fund's rental income received is insufficient to support the fund's operational expenditures, resulting in loss before transfers amounted to \$2.71 million.
- Other Enterprise Funds loss before transfers amounted to approximately \$1.03 million.

Ke Kumu Ekahi and the Kuhio Park Terrace Resource Center continue to operate at a deficit.

4. Operational discussions

Discussed with management the different areas of program and operations that could impact future financial outlook for HPHA.

- Differences between funds that are restricted (by legislation) and unrestricted funds (which may be more flexible in nature).
- Possible financial strategy to increase lease up of Section 8.
- Creation of non-profit arm of HPHA
- HUD mandates related to Asset Management and the establishment of a Central Office Cost Center (COCC). All PHA's are affected nationwide due to the shift in the method of financing PHA activities.
- Concerns with community facilities where non-profits are allowed to use the facilities rent free or at rents below the actual expenditures for the operation of the building.
- Major concerns regarding State funds for positions needed to administer the CIP appropriations.. During the 2012 Legislative session, the Hawaii State Legislature appropriated an unprecedented \$91.0 million in Capital Improvement Program Funds to the HPHA for capital repairs. With Zero positions funded by the state and B&F's continued refusal to release funds appropriated to HPHA to cover administrative expenses associated with the State CIP program, management is working hard to resolve this issue. If it is not resolved, it would have significant impact on the agency and its ability to move families into housing.
- HUD's deadline for the audited financial statements is March 2015.

5. Other Items Discussed:

- Process and timeline for procurement and contracting: A/E consultant selections; construction contracts and others. HPHA management confirmed that work is not allowed to proceed before a contract is executed.
- HPHA's procurement and contracting process is very strict. There are a handful of contractors who claim that other City and State agencies are more flexible in the procurement processes and question the HPHA's need to conform to the letter of the law.
- Board members would like to see the various properties and suggest a tour and/or PowerPoint presentation of the different properties.

Hawaii Public Housing Authority

Management Discussion and Analysis

June 30, 2014

The Management Discussion and Analysis (MD&A) provides the highlights of the Hawaii Public Housing Authority's (HPHA) financial performance for the fiscal year ended June 30, 2014. The HPHA's MD&A is designed to: focus on significant financial issues; review the HPHA's financial activity; highlight changes in the HPHA's financial position (its ability to address the next and subsequent year challenges); and identify individual fund issues or concerns. Since the MD&A is designed to focus on the financial activities of the HPHA for the fiscal year ended June 30, 2014, readers should review this in conjunction with the financial statements that follow.

INTRODUCTION

The Hawaii Public Housing Authority (HPHA) is a full service agency, administratively attached to the State's Department of Human Services, for administrative purposes only. The HPHA's Board of Directors consists of eleven members, of whom nine are public members appointed by the Governor. Public members are appointed from each of the counties of Honolulu, Hawaii, Maui, and Kauai. One public member must be an advocate for low-income or homeless persons. One public member must be a person with a disability or an advocate for persons with disabilities. As required by federal statutes, at least one public member shall be a person who is directly assisted by the authority under the federal low-rent public housing or federal section 8 tenant-based housing assistance payments program while serving on the board. The Director of the Department of Human Services and the Governor's designee are ex-officio voting members. All HPHA board actions are taken by the affirmative vote of at least six members.

During the audited period of July 1, 2013 to June 30, 2014, the HPHA administered the following major programs:

- Federal State public housing programs
The HPHA administered over 5,300 federal public housing units in Hawaii with funds received from the United States Department of Housing and Urban Development (HUD).
- State public housing programs
The HPHA administered over 860 state public housing units developed with State funds.
- Federal and State rent subsidy programs
The HPHA administered two federally funded rental assistance programs - Section 8 Housing Choice Voucher Program and Veterans Affairs Supportive Housing Program, and the State funded rental assistance program, subsidizing monthly rental payments to qualified households.

Hawaii Public Housing Authority

Management Discussion and Analysis
June 30, 2014

- Federal rental assistance program

HPHA manages a Special Allocation Program which administers a project based program under a contract with the federal government through a subcontract, Contract Management Services (a subsidiary of the Bremerton Housing Authority).

FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the assets of the HPHA exceeded its liabilities by \$480.57 million (net Position). Of this amount, \$301.98 million was invested in capital assets, net of related debt (As detailed on *Government-Wide Statement of Net Position, page 23*)
- The HPHA's government wide net position increased by \$28.35 million. The increase in net position is the offsetting activities in government activities and business-type activities as follows:
 - a. Governmental activities increase in net assets of \$26.03 million is primarily due to State allotted appropriations of \$49.63 million, net of lapsed funds of \$0.73 million and net transfers out of \$5.74 million (as detailed on *Government-Wide Statement of Activities, page 24*).
 - b. Business-type activities increase in net assets of \$2.33 million (as detailed on *Government-Wide Statement of Activities, page 24*) is primarily due to capital contribution of \$11.92 million; net transfers in of \$7.54 million from Governmental Activities and loss before transfers of \$17.13 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position, page 33*).

The capital contribution is related to the Capital Project fund's current year capital outlay of \$11.92 million (as detailed on *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, page 24*) expended for the benefit of business-type activities funds.

Similar to the prior year, the net operating transfers are related to rental housing shortfalls paid for by the General Fund and Capital Project Funds (as detailed on *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, page 24* *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, page 27*).

The loss before transfers of \$17.13 million is primarily due to higher personnel and repair and maintenance cost (as detailed on *Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position, pages 32 and 33*).

Hawaii Public Housing Authority

Management Discussion and Analysis
June 30, 2014

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the HPHA's basic financial statements. The HPHA's basic financial statements comprise three components:

- 1) Government-wide financial statements;
- 2) Governmental fund financial statements; and
- 3) Proprietary fund financial statements.

This report also contains other supplemental information in addition to the basic financial statements themselves. The report is a summary generated from over 500,000 transactions or approximately 2,000 transactions per day.

Government-wide Financial Statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the HPHA's finances in a manner similar to a private-sector business. The first two government-wide financial statements – *Statement of Net Assets* and the *Statement of Activities* provide both long-term and short-term information about the HPHA's overall financial status.

The *Statement of Net Assets* presents information on all of the HPHA's assets and liabilities, with the difference between the two reported as net position. The statement displays the financial position of the HPHA. Over time, increases or decreases in net assets may serve as an indicator of whether the HPHA's financial position is improving or deteriorating.

The *Statement of Activities* shows how the HPHA's net assets changed as a result of the year's activities. The statement uses the accrual basis of accounting, similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid. The statement identifies the extent each expenditure function draws from general and federal revenues of the HPHA or is financed through charges for services and intergovernmental aid (primarily federal programs and state appropriations).

The government-wide financial statements of the HPHA are divided into two categories:

- **Governmental activities.** The activities in this section are primarily supported by State appropriations and by HUD contributions, and focus on money flow into and out of those funds and the balances left at year-end. The governmental funds statements – the *Balance Sheet* and the *Statement of Revenues and Expenditures and Changes in Fund Balances* – are reported using current financial resources measurement and the modified accrual accounting. The governmental fund statements provide a detailed short-term view to help determine whether there are more or fewer financial resources to finance the HPHA's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided to explain the relationship (or differences) between them.

Hawaii Public Housing Authority

Management Discussion and Analysis

June 30, 2014

- **Business-type activities.** Business type activities (also referred to as “proprietary funds”) are financed and operated in a manner similar to private business enterprises, where funding to recover costs of providing goods and services to the general public is derived through user charges. Business-type activities are reported using an accrual basis of accounting and the economic resources measurement focus.

Fund Financial Statements: The HPHA uses fund accounting to ensure and demonstrate fiscal accountability. A fund is a grouping of related accounts used to keep track of specific sources of funding and spending for particular purposes. (sometimes referred to as a “self-balancing” set of accounts). This means a fund’s assets will equal the total of its liabilities and its fund balance (or net assets), similar to the way financial statements are presented.

The financial activities of the HPHA are recorded in individual funds, each deemed to be a separate accounting entity. Funds are then either reported as a major or non-major fund. The criteria for determining “major” or “non-major” funds is based on Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - Management’s Discussion and Analysis for State and Local Governments. Major funds are reported separately, while non-major funds are combined as a whole and separated as a column in the fund financial statements. Details for the non-major funds can be found in the *Supplementary Information* section.

Notes to the Financial Statements: Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

Hawaii Public Housing Authority

Management Discussion and Analysis
June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table was derived from the government-wide statement of net position.

HAWAII PUBLIC HOUSING AUTHORITY						
Condensed Statements of Net Positions						
June 30, 2014 and June 30, 2013						
(In thousand of dollars)						
	Governmental Activities		Business Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and other assets	\$ 129,826	\$ 104,158	\$ 72,392	\$ 66,188	\$ 202,218	\$ 170,346
Capital assets	4,714	4,541	297,266	294,068	301,980	298,609
Other assets	-	-	8,717	8,131	8,717	8,131
Total Assets	\$ 134,540	\$ 108,699	\$ 378,375	\$ 368,387	\$ 512,915	\$ 477,086
Liabilities						
Current and other liabilities	\$ 3,100	\$ 3,473	\$ 12,479	\$ 7,472	\$ 15,579	\$ 10,945
long-term liabilities	292	104	16,474	13,820	16,766	13,924
Total Liabilities	3,392	3,577	28,953	21,292	32,345	24,869
Net position						
Investment in capital assets, net of related debt	4,714	4,541	297,266	294,068	301,980	298,609
Restricted	2,311	3,851	-	-	2,311	3,851
Unrestricted	124,123	96,730	52,156	53,027	176,279	149,757
Total Net Position	131,148	105,122	349,422	347,095	480,570	452,217
Total liabilities & net position	\$ 134,540	\$ 108,699	\$ 378,375	\$ 368,387	\$ 512,915	\$ 477,086

Statement of net assets

Net assets may serve over time as a useful indicator of the HPHA's financial position. At the close of the fiscal year, the HPHA's assets exceeded its liabilities by \$480.57 million. \$301.98 million of net assets was invested in capital assets, net of related debt. As discussed in the financial highlights, net position increased by \$28.35 million during the fiscal period. (as detailed on *Government-Wide Statement of Net Position and Statement of Activities, pages 23 and 24*).

Of the HPHA's total assets, \$301.98 million (or 58.7%) represents capital assets, net of related debt. Cash and Due from the State of Hawaii (as presented in the detailed *Government-Wide Statement of Net Position, page 22*) in the amount of \$193.35 million and comprises 37.6% of total assets. Amounts in "Due from the state of Hawaii" represent available State allotted appropriations primarily designated for capital improvement projects. Net assets for the previous fiscal year had a similar composition with the majority of total net assets represented by capital assets, net of related debt.

Hawaii Public Housing Authority

Management Discussion and Analysis
June 30, 2014

Accounts payable and accrued current expenses of \$14.02 million comprise 90.0% of the HPHA's total current liabilities. (as detailed in the *Government-Wide Statement of Net Position, page 23*) Long term liabilities increased by \$2.84 million from the prior year. This is primarily due to the net increase in other post retirement employee benefits liability of \$2.73 million (as detailed in the *Notes to the Financial Statements, #8, page 67.*) The HPHA's obligations related to other post retirement employee benefits are based on reports provided by the State's Department of Accounting and General Services.

The following financial information was derived from the government-wide statement of activities.

HAWAII PUBLIC HOUSING AUTHORITY
Government-Wide Statements of Activities
Years Ended June 30, 2014 and June 30, 2013
(In thousand of dollars)

	Governmental Activities		Business Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for services	\$ -	\$ -	\$ 22,114	\$ 18,015	\$ 22,114	\$ 18,015
Operating grants and contributions	52,662	50,910	20,358	21,511	73,020	72,421
Capital grants and contributions			13,869	12,466	13,869	12,466
Other income			43	2,311	43	2,311
General Revenues:					-	-
State allotted appropriations, net of lapsed funds	49,630	93,063			49,630	93,063
Total revenues	102,292	143,973	56,384	54,303	158,676	198,276
Expenses						
Governmental Activities						
Rental housing assistance program	68,728	60,771			68,728	60,771
Business-type activities					-	-
Rental assistance program			59,026	53,466	59,026	53,466
Housing development program			8,089	7,803	8,089	7,803
Other expenses			6,394	3,810	6,394	3,810
Total government-wide expenses	68,728	60,771	73,509	65,079	142,237	125,850
Excess (deficiency) of revenues over (under) expenses	33,564	83,202	(17,125)	(10,776)	16,439	72,426
Capital contributions			11,915	7,762	11,915	7,762
Transfers	(7,538)	(6,810)	7,538	6,810	-	-
CHANGES IN NET POSITION	26,026	76,392	2,328	3,796	28,354	80,188
Total net position, beginning of year	105,123	28,731	347,094	343,298	452,217	372,029
Total net position, end of year	\$ 131,149	\$ 105,123	\$ 349,422	\$ 347,094	\$ 480,571	\$ 452,217

Hawaii Public Housing Authority

Management Discussion and Analysis

June 30, 2014

Statement of Activities

Operating grants and contributions increased by \$0.60 million in the current year from \$72.42 million to \$73.02 million. Capital grants and contributions increased by \$1.40 million in the current year from \$12.47 million to \$13.87 million. HUD operating subsidies for federal public housing program decreased by \$1.15 million or 5.4%, from \$21.51 million in prior year to \$20.36 million. Contributing to the higher business-type activities operating loss of \$17.17 million for the year (as detailed in the *Government – Wide Statement of Activities, Page 24*), was higher Rental assistance program losses due to higher management fees, personnel costs and utilities. Consequently, business-type activities recognized net loss, before capital contributions and transfers, of \$17.13 million.

Governmental activities net assets increased by \$26.03 million from prior year's \$105.12 million to current year's \$131.15 million. This increase is primarily due to State allotted appropriations of \$49.63 million net of lapsed capital funds of \$0.73 million, and net transfers out of \$7.54 million (as detailed in *Government-Wide Statement of Net Position, Page 24*).

FINANCIAL ANALYSIS OF THE HPHA'S FUNDS

Governmental funds

The focus of the HPHA's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the HPHA's financing requirements. In particular, unreserved fund balances may serve as a useful measure of the HPHA's net resource available for spending at the end of the fiscal year. (as detailed in *Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balance, page 27*.)

- At the end of the fiscal year, combined fund balances amounted to \$126.52 million, of which \$121.78 million was reserved for capital projects, an increase of \$25.84 million, in comparison with the prior year's combined fund balance of \$100.68 million (as detailed in *Governmental Funds, Balance Sheet, page 25 and Statement of Revenues, Expenditures and Changes in Fund Balances, page 27*).
- Under the General Fund, excess of revenues over expense at the end of the fiscal year was \$3.94 million. However, \$4.32 million was transferred out of the General Fund to support the HPHA's business type activities (as detailed in *Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balances, page 27*)
- The Capital Project Fund balance increased by \$27.78 million, to \$121.78 million from prior year's \$93.99 million (as detailed on *Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances, page 27*). The HPHA received allotted appropriation of \$44.60 million net of lapsed fund of \$0.40 million. Capital outlay was \$11.92 million, and net transfer out was \$3.06 million.

Hawaii Public Housing Authority

Management Discussion and Analysis
June 30, 2014

- The Housing Choice Voucher Program fund balance decreased by \$1.58 million, to \$2.28 million. This mainly because the voucher payment of \$23.60 million is more than the HUD annual contribution of \$23.42 million, with the operating expenses paid by cash reserve from prior years, as required by HUD directive.
- The Section 8 Contract Administration fund balance decreased by \$0.04 million to \$1.81 million. Revenue exceeded expenses by \$0.17 million, offset by operating transfer out of \$0.21 million.

Proprietary funds

The HPHA's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- With the implementation of HUD's Asset Management and Project Based Budgeting, the HPHA established the HUD-mandated Central Office Cost Center (COCC) fund to account for costs related to the general oversight of its housing projects and other indirect and administrative costs of the Authority. The COCC fund charges fees to the HPHA's various federal housing projects for administrative services and general oversight.
- Combined Proprietary Funds losses before transfers amounted to \$17.13 million. (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position, page 33*) compared with prior year loss of \$10.78 million. The change is combination of increase in Other Revenue of \$4.10 million, offset by increases in expenses such as Repair and Maintenance of \$3.14 million, Personnel expense by \$1.32 million and Administration expense by \$3.36 million in order to address the vacant units.
- The COCC finished the current year with a profit before transfers of approximately \$0.07 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position, pages 32 and 33*), in comparison to prior year's loss of approximately \$2.06 million. This is primarily due to increase in Other Income of \$3.94 million, from prior year's \$0.54 million, offset by approximately \$1.37 million increase related to staff cost. As results, the COCC's net position decreased by \$0.26 million from the prior year.
- Under the Federal Low Rent Program, net loss before transfers increased by \$4.54 million to \$10.59 million, compared to prior year net loss of \$6.05 million. The variance was mainly due to Repair and Maintenance Expenses increase of \$3.96 million. The Net Position of this program increased by \$3.98 million, mainly because Capital Contribution increased by \$4.56 million, from prior year's \$6.83 million. (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position, page 32*).
- The State family projects or Housing Revolving fund losses before transfers amounted to \$2.09 million. This mainly because rental income received is not sufficient to support operational expenditures. (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position, page 33*).

Hawaii Public Housing Authority

Management Discussion and Analysis

June 30, 2014

- Similarly, the State elderly and disabled or Housing for Elderly fund's rental income received is insufficient to support the fund's operational expenditures, resulting in loss before transfers amounted to \$2.71 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position, page 33*).
- Other Enterprise Funds loss before transfers amounted to approximately \$1.03 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Positions, page 33*) compared with prior year income of \$0.11 million.

Ke Kumu Ekahi and the Kuhio Park Terrace Resource Center continue to operate at a deficit (as detailed on *Combining Statement of Revenues and Expenses – Nonmajor Other Enterprise Funds, page*).

Hawaii Public Housing Authority

Management Discussion and Analysis
June 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

The HPHA's investment in capital assets for the fiscal year ended June 30, 2014 is approximately \$301.98 million (*net of related debt*). This investment in capital assets includes land, buildings and improvements, equipment, furniture, and fixtures, and construction in progress. (Detailed in *Notes to the Financial Statements*, #5, page 57 and 58.)

HPHA Capital Assets						
Years Ended June 30, 2014 and June 30, 2013						
(In thousand of dollars)						
	Governmental Activities		Business Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,373	\$ 2,373	\$ 22,966	\$ 22,966	\$ 25,340	\$ 25,339
Buildings and improvements	15,325	15,041	572,328	554,858	587,654	569,899
Equipment	1,292	1,198	7,836	7,750	9,128	8,948
Construction in progress	17		29,337	27,423	29,354	27,423
Total	19,008	18,612	632,468	612,997	651,475	631,609
Accumulated depreciation	(14,293)	(14,071)	(335,202)	(318,929)	(349,496)	(333,000)
Total Capital Assets, Net	\$ 4,714	\$ 4,541	\$ 297,266	\$ 294,068	\$ 301,980	\$ 298,609

Major capital asset events during the current fiscal year included the following:

Major Projects Outstanding FY2014 (construction in progress) at the end of the year

- AMP 30 Puuwai Momi, Electrical System Repairs, \$2.70 million
- AMP 30 Salt Lake Apartment, Upgrade Electrical Power, \$0.39 million
- AMP 31 Kalihi Valley Homes, Site & Dwelling Improvements, \$0.73 million
- AMP 31 Hauiki Homes, Upgrade Electrical Distribution System, \$0.40 million
- AMP 34 Makua Alii, Reroofing and Structural Repairs, \$2.99 million
- AMP 34 Kalakaua Homes, Reroofing, Exterior Repairs, Site Improvement and ADA Accessibility, \$0.63 million
- AMP 37 Lanakila Homes I, Physical Improvements, \$0.94 million
- AMP 38 Hale Nana Kai O Kea, Site and Dwelling Improvements, \$2.65 million
- AMP 42 Hale Po'ai, Building Improvements, \$2.22 million
- AMP 45 Koolau Village, ADA Compliance, \$0.49 million
- AMP 45 Hookipa Kahaluu, ADA Compliance, \$0.41 million
- AMP 49 Wahiawa Terrace, Renovation of Vacant Units Statewide - Group B, \$0.69 million
- AMP 50 Palolo Valley Homes, Homes Modernization & Physical Improvements, \$9.52 million

Hawaii Public Housing Authority

Management Discussion and Analysis
June 30, 2014

Debt Activity

As of June 30, 2014, HPHA has no Mortgage and Notes Payable debt outstanding. The two loans for the Banyan Street Manor development were paid in full during the fiscal year ended June 30, 2011. During the fiscal year ended June 30, 2011, approximately \$291,605 was paid as part of the planned amortization and the sale of Banyan Street Manor development. No additional debt was incurred during the fiscal year ended June 30, 2014.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

During 2009 legislative session, S.B. bill No. 910 was enacted and requires the transfer of the functions and duties of the homeless programs branch of the Authority to the Department of Human Services effectively July 1, 2010. The impact of the transfer to the Authority's net assets was approximately \$22,000,000 and is included in intergovernmental transfers under governmental activities in the governmental-wide statement of activities. The HPHA, however, continues to hold title to the State owned shelter facilities.

In February 2010, HHA Wilikina Apartment Project, Inc. a corporate agent of HPHA entered in an agreement for the sale of Wilikina Apartments Projects to VB Wilikina Limited Partnership, a Washington Limited Partnership for an agreed price of \$10 million. The sale was consummated on April 23, 2012. The buyer agrees to maintain and operate the Wilikina Apartments Project as an affordable rental and to continue the affordability requirement of the Wilikina Apartments Project throughout the term of the Ground Lease.

In May 2009, the Board of Directors authorized the sale of the Banyan Street Manor Apartments at 1122 Banyan Street, Honolulu, Hawaii. In January 2010, the HPHA entered into a Purchase Agreement with Banyan Housing Limited Partnership (LP) and issued escrow instructions for the sale. The sale was structured as a purchase of the improvements by Banyan Housing LP and the assumption of the ground lease issued by the City and County of Honolulu to the HPHA by Banyan Housing LP. On May 30, 2011 the sale of Banyan Street Manor closed and the HPHA received sale proceeds in the amount of \$6.6 million.

On August 20, 2009, the HPHA Board of Directors approved the selection of the Michaels Development Company to undertake a mixed finance redevelopment project at the Kuhio Park Terrace and Kuhio Homes (KPT/KH). On May 12, 2011 the sale of Kuhio Park Terrace closed and the HPHA received sale proceeds in the amount of \$3.1 million. HPHA may continue to redevelop the remaining parcel at Kuhio Park Terrace/Kuhio Homes in accordance with its Master Development Agreement.

During the 2012 Legislative session, the Hawaii State Legislature appropriated an unprecedented \$91.0 million in Capital Improvement Program Funds to the HPHA for capital repairs. The majority of these funds will be expended on capital assets of various activities over the next several fiscal periods.

Hawaii Public Housing Authority

Management Discussion and Analysis
June 30, 2014

On April 21, 2011, the plaintiffs Fetu Kolio, et al., filed two lawsuits in federal and state courts naming the State of Hawaii, et al., as defendant. The plaintiffs are residents of Mayor Wright Homes, a 364 public housing project built in 1953 and financed by HUD. In the federal action, the plaintiffs seek declaratory and injunctive relief and damages for alleged violations of the ADA, the Rehabilitation Act, and the Fair Housing Amendments. The plaintiffs' state court complaint alleges lack of hot water, vermin infestation, inadequate security. The plaintiffs seek class action status in both actions as well as statutory attorneys' fees. Plaintiffs were denied Class Action Certification in both the State and Federal cases in September, 2012. The parties have actively engaged in several mediation sessions with Keith Hunter of Alternative Dispute Resolution Hawaii (ADR) since these lawsuits were file. At this point, the parties have both lawsuits settled.

In August 2009, Iris Rodrigues-Kaikana was murdered by Corbit Ahn at the Kamehameha Homes ("KH") in Kalihi. KH is operated by the Hawaii Public Housing Authority. Neither Iris, who was 18 years old, or Ahn were residents at KH and may have visited residents of KH on the evening of the murder, although this has not been confirmed. The complaint alleges, among other things, that the State: failed to secure, properly monitor and light the premises; "encouraged hoodlums like Defendant Ahn to enter the premises"; removed gates to keep "gangsters" out; " allowed sexual predators onto the premises"; and refused to enforce a curfew for hoodlums. Defendant Ahn was criminally convicted of murder in July 2012. He is appealing his conviction and he file a Motion to Stay, this civil action until his criminal appeal is resolved. His Motion to Stay, this civil action pending his criminal appeal was granted in October, 2012. The State intends to vigorously defend this case and plans to file dispositive motions once Defendant Ahn's criminal appeal is decided.

On July 9, 2014, the property known as Ke Kumu Ekahi in the City of Waikoloa, County of Hawaii, consisting of 48 unit low income rental housing project terminated its ground lease and the property reverted to HPHA. In consideration HPHA released KE KUMU LIMITED PARTNERSHIP from a mortgage loan of \$426,100.00 and the mortgagee and Mortgagor forever discharge each other from any liabilities that may exist.

On July 11, 2014, Governor Neil Abercrombie and the HPHA announced the redevelopment project of Mayor Wright Homes. Subsequently, the HPHA issued a Request for Qualification to pursue a public/private partnership for the redevelopment, which will be a mixed used, mixed income, mixed financing model that will allow the State to preserve existing public housing and increase low income rental housing stock. The project will revitalize the Kalihi-Palama neighborhood. Negotiation with the top-ranked bidder has started.

CONTACT INFORMATION

This financial report is designed to provide a general overview of the HPHA's finances for all those with an interest in the HPHA's finances. If you have any questions about this report or need additional financial information, contact the Office of the Executive Director, Hawaii Public Housing Authority 1002 North School Street, Honolulu, HI 96817.

Hawaii Public Housing Authority

GOVERNMENT-WIDE
STATEMENT OF NET POSITION
June 30, 2014

ASSETS

	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash	\$ 3,424,777	\$ 60,771,695	\$ 64,196,472
Restricted cash	790,304	3,237,398	4,027,702
Due from State of Hawaii	125,128,276	-	125,128,276
Receivables:			
Accrued interest	-	1,525	1,525
Tenant receivables, less allowance for doubtful receivables of \$1,423,632	-	335,768	335,768
Other	(1,683,179)	2,349,854	666,675
	<u>127,660,178</u>	<u>66,696,240</u>	<u>194,356,418</u>
Internal balance	-	-	-
Due from other funds	-	3,957,374	3,957,374
Due from other state agencies	-	1,429	1,429
Due from HUD	95,745	1,131,691	1,227,436
Inventories	-	563,600	563,600
Prepaid expenses and other assets	2,070,131	10,244	2,080,375
Deposits held in trust	-	32,640	32,640
Total current assets	<u>129,826,054</u>	<u>72,393,218</u>	<u>202,219,272</u>
Notes Receivable	-	8,716,630	8,716,630
Capital assets, less accumulated depreciation	<u>4,714,280</u>	<u>297,265,623</u>	<u>301,979,903</u>
Total Assets	<u>\$ 134,540,334</u>	<u>\$ 378,375,471</u>	<u>\$ 512,915,805</u>

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

GOVERNMENT - WIDE

STATEMENT OF NET POSITION (continued)

June 30, 2014

LIABILITIES AND NET POSITIONS

	Governmental Activities	Business-Type Activities	Total
Current Liabilities			
Accounts payable	\$ 605,044	\$ 8,945,784	\$ 9,550,828
Accrued expenses	2,494,794	1,978,559	4,473,353
Due to other funds	-	-	-
Security deposits	-	830,138	830,138
Deferred income	-	724,931	724,931
Total current liabilities	3,099,838	12,479,412	15,579,250
Due to other Funds	203,115	-	203,115
Accrued expenses	89,117	16,474,172	16,563,289
Commitments and Contingencies	-	-	-
Total Liabilities	3,392,070	28,953,584	32,345,654
Net position:			
Invested in capital assets, net of related debt	4,714,280	297,265,623	301,979,903
Restricted by legislation and contractual agreements	2,310,733	-	2,310,733
Unrestricted	124,123,251	52,156,262	176,279,513
Total net position	131,148,264	349,421,885	480,570,149
Total Liabilities and Net Position	\$ 134,540,334	\$ 378,375,469	\$ 512,915,803

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

	Program Revenues				Net (expense) revenue and changes in net assets		
	Expenses	Charges for services and other revenues	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Functions/Programs:							
Governmental activity -							
Rental Housing and Assistance Program	\$ 68,728,154	\$ -	\$ 52,661,878	\$ -	\$ (16,066,276)	\$ -	\$ (16,066,276)
Total governmental activities	68,728,154	-	52,661,878	-	(16,066,276)	-	(16,066,276)
Business-type activities							
Rental assistance program	59,026,080	13,426,776	20,358,082	13,868,576	(11,372,646)	(11,372,646)	(11,372,646)
Rental housing program	8,088,711	3,278,251	-	-	(4,810,460)	(4,810,460)	(4,810,460)
Others	6,394,228	5,408,609	-	-	(985,619)	(985,619)	(985,619)
Total business-type activities	73,509,019	22,113,636	20,358,082	13,868,576	(17,168,725)	(17,168,725)	(17,168,725)
Total government-wide	\$ 142,237,173	\$ 22,113,636	\$ 73,019,960	\$ 13,868,576	(16,066,276)	(17,168,725)	(33,235,001)
State Allotted Appropriations, net of lapsed funds of \$729,459					49,629,893	-	49,629,893
Other Non-Program Revenue						42,770	42,770
Capital Contribution						11,915,482	11,915,482
Net Transfer					(7,537,676)	7,537,675	(1)
Total general revenues and transfers					42,092,217	19,495,927	61,588,144
Changes in net position					26,025,941	2,327,202	28,353,143
Net Position at July 1, 2013					105,122,323	347,094,683	452,217,006
Net Position at June 30, 2014					\$ 131,148,264	\$ 349,421,885	\$ 480,570,149

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

GOVERNMENTAL FUNDS
BALANCE SHEET

June 30, 2014

	General	Capital Projects	Housing Choice Voucher	Section 8 Contract Administration	Total Governmental Funds
ASSETS					
Current Assets					
Cash	\$ -	\$ -	\$ 1,459,619	\$ 1,965,158	\$ 3,424,777
Restricted cash	-	-	790,304	-	790,304
Due from State of Hawaii	1,240,182	123,888,094	-	-	125,128,276
Other receivable	-	-	26,345	-	26,345
Due from other funds	(5,555)	-	(1,673,915)	(30,054)	(1,709,524)
Due from HUD	-	-	-	95,745	95,745
Prepaid expenses and other assets	35,217	-	2,034,914	-	2,070,131
Total Assets	\$ 1,269,844	\$ 123,888,094	\$ 2,637,267	\$ 2,030,849	\$ 129,826,054
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Accounts payable	\$ 528,720	\$ -	\$ 70,796	\$ 5,528	\$ 605,044
Accrued expenses	23,500	2,113,047	139,187	219,060	2,494,794
Due to other funds	-	-	-	-	-
Total current liabilities	552,220	2,113,047	209,983	224,588	3,099,838
Due to other funds	51,347	-	85,879	-	137,226
Other liabilities	-	-	65,889	-	65,889
Total Liabilities	603,567	2,113,047	361,751	224,588	3,302,953
Fund Balances:					
Nonspendable Fund Balance	35,217	-	2,034,914	-	2,070,131
Restricted by legislation and contractual agreements	-	-	240,602	-	240,602
Committed	-	22,137,718	-	-	22,137,718
Assigned	-	99,637,329	-	1,806,261	101,443,590
Unassigned Fund Balance	631,060	-	-	-	631,060
Total fund balances	666,277	121,775,047	2,275,516	1,806,261	126,523,101
Total Liabilities and fund balance	\$ 1,269,844	\$ 123,888,094	\$ 2,637,267	\$ 2,030,849	\$ 129,826,054

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2014

Total fund balance - governmental funds		\$ 126,523,101
Amount reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the finds	4,714,280	
Long-term compensated absences are not due and payable in the current period and therefore are not reported in the funds	<u>(89,117)</u>	<u>4,625,163</u>
Net position of governmental activities		<u>\$ 131,148,264</u>

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended June 30, 2014

	General	Capital Projects	Housing Choice Voucher	Section 8 Contract Administration	Total Governmental Funds
Revenue					
Hud PHA Grants	\$ -	\$ -	\$ 21,568,464	\$ 27,645,657	\$ 49,214,121
PHA Administrative Fees Earned	-	-	1,855,498	1,154,978	3,010,476
State allotted appropriations, net of lapsed funds of \$729,459	5,031,490	44,598,403	-	-	49,629,893
Other revenue	-	-	437,090	191	437,281
Total revenue	5,031,490	44,598,403	23,861,052	28,800,826	102,291,771
Expenditure					
Housing assistance payments	457,020	-	23,597,514	27,645,657	51,700,191
Personnel services	395,472	-	624,068	60,066	1,079,606
Administration	136,862	-	633,640	884,119	1,654,621
Professional services	32,531	-	29,512	39,988	102,031
Security	235	-	437	-	672
Repairs and maintenance	11,335	1,843,116	21,620	-	1,876,071
Utilities	21,194	-	28,382	-	49,576
Project	-	-	-	-	-
Capital outlays	-	11,915,482	-	-	11,915,482
Other expenditure	33,729	-	500,950	2,554	537,233
Total expenditure	1,088,378	13,758,598	25,436,123	28,632,384	68,915,483
Excess (deficiency) of revenue over (under) expenditure	3,943,112	30,839,805	(1,575,071)	168,442	33,376,288
Other Financing Resources - Transfers Out	(4,270,521)	(3,057,544)	-	(209,611)	(7,537,676)
Net change in fund balances	(327,409)	27,782,261	(1,575,071)	(41,169)	25,838,612
Fund Balances at July 1, 2013	993,686	93,992,786	3,850,587	1,847,430	100,684,489
Fund Balances at June 30, 2014	\$ 666,277	\$ 121,775,047	\$ 2,275,516	\$ 1,806,261	\$ 126,523,101

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

RECONCILIATION OF THE CHANGE IN FUND
BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2014

Net change in fund balances - total governmental funds \$ 25,838,612

Amount reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlays as
expenditures. In the statement of activities,
the cost of those governmental activities assets,
net of \$11,915,482 of capital contribution outlays,
is allocated over their estimated useful lives and
reported as depreciation expense. Depreciation
expense of those governmental activities assets
amounted to approximately \$223,000

Capital asset outlays

transfer out at book 395,715

Depreciation expense (222,818)

Excess of capital asset outlays over depreciation
expense

172,897

Long-term compensated absences reported in the
statement of activities do not require the use of
current financial resources and therefore are not
reported as expenditures in governmental funds

14,432

Change in net position of governmental activities
in Government-Wide Activities

\$ 26,025,941

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2014

ASSETS	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Current Assets							
Cash	\$ 20,583,757	\$ 534,257	\$ 3,062,582	\$ 31,960,728	\$ 3,631,800	\$ 59,773,124	\$ 998,571
Restricted cash	805,234	-	-	2,432,164	-	3,237,398	-
Receivables:	21,388,991	534,257	3,062,582	34,392,892	3,631,800	63,010,522	998,571
Accrued interest	-	117	687	446	-	1,250	275
Tenant receivables, less allowance for doubtful accounts of \$1,423,632	302,413	31,039	1,780	-	536	335,768	-
Other receivable	45,734	8,390	(473)	2,119,785	176,418	2,349,854	-
	348,147	39,546	1,994	2,120,231	176,954	2,686,872	275
Due from other funds	(1,481,496)	(1,266,300)	(631,391)	815,992	3,025,446	462,251	7,041
Advance	2,028,681	178,250	130,667	1,150,484	-	3,488,082	-
Due from other state agencies	-	-	-	1,429	-	1,429	-
Due from HUD	1,131,691	-	-	-	-	1,131,691	-
Inventories	458,425	21,004	50,957	33,214	-	563,600	-
Prepaid expenses and other assets	-	-	-	10,244	-	10,244	-
Deposits held in trust	-	-	-	-	32,640	32,640	-
Total current assets	23,874,439	(493,243)	2,614,809	38,524,486	6,866,840	71,387,331	1,005,887
Notes Receivable	8,716,630	-	-	-	-	8,716,630	-
Due from other funds	-	-	-	-	-	-	-
Capital assets, less Accumulated depreciation	226,836,398	21,437,656	36,101,300	120,555	12,445,871	296,941,780	323,843
Total Assets	\$ 259,427,467	\$ 20,944,413	\$ 38,716,109	\$ 38,645,041	\$ 19,312,711	\$ 377,045,741	\$ 1,329,730

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS

STATEMENT OF NET POSITION (continued)

June 30, 2014

LIABILITIES AND NET POSITIONS

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Current Liabilities							
Accounts payable	\$ 2,094,314	\$ 8,269	\$ 57,467	\$ 373,046	\$ 2,701,030	\$ 5,234,126	\$ -
Accrued expenses	1,127,546	80,568	54,590	618,273	97,582	1,978,559	-
Due to other funds	627	-	-	-	3,711,031	3,711,658	-
Due to State of Hawaii	-	-	-	-	-	-	-
Security deposits	602,464	36,211	147,454	-	44,009	830,138	-
Deferred income	667,910	24,607	22,884	9,523	7	724,931	-
Total current liabilities	4,492,861	149,655	282,395	1,000,842	6,553,659	12,479,412	-
Accrued expenses	744,431	63,501	-	658,350	-	1,466,282	-
Due to other funds	1,197,862	87,146	-	13,722,882	-	15,007,890	-
Total Liabilities	6,435,154	300,302	282,395	15,382,074	6,553,659	28,953,584	-
Net position:							
Invested in capital assets, net of related debt	226,836,398	21,437,656	36,101,300	120,555	12,445,871	296,941,780	323,843
Unrestricted	26,155,914	(793,546)	2,332,414	23,142,412	313,181	51,150,375	1,005,887
Total net position	252,992,312	20,644,110	38,433,714	23,262,967	12,759,052	348,092,155	1,329,730
Total Liabilities and Net Position	\$ 259,427,466	\$ 20,944,412	\$ 38,716,109	\$ 38,645,041	\$ 19,312,711	\$ 377,045,739	\$ 1,329,730

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

RECONCILIATION OF THE PROPRIETARY FUNDS NET POSITION
TO THE STATEMENT OF NET POSITON

Year ended June 30, 2014

Total net position of enterprise funds	\$ 348,092,155
Amounts reported for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities	<u>1,329,730</u>
Net position of business-type activities	<u>\$ 349,421,885</u>

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended June 30, 2014

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Eliminating Entries	Total Enterprise Funds	Internal Service Funds
Operating Revenue								
Rental income	\$ 13,196,836	\$ 1,075,027	\$ 2,025,704	\$ -	\$ 873,270		\$ 17,170,837	\$ -
Fee-for-service	-	-	-	6,918,681	-	(6,918,681)	-	-
Other revenue	229,940	14,685	162,835	4,481,838	16,431		4,905,729	37,070
Total operating revenues	13,426,776	1,089,712	2,188,539	11,400,519	889,701	(6,918,681)	22,076,566	37,070
Operating Expenses								
Project	3,992,062	79,550	755,268	2,539	450,320	(386,991)	4,892,748	-
Personnel services	9,119,506	663,451	-	9,672,113	149,738		19,604,808	-
Depreciation	13,334,640	869,693	1,419,756	21,526	560,322		16,205,937	67,339
Administration	8,540,177	308,905	600,713	737,242	71,114	(4,434,787)	5,823,364	(3,801)
Provision for (recovery of) losses	223,253	51,264	1,624	-	(20,187)		255,954	-
Professional services	233,626	32,401	14,923	381,857	4,333		667,140	2,990
Security	1,878,049	-	516	11,642	-		1,890,207	-
Insurance	756,215	35,136	125,445	42,516	34,325		993,637	-
Repairs and maintenance	9,169,015	302,398	603,424	344,684	273,381	(2,096,903)	8,595,999	-
Utilities	11,731,389	842,882	1,381,362	114,154	394,045		14,463,832	-
Payments in lieu of taxes	48,148	-	-	717	-		48,865	-
Total operating expense	59,026,080	3,185,680	4,903,031	11,328,990	1,917,391	(6,918,681)	73,442,491	66,528
Operating loss carried forward	(45,599,304)	(2,095,968)	(2,714,492)	71,529	(1,027,690)	-	(51,365,925)	(29,458)

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (continued)

Year ended June 30, 2014

	Federal Low Rent Program	Housing Revolving Fund	Housing Revolving Fund for Elders	Central Office Cost Center Fund	Other Enterprise Funds	Eliminating Entries	Total Enterprise Funds	Internal Service Funds
Operating loss brought forward	(45,599,304)	(2,095,968)	(2,714,492)	71,529	(1,027,690)	-	(51,365,925)	(29,458)
Nonoperating Revenues (Expenses):								
HUD operating subsidies	20,358,082	-	-	-	-	-	20,358,082	-
HUD capital fund subsidies	13,868,576	-	-	-	-	-	13,868,576	-
Other (expenses) revenue	4,442	1,662	6,627	27,020	3	-	39,754	3,016
Net nonoperating revenues	34,231,100	1,662	6,627	27,020	3	-	34,266,412	3,016
(Loss) income before transfers	(11,368,204)	(2,094,306)	(2,707,865)	98,549	(1,027,687)	-	(17,099,513)	(26,442)
Capital contributions	10,390,070	1,571,549	(46,137)	-	-	-	11,915,482	-
Transfer in	4,961,132	917,242	1,528,461	214,357	486,932	-	8,108,124	-
Transfer out	-	(249)	-	(570,200)	-	-	(570,449)	-
Change in net position	3,982,998	394,236	(1,225,541)	(257,294)	(540,755)	-	2,353,644	(26,442)
Net position at July 1, 2013	249,009,314	20,249,874	39,659,255	23,520,261	13,299,807	-	345,738,511	1,356,172
Net position at June 30, 2014	\$252,992,312	\$20,644,110	\$38,433,714	\$23,262,967	\$12,759,052	\$-	\$348,092,155	\$1,329,730

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

RECONCILIATION OF THE CHANGE IN NET POSITION
OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2014

Changes in net position - total enterprise funds	\$ 2,353,644
Changes in net position - internal service funds	<u>(26,442)</u>
Changes in net position of business-type activities	<u>\$ 2,327,202</u>

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

Year ended June 30, 2014

	Federal Low Rent Program	Housing Revolving Fund	Housing Revolving Fund for Elders	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities							
Cash received from renters	\$ 13,175,332	\$ 1,069,505	\$ 2,042,181	\$ -	\$ 799,682	\$ 17,086,700	\$ -
Cash payments to employees	(8,339,978)	(596,398)	(51,112)	(8,303,355)	(151,279)	(17,442,122)	-
Cash payments to suppliers	(36,455,788)	(1,574,355)	(3,408,971)	(703,367)	882,058	(41,260,423)	811
Cash receipts from other funds	(7,545,080)	224,493	289,928	21,684,827	(7,019,647)	7,634,521	3,318
Other cash receipts (payments)	164,986	14,685	162,836	1,683,135	16,431	2,042,073	37,074
Net cash provided by (used in) operating activities	(39,000,528)	(862,070)	(965,138)	14,361,240	(5,472,755)	(31,939,251)	41,203
Cash Flows from Noncapital Financing Activities							
HUD operating subsidy received	20,358,082	-	-	-	-	20,358,082	-
Other receipts	4,961,132	916,993	1,528,461	(355,843)	530,462	7,581,205	-
Net cash provided by noncapital financing activities	25,319,214	916,993	1,528,461	(355,843)	530,462	27,939,287	-
Cash Flows from Capital and Related Financing Activities							
HUD capital subsidy received	15,047,841	-	-	-	-	15,047,841	-
Other source to fund capital activities	10,390,070	1,571,549	(46,137)	-	-	11,915,482	-
Payments for acquisition of property and equipment	(17,704,915)	(1,753,530)	10,392	564	-	(19,447,489)	(23,037)
Issuance for note receivable	(585,645)	-	-	-	-	(585,645)	-
Other receipts (payments)	-	-	-	(197,110)	(294,749)	(491,859)	-
Net cash provided by (used in) capital and related financing activities	7,147,351	(181,981)	(35,745)	(196,546)	(294,749)	6,438,330	(23,037)
Cash Flow from Investing Activities							
Receipts of interest	4,442	1,633	6,357	27,530	3	39,965	2,992
Net cash provided by (used in) investing activities	4,442	1,633	6,357	27,530	3	39,965	2,992
Net increase (decrease) in cash	(6,529,521)	(125,425)	533,935	13,836,381	(5,237,039)	2,478,331	21,158
Cash at July 1, 2013	27,918,510	659,681	2,528,647	20,556,511	8,901,479	60,564,828	977,413
Cash at June 30, 2014	\$ 21,388,991	\$ 534,257	\$ 3,062,582	\$ 34,392,892	\$ 3,664,440	\$ 63,043,162	\$ 998,571

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (continued)
Year ended June 30, 2014

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flow from Operating Activities							
Reconciliation of operating loss to net cash provided by (used in) operating activities							
Operating loss	\$ (45,599,304)	\$ (2,095,968)	\$ (2,714,492)	\$ 71,529	\$ (1,027,690)	\$ (51,365,925)	\$ (29,458)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities							
Depreciation	13,334,641	869,693	1,419,756	21,526	560,322	16,205,938	67,339
Provision for (recovery of) losses	223,253	51,264	1,624	-	(20,187)	255,954	-
Loss on disposal	-	-	-	-	-	-	-
Changes in assets and liabilities							
Tenant receivables	(332,362)	26,132	2,248	-	(9,696)	(313,679)	-
Other receivables	761,462	(1,703)	-	(1,852,667)	245,584	(847,325)	-
Due from other funds	(8,306,542)	226,196	289,928	14,796,534	(7,265,231)	(259,114)	3,318
Inventories	371,720	7,023	39,143	(8,163)	-	409,723	-
Prepaid expenses and other assets	(0)	-	-	(1,401)	-	(1,402)	-
Deposits held in trust	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-
Accounts payable	504,598	32,853	(72,165)	19,622	2,106,560	2,591,467	-
Accrued expenses	482,093	(26,129)	54,590	(64,597)	1,475	447,432	-
Due to other funds	-	-	-	-	-	-	-
Security deposits	52,553	4,288	499	-	6,016	63,356	-
Deferred income	(225,054)	3,404	14,842	1	7	(206,801)	-
Accrued expenses - LT	(1,222,437)	(93,670)	1	1,378,857	44,830	107,581	4
Due to other funds - OPEB	-	-	-	-	-	-	-
Net cash (used in) provided by operating activities	\$ (39,955,380)	\$ (996,617)	\$ (964,027)	\$ 14,361,240	\$ (5,358,011)	\$ (32,912,795)	\$ 41,203

The accompanying notes are integral part of this statement.

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2014

1. Organization and Significant Accounting Policies

a. General

Act 196, SLH 2005, as amended by Act 180, SLH 2006, created the Hawaii Public Housing Authority (the Authority).

The Authority's mission is to provide safe, decent and sanitary dwelling for low and moderate income residents of Hawaii and to operate its housing program in accordance with federal and state of Hawaii laws and regulations.

For financial reporting purposes, the Authority includes all funds that are controlled by or dependent on the Authority's Board of Directors. Control by or dependence on the Authority was determined on the basis of statutory authority and monies flowing through the Authority to each fund. The Authority is a component unit of the State of Hawaii.

The financial statements of the Authority are intended to present the financial position, changes in financial position, and cash flows where applicable, of only that portion of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the State of Hawaii that is attributable to the transactions of the Authority. They do not purport to, and do not, present fairly the financial position of the State of Hawaii as of June 30, 2014, and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. The State Comptroller maintains the central accounts for all State funds and publishes financial statements for the State annually, which include the Authority's financial activities.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements, the statement of net position and the statement of activities, report information of all of the non-fiduciary activities of the Authority. Governmental activities, which normally are supported by State allotments and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2014

1. Organization and Significant Accounting Policies (continued)

b. Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses are allocated to a specific function in accordance with the U.S. Department of Housing and Urban Development requirements. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function.

Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. State allotments and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than program revenues.

Net positions are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first then unrestricted resources as they are needed.

The fund financial statements are provided for governmental funds, proprietary funds and fiduciary fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are summarized into a single column. The Authority's fiduciary fund is presented in the fund financial statements. Since by definition their assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities as obligations of the government, their funds are not incorporated into the government-wide statements.

c. Measurement Focus and Basis of Accounting

i. Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2014

1. Organization and Significant Accounting Policies (continued)

c. Measurement Focus and Basis of Accounting (continued)

ii. Governmental Fund Financial Statements

The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. In applying the susceptible to accrual concept to intergovernmental revenues, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when applicable requirements, including timing requirements are met.

Principal revenue sources considered susceptible to accrual include federal grants and rental income. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the State's present appropriation system. These revenues have been accrued in accordance with generally accepted accounting principles since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the Authority.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include employees' vested vacation and other post-retirement benefits, which are recorded as expenditures when utilized or paid. The amount of indebtedness related to accumulated vacation and other post-retirement benefits at June 30, 2014 has been reported in the government-wide financial statements.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

1. Organization and Significant Accounting Policies (continued)

c. Measurement Focus and Basis of Accounting (continued)

iii. Proprietary Funds and Fiduciary Fund

The financial statements of proprietary funds and the fiduciary fund are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

Each proprietary fund has the option under the Government Accounting Standards Board (GASB) Statement 20, *Accounting and Financial Reporting for Proprietary funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The Authority has elected to not apply FASB statements after the applicable date.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the Authority's enterprise funds is rental income. Federal grants are reported as nonoperating income.

d. Fund Accounting

The financial activities of the Authority are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Authority uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate the legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

GASB Statement 34 sets forth minimum criteria for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

1. Organization and Significant Accounting Policies (continued)

d. Fund Accounting (continued)

i. Governmental Funds

General Fund – The general fund is the general operating fund of the Authority. It is used to account for all financial activities except those required to be accounted for in another fund. This fund includes the Rent Housing and Assistance Program. The annual operating budget as authorized by the State Legislature provides the basic framework within which the resources and obligations of the general fund are accounted.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. These funds include Section 8 Housing Choice Voucher Program and Contract Administration.

Capital Projects Fund – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund type).

The Authority reports the following major governmental funds:

- General Fund
- Capital Projects Fund
- Housing Choice Voucher Program – accounts for federal contributions for housing assistance payments under the Housing Choice Voucher Program.
- Section 8 Contract Administration – accounts for federal contributions primarily for housing payments under the Project-Based Section 8 Program.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

1. Organization and Significant Accounting Policies (continued)

d. Fund Accounting (continued)

ii. Proprietary Funds

Enterprise Funds – These funds account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to customers, or where sound financial management dictates that periodic determinations of results of operations are appropriate.

The enterprise funds include the Federal Low Rent Program, Housing Revolving Fund, Housing for Elders Revolving Fund, Central Office Cost Center Fund and other funds. The other funds include the Banyan Street Manor Project, Wilikina Apartments Project, Kekumu at Waikoloa Project, Disbursing Fund and Kuhio Park Terrace (KPT) Resource Center.

Internal Service Funds – These funds account for those activities, which provide goods or services primarily to the Authority, rather than to external parties. In the government-wide statements, internal service funds are included with business-type activities. These funds include the Equipment Rental Fund and Vehicle Rental Fund.

The Authority reports the following as major proprietary funds:

Federal Low-Rent Program accounts for the proceeds from federal contributions for the development of rental property and rental income and federal operating subsidies from such properties.

Housing Revolving Fund accounts for various state multifamily housing projects located throughout the State of Hawaii.

Housing for Elders Revolving Fund accounts for various state elderly housing projects located throughout the State of Hawaii.

Central Office Cost Center Fund was established to account for costs related to the general oversight of its housing projects and other indirect and administrative costs of the Authority. The fund charges fees to the Authority's various housing projects for such services. In addition to the fee income to operate the public housing programs, the Authority also earns fees from its other federal and state programs. The fee income earned by the fund is considered to be de-federalized.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

1. Organization and Significant Accounting Policies (continued)

e. Department of Housing and Urban Development (HUD) Subsidized Programs

The Federal Low-Rent Program Fund operates under HUD's Annual Contribution Contract and consists of the operations of low-rent housing properties. The purpose of the program is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained and managed by the Authority. The properties are acquired, developed and modernized under HUD's comprehensive grant programs. Funding for the properties is provided by federal operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition).

The Section 8 Programs consists of the Housing Choice Voucher Program Fund and the Section 8 Contract Administration Fund. The Housing Choice Voucher Program Fund provides rental housing assistance subsidies to qualified participants. The purpose of the program is to assist low-income families, the elderly and the disabled to afford decent, safe and sanitary housing in the private market. Federal housing assistance is provided on behalf of the family or individuals and is paid directly to the landlord directly by the Authority. The family or individual is responsible for finding a suitable housing unit in which the landlord agrees to rent under the program. The Section 8 Contract Administration Fund administers non-Authority owned housing units used for low-income housing. HUD provides a contracted dollar amount to the Authority, which is used to provide rental payment assistance to landlords.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

1. Organization and Significant Accounting Policies (continued)

f. Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities in the government-wide financial statements and proprietary funds financial statements. Capital assets are defined by the Authority as land and those assets with estimated useful lives greater than one year and with an acquisition cost greater than:

Land improvements	\$ 100,000
Building and building improvements	\$ 100,000
Equipment	\$ 5,000

Purchased and constructed capital assets are valued at cost. Donated assets are recorded at their fair market value at the date of donation.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements.

Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary funds financial statements. The Authority utilizes the straight-line method over the assets' estimated useful life. No depreciation is recorded for land and land improvements. Generally, the useful lives are as follows:

	<u>Governmental Activities</u>	<u>Proprietary Fund and Business-Type Activities</u>
Building and building improvements	25 years	10 – 40 years
Equipment	7 years	1 – 10 years

g. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of the statement of cash flows – proprietary funds, include all cash and investments with original purchased maturities of three months or less.

h. Inventories

The cost of inventories is recorded as an expenditure when consumed.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

1. Organization and Significant Accounting Policies (continued)

i. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as “due to and from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

j. HUD Annual Contributions

The Authority receives annual contributions and subsidies from HUD for operating the Authority’s housing assistance payment programs and the development and operation of low-income housing projects. The Authority also receives annual subsidies from HUD for housing assistance payments and operating deficits incurred in the operation of the programs. Annual subsidies recorded in the proprietary fund types are recognized as nonoperating revenue when realized and earned and are accounted for in the statement of revenues, expenses and changes in fund net position – proprietary funds as HUD operating subsidy.

k. Vacation

Employees are credited with vacation at a rate of 168 hours per calendar year. Accumulation of such vacation credits is limited to 720 hours at calendar year end and is convertible to pay upon termination of employment. Liabilities for accumulated unpaid vacation are accrued at the end of each accounting period utilizing current salary rates. Such vacation credits are recorded as accrued wages and employee benefits payable in the government-wide and the enterprise funds financial statements at the balance sheet date. Accumulated unpaid vacation estimated to be used or paid during the next year is approximately \$608,000.

The change in accumulated unpaid vacation during the year is approximately as follows:

<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2014</u>
<u>\$2,138,000</u>	<u>\$979,000</u>	<u>\$954,000</u>	<u>\$2,163,000</u>

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

1. Organization and Significant Accounting Policies (continued)

k. Vacation (continued)

As of June 30, 2014, approximately \$123,000 and \$2,040,000 of the unpaid vacation balance was for governmental activities and business-type activities, respectively, and is included in accrued expenses in the accompanying statement of net position.

l. Restrictions of Net Positions and Fund Balances

Net positions are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, it is generally the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

The Authority classifies fund balances into specifically defined classifications for governmental fund types. Classifications include the following:

Nonspendable – Balances that are not in a spendable form or are required to be maintained intact.

Restricted. Balances that are restricted for specific purposes by external parties such as creditors, grantors or other governments.

Committed. Balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the state legislature. Committed fund balances also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned. Balances that are constrained by management to be used for specific purposes but are neither restricted nor committed. The general and capital projects fund balances are assigned for continuing appropriations, which are comprised of encumbrances and unencumbered allotment balances. Encumbrances represent outstanding commitments, which generally are liquidated in the subsequent fiscal year. Unencumbered allotment balances represent amounts that have been released and made available for encumbrance or expenditure and are legally segregated for a specific future use.

Unassigned. Residual balances that are not contained in the other classifications.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

1. Organization and Significant Accounting Policies (continued)

m. Risk Management

Liabilities related to certain types of losses (including torts, theft of, damage to, or destruction of assets, errors or omissions, natural disasters and injuries to employees) are reported when it is probable that the losses have occurred and the amount of those losses can be reasonably estimated.

n. Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Significant estimates and assumptions include the valuation for accounts receivable and the liability of other post employee benefits. Actual results could differ from those estimates.

o. Recently Adopted/Issued Accounting Pronouncements

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The provisions of this Statement were adopted on July 1, 2012. The adoption of this statement did not result in a material effect on the financial statements.

In March 2012, the GASB issued GASB Statement No. 65 (GASB 65), *Items Previously Reported as Assets and Liabilities*. This Statement reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as revenues and expenses, certain items that were previously reported as assets and liabilities. The provisions of GASB 65 are effective for periods beginning after December 15, 2012. Management is currently assessing the impact of this Statement on its financial position and results of operations and has not determined if the adoption will have a material effect on its financial statements.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

1. Organization and Significant Accounting Policies (continued)

o. Recently Adopted/Issued Accounting Pronouncements (continued)

In June 2012, GASB issued Statement No. 68 (GASB 68), *Accounting and Reporting for Pensions (an amendment of GASB Statement No. 27)*. GASB 68 amends the accounting guidance related to employers' accounting for pension plans administered through trusts or similar arrangements and requires the recognition of a liability for the employers' accumulated obligation for pension benefits. GASB 68 also provides additional guidance regarding the recognition of annual costs of pension benefits and revises the disclosure requirements for the notes to the financial statements and required supplementary information. GASB 68 will be effective for the Authority's financial statements for the year ending June 30, 2015. Management is currently assessing the impact of this Statement on its financial position and results of operations and has not determined if the adoption will have a material effect on its financial statements.

In April 2013, the GASB issued Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. The provisions of this Statement are effective for periods beginning after June 15, 2013. Management does not believe the adoption of this Statement will have a material effect on its financial statements.

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2014

2. Budgeting and Budgetary Control

The budget of the Authority is a detailed operating plan identifying estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, services and activities to be provided during the fiscal year, (2) the estimated revenues available to finance the operating plan, and (3) the estimated spending requirements of the operating plan. The budget represents a process through which financial policy decisions are made, implemented and controlled. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated throughout the fiscal year. Amounts reflected as budgeted revenues in the accompanying required supplementary information – budgetary comparison schedule are estimates as compiled by the Authority and reviewed by the Department of Budget and Finance. Budgeted expenditures are derived primarily from acts of the State Legislature and from other authorizations contained in the State Constitution, the Hawaii Revised Statutes and other specific appropriation acts in various Session Laws of Hawaii.

Expenditures of these appropriated funds are made pursuant to the appropriations in the biennial budget as amended by subsequent supplemental appropriations. Budgetary control is maintained at the departmental level. Budget revisions and interdepartmental transfers may be affected with certain executive and legislative branch approvals.

The general fund and certain special revenue funds have legally appropriated annual budgets. The final legally adopted budget in the accompanying required supplementary information – budgetary comparison schedule represent the original appropriations, transfers and other legally authorized legislative and executive changes.

To the extent not expended or encumbered, general fund and special revenue funds appropriations generally lapse at the end of the fiscal year or grant period for which the appropriations were made. The State Legislature or federal government specifies the lapse dates and any other contingencies that may terminate the authorization for other appropriations. Known lapses occurring in the year of appropriation, if any, are included in the amended budgets, and are netted against revenues in the accompanying required supplementary information – budgetary comparison schedule.

A comparison of both the original budget and the final budget to the actual revenues and expenditures of the general and certain special revenue funds are presented in the accompanying required supplementary information – budgetary comparison schedule. Differences between revenues and expenditures reported on the budgetary basis and those reported in accordance with GAAP are mainly due to revenues and expenditures of unbudgeted funds and the different methods used to recognize resource uses. For budgeting purposes, resource uses are recognized when cash disbursements are made or funds are encumbered.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

2. Budgeting and Budgetary Control (continued)

For financial statements presented in accordance with GAAP, expenditures are recognized when incurred and encumbrances are not reported as resources used.

A summation of the differences between revenues and expenditures reported on the budgetary basis and those reported in accordance with GAAP for the general and certain special revenue funds for the year ended June 30, 2013 is set forth in the required supplementary information.

3. Cash

The State maintains a cash pool that is available to all funds. The Director of Finance is responsible for the safekeeping of all monies paid into the State Treasury. The Director of Finance may invest any monies of the State, which in the Director's judgment are in excess of the amounts necessary for meeting the immediate requirements of the State. Cash is pooled with funds from other State agencies and departments and deposited with approved financial institutions or invested in the State Treasury Investment Pool. Cash accounts that participate in the investment pool accrue interest based on the average weighted cash balances of each account.

The State requires that the depository banks pledge, as collateral, government securities held in the name of the State for deposits not covered by federal deposit insurance.

At June 30, 2014, total cash, including restricted cash and deposits, reported in the statement of net position is \$68,224,174 which consisted of the following:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
State pool and petty cash	\$ -	\$ 7,000,670	\$ 7,000,670
Cash in bank (book balance)	<u>4,215,081</u>	<u>57,008,423</u>	<u>61,223,504</u>
Total cash	<u>\$ 4,215,081</u>	<u>\$ 64,009,093</u>	<u>\$ 68,224,174</u>

Bank balance of cash in bank was approximately \$61,190,000, of which \$750,000 was covered by federal depository insurance and \$60,440,000 by collateral held by the pledging financial institution's trust department or agent in the name of the Authority.

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2014

4. Notes Receivable

a. Note Receivable – Housing Revolving Fund

In 1992, the Authority entered into a ground lease agreement with a Hawaii limited partnership (Partnership) with the intent of the Partnership developing a 48-unit low-income rental housing project known as Ke Kumu at Waikoloa, and then subleasing the project and property back to the Authority. In connection with the development of the project, on January 1, 1993, the Authority provided a \$426,100 loan to the Partnership. The note receivable was recorded under the Housing Revolving Fund, bore interest at 9% and was collateralized by the property and improvements of the project. The entire payment of principal and unpaid interest was due and payable on January 1, 2009, unless the Authority acquired such building improvements constructed by the developer for a sum equal to the amount owed under this note. During 2009, the Authority agreed with the developer to acquire such building improvements. However, as of June 30, 2012, the legal title transfer had not been executed and the balance of the \$426,100 and the related accrued interest receivable balance of approximately \$594,410 remained outstanding under the Housing Revolving Fund as of June 30, 2012. In addition, the Authority had also recorded approximately \$581,600 and \$350,000 of accrued lease rent and related interest on the disputed outstanding lease rent, respectively, under Kekumu at Waikoloa Project included in other enterprise funds.

During 2013, the Authority and the Partnership entered to a Termination and Release of Ground Lease and Sublease; QuitClaim Assignment and a Release of Mortgage agreements, whereby both parties released and forever discharged each other from any and all obligations, claims, or liabilities. As a result of these agreements, the Authority recorded under Housing Revolving Fund \$2,565,200 of received improvements and \$1,544,700 of excess fair value of assets received over the note receivable balance and related interest receivable to other income. At June 30, 2014, the Authority contributed the improvements of \$2,565,200 from Housing Revolving Fund to Kekumu at Waikoloa Project. The Authority also adjusted approximately \$931,600 of accrued lease rent and related interest on the disputed outstanding lease rent balance to other income under Kekumu at Waikoloa Project included in other enterprise funds.

Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2014

4. Notes and Loan Receivable (continued)

b. Notes Receivable for Sale of Kuhio Park Terrace Towers – Federal Low Rent Program

On May 1, 2011, the Authority entered into an Acquisitions Financing Agreement (Agreement) to sell, transfer and convey unto a third party the buildings, structures, equipment, machinery, apparatus, fixtures and fittings (Improvements) of the two high rise buildings known as Kuhio Park Terrace Towers (Project), and for the execution of a ground lease for the land underlying the Improvements (Property), as defined in the Agreement. The ground lease annual rent is one dollar (\$1) and expires on May 11, 2076, with an option for an additional ten (10) years. The buyer, as defined in the Agreement, is required to redevelop the Project to include 555 units, 347 of which will be operated as public housing. In order to assist the buyer in financing the rehabilitation of the Project, the State of Hawaii, Hawaii Housing and Finance Development Corporation issued revenue bonds in the amount of \$66,000,000 for which the proceeds were used to make a mortgage loan to the buyer.

The buyer, pursuant to the Agreement, agreed to pay the Authority an acquisition fee of \$4,665,000 in consideration for acquiring the leasehold interest in the Property and \$45,000,000 for the Improvements, such that the total purchase price was \$49,665,000. Of the total purchase price, \$3,162,943 was paid in cash and the remaining balance of \$46,502,057 is being financed pursuant to the Agreement by a note. The note, which is secured by a leasehold mortgage and security agreement, matures in May 2051 and accrues interest at the greater of 4.19 percent per annum or the long term annually compounding applicable federal rate. The note is payable from cash flows from the Property in the amounts and priority set forth in the note, provided that the payments due shall not exceed seventy-five percent (75%) of the borrower's surplus cash, as defined in the note. Additionally, the note is subordinate to the rights of certain financing agreements related to the issuance of revenue bonds for the redevelopment of the Project. Any remaining unpaid principal and accrued interest balance is due and payable on the maturity date of the note.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

4. Notes and Loan Receivable (continued)

b. Notes Receivable for Sale of Kuhio Park Terrace Towers – Federal Low Rent Program (continued)

Additionally, prior to the execution of the ground lease and sale of the Improvements, several planned capital improvements related to the Project had not been completed. As both the Authority and the buyer agreed that the work is necessary, the buyer agreed to complete the work and the Authority agreed to provide the financing. Accordingly, the Authority agreed to loan the buyer up to \$3,900,000 from Public Housing Capital Funds and State of Hawaii Capital Improvement Projects Funds. Payment of principal is deferred until the maturity date, whereupon all principal is due, subject to the availability of surplus cash, as defined in the note agreement. The note does not bear interest unless the borrower defaults upon the maturity date of May 2051. As of June 30, 2014, the Authority loaned \$585,645, to the buyer, which is included in the accompanying statement of net position under the Federal Low Rent Program.

The sale of the Project is being accounted for under the cost recovery method. Under this method, the gain on sale is deferred until the total payments made by the buyer exceed the cost of the Project. However, a portion of the deferred gain is recognized as income to the extent that the deferred gain exceeds the note receivable from the buyer plus the maximum contingent liability to the Authority for other debt on the Project.

As of June 30, 2014, the net note receivable, inclusive of all principal, accrued interest and deferred gain related to the Project, is as follows and reflected under the Federal Low Rent Program statement of net position:

Principal and accrued interest	\$ 58,500,326
Deferred gain	<u>(49,783,697)</u>
Net notes receivable	<u>\$ 8,716,630</u>

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

5. Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	July 1, 2013	Increases	Decreases	June 30, 2014
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 2,373,410	\$ -	\$ -	\$ 2,373,410
Construction in progress	-	16,864	-	16,864
Total capital assets not being depreciated	<u>2,373,410</u>	<u>16,864</u>	<u>-</u>	<u>2,390,274</u>
Capital assets, being depreciated				
Building and improvements	15,040,694	284,750	-	15,325,444
Equipment	1,197,769	94,100	-	1,291,869
Total capital assets being depreciated	<u>16,238,463</u>	<u>378,851</u>	<u>-</u>	<u>16,617,314</u>
Less accumulated depreciation for:				
Building and improvements	12,878,554	212,761	-	13,091,315
Equipment	1,191,936	10,057	-	1,201,993
Total accumulated depreciation	<u>14,070,490</u>	<u>222,818</u>	<u>-</u>	<u>14,293,308</u>
Governmental Activities, net	<u>\$ 4,541,383</u>	<u>\$ 172,897</u>	<u>\$ -</u>	<u>\$ 4,714,280</u>
	July 1, 2013	Increases	Decreases	June 30, 2014
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 22,966,200	\$ -	\$ -	\$ 22,966,200
Construction in progress	27,423,049	19,470,520	(17,556,348)	29,337,221
Total capital assets not being depreciated	<u>50,389,249</u>	<u>19,470,520</u>	<u>(17,556,348)</u>	<u>52,303,421</u>
Capital assets, being depreciated				
Building and improvements	554,857,753	17,470,431	-	572,328,184
Equipment	7,750,365	85,917	-	7,836,282
Total capital assets being depreciated	<u>562,608,118</u>	<u>17,556,348</u>	<u>-</u>	<u>580,164,466</u>
Less accumulated depreciation for:				
Building and improvements	311,777,852	16,126,257	-	327,904,109
Equipment	7,151,146	147,010	-	7,298,156
Total accumulated depreciation	<u>318,928,998</u>	<u>16,273,267</u>	<u>-</u>	<u>335,202,265</u>
Business-type Activities, net	<u>\$ 294,068,369</u>	<u>\$ 20,753,601</u>	<u>\$ (17,556,348)</u>	<u>\$ 297,265,622</u>

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

5. Capital Assets (continued)

Current-period depreciation expense was charged to function as follows:

Government Activities	
Rental Housing and Assistance Program	<u>222,817</u>
Business-Type Activities	
Federal Low Rent Program	13,305,796
Housing Revolving Fund	869,693
Housing for Elders Revolving Fund	1,419,756
Central Office Cost Center Fund	21,525
Internal Service Funds	67,338
Others	560,322
Total depreciation expense - business-type activities	<u>16,244,430</u>
Total depreciation expense	<u><u>16,467,247</u></u>

At June 30, 2014, capital assets for the proprietary funds consisted of the following:

	Enterprise Funds						Internal Service Funds	Total
	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds		
Land	13,093,629	2,252,881	6,104,817	-	1,514,873	22,966,200	-	22,966,200
Building and improvements	470,092,785	31,207,628	56,014,906	42,857	14,970,008	572,328,184	-	572,328,184
Equipment, Furniture and Fixture	5,106,840	252,520	214,675	150,524	-	5,724,559	2,111,723	7,836,282
Construction in progress	26,125,639	948,433	2,263,149	-	-	29,337,221	-	29,337,221
Less accumulated depreciation	287,582,495	13,223,806	28,496,247	72,826	4,039,010	333,414,384	1,787,880	335,202,264
Net property and equipment	<u>\$ 226,836,398</u>	<u>\$ 21,437,656</u>	<u>\$ 36,101,300</u>	<u>\$ 120,555</u>	<u>\$ 12,445,871</u>	<u>\$ 296,941,780</u>	<u>\$ 327,843</u>	<u>\$ 297,269,623</u>

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

6. Commitments and Contingencies

a. Lease Commitments

The Authority leases from the City and County of Honolulu the land upon which its former Banyan Street Manor Project building is situated on, and subleases it to the Project's new owner. The lease is for a term of 55 years beginning May 27, 2011. Lease rent in the amount of \$75 was prepaid by the new owner for the entire term of the lease. As part of the sales price of the Project building, reserves and operating funds on May 27, 2011, \$75 was allocated for the ground lease interest and other property, as defined in the agreement.

The Authority leases the land upon which its former Wilikina Apartments Project building is situated on to its new owner. The lease is for a term of 65 years beginning May 22, 2012. Lease rent in the amount of \$1 was prepaid by the new owner for the entire term of the lease.

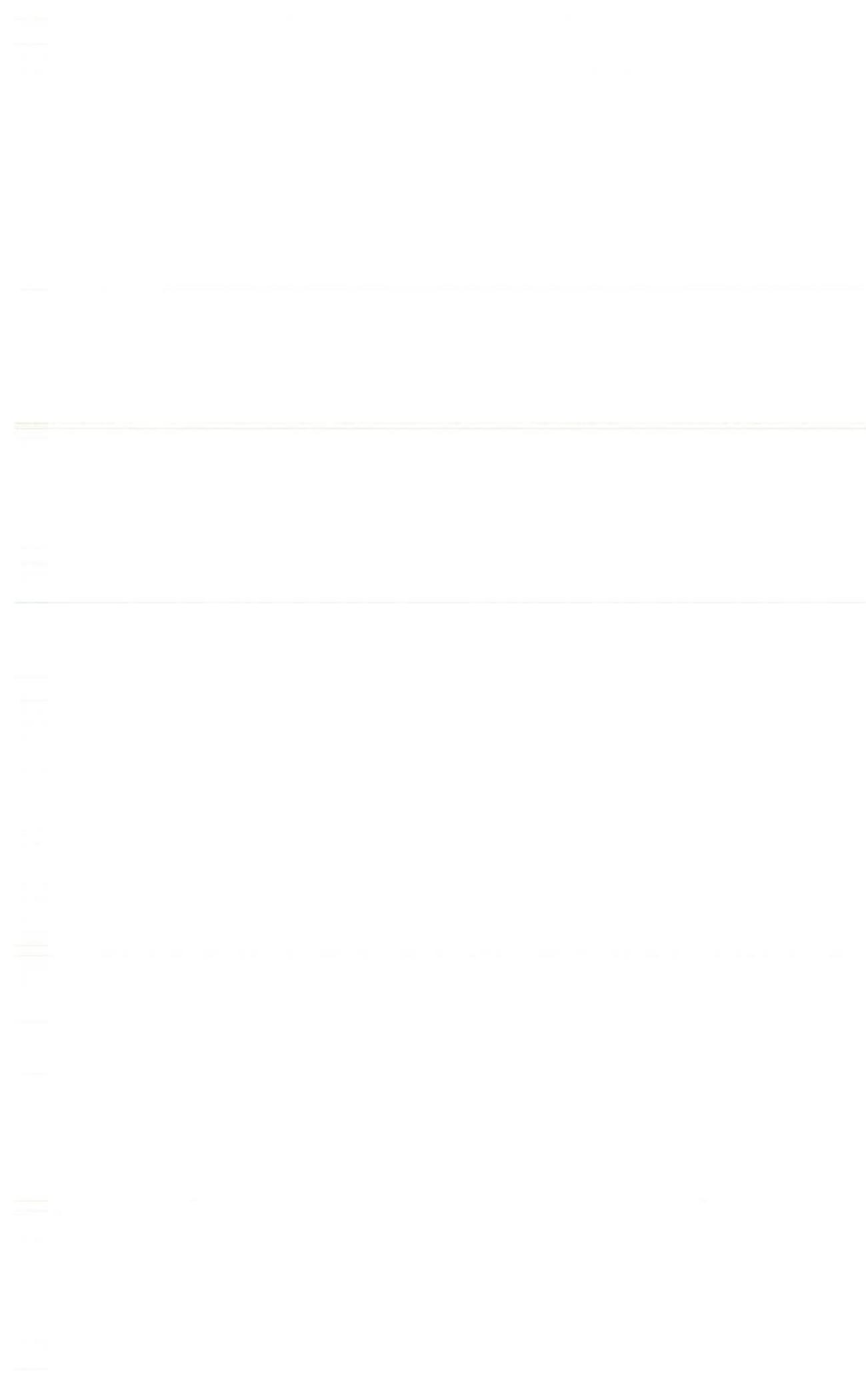
b. Construction Contracts

At June 30, 2014, the Federal Low Rent Program fund and the Capital Projects fund had outstanding construction contract commitments to expend approximately \$4,079,000 and \$22,230,000, respectively, for the construction and renovation of housing projects.

c. Consulting Agreement

In conjunction with the sale of Kuhio Park Terrace Towers (see Note 4), the Authority entered into a consulting agreement with the developer to provide the developer with certain consulting services related to the rehabilitation of the Project. The consulting fee is 19.7 percent of the total development fee charged to the buyer by the developer, or \$3,176,488. As part of the initial sale agreement, the buyer is to receive state tax credits which are expected to be paid/released by May 2016. If the buyer, in accordance with terms defined in the sale agreement, determines that unpaid state tax credits should be released, the Authority would be obligated to pay the buyer for these state tax credits up to its portion of the consulting fees earned and received. The Authority would be able to recover amounts paid to the buyer upon payment/release of the previously unpaid tax credits by the State.

In accordance with the consulting agreement, the amount paid to the Authority shall be held in an interest bearing escrow account by an escrow agent mutually agreed upon by the Authority and the buyer until the state tax credit release date, which is estimated to be May 2016. Approximately \$806,000 of restricted cash recorded under the Central Officer Center as of June 30, 2013 represents consulting fees earned and received, was subsequently deposited into an approved escrow account.



Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

6. Commitments and Contingencies (continued)

h. Litigation

OHA v. HHA et al., Civil No. 95-2682-07 (First Circuit)

The lands transferred to the United States by the Republic of Hawaii at Hawaii's annexation to the United States in 1898 are commonly referred to as the ceded lands. Upon Hawaii's admission to the Union in 1959, title to ceded lands still held by the United States and to lands, which the United States acquired, by exchange for ceded lands after 1898 was conveyed by the United States to the State of Hawaii. Section 5 of the Admission Act expressly provided that those lands were to be held by the State as a public trust. Certain rental housing projects of the Authority are situated on parcels of land, which are to be held by the State as a public trust under Section 5.

In 1979, the State legislature (the "Legislature") adopted HRS Chapter 10 ("Chapter 10,"), which, as amended in 1980, specified, among other things, that OHA expend 20 percent of all funds derived by the State from the Ceded Lands for the betterment of Native Hawaiians.

In 1987, in *Trustees of the Office of Hawaiian Affairs v. Yamasaki*, 69 Haw. 154 (1987) ("Yamasaki"), the Hawaii Supreme Court concluded that Chapter 10 was insufficiently clear regarding the amount of monies OHA was entitled to receive from the public trust lands.

In 1990, in response to Yamasaki, the Legislature adopted Act 304, Session Laws of Hawaii 1990, which (i) defined "public land trust" and "revenue," (ii) reiterated that 20 percent of the now defined "revenue" derived from the "public land trust" was to be expended by OHA for the betterment of native Hawaiians, and (iii) established a process for OHA and the Director of Finance of the State jointly to determine the amount of monies which the State would pay OHA to retroactively settle all of OHA's claims for the period June 16, 1980 through June 30, 1991. Since fiscal year 1992 and until the first quarter of fiscal year 2002, the State, through its departments and agencies paid 20 percent of "revenues" to OHA on a quarterly basis.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

6. Commitments and Contingencies (continued)

h. Litigation (continued)

OHA v. HHA et al., Civil No. 95-2682-07 (First Circuit) (continued)

In 1995, OHA filed suit against the State to secure additional compensation and an itemized accounting of the sums previously paid to OHA for five specifically identified parcels of Ceded Lands which were transferred to the Hawaii Housing Authority for its use to develop, construct and manage additional affordable public rental housing units under HRS Chapter 201G. On January 11, 2000, all proceedings in this suit were stayed pending the Hawaii Supreme Court's decision in the State's appeal in OHA I. OHA disagrees that the repeal and revival of the pre-Yamasaki law by the Hawaii Supreme Court's September 12, 2001, decision in OHA I should also require dismissal of the claims OHA makes in *OHA v. HHA*, and the case remains pending.

The State intends to defend vigorously against all of OHA's claims. It is currently unable to predict with reasonable certainty the magnitude of its potential liability, if any, for such claims. Resolution of all of OHA's claims in OHA's favor could have a material adverse effect on the State's financial condition.

Act 015, Session Law Hawaii 2012 signed into law on April 11, 2012, conveyed about 25 acres of lands controlled and managed by the Hawaii Community Development Authority to the Office of Hawaiian Affairs, to settle OHA's claim of under-paid revenue share since 1959. The law took effect on July 1, 2012.

Fetu Kolio, et al. v. State of Hawaii, et al., Civil No. 11-00266 LEK-RLP (USDC) & Civil No. 11-1-0795-04 GWBC (1st Cir.)

On April 21, 2011, the plaintiffs filed two lawsuits in federal and state courts. The plaintiffs are residents of the Mayor Wright Homes, a 364 public housing project built in 1953 and financed by HUD. In the federal action, the plaintiffs seek declaratory and injunctive relief and damages for alleged violations of the ADA, the Rehabilitation Act, and the Fair Housing Amendments. The plaintiffs' state court complaint alleges causes of action for breach of implied warranty of habitability and breach of lease, and alleges lack of hot water, vermin infestation, and inadequate security. The plaintiffs were denied Class Action Certification in both the State and Federal cases in September 2012.

As of June 30, 2013, the USDC case has been settled with the plaintiffs for \$20,000. The settlement will be requested from general funds from the 2014 Hawaii State Legislature. The State case is ongoing.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

6. Commitments and Contingencies (continued)

h. Litigation (continued)

Steven Rodrigues v. Corbit Ahn, et al., Civil No 10-1-1411-06 (1st Cir.)

In August 2009, Iris Rodrigues-Kaikana was murdered by Corbit Ahn at the Kamehameha Homes in Kalihi. Kamehameha Homes ("KH") is operated by the Hawaii Public Housing Authority (which is administratively attached to DHS). Neither Iris, who was 18 years old, or Ahn were residents at KH. Both may have visited residents of KH on the evening of the murder, although this has not been confirmed. The Complaint alleges, among other things, that the State: failed to secure, to properly monitor and light the premises; "encouraged hoodlums like Defendant Ahn to enter the premises"; removed gates to keep "gangsters" out; "allowed sexual predators onto the premises"; and refused to enforce a curfew for hoodlums.

Defendant Ahn was criminally convicted of murder in July 2012. He is appealing his conviction, and he was granted a Motion to Stay his civil action in October 2012 until his criminal appeal is resolved.

The State intends to vigorously defend this case and plans to file a dispositive motion after discovery has been completed.

7. Retirement Plan

a. Plan Description

All eligible employees of the State and Counties are required by Chapter 88 of the Hawaii Revised Statutes to become members of the Employees' Retirement System of the State of Hawaii (ERS), a cost-sharing multiple-employer public employee retirement plan. The ERS provides retirement benefits as well as death and disability benefits. The ERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for ERS. That report may be obtained from ERS.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

7. Retirement Plan (continued)

a. Plan Description (continued)

The ERS consists of a contributory plan and a noncontributory plan. Employees covered by Social Security on June 30, 1984 were given the option of joining the noncontributory plan or remaining in the contributory plan. All new employees hired after June 30, 1984, who are covered by Social Security, are generally required to join the noncontributory plan. Both plans provide a monthly retirement allowance based on the employee's age, years of credited service, and average final compensation (AFC). The AFC is the average salary earned during the five highest paid years of service, including the vacation payment, if the employee became a member prior to January 1, 1971. The AFC for members hired on or after this date is based on the three highest paid years of service excluding the vacation payment. All benefits vest after five and ten years of credited service for the contributory and noncontributory plans, respectively. All contributions, benefits and eligibility requirements are governed by Chapter 88.

On July 1, 2006, a new hybrid contributory plan became effective pursuant to Act 179, SLH of 2004. Members in the hybrid plan are eligible for retirement at age 62 with 5 years of credited services or age 55 and 30 years of credit service. Members will receive a benefit multiplier of 2% for each year of credited service in the hybrid plan. The benefit payment options are similar to the current contributory plan. Almost 58,000 current members, all members of the noncontributory plan and certain members of the contributory plan are eligible to join the new hybrid plan. Most of the new employees hired from July 1, 2006 are required to join the new hybrid plan.

b. Funding Policy

Most covered employees of the contributory plan are required to contribute 7.8 percent of their salary. Police officers, firefighters, investigators of the department of the prosecuting attorney and the attorney general, narcotics enforcement investigators, and public safety investigators are required to contribute 12.2 percent of their salary. The actuarial cost or funding method used to calculate the total employer contribution required is the entry age normal actuarial cost method. Effective July 1, 2005, employer contribution rates are a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liability.

The Authority's contributions requirements as of June 30, 2014, 2013 and 2012 were approximately \$1,571,000, \$1,537,000, and \$1,273,000, respectively.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

8. Other Post Retirement Employee Benefits

The Authority contributes to the Employers Union Trust Fund (EUTF), an agent multiple-employer defined benefit plan that replaced the Hawaii Public Employees Health Fund effective July 1, 2003, pursuant to Act 88, SLH of 2001. The EUTF was established to provide a single delivery system of health benefits for state and county workers, retirees, and their dependents. The eligibility requirements for retiree health benefits are as follows:

For employees hired before July 1, 1996, the Authority pays the entire base monthly contribution for employees retiring with 10 years or more of credited service, and 50% of the base monthly contribution for employees retiring with fewer than ten years of credited service. A retiree can elect family plan to cover dependents.

For employees hired after June 30, 1996 but before July 1, 2001, and who retire with at less than 10 years of service, the Authority makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the Authority pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the Authority pays 75% of the base monthly contribution. For those employees retiring with at least 25 years of service, the Authority pays 100% of the base monthly contribution. Retirees in this category can elect family plan to cover dependents.

For employees hired on or after July 1, 2001, and who retire with less than 10 years of service, the Authority makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the Authority pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service the Authority pays 75% of the base monthly contribution. For those employees retiring with at least 25 years of service, the Authority pays 100% of the base monthly contribution. Only single plan coverage is provided for retirees in this category. Retirees can elect family coverage but must pay the difference.

Annual OPEB Cost and Net OPEB Obligation

It is the State's policy that measurement of the actuarial valuation and the annual required contribution (ARC) for postretirement healthcare and life are made for the state as a whole and are not separately computed for the individual state departments and agencies such as the Authority. The state allocates the ARC to the various departments and agencies based upon a systematic methodology. The Authority's contribution for the year ended June 30, 2014, was approximately \$1,273,000, which represented 32% of the Authority's share of the ARC for postretirement healthcare and life insurance benefits of approximately \$4,004,000. The Authority's contribution for the years ended June 30, 2013 and 2012 were approximately \$1,176,000 and \$834,000, respectively.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

8. Other Post Retirement Employee Benefits (continued)

The following is a summary of changes in postretirement liability during the fiscal year ended June 30, 2014:

Balance at June 30, 2013	12,414,720
Addition	4,003,918
Deletion	<u>(1,272,924)</u>
Balance at June 30, 2014	<u>15,145,714</u>

As of June 30, 2014, the postretirement liability balance of approximately \$15,146,000 was included in long-term accrued expenses under the Central Office Cost Center Fund.

The State's Comprehensive Annual Financial Report includes the required footnote disclosure and required supplementary information on the State's OPEB benefit plans.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

9. Interfund Receivables and Payables (to be updated)

The composition of interfund balances as of June 30, 2014 is as follows:

	Housing Choice Voucher	Section 8 Contract Admin	Federal Low-Rent Program	Central Office Cost Center Fund	Internal Service Funds	Non-major Enterprise
Current Due from						
General fund						
Federal Low Rent Program						
Housing Revolving Fund						
Housing for Elders Revolving Fund						
Central Office Cost Center Fund						
Non-major enterprise						
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Noncurrent Due to	General	Housing Choice Voucher	Federal Low-Rent Program	Housing Revolving Fund
Central Office Cost Center Fund	\$ 51,347	\$ 85,879	\$ 1,197,862	\$ 87,146

The current interfund receivable and payable balances are due to interfund services provided or reimbursable expenditures and payments between funds. The non-current balance represents the respective fund's share of the Authority's OPEB liability recorded under the Central Office Cost Center Fund as of year-end.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

10. Net Transfers (to be updated and verified)

The composition of net transfer balances reflected in the financial statements as of June 30, 2014 is as follows:

Transfer from	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Non-Major Enterprise Funds
General fund	2,242,775	765,935	1,517,846	5,374	277,317
Capital Projects	1,159,811	100,961	3,110	-	-
Section 8 Contract Administration	-	-	-	-	209,611
Central Office Cost Center Fund	(387,456)	27,774	3,840	-	-
Total	<u>3,015,130</u>	<u>894,670</u>	<u>1,524,796</u>	<u>5,374</u>	<u>486,928</u>

The following describes the transfers noted above:

General Fund: The General Fund expended approximately \$4,079,000 from the current year annual State of Hawaii appropriations to pay for rental housing service shortfalls under certain enterprise funds.

Section 8 Contract: The Section 8 Contract expended approximately \$209,000 to pay for Non-Major Enterprise service shortfalls.

Capital Projects: The Capital Projects Fund expended approximately \$375,000 from the current year annual State of Hawaii appropriations to primarily pay for capital improvement administrative expenses and rental housing service repairs and maintenance under certain enterprise funds.

Central Office Cost Center: The Central Office Cost Center expended approximately \$5,000 to pay for repairs and maintenance for certain enterprise funds.

Housing for Elders Revolving Fund: The Housing for Elders Revolving Fund expended approximately \$267,000 to pay for administrative expenses under the Central Office Cost Center fund.

Hawaii Public Housing Authority

Notes to Financial Statements
June 30, 2014

11. Capital Contributions

During 2014, the Capital Projects Fund expended approximately \$7,843,000 from the current year annual State of Hawaii appropriations to pay for capital outlays that were contributed to enterprise funds. The Housing Revolving Fund contributed approximately \$2,565,000 of capital improvements to Kekumu at Waikoloa Project under other enterprise funds (see Note 4). The composition of capital contribution balances reflected in the financial statements as of June 30, 2014 is as follows:

<u>Contribution from</u>	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Total
Capital Projects Fund	<u>10,390,070</u>	<u>1,571,549</u>	<u>(46,137)</u>	<u>11,915,482</u>
Total	<u><u>10,390,070</u></u>	<u><u>1,571,549</u></u>	<u><u>(46,137)</u></u>	<u><u>11,915,482</u></u>

**Required Supplementary Information
Other Than Management's Discussion and Analysis**

Hawaii Public Housing Authority

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE -
MAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2014

	General Fund		
	Original Budget	Final Budget	Budgetary Actual
Revenue			
State allotted appropriations	\$ 5,359,352	\$ 5,359,352	\$ 5,359,352
Expenditures			
Rental housing and assistance program	5,359,352	5,359,352	5,031,490
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,862</u>
	Housing Choice Voucher Program		
	Original Budget	Final Budget	Budgetary Actual
Revenue			
HUD contribution	23,423,962	23,423,962	23,423,962
Expenditures			
Rental housing and assistance program	23,423,962	23,423,962	25,436,123
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,012,161)</u>
	Section 8 Contract Administration		
	Original Budget	Final Budget	Budgetary Actual
Revenue			
HUD contribution	\$ 28,800,635	\$ 28,800,635	\$ 28,800,635
Expenditures			
Rental housing and assistance program	28,800,635	28,800,635	28,589,842
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,793</u>

See accompanying independent auditor's report

Hawaii Public Housing Authority

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE -
BUDGET-TO-GAAP RECONCILIATION

Year ended June 30, 2014

	<u>General Fund</u>	<u>Housing Choice Voucher Program</u>	<u>Section 8 Contract Administration</u>
Excess (deficiency) of revenues over (under) expenditures and other sources and uses - actual on budgetary basis	\$ 327,862	\$ (2,012,161)	\$ 210,793
Reserve for encumbrance at year end	1,240,182		
Expenditures for liquidation of prior year's encumbrances	(1,023,534)		
Revenue of prior year's allotments	(327,862.0)		
Accrual adjustments, operating transfer and other	<u>(542,069)</u>	<u>499,374</u>	<u>(249,408.00)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES AND USES -US GAAP BASIS	<u>\$ (325,421)</u>	<u>\$ (1,512,787)</u>	<u>\$ (38,615)</u>

See accompanying independent auditor's report

Supplementary Information

Hawaii Public Housing Authority

COMBINING STATEMENT OF NET POSITION - NONMAJOR OTHER ENTERPRISE FUNDS

June 30, 2014

	Banyan Street Manor Project	Wilikina Apartments Project	Kekumu at Waikoko Project	Disbursing fund	KPT Resource Center	Total
ASSETS						
Current Assets						
Cash	\$ -	\$ 457,201	\$ 283,249	\$ 2,855,715	\$ 35,635	\$ 3,631,800
Tenant receivables, less allowance for doubtful accounts	-	-	536	-	-	536
Other	-	-	4,172	172,246	-	176,418
Due from other funds	-	(90,563)	(158,467)	3,347,622	(73,146)	3,025,446
Total current assets	-	366,638	129,490	6,408,223	(37,511)	6,866,840
Capital assets	\$ -	\$ 1,514,873	\$ 2,495,726	\$ -	\$ 8,435,272	\$ 12,445,871
Total Assets	-	1,881,511	2,625,216	6,408,223	8,397,761	19,312,711
LIABILITIES AND NET POSITIONS						
Current Liabilities						
Accounts payable	\$ -	\$ -	\$ 1,871	\$ 2,699,159	\$ -	\$ 2,701,030
Accrued expenses - other	-	-	-	109	97,473	97,582
Due to other funds	-	-	-	3,711,031	-	3,711,031
Due to State of Hawaii	-	-	-	-	-	-
Security deposits	-	-	32,900	-	11,109	44,009
Deferred income	-	-	7	-	-	7
Total current liabilities	-	-	34,778	6,410,299	108,582	6,553,659
Net position:						
Invested in capital assets, net of related debt	-	1,514,873	2,495,726	-	8,435,272	12,445,871
Unrestricted	-	366,638	94,712	(2,076)	(146,093)	313,181
Total net position	-	1,881,511	2,590,438	(2,076)	8,289,179	12,759,052
Total Liabilities and Net Position	\$ -	\$ 1,881,511	\$ 2,625,216	\$ 6,408,223	\$ 8,397,761	\$ 19,312,711

See accompanying independent auditor's report

Hawaii Public Housing Authority

COMBINING STATEMENT OF REVENUES AND EXPENSES - NONMAJOR OTHER ENTERPRISE FUNDS

Year ended June 30, 2014

	Banyan Street Manor Project	Wilikina Apartments Project	Kekumu at Waikoko Project	Disbursing fund	KPT Resource Center	Total
Revenue						
Rental	\$ -	\$ -	\$ 373,741	\$ -	\$ 499,529	\$ 873,270
Other	-	-	16,431	-	-	16,431
Total operating revenues	-	-	390,172	-	499,529	889,701
Operating Expenses						
Project	-	-	11,043	-	439,277	450,320
Personnel services	-	-	149,738	-	-	149,738
Depreciation	-	-	64,130	-	496,192	560,322
Administration	-	-	66,159	-	4,955	71,114
Recovery of losses	-	-	-	-	(20,187)	(20,187)
Professional services	-	-	942	-	3,391	4,333
Insurance	-	-	-	-	34,325	34,325
Repairs and maintenance	(849)	-	209,494	-	64,736	273,381
Utilities	-	-	91,162	-	302,883	394,045
Total operating expenses	(849)	-	592,668	-	1,325,572	1,917,391
Operating loss	849	-	(202,496)	-	(826,043)	(1,027,690)
Nonoperating Revenues						
Other income	-	-	-	-	3	3
Net nonoperating revenue	849	-	(202,496)	-	(826,040)	(1,027,687)
(Loss) income before transfers	-	-	-	-	-	-
Capital contributions	-	-	209,611	-	277,321	486,932
Transfer in	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-
Change in net position	\$ 849	\$ -	\$ 7,115	\$ -	\$ (548,719)	\$ (540,755)
Net position at July 1, 2013	(849)	1,881,511	2,583,323	(2,076)	8,837,898	13,299,807
Net position at June 30, 2014	\$ -	\$ 1,881,511	\$ 2,590,438	\$ (2,076)	\$ 8,289,179	\$ 12,759,052

See accompanying independent auditor's report

Hawaii Public Housing Authority

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR OTHER ENTERPRISE FUNDS
Year ended June 30, 2014

	Banyan Street Manor Project	Wiilikina Apartments Project	Kekumu at Waikoko Project	Disbursing fund	KPT Resource Center	Total
Cash Flows from Operating Activities						
Cash receivable from renters	\$ (89,231)	\$ -	\$ 383,400	\$ (14,203)	\$ 519,716	\$ 799,682
Cash payments to employees	-	-	(151,279)	-	-	(151,279)
Cash payments to suppliers	849	-	(380,263)	2,109,564	(848,092)	882,058
Cash receipts from (payment to) other funds	74,949	-	(4,172)	(7,458,317)	367,893	(7,019,647)
Other cash receipts (payments)	-	-	16,431	1	-	16,432
Net cash (used in) provided by operating activities	(13,433)	-	(135,883)	(5,362,955)	39,517	(5,472,754)
Cash Flows from Noncapital Financing Activities						
Other receipts	-	-	209,611	43,530	277,321	530,462
Net cash provided by noncapital financing activities	-	-	209,611	43,530	277,321	530,462
Cash Flows from Capital and Related Financing Activities						
Other receipts (payments)	-	-	-	-	(294,749)	(294,749)
Net cash provided by (used in) capital and related financing activities	-	-	-	-	(294,749)	(294,749)
Cash Flow from Investing Activities						
Receipts of interest	-	-	-	-	3	3
Net cash provided by (used in) investing activities	-	-	-	-	3	3
Net increase (decrease) in cash	(13,433)	-	73,728	(5,319,425)	22,092	(5,237,038)
Cash at July 1, 2013	13,433	457,201	182,025	8,207,781	13,541	8,873,981
Cash at June 30, 2014	\$ -	\$ 457,201	\$ 255,753	\$ 2,888,356	\$ 35,633	\$ 3,636,943

See accompanying independent auditor's report

Hawaii Public Housing Authority

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR OTHER ENTERPRISE FUNDS (continued)
Year ended June 30, 2014

	Banyan Street Manor Project	Wiliikina Apartments Project	Kekumu at Waikokoa Project	Disbursing fund	KPT Resource Center	Total
Cash Flow from Operating Activities						
Reconciliation of operating loss to net cash (used in) provided by operating activities						
Operating profit (loss)	849	-	(202,496)	-	(826,043)	(1,027,690)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities						
Depreciation						
Provision for (recovery of) losses						
Changes in assets and liabilities						
Tenant receivables						
Due from other funds						
Due from other State agency						
Other receivables						
Deposits held in trust						
Accounts payable						
Other accrued expense						
Due to other funds						
Security deposits						
Net cash (used in) provided by operating activities	\$ 849	\$ -	\$ (202,496)	\$ -	\$ (826,043)	\$ (1,027,690)

See accompanying independent auditor's report

Hawaii Public Housing Authority

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

June 30, 2014

	Equipment Rental	Vehicle Rental	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current Assets			
Cash	\$ 706,881	\$ 291,690	\$ 998,571
Accrued interest receivable	201	74	275
Other receivable	-	-	-
Due from other funds	4,816	2,225	7,041
 Total current assets	 711,898	 293,989	 1,005,887
Capital assets	1,339,991	771,732	2,111,723
Accumulated depreciation	(1,283,604)	(504,276)	(1,787,880)
 Total Assets	 <u>\$ 768,285</u>	 <u>\$ 561,445</u>	 <u>\$ 1,329,730</u>
 LIABILITIES AND NET POSITIONS			
 Net position:			
Invested in capital assets	56,387	267,456	323,843
Unrestricted	713,045	319,284	1,032,329
Current Year P&L	(1,147)	(25,295)	(26,442)
 Total net position	 768,285	 561,445	 1,329,730
Total Liabilities and Net Position	<u>\$ 768,285</u>	<u>\$ 561,445</u>	<u>\$ 1,329,730</u>

See accompanying independent auditor's report

Hawaii Public Housing Authority

COMBINATION STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS

Year ended June 30, 2014

	Equipment Rental	Vehicle Rental	Total
Operating Revenue - Rental	\$ 4,204	\$ 32,866	\$ 37,070
Operating Expenses			
Administration	(2,151)	(1,650)	(3,801)
Professional services	1,877	1,113	2,990
Depreciation	7,845	59,494	67,339
Total operating expenditure	7,571	58,957	66,528
Operating income (Loss)	(3,367)	(26,091)	(29,458)
Nonoperating Revenues			
Interest income	2,220	796	3,016
Capital contributions	-	-	-
Change in net position	(1,147)	(25,295)	(26,442)
Fund Balances at June 30, 2013	769,432	586,740	1,356,172
Fund Balances at June 30, 2014	\$ 768,285	\$ 561,445	\$ 1,329,730

See accompanying independent auditor's report

Hawaii Public Housing Authority

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
Year ended June 30, 2014

	Equipment Rental	Vehicle Rental	Total
Cash Flows from Operating Activities			
Cash payments to suppliers	\$ 274	\$ 537	\$ 811
Cash receipts from other funds	(3,488)	6,806	3,318
Other cash receipts (payments)	4,207	32,867	37,074
Net cash (used in) provided by operating activities	993	40,210	41,203
Cash Flows from Capital and Related Financing Activities			
Payments for acquisition of property and equipment	(23,038)	1	(23,037)
Net cash provided (used in) capital and related financing activities	(23,038)	1	(23,037)
Cash Flow from Investing Activities			
Receipts of interest	2,170	822	2,992
Net cash provided by (used in) investing activities	2,170	822	2,992
Net increase (decrease) in cash	(19,875)	41,033	21,158
Cash at July 1, 2012	726,756	250,658	977,414
Cash at June 30, 2013	<u>\$ 706,881</u>	<u>\$ 291,691</u>	<u>\$ 998,572</u>
Cash Flow from Operating Activities			
Reconciliation of operating loss to net cash (used in) provided by operating activities			
Operating (loss)	(1,147)	(25,295)	(26,442)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities			
Depreciation			
Changes in assets and liabilities			
Other receivables			
Due from other funds			
Due to other funds			
Net cash (used in) provided by operating activities	<u>\$ (1,147.00)</u>	<u>\$ (25,295.00)</u>	<u>\$ (26,442.00)</u>

See accompanying independent auditor's report

Hawaii Public Housing Authority

RECONCILIATION OF CASH

The Authority's cash consists of the following as of June 30, 2014

Equity in State Treasury investment pool - Government-wide	7,000,670
Cash in banks	61,223,504
Deposit held in trust	32,640
	<u>68,224,174</u>

Total cash is in agreement with the State Comptroller's central accounting records as of June 30, 2014, as reconciled below:

	Appropriation symbol	June 30, 2014
Cash in State Treasury Special Funds		
Special Funds	S-08-304 -K	89,005.00
	S-05-308 -K	69.72
	S-07-308 -K	1,356.78
	S-09-308 -K	2,671.52
	S-10-308 -K	20,533.58
	S-13-308 -K	3,159.04
	S-14-308 -K	416,884.32
	S-07-332 -K	9,509.96
	S-13-332 -K	277,233.56
	S-14-332 -K	2,301,510.32
	S-14-335 -K	291,690.15
	S-14-336 -K	706,881.31
	S-05-337 -K	20,592.00
	S-07-337 -K	60,200.33
	S-08-337 -K	10,432.51
	S-09-337 -K	111,501.67
	S-10-337 -K	109,606.38
	S-11-337 -K	7,143.30
	S-13-337 -K	1,486.43
	S-14-337 -K	2,559,202.07
Total cash held in State Treasury as reported by State Comptroller's accounting records		7,000,670
Reconciling items:		
Deposit in Transit not recorded by DAGS		245,263
Cash held outside State Treasury		
Cash in bank		61,223,504
Cash on statement of net assets		<u>68,224,174</u>

See accompanying independent auditor's report

Property Management and Maintenance Services Branch (PMMSB)
 Report for the Month of October 2014

A. Occupancy (Goal 98%)

- Property Management's lease up activity consisted of the following:

	Federal Public Housing	State Public Housing
New Move-ins from the Waitlist	17	6
Internal Transfers	12	4
Vacancy (tenants who vacated from the program)	33	6

**RRA – Request for Reasonable Accommodation

H&S – Health & Safety (unit deemed uninhabitable due to flooding, loss of electrical power, etc.).

B. Formal Grievance Hearings

Island	Federal Public Housing	Type of Grievance Hearing Request
Oahu	6	Armed robbery arrest, open beer container, noise, unauthorized guests, unauthorized dog that attacked a tenant's child and breach of rent repayment.

The formal grievance process continues to be essential in affording tenants an opportunity for a hearing when the tenant disputes any Authority action or failure to act, involving the tenant's rental agreement with the Authority, or Authority's regulations which adversely affects the individual tenant's rights, duties, welfare or status.

Property Management received a total of eight (8) grievance hearing requests: six (6) has been scheduled for November and two (2) were cancelled due to resolution of the grievance.

C. Rent Collection

- PMMSB will continue to focus on rent collection as one of our top priorities.
- For FY 2014, our collection ratio decreased from 89.28% in July to 88.76% in October. PMMSB is working diligently with the three (3) AMPs with the

highest rent delinquency to address problems with staffing, training and providing directions utilizing the HPHA Rent Collection Policy.

D. Program Activities

- Continuous planning and coordination with various AMPs to right-size tenants and assisting to finalize the AMPs relocation plan for upcoming modernization on their property.
- Finalized drafts for the revised Public Housing Applications and the Certification for Rental Assistance Benefits – LIPH (formerly the Family Annual Update application).

E. Planned Activities for November 2014

- PMMSB has continued to work with the AMPs and the Hawaii Correctional Industries to procure landscaping work on the properties in preparation for REAC.
- PMMSB conducting site walk-thru in preparation of the 2014 REAC inspection and implementing a resolution to address the problem(s).
- HPHA is working towards achieving a better score during the upcoming REAC inspection. REAC inspection scheduled for the month of November 2014:
 - ❖ AMP 37 East Hawaii (Hilo) – November 3 to 5, 2014
 - ❖ AMP 46 North Hawaii (Waimea) – November 6 and 7, 2014
 - ❖ AMP 50 Palolo Valley Homes – November 10, 2014
 - ❖ AMP 45 Koolau Village – November 12 and 13, 2014
 - ❖ AMP 49 Kauhale Nani (Wahiawa) – November 14 and 17, 2014 (a.m.)
 - ❖ AMP 33 Kamehameha Homes/Kaahumanu – November 17 and 18, 2014
 - ❖ AMP 32 Mayor Wright Homes – November 20 and 21, 2014
 - ❖ AMP 35 Kalanihuia – November 25 and 26, 2014
- PMMSB staff conducting tenant file reviews.
- Training scheduled on November 6, 2014 for the Work Order and Materials Inventory module in Elite.

**VACANT UNIT INFORMATION REPORT
FEDERAL PROJECTS**

Month: October 2014

(1) AMPS	(2) Number of Units Per AMP	(3) Total Vacant Units	(4) Total Move-Ins	(5) Units Rent Ready and Not Occupied in Month	(6) HUD Approved Special Service Units	(7) Units on Hold for Relocation	(8) Admin Hold (Justify in Remarks column)	(9) HUD Approved Units Scheduled Demolition	(10) Units AMP Responsible For and/or To Repair	(11) Units AMP Completed a Form A	(12) Units CMB Approved Form A	(13) Remarks Any data entered into columns (7) and (8) require an explanation.
30 Puuwai Momi	363	38	0	5	2	all avail units	0	0	3	0	28	(5) the 5 rent ready units are on hold for reloc w/Appis
31 KVH	373	17	3	6	0	all avail units	0	0	11	0	0	Relocation and rightsizing. One unit to be repaired by Special Team.
32 MWH	364	8	1	1	1	all avail units	0	0	5	0	0	(8)Hotel unit for 25E, to move residents between units while bathrooms are redone
33 Kamehameha	373	12	1	6	2	all avail units	0	0	3	0	0	
34 Kalakaua	583	16	2	5	3	all avail units	0	0	6	0	0	
35 Kalanihuia	587	15	6	4	0	0	0	0	5	0	0	(4) on hold for right sizing
37 Hilo	384	97	1	0	4	0	0	62	3	0	27	
38 Kauai	321	17	0	1	4	all avail units	0	0	3	0	9	10L, 7R, B3 to be used in relocation. 4A and H106 AMP repair to be filled
39 Maui	196	24	11	0	0	0	0	0	2	0	11	
40 KH	174	6	0	1	1	0	0	4	0	0	0	
43 Kona	202	6	0	1	2	0	0	0	3	0	0	
44 Leeward	260	18	1	0	3	0	0	0	14	0	0	
45 Windward	226	5	0	1	1	0	0	0	1	0	2	
46 North HI	103	6	0	1	3	0	0	0	2	0	0	
49 Wahiawa	150	21	1	1	1	0	0	0	1	0	17	
50 Palolo	118	33	2	0	4	0	3	0	0	0	24	The 3 units in column (8) are due to holds for HPHA relocations/right sizing.
TOTAL	4,777	339	29	33	31	0	3	66	62	0	118	

*This count includes all units which are occupied or designated as social services, resident association, area office, public safety, anti-drug, administrative hold, available, CMS, sent to maintenance, maintenance hold, Capital Fund, on-scheduled modernization, relocation and scheduled for demolition.

**VACANT UNIT INFORMATION REPORT
STATE PROJECTS**

Month: October 2014

(1) AMPS	(2) Number of Units Per AMP	(3) Total Vacant Units	(4) Total Move-Ins for the entire month	(5) Units Rent Ready and Not Occupied	(6) Special Service Units	(7) Units on Hold for Relocation	(8) Admin Hold (Justify in Remarks column)	(9) Approved Units Scheduled Demolition	(10) Units AMP Responsible For and/or To Repair	(11) Units AMP Submitted a Form A	(12) Units CMB Approved Form A	(13) Remarks Any data entered into columns (7) and (8) require an explanation.
31 Puahala & Hauiki	174	31	4	6	2	8	0	0	11	0	0	Relocaiton and rightsizing
37 Hilo	30	2	0	0	1	0	0	0	1	0	0	
38 Kauai	26	0	0	0	0	0	0	0	0	0	0	No vacancies at 2204
39 Maui	32	11	0	0	0	0	0	0	0	0	11	
42 Hale Poai	576	13	6	0	4	2	0	0	1	0	0	(6) 4-resident manager units (7)2-construction units
46 North HI	26	4	0	2	1	0	0	0	1	0	0	(6)Mgr Unit
TOTAL	864	61	10	8	8	10	0	0	14	0	11	

*This count includes all units which are occupied or designated as social services, resident association, area office, public safety, anti-drug, administrative hold, available, CMS, sent to maintenance, maintenance hold, Capital Fund, on-scheduled modernization

FEDERAL PUBLIC HOUSING

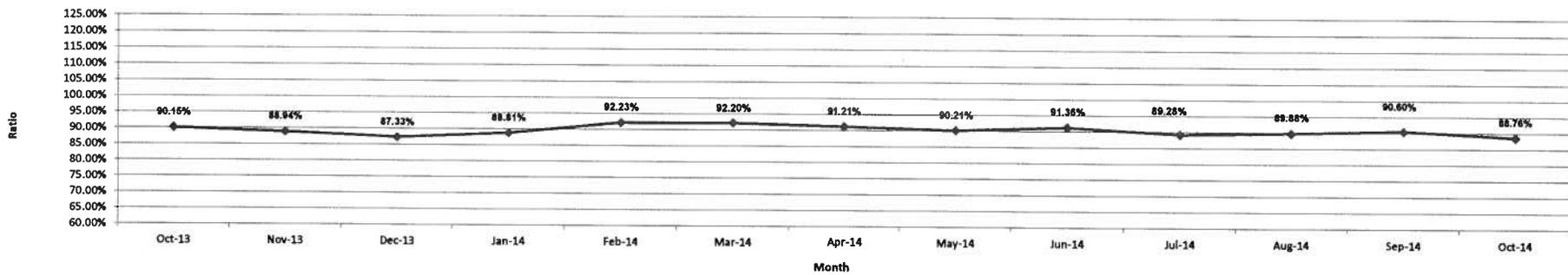
Rent Collection from October 2013 to October 2014

	Oct-13			Nov-13			Dec-13			Jan-14			Feb-14			Mar-14		
	Charges	Collected	Ratio															
Hawaii	\$122,679.48	\$114,190.86	93.08%	\$122,173.88	\$109,997.00	90.03%	\$123,001.53	\$107,607.92	87.49%	\$124,762.30	\$111,982.08	89.76%	\$120,346.67	\$112,670.00	93.62%	\$121,142.69	\$112,049.36	92.49%
Kauai	\$83,909.42	\$64,935.50	77.39%	\$82,669.75	\$61,890.59	74.86%	\$82,572.16	\$60,032.50	72.70%	\$84,495.74	\$61,580.48	72.88%	\$83,715.94	\$68,062.54	81.30%	\$82,798.00	\$69,041.26	83.39%
Mauai	\$61,213.00	\$50,791.28	82.97%	\$63,451.00	\$48,933.62	77.12%	\$63,413.00	\$45,284.72	71.41%	\$65,289.00	\$51,064.29	78.21%	\$62,132.00	\$49,630.52	79.88%	\$66,952.00	\$53,389.24	79.74%
Oahu	\$939,433.15	\$858,448.09	91.38%	\$930,137.00	\$845,017.73	90.85%	\$946,962.61	\$848,987.00	89.65%	\$941,361.98	\$855,162.30	90.84%	\$936,898.59	\$879,250.43	93.85%	\$943,099.97	\$884,761.02	93.81%
Total	\$ 1,207,235.05	\$ 1,008,306.73	90.15%	\$ 1,198,431.63	\$ 1,065,838.94	88.94%	\$ 1,215,940.30	\$ 1,061,912.14	87.33%	\$ 1,215,969.02	\$ 1,079,788.15	88.81%	\$ 1,203,093.20	\$ 1,109,913.49	92.23%	\$ 1,213,992.66	\$ 1,119,240.88	92.20%

Cumulative (12 Months)	
10/13 - 10/14	
Charges	\$ 16,058,676.71
Collections	\$ 14,464,104.15
Total	\$ (1,594,572.56)
Ratio	90.07%

	Apr-14			May-14			Jun-14			Jul-14			Aug-14			Sep-14			Oct-14		
	Charges	Collected	Ratio																		
Hawaii	\$126,402.27	\$114,646.17	90.70%	\$123,475.00	\$113,584.98	91.99%	\$123,583.00	\$113,942.72	92.20%	\$129,330.00	\$112,127.37	86.70%	\$125,430.00	\$112,928.59	90.03%	\$139,552.03	\$127,616.75	91.45%	\$134,474.00	\$117,897.37	87.67%
Kauai	\$82,499.04	\$65,286.79	79.14%	\$84,630.00	\$65,839.42	77.80%	\$85,270.00	\$68,708.92	80.58%	\$85,123.00	\$66,101.50	77.65%	\$83,519.00	\$63,160.34	75.62%	\$84,212.00	\$69,361.09	73.62%	\$93,714.00	\$63,739.90	68.02%
Mauai	\$63,783.00	\$44,324.27	69.49%	\$62,753.00	\$44,190.61	70.42%	\$63,046.00	\$46,749.36	74.15%	\$59,328.00	\$44,071.25	74.28%	\$62,696.00	\$46,735.61	74.39%	\$64,138.00	\$51,426.39	80.18%	\$63,934.00	\$49,541.25	77.49%
Oahu	\$951,720.58	\$852,530.64	89.78%	\$946,606.00	\$874,695.01	92.40%	\$981,873.27	\$916,106.50	93.30%	\$947,295.09	\$867,890.14	91.62%	\$963,934.24	\$885,733.35	91.89%	\$1,021,859.86	\$947,244.42	92.70%	\$1,039,885.47	\$951,162.11	91.47%
Total	\$ 1,224,404.89	\$ 1,116,787.87	91.21%	\$ 1,217,464.00	\$ 1,088,310.02	89.21%	\$ 1,253,772.27	\$ 1,145,907.50	91.39%	\$ 1,221,076.00	\$ 1,080,190.26	88.28%	\$ 1,236,579.24	\$ 1,110,957.80	89.88%	\$ 1,319,761.80	\$ 1,195,648.65	90.80%	\$ 1,332,007.47	\$ 1,182,340.63	88.79%

Rent Collection Rate



STATE PUBLIC HOUSING

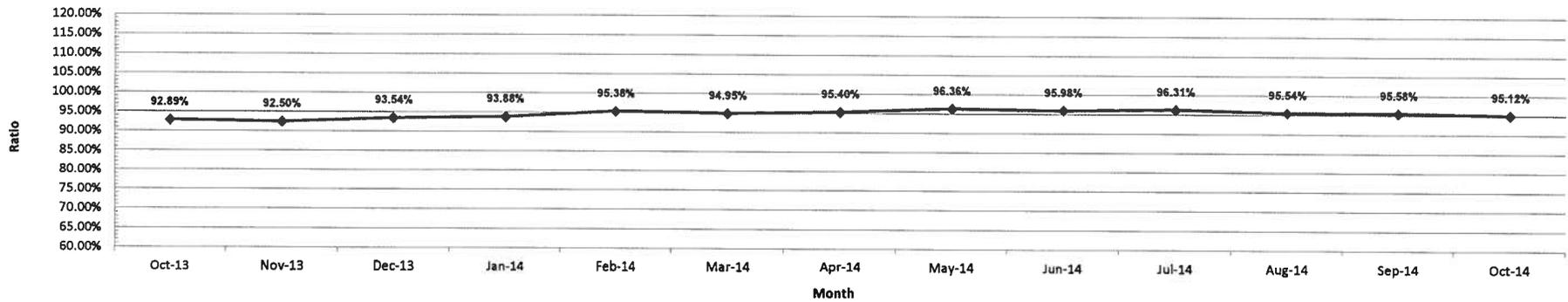
Rent Collection from October 2013 to October 2014

	Oct-13			Nov-13			Dec-13			Jan-14			Feb-14			Mar-14		
	Charges	Collected	Ratio															
Hawaii	\$ 17,858.00	\$ 14,252.00	80.71%	\$ 18,239.00	\$ 14,824.00	81.28%	\$ 18,263.00	\$ 15,249.00	83.50%	\$ 18,954.00	\$ 15,114.85	79.74%	\$ 19,709.00	\$ 16,180.67	82.10%	\$ 18,859.00	\$ 15,267.00	80.95%
Kauai	\$ 5,134.00	\$ 4,631.00	90.20%	\$ 5,868.00	\$ 5,345.00	91.09%	\$ 5,516.00	\$ 4,893.00	88.71%	\$ 5,481.00	\$ 4,903.00	89.45%	\$ 5,761.00	\$ 5,138.00	89.19%	\$ 6,094.00	\$ 5,039.00	82.89%
Maui	\$ 4,678.00	\$ 3,468.00	74.13%	\$ 4,119.00	\$ 2,923.00	70.96%	\$ 3,990.00	\$ 2,930.00	73.43%	\$ 4,795.00	\$ 3,828.00	79.83%	\$ 4,560.00	\$ 3,284.00	72.02%	\$ 4,536.00	\$ 3,662.00	80.73%
Oahu	\$ 250,488.34	\$ 235,849.18	94.16%	\$ 242,473.05	\$ 227,317.05	93.75%	\$ 241,326.79	\$ 228,638.23	94.74%	\$ 240,217.28	\$ 229,104.44	95.37%	\$ 242,957.16	\$ 235,769.08	97.04%	\$ 241,846.56	\$ 233,660.50	96.62%
Total	\$ 277,958.34	\$ 258,200.18	92.89%	\$ 270,899.05	\$ 250,409.05	92.50%	\$ 269,095.79	\$ 251,710.23	93.54%	\$ 269,447.28	\$ 252,950.29	93.88%	\$ 272,987.16	\$ 260,371.75	95.36%	\$ 271,335.86	\$ 257,628.50	94.95%

Cumulative (12 Months)	
10/13 - 10/14	
Charges	\$ 3,489,334.78
Collections	\$ 3,310,279.60
Total	\$ (179,055.18)
Ratio	94.87%

	Apr-14			May-14			Jun-14			Jul-14			Aug-14			Sep-14			Oct-14		
	Charges	Collected	Ratio																		
Hawaii	\$ 19,664.00	\$ 16,795.67	85.41%	\$ 19,543.00	\$ 17,733.75	90.74%	\$ 19,536.00	\$ 17,436.00	89.25%	\$ 19,647.00	\$ 17,020.25	86.63%	\$ 19,459.00	\$ 16,465.77	84.62%	\$ 20,062.00	\$ 16,085.77	80.18%	\$ 19,403.00	\$ 15,632.71	80.57%
Kauai	\$ 6,177.00	\$ 5,150.00	83.37%	\$ 6,054.00	\$ 5,329.00	88.02%	\$ 6,016.00	\$ 4,455.00	74.05%	\$ 6,130.00	\$ 3,962.00	64.63%	\$ 6,130.00	\$ 3,973.00	64.81%	\$ 6,130.00	\$ 4,942.00	80.62%	\$ 6,775.00	\$ 5,515.00	81.40%
Maui	\$ 4,670.00	\$ 3,176.00	68.01%	\$ 4,370.00	\$ 3,054.00	69.89%	\$ 3,793.00	\$ 2,707.00	71.37%	\$ 3,796.00	\$ 2,943.00	77.53%	\$ 3,707.00	\$ 2,749.00	74.16%	\$ 3,736.00	\$ 2,784.00	74.52%	\$ 3,608.00	\$ 2,212.00	61.31%
Oahu	\$ 235,822.52	\$ 228,961.56	97.09%	\$ 233,115.00	\$ 227,394.30	97.55%	\$ 250,959.24	\$ 244,448.24	97.41%	\$ 235,217.24	\$ 231,082.58	98.24%	\$ 230,552.00	\$ 225,075.87	97.62%	\$ 232,453.50	\$ 226,959.66	97.64%	\$ 231,286.00	\$ 224,966.47	97.27%
Total	\$ 268,333.52	\$ 254,083.23	95.40%	\$ 263,082.00	\$ 253,511.05	96.36%	\$ 280,304.24	\$ 269,046.24	95.98%	\$ 264,790.24	\$ 255,007.83	96.31%	\$ 259,848.00	\$ 248,263.64	95.54%	\$ 262,381.50	\$ 250,771.43	95.58%	\$ 261,072.00	\$ 248,326.18	95.12%

Rent Collection Rate



FEDERAL PUBLIC HOUSING

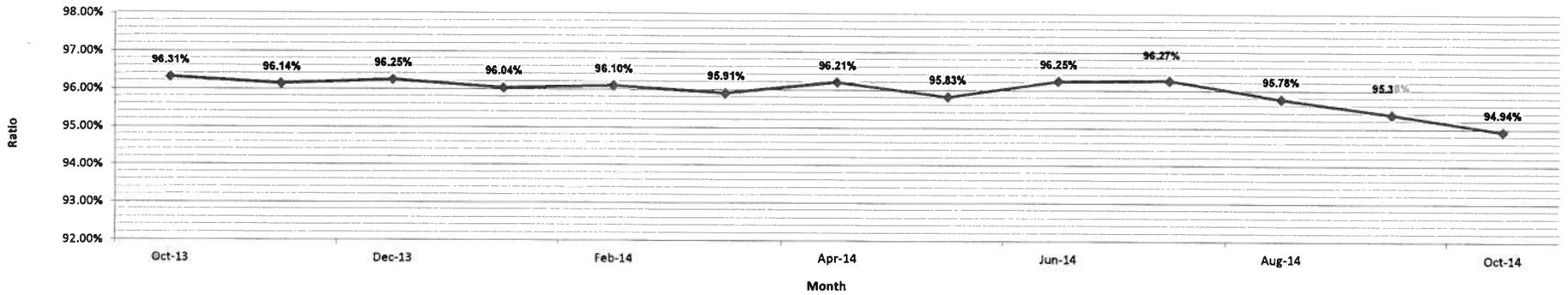
Occupancy from October 2013 to October 2014

	Oct-13			Nov-13			Dec-13			Jan-14			Feb-14			Mar-14		
	Total Units	Occ Units	Ratio															
Hawaii	627	594	94.74%	627	591	94.26%	627	592	94.42%	627	593	94.58%	627	596	95.06%	627	592	94.42%
Kauai	321	308	95.95%	321	306	95.33%	321	307	95.64%	321	307	95.64%	321	306	95.33%	321	304	94.70%
Maui	196	172	87.76%	196	172	87.76%	196	174	88.78%	196	176	89.80%	196	180	91.84%	196	183	93.37%
Oahu	3,576	3,472	97.09%	3,576	3,469	97.01%	3,576	3,470	97.04%	3,576	3,457	96.67%	3,576	3,454	96.59%	3,576	3,448	96.42%
Total	4,720	4,548	96.31%	4,720	4,536	96.14%	4,720	4,543	96.25%	4,720	4,533	96.04%	4,720	4,536	96.10%	4,720	4,527	95.91%

Cumulative (12 Months)	
10/13 - 10/14	
Units	61,359
Tenants	58,877
Ratio	95.95%

	Apr-14			May-14			Jun-14			Jul-14			Aug-14			Sep-14			Oct-14		
	Total Units	Occ Units	Ratio																		
Hawaii	627	597	95.22%	627	595	94.90%	627	598	95.37%	627	597	95.22%	627	595	94.90%	627	596	95.06%	627	587	93.62%
Kauai	321	311	96.88%	321	312	97.20%	321	314	97.82%	321	310	96.57%	321	312	97.20%	321	311	96.88%	321	303	94.39%
Maui	196	182	92.86%	196	175	89.29%	196	181	92.35%	196	181	92.35%	196	178	90.82%	196	176	89.80%	196	183	93.37%
Oahu	3,576	3,451	96.50%	3,576	3,441	96.22%	3,576	3,450	96.48%	3,576	3,456	96.64%	3,576	3,436	96.09%	3,576	3,419	95.61%	3,575	3,407	95.30%
Total	4,720	4,541	96.21%	4,720	4,523	95.83%	4,720	4,543	96.25%	4,720	4,544	96.27%	4,720	4,521	95.78%	4,720	4,502	95.38%	4,719	4,480	94.94%

Occupancy Rate



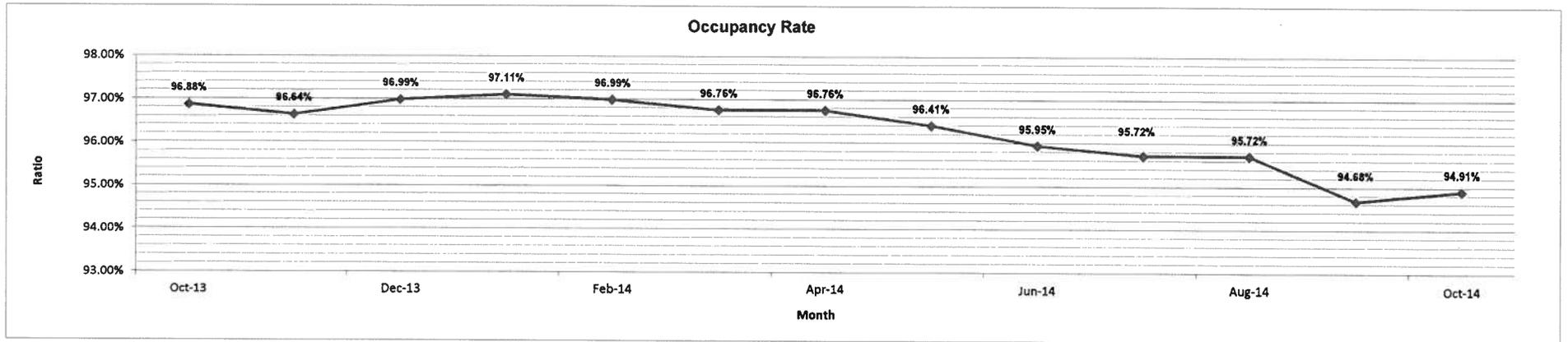
STATE PUBLIC HOUSING

Occupancy from October 2013 to October 2014

	Oct-13			Nov-13			Dec-13			Jan-14			Feb-14			Mar-14		
	Total Units	Occ Units	Ratio															
Hawaii	56	50	89.29%	56	50	89.29%	56	53	94.64%	56	53	94.64%	56	52	92.86%	56	54	96.43%
Kauai	26	25	96.15%	26	25	96.15%	26	25	96.15%	26	25	96.15%	26	26	100.00%	26	25	96.15%
Maui	32	25	78.13%	32	24	75.00%	32	24	75.00%	32	24	75.00%	32	26	81.25%	32	24	75.00%
Oahu	750	737	98.27%	750	736	98.13%	750	736	98.13%	750	737	98.27%	750	734	97.87%	750	733	97.73%
Total	864	837	96.88%	864	835	96.64%	864	836	96.99%	864	839	97.11%	864	838	96.99%	864	836	96.76%

Cumulative (12 Months)	
10/13 - 10/14	
Units	11,232
Tenants	10,813
Ratio	96.27%

	Apr-14			May-14			Jun-14			Jul-14			Aug-14			Sep-14			Oct-14		
	Total Units	Occ Units	Ratio																		
Hawaii	56	53	94.64%	56	53	94.64%	56	52	92.86%	56	52	92.86%	56	52	92.86%	56	50	89.29%	56	50	89.29%
Kauai	26	26	100.00%	26	26	100.00%	26	26	100.00%	26	26	100.00%	26	26	100.00%	26	26	100.00%	26	26	100.00%
Maui	32	24	75.00%	32	23	71.88%	32	23	71.88%	32	23	71.88%	32	22	68.75%	32	21	65.63%	32	21	65.63%
Oahu	750	733	97.73%	750	731	97.47%	750	728	97.07%	750	726	96.80%	750	727	96.93%	750	721	96.13%	750	723	96.40%
Total	864	836	96.78%	864	833	96.41%	864	829	95.95%	864	827	95.72%	864	827	95.72%	864	818	94.68%	864	820	94.91%



**Federal LIPH
HPHA Island Overview Report
as of 10/31/2014**

Island	Occupancy *								LIPH and Elderly Waiting List**				
	Total Available Units	Total Occupied Units	Total Vacant Units (excludes rent ready)	Occupancy Ratio	Move-Ins	Move-Outs	Transfers	Units Rent Ready	HUD Income Limit	# of HoH	% of WL	Avg Family Size	Avg Bedroom Size
Hawaii	627	587	18	93.62%	1	11	2	3	Average Income	30	0.35%	6.76	3.38
Kauai	321	303	8	94.39%	0	5	0	0	Low Income (80%)	49	0.57%	2.91	1.79
Maui	196	183	5	93.37%	11	0	0	0	Very Low Inc. (50%)	361	4.17%	2.64	1.80
Oahu	3,575	3,407	78	95.30%	17	29	10	24	Extrmly Low Inc. (30%)	8,210	94.91%	2.43	1.66
Total	4,719	4,480	109	94.94%	29	45	12	27		8,650	100.00%	2.46	1.67

Island	Non Vacated Delinquencies***				Collection Rate ****		
	Count of Families	30-90 Days	Count of Families	Over 90 Days	Charges	Collected	Ratio
Hawaii	100	\$ 30,720.94	22	\$ 9,301.24	\$ 134,474.00	\$ 117,897.37	87.67%
Kauai	102	\$ 53,734.03	58	\$ 51,708.15	\$ 93,714.00	\$ 63,739.90	68.02%
Maui	70	\$ 35,674.76	29	\$ 37,613.00	\$ 63,934.00	\$ 49,541.25	77.49%
Oahu	468	\$ 165,646.89	208	\$ 89,134.64	\$ 1,039,885.47	\$ 951,162.11	91.47%
Total	740	\$ 285,776.62	317	\$ 187,757.03	\$ 1,332,007.47	\$ 1,182,340.63	88.76%

* Occupancy also counts Scheduled for Modernization Units.

* Occupancy reflects removal of KPT Units.

** Please notice WL Income Limits assumes 2010 HUD Family Income Limit for Hawaii.

*** Delinquencies and Collections reflect only Rents, Cash Receipts, and Payment Agreements (Bill Code 0001 and 0006).

**** Lower Collection rate due to mailing label errors.

**Federal LIPH
HPHA Project Overview Report
as of 10/31/2014**

AMP	Occupancy*							
	Total Available Units	Total Occupied Units	Total Vacant Units (excludes rent ready)	Occupancy Ratio	Move-Ins	Move-Outs	Transfers	Units Rent Ready
30P-Aiea	363	326	3	89.81%	0	2	0	5
31P-KVH	373	356	10	95.44%	3	9	4	7
32P-MWH	364	358	6	98.35%	1	1	1	0
33P-Kam/Kaamanu	373	364	9	97.59%	1	1	1	0
34P-Kalakaua	583	572	5	98.11%	2	3	1	6
35P-Kalanihiua	587	578	5	98.47%	6	6	0	4
37P-Hilo	322	291	12	90.37%	1	3	0	1
38P-Kauai	321	303	8	94.39%	0	5	0	0
39P-Maui	196	183	5	93.37%	11	0	0	0
40P-KPT	170	167	2	98.24%	0	0	0	1
43P-Kona	202	197	3	97.52%	0	6	1	2
44P-Leeward Oahu	260	243	17	93.46%	1	4	2	0
45P-Windward Oahu	235	221	3	94.04%	0	1	0	0
46P-Kamuela	103	99	3	96.12%	0	2	1	0
49P-Central Oahu	149	131	2	87.92%	1	2	1	1
50P-Palolo	118	91	16	77.12%	2	0	0	0
Total	4,719	4,480	109	94.94%	29	45	12	27

AMP	Non Vacated Delinquencies**				Collection Rate		
	Count of Families	30-90 Days	Count of Families	Over 90 Days	Charges	Collected	Ratio
30P-Aiea	9	4,085.00	3	6,161.00	\$ 140,088.00	\$ 136,596.00	97.51%
31P-KVH	96	11,105.44	87	5,033.85	\$ 120,719.25	\$ 113,132.75	93.72%
32P-MWH	52	22,884.85	10	8,783.32	\$ 115,228.00	\$ 101,202.00	87.83%
33P-Kam/Kaamanu	37	16,370.01	10	6,669.00	\$ 97,930.50	\$ 87,258.34	89.10%
34P-Kalakaua	25	6,900.58	18	24,470.50	\$ 143,497.00	\$ 138,361.00	96.42%
35P-Kalanihiua	10	2,444.40	5	5,246.00	\$ 152,942.00	\$ 151,191.00	98.86%
37P-Hilo	27	5,848.00	7	1,156.00	\$ 70,478.00	\$ 66,953.00	95.00%
38P-Kauai	102	53,734.03	58	51,708.15	\$ 93,714.00	\$ 63,739.90	68.02%
39P-Maui	70	35,674.76	29	37,613.00	\$ 63,934.00	\$ 49,541.25	77.49%
40P-KPT	44	20,108.35	6	4,668.65	\$ 70,047.00	\$ 61,276.60	87.48%
43P-Kona	57	19,600.52	7	3,902.00	\$ 41,103.00	\$ 31,722.34	77.18%
44P-Leeward Oahu	139	52,234.93	54	23,468.77	\$ 64,143.00	\$ 40,190.92	62.66%
45P-Windward Oahu	25	12,748.50	4	1,978.55	\$ 65,867.72	\$ 59,612.22	90.50%
46P-Kamuela	16	5,272.42	8	4,243.24	\$ 22,893.00	\$ 19,222.03	83.96%
49P-Central Oahu	16	6,799.00	7	1,885.00	\$ 39,977.00	\$ 37,441.00	93.66%
50P-Palolo	15	9,965.83	4	770.00	\$ 29,446.00	\$ 24,900.28	84.56%
Total	739	\$ 285,776.62	317	\$ 187,757.03	\$ 1,332,007.47	\$ 1,182,340.63	88.76%

* Occupancy also counts Scheduled for Modernization Units.

** Occupancy reflects removal of KPT Units.

*** Delinquencies and Collections reflect only Rents, Cash Receipts, and Payment Agreements (Bill Code 0001 and 0006).

**State LIPH
 HPHA Island Overview Report
 as of 10/31/2014**

Island	Occupancy*								LIPH and Elderly Waiting List**				
	Total Available Units	Total Occupied Units	Total Vacant Units (excludes rent ready)	Occupancy Ratio	Move-Ins	Move-Outs	Transfers	Units Rent Ready	HUD Income Limit	# of HoH	% of WL	Avg Family Size	Avg Bedroom Size
Hawaii	56	50	2	89.29%	0	0	0	2	Average Income	18	0.30%	7.15	3.70
Kauai	26	26	0	100.00%	0	0	0	0	Low Income (80%)	38	0.64%	2.27	1.36
Maui	32	21	11	65.63%	0	0	0	0	Very Low Inc. (50%)	306	5.15%	2.41	1.42
Oahu	750	723	14	96.40%	10	10	4	7	Extremely Low Inc. (30%)	5,577	93.90%	2.25	1.42
Total	864	820	27	94.91%	10	10	4	9		5,939	100.00%	2.27	1.43

Island	Non Vacated Delinquencies***				Collection Rate		
	Count of Families	30-90 Days	Count of Families	Over 90 Days	Charges	Collected	Ratio
Hawaii	15	\$ 7,734.00	4	\$ 2,031.00	\$ 19,403.00	\$ 15,632.71	80.57%
Kauai	6	\$ 2,443.00	6	\$ 2,530.00	\$ 6,775.00	\$ 5,515.00	81.40%
Maui	10	\$ 2,304.00	4	\$ 13,658.00	\$ 3,608.00	\$ 2,212.00	61.31%
Oahu	21	\$ 10,110.00	5	\$ 3,767.00	\$ 231,286.00	\$ 224,966.47	97.27%
Total	52	\$ 22,591.00	19	\$ 21,986.00	\$ 261,072.00	\$ 248,326.18	95.12%

* Occupancy also counts Scheduled for Modernization Units.

** Please notice WL Income Limits assumes 2010 HUD Family Income Limit for Hawaii.

*** Delinquencies and Collections reflect only Rents, Prepays and Payment Agreements (Bill Code 0001 and 0006).

**State LIPH
HPHA Project Overview Report
as of 10/31/2014**

Project	Occupancy *							
	Total Available Units	Total Occupied Units	Total Vacant Units (excludes rent ready)	Occupancy Ratio	Move-Ins	Move-Outs	Transfers	Units Rent Ready
2201-Hauiki	46	41	3	89.13%	1	0	0	1
2202-Puahala Homes	128	114	8	89.06%	3	5	4	5
2204-Kawailehua	26	26	0	100.00%	0	0	0	0
2205-Kahale Mua	32	21	11	65.63%	0	0	0	0
2206-Lokahi	30	28	1	93.33%	0	0	0	0
2207-Ke Kumu Elua	26	22	1	84.62%	0	0	0	2
2401-Hale Po'ai	206	203	2	98.54%	4	3	0	0
2402-La'iola	108	105	1	97.22%	1	1	0	1
2403-Kamalu-Ho'olulu	221	220	0	99.55%	1	1	0	0
2404-Halia Hale	41	40	0	97.56%	0	0	0	0
Total	864	820	27	94.91%	10	10	4	9

Project	Non Vacated Delinquencies**				Collection Rate		
	Count of Families	30-90 Days	Count of Families	Over 90 Days	Charges	Collected	Ratio
2201-Hauiki	4	\$ 1,847.00	1	\$ 378.00	\$ 18,525.00	\$ 17,262.00	93.18%
2202-Puahala Homes	8	\$ 5,362.00	4	\$ 3,389.00	\$ 41,872.00	\$ 38,651.47	92.31%
2204-Kawailehua	6	\$ 2,443.00	6	\$ 2,530.00	\$ 6,775.00	\$ 5,515.00	81.40%
2205-Kahale Mua	10	\$ 2,304.00	4	\$ 13,658.00	\$ 3,608.00	\$ 2,212.00	61.31%
2206-Lokahi	7	\$ 4,322.00	1	\$ 850.00	\$ 11,572.00	\$ 9,408.00	81.30%
2207-Ke Kumu Elua	8	\$ 3,412.00	3	\$ 1,181.00	\$ 7,831.00	\$ 6,224.71	79.49%
2401-Hale Po'ai	0	-	0	-	\$ 60,276.00	\$ 60,276.00	100.00%
2402-La'iola	6	\$ 1,936.00	0	-	\$ 35,395.00	\$ 34,034.00	96.15%
2403-Kamalu-Ho'olulu	3	\$ 965.00	0	-	\$ 65,254.00	\$ 64,779.00	99.27%
2404-Halia Hale	0	-	0	-	\$ 9,964.00	\$ 9,964.00	100.00%
Total	52	\$ 22,591.00	19	\$ 21,986.00	\$ 261,072.00	\$ 248,326.18	95.12%

* Occupancy also counts Scheduled for Modernization Units.

** Delinquencies and Collections reflect only Rents, Prepays and Payment Agreements (Bill Code 0001 and 0006).

**Section 8 Subsidy Programs Branch
Report for October 2014**

A. Program Activities

1. Voucher activity for October 2014:

- HPHA expended \$2,010,373 (99.1% of HUD funds received) in housing assistance payments to private landlords on behalf of 1941 voucher holders in October 2014.
- HPHA expended \$34,083 on behalf of 167 families served under the rent supplement program on Oahu.
- As of October 31, 2014, 276 veterans were assisted with Veteran's Administration Supportive Housing Vouchers (VASH). Total monetary assistance was \$210,273.

Waiting List	# of applicants October 2014	Status
Housing Choice Voucher	414	Wait list closed
Kuhio Park Towers	157	Wait list closed
Palolo Homes Project Based Section 8	3523	Wait list closed
Rent Supplement Program	793	Wait list closed, Purge contract out for bid

2. Voucher lease up activity for October 2014:

Voucher Type	October 2014		
	# leased	# of vacancies	# in housing search
Housing Choice Vouchers	5		25
VASH	5		29
Kuhio Park Towers	0	3	
Palolo Homes Project Based Section 8	1	2	
Port-In (from other agencies)	3		6

3. Inspections update:

- A total of 127 inspections were performed in October 2014. Of the 127 inspections 27 failed the first time the unit was inspected. The inspections also failed 32 rent comparisons in October 2014. A rent comparison is a procedure required by HUD to determine if the rent the landlord is asking for is in line with current market rents.
- A total of 32 Housing Quality Standards Quality Control inspections were performed in October 2014.

4. Family Self Sufficiency (FSS) Program

- The Family Self Sufficiency (FSS) program assisted 95 Section 8 clients in October 2014. There were 39 active escrow accounts with a total deposit of \$3656 in October 2014. An FSS client (VASH voucher holder) returned his voucher after successfully completing the program. He bought a house on his own without going through the homeownership program.



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RECEIVED
HAWAII PUBLIC
HOUSING AUTHORITY

U.S. Department of Housing and Urban
Development

Hawaii State Office
1132 Bishop Street, Suite 1400
Honolulu, Hawaii 96813
<http://www.hud.gov>

October 28, 2014

Mr. Hakim Ouansafi
Executive Director
Hawaii Public Housing Authority
P.O. Box 17907
1002 N. School St.
Honolulu, HI 96817

Dear Mr. Ouansafi:

Thank you for completing your Section 8 Management Assessment Program (SEMAP) certification for fiscal year end June 30, 2014, for the Hawaii Public Housing Authority. We appreciate your time and attention to the SEMAP assessment process. SEMAP enables HUD to better manage the Section 8 tenant-based program by identifying PHA capabilities and deficiencies related to the administration of the Section 8 program. As a result, HUD will be able to provide more effective program assistance to PHAs.

The HPHA's final SEMAP score for fiscal year ended 6/30/2014 is 97. The following are your scores on each indicator:

Indicators

1	Selection from Waiting List (24 CFR 982.54(d)(1) and 982.204(a))	15
2	Reasonable Rent (24 CFR 982.4, 982.54(d)(15), 982.158(f)(7) and 982.507)	20
3	Determination of Adjusted Income (24 CFR part 5, subpart F and 24 CFR 982.516)	20
4	Utility Allowance Schedule (24 CFR 982.517)	5
5	HQS Quality Control (24 CFR 982.405(b))	5
6	HQS Enforcement (24 CFR 982.404)	10
7	Expanding Housing Opportunities	5
8	Payment Standards (24 CFR 982.503)	5
9	Timely Annual Reexaminations (24 CFR 5.617)	10
10	Correct Tenant Rent Calculations (24 CFR 982, Subpart K)	5
11	Pre-Contract HQS Inspections (24 CFR 982.305)	5
12	Annual HQS Inspections (24 CFR 982.405(a))	10
13	Lease-Up	20
14	Family Self-Sufficiency (24 CFR 984.105 and 984.305)	5
15	Deconcentration Bonus	0

Your overall performance rating is High Performer.

If you disagree with any of the scores, you may submit a letter of appeal to our office within 30 days upon receipt of this letter.

Thank you for your cooperation with the SEMAP process. If you have any questions, you may contact Jun Chung at (808) 457-4669.

Sincerely,

A handwritten signature in black ink, appearing to be 'Jesse Wu', written over the printed name.

Jesse Wu
Director
Office of Public Housing

**Hearings Office
Report for the Month of October 2014**

A. Program Activities

- Eviction cases heard for month of October 2014, there were a total of 17 cases, 12 for rent, and 5 for non-rent. For September 2013 through October 2014, a total of 247 cases were referred with a total of 96 families evicted for this period.
- Monitor Statewide AMP rent delinquencies and submit monitoring report to Office of the Executive Director and Property Management Branch.

B. Planned Activities

- Evaluate, review and revise eviction referrals for compliance with Hawaii Revised Statutes (HRS), Section 356D, Hawaii Administrative Rules, 17-2020 and the Admissions and Occupancy Policy (ACOP) Manual.
- Schedule and conduct federal statewide administrative eviction hearings in compliance with federal and state laws, rules, and regulations.
- Prepare findings of facts, conclusions of law, decision and order, subpoena police reports and witnesses for criminal cases.
- Schedule breach of conditions cases for due process hearings and prepare findings of fact, conclusions of law, decision and order.
- Continue to recruit resident and non-resident statewide eviction board members for the required board quorum.
- Conduct eviction hearings through video conference with neighbor island AMPS, which include Kauai, Maui, Hilo and Kona.
- Continue to seek a qualified person to fill the hearings assistant position.

HEARINGS OFFICE-STATEWIDE FEDERAL EVICTION REFERRALS-October 2014

Total # of Cases Heard for the Month of October= 17 cases

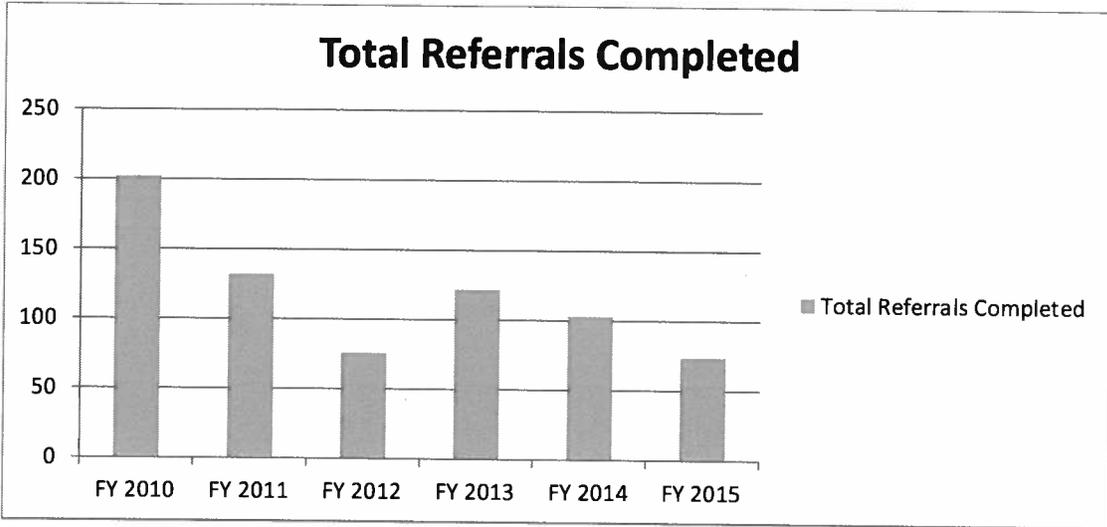
(Oahu & Neighbor Islands)

Decisions Rendered:	Rent Violations	Other Violations
Eviction	2	4
Evict w/cond	4	1
10-day cure	1	0
Withdrawn/Dismiss	1	2
Continued	4	5
Totals	<u>12</u>	<u>5</u>

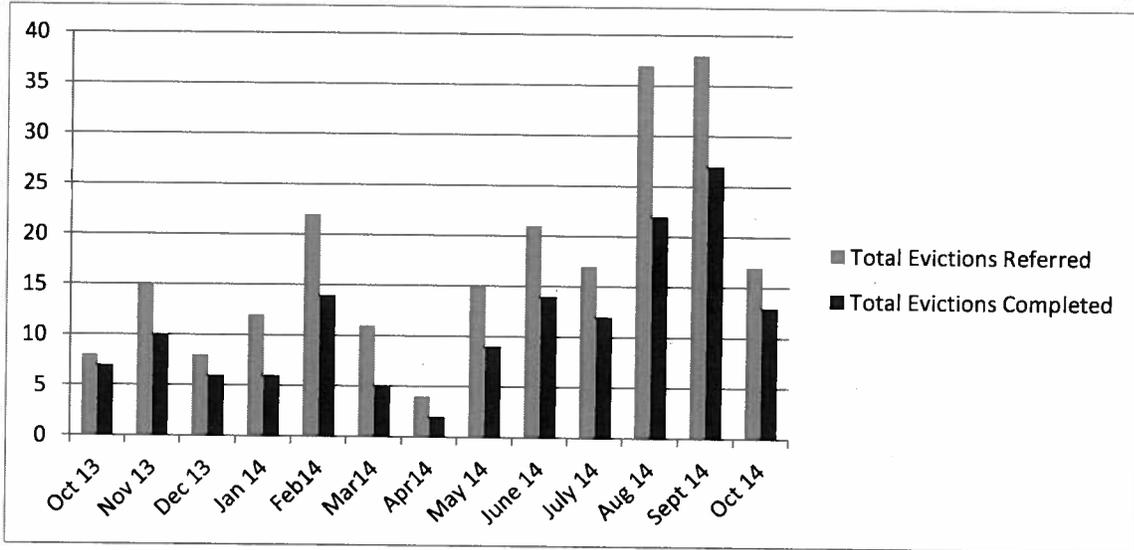
REFERRALS									
REASON FOR REFERRAL				RESULT OF EVICTION REFERRAL					
MONTH	Total	Rent	Other	Evict	Evict with Cond	10-day Cure	Dismiss	Continued	Completed
FY 2010	263	223	40	109	83	4	6	61	202
FY 2011	178	140	38	68	54	5	5	46	132
FY 2012	106	84	22	40	32	1	3	30	76
FY 2013	160	119	41	76	37	3	6	38	122
FY 2014	153	121	32	62	41	0	13	37	103
FY 2015	109	81	28	40	25	2	7	35	74

September 2013 - October 2014

REFERRALS									
REASON FOR REFERRAL				RESULT OF EVICTION REFERRAL					
MONTH	Total	Rent	Other	Evict	Evict with Cond	10-day Cure	Dismiss	Continued	Completed
Sept 13	22	18	4	13	7	0	0	2	20
Oct 13	8	7	1	5	2	0	0	1	7
Nov 13	15	8	7	5	5	0	1	4	10
Dec 13	8	6	2	4	2	0	1	1	6
Jan 14	12	12	0	3	3	0	0	6	6
Feb14	22	16	6	9	5	0	3	5	14
Mar14	11	9	2	2	3	0	2	4	5
Apr14	4	4	0	2	0	0	0	2	2
May 14	15	9	6	4	5	0	2	4	9
June 14	21	18	3	9	5	0	2	5	14
July 14	17	13	4	10	1	1	0	5	12
Aug 14	37	30	7	11	8	0	3	15	22
Sept 14	38	26	12	13	11	0	3	11	27
Oct 14	17	12	5	6	5	1	1	4	13
TOTALS	247	188	59	96	62	3	18	69	167



June 2013-September 2014



Prepared and Reviewed by Renee Blondin-Nip on October 31, 2014

Fiscal Management Office
Variance report for September 2014

Revenue – September

CFP Grant Income \$133,227 or 100% less than budget

In budget, the estimated CFP Grant Income is spread out among the 12 months. There was no actual draw on CFP Grant in September.

State CIP Fund \$255,311 or 100% less than budget

For FY15, costs of unit turnarounds are budgeted to be funded by State Capital Improvement Fund (State CIP). As for the 2014 Legislative Session Budget Act, State CIP appropriation of \$26.0 million is still in the process of being released, the actual cost was charged against this appropriation.

Other Income \$183,352 or 46% more than budget

The main reason is \$148,012 more income than budget in COCC. The amount represents the difference between work orders actually charged to beneficiary AMPs and State housing projects and the budgeted amounts.

Revenue – YTD

CFP Grant Income \$396,694 or 100% less than budget

In budget, the estimated CFP Grant Income is spread out among the 12 months. There has been no actual draw on CFP Grant Income this fiscal year.

State CIP Fund \$759,932 or 100% less than budget

For FY15, costs of unit turnarounds are budgeted to be funded by State CIP. As for the 2014 Legislative Session Budget Act, State CIP appropriation of \$26.0 million is still in the process of being released, the actual cost has not been charged against this appropriation.

Grant Income \$174,965 or 14% less than budget

The Grant Income is recognized when State general fund for repair and maintenance is used to pay for protective services and repair and maintenance contracts for federal and state housing units. Actual payments of such contracts are lower than budgeted for fiscal year-to-date.

Other Income \$519,720 or 33% less than budget

The main reason is \$566,831 less income than budget in COCC. The amount represents the difference between work orders actually charged to beneficiary AMPs and State housing projects and the budgeted amounts, and the federal capital fund Administration portion that has not been drawn yet.

Expenses - September

Administrative \$251,347 or 18% less than budget, a favorable variance

The noticeable favorable variances include budget savings of Office Expense of \$95,187, mainly contributed by AMPs' \$42,039 budget saving and COCC's \$42,145 budget savings; Legal Expense in COCC of \$42,337, and Administrative – Other budget saving of \$128,127.

Housing Assistance Payments \$570,340 or 15% greater than budget

Mainly due to \$636,840 more payment than budget for Section 8 Contract Administration program, related to \$445,350 more HUD subsidy received than budget.

Tenant Services \$25,730 or 42% less than budget, a favorable variance

It consists of offsetting variances: \$6,077 budget savings of AMPs, \$20,850 budget overrun for Section 8 Choice Voucher Program, and \$39,030 budget savings for State Rent Supplemental program.

Bad Debt Expense \$22,586 or 93% less than budget

Mainly because actual write-offs are \$17,706 less than budgets for AMPs, and \$4,880 less than budget for State Housing programs.

General Expenses \$41,492 or 335% greater than budget

This related to the fact that clearing account balance of \$27,954 was not fully allocated to expense categories in September for FY15, and \$15,500 budget overrun of Motor Pool Vehicle Rental.

Expenses – YTD

Housing Assistance Payments \$1,726,623 or 15% greater than budget

Mainly due to \$1,750,620 more payment made than budget for Section 8 Contract Administration program, related to \$1,367,640 more HUD subsidy received than budget.

Tenant Services \$124,909 or 73% greater than budget

The variance consists of \$206,995 relocation cost more than budget for Kalihi Valley Homes, and \$117,090 less than budget for State Rent Supplemental program.

Maintenance \$1,189,171 or 22% less than budget, a favorable variance

It consists of following major variances: main budget saving are \$977,878 for Maintenance Material and \$280,842 for Contract Cost, offset by budget overruns of \$142,740 for Building Material and \$107,804 of Maintenance Equipment.

Protective Services \$71,394 or 12% less than budget, a favorable variance

The main contributor is \$45,896 budget saving of Protective Services Salaries and Benefits for privately-managed AMPs.

Bad Debt Expense \$14,251 or 19% greater than budget

Mainly because actual write-offs are \$28,891 more than budgets for AMPs, and \$14,640 less than budget for Sate Housing programs.

General Expenses \$214,472 or 385% greater than budget

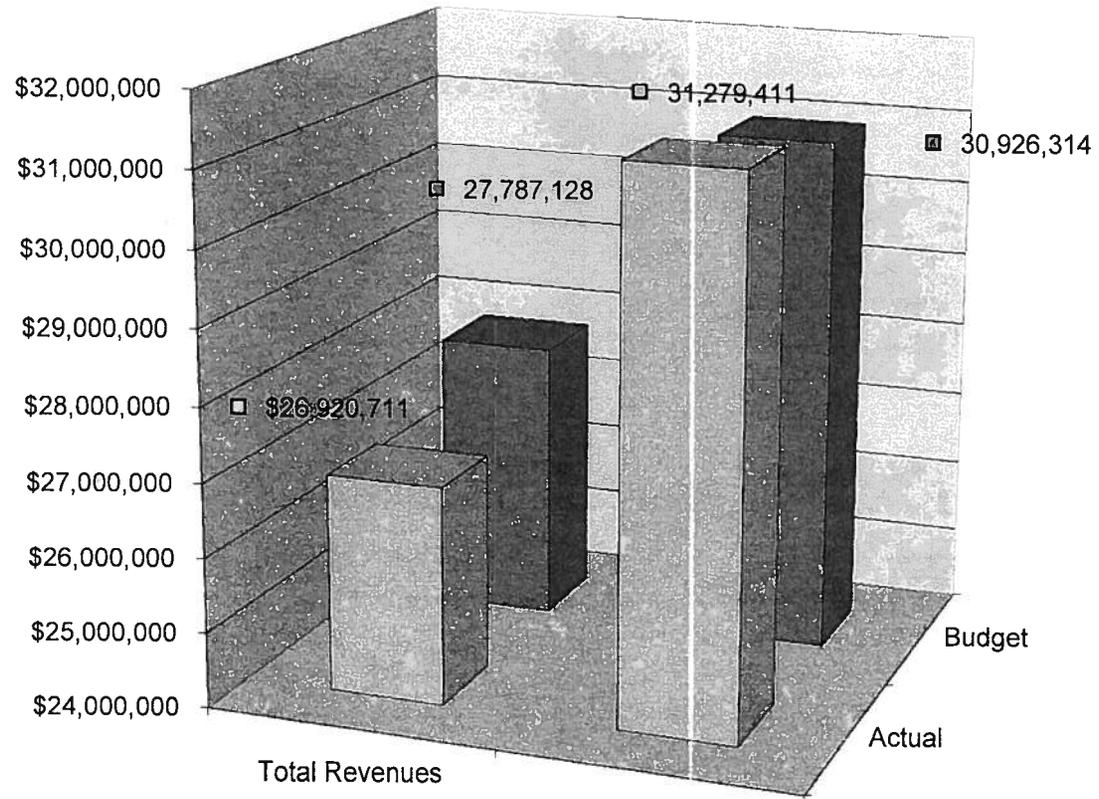
The variance consists of clearing account of \$79,991 for AMPs and \$131,953 for COCC, not yet allocated to cost categories for this fiscal year.

HAWAII PUBLIC HOUSING AUTHORITY
Agency Total
Actual vs Budget Comparison
For the Month of September 2014, and the 3 Months ended September 30, 2014
(Amounts in Full Dollars)

<u>Month of September 2014</u>				<u>Year to Date ended September 30, 2014</u>							
<u>Actual</u>	<u>Budget</u>	<u>Variance Amount</u>	<u>%</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance Amount</u>	<u>%</u>	<u>Prior Year</u>	<u>Variance Amount</u>	<u>%</u>
				REVENUES							
1,483,075	1,407,568	75,507	5%	Dwelling Rental Income	4,193,468	4,223,094	(29,626)	-1%	5,410,974	(1,217,505)	-23%
6,454,942	6,128,174	326,768	5%	HUD Operating Subsidies	19,427,960	18,384,522	1,043,438	6%	20,802,641	(1,374,681)	-7%
-	133,227	(133,227)	-100%	CFP Grant Income	-	396,694	(396,694)	-100%	-	-	0%
377,757	388,780	(11,023)	-3%	COCC Fee Income	1,137,422	1,166,340	(28,918)	-2%	1,155,092	(17,670)	-2%
-	255,311	(255,311)	-100%	State CIP Fund	-	759,932	(759,932)	-100%	-	-	0%
395,197	431,287	(36,090)	-8%	Grant Income	1,119,762	1,294,727	(174,965)	-14%	1,300,265	(180,503)	-14%
584,433	401,081	183,352	46%	Other Income	1,042,099	1,561,819	(519,720)	-33%	578,666	463,434	80%
\$ 9,295,403	9,145,428	149,975	2%	Total Revenues	\$ 26,920,711	27,787,128	(866,417)	-3%	29,247,637	(2,326,927)	-8%
				EXPENSES							
1,142,279	1,393,626	251,347	18%	Administrative	3,664,217	4,038,614	374,397	9%	3,182,408	(481,809)	-15%
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%
395,126	405,099	9,973	2%	Management Fees	1,191,653	1,215,435	23,782	2%	1,223,241	31,589	3%
54,631	56,444	1,813	3%	Bookkeeping Fees	164,067	169,312	5,245	3%	166,505	2,438	1%
4,431,710	3,861,370	(570,340)	-15%	Housing Assistance Payments	13,310,733	11,584,110	(1,726,623)	-15%	16,223,424	2,912,691	18%
35,955	61,685	25,730	42%	Tenant Services	296,854	171,945	(124,909)	-73%	77,421	(219,433)	-283%
1,294,465	1,189,580	(104,885)	-9%	Utilities	3,429,023	3,568,740	139,717	4%	3,492,394	63,370	2%
1,656,930	1,771,273	114,343	6%	Maintenance	4,239,519	5,428,690	1,189,171	22%	3,978,831	(260,688)	-7%
208,749	194,591	(14,158)	-7%	Protective Services	499,973	571,367	71,394	12%	414,990	(84,984)	-20%
72,006	71,581	(425)	-1%	Insurance	218,104	214,687	(3,417)	-2%	234,584	16,481	7%
1,302,546	1,302,546	-	0%	Depreciation Expense	3,907,638	3,907,638	-	0%	3,663,492	(244,146)	-7%
1,791	24,377	22,586	93%	Bad Debt Expense	87,382	73,131	(14,251)	-19%	(8,202)	(95,584)	-1165%
53,892	12,400	(41,492)	-335%	General Expenses	270,248	55,776	(214,472)	-385%	326,022	55,774	17%
10,650,080	10,344,572	(305,508)	-3%	Total Expenses	31,279,411	30,999,445	(279,966)	1%	32,975,110	1,695,698	5%
(1,354,677)	(1,199,144)	(155,533)	-13%	Net Income(Loss)	\$ (4,358,701)	\$ (3,212,317)	(1,146,384)	-36%	(3,727,472)	(631,228)	-17%
				CASH BASIS:							
(1,354,677)	(1,199,144)	(155,533)	-13%	Net Income(loss) per Above	(4,358,701)	(3,212,317)	(1,146,384)	-36%	(3,727,472)	631,228	-17%
				Add back non cash items:							
1,302,546	1,302,546	-	0%	Depreciation Expense	3,907,638	3,907,638	-	0%	3,663,492	244,146	7%
1,791	24,377	(22,586)	93%	Bad Debt Expense	87,382	48,754	38,628	-79%	(8,202)	95,584	1165%
(50,340)	127,779	(178,119)	-139%	TOTAL CASH BASIS	\$ (363,681)	744,075	(1,107,756)	-149%	(72,182)	970,958	-404%

870,043

HPHA September 30, 2014 Actual vs Budget



	Total Revenues	
Actual	\$26,920,711	31,279,411
Budget	27,787,128	30,926,314

HAWAII PUBLIC HOUSING AUTHORITY
Consolidated Balance Sheet
Agency Total (Funds 130 To 150, 007, 020, 024, 181, 265, 318 & 337)
As of September 30, 2014 and August 31, 2014

	As of September 30 2014	As of August 31 2014	Increase (Decrease)
ASSETS:			
Cash	60,524,838	61,030,033	(505,195)
Receivables:			
Tenant Receivables	3,841,541	3,926,106	(84,566)
Other	1,001,181	987,283	13,897
Less Allowance for Doubtful Accounts	(3,133,774)	(3,133,774)	-
Total receivables	1,708,948	1,779,616	(70,668)
Accrued Interest	2,040,488	2,040,488	-
Prepaid Expenses	45,739	50,953	(5,214)
Inventories	561,637	561,713	(77)
Interprogram Due From	1,518,534	1,061,576	456,958
Total Current Assets	66,400,183	66,524,380	(124,197)
Property, Plant & Equipment:			
Land	21,451,327	21,451,327	-
Buildings	565,842,067	565,842,067	-
Furniture & Equipment	5,244,940	5,244,940	-
Motor vehicles	528,661	528,661	-
Construction in Progress	32,015,414	32,015,414	-
Less: Accumulated Depreciation	(332,551,311)	(331,248,765)	(1,302,546)
Notes, Loans & Mortgage Receivable-Non Current	8,716,630	8,716,630	-
Other Long term assets	-	-	-
Total Assets	\$ 367,647,910	369,074,653	(1,426,743)
LIABILITIES AND NET ASSETS			
Accounts Payable	1,718,895	934,810	784,085
Accrued Expenses	-	-	-
Accrued Salaries & Wages	763,001	763,001	-
Accrued Vacation	1,401,500	1,401,500	-
Tenant Security Deposits	784,892	786,264	(1,372)
Other Liabilities & Deferred Income	2,429,997	2,763,586	(333,589)
Interprogram Due To	-	-	-
Total Current Liabilities	7,098,285	6,649,161	449,124
Accrued Pension and OPEB Liability	12,414,722	12,414,722	-
Accrued Liabilities - Long Term	69,583	69,583	-
Net Assets			
Investment in capital assets	292,531,098	293,833,644	(1,302,546)
Restricted Net Assets	3,322,654	3,322,654	-
Unrestricted Net Assets	56,570,269	55,788,913	781,356
Net Income Year to Date	(4,358,701)	(3,004,023)	(1,354,677)
Total Net Assets	348,065,320	349,941,187	(1,875,867)
Total Liabilities & Net Assets	\$ 367,647,910	369,074,653	(1,426,743)

HAWAII PUBLIC HOUSING AUTHORITY
Federal Low Rent Program
Actual vs Budget Comparison
For the Month of September 2014, and the 3 Months ended September 30, 2014
(Amounts in Full Dollars)

Month of September 2014			
Actual	Budget	Variance	
		Amount	%
1,227,992	1,163,503	64,489	6%
1,811,512	1,921,519	(110,008)	-6%
-	133,227	(133,227)	-100%
-	-	-	0%
-	-	-	0%
-	255,311	(255,311)	-100%
156,094	183,349	(27,255)	-15%
38,431	37,357	1,074	3%
\$ 3,234,029	3,694,266	(460,237)	-12%

408,057	462,235	54,178	12%
-	-	-	0%
248,425	254,101	5,676	2%
33,765	34,790	1,025	3%
-	-	-	0%
14,952	21,029	6,077	29%
1,025,750	1,025,376	(374)	0%
1,224,540	1,267,535	42,995	3%
192,954	193,492	538	0%
60,377	57,262	(3,115)	-5%
1,105,722	1,105,722	-	0%
1,791	19,497	17,706	91%
(21,643)	7,341	28,984	395%
4,294,690	4,448,380	153,690	3%

\$ (1,060,661)	(754,114)	(306,547)	-41%
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(1,060,661)	(754,114)	(306,547)	-41%
1,105,722	1,105,722	-	0%
1,791	19,497	(17,706)	91%
\$ 46,852	371,105	(324,253)	-87%

Year to Date ended September 30, 2014										
Actual	Budget	Variance		Prior Year	Variance					
		Amount	%		Amount	%				
REVENUES										
Dwelling Rental Income	3,436,520	3,490,899	(54,379)	-2%	4,400,166	(963,646)	-22%			
HUD Operating Subsidies	5,424,332	5,764,557	(340,225)	-6%	4,615,448	808,884	18%			
CFP Grant Income	-	396,694	(396,694)	-100%	-	-	0%			
COCC Fee Income	-	-	-	0%	-	-	0%			
General Fund	-	-	-	0%	-	-	0%			
State CIP Fund	-	759,932	(759,932)	-100%	-	-	0%			
Grant Income	527,113	500,047	27,066	5%	-	527,113	100%			
Other Income	106,050	112,680	(6,630)	-6%	313,556	(207,506)	-66%			
Total Revenues	\$ 9,494,014	11,024,809	(1,530,795)	-14%	9,329,170	164,844	2%			

EXPENSES										
Administrative	1,192,169	1,343,991	151,822	11%	1,199,482	7,314	1%			
Asset Management Fees	-	-	-	0%	-	-	0%			
Management Fees	748,795	762,441	13,646	2%	761,426	12,631	2%			
Bookkeeping Fees	101,753	104,350	2,598	2%	103,290	1,538	1%			
Housing Assistance Payments	3,789	-	(3,789)	-100%	5,093	1,304	26%			
Tenant Services	234,200	49,977	(184,223)	-369%	24,571	(209,629)	-853%			
Utilities	2,860,343	3,076,128	215,785	7%	3,000,848	140,505	5%			
Maintenance	3,098,756	3,859,427	760,671	20%	2,853,310	(245,446)	-9%			
Protective Services	482,674	568,070	85,396	15%	417,091	(65,584)	-16%			
Insurance	178,609	171,730	(6,879)	-4%	189,029	10,420	6%			
Depreciation Expense	3,317,166	3,317,166	-	0%	3,105,379	(211,787)	-7%			
Bad Debt Expense	87,382	58,491	(28,891)	-49%	(8,202)	(95,584)	-1165%			
General Expenses	86,583	22,023	(64,560)	-293%	171,521	84,939	50%			
Total Expenses	12,392,219	13,333,794	941,575	7%	11,822,838	(569,381)	-5%			

Net Income(Loss)	\$ (2,898,205)	(2,308,985)	(589,220)	-26%	(2,493,668)	(404,537)	-16%
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CASH BASIS:										
Net Income(loss) per Above	(2,898,205)	(2,308,985)	(589,220)	-26%	(2,493,668)	(404,537)	-16%			
Add back non cash items:										
Depreciation Expense	3,317,166	3,317,166	-	0%	3,105,379	211,787	7%			
Bad Debt Expense	87,382	58,491	28,891	-49%	(8,202)	95,584	1165%			

TOTAL CASH BASIS	\$ 506,343	1,066,672	(560,329)	-53%	603,509	(97,165)	-16%
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HAWAII PUBLIC HOUSING AUTHORITY
Federal Low Rent Program by AMPs
Actual vs Budget Comparison
For the Month of September 2014, and the 3 Months ended September 30, 2014
(Amounts in Full Dollars)

Month of September 2014				Year to Date ended September 30, 2014								
Actual	Budget	Variance		ACCRUAL BASIS	Actual	Budget	Variance		Prior Year	Variance		
		Amount	%				Amount	%		Amount	%	
REVENUES												
323,902	395,554	(71,652)	-18%	Asset Management Project - 30	971,457	1,185,632	(214,175)	-18%	1,022,394	(50,937)	-5%	
296,110	339,830	(43,720)	-13%	Asset Management Project - 31	875,276	1,019,490	(144,214)	-14%	764,478	110,798	14%	
328,582	403,390	(74,808)	-19%	Asset Management Project - 32	937,616	1,210,170	(272,554)	-23%	832,615	105,001	13%	
247,866	270,358	(22,492)	-8%	Asset Management Project - 33	674,752	811,074	(136,322)	-17%	678,137	(3,385)	0%	
365,422	384,188	(18,766)	-5%	Asset Management Project - 34	1,067,078	1,152,564	(85,486)	-7%	1,099,643	(32,566)	-3%	
388,121	415,831	(27,710)	-7%	Asset Management Project - 35	1,166,052	1,247,493	(81,441)	-7%	1,138,647	27,405	2%	
162,297	181,041	(18,744)	-10%	Asset Management Project - 37	465,751	543,123	(77,372)	-14%	465,299	452	0%	
186,070	220,097	(34,027)	-15%	Asset Management Project - 38	551,416	660,298	(108,882)	-16%	605,479	(54,063)	-9%	
139,153	165,842	(26,689)	-16%	Asset Management Project - 39	402,436	497,646	(95,210)	-19%	388,361	14,075	4%	
138,929	175,638	(36,709)	-21%	Asset Management Project - 40	400,066	466,914	(66,848)	-14%	466,630	(66,564)	-14%	
120,945	139,314	(18,369)	-13%	Asset Management Project - 43	358,502	437,942	(79,440)	-18%	347,701	10,801	3%	
181,916	203,781	(21,865)	-11%	Asset Management Project - 44	509,424	610,267	(100,843)	-17%	457,335	52,089	11%	
113,921	152,572	(38,651)	-25%	Asset Management Project - 45	405,568	438,730	(33,162)	-8%	389,257	16,311	4%	
54,532	57,157	(2,625)	-5%	Asset Management Project - 46	161,316	171,561	(10,245)	-6%	163,176	(1,860)	-1%	
98,295	104,752	(6,457)	-6%	Asset Management Project - 49	288,241	314,256	(26,015)	-8%	279,204	9,038	3%	
87,968	84,921	3,047	4%	Asset Management Project - 50	259,063	257,649	1,414	1%	230,814	28,249	12%	
\$ 3,234,029	3,694,266	(460,237)	-12%	Total Revenues	\$ 9,494,014	11,024,809	(1,530,795)	-14%	9,329,170	164,844	2%	
NET INCOME(LOSS)												
(100,215)	(61,461)	(38,754)	-63%	Asset Management Project - 30	(272,763)	(167,203)	(105,560)	-63%	(316,935)	44,172	14%	
(168,945)	(89,629)	(79,316)	-88%	Asset Management Project - 31	(532,059)	(280,513)	(251,546)	-90%	(355,908)	(176,151)	-49%	
(76,381)	76,780	(153,161)	-199%	Asset Management Project - 32	(252,340)	207,290	(459,630)	-222%	(137,091)	(115,249)	-84%	
(111,806)	(48,404)	(63,402)	-131%	Asset Management Project - 33	(211,509)	(204,409)	(7,100)	-3%	(137,997)	(73,512)	-53%	
11,089	(7,165)	18,254	255%	Asset Management Project - 34	35,585	(897)	36,482	4067%	107,858	(72,273)	-67%	
(15,862)	(12,647)	(3,215)	-25%	Asset Management Project - 35	(59,535)	(59,400)	(135)	0%	22,876	(82,411)	-360%	
(152,667)	(151,370)	(1,297)	-1%	Asset Management Project - 37	(430,149)	(458,616)	28,467	6%	(490,699)	60,551	12%	
(47,992)	(72,327)	24,335	34%	Asset Management Project - 38	(120,631)	(206,186)	85,555	41%	(51,087)	(69,544)	-136%	
(51,737)	(62,861)	11,124	18%	Asset Management Project - 39	(164,093)	(176,237)	12,144	7%	(185,082)	20,988	11%	
(62,458)	(2,426)	(60,032)	-2475%	Asset Management Project - 40	(86,297)	(53,414)	(32,883)	-62%	(34,060)	(52,237)	-153%	
(71,115)	(113,610)	42,495	37%	Asset Management Project - 43	(206,835)	(282,700)	75,865	27%	(198,842)	(7,993)	-4%	
(73,429)	(82,446)	9,017	11%	Asset Management Project - 44	(248,140)	(232,027)	(16,113)	-7%	(305,776)	57,636	19%	
(72,421)	(37,955)	(34,466)	-91%	Asset Management Project - 45	(136,697)	(116,926)	(19,771)	-17%	(178,337)	41,640	23%	
(53,994)	(51,241)	(2,753)	-5%	Asset Management Project - 46	(147,899)	(156,762)	8,863	6%	(143,348)	(4,551)	-3%	
(50,517)	(48,857)	(1,660)	-3%	Asset Management Project - 49	(140,951)	(146,570)	5,619	4%	(121,578)	(19,373)	-16%	
37,790	11,505	26,285	228%	Asset Management Project - 50	76,109	25,585	50,524	197%	32,338	43,772	135%	
\$ (1,060,661)	(754,114)	(306,547)	-41%	Total Net Income(Loss)	\$ (2,898,205)	(2,308,985)	(589,220)	-26%	(2,493,668)	(404,537)	-16%	

HAWAII PUBLIC HOUSING AUTHORITY
Housing Choice Voucher Program
Actual vs Budget Comparison
For the Month of September 2014, and the 3 Months ended September 30, 2014
(Amounts in Full Dollars)

Month of September 2014				Year to Date ended September 30, 2014									
Actual	Budget	Variance			Actual	Budget	Variance		Prior Year	Variance			
		Amount	%				Amount	%		Amount	%		
-	-	-	0%		-	-	-	0%	-	-	0%		
2,143,423	2,151,998	(8,575)	0%	Dwelling Rental Income	6,472,017	6,455,994	16,023	0%	7,777,426	(1,305,409)	-17%		
-	-	-	0%	HUD Operating Subsidies	-	-	-	0%	-	-	0%		
-	-	-	0%	CFP Grant Income	-	-	-	0%	-	-	0%		
-	-	-	0%	COCC Fee Income	-	-	-	0%	-	-	0%		
-	-	-	0%	General Fund	-	-	-	0%	-	-	0%		
10,160	922	9,238	1002%	Grant Income	26,088	2,766	23,322	843%	113,510	(87,422)	-77%		
				Other Income									
\$ 2,153,583	2,152,920	663	0%	Total Revenues	\$ 6,498,105	6,458,760	39,345	1%	7,890,936	(1,392,831)	-18%		
				EXPENSES									
87,011	106,069	19,058	18%	Administrative	260,958	317,107	56,149	18%	228,745	(32,213)	-14%		
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%		
23,088	23,724	636	3%	Management Fees	68,544	71,172	2,628	4%	69,384	840	1%		
14,430	14,828	398	3%	Bookkeeping Fees	42,840	44,484	1,644	4%	43,365	525	1%		
1,899,726	1,998,203	98,477	5%	Housing Assistance Payments	5,866,261	5,994,609	128,348	2%	7,941,165	2,074,905	26%		
21,000	150	(20,850)	-13900%	Tenant Services	62,317	450	(61,867)	-13748%	60,377	(1,941)	-3%		
4,592	2,948	(1,644)	-56%	Utilities	13,677	8,844	(4,833)	-55%	9,729	(3,948)	-41%		
1,462	349	(1,113)	-319%	Maintenance	3,344	947	(2,397)	-253%	1,587	(1,757)	-111%		
67	45	(22)	-49%	Protective Services	134	135	1	0%	134	(0)	0%		
36	471	435	92%	Insurance	469	1,413	944	67%	2,813	2,344	83%		
13,809	2,327	(11,482)	-493%	General Expenses	33,050	6,981	(26,069)	-373%	48,329	15,279	32%		
				Total Expenses	6,351,595	6,446,142	94,547	1%	8,405,628	2,054,034	24%		
2,065,221	2,149,114	83,893	4%										
\$ 88,362	3,806	84,556	2222%	Net Income(Loss)	\$ 146,510	12,618	133,892	1061%	(514,693)	661,203	128%		
				CASH BASIS:									
88,362	3,806	84,556	2222%	Net Income(loss) per Above	146,510	12,618	133,892	1061%	(514,693)	\$ 661,203	128%		
				Add back non cash items:									
-	-	-	0%	Depreciation Expense	-	-	-	0%	-	-	0%		
-	-	-	0%	Bad Debt Expense	-	-	-	0%	-	-	0%		
\$ 88,362	3,806	84,556	2222%	TOTAL CASH BASIS	\$ 146,510	12,618	133,892	1061%	(514,693)	661,203	128%		

HAWAII PUBLIC HOUSING AUTHORITY
State Low Rent
Actual vs Budget Comparison
For the Month of September 2014, and the 3 Months ended September 30, 2014
(Amounts in Full Dollars)

<u>Month of September 2014</u>			
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	
		<u>Amount</u>	<u>%</u>
86,188	75,383	10,805	14%
-	-	-	0%
-	-	-	0%
-	-	-	0%
-	-	-	0%
6,033	31,962	(25,929)	-81%
16,751	2,311	14,440	625%
\$ 108,972	109,656	(684)	-1%
22,128	66,278	44,150	67%
-	-	-	0%
15,815	17,941	2,126	12%
1,898	2,153	256	12%
-	-	-	0%
-	406	406	100%
63,058	30,666	(32,392)	-106%
68,063	75,517	7,454	10%
-	-	-	0%
2,968	2,774	(194)	-7%
76,879	76,879	-	0%
-	1,507	1,507	100%
-	749	749	100%
250,808	274,870	24,062	9%
\$ (141,836)	(165,214)	(24,746)	14%
(141,836)	(165,214)	(24,746)	14%
76,879	76,879	-	0%
-	1,507	(1,507)	100%
\$ (64,957)	(86,828)	(26,253)	25%

<u>Year to Date ended September 30, 2014</u>									
<u>Variance</u>						<u>Variance</u>			
<u>Actual</u>	<u>Budget</u>	<u>Amount</u>	<u>%</u>		<u>Prior Year</u>	<u>Amount</u>	<u>%</u>		
REVENUES									
Dwelling Rental Income	249,746	226,149	\$ 23,597	10%	337,581	\$ (87,835)	-26%		
HUD Operating Subsidies	-	-	-	0%	-	-	0%		
CFP Grant Income	-	-	-	0%	-	-	0%		
COCC Fee Income	-	-	-	0%	-	-	0%		
General Fund	-	-	-	0%	-	-	0%		
Grant Income	19,811	146,752	(126,941)	-87%	-	19,811	100%		
Other Income	3,554	4,622	(1,068)	-23%	33,702	(30,148)	-89%		
Total Revenues	\$ 273,111	377,523	(104,412)	-28%	371,282	(98,172)	-26%		
EXPENSES									
Administrative	65,674	116,770	51,096	44%	82,807	17,133	21%		
Asset Management Fees	-	-	-	0%	-	-	0%		
Management Fees	48,195	53,823	5,628	10%	49,320	1,125	2%		
Bookkeeping Fees	5,783	6,459	677	10%	5,918	135	2%		
Housing Assistance Payments	-	-	-	0%	-	-	0%		
Tenant Services	-	1,218	1,218	100%	-	-	0%		
Utilities	171,165	91,998	(79,167)	-86%	178,987	7,822	4%		
Maintenance	168,190	234,968	66,778	28%	170,667	2,477	1%		
Protective Services	241	-	(241)	-100%	-	(241)	-100%		
Insurance	8,155	8,322	167	2%	7,840	(315)	-4%		
Depreciation Expense	230,637	230,637	-	0%	205,810	(24,827)	-12%		
Bad Debt Expense	-	4,521	4,521	100%	-	-	0%		
General Expenses	-	2,247	2,247	100%	-	-	0%		
Total Expenses	698,038	750,963	52,925	7%	701,349	3,311	0%		
Net Income(Loss)	\$ (424,928)	(373,440)	(51,488)	-14%	(330,067)	(94,861)	-29%		
CASH BASIS:									
Net Income(loss) per Above	(424,928)	(373,440)	(51,488)	-14%	(330,067)	(94,861)	-29%		
Add back non cash items:									
Depreciation Expense	230,637	230,637	-	0%	205,810	24,827	12%		
Bad Debt Expense	-	4,521	(4,521)	100%	-	-	0%		
TOTAL CASH BASIS	\$ (194,291)	(138,282)	(56,009)	-41%	(124,257)	(70,034)	-56%		

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HAWAII PUBLIC HOUSING AUTHORITY
State Elderly Program
Actual vs Budget Comparison
For the Month of September 2014, and the 3 Months ended September 30, 2014
(Amounts in Full Dollars)

Month of September 2014				Year to Date ended September 30, 2014							
Actual	Budget	Variance			Actual	Budget	Variance		Prior Year	Variance	
		Amount	%				Amount	%		Amount	%
				REVENUES							
168,894	168,682	212	0%	Dwelling Rental Income	507,203	506,046	\$ 1,157	0%	673,227	(166,024)	-25%
-	-	-	0%	HUD Operating Subsidies	-	-	-	0%	-	-	0%
-	-	-	0%	CFP Grant Income	-	-	-	0%	-	-	0%
-	-	-	0%	COCC Fee Income	-	-	-	0%	-	-	0%
-	-	-	0%	General Fund	-	-	-	0%	-	-	0%
30,041	133,000	(102,959)	-77%	Grant Income	59,440	399,000	(339,560)	-85%	-	59,440	100%
14,929	4,357	10,572	243%	Other Income	30,070	13,071	16,999	130%	336,367	(306,298)	-91%
\$ 213,864	306,039	(92,175)	-30%	Total Revenues	\$ 596,713	918,117	(321,404)	-35%	1,009,594	(412,881)	-41%
				EXPENSES							
18,573	26,177	7,604	29%	Administrative	57,252	78,531	21,279	27%	61,247	3,995	7%
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%
35,318	36,006	688	2%	Management Fees	106,330	108,018	1,688	2%	106,642	313	0%
4,238	4,321	84	2%	Bookkeeping Fees	12,758	12,963	206	2%	12,795	38	0%
-	-	-	0%	Housing Assistance Payments	-	-	-	0%	-	-	0%
-	385	385	100%	Tenant Services	-	1,155	1,155	100%	-	-	0%
189,557	115,543	(74,014)	-64%	Utilities	350,487	346,629	(3,858)	-1%	265,342	(85,145)	-32%
109,036	147,966	38,930	26%	Maintenance	284,189	443,898	159,709	36%	319,759	35,570	11%
-	200	200	100%	Protective Services	86	600	514	86%	559	473	85%
7,877	7,093	(784)	-11%	Insurance	27,286	21,279	(6,007)	-28%	28,602	1,317	5%
118,314	118,314	-	0%	Depreciation Expense	354,942	354,942	-	0%	349,806	(5,136)	-1%
-	3,373	3,373	100%	Bad Debt Expense	-	10,119	10,119	100%	-	-	0%
-	-	-	0%	General Expenses	-	-	-	0%	-	-	0%
482,912	459,378	(23,534)	-5%	Total Expenses	1,193,329	1,378,134	184,805	13%	1,144,752	(48,576)	-4%
\$ (269,048)	(153,339)	(115,709)	-75%	Net Income(Loss)	\$ (596,616)	(460,017)	(136,599)	-30%	(135,158)	(461,457)	-341%
				CASH BASIS:							
(269,048)	(153,339)	(115,709)	-75%	Net Income(loss) per Above	(596,616)	(460,017)	(136,599)	-30%	(135,158)	(461,457)	-341%
118,314	118,314	-	0%	Add back non cash items:							
-	3,373	(3,373)	100%	Depreciation Expense	354,942	354,942	-	0%	349,806	5,136	1%
				Bad Debt Expense	-	10,119	10,119	100%	-	-	0%
\$ (150,734)	(31,652)	(119,082)	-376%	TOTAL CASH BASIS	\$ (241,674)	(94,956)	(126,480)	-155%	214,648	(456,321)	-213%

HAWAII PUBLIC HOUSING AUTHORITY
State Rent Supplement Program
Actual vs Budget Comparison
For the Month of September 2014, and the 3 Months ended September 30, 2014
(Amounts in Full Dollars)

Month of September 2014			
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	
		<u>Amount</u>	<u>%</u>
-	-	-	0%
-	-	-	0%
-	-	-	0%
-	-	-	0%
-	-	-	0%
79,195	82,976	(3,781)	-5%
-	-	-	0%
\$ 79,195	82,976	(3,781)	-5%
7,495	7,834	339	4%
-	-	-	0%
480	561	81	14%
301	352	51	15%
31,976	-	(31,976)	-100%
-	39,030	39,030	100%
674	680	6	1%
357	-	(357)	-100%
-	-	-	0%
(36)	18	54	302%
-	-	-	0%
41,246	48,475	7,229	15%
\$ 37,948	34,501	3,447	10%
37,948	\$ 34,501	\$ 3,447	10%
-	-	-	0%
-	-	-	0%
\$ 37,948	34,501	3,447	10%

REVENUES

Dwelling Rental Income
HUD Operating Subsidies
CFP Grant Income
COCC Fee Income
General Fund
Grant Income
Other Income

Total Revenues

EXPENSES

Administrative
Asset Management Fees
Management Fees
Bookkeeping Fees
Housing Assistance Payments
Tenant Services
Utilities
Maintenance
Protective Services
Insurance
General Expenses

Total Expenses

Net Income(Loss)

CASH BASIS:

Net Income(loss) per Above
Add back non cash items:
Depreciation Expense
Bad Debt Expense

TOTAL CASH BASIS

Year to Date ended September 30, 2014				Variance		
<u>Actual</u>	<u>Budget</u>	<u>Amount</u>	<u>%</u>	<u>Prior Year</u>	<u>Variance</u>	<u>%</u>
-	-	-	0%	-	-	0%
-	-	-	0%	-	-	0%
-	-	-	0%	-	-	0%
-	-	-	0%	-	-	0%
-	-	-	0%	-	-	0%
237,584	248,928	(11,344)	-5%	263,981	(26,397)	-10%
-	-	-	0%	9,145	(9,145)	-100%
\$ 237,584	248,928	(11,344)	-5%	273,126	(35,542)	-13%
20,064	23,502	3,438	15%	21,446	1,382	6%
-	-	-	0%	-	-	0%
1,491	1,683	192	11%	1,815	324	18%
934	1,056	122	12%	1,137	203	18%
100,562	-	(100,562)	-100%	160,696	60,134	37%
-	117,090	117,090	100%	-	-	0%
2,007	2,040	33	2%	2,435	427	18%
525	-	(525)	-100%	-	(525)	-100%
-	-	-	0%	-	-	0%
-	54	54	100%	67	67	100%
-	-	-	0%	-	-	0%
125,584	145,425	19,841	14%	187,596	62,012	33%
\$ 112,000	103,503	8,497	8%	85,530	26,470	31%
112,000	\$ 103,503	\$ 8,497	8%	85,530	\$ 26,470	31%
-	-	-	0%	-	-	0%
-	-	-	0%	-	-	0%
\$ 112,000	103,503	8,497	8%	85,530	26,470	31%

HAWAII PUBLIC HOUSING AUTHORITY
Section 8 Contract Administration
Actual vs Budget Comparison
For the Month of September 2014, and the 3 Months ended September 30, 2014
(Amounts in Full Dollars)

<u>Month of September 2014</u>			
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	
		<u>Amount</u>	<u>%</u>
-	-	-	0%
2,500,007	2,054,657	445,350	22%
-	-	-	0%
-	-	-	0%
-	-	-	0%
(6,615)	-	(6,615)	-100%
15	-	15	100%
\$ 2,493,408	2,054,657	438,751	21%
9,245	4,797	(4,448)	-93%
-	-	-	0%
72,000	72,766	766	1%
-	-	-	0%
2,500,007	1,863,167	(636,840)	-34%
-	-	-	0%
-	-	-	0%
-	-	-	0%
-	-	-	0%
-	-	-	0%
578	-	(578)	-100%
2,581,831	1,940,730	(641,101)	-33%
\$ (88,423)	113,927	(202,350)	-178%
(88,423)	\$ 113,927	\$ (202,350)	-178%
-	-	-	0%
-	-	-	0%
\$ (88,423)	113,927	(202,350)	-178%

<u>Year to Date ended September 30, 2014</u>										
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Prior Year</u>	<u>Variance</u>				<u>Amount</u>	<u>%</u>
		<u>Amount</u>	<u>%</u>		<u>Amount</u>	<u>%</u>				
REVENUES										
-	-	-	0%	-	-	0%			-	0%
7,531,611	6,163,971	1,367,640	22%	8,409,767	(878,156)	-10%				
-	-	-	0%	-	-	0%			-	0%
-	-	-	0%	-	-	0%			-	0%
-	-	-	0%	-	-	0%			-	0%
(33,360)	-	(33,360)	-100%	-	(33,360)	-100%				
50	-	50	100%	48	2	4%				
\$ 7,498,300	6,163,971	1,334,329	22%	8,409,815	(911,514)	-11%				
EXPENSES										
29,710	14,391	(15,319)	-106%	5,616	(24,094)	-429%				
-	-	-	0%	-	-	0%				
218,298	218,298	0	0%	234,654	16,356	7%				
-	-	-	0%	-	-	0%				
7,340,121	5,589,501	(1,750,620)	-31%	8,116,469	776,348	10%				
-	-	-	0%	(7,821)	(7,821)	-100%				
-	-	-	0%	-	-	0%				
-	-	-	0%	-	-	0%				
-	-	-	0%	-	-	0%				
-	-	-	0%	-	-	0%				
1,156	-	(1,156)	-100%	1,428	272	19%				
7,589,285	5,822,190	(1,767,095)	-30%	8,350,346	761,060	9%				
\$ (90,985)	341,781	(432,766)	-127%	59,469	(150,454)	-253%				
CASH BASIS:										
(90,985)	\$ 341,781	\$ (432,766)	-127%	59,469	\$ (150,454)	-253%				
-	-	-	0%	-	-	0%				
-	-	-	0%	-	-	0%				
\$ (90,985)	341,781	(432,766)	-127%	59,469	(150,454)	-253%				

HAWAII PUBLIC HOUSING AUTHORITY
Central Office Cost Center
Actual vs Budget Comparison
For the Month of September 2014, and the 3 Months ended September 30, 2014
(Amounts in Full Dollars)

Month of September 2014				Year to Date ended September 30, 2014								
Actual	Budget	Variance		Actual	Budget	Variance		Prior Year	Variance			
		Amount	%			Amount	%		Amount	%		
REVENUES												
-	-	-	0%	Dwelling Rental Income	-	-	0%	-	-	0%		
-	-	-	0%	HUD Operating Subsidies	-	-	0%	-	-	0%		
-	-	-	0%	CFP Grant Income	-	-	0%	-	-	0%		
377,757	388,780	(11,023)	-3%	COCC Fee Income	1,137,422	1,166,340	(28,918)	-2%	1,155,092	(17,670)	-2%	
-	-	-	0%	General Fund	-	-	-	0%	-	-	0%	
19,738	-	19,738	100%	Grant Income	58,876	-	58,876	100%	-	58,876	100%	
504,146	356,134	148,012	42%	Other Income	859,538	1,426,369	(566,831)	-40%	175,939	683,599	389%	
\$ 901,642	744,914	156,728	21%	Total Revenues	\$ 2,055,836	2,592,709	(536,873)	-21%	1,331,031	724,805	54%	
EXPENSES												
589,769	720,236	130,467	18%	Administrative	1,994,852	2,144,322	149,470	7%	1,583,065	(411,788)	-26%	
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%	
-	-	-	0%	Management Fees	-	-	-	0%	-	-	0%	
-	-	-	0%	Bookkeeping Fees	-	-	-	0%	-	-	0%	
-	-	-	0%	Housing Assistance Payments	-	-	-	0%	-	-	0%	
3	685	682	100%	Tenant Services	337	2,055	1,718	84%	294	(42)	-14%	
10,835	14,367	3,532	25%	Utilities	31,344	43,101	11,757	27%	35,052	3,708	11%	
252,751	279,906	27,155	10%	Maintenance	683,792	889,450	205,658	23%	633,508	(50,285)	-8%	
798	854	56	7%	Protective Services	1,908	2,562	654	26%	1,910	2	0%	
785	3,963	3,178	80%	Insurance	3,586	11,889	8,303	70%	6,233	2,647	42%	
1,631	1,631	-	0%	Depreciation Expense	4,893	4,893	-	0%	2,497	(2,396)	-96%	
61,148	1,983	(59,165)	-2984%	General Expenses	149,459	24,525	(124,934)	-509%	104,744	(44,715)	-43%	
917,719	1,023,625	105,906	10%	Total Expenses	2,870,172	3,122,797	252,625	8%	2,367,304	(502,868)	-21%	
\$ (16,078)	(278,711)	262,633	94%	Net Income(Loss)	\$ (814,336)	(530,088)	(284,248)	-54%	(1,036,273)	221,937	21%	
CASH BASIS:												
(16,078)	(278,711)	262,633	94%	Net Income(loss) per Above	(814,336)	(530,088)	(284,248)	-54%	(1,036,273)	\$ 221,937	21%	
1,631	1,631	-	0%	Add back non cash items:								
-	-	-	0%	Depreciation Expense	4,893	4,893	-	0%	2,497	2,396	96%	
-	-	-	0%	Bad Debt Expense	-	-	-	0%	-	-	0%	
\$ (14,447)	(277,080)	262,633	95%	TOTAL CASH BASIS	\$ (809,443)	(525,195)	(284,248)	-54%	(1,033,776)	224,333	22%	

**Construction Management Branch
Report for the Month of October 2014**

A. Program Activities and Major Projects

- Design and Construction Solicitations and Contracts (Please refer to the Contract and Procurement Office Monthly Report)
- Lanakila Homes
 - a. Physical Improvements at Lanakila Public Housing – Demolition of Phase IIIb & IV (HA 1004). On October 31, 2014 the Hazard Evaluation and Emergency Response (HEER) Office of the Department of Health (DOH) visited and inspected the site of the intended demolition. HEER expressed their concern over the arsenic levels detected in the soil testing that was performed and will be reviewing the soil mitigation plan. HEER has requested a meeting to give recommendations for the soil mitigation plan on 11/07/14. HPHA will be evaluating the cost of the mitigation and alternative solutions.
- Palolo Valley Homes
 - a. Residents are moved into buildings 16, 17 and 20 with the exception of a few units.
 - b. Selection of a new consultant has been made. Negotiations are in progress.
 - c. Future Phases: the remaining Buildings 1 - 13 will be procured upon completion of Buildings 14-20 (Phases 1 and 2 described above) and funding availability.
- Large Capacity Cesspool Conversions (LCCC) Statewide
 - a. Regarding cancellation of the Executive Orders (EO's) relating to the HPHA's responsibilities of the Teacher's Cottages, there is no new update: The HPHA sent Update Requests to the DLNR on September 12, 2014 regarding the Kaunakakai (EO 2365 and 3364) and on September 5, 2014 regarding the Wakiu (EO 3333) cottage projects' EO transfer requests to be addressed at the Board level.
- Vacant Units
 - a. Type C Units Completed
 - Kalihi Valley Homes, Honolulu, Oahu (3 units)
 - Palolo Valley Homes, Honolulu, Oahu (4 units)
 - b. Vacant Units Type C Status
 - 1. PHA Wide Type C Vacant Units
 - 1) Total Vacant Type C Units: 195
 - a) Federal: 184 units

- b) State: 11 units
- 2) Total in design or about to get into design: 51
- 3) Total in construction: 84
- 4) Total approved for Demolition by HUD: 60
- 5) Total approved for HUD Subsidy: 105

2. Status by County:

1) O`ahu

- a) 75 units total
- b) 4 units approved for demo
- c) 61 currently in construction contracts
- d) 10 in design or about to be in design

2) Hawai`i

- a) 89 units total
- b) 56 units approved for demo
- c) 14 currently in construction contracts
- d) 19 in design or about to be in design

3) Kaua`i

- a) 9 units total
- b) 9 unit currently in construction contracts

4) Maui County

- a) Maui
 - 1) 5 units in design or about to be in design
- b) Molokai:
 - 1) 17 units total
 - 2) 6 units in the Federal project and 11 units in the State project are in design.

B. State Capital Improvement Projects (CIP) & Federal Capital Fund Program (CFP)

- CMB is on track to meeting all State CIP and Federal CFP encumbrance, obligation and expenditure deadlines.
- CMB is in the process of identifying capital improvement projects statewide in preparation for the new biennium request.

**Contract & Procurement Office
Monthly Status Report for October 2014**

Solicitation(s) Issued in October 2014:

Solicitation No.	Title	Due Date
IFB CMB-2014-32	Operational and Preventive Maintenance Services for 16 Elevators at Various Oahu Locations, HPHA Job No. 14-015-000	10/30/2014
IFB CMB-2014-04	Repair to Trash Chute at Makua Alii, HA 1012, HPHA Job No. 13-012-112-F/S	11/6/2014
n/a	Notice to Providers of Professional Services for State Capital Improvement Program & Federal Capital Fund Program Projects	12/1/2014

Protest(s) Received in October 2014:

- None

Protest(s) Resolved in October 2014:

Solicitation No./Title	Protester	Status
IFB CMS-2014-07 Hale Laulima Site & Dwelling Improvements HPHA Job No. 12-034-127-S	All Maintenance and Repair, LLC	HPHA Denied Protest

Contract(s) Executed in October 2014:

Contract No.	Contractor & Description	Supp. Amount	Total Amount
CMS 14-26	Doonwood Engineering, Inc. Provide Labor, Materials, and Equipment for Replacement of Sewage Lift Station at Kauhale Ohana (AMP 45) on the Island of Oahu Completion Date: 30 Calendar Days from Notice to Proceed		\$72,272.22

Contract No.	Contractor & Description	Supp. Amount	Total Amount
CMS 14-11-CO01	Haron Construction, Inc. Provide Additional Labor, Materials, and Equipment for Repaving and ADA Compliance at Kalakaua Homes, Makua Alii, and Paoakalani (AMP 34) on the Island of Oahu Completion Date: November 10, 2014	\$48,734.77	\$794,234.77
CMS 14-05-CO01	Tomko Corp. Provide Additional Labor, Materials, and Equipment for Site and Dwelling Improvements at Hui O Hanamaulu (AMP 38) on the Island of Kauai Completion Date: May 17, 2015	\$1,579.84	\$3,719,461.84
CMS 13-14-CO08	Artistic Builders Corp. No-Cost Extension of Time of 30 Calendar Days to Provide Additional Labor, Materials, and Equipment for Site and Dwelling Improvements to Hale Nana Kai O Kea (AMP 38) on the Island of Kauai Completion Date: November 2, 2014	n/a	\$2,524,598.36
CMS 08-20-SC04	Elevator Consulting Services, Inc. No-Cost Extension of Time to Continue to Provide Design and Consulting Services for Modernization of 16 Elevators at Kalakaua Homes, Makua Alii, Paoakalani (AMP 34), Kalanihulia, Punchbowl Homes Pumehana, Makamae (AMP 35) and Salt Lake (AMP 30) on the Island of Oahu End Date: January 30, 2017	n/a	\$447,212.55
OED 14-02	Goldfarb and Lipman LLP Provision of Legal Services related to HUD Programs to Include Redevelopment of Kuhio Park Terrace and Mayor Wright Homes, Resolve Issues Related to Section 9(g)(3) of the U.S. Housing Act of 1937, and Establishment of a Non-Profit to the HPHA End Date: November 4, 2017		\$251,250.00

Contract No.	Contractor & Description	Supp. Amount	Total Amount
PMB 12-09-SC03	Universal Protection Service, LP Continue to Provide Security Services at Kalihi Valley Homes (AMP 31), Mayor Wright Homes (AMP 32), and Punchbowl Homes, Makamae, Kalanihuia (AMP 35) on the Island of Oahu End Date: November 30, 2014	\$251,296.77	\$3,069,993.37
PMB 12-09-SC03	Alii Security Systems, Inc. Continue to Provide Security Services at Puuwai Momi (AMP 30), and Kamehameha Homes, and Kaahumanu Homes (AMP 33), on the Island of Oahu End Date: October 31, 2015	\$413,175.00	\$1,240,407.00

Planned Solicitation/Contract Activities for November/December 2014

Solicitation(s):

- Issue Invitation for Bids for Tenant Annual Re-Certification Services for the Island of Oahu.
- Issue Request for Information for Temporary Lodging Services for Tenant Relocation Statewide.

Contract(s)

- Execute Supplemental Contract to Continue to Provide Property Management, Maintenance and Resident Services for AMP 40 on the Island of Oahu.
- Execute Supplemental Contract to Continue to Provide Property Management, Maintenance and Resident Services for AMP 45 on the Island of Oahu.
- Execute Supplemental Contract to Continue to Provide Property Management, Maintenance and Resident Services for AMP 50 on the Island of Oahu.
- Execute Supplemental Contract to Continue to Provide Property Management and Maintenance Services for the Ka Hale Kamehaikana Community Resource Center on the Island of Oahu.
- Execute Supplemental Contract to Continue to Provide Security Services at Kalihi Valley Homes (AMP 31), Mayor Wright Homes (AMP 32), and Punchbowl Homes, Makamae, Kalanihuia (AMP 35) on the Island of Oahu.
- Execute Supplemental Contracts to Continue to Provide Refuse Collection Services for AMP 46 on the Island of Hawaii.

- Execute Supplemental Contract to Continue to Provide Custodial Services for the Hawaii Public Housing Authority's Central Offices on the Island of Oahu.

COMPLIANCE OFFICE
Report for Month of October 2014

A. Program Activities for October

- Approximately 59 tenant requests for reasonable accommodations under Section 504 of the Rehabilitation Act and the Fair Housing Act were processed and approved requests were for:
 - a. Transfers to accessible or ground floor units (2);
 - b. Transfer of unit for other reasons (3); and
 - c. Installation of air conditioning (9).
- Recorded executed releases and declarations of trust forms for four of the federally-assisted public housing properties;
- Coordinated attendance of new employees and private management staff at upcoming fair housing training provided by the Hawaii Civil Rights Commission;
- Coordinated the translation of various vital documents; and
- Attended the federal Language Access Compliance Workshop.

B. Planned activities for November/December

- Record executed releases and declarations of trust forms for additional federally-assisted public housing properties;
- Continue to administer contract with National Center for Housing Management for HPHA Self-evaluation and Transition Plan, including conducting site visits to review construction plans, confirm deficiencies and site conditions, and meeting with staff to finalize draft transition plans; and
- Continue to discuss and draft revisions to the Admissions and Continued Occupancy Policy for the Federally Assisted Low-income Public Housing Program for the Federally Assisted Low-income Public Housing Program to implement the approved changes to the Hawaii Administrative Rules.

**Planning and Evaluation Office
Report for the month of October 2014**

A. PHA Plan Development

- On October 10, 2014, the Planning and Evaluation Office presented proposed amendments to the annual PHA Plan to RAB members for their review at their monthly meeting. The Planning and Evaluation Office will integrate any comments made by RAB members into the draft annual PHA Plan, which will then be reviewed by the Office of the Executive Director.

B. Choice Neighborhoods Grant for Kuhio Park Terrace

- On October 10, 2014, the Transformation Plan under the Choice Neighborhoods Grant was completed and submitted to the U.S. Department of Housing and Urban Development (HUD). The next steps include the implementation of the Transformation Plan as directed by the main leads, which includes the Michaels Development Group, the Hawaii Public Housing Authority and the City and County of Honolulu.

C. Housing Directors' Meeting

- On October 24, 2014, Executive Director Hakim Ouansafi and the Planning and Evaluation Office attended the monthly Housing Directors' Meeting. Attendees included representatives from HUD, State Representative Mark Hashem, the Kauai and Hawaii County Housing Directors, the Department of Hawaiian Home Lands, USDA RD, and the Hawaii Housing and Finance Development Corporation. Discussion items included proposed legislation affecting affordable housing development and financing, the City Department of Planning and Permitting and the Land Use Research Foundation's upcoming (December 2014) Housing Summit, and reports on upcoming projects and ongoing issues in affordable housing by the various Directors.

D. Legislative

- The Planning and Evaluation Office has submitted proposed legislation for the upcoming legislative session for review by the Department of Human Services and the Department of the Attorney General. The 2015 legislative session kicks off on January 21, 2015.
- Executive Director Hakim Ouansafi met with multiple lawmakers, regarding the upcoming legislative session.

E. HPHA Updates

- The Planning and Evaluation Office will present what the HPHA does, who we are, who we serve, the challenges we face and our accomplishments to legislators and other housing service providers at a Legislative Info Briefing on Housing / Homelessness hosted by Senator Susie Chun Oakland and Representative Mark Hashem on November 12, 2014, at the State Capitol.

Information Technology Office (ITO)
Report for the Month of October 2014

A. Program Activities

- Continued to work with vendor Emphasys to resolve issues with their Elite software.
 - Reviewed the status of open issues in a teleconference with Emphasys consultants and HPHA staff on 10/7/14.
 - Coordinated a remote session on Elite Batch Correspondence on 10/15/14 to check system settings and begin setting up an initial letter with programming to provide different results depending upon each tenant's situation.
 - Coordinated a follow up remote session on Elite Batch Correspondence on 10/22/14 to finish setting up the initial letter and test it.

- Updated a flow chart for an interactive phone menu system to direct callers from the public to the appropriate HPHA office that can answer their questions regarding housing related services and issues. When completed, this system will have different language options to choose from.

- Continued working on a new HPHA website in WordPress with enhanced features and a more user friendly design.

- Recertified more than 30 users for continued access to HUD's EIV system for another 6 month cycle.

PERSONNEL OFFICE

Report for the Months of October/November 2014

A. Summary of HPHA Staffing:

Filled positions (FTE):	295
Vacant positions:	78
Total:	373

Tenant Aides (19 Hrs):	10
New Hires:	2
Termination:	3
Retired:	1
89day hires:	2

B. Program Activities:

- Attended Job Fair at UH Manoa Career Center
- Potential Applicants in review: PMMSB Chief, Contract Administrator and Development Specialist.
- HPHA 2014 Service Excellence Awards was held on October 29, 2014. The following awards have been recognized: Ha'aheo- Pride in Public Service, Behind the-Scenes, Most Improved Public Housing Operations, Rookie All-Stars, Sustained Superior Performance, Team of the Year, Chief of the Year, Director's, Chairman's, People's Choice, and Special Service Excellence Award.

Ha'aheo – Pride in Public Service

Aldeen Cabral, Asset Management Unit 9

Behind-the-Scenes Award

Deidra Ahakuelo-Kepa, Office of the Executive Director

Alagafa Talaeai, Personnel Office

Marisa Pirtle, Hearings Office

Sahar Ibrahim, Construction Management Branch

Rebeca Pascual, Fiscal Management Office

Beverly Vallesteros, Section 8 Subsidy Programs Branch

Most Improved Public Housing Operations

Mary Jane Hall-Ramiro, Asset Management Unit 30

Rookie All-Stars

Chong Gu, Fiscal Management Office

Sam Liu, Property Management and Maintenance Services Branch

2014 Sustained Superior Performance Award

Betty Lee-Mara, Central Maintenance Section (Exempt Team)

DHS 2014 Team of the Year: HPHA's Special Teams, Central Maintenance Section (Exempt Team)

Loreto Ader, Randy Albano, Wendell Alipio, Warren Burchett, Marc Cook, Gregory Cuadra, Robert Dadis, Gerome Garcia, Gregory Kemp, Clinton Kusuda, Nelson Lagadon, William Lau, Betty Lee-Mara, Christopher Maglaya, Earl Malano, Jhoel Mallana, Cirilo Martin, Garison Quisano, Elmore Renken Jr., Kenneth Sasaki, Jewel Sonoda-Apana, Cesar Tabula, Waine Torres, Renante Valiente, and Rico Vasquez.

2014 HPHA Chief of the Year

Rick Sogawa, Procurement Office

2014 Director's Award

Barbara Arashiro, Executive Assistant, Office of The Executive Director

2014 Chairman's Award

Gregory Cuadra, Central Maintenance Section (Exempt Team)

2014 People's Choice Award

Iris Koshimizu, DHS Personnel Office
Senator Suzanne Chun Oakland
Representative Mark Hashem

Special Service Excellence Award

Governor Neil Abercrombie

- Completed leave records audit for fiscal year ending June 30, 2014.
- Effective October 1, 2014, under the Affirmative Action, it is required to provide the Informational Sheet for State of Hawaii non-service employment to each individual applicant. This information is to determine whether applicant meets public employment requirements and job requirements, and the State of Hawaii is an equal opportunity employer.
- Held an internal complaint meeting with UPW agent to resolve misconduct in the workplace.
- Workers Compensation: 3 injuries reported and no lost time and 2 reported as 'records only'.

C. Planned Activities:

- Update Policies and Procedures for Drug Free and Alcohol Free Workplace Policy.

- Training on employee leave records relating to “First 42 Days Rule” and the Maximum 90 Days” for vacation accrual. Targeted audience will be support staff responsible for record keeping.
- Train managers on recruitment and interview techniques.
- Upcoming State Safety and Health Council Meeting in November with the major topics on Accident Reduction Initiative and Safety Compliance & the Voluntary Consultation Program.

FOR DISCUSSION

SUBJECT: *Kolio v. State of Hawaii, Hawaii Public Housing Authority; Case No. 13-000785*) Eviction Appeal and Oral Arguments Before the Supreme Court

Hawaii Public Housing Authority
Summary of Capital Projects
Report As Of 10/31/14

FEDERAL BUDGET/OBLIGATION: Capital Fund Program (CFP) (Operations, Admin, Mgt Improv)

	Total CFP Appropriation	Budget Construction Activities (BLI 1411-1501)	Budget Operations (BLI 1406)	Budget Management Improvements (BLI 1408)	Budget Administration (BLI 1410)	Budget Contingency (BLI 1502)	CFP Obligated	% Obligated	Balance	Obligation Deadline	Notes
CFP 718	\$12,613,733	\$8,393,748	\$2,522,747	\$435,865	\$1,261,373	\$0	\$12,613,733	100.00%	\$0	6/12/10	Fully Expended
CFP 719	\$12,526,177	\$8,773,404	\$2,416,486	\$83,670	\$1,252,617	\$0	\$12,526,177	100.00%	\$0	4/14/12	Fully Expended
CFP 720	\$12,389,235	\$8,485,698	\$2,477,847	\$186,766	\$1,238,924	\$0	\$12,389,235	100.00%	\$0	4/17/14	Fully Expended
CFP 721	\$10,301,898	\$6,799,408	\$2,060,380	\$107,988	\$1,030,190	\$303,933	\$9,822,633	95.35%	\$479,265	4/17/14	Fully Obligated. LOCCS created 07-13-11
CFP 722	\$9,454,397	\$6,514,807	\$1,844,150	\$150,000	\$945,440	\$0	\$9,015,499	95.36%	\$438,898	4/17/14	Fully Obligated. LOCCS created 03-12-12
CFP 723	\$9,066,970	\$6,191,576	\$1,813,394	\$150,000	\$906,697	\$5,303	\$1,639,184	18.08%	\$7,427,786	9/8/15	LOCCS created 08-09-13
CFP 724	\$9,140,603	\$7,249,084	\$977,459	\$0	\$914,060	\$0	\$2,259,812	24.72%	\$6,880,791	5/12/16	LOCCS created 05-13-14
CFP Budget Totals	\$50,353,103	\$36,240,572	\$9,173,229	\$694,754	\$5,035,310	\$309,236	\$35,126,363	69.76%	\$15,226,740		TOTALS FOR ALL ACTIVE CFP GRANTS

FEDERAL EXPENDITURE: Capital Fund Program (CFP) (Operations, Admin, Mgt Improv)

	Total CFP Appropriation	Expended Construction Activities (BLI 1411-1501)	Expended Operations (BLI 1406)	Expended Management Improvements (BLI 1408)	Expended Administration (BLI 1410)	Expended Contingency (BLI 1502)	Expended to Date Total Funds	% Expended	Balance	Expenditure Deadline	Notes
CFP 721	\$10,301,898	\$5,268,533	\$2,060,380	\$41,640	\$1,030,190	\$0	\$8,400,742	81.55%	\$1,901,156	4/17/18	LOCCS created 07-13-11
CFP 722	\$9,454,397	\$667,480	\$1,431,147	\$1,483	\$945,440	\$0	\$3,045,550	32.21%	\$6,408,847	4/17/16	LOCCS created 03-12-12
CFP 723	\$9,066,970	\$714,174	\$0	\$0	\$0	\$0	\$714,174	7.88%	\$8,352,796	9/8/17	LOCCS created 08-09-13
CFP 724	\$9,140,603	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	\$9,140,603	5/12/18	LOCCS created 05-13-14
CFP Expenditure Totals	\$50,353,103	\$15,135,886	\$5,969,374	\$229,889	\$3,214,553	\$0	\$24,549,701	48.76%	\$25,803,402		TOTALS FOR ALL ACTIVE CFP GRANTS

STATE: Capital Improvement Program (CIP)

	State GO Bond Appropriation	HPHA Budget	HPHA Encumbered	HPHA Expended	% Expended Against Budget	HPHA Budget Balance	CIP Encumbrance Deadline	Notes	ACT/SLH
FY 07-08 Elevator	\$4,939,503	\$4,591,697	\$4,591,697	4,208,770	91.66%	\$382,927	6/30/10	Allotment Granted - Blanket Encumbrance (1) & (2) & (3)	ACT 213/2007 as amended by ACT 158/2008
FY 07-08 Lump Sum CIP	\$19,910,000	\$17,809,280	\$15,802,595	14,667,234	82.36%	\$3,142,046	6/30/10	Allotment Granted - Blanket Encumbrance (1) & (2) & (3)	ACT 213/2007 as amended by ACT 158/2008
FY 08-09 Elevator	\$6,410,000	\$4,142,967	\$4,142,967	4,015,728	96.93%	\$127,239	6/30/10	Allotment Granted - Blanket Encumbrance (1) & (2) & (3)	ACT 213/2007 as amended by ACT 158/2008
FY 08-09 Lump Sum CIP	\$10,000,000	\$3,374,706	\$3,374,706	2,760,207	81.79%	\$614,499	6/30/10	Allotment Granted - Blanket Encumbrance (1) & (2) & (3)	ACT 213/2007 as amended by ACT 158/2008
FY 09-10 Lump Sum CIP	\$7,913,000	\$7,898,571	\$7,882,201	7,360,352	93.19%	\$538,219	6/30/12	Allotment Granted - Blanket Encumbrance (1) & (2) & (3)	ACT 162/2009 as amended by ACT 180/2010
FY 10-11 Lump Sum CIP	\$4,500,000	\$4,384,799	\$4,270,030	3,678,675	83.90%	\$706,124	6/30/12	Allotment Granted - Blanket Encumbrance (1) & (2) & (3)	ACT 162/2009 as amended by ACT 180/2010
FY 11-12 CIP Totals	\$31,120,000	\$31,120,000	\$31,120,000	6,542,868	21.02%	\$24,577,132	6/30/14	Allotment Granted - Blanket Encumbrance (1)	ACT 164/2011 as amended by ACT 106/2012
FY 12-13 CIP Totals	\$60,222,000	\$60,222,000	\$60,222,000	11,691,612	19.41%	\$48,530,388	6/30/14	Allotment Granted - Blanket Encumbrance (1)	ACT 164/2011 as amended by ACT 106/2012
FY 13-14 Lump Sum CIP	\$45,643,000	\$45,643,000	\$2,685,423	309,156	0.68%	\$45,333,844	6/30/16	Allotment Granted	ACT 134/2013 as amended by ACT 122/2014
FY 14-15 Lump Sum CIP	\$26,000,000	\$26,000,000	\$0	0	0.00%	\$26,000,000	6/30/16	Allotment Granted	ACT 134/2013 as amended by ACT 122/2014
STATE CIP TOTALS	\$216,657,603	\$206,167,020	\$134,091,619	\$55,234,601	26.92%	\$149,952,419			TOTAL ACTIVE STATE CIP APPROPRIATIONS

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- 1411 - Audit Costs
- 1430 - Fees & Costs
- 1450 - Site Improvement
- 1460 - Dwelling Structures
- 1465 - Dwelling Equipment
- 1470 - Non-Dwelling Structures
- 1499 - Development Activities
- 1501 - Collateralization or Debt Service Paid by PHA
- 1502 - Budget Contingency

Federal Capital Fund Program Budget

These are HPHA CFP budget numbers a/o the upper left corner date. The rows reflect the CFP fund grant, the columns represent the manner in which the funds are currently budgeted. The obligation deadline indicates the date by which these funds must be at least 92% obligated.

Federal Capital Fund Program Actual

These are HPHA CFP actual expenditures a/o the upper left corner date. The rows reflect the CFP fund grant, the columns represent the manner in which these funds are currently being expended. The expenditure deadline indicates the date by which these funds must be expended.

State Capital Improvement Program Budget and Expenditure

These are HPHA CIP budget and actual expenditures a/o the upper left corner date. The rows reflect the CIP fund appropriation, the columns represent budget, encumbrance and expenditures. The encumbrance deadline indicates the date by which the funds must be encumbered.