

# Hawaii Public Housing Authority

**Annual Report  
Fiscal Year 2011  
July 1, 2010 - June 30, 2011**



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## ***Board of Directors***

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The Hawaii Public Housing Authority is governed by a Board of eleven directors representing a cross section of public and private entities. The members meet monthly to oversee the Authority and to provide professional assistance concerning policy matters. This report is submitted pursuant to Section 356D-20, Hawaii Revised Statutes.

David J. Gierlach  
*Chairperson*  
*Oahu*

Matilda A. Yoshioka  
*Vice-Chair*  
*Kauai*

Jason Espero  
*Secretary*  
*Oahu*

Travis O. Thompson  
*Maui*

Trevor N. Tokishi  
*Maui*

George Yokoyama  
*Hawaii*

Roger Godfrey  
*Oahu*

Desiree Kihano  
*Resident Member*

Vacant

Patricia McManaman  
*Ex-Officio*  
*Director, Department of Human Services*

Debbie Shimizu  
*Ex-Officio, Legislative Coordinator*  
*Designee of Governor Neil Abercrombie*

## ***Message from the Chairperson of the Board of Directors***



Aloha mai kakou:

On behalf of the Hawaii Public Housing Authority Board of Directors, we are most grateful for your support in funding the needs HPHA is charged to meet. Those needs are for safe, decent, sanitary, and temporary affordable housing for extremely low income residents of the State of Hawaii. We deeply appreciate the monies allocated in the current biennium budget. These monies will go a long way in permitting HPHA to adequately serve the neediest among us and we are committed to using these funds wisely, efficiently and effectively.

The Board has directed the Office of the Executive Director to ensure a rapid reduction in the number of vacant units, recognizing that every vacant unit represents a family still living on the streets or in shelters. The Board is committed to ensuring that middle management is given the authority and the responsibility to operate our public housing developments in a manner that provides prompt remedial work, rigorous enforcement of house rules, security for the tenants, and creating a sense of personal responsibility among those who reside in the developments.

We have hired a new Executive Director who shares the Board's goals and vision of HPHA. Hakim Ouansafi comes from an extensive background in project supervision, real estate development, management expertise, and customer service. He is well aware of the challenges faced by and within this agency and is ready to take those steps necessary to accomplish the vision this Board has for public housing, including, among other things, public/private partnerships in the development of new housing projects. With him, the Board is committed to working with volunteers, non-profits, other agencies, and our partners at the U.S. Department of Housing and Urban Development to meet our common goals of improving affordable housing in Hawaii.

Among the high priority projects is Mayor Wright Homes, the subject of considerable adverse publicity over the last year. The hot water issue was quickly fixed due to Governor Abercrombie's intervention, security will be significantly improved utilizing a renewed Weed and Seed program and tenant walk-about occur every evening. Mayor Wright Homes is high on the Board's list of projects that call for a complete overhaul.

We look forward to improving the lives of our most economically challenged residents. We believe that every society may be appropriately judged by how it treats its most needy members.

Respectfully,

### ***A Look Forward***

David J. Gierlach  
Chairperson of the  
Board of Directors  
Hawaii Public Housing Authority

## ***Message from the Immediate Past Chairperson of the Board of Directors***



Aloha:

It is a pleasure and honor to report upon the accomplishments of the Hawaii Public Housing Authority during FY 2011. Throughout the year, the Authority spent considerable time and effort in negotiating and subsequently contracting for the mixed finance re-development at Kuhio Park Terrace. The first phase of the transaction closed in May, 2011, with the sale of the Towers to Michaels Development. The project represents the first public-private partnership for the State of Hawaii and will include additional phases benefitting the surrounding Kuhio Homes project.

At the same time, the Authority completed the sale of Banyan Street Manor, a transaction which placed ownership of the development in private hands while retaining low-cost housing for the citizens of Hawaii.

Our financial management system was significantly improved in a positive manner, with project budgets now available on a monthly basis. And, the HUD mandated asset management system was implemented as of June 30, 2011. This system is intended to provide additional accountability, with each project operating as a business, responsible for revenues and expenditures.

During the year, contracts were issued on or ahead of schedule for American Recovery and Reinvestment Act funds totaling \$16,245,443. The March 2011 deadline for expending 60% of the funds was accomplished two months ahead of schedule. This was achieved while the Authority concurrently managed a significant number of additional capital improvement projects during the year.

A Management Audit of the Hawaii Public Housing Authority was released in June 2011, and did an effective job of assessing the Authority's management of state and federal public housing. The Authority is working to implement the recommendations of the Legislative Auditor, with the achievement of asset management visibly signifying that the HPHA is continuing to head in the right direction. I hope you will agree that the stage has been set for future improvements in the management and operation of public housing in Hawaii.

Sincerely,

***Year in Review***

Travis O. Thompson  
Immediate Past Chairperson of the  
Board of Directors  
Hawaii Public Housing Authority

## ***Message from the Executive Director***



The first year of the State Fiscal Biennium 2011-2013 has been a busy one for the Hawaii Public Housing Authority staff. The agency has been working to increase staffing levels in crucial management positions to provide better support for the thousands of needy tenants served statewide. The agency started the year with American Recovery and Reinvestment Act deadlines, property dispositions in progress, delays and difficulties in attaining federally mandated asset management, and extremely low staffing levels impacting our operations. These issues were reflected in the Legislative Auditor's report (released June 2011) and 2010 HUD inspection reports.

The HPHA achieved a significant milestone by completing the sale of the Towers at Kuhio Park. The conclusion of this mixed finance public/private partnership resulted in significant infusion of much needed capital funding into one of the State's largest affordable housing developments, removed an enormous burden from the agency's capital improvement backlog, and represents the first step in a larger plan to revitalize the Kuhio Park/Kuhio Homes neighborhood in Kalihi.

The HPHA's Construction Management Branch and Fiscal Management Office were able to work cooperatively to assure the timely obligation and consistent reporting of over \$16 Million received through the Stimulus program. This achievement was concurrent with the timely obligation or encumbrance of over \$30 Million in other Federal and State capital funds. Over the Biennium, the agency is poised to encumber and expend an unprecedented allocation of State capital funds, which appreciably demonstrates the New Day in Hawaii and its commitment to improving the lives of the neediest citizens in the State.

Other important milestones achieved include the successful conversion to the Federal requirement of Asset Management. While the transition is still in progress, the agency is on schedule and fully compliant with the goals and objectives of this HUD priority. 2011 HUD inspection reports are already reflecting the changes in management that have occurred. Going forward, the HPHA will continue to improve newly retained staff with effective training programs, and will continue improving responses to fair housing issues, requests for reasonable accommodation, and participation in the communities where we serve the State and its citizens.

Respectfully,

Barbara E. Arashiro  
Acting Executive Director  
Hawaii Public Housing Authority

## ***Agency Timeline***

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### **1935**

The Hawaii Housing Authority was created by the Territorial Legislature to provide safe and sanitary housing for low-income residents of Hawaii.

### **1987**

The Housing Finance and Development Corporation was created by Act 337 as part of Governor John Waihee's initiative to create a streamlined organization to promote affordable housing.

### **1997**

Act 350, under the Cayetano Administration, consolidated the Hawaii Housing Authority and Housing Finance and Development Corporation into a single housing agency known as the Housing and Community Development Corporation of Hawaii (HCDCH).

### **2005**

On July 5, 2005, Governor Linda Lingle signed Act 196 which effectively bifurcated the HCDCH into two agencies, the Hawaii Public Housing Authority (HPHA) and the Hawaii Housing Finance and Development Corporation (HHFDC).

Under this new structure HPHA is charged with managing federal and state public housing programs, including Section 8 and senior housing. The finance and development functions of HCDCH formed the core of HHFDC, which is tasked with developing and financing low- and moderate-income housing projects and administering home ownership programs.

### **2006**

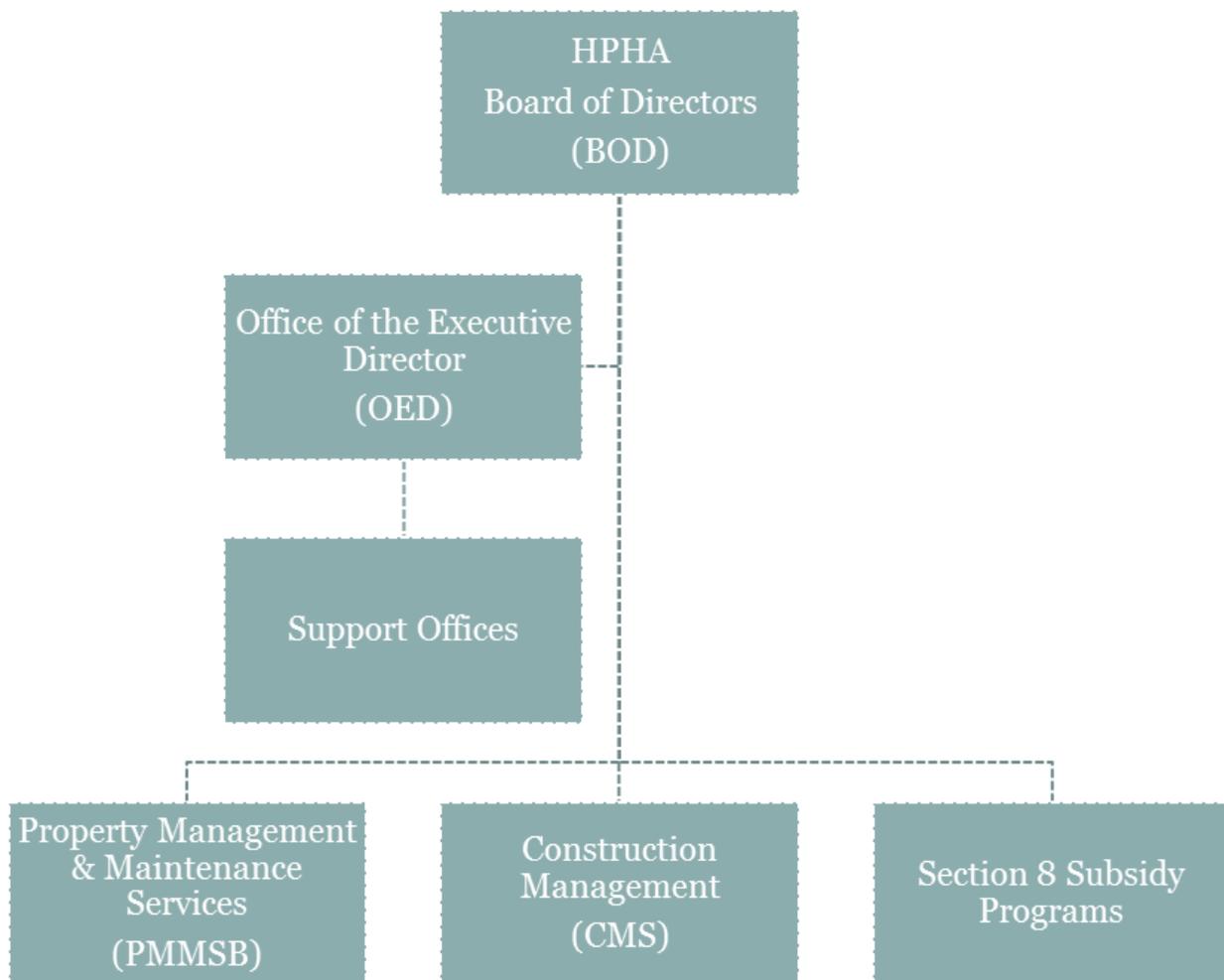
On July 1, 2006, HPHA and HHFDC began operating as separate agencies. HPHA is administratively attached to the Department of Human Services (DHS) and HHFDC is administratively attached to the Department of Business, Economic Development, and Tourism.

### **2010**

Pursuant to Act 89 of the 2010 Hawaii Session Laws, the Homeless Programs Section was transferred from HPHA to the Benefit, Employment, and Support Services Division (BESSD) of DHS effective July 1, 2010. This was done at the request of HUD and it streamlined services to those in need of public assistance. Families and individuals now receive shelter, cash assistance, child care, job training and related social services from a one-stop center that is focused on serving these populations.

## HPHA Organization

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## Federal and State Low Income Public Housing Program

**Federal public housing** is a U.S. Department of Housing and Urban Development (HUD) program established to provide decent, safe rental housing for eligible low-income families, the elderly, and persons with disabilities. There are approximately 1.2 million households living in public housing units nationwide, managed by some 3,300 Housing Authorities.

The Hawaii Public Housing Authority (HPHA) is the sole Public Housing Authority for the State of Hawaii, established by the Territory of Hawai'i in 1935 to provide safe, decent, and sanitary housing for low-income residents. Guided by an eleven (11) member Board of Directors appointed by the Governor of Hawaii, today the HPHA Federal and State Low Income Public Housing programs combine to serve over **5,600 families** or more than **15,000 individuals**.

Portfolio of **84 properties** consisting of **5,581\*** units of public housing

- **4,717\*** units HUD subsidized
- **864 units** State (no subsidy)
- Units on Kaua'i, O'ahu, Moloka'i, Mau'i, and Hawai'i

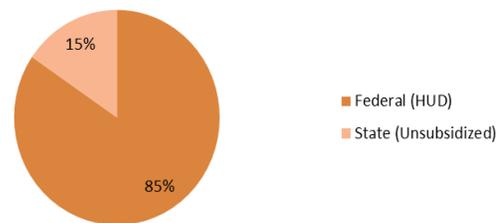
*\*Kuhio Park Terrace Towers not included*

Unit sizes range from zero (0) bedrooms (e.g. studios) to five (5) bedrooms

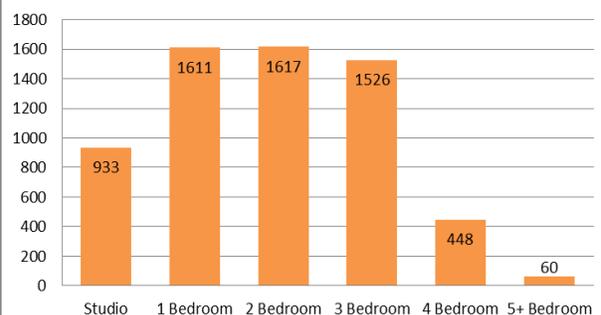
84 properties are grouped into **Sixteen (16) Asset Management Projects (AMPs)**

- **8 AMPs** managed by State employees
- **8 AMPs** managed by private contractors
- Accounting, budgeting, management, oversight, and evaluation performed by AMP with Central Office assistance, known as **Asset Management**

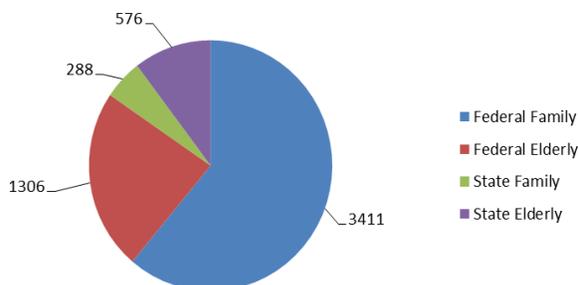
**Public Housing Portfolio by Means of Funding**



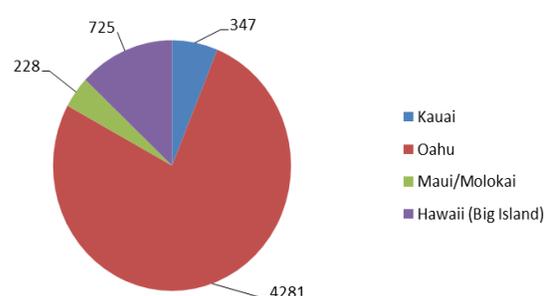
**Public Housing Portfolio Unit Mix**



**Public Housing Units by Program**



**Units Per Island**

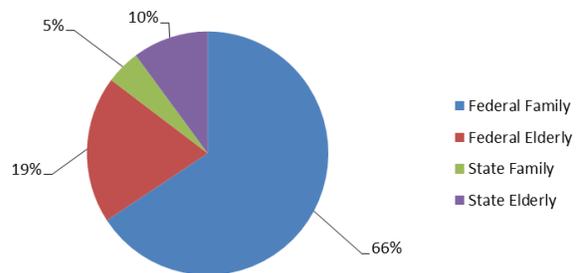


## Federal and State Low Income Public Housing Program— Tenant Characteristics

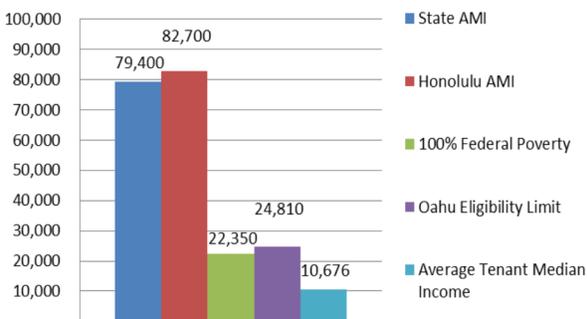
House “**Extremely Low Income**” people: those earning between zero (0) and **thirty (30) percent Area Median Income (AMI)**

- Current Statewide AMI for family of four (4) = **\$79,400**
- Current Honolulu AMI for family of four (4) = **\$82,700**
- Tenancy restricted to families earning less than **\$24,810**

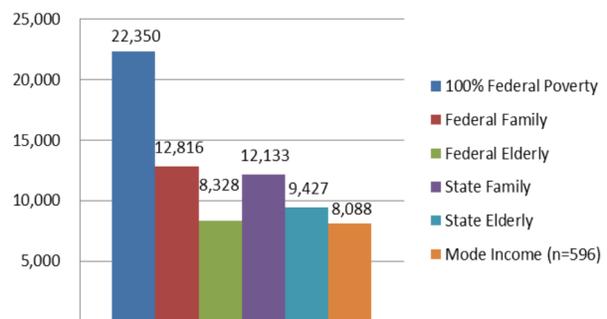
**Public Housing Program Beneficiaries**



**Median Income Comparisons**



**Program Beneficiary Median Income**



Program	Number of Families	Number of Individuals	Average Family Size
Federal Family Low Income Public Housing	3,687	12,625	3.42
Federal Elderly Low Income Public Housing	1,097	1,313	1.2
<b>Total Federal Tenants</b>	<b>4,784</b>	<b>13,938</b>	<b>2.91</b>
State Family Low Income Public Housing	257	812	3.16
State Elderly Low Income Public Housing	569	752	1.32
<b>Total State Tenants</b>	<b>826</b>	<b>1,564</b>	<b>1.89</b>
<b>Total Tenants</b>	<b>5,610</b>	<b>15,502</b>	<b>2.76</b>

# Federal Housing Choice Voucher Program and State Rent Supplement Program

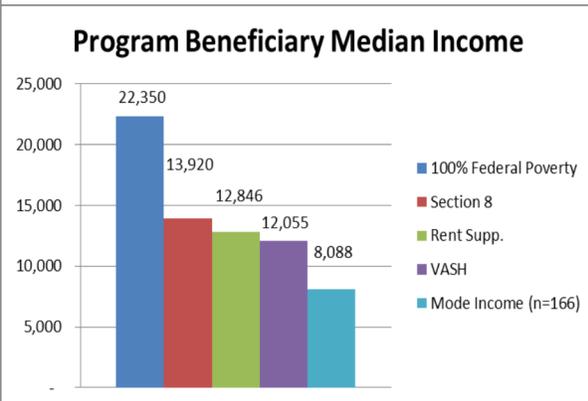
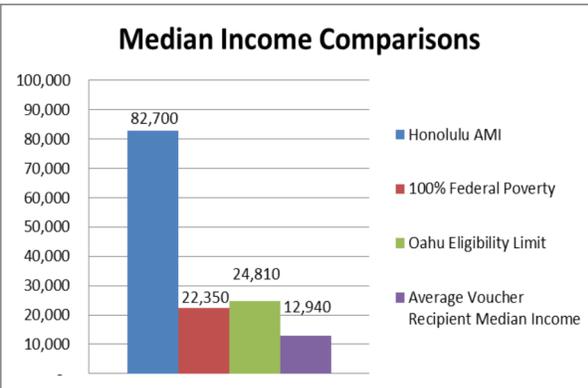
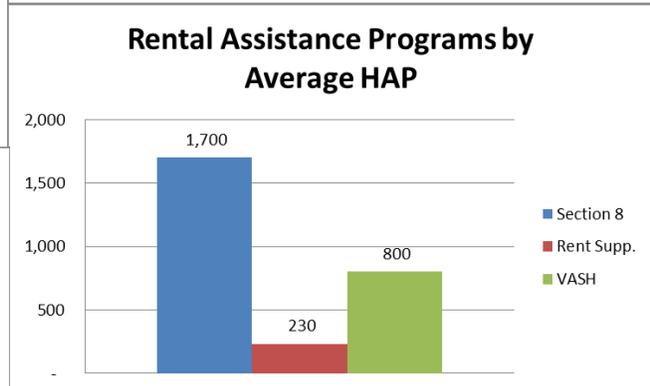
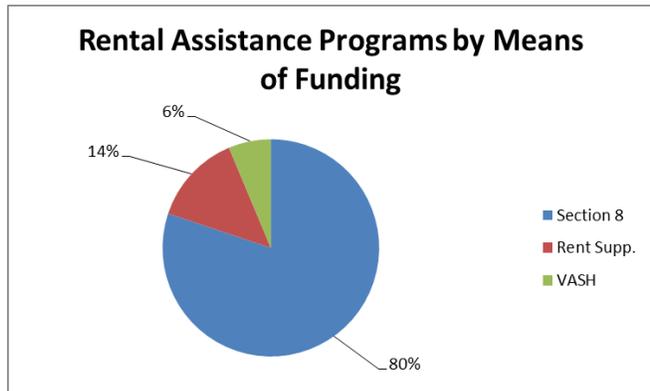
The Housing Choice Voucher (HCV) Program, commonly known as Section 8, is a HUD program established to provide rental subsidies for standard-quality units that are chosen by the tenant in the private market with assistance given through tenant-based vouchers. The State of Hawai'i provides limited funding for a similar Rent Supplement program that is administered in the same fashion as the Federal HCV Program.

HPHA administers **1,773 vouchers** through the HUD HCV program, Average HCV Housing Assistance Payment (HAP) = **\$1,700** per month

**140** Veterans Affairs Supportive Housing (VASH) vouchers, Avg. HAP is **\$800**

State Rent Supplement Program funds 300 vouchers, Avg. payment of **\$230** per household

Section 8 & Rent Supplement programs on **O'ahu only**; VASH is statewide



Program	Number of Families	Number of Individuals	Average Family Size
Section 8	1,578	6,689	4.24
VASH	103	145	1.41
<b>Total Federal</b>	<b>1,681</b>	<b>6,834</b>	<b>4.07</b>
State Rent Supp.	458	1,517	3.31
<b>Total Tenants</b>	<b>3,820</b>	<b>15,185</b>	<b>3.98</b>

## ***Program Year Accomplishments***

### **Visits from Federal Officials**

The HPHA was pleased to welcome Sandra Henriquez, the HUD Assistant Secretary for Public and Indian Housing, during her visit to Honolulu on Wednesday, January 5, 2011. She was joined by local HUD officials and the Region IX Administrator, Ophelia Basgal, from San Francisco for a visit to Kuhio Park Terrace.

Also present were members of the KPT tenant board and State Representative Joey Manahan. The Assistant Secretary was impressed with the facilities and the proposals, and was pleased hear about the HPHA's progressive mixed finance plans to revitalize the community for public housing residents.

On August 25, 2011, Governor Neil Abercrombie accompanied HUD Secretary Shaun Donovan on a visit to Mayor Wright Homes to view the status of the property and discuss affordable housing issues in the State of Hawaii.



Assistant Secretary Sandra Henriquez and her Advisor, Jennifer Jones in the KPT Community Center Gymnasium.



HUD Secretary Shaun Donovan and Governor Neil Abercrombie discussing affordable housing issues outside Mayor Wright Homes.

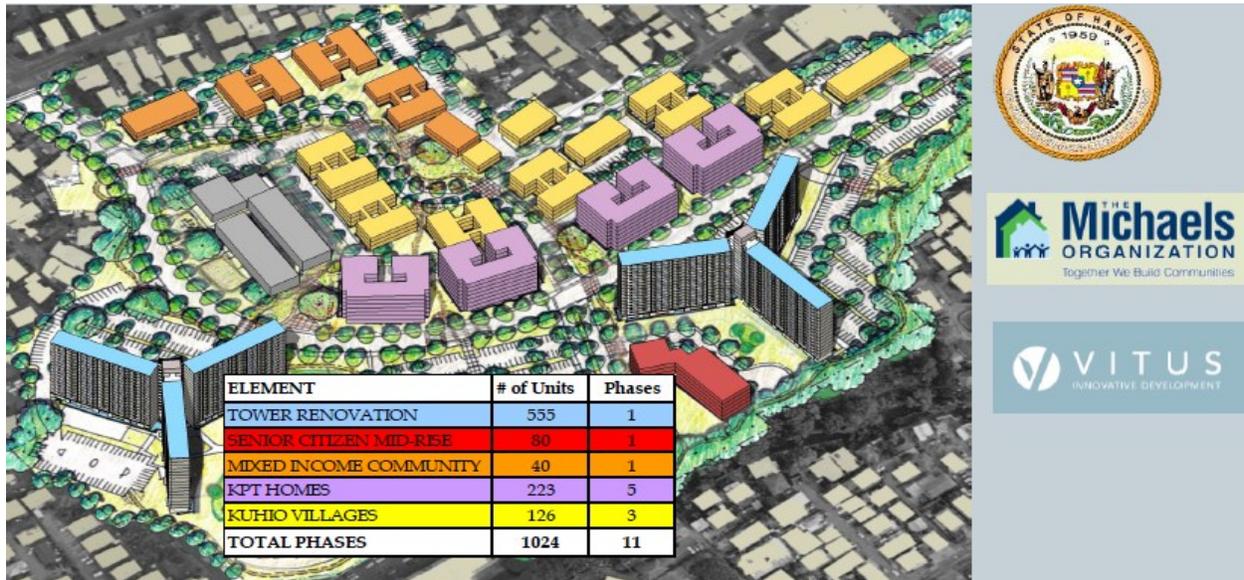
### **Property Redevelopment Activities**

Many of the properties in the HPHA's property inventory entered service more than forty years ago and have received limited funds to keep up with capital needs. According to the agency's 2009 Physical Needs Assessment (PNA), the Federal public housing properties had a capital repair & maintenance backlog in excess of \$350 Million. HUD provides capital funds to all PHAs by formula, and the HPHA's share has been limited to \$10-12 Million for years.

Act 164, Session Laws of Hawaii 2011, appropriated State Capital Improvement Program (CIP) funds in excess of \$76 Million to assist the agency in modernizing and improving the quality of housing for our tenants. In addition to these funds, HPHA staff is investigating the potential for mixed finance, mixed use, and/or public-private partnership redevelopment opportunities.

## Program Year Accomplishments

For example, Banyan Street Manor was sold by the HPHA , with a closing in May 2011. Also, the sale of Wilikina Apartments is scheduled to close before the end of 2011. These are two properties that are benefiting from this strategy of infusing private funds into low-income housing.



### Kuhio Park Terrace Redevelopment

On May 12, 2011, the HPHA executed a ground lease and sale of the improvements at Kuhio Park Terrace, successfully transferring the property to a new public-private partnership in order to leverage mixed sources of finance. Utilizing private market funds, low income housing tax credits (LIHTC), and other financing sources, the completion of the transaction allowed the commencement of major capital repairs, resulting in over \$90,000 investment per unit. The Towers are being transformed from 555 outdated public housing units into a mix of public housing, project-based Section 8 vouchers, affordable, and market rate homes.



Chair Marcus Oshiro, Rep. Linda Ichiyama, and Rep. Mark Hashem of the House Committee on Finance were given a tour of the redevelopment site by officials from the public and private partners on November 30, 2011.

# ***Legislative Proposals***

## **Executive Director Compensation**

Pursuant to HUD Notice 2011-48 (HA), public housing agencies nationwide must now certify that compensation of Executive Directors has been set by the Board of Directors with consideration given to an analysis of comparable public and private executives.

In order to comply with this Notice, Section 356D-2, Hawaii Revised Statutes (HRS), must be amended. Currently, the statute sets the Executive Director's compensation rather than permitting the Board of Directors to conduct a comparability analysis and set the salary on an annual basis.

## **Board of Directors Resident Member Nominations**

Upon request by the Resident Advisory Board (RAB), the HPHA is seeking to amend Section 356D-6, HRS, to change the procedures in place for that RAB to provide the Governor with resident member nominees.

Currently, the statute requires the RAB to provide five (5) names of individuals for consideration to the Governor's Office. The RAB would prefer an arrangement whereby a list comprising a minimum of three (3) and no more than five (5) names be provided whenever the resident member seat is vacant.

## **Active Bills Supported by HPHA**

**H.B. 755, H.D. 1**– The HPHA **supports Section 1** of the bill, which would streamline lease termination and eviction procedures for the Federal public housing program. This would be accomplished through amendment of Section 356D-92, HRS.

The HPHA appreciates the intent of Section 2 of the bill; however, the agency feels that the use of eviction boards (current practice) rather than hearings officers (as proposed in Section 2) provides greater due process protection to tenants going through the eviction process. The agency would support this bill **if amended to omit Section 2**.

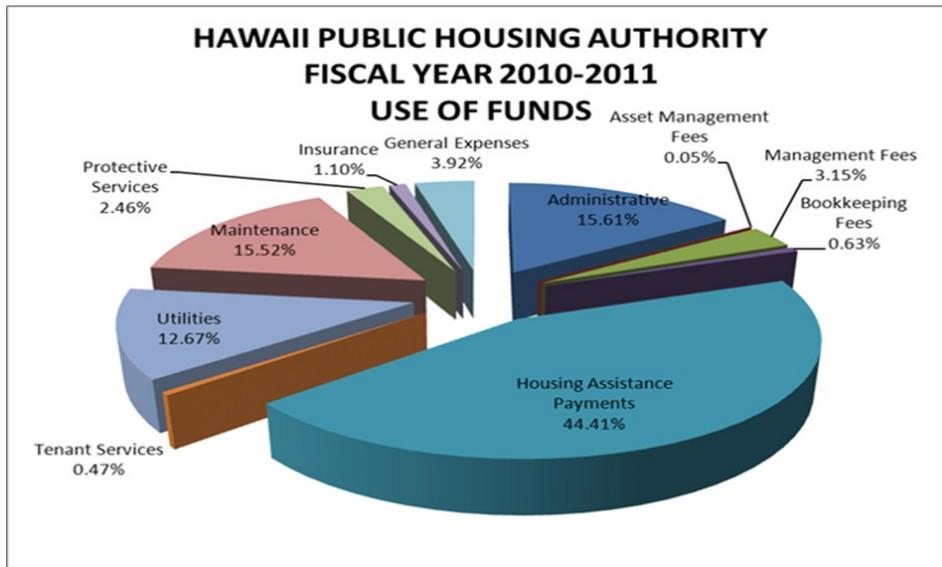
**H.B. 1398**– The HPHA **supports** this bill, which would enhance the agency's ability to carry out public-private partnerships for the revitalization of our properties. This bill would add a Section to Chapter 356D, HRS, clarifying the agency's authority to enter into development agreements with private developers. While the HPHA currently has the ability to undertake such projects, as evidenced by the completion of the Kuhio Park Terrace project, this statutory amendment would provide the agency with greater flexibility and control over the process by providing certain limited exemptions from the procurement code and allowing the exercise of rulemaking authority.

# Financial Data and Auditor's Report

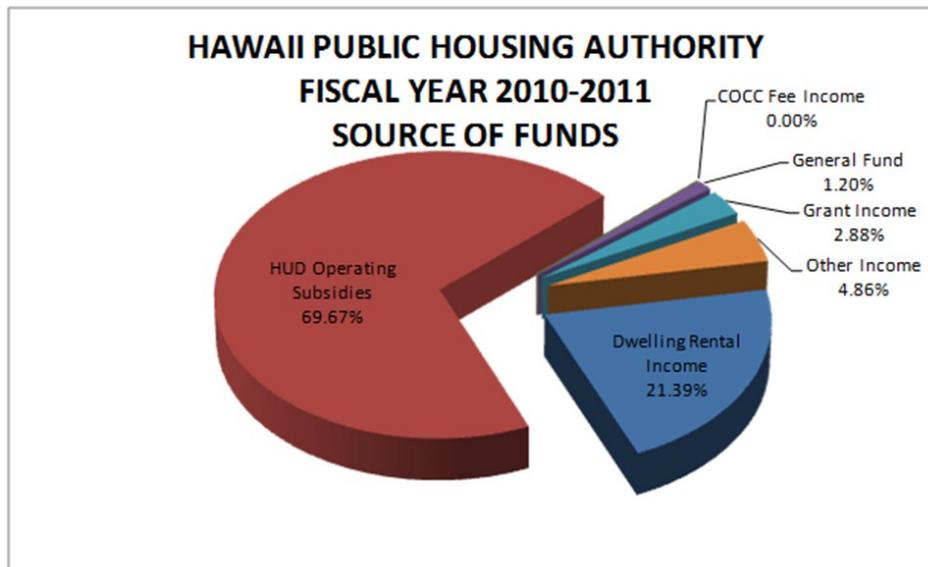
Fiscal Year 2010-2011 Expense Budget: **\$97,741,944**

Increase of **12%** from FY 09-10 due to spike in **utility costs**

Agency employs **249** Full Time Equivalents and **22** Part Time Tenant Aides

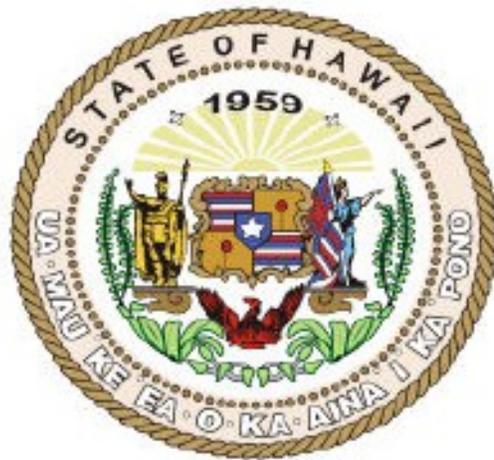


Fiscal Year 2010-2011 Revenue Operating Budget: **\$87,354,600**



The most recent financial and audit information is available on the HPHA website:

<http://www.hpha.hawaii.gov/reportsstudies/index.htm>



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**EQUAL HOUSING  
OPPORTUNITY**