FOR ACTION

MOTION: To (1) Adopt Amendments to the Hawaii Public Housing Authority's (HPHA) Approved Annual Public Housing Agency (PHA) Plan for Fiscal Year 2018-2019 to Publish the HPHA's Intent to Submit an Application to Participate in the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration (RAD) Program at Mayor Wright Homes, KPT Towers and Kuhio Park Terrace; and (2) Authorize the Executive Director to Hold Public Hearings Regarding the Proposed Amendments to the PHA Plan; 3) Undertake All Actions Necessary to Accept, Adopt, or Respond to Comments from the Public and the Resident Advisory Board; and 4) Submit the Amended Plan to the U.S. Department of Housing and Development, if No Substantive Changes are Made to the Draft Annual PHA Plan

I. FACTS

A. The Public Housing Agency (PHA) Annual Plan is a requirement of the Quality Housing and Work Responsibility Act of 1998 (QHWRA) and the Housing and Economic Recovery Act (HERA) of 2008. All public housing agencies administering federal public housing and Section 8 tenant-based Housing Choice Voucher (HCV) assistance programs must submit their plan to the U.S. Department of Housing and Urban Development (HUD) to be eligible to receive administrative, operating, Capital Fund Program, and Section 8 HCV assistance monies.

B. The PHA Annual Plan for Fiscal Year 2018-2019 states the mission of serving the needs of low-income and very low-income families, and sets out the goals, objectives and policy changes of the HPHA for a one-year period.


D. Pursuant to the HPHA's rules and as stated in the 2018-2019 Annual Plan, a significant amendment or modification to the PHA Plan is the 1) adding or eliminating of major strategies to address housing needs and to major policies or programs; or 2) modifying a strategy such that a substantial transfer of resources away from others is necessary in order to carry it out.

E. Pursuant to 24 CFR 903.21, each significant amendment or modification to a plan submitted to HUD is subject to the requirements of 24 CFR sections 903.13, 90315, and 903.17.
II. DISCUSSION

A. On August 20, 2018, the Board of Directors approved the submission of a the HPHA’s RAD applications to the U.S. Department of Housing and Urban Development (HUD) for conversion of the federal public housing properties Mayor Wright Homes (TMK: 1-7-029-003-0000), KPT Towers I, LLC (TMKs: 1-3-039-007-0000,1-3-039-009-0000), and Kuhio Park Terrace Low Rise/Kuhio Homes (TMKs 1-3-039-008-0000; 1-3-039-006-0000) to Rental Assistance Demonstration (RAD) Properties and authorized the Executive Director to undertake all actions necessary to submit the application(s) to HUD.

B. The PHA Annual Plan for Fiscal Year 2018-2019 is being amended to reflect the HPHA intent to submit an application and participate in HUD’s Rental Assistance Demonstration program with the HPHA’s Mayor Wright Homes, KPT Towers I, LLC, and Kuhio Park Terrace properties.

C. For the amended PHA Annual Plan for Fiscal Year 2018-2019, meetings will be held with the Resident Advisory Board (RAB) members and the HPHA staff to discuss the proposed amendments to the plan. The RAB will provide preliminary comments and recommendations, and the HPHA will respond to those recommendations.

D. The following schedule has been established:

<table>
<thead>
<tr>
<th>Action</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board – “For Action”</td>
<td>September 20, 2018</td>
</tr>
<tr>
<td>Publish Hearing Notice (45 Day Notice)</td>
<td>September 24, 2018</td>
</tr>
<tr>
<td>Public Hearing</td>
<td>November 8, 2018</td>
</tr>
<tr>
<td>Finalize Plan</td>
<td>November 9, 2018</td>
</tr>
<tr>
<td>Board – “For Action” (To Approve Plan)</td>
<td>November 15, 2018</td>
</tr>
<tr>
<td>Transmit Approved PHA Plan to HUD</td>
<td>November 16, 2018</td>
</tr>
</tbody>
</table>

E. Information regarding the draft amended PHA Plan and the public hearings will be sent to all RAB members, Resident Associations and Asset Management Project (AMP) managers and will be included in the November monthly rent billing statement mailed to all public housing households.

F. To notify the public of the hearings, notices will be published in the Honolulu Star-Advertiser, The Garden Isle (Kauai), The Maui News, West Hawaii Today (Kailua-Kona), and the Hawaii Tribune-Herald (Hilo) upon Board approval.
G. If no substantive changes are made to the draft amendments to the Annual PHA Plan, the HPHA will submit the proposed PHA Plan to HUD. If there are substantive changes to the proposed draft amended PHA Plan, those changes will be brought back to the Board for final approval before submission to HUD.

H. The amended draft PHA Annual Plan for Fiscal Year 2018-2019 and required attachments are provided in this packet for review.

III. RECOMMENDATION

That the HPHA Board of Directors (1) Adopt Amendments to the Hawaii Public Housing Authority's (HPHA) Approved Annual Public Housing Agency (PHA) Plan for Fiscal Year 2018-2019 to Publish the HPHA's Intent to Submit an Application to Participate in the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration (RAD) Program at Mayor Wright Homes, KPT Towers and Kuhio Park Terrace; and (2) Authorize the Executive Director to Hold Public Hearings Regarding the Proposed Amendments to the PHA Plan; 3) Undertake All Actions Necessary to Accept, Adopt, or Respond to Comments from the Public and the Resident Advisory Board; and 4) Submit the Amended Plan to the U.S. Department of Housing and Development, if No Substantive Changes are Made to the Draft Annual PHA Plan

Attachment: Draft Amended PHA Annual Plan for Fiscal Year 2018-2019

Prepared by: Benjamin Park, Planner
             Kevin Auger, Redevelopment Officer

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

Pono Shim
Chairperson

For Action – September 20, 2018
Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA’s operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA’s mission, goals and objectives for serving the needs of low-income, very low-income, and extremely low-income families.

Applicability. Form HUD-50075-ST is to be completed annually by STANDARD PHAs or TROUBLE PHAs. PHAs that meet the definition of a High Performer PHA, Small PHA, HCV-Only PHA or Qualified PHA do not need to submit this form.

Definitions.

(1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.

(2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.

(3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.

(4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.

(5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.

(6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

A. PHA Information.

A.1 PHA Name: Hawaii Public Housing Authority  
PHA Code: HI001  
PHA Type: ☑ Standard PHA ☐ Troubled PHA  
PHA Plan for Fiscal Year Beginning: (MM/YYYY): 07/2018  
PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)  
Number of Public Housing (PH) Units 5,322  Number of Housing Choice Vouchers (HCVs) 3,765  
Total Combined Units/Vouchers 9,087  
PHA Plan Submission Type: ☑ Annual Submission ☐ Revised Annual Submission  

Availability of Information. PHAs must have the elements listed below in sections B and C readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.

The PHA Plan and all supporting documents are available on the internet:  
http://www.hpha.hawaii.gov/housingplans/index.htm  

Hard copies of the plan are available at the following locations:

    Hawaii Public Housing Authority  
    1002 North School Street, Bldg. E  
    Honolulu, Hawaii 96817  

    Lanakila Homes  
    600 Waiola Street  
    Hilo, Hawaii 96720  
    Kapaa  
    4726 Malu Road  
    Kapaa, Hawaii 96746  
    Ka Hale Kahaluu  
    78-6725 Makolea Street  
    Kailua-Kona, Hawaii 96740  
    Kapaa Kahekili Terrace  
    2015 Holowai Place  
    Wailuku, Hawaii 96793
PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below)

<table>
<thead>
<tr>
<th>Participating PHAs</th>
<th>PHA Code</th>
<th>Program(s) in the Consortia</th>
<th>Program(s) not in the Consortia</th>
<th>No. of Units in Each Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead PHA:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B. Annual Plan Elements

B.1 Revision of PHA Plan Elements.

(a) Have the following PHA Plan elements been revised by the PHA?

Y  N

- Statement of Housing Needs and Strategy for Addressing Housing Needs
- Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions
- Financial Resources
- Rent Determination
- Operation and Management
- Grievance Procedures
- Homeownership Programs
- Community Service and Self-Sufficiency Programs
- Safety and Crime Prevention
- Pet Policy
- Asset Management
- Substantial Deviation
- Significant Amendment/Modification

(b) If the PHA answered yes for any element, describe the revisions for each revised element(s):

1. Statement of Housing Needs and Strategy for Addressing Housing Needs

Housing Needs: Housing Needs of Families on the Public Housing Waiting List as of July 1, 2017

<table>
<thead>
<tr>
<th>Total Families on Waiting List = 10,114</th>
<th># of families</th>
<th>% of total families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Levels</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extremely low income &lt;=30% AMI</td>
<td>9,350</td>
<td>92.45%</td>
</tr>
<tr>
<td>Very low income (&gt;30% but &lt;=50% AMI)</td>
<td>617</td>
<td>6.10%</td>
</tr>
<tr>
<td>Low income (&gt;50% but &lt;80% AMI)</td>
<td>134</td>
<td>1.32%</td>
</tr>
<tr>
<td>Average income</td>
<td>13</td>
<td>0.13%</td>
</tr>
<tr>
<td>Families with children</td>
<td>4,039</td>
<td>39.93%</td>
</tr>
<tr>
<td>Elderly families</td>
<td>2,138</td>
<td>21.14%</td>
</tr>
<tr>
<td>Families with Disabilities</td>
<td>2,103</td>
<td>20.79%</td>
</tr>
</tbody>
</table>
Housing Needs of Families on the Section 8 Waiting List as of July 1, 2017

<table>
<thead>
<tr>
<th>Income Levels</th>
<th># of families</th>
<th>% of total families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely low income &lt;=30% AMI</td>
<td>8,912</td>
<td>79.64%</td>
</tr>
<tr>
<td>Very low income (&gt;30% but &lt;=50% AMI)</td>
<td>1,811</td>
<td>16.18%</td>
</tr>
<tr>
<td>Low income (&gt;50% but &lt;80% AMI)</td>
<td>463</td>
<td>4.14%</td>
</tr>
<tr>
<td>Average income</td>
<td>5</td>
<td>0.04%</td>
</tr>
<tr>
<td>Families with children</td>
<td>4,946</td>
<td>44.20%</td>
</tr>
<tr>
<td>Elderly families</td>
<td>1,246</td>
<td>11.13%</td>
</tr>
<tr>
<td>Families with Disabilities</td>
<td>3,918</td>
<td>32.38%</td>
</tr>
<tr>
<td>Single</td>
<td>179</td>
<td>6.19%</td>
</tr>
</tbody>
</table>

Racial Distribution

| Asian/Pacific Islander/Other         | 8,192         | 71.33%              |
| White                                | 1,991         | 17.35%              |
| Hispanic                             | 213           | 1.85%               |
| Black                                | 913           | 7.95%               |
| American Indian, etc.                | 174           | 1.52%               |

Bedrooms Needed

<table>
<thead>
<tr>
<th>Bedrooms Needed</th>
<th># of families</th>
<th>% of total families</th>
</tr>
</thead>
<tbody>
<tr>
<td>1BR and Studio</td>
<td>9,322</td>
<td>81.37%</td>
</tr>
<tr>
<td>2 BR</td>
<td>1,190</td>
<td>10.39%</td>
</tr>
<tr>
<td>3 BR</td>
<td>734</td>
<td>6.41%</td>
</tr>
<tr>
<td>4 BR</td>
<td>180</td>
<td>1.57%</td>
</tr>
<tr>
<td>5 BR</td>
<td>30</td>
<td>0.26%</td>
</tr>
<tr>
<td>5+ BR</td>
<td>0</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

The following data is drawn from the Hawaii Consolidated Plan PY 2015 – 2019 by the Hawaii Housing Finance and Development Corporation (HHFDC):
### Projected Housing Need, 2014-2020

<table>
<thead>
<tr>
<th>% Area Median Income</th>
<th>Honolulu</th>
<th>Maui</th>
<th>Hawaii</th>
<th>Kauai</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤30%</td>
<td>4,076</td>
<td>1,377</td>
<td>2,355</td>
<td>330</td>
<td>8,138</td>
</tr>
<tr>
<td>30-50%</td>
<td>3,808</td>
<td>1,402</td>
<td>2,017</td>
<td>221</td>
<td>7,448</td>
</tr>
<tr>
<td>60%</td>
<td>2,415</td>
<td>748</td>
<td>1,003</td>
<td>462</td>
<td>4,629</td>
</tr>
<tr>
<td>60-80%</td>
<td>3,710</td>
<td>1,330</td>
<td>1,657</td>
<td>312</td>
<td>7,009</td>
</tr>
<tr>
<td><strong>Sub-total affordable rental</strong></td>
<td><strong>14,008</strong></td>
<td><strong>4,857</strong></td>
<td><strong>7,033</strong></td>
<td><strong>1,325</strong></td>
<td><strong>27,224</strong></td>
</tr>
<tr>
<td>80-100%</td>
<td>3,217</td>
<td>1,087</td>
<td>1,422</td>
<td>526</td>
<td>6,252</td>
</tr>
<tr>
<td>100-120%</td>
<td>2,950</td>
<td>956</td>
<td>1,292</td>
<td>433</td>
<td>5,631</td>
</tr>
<tr>
<td>120-140%</td>
<td>2,448</td>
<td>890</td>
<td>924</td>
<td>361</td>
<td>4,623</td>
</tr>
<tr>
<td><strong>Sub-total affordable for-sale</strong></td>
<td><strong>8,615</strong></td>
<td><strong>2,933</strong></td>
<td><strong>3,638</strong></td>
<td><strong>1,320</strong></td>
<td><strong>16,506</strong></td>
</tr>
<tr>
<td>&gt;140%</td>
<td>8,573</td>
<td>6,204</td>
<td>4,041</td>
<td>1,555</td>
<td>20,373</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>31,197</strong></td>
<td><strong>13,994</strong></td>
<td><strong>14,712</strong></td>
<td><strong>4,200</strong></td>
<td><strong>64,103</strong></td>
</tr>
</tbody>
</table>

*Source: Ricky Cassidy, Rental Housing Study, 12/30/14*

### Summary of Housing Needs

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Base Year: 2000</th>
<th>Most Recent Year: 2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>1,211,537</td>
<td>1,346,554</td>
<td>11%</td>
</tr>
<tr>
<td>Households</td>
<td>409,572</td>
<td>445,513</td>
<td>10%</td>
</tr>
<tr>
<td>Median Income</td>
<td>$49,820.00</td>
<td>$67,116.00</td>
<td>35%</td>
</tr>
</tbody>
</table>

*Data Source: 2000 Census (Base Year), 2007-2011 ACS (Most Recent Year)*

### Number of Households Table

<table>
<thead>
<tr>
<th>Category</th>
<th>0-30% HAMFI</th>
<th>&gt;30-50% HAMFI</th>
<th>&gt;50-80% HAMFI</th>
<th>&gt;80-100% HAMFI</th>
<th>&gt;100% HAMFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Households *</td>
<td>59,400</td>
<td>51,995</td>
<td>83,300</td>
<td>54,850</td>
<td>195,970</td>
</tr>
<tr>
<td>Small Family Households *</td>
<td>16,530</td>
<td>17,890</td>
<td>34,125</td>
<td>23,635</td>
<td>102,605</td>
</tr>
<tr>
<td>Large Family Households *</td>
<td>4,695</td>
<td>5,605</td>
<td>10,680</td>
<td>8,165</td>
<td>27,755</td>
</tr>
<tr>
<td>Household contains at least one person 62-74 years of age</td>
<td>10,970</td>
<td>10,090</td>
<td>16,625</td>
<td>11,280</td>
<td>45,730</td>
</tr>
<tr>
<td>Household contains at least one person 75 or older</td>
<td>10,725</td>
<td>10,195</td>
<td>12,675</td>
<td>7,235</td>
<td>21,730</td>
</tr>
<tr>
<td>Households with one or more children 6 years old or younger *</td>
<td>10,415</td>
<td>9,935</td>
<td>15,935</td>
<td>10,835</td>
<td>20,960</td>
</tr>
</tbody>
</table>

*Data Source: 2007-2011 CHAS*

*The highest income category for these family types is >80% HAMFI*
Housing Market Analysis

Housing Market Area:
The Hawaii Housing Market Area (HMA) is defined as the State of Hawaii which is comprised of the City & County of Honolulu and Counties of Hawai‘i, Kaua‘i, and Maui.

The following housing market analysis is based primarily on information from the following sources: DBEDT, “Measuring Housing Demand in Hawaii, 2015-2025,” April 2015; Rick Cassiday, “Affordable Rental Housing Study Updates, 2014” for Honolulu, Hawaii, Kauai, and Maui, December 2014; and U.S. Census, 2009-2013 American Community Survey 5-Year Estimates.

Housing Demand:
Housing demand is impacted by population growth, high cost of housing, the military presence, domestic migration and immigration, and foreign investment in Hawai‘i real estate. As of July 2013, the resident population of the HMA is approximately 1,404,054. Between 1990 and 2013, population grew at an average annual rate of 1.0%. The City & County of Honolulu experienced slower population growth at 0.7% a year, Hawai‘i and Maui counties grew at 2.0%, while Kaua‘i County grew at 1.3% per year.

The resident population of Hawai‘i, which includes active-duty military personnel and their dependents, is projected to increase to 1,708,900 in 2014, an average growth rate of 0.8% per year over the projection period. The Neighbor Island counties are projected to have higher population growth than Honolulu. The resident population of Honolulu is projected to increase at an annual rate of 0.4% from 2010 to 2040, while Hawai‘i is projected to grow at 1.6% annually, Maui County at 1.4%, and Kaua‘i County at 1.1%. As a result, the Neighbor Island population as the share of the state total will increase from 29.9% in 2010 to 36.4% in 2040, while the corresponding share of the City and County of Honolulu is projected to decrease from 70.1% to 63.6%.

Migration is one of the most important contributors to the state’s population growth. Foreign migration to Hawai‘i has been steady, increasing from 5,400 people per year on average in the 1900s to about 6,600 people over the past decade. However, domestic migration had a stronger increase, from about 32,000 people per year in the 1900s to above 43,000 people per year on average since 2002.

Another important driver of housing demand is the increase in the number of residential rental units being used as vacation rentals. There is evidence that local residential housing units are increasingly catering visitors, either full or part time. According to the Hawaii Tourism Authority, “…the popularity and demand for alternative accommodations have grown rapidly over the years. If all of the identified units were available for visitor use at the same time, these units would account for up to 25% of Hawaii’s total lodging inventory…”

Foreign buyers are yet another source of increased demand for housing in the local real estate market. The National Association of Realtors estimates that foreign buyers of properties in Hawaii Account for 3.6% of all homes sold in 2012. Furthermore, in 2013, Hawaii properties were the second most popular for the Japanese buyers and the fourth most popular for the Canadian buyers. This increased demand from foreign buyers exerts additional price pressures on the housing sector, since often foreign buyers are not income-constrained and, in many cases, buy properties with cash.

DBEDT forecasts a long-range demand for a total of about 64,700 new housing units in Hawaii by the year 2025. Thus is based largely on the assumed increase in the number of households and is dependent on changes in social and economic factors, expected migration and immigration, and expected changes in the size and age distribution of the adult population. Forecasted demand by county is as follows:

Honolulu, 25,800 units; Hawaii, 19,600 units; Maui, 14,000 units; and Kauai, 5,300 units.

Number of Housing Units

In 2009-2013, Hawaii had a total of 522,200 housing units, 14% of which were vacant. Of the total housing units, 62% were single-unit structures, 38% were in multi-unit structures, and less than 0.5% were mobile homes. An estimated 29% of the housing units were built since 1990.
In the 1980s, the available housing inventory expanded by an average of just under 6,000 units per year. In the 1990s, the housing inventory increased by nearly 7,000 units per year and remained at about this level in the years prior to the recession (expanding by about 6,500 units per year between 2000 and 2008). As the economy recovered from the recession between 2009 and 2013, the housing supply expanded at a slower pace at only about 2,400 units per year.

In 1990, Honolulu accounted for 72.3% of the housing units, followed by Hawaii, Maui then Kauai at 12.4%, 10.8%, and 4.5% respectively. By 2013, Honolulu County accounted for 64.7% of total state housing units, Hawaii County had 16.0%; Maui County had 13.5% while Kauai County had 5.7% of the total.

The 2009-2013 ACS 5-Year Estimates reports that of the 449,800 occupied housing units, 259,300 (58%) were owner occupied and 190,500 (42%) were renter occupied. Historically, the homeownership rate in Hawaii has increased from approximately 50% in 1986 to above 60% between 2004 and 2007. As a result of the recession, the homeownership rate in Hawaii fell to about 55% in 2011. However, as the economy has recovered, the rate has been increasing.

After the recession, there was a temporary shift from owning to renting that was caused by a variety of factors including stricter mortgage lending requirements, job losses, and rapid increases in home prices which priced many potential home buyers out of the market. This in turn resulted in sustained rental price increases. While homeownership rates have recently increased, they are still below the pre-recession level.

The increase in Hawaii’s housing stock needs to be compared with the population increase over time. The figure below highlights the expansion of housing supply in the late 1980s and early 2000s, compared with annual population growth. There is an increasing gap between annual population growth and housing supply growth. The result of this increasing gap has been continued housing price increases, leading to an unbalanced housing market.

Building permit activity provides a way to project where the housing markets is going in the short-term. A high level of activity indicates more supply, which means that more demand will be met, and the potential for prices adjusting downwards. A low level of permits indicates less supply of housing and potentially higher prices.

The permit data for residential construction is not encouraging. There has not been a sustained increase in private residential construction, which is required to increase the housing supply.

After several years of rapid expansion, the pace of building has eased. According to UHERO, University of Hawaii Economic Research Organization’s Hawaii Construction Forecast dated September 22, 2017, a number of significant projects wrapped up on Oahu combine with fewer new buildings breaking down has resulted in an overall reduction in construction activity and employment. “Costs to build in Hawaii remain very high, but the plateauing of building activity has reduced the pace of further cost escalation. Construction costs will grow roughly in line with broader inflation measures.” In their September 29, 2017 Hawaii Forecast Update with Asia-Pacific Outlook, UHERO reported that the Hawaii economy is decelerating, with construction past its peak of this building cycle and employment in the industry down more than 4%, however with enough projects in the pipeline to maintain the current level of building activity for several more years.

The Department of Business, Economic Development and Tourism (DBEDT) reported that the indicators of Hawaii’s construction industry were mostly negative in the third quarter of 2017. The construction jobs and government contracts awarded decreased; only the State CIP expenditures increased. By the fourth quarter report, the real Gross Domestic Product (GDP) is forecasting an overall 2.5% growth in the US economy and 1.7% in Hawaii’s economy for 2018, or a 0.3 of a percent over last quarter’s forecast.

The report stated that in the third quarter of 2017, private building authorizations in the state decreased $167 million or 18.8 percent, compared with the third quarter of 2016. In Honolulu County alone, there was a decrease of $166.1 million or 26.4 percent. Hawaii County experienced a decrease of $44.1 million or 30.6 percent, while Maui County increased $30.2 million or 40.0 percent, and Kauai County increased $13.0 million or 32.6 percent in the third quarter of 2017 compared with the previous year. According to their fourth quarter report. Government contracts awarded decreased $268.7 million or 29.4 percent in the third quarter of 2017, with a decrease of $322.7 million in the first three quarters. State government CIP expenditures increased $122.4 million or 48.0 percent in the third quarter of 2017, following a decrease of $24.7 million or 2.6 percent in the first three quarters.
### Cost of Housing

The median monthly housing costs for mortgaged owners in 2013 was the highest in Honolulu County at $2,362 per month, followed by Maui County at $2,261 per month, Kauai County at $2,022, and Hawaii County at $1,637 per month.

Oahu renters paid the highest median rent in 2013 at $1,535 per month, followed by Maui County renters at $1,292 per month, Kauai County rents at $1,281, and Hawaii County renters with the lowest rent at $1,017 per month.

An estimated 48% of owners with mortgages, 12% of owners without mortgages, and 56% of renters in Hawaii spent 30% or more of household income on housing.

Hawaii’s median housing value increased from $496,600 in 2012 to $500,000 in 2013. This increase, however, was not statistically different. Hawaii remained #1 in the ranking with the highest median housing value in the U.S.

### 2. Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions

The HPHA is proposing the following amendments/revisions/updates under the Housing Choice Voucher program(s) in order to prevent circumventing the waiting lists and promote efficiency:

- **Update policy on additions to the household after admission into the Housing Choice Voucher program to allow additions of more than one family member only through birth, adoption, court awarded custody, or hanai, when the addition would increase the subsidy to the family.** (982.402, 982.401(d), 982.4. [24 CFR 982.551(h)(2)]

- **Adopt policy on changes to household composition when a family member who is 18 and over remove themselves from the household; and to establish the following policies when such family members seek readmission to the household: [24 CFR 982.551(h)(2)]
  
  A. They are prohibited from readmission to the household.
  B. They are required to apply as new applicants for placement on the waitlist.
  C. The HPHA may consider medical hardship or other extenuating circumstances, and if determined necessary as a reasonable accommodation, may allow such family members to be added to the household as a live-in-aide only.

- **Update policy regarding the designation of the head of household, spouse, and co-head of the family in the event of marriage of the head or co-head individuals who may not be related by blood, marriage, adoption, or other operation of law, subsequent to admission to the program, to clarify as follows: [HUD 50058 Instruction Booklet]
  
  A. If the head marries, the head’s spouse automatically replaces the original co-head as the spouse. The original co-head automatically becomes an authorized family member.
  B. If the co-head marries, as a family can only have a spouse or co-head, but not both, the family determines whether the co-head’s spouse will become the head of household, or an authorized household member.

- **Adopt revisions to the Housing Choice Voucher policy and Hawaii Administrative Rules to shorten the length of time for a temporary absence from 120 days to 60 days, allowing for specific exceptions for valid medical issues or as allowed under the CFR.** [24 CFR 982.312]

- **Adopt a policy which allows for a tenant with a live-in aide who is lawfully present or admitted to the United States to receive subsidy for an additional bedroom in the Housing Choice Voucher program, or to occupy a unit in the public housing program.** (24 CFR Section 982.402(a), 24 CFR Section 982.402(b)(8), § 982.402(b)(6), 24 CFR Section 5.403, 24 CFR Section 982.316)

- **Adopt policy to include special unit types including single room occupancy to expand lease up options for voucher holders and ensure that the program is readily accessible to and usable by persons with disabilities in accordance with 24 CFR part 8.** (24 CFR 982.601.b) Adopt a policy to pay landlords via electronic deposit into their account. (HUD recommendation)
- Adopt a policy that does not allow the owner to keep the housing assistance payment for the remainder of the month when the family moves out of the unit. Housing assistance payments end the date HPHA determines the family has vacated the unit. Amounts overpaid to the owner must be returned to HPHA. HUD HCV Guidebook 22-13, 24 CFR 792.103

- Adopt a policy that allows the HPHA to notify the family of a change to a participant’s voucher size based on current household composition up to 120 days before the end of the lease term rather than waiting for the next recertification. 24 CFR 982.516(e)(1)

- Amend policy to state that when a family is requesting to downsize, the voucher size will be changed at the end of the lease term.

- Update HPHA’s administrative rules and administrative plan with policies regarding VASH voucher, including conversion of a VASH voucher to a Section 8 Housing Choice Voucher when the qualifying veteran or veteran’s no longer needs the VASH voucher or qualifies for the VASH voucher. [24 CFR 982]

- Update policy for repayment agreements.  
  Per PIH 2010-19 expired May 31, 2011

- Adopt administrative rules to implement Hawaii Revised Statutes §356D-13.5 regarding remaining members of assisted tenant families to allow only the original household members at the time of voucher issuance to retain the voucher where other members of the family have left the unit; and to provide for the automatic return of the voucher to the HPHA once all original household members are no longer in the household; and to provide an exception for families where the original parents in the household are survived by minors who were subsequently added to the household, until the youngest minor reaches the age of 21 years, or reaches the age of 23 if the youngest minor is a full-time student at a business school, technical school, college, community college, or university.

- Adopt administrative rules to allow the HPHA to implement a lottery system to:  
  A. Randomly choose families (excluding the elderly, disabled, and victims of domestic violence) to terminate from the Housing Choice Voucher Program if the HPHA must terminate Housing Assistance Payments contracts due to insufficient funding; and  
  B. Randomly choose families (considering all adopted preferences) to place on the waiting lists process for participation in the Housing Choice Voucher Program.

- Adopt rules which allows HPHA to conduct Home Quality Standards (HQS) inspections every other year, except in circumstances where HPHA may determine a need for an annual inspection (e.g. tenant complaint).

- Adopt rules where the HPHA may award Housing Choice Vouchers to public housing residents for the following reasons in the following order and not equal priority:  
  a) Existing public housing tenants who are involuntarily displaced for reasons such as for relocation due to modernization activity, or based on an emergency where conditions of the public housing dwelling unit, building, or project pose an immediate, verifiable threat to life, health or safety of the family, and the family cannot be relocated to another public housing unit in the same program, meeting their needs.  
  b) Approved for a transfer as a reasonable accommodation for a unit with special features based on need and availability.  
  c) Victims of domestic violence, or stalking, or reprisals, or hate crime, and cannot be safely transferred to another public housing unit in the same program.  
  d) Homeless families, provided “Homeless” is defined by HUD.

- Amend family break-up policy to award the voucher to the family member who is awarded custody of the majority of minor children or who has the majority of days of custody. 24 CFR 982.315

- Amend Housing Choice Voucher policy to require applicants with a criminal history to include latest conviction date or arrest date.
The HPHA plans to adopt changes to its Administrative Rules, Admissions and Continued Occupancy Policy, and Administrative Plan as follows:

- Incorporate proposed changes to cease requiring proof of adoption or court-awarded custody in applications for public housing or in adding children to a resident's household and lease, consistent with state and federal fair housing law, which prohibits discrimination based on familial status. Hawaii law allows for the addition of “hanai children” into a household with written or unwritten permission from the child’s parents.

- Update preference policy to remove from definition of “involuntarily displaced”, applicants who are displaced by action of the housing owner for reasons beyond the applicant’s control and despite the applicant meeting all previously imposed conditions of occupancy.

- Update preference policy to redefine Homeless individuals as those in a transitional shelter who are verified to be in compliance with a social service plan or other former transitional homeless individuals and families who are verified to be “housing ready” as defined by the Hawaii Administrative Rules.

- Establish definition for “Housing Ready”.

- Expand local preferences to include veterans and their surviving spouses for the federal public housing program.

- Amend applicant waitlist policy from geographic waiting lists to site-based waiting lists for the federal public housing program.

- Update Federal Housing acceptance policy relating to “good cause” refusal, to eliminate existing rental agreements that cannot be breached without causing undue financial hardship, and “the applicant’s acceptance of the offer would result in undue hardship not related to consideration of race, color, national origin, or language and the applicant presents evidence which substantiates this to the authority’s satisfaction.

- Amend continued occupancy reexamination results policy to not renew a lease if a family who has not complied with the community service requirement one year, does not become compliant by the end of the second year.

- Assess the feasibility of a tenant incentive transfer policy for highly desirable projects to those with perfect tenant histories (e.g., on-time rent payments, on-time recertification, no housekeeping violations) over a three-year period.

- Amend occupancy guidelines to assign one bedroom for every two-family members only, with consideration for infant children, disability-related reasons and the presence of a live-in aide.

- Update “schedule of charges” policy by having the maintenance work-order system record the actual cost of materials and time spent by maintenance workers to charge tenants the actual cost of intentional, careless or negligent damages beyond normal wear and tear. (24 CFR part 966.4)

- Amend Hawaii Administrative Rules to include updated VAWA policy for federal public housing and the Housing Choice Voucher program.

- Update policy on individual relief from excess utilities in the Hawaii Administrative Rules.

- Adopt and incorporate future changes determined to be required under applicable state or federal law, rule, or regulation.
3. **Financial Resources**

<table>
<thead>
<tr>
<th>Sources</th>
<th>Planned $</th>
<th>Planned Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Grants</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Public Housing Operating Fund</td>
<td>24,893,029</td>
<td>Operations and maintenance of public housing</td>
</tr>
<tr>
<td>b. Public Housing Capital Fund</td>
<td>9,198,304</td>
<td>Capital repairs, management improvements, operations, administrative costs</td>
</tr>
<tr>
<td>c. Section 8 Tenant-Based Assistance</td>
<td>29,051,518</td>
<td>Housing Assistance Payments and Administrative costs</td>
</tr>
<tr>
<td>d. Family Self Sufficiency Program</td>
<td>132,031</td>
<td>FSS Coordinator expenses</td>
</tr>
<tr>
<td><strong>Public Housing Dwelling Rental Income</strong></td>
<td>17,108,708</td>
<td>Operations and maintenance of public housing</td>
</tr>
<tr>
<td><strong>State Capital Improvement Program</strong></td>
<td>20,475,000</td>
<td>Capital repairs and associated administrative costs</td>
</tr>
<tr>
<td><strong>State General Fund</strong></td>
<td>7,514,597</td>
<td>Operations, maintenance, security and vacant unit turnaround of public housing</td>
</tr>
<tr>
<td><strong>Total Resources for Public Housing or Tenant-Based Assistance</strong></td>
<td><strong>108,373,187</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other Project-Based Resources:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance Based Contract Administration</td>
<td>30,683,302</td>
<td>PBCA payments to landlords; administrative costs</td>
</tr>
<tr>
<td><strong>Non-Rental Income</strong></td>
<td>74,490</td>
<td>Management improvements, operations for site location</td>
</tr>
</tbody>
</table>

4. **Rent Determination Policies**

The HPHA is proposing the following amendments/revisions/updates to its rent determination policies under the Housing Choice Voucher program:

- Adopt a policy to determine the amount of allowances for purposes of rent and subsidy determination in the Housing Choice Voucher program, establish policy to cap the amount of child care expenses that can be claimed at the amount of the lower wage earned by working family members. [24 CFR 982.402 and 24 CFR 5.603]

- Adopt policy in the Section 8 program to determine which household will include a minor’s unearned income into the household’s income, in determining unit size, and eligible deductions where two households in the assisted housing programs share custody of minors. [24 CFR 5.609]

- Adopt a policy when determining income from assets for purposes of eligibility and subsidy determination in the Public Housing program and the Section 8 program, update the policy determining the value of a checking account to be consistent with the policy determining the value of a savings account, by using the current balance, to reduce administrative burden and excessive paperwork and added expense for the applicant. (24 CFR 5.609, 24 CFR part 5.603)

- Increase Housing Choice Voucher program minimum rent from $25 to $50.
• Amend Housing Choice Voucher policy relating to interim increases and decreases. When an increase will occur, special reviews will be conducted for all increases; a decrease must be reported to the HPHA by the 20th of the month in order for it to take effect the following month.

5. **Operations and Management**

The HPHA plans to undertake the following activities:

- Adopt new administrative rules and changes to the Admissions and Continued Occupancy Policy to provide for individual relief from surcharges for excess consumption of HPHA purchased utilities or from payment of utility supplier billings in excess of the allowances for resident-purchased utilities.
- Update Utility Allowance schedules for the public housing and voucher programs as required.
- Implement public housing security improvements, including without limitation, securing legislation to allow HPHA to implement no trespassing restrictions 24 hours a day, establish quite times, utilize and require tenant ID cards, install video cameras and security features.
- Update and strengthen rules and policies related to drug use and serious criminal activities that threaten the health and safety of the public housing projects, including threats to staff and destruction of property.
- Adopt rules allowing families that exceed the largest public housing unit size to receive a Section 8 Housing Choice Voucher, rather than splitting the household to fit into existing unit sizes.
- Evaluate the current administration of HPHA’s Section 8 Housing Choice Voucher Program (Due to the recent change in funding levels for the Section 8 HCV Program by HUD, HPHA will be exploring options to maximize the number of voucher participants within the current HUD funding level):
  - Increase the current number of active vouchers by leveraging HPHA’s “High Performer” status to participate in any current or future HUD programs and /or create and implement new programs in conjunction with the local HUD office.
  - Open and close the wait list in 2018 for a limited time if necessary to ensure an adequate pool of applicants
  - Conduct a utility usage study to determine whether the utility allowance is more efficiently used based in the unit size or the voucher size.
- Adopt rules regarding remaining members of assisted tenant families to allow only the original household members at the time of placement in federal public housing program to retain the unit and public housing assistance where other members of the family have left the unit; and to provide for the termination of the rental agreement/assistance or nonrenewal of the rental agreement once all household members are no longer in the household; and to provide an exception for families where the original parents in the household are survived by minors who were subsequently added to the household, until the minors reach a certain age (e.g., 21 years of age).
- Revise the Admissions and Continued Occupancy Policy and applicable administrative rules to allow additions of more than one family member as long as the addition does not require the family to be transferred to a larger unit and as long as the addition would not cause overcrowding of the unit in accordance with county occupancy standards.
- Adopt rules for tenants that enter public housing by way of citizen sponsorship into the State of Hawaii, to include the income of the sponsor when calculating the rent for the tenants.
- Make available not less than fifty per cent of available federal and state low-income housing units for applicants without preference and up to fifty per cent of available federal and state low-income housing units for applicants with preference as mandated by ACT148-2013.
- Implement recently adopted Hawaii Administrative Rule (HAR) revisions to prohibit smoking in public housing and provide tenants with revised lease addenda outlining enforcement strategies for the “No Smoking” policy, including reviewing and amending the HAR based on HUD’s forthcoming rules.
- Assess and evaluate the flat rent option consistent with HUD rules.
- HPHA will adopt Hawaii Administrative Rules regarding the establishment and recognition of resident associations. HPHA will require that resident associations have duly elected board members, rather than appointed board members.

6. **Significant Amendment/Modification**

**Significant Amendment/Modification:** Adding or eliminating major strategies to address housing needs and to major policies (e.g., policies governing eligibility, selection or admissions and rent determination) or programs (e.g., demolition or disposition, designation, homeownership programs or conversion activities); or modifying a strategy
such that a substantial transfer of resources away from others is necessary in order to carry it out. Under this PHA Annual Plan, the HPHA is clarifying that any change required to comply with state or federal rule, law, or regulation, where the HPHA is not able to adopt discretionary policy, would not be considered a significant amendment. However, the HPHA would continue to work with the Resident Advisory Board, Resident Associations, and staff for comments.

For Capital Fund Program projects that deviate from the Capital Fund Program Five-Year Action Plan and the Capital Fund Program Annual State/Performance and Evaluation Reports, only projects that meet the following criteria shall require 5-Year and Annual Plan Amendment: the amount of funds being required exceeds $10 Million and/or the number of units being worked on comprises more than 15% of a developments ACC unit count.

As part of the Rental Assistance Demonstration (RAD) Program, the definition of a substantial deviation from the agency’s annual plan will exclude the following RAD-specific items, provided that the adjustments to the RAD plans are authorized by HPHA’s Board of Directors in the normal course of business:

1. Changes to the Capital Fund Budget produced as a result of each approved RAD conversion, regardless of whether the proposed conversion will include use of additional Capital Funds;
2. Changes to the construction and rehabilitation plan for each approved RAD conversion;
3. Changes to the financing structure for each approved RAD conversion;
4. The date the significant amendment is submitted to the PHA Plan website;
5. Decisions to dedicate a portion of the agency’s existing capital funds budget and/or public housing reserves as a source of funds for purposes of a RAD conversion and recapitalization transaction;

(c) The PHA must submit its Deconcentration Policy for Field Office review.

See Attachment A: Deconcentration Policy.

### B.2 New Activities.

(a) Does the PHA intend to undertake any new activities related to the following in the PHA’s current Fiscal Year?

<table>
<thead>
<tr>
<th>Y</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
</tr>
</tbody>
</table>

(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project based units and general locations, and describe how project basing would be consistent with the PHA Plan.
HOPE VI or Choice Neighborhoods

The HPHA will assess the feasibility of pursuing all means of financing, including the HOPE VI or Choice Neighborhoods programs, if appropriate for its redevelopment efforts at Mayor Wright Homes, Kuhio Park Terrace and potential future developments at AMP 30, AM 31, AMP 33, AMP 37, AMP 38, or AMP 39.

Mixed Finance Modernization or Development

Mayor Wright Homes redevelopment (AMP 32, Project #1003; 364 units)
HPHA issued a Request for Qualifications (RFQ) on July 11, 2014 for a developer/partner to compete a mixed-income, mixed-finance, mixed-use redevelopment project at Mayor Wright Homes. Hunt Development Companies was selected as the Master Developer team leader, and a Predevelopment Agreement was executed on March 24, 2016. A fully negotiated MDA with MWH Partners was executed December 29, 2017. The Predevelopment Agreement terminated upon the execution of the MDA. Preparation of an Environmental Impact Statement (EIS) is required pursuant to Chapter 343, Hawai‘i Revised Statutes and Chapter 200, Title 11, State of Hawai‘i Department of Health Administrative Rules. HPHA submitted the EISPN to the State of Hawai‘i Office of Environmental Quality Control (OEQC) on September 13, 2016. A Draft EIS was submitted to the OEQC on August 28, 2017 and a Final EIS was submitted to both the OEQC and the Accepting Authority, the Governor of the State of Hawaii, on February 22, 2018. An environmental assessment, as required under 24 CFR Part 58, is currently being prepared. It is anticipated that construction will begin in approximately two years following completion of master planning, entitlement and permitting approval and environmental reviews.

Kuhio Park Terrace, Kuhio Homes and Kuhio Park Terrace Low-Rise Redevelopment (AMP 40, Project #s 1007, 1010; 174 units)
HPHA received a $300,000 Choice Neighborhoods Initiative (CNI) planning grant in 2012, which resulted in a comprehensive Transformation Plan with input from community members, stakeholders and partners to revitalize the Kuhio Park Terrace, Kuhio Homes, Kuhio Park Terrace Low-Rise and Kalihi neighborhood area. The HPHA intends to select a new master developer for the second and future phases of the mixed finance redevelopment at Kuhio Park Terrace and Kuhio Homes. It is anticipated that once selected, a master development agreement will be negotiated and master planning and environmental reviews will occur.

Mixed Finance Redevelopment
The HPHA will evaluate and identify additional properties within its existing portfolio and on all islands that have potential for public-private, mixed-finance, mixed income, mixed-use redevelopment opportunities through Section 18 of the Housing Act of 1937 and various HUD programs including, but not limited to, the Rental Assistance Demonstration program (RAD), Choice Neighborhoods Initiative, VASH and any other federal, state, or local source, such as the issuance of PHA bonds pursuant to Chapter 356D, Hawaii Revised Statutes. Potential properties currently under review for their redevelopment potential include properties at AMP 30, AMP 31, AMP 33, AMP 37, AMP 38, and AMP 39.

HPHA believes the redevelopment of public housing and other properties through public/private partnerships will enhance communities and improve the living conditions of its residents with updated or new amenities, open public spaces and walkability.

The HPHA is currently working on a mixed finance redevelopment of its School Street Administrative Offices. The current proposed project does not presently contemplate the use of federal subsidies. However, the proposed project may change over time and, as such, the HPHA is providing notices of the potential for this public-private mixed-finance redevelopment to consider the use of various subsidies, including federal sources. The redevelopment project will focus on providing affordable housing. We do not currently plan to include public housing or HCV project-based voucher units.

Demolition/Disposition

The HPHA plans to request HUD approval for non-exclusive easements for reasons such as utility access over the federal public housing properties, or for other public benefit oftentimes related to its construction modernization activities. Such easement requests will not affect the ACC units count. Additionally, the HPHA is exploring the dedication of streets and sidewalk to the County of Hawaii at Lanakila Homes, to be owned and maintained by the County of Hawaii with HPHA retaining the carved out parking areas for tenant parking assignments. If an easement
or street dedication is determined to be necessary, HPHA will follow HUD’s Demolition/Disposition protocol to apply for and obtain the necessary approvals to proceed with rights of entry or granting of non-exclusive easement. The HPHA will pursue disposition of Mayor Wright Homes as part of a larger mixed finance redevelopment project.

HPHA may also request HUD approval for possible demolition and disposition of the Community Center at Kalihi Valley Homes. The elevated building is currently closed and is not in use. The HPHA has contracted with a consultant to study the alternatives of rehabilitating the structure or demolishing and replacing it with a new structure. If it is determined that demolition and disposition is necessary, HPHA will follow HUD’s Demolition/Disposition protocol to apply for and obtain the necessary approvals to proceed with demolishing the community center. There will be no impact to the ACC units count.

HPHA may also request HUD approval for the possible demolition and disposition of the project at Pahala in AMP 37. The project is not to code and the cost to modernize the project and bring it to code is close to the cost to demolish and rebuild to current standards, codes and ordinances. If it is determined that demolition and disposition is necessary, HPHA will follow HUD’s Demolition/Disposition protocol to apply for and obtain the necessary approvals to proceed with the demolition and disposition of units at Pahala. There will be a temporary affect to the ACC units count in AMP 37.

**Conversion of Public Housing to Project-Based Assistance under RAD**

HPHA will identify, analyze and evaluate all properties on all islands within its existing portfolio that have potential for conversion of public housing units to project based vouchers under HUD’s RAD program. All, a portion, or none of the two subject properties may be submitted in an application to HUD. Kuhio Homes and Kuhio Park Terrace Low-Rise are currently being reviewed and analyzed to evaluate their feasibility for RAD conversion. A Letter of Interest under the RAD program was submitted to HUD in June 2017 for Mayor Wright Homes, Kuhio Homes and Kuhio Park Terrace. Applications were submitted to HUD on September 4, 2018 for participation in the RAD program in coordination with the HPHA’s redevelopment partners. A more detailed description of the proposed conversion is included at Attachment C: Rental Assistance Demonstration Conversion.

**Occupancy by Over-Income Families**

HPHA will modify its over-income tenant policy within the ACOP, in accordance with HUD’s September 24, 2018 Notice in the Federal Register, “Housing Opportunity Through Modernization Act of 2016: Final Implementation of Public Housing Income Limit.” Docket No. FR-5976-N-07. When a tenant family’s income at reexamination exceeds the HUD-issued “over-income limits”, the family will be informed that if their income at the next annual reexamination again exceeds the over-income limits, the family will be given the choice of either: 1) Paying the zip code based Fair Market Rent for their public housing unit; or 2) Moving out of their public housing unit in the following six months.

**Non-Smoking Policies**

HPHA plans to update its Hawaii Administrative Rules and relevant Hawaii Revised Statute no-smoking policies to increase smoking distances up to 25 feet away from any public housing and administrative office buildings. This proposed change is to comply with HUD regulations.

**Project-Based Vouchers**

HPHA plans to identify, analyze and evaluate all properties on islands within its existing portfolio for potential sites that might benefit from the use of project-based vouchers in addition to the properties listed below. The agency will also evaluate potential application for participation in the HUD Rental Assistance Demonstration program (RAD). Should space become available on a RAD waiting list in the future, the HPHA intends to submit a letter of intent for participation for property(ies) where conversion is feasible and in the best interests of the State, the HPHA, and its tenants.

150 Project-based vouchers are part of the Kuhio Park Terrace Towers redevelopment, and the HPHA may consider adding additional Project-based vouchers for the Mayor Wright redevelopment and Kuhio Homes and Kuhio Park Terrace Low-Rise redevelopment. (HPHA is seeking additional replacement housing vouchers for public housing units that will be temporarily removed from inventory while the Kuhio Homes and Kuhio Park Terrace Low-Rise are redeveloped. Those units will be restored in future phases when redevelopment has been completed.)
305 units at Palolo Homes I and II: The Palolo Homes I and II site-based waiting list was closed by the Section 8 Branch in 2015, except for 4 bedroom units. The list was reopened on November 3-5, 2016. The waiting list will be reopened as needed. The HPHA will provide adequate public notice prior to reopening the waiting list.

Consistent with the HPHA’s efforts to sustain and increase the availability of decent, safe, and affordable housing, the HPHA plans to continue its utilization of rent subsidy vouchers through the Federal Project-Based Certificate/Voucher Program. The HPHA will earmark up to the maximum allowable vouchers as specified in 24 CFR 983 and will utilize projects based on the counties of Oahu, Kauai, Maui, and Hawaii in accordance with program guidelines and objectives.

To maximize utilization and to encourage tenant development, HPHA applied for and received HUD approval on August 8, 2001, to exceed the 25 percent cap for dwelling units in any building to be assisted under a housing assistance payment (HAP) by requiring owners to offer supportive services. To minimize the loss of existing housing inventories, HPHA applied for and received HUD approval on October 4, 2001 to attach Project Based Assistance to State-owned public housing projects in areas, which exceed the 20 percent poverty rate limitation.

The HPHA is currently working on a mixed finance redevelopment of its School Street Administrative Offices. The current proposed project is contemplating the use of various forms of financing. The HPHA acknowledges that the proposed project may change over time and as such, the HPHA is providing notices of the potential for this public-private mixed-finance redevelopment to consider the use of various subsidies, including all eligible forms of federal funding sources that the project qualifies for such as project based vouchers, low income housing tax credits, and public housing subsidies.

**Units with Approved Vacancies for Modernization.**

The HPHA continues to consider different ways to decrease unit turnaround time, improve occupancy, increase staff efficiencies. HPHA plans to permanently implement a multi-skilled worker program and establish a qualified force account to perform capital repairs on vacant units. By establishing a force account, HPHA will have more flexibility and the ability to utilize its skilled labor and resources more efficiently.

**Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).**

The HPHA will continue to review and determine the appropriateness of submitting competitive grant applications for other capital grant programs. If a grant is determined to be appropriate and a suitable target site can be identified, the HPHA plans to apply for grant programs for community facilities, emergency safety and security grants, HazMat testing and abatement grants, etc. The HPHA’s AMPs on the Leeward Coast, Windward Oahu, Central Oahu, Honolulu, and Maui are potential sites for emergency safety and security grants. AMPs on Honolulu and Hawaii are potential sites for grants for community facilities.

**B.3 Civil Rights Certification.**

Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations*, must be submitted by the PHA as an electronic attachment to the PHA Plan.

**B.4 Most Recent Fiscal Year Audit.**

(a) Were there any findings in the most recent FY Audit?

Y N □ ☒

(b) If yes, please describe:

- No findings were reported in FY17
B.5 Progress Report.

Provide a description of the PHA’s progress in meeting its Mission and Goals described in the PHA 5-Year and Annual Plan.

A. Expand the supply of assisted housing:

- HPHA applied for and was awarded additional VASH vouchers.
- The occupancy rate continued to fluctuate during FY 2017. HPHA’s Multi-Skilled Worker (MSW) team expedited repairs on over 40 vacant units and interviews were held to place throughout 2017. As of June 30, 2017, the HPHA’s adjusted occupancy rate was 98.0%, while the unadjusted rate was 94.4%.
- HPHA continues to work with its consultant and development partners to pursue development at targeted properties including AMP 32 Mayor Wright Homes. HPHA continues to consider additional redevelopment options.
- HPHA continues to assess the feasibility of acquiring or developing more properties to create additional housing opportunities on all islands.
- HPHA continues to work with its consultant and development partners to pursue inclusion in Rental Assistance Demonstration (RAD) for select public housing properties to convert to the housing choice voucher program.
- HPHA applied for and was awarded 35 additional VASH vouchers during the previous fiscal year.
- HPHA selected a master developer for Mayor Wright Homes. The HPHA, its consultant, and development partners continue to assess and pursue various TOD and non-TOD the mixed income/mixed use/mixed finance/project based and higher density redevelopment projects, such as Mayor Wright Homes and other HPHA public housing properties, and create public/private partnerships by utilizing various HUD programs including but not limited to Rental Assistance Demonstration and Choice Neighborhood Initiative (CNI), and will utilize various financing tools including but not limited to federal grants, state appropriations and low-income housing tax credits to rehabilitate and redevelop federal and state low-income housing and other properties.
- HPHA has assessed the need to establish policies to minimize the number of over-income families in public housing, including possible termination of tenancy for such families. There are currently only two AMPs where the minimum income falls below the 85% level.
- HPHA continues to analyze the need to establish policies to minimize the number of over-income families in public housing.

B. Improve the quality of assisted housing:

1. Improve public housing management: (PHAS score)
   - HPHA is currently a standard performer. HUD REAC inspections for this fiscal period are ongoing and HPHA has achieved a number of scores for various properties in the 80s and 90s. The highest score received as of June 30, 2017, was 93 points.
   - PHAS Financial Condition – Maintain rent collection rate of 97% or better at all properties. This was achieved as the HPHA’s average rent collection rate was 98.0% as of June 30, 2017.
   - HPHA staff is utilizing mobile electronic technology (e.g., tablets and smart phones) to conduct pre-inspections for REAC inspections. Management staff is expected to transition to web based and mobile technology within their AMPs once the HPHA has established procedures and procured the necessary equipment to properly implement this task.
   - HPHA implemented new procedures whereby the Hearings Office tracks rent collections in order to assist AMPs early in the delinquency process. HPHA will continue its efforts to improve the tenant collection system.
   - HPHA maintains agreements with DHS to access and verify welfare information maintained by DHS to reduce incidence of fraud.
   - In determining income from assets for purposes of eligibility and subsidy determination in the Public Housing program and the Housing Choice Voucher program, update the policy determining the value of a checking account to be consistent with the policy determining the value of a savings account, by using the current balance, or average monthly balance for the last six months, to reduce administrative burden and excessive paperwork and added expense for the applicant. Public hearing was held on November 30, 2016 at 6pm. Rule changes are being drafted.
• HPHA is drafting policy updates related to policies requiring occupants to establish legal residency in the United States to receive subsidy for an additional bedroom in the Section 8 program.
• HPHA established a multi-skilled worker program to promptly repair and maintain units that become vacant on a regular basis for faster and more efficient turnover of units, including establishment of a highly skilled force account for capital repairs. HPHA successfully lobbied and received from the state Legislature 29 new positions. HPHA will continue to negotiate with the UPW and request positions from the state Legislature for the establishment of a permanent program.

2. Improve voucher management: (SEMAP score)
• HPHA was designated a High Performer.
• HPHA is currently exceeding 98% of budget utilization
• HPHA contracted with the City & County of Honolulu to conduct landlord outreach to assist in identifying available units for lease up.
• HPHA will absorb veterans that have completed their service plans. There have been approximately 2 families who left the HCV program completely because of their increase in income.
• HPHA is currently drafting updates to the policy on additions to the household after admission into the Housing Choice Voucher program to deny additions of an additional household consisting of more than one member to the Housing Choice Voucher except by birth, adoption, or court-awarded custody, or marriage, when the addition would increase the subsidy to the family.
• HPHA is rewriting the payment standard using the small area fair market rent as required by Federal requirements for the Housing Choice Voucher program.

3. Increase customer satisfaction:
• HPHA has implemented automated applicant waiting list portal and is in the process of bringing an applicant portal on line. The applicant portal will allow applicants to check on their applications and update information directly to their electronic application.
• HPHA has implemented face-to-face meetings with tenants who will be terminated from the HCV program to ensure appropriate communication.

4. Concentrate on efforts to improve specific management functions:
• HPHA continues to revise and implement plans to have Tenant Monitors or other resident participation programs to address issues when managers are not available.

5. Continue to renovate or modernize public housing units with priority to health, safety, accessibility, end of useful life and energy conservation.
• HPHA is undergoing a systematic assessment and upgrade of all major building systems for its high-rises, including elevators, fire prevention systems, call-for-aid systems, and fire pumps
• HPHA is conducting a thorough testing of all projects built before 1978 utilizing the XFR testing method and additional full Lead Risk Assessment where there is positive results for Lead Based Paint and will develop a plan to eventually remove all lead based paint from all its properties.

6. Demolish or dispose of obsolete public housing and provide replacement housing.
• HPHA continues to work on issues surrounding the establishment of the Faircloth Limit. Once those issues are resolved, the HPHA will assess the need to demolish or dispose of obsolete public housing and provide replacement housing.

C. Increase assisted housing choices:
• HPHA’s voucher payment standard was increased to 110% to provide for increased flexibility in a tight housing market.
• Under the voucher homeownership program, the HPHA added three new families to the Housing Choice Voucher Homeownership program last fiscal year.
• HPHA will continue to consider the establishment/implementation of designated elderly only housing.

D. Provide an improved living environment:
• HPHA implements measures to de-concentrate poverty by bringing higher income public housing households into lower income developments. Currently, there are only two elderly AMPs where incomes fall below the 85% mark.
• HPHA continues to implement public housing security improvements, such as increased lighting, video surveillance, resident identification cards, utilizing after hour quiet time, tenant participation with Resident Associations, and crime prevention through environmental design features.
• HPHA continues to pursue statutory authority to adopt rules to provide greater security for tenants and staff, including no trespassing 24 hours a day at some or all of the HPHA properties.
• Adopt rules to efficiently remove abandoned property from HPHA units to provide quicker turnaround of units.

E. Promote self-sufficiency and asset development of assisted households:
• HPHA conducts a job fair every year and participates as a vendor in other local job fairs such as Workforce Job Fair 2017, and posts notices at each of our projects (AMPs) inviting tenant attendance and participation.
• HPHA has engaged in individual counseling, assistance and mentoring in-house and encourages volunteers to work in any branch of our main office, to enable them obtain skills and experience to enhance employability. Our recently recruited resident services specialists will advance and expand this effort to secure outside service providers.
• HPHA continues to seek out programs and service providers to partner with. Further, we are involved in an initiative from Washington, DC to provide more caseworkers for the elderly and disabled, and have recently recruited new resident services specialists to advance this effort.
• HPHA has a Tenant Aide program for residents to be hired on a part-time basis for up to 19-hours compensation, to gain experience and upward mobility, as has happened successfully in the past. However, residents need to be willing to take the opportunity to apply.
• Improve Section 3 plan to expand resident employment opportunities.
• HPHA continue to recruit residents to Section 3 which includes the Tenant Aide Program for upward mobility, and be able to assist the properties in maintenance and administrative duties. The HPHA is working on a Section 3 business registry. In FY17 the HPHA made 20 Section 3 related employee hires.

F. Ensure equal opportunity and affirmatively further fair housing:
• Affirmative measures taken to ensure access to assisted housing includes intensive employee training, self-monitoring for quality assurance and progressively accomplishing the goals identified by the Analysis of Impediments to Fair Housing Choice. The HPHA is committed to planned affirmative measures to ensure access to assisted housing regardless of race, color, religion, national origin, sexual orientation, gender identity, marital status, familial status, and disability
• HPHA continues its on-going efforts to educate and provide information to the general population and to landlords.
• HPHA is conducting on-going training to educate staff.
• Implementation of Section 504 and ADA transition plans for HPHA properties are continuous and consistent.
• Maintain the Limited English Proficiency (LEP) Provide training to non-English speaking and/or Limited English Proficiency speaking groups with an interpreter available on federal and state fair housing laws. HPHA continues to provide LEP individuals with free interpretation and translation services.
• HPHA continues to review policies to ensure compliance with HUD’s equal access rule.

G. Improve the housing delivery system through cost-effective management of federal government programs and resources:
• HPHA implements project based budgeting, project based accounting and management for federal public housing as required under Asset Management.
• HPHA has made significant progress in the timely evictions for non-payment of rent and timely write off of uncollectable accounts. The HPHA worked with the Department of the Attorney General to streamline the procedures for write off of bad debt.
• HPHA continues to require that all appliance purchases and capital repairs utilize energy star fixtures and implement energy saving features where possible.
- HPHA continues to automate major operation components of the PHA computer software such as work order processing and tracking, materials, inventory, and fixed assets to improve the efficiency and accuracy of financial accounting and reporting.
- HPHA continues to upgrade computers, servers and devices with newer models to provide faster response time for users, and standardize all versions of business and office software. This upgrade simultaneously provides more efficient use of electricity (for hardware), and provides better security from malicious software via updated firmware.
- HPHA continues its research and analysis of various content management systems for more efficient retrieval of documents stored electronically on the HPHA network.
- HPHA continuously and successfully expands the use of video conferencing technology to further better communication between all HPHA properties on all islands.
- HPHA continually strives to implement virtualization of automated services to decrease our carbon imprint and effectively minimize costs, and concurrently increase efficiency. Hosting remote access and web applications are regularly sought and analyzed to provide the best ROI to HPHA support systems.
- HPHA continues to grow its workflow automation with the implementation of web applications and digital signatures to provide a more consistent, speedier and environmentally friendlier processing of business operations.
- HPHA implemented Hawaii Administrative Rule (HAR) revisions to prohibit smoking in public housing, and provide tenants with revised lease addenda outlining enforcement strategies for the “No Smoking” policy.
- Significant improvements have been made to strengthen internal controls, as results, quality of data integrity is increased, Comprehensive Annual Financial Reports (CAFR) and Financial Data Schedule (FDS) are generated in-house, audit findings decreased from 4 for FY14 to 2 for FY15, and to one finding in FY16. Pending results from the auditors, the HPHA anticipates only one finding for FY 2016-2017.
- Per HUD notice PIH 2017-24 (HA), the HPHA has had third-party agreements for the use of cell phones towers.
- HPHA is actively exploring and moving toward a paperless environment.

H. Evaluate the current administration of HPHA’s Section 8 Housing Choice Voucher Program (Due to the recent change in funding levels for the Section 8 HCV Program by HUD, HPHA will be exploring options to maximize the number of voucher participants within the current HUD funding level):

- The HPHA continues its efforts to increase the current number of active vouchers by leveraging HPHA’s “High Performer” status to participate in any current or future HUD programs and/or create and implement new programs in conjunction with the local HUD office.
- HPHA closed the Palolo Project Based Voucher wait list except for four bedroom units.
- HPHA’s reopened the regular HCV waiting list in August 2016 for a limited time.

<table>
<thead>
<tr>
<th>B.6</th>
<th>Resident Advisory Board (RAB) Comments.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a) Did the RAB(s) provide comments to the PHA Plan?</td>
</tr>
<tr>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>(b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations. See Attachment B: RAB Recommendations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B.7</th>
<th>Certification by State or Local Officials.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Form HUD 50077-SL, Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan, must be submitted by the PHA as an electronic attachment to the PHA Plan.</td>
</tr>
</tbody>
</table>
### B.8 Troubled PHA.
(a) Does the PHA have any current Memorandum of Agreement, Performance Improvement Plan, or Recovery Plan in place?

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>N</td>
<td>N/A</td>
</tr>
</tbody>
</table>

(b) If yes, please describe:

### C. Statement of Capital Improvements. Required for all PHAs completing this form that administer public housing and receive funding from the Capital Fund Program (CFP).

#### C.1 Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan (HUD-50075.2) and the date that it was approved by HUD. The most recent Capital Fund Plan was approved with the HPHA PHA Plan on June 21, 2017.
Instructions for Preparation of Form HUD-50075-ST
Annual PHA Plan for Standard and Troubled PHAs

A. PHA Information. All PHAs must complete this section.

A.1 Include the full PHA Name, PHA Code, PHA Type, PHA Fiscal Year Beginning (MM/YYYY), PHA Inventory, Number of Public Housing Units and or Housing Choice Vouchers (HCVs), PHA Plan Submission Type, and the Availability of Information, specific location(s) of all information relevant to the public hearing and proposed PHA Plan. (24 CFR §903.23(4)(e))

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. (24 CFR §943.128(a))

B. Annual Plan. All PHAs must complete this section.

B.1 Revision of PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the “yes” box. If an element has not been revised, mark “no.” (24 CFR §903.7)

☐ Statement of Housing Needs and Strategy for Addressing Housing Needs. Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA’s strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income), (ii) elderly families and families with disabilities, and (iii) households of various races and ethnic groups residing in the jurisdiction or on the waiting list based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. (24 CFR §903.7(a)(1))

Provide a description of the PHA’s strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. (24 CFR §903.7(a)(2)(ii))

☐ Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions. PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see 24 CFR §903.2. (24 CFR §903.7(b)) Describe the PHA’s admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA’s policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements. (24 CFR §903.7(b)) Describe the PHA’s procedures for maintain waiting lists for admission to public housing and address any site-based waiting lists. (24 CFR §903.7(b)). A statement of the PHA’s policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. (24 CFR §903.7(b)) Describe the unit assignment policies for public housing. (24 CFR §903.7(b))

☐ Financial Resources. A statement of financial resources, including a listing by general categories, of the PHA’s anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. (24 CFR §903.7(c))

☐ Rent Determination. A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. (24 CFR §903.7(d))

☐ Operation and Management. A statement of the rules, standards, and policies of the PHA governing maintenance and management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA. (24 CFR §903.7(e))

☐ Grievance Procedures. A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants. (24 CFR §903.7(f))

☐ Homeownership Programs. A description of any Section 5h, Section 32, Section 8y, or HOPE I public housing or Housing Choice Voucher (HCV) homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. (24 CFR §903.7(g))

☐ Community Service and Self Sufficiency Programs. Describe how the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. (24 CFR §903.7(h)) A description of: 1) Any programs relating to services and amenities provided or offered to assisted families; and 2) Any policies of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS. (24 CFR §903.7(i))

☐ Safety and Crime Prevention. Describe the PHA’s plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must provide development-by-development or jurisdiction wide-basis: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities. (24 CFR §903.7(m)) A description of: 1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; 2) Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and 3) Any activities, services, or programs
provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families. (24 CFR §903.7(e)(3))

Pet Policy. Describe the PHA’s policies and requirements pertaining to the ownership of pets in public housing. (24 CFR §903.7(n))

Asset Management. State how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory. (24 CFR §903.7(q))

Substantial Deviation. PHA must provide its criteria for determining a “substantial deviation” to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

Significant Amendment/Modification. PHA must provide its criteria for determining a “Significant Amendment or Modification” to its 5-Year and Annual Plan. Should the PHA fail to define ‘significant amendment/modification’, HUD will consider the following to be ‘significant amendments or modifications’: a) changes to rent or admissions policies or organization of the waiting list; b) additions of non-emergency CFP work items (items not included in the current CFP Annual Statement or CFP 5-Year Action Plan) or change in use of replacement reserve funds under the Capital Fund; or c) any change with regard to demolition or disposition, designation, homeownership programs or conversion activities. See guidance on HUD’s website at: Notice PH/1999-51. (24 CFR §903.7(r)(2)(iii))

If any boxes are marked “yes”, describe the revision(s) to those element(s) in the space provided.

B.2 New Activities. If the PHA intends to undertake any new activities related to these elements in the current Fiscal Year, mark “yes” for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark “no.”

Hope VI or Choice Neighborhoods. 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for Hope VI or Choice Neighborhoods; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI or Choice Neighborhoods is a separate process. See guidance on HUD’s website at: http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm. (Notice PIH 2010-30)

Mixed Finance Modernization or Development. 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for Mixed Finance Modernization or Development is a separate process. See guidance on HUD’s website at: http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm. (Notice PIH 2010-30)

Demolition and/or Disposition. Describe any public housing projects owned by the PHA and subject to ACCs (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and (2) A timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed as described in the PHA’s last Annual and/or 5-Year PHA Plan submission. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD’s website at: http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm. (24 CFR §903.7(b))

Designated Housing for Elderly and Disabled Families. Describe any public housing projects owned, assisted or operated by the PHA (or portions thereof), in the upcoming fiscal year, that the PHA has continually operated as, has designated, or will apply for designation for occupancy by elderly and/or disabled families only. Include the following information: 1) development name and number; 2) designation type; 3) application status; 4) date the designation was approved, submitted, or planned for submission, and 5) the number of units affected. Note: The application and approval process for such designations is separate from the PHA Plan process, and PHA Plan approval does not constitute HUD approval of any designation. (24 CFR §903.7(i)(C))

Conversion of Public Housing. Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD’s website at: http://www.hud.gov/offices/pih/centers/sac/conversion.cfm. (24 CFR §903.7(i))

Conversion of Public Housing. Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA plans to voluntarily convert to project-based assistance under RAD. See additional guidance on HUD’s website at: Notice PIH 2012-32

Occupancy by Over-Income Families. A PHA that owns or operates fewer than two hundred fifty (250) public housing units, may lease a unit in a public housing development to an over-income family (a family whose annual income exceeds the limit for a low income family at the time of initial occupancy), if all the following conditions are satisfied: (1) There are no eligible low income families on the PHA waiting list or applying for public housing assistance when the unit is leased to an over-income family; (2) The PHA has publicized availability of the unit for rental to eligible low income families, including publishing public notice of such availability in a newspaper of general circulation in the jurisdiction at least thirty days before offering the unit to an over-income family; (3) The over-income family rents the unit on a month-to-month basis for a rent that is not less than the PHA's cost to operate the unit; (4) The lease to the over-income family provides that the family agrees to vacate the unit when it is needed for rental to an eligible family; and (5) The PHA gives the over-income family at least thirty days notice to vacate the unit when the unit is needed for rental to an eligible family. The PHA may incorporate information on occupancy by over-income families into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD’s website at: Notice PIH 2011-7. (24 CFR 960.503) (24 CFR 903.7(b))

Occupancy by Police Officers. The PHA may allow police officers who would not otherwise be eligible for occupancy in public housing, to reside in a public housing dwelling unit. The PHA must include the number and location of the units to be occupied by police officers, and the terms and conditions of their tenancies; and a statement that such occupancy is needed to increase security for public housing residents. A “police officer” means a person determined by the PHA to be, during the period of residence of that person in public housing, employed on a full-time basis as a duly licensed professional police officer by a Federal, State or local government or by any agency of these governments. An officer of an accredited police force of a housing agency may qualify. The PHA may incorporate information on occupancy by police officers into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD’s website at: Notice PIH 2011-7. (24 CFR 960.505) (24 CFR 903.7(b))
B.4 Most Recent Fiscal Year Audit. If the results of the most recent fiscal year audit for the PHA included any findings, mark “yes” and describe those findings in the space provided. (24 CFR §903.7(o))

B.5 Progress Report. For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA’s progress in meeting the mission and goals described in the 5-Year PHA Plan. (24 CFR §903.7(r)(1))

B.6 Resident Advisory Board (RAB) comments. If the RAB provided comments to the annual plan, mark “yes,” submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA’s decision made on these recommendations. (24 CFR §903.13(c), 24 CFR §903.19)

B.7 Certification by State or Local Officials. Form HUD-50077-SL, Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan, must be submitted by the PHA as an electronic attachment to the PHA Plan. (24 CFR §903.15). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.

B.8 Troubled PHA. If the PHA is designated troubled, and has a current MOA, improvement plan, or recovery plan in place, mark “yes,” and describe that plan. If the PHA is troubled, but does not have any of these items, mark “no.” If the PHA is not troubled, mark “N/A.” (24 CFR §903.9)

C. Statement of Capital Improvements. PHAs that receive funding from the Capital Fund Program (CFP) must complete this section. (24 CFR §903.7(g))

C.1 Capital Improvements. In order to comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan. PHAs can reference the form by including the following language in Section C. 8.0 of the PHA Plan Template: “See HUD Form- 50075.2 approved by HUD on XX/XX/XXXX.”

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan.

Public reporting burden for this information collection is estimated to average 9.2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.
ATTACHMENT B

U.S. Department of Housing and Urban Development
Office of Fair Housing and Equal Opportunity – Region IX
One Sansome Street, Suite 1200
San Francisco, California 94104-4430
Voice: (800) 347-3739 (415) 489-6400
TTY: (415) 489-6564 Fax: (415) 489-6560
www.hud.gov
espanol.hud.gov

JUL 11 2018

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

SUBJECT: VOLUNTARY COMPLIANCE AGREEMENT
HUD Complaint Number: 09-16-0001-4 (Section 504)

Dear Mr. Ouansafi:

The above-referenced complaint, which was filed with the U.S. Department of Housing and Urban Development (HUD), on August 16, 2016, has been resolved by the execution of the enclosed Voluntary Compliance Agreement (VCA) between the Hawaii Disability Rights Center, the Hawaii Public Housing Authority, and HUD.

On July 10, 2018, the VCA was signed and approved on behalf of the Secretary, as required under 24 C.F.R. § 8.56 (j)(2) of HUD’s regulations implementing Section 504 of the Rehabilitation Act of 1973. By executing this Agreement, the parties have agreed that all issues that were raised in the above-referenced complaint are resolved. By approving this VCA, HUD has concluded that its provisions adequately address the remedial actions necessary to overcome the effects of noncompliance. Accordingly, HUD has administratively closed this complaint, effective as of July 10, 2018. The Secretary shall have the right to monitor compliance with this Agreement for a period of three years commencing with the effective date of this Agreement.

All copies of notices and reports required to be sent to the Secretary under the terms of this Agreement are to be directed to:

Mr. Jelani M. Madaraka
HUD Honolulu Fair Housing and Equal Opportunity Field Office
1132 Bishop, Suite 1400
Honolulu, HI 96813
Should you have any questions regarding the contents of the VCA or of this letter, please feel free to contact Mr. Kenneth J. Carroll, Center Director at: (415) 489-6536 or Mr. Jelani M. Madaraka at: 808-457-4677. Thank you for your cooperation during the complaint investigation and the settlement process.

Sincerely,

[Signature]

Anné Quesada, Regional Director
Office of Fair Housing and
Equal Opportunity

Enclosure
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY

SECTION 504

VOLUNTARY COMPLIANCE AGREEMENT

BETWEEN

Hawaii Disability Rights Center
(Complainant)

and

Hawaii Public Housing Authority
Mr. Hakim Ouansafi, Executive Director
(Recipients)

Approved by the FHEO Regional Director on behalf of the United States Department of Housing and Urban Development

HUD Case Number: 09-16-0001-4
CASE NAME: Hawaii Disability Rights Center v. Hawaii Public Housing Authority, Mr. Hakim Ouansafi

Effective Date of Agreement: 11 July 2018
Expiration Date of Agreement: 11 July 2021
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. INTRODUCTION</td>
<td>3</td>
</tr>
<tr>
<td>II. DEFINITIONS</td>
<td>3</td>
</tr>
<tr>
<td>III. GENERAL PROVISIONS</td>
<td>7</td>
</tr>
<tr>
<td>IV. SPECIFIC PROVISIONS</td>
<td>10</td>
</tr>
<tr>
<td>V. REPORTING AND RECORDKEEPING REQUIREMENTS</td>
<td>12</td>
</tr>
<tr>
<td>VI. IMPLEMENTATION, MONITORING, AND ENFORCEMENT</td>
<td>12</td>
</tr>
<tr>
<td>VII. EFFECT OF NON-COMPLIANCE WITH THIS AGREEMENT</td>
<td>13</td>
</tr>
<tr>
<td>VIII. SIGNATURES</td>
<td>15</td>
</tr>
</tbody>
</table>
I. INTRODUCTION

The Hawaii Public Housing Authority ("HPHA") operates a statewide low-income public housing program that receives Federal financial assistance from the United States Department of Housing and Urban Development (the "Department" or "HUD"). The Department, pursuant to its law enforcement responsibilities under the authorities of Section 504 of the Rehabilitation Act of 1973 ("Section 504"), as amended, 29 U.S.C. 794, and HUD’s implementing regulations at 24 CFR Part 8, investigated a complaint filed on August 16, 2016, by the Hawaii Disability Rights Center ("HDRC") alleging that HPHA, and its Executive Director Mr. Hakim Quansafi ("Executive Director Quansafi"), solely in his official capacity as Executive Director, failed to meet HUD’s requirements for the appropriate percentage of accessible units established by federal policies and regulations. It was also alleged that HPHA and Executive Director Quansafi (collectively "Recipients") failed to provide HDRC ("Complainant") with copies of Recipients’ Self-Evaluations and Transition Plans ("Reports").

The Department’s investigation revealed what it believed to be deficiencies related to non-compliance with the requirements of the Uniform Federal Accessibility Standards in the designated accessible units sampled by HUD, as well as in common areas and access ramps at the complexes surveyed by HUD. On October 16, 2017, the Department issued its Letter of Findings ("LOF") of non-compliance with Section 504. Recipients disputed and did not agree with the findings, and by letter dated November 17, 2017, requested a review of the LOF. After considering Recipients’ claims, concerns, and contentions; the investigative record; and supplemental information the reviewing Civil Rights Official sustained the Department’s findings of noncompliance. On February 1, 2018, the reviewing Civil Rights Official issued a Formal Letter of Determination ("LOD") of noncompliance pursuant to 24 C.F.R. § 8.56 (1)(3). The LOD constitutes the Department’s final determination regarding the Section 504 allegations, but only applies to those allegations and findings in the subject case and is not a determination of Recipients’ compliance or noncompliance in any other respect.

This Voluntary Compliance Agreement does not constitute an admission or acceptance by Recipients of the findings contained in the Department’s LOF or LOD. Rather, in settling this complaint Recipients continue to deny all allegations of noncompliance, and maintain that where applicable, they have designated and used the 2010 Americans with Disabilities Act Standard for Accessible Design ("2010 ADA Standards"), which significantly reduces the alleged number of deficiencies. Recipients agree to enter into this Agreement to fulfill their obligations as Recipients of Federal financial assistance and to work cooperatively with the Department to resolve any issues and potential disputes in a manner that is in the best interest of the public, and all participants in Recipients’ public housing program, especially persons with disabilities.

II. DEFINITIONS

Accessible – When used with respect to the design, construction or alteration of housing and non-housing programs, “accessible” means that the program or portion of the program when designed, constructed, altered or adapted, can be approached, entered, and used by individuals who use wheelchairs. A program that is designed, constructed, altered or adapted to be in
compliance with the Uniform Federal Accessibility Standards ("UFAS"), 24 C.F.R. §§ 8.3 and 8.32, and where applicable, the 2010 Americans with Disabilities Act Standards for Accessible Design ("2010 ADA Standards") for buildings constructed or altered on or after March 15, 2012. Housing structures and non-housing programs may further be regarded as accessible if these satisfy the 2010 ADA Standards, except for specific elements which must still meet the scoping requirements of UFAS, as defined in HUD’s May 23, 2014 Notice in the Federal Register, “Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities.” Docket No. FR–5784–N–01. See 79 Fed. Reg. 29,671.29,676 (May 23, 2014). This Notice shall be controlling and will apply until HUD formally revises it and adopts an alternate accessibility standard. The accessibility requirements described herein shall be applied in a way which fosters and furthers at all times the health and safety standards of HUD’s housing programs, including but not limited to the Housing Quality Standards (HQS) and the Real Estate Assessment Center (REAC) physical inspections.

**Accessibility Assessment/Survey Consultants** – All or any qualified firm(s) or individual(s), whether private or state, selected by HPHA to conduct Accessibility Surveys of HPHA’s public housing properties and non-housing facilities, and to develop HPHA’s Needs Assessments, Self-Evaluations, and Transition Plans during the duration of this VCA.

**Accessible Route** – A continuous, unobstructed UFAS-compliant path as prescribed in 24 C.F.R. §§ 8.3 and 8.32; 28 C.F.R. § 35.151; and UFAS § 4.3. (See also definitions of “Dwelling Unit” and “Non-Housing Programs”).

**Accessibility Surveys** – On-site physically measurements and analysis performed by a licensed professional third-party, preferably an architectural and/or engineering firm, that will verify or certify through issuing a written professional report evaluating HPHA’s compliance with applicable accessibility standards (UFAS, the Fair Housing Act’s Design Manual, the Architectural Barriers Act, and whenever applicable the ADA’s Accessibility Standards along with HUD’s notice No. FR–5784–N–01), and HPHA’s compliance with the terms of this Agreement.

**Agreement** – This Voluntary Compliance Agreement ("VCA" or “Agreement”) entered into by and between Recipients, the Department, and Complainant.

**Alterations** – Any change in a facility or its permanent fixtures or equipment, including remodeling, renovation, rehabilitation, reconstruction, changes or rearrangement in structural parts and extraordinary repairs. See 24 C.F.R. § 8.3 and 8.23.

**Auxiliary Aids** – Services that enable persons with impaired sensory, manual, or speaking skills to have an equal opportunity to participate in, and enjoy the benefits of, programs or activities receiving Federal financial assistance. The type of auxiliary aid or service necessary to ensure effective communication will vary in accordance with the length and complexity of the communication involved. See 24 C.F.R. § 8.3.

**Days** – Wherever referenced in this Agreement, “days” shall mean calendar days.
Dwelling Unit/Housing Unit/Unit – A single unit of residence that provides a kitchen or food preparation area, in addition to rooms and spaces for living, bathing and sleeping.

Effective Date – The effective date of this Agreement is the date on which it is approved by the FHEO Regional Director or her designee in Section VIII.

Needs Assessments – On a public housing authority-wide basis, HPHA shall assess the needs of current tenants and applicants on its waiting list for accessible units and the extent to which such needs have not been met or cannot reasonably be met within three years through development, alterations otherwise contemplated, or other programs administered by HPHA (e.g., Section 8 Moderate Rehabilitation or Section 8 Existing Housing or Housing Vouchers). If HPHA or HUD determines that information regarding the availability of accessible units has not been communicated sufficiently so that, as a result, the number of eligible qualified individuals with disabilities on the waiting list is not fairly representative of the number of such persons in the area, HPHA’s assessment shall include the needs of eligible qualified individuals with disabilities in the area. If HPHA determines, on the basis of such needs assessments, that there is no need for additional accessible dwelling units or that the need is being or will be met within three years through other means, such as new construction, Section 8 or alterations otherwise contemplated, no further action will be required by the HPHA under this Section of the Agreement. If HPHA determines, on the basis of its needs assessments, that alterations to make additional units accessible must be made so that the needs of eligible qualified individuals with disabilities may be accommodated proportionally to the needs of non-disabled individuals in the same categories, then HPHA shall include such alterations in its Transition Plans to achieve program accessibility. HPHA shall complete its Needs Assessments and Transition Plans as expeditiously as possible, but in any event no later than two years from the execution of this Agreement. HPHA shall complete structural changes necessary to achieve program accessibility as soon as possible but in any event no later than two years from the execution of this Agreement. The Department may extend the two-year period for a period not to exceed one year in the event that a determination is made that compliance within that period would impose undue financial and administrative burdens on the operation of HPHA’s public housing program. The Department may further extend this time period in extraordinary circumstances, for a period not to exceed one year.

Non-Housing Programs – All or any HPHA-owned portions of buildings, structures, sites, complexes, equipment, rolling stock or other conveyances, roads, walks, passageways, parking lots, other real or personal property including the site where the building, property, or structure is located. A Non-Housing Program includes, but is not limited to, common areas, entrances, elevators, the HPHA offices (including the HPHA’s Administrative Offices located at 1002 North School Street), community center including restrooms, corridors, hallways, meeting rooms, recreation rooms, senior citizen center including restrooms, social services offices, mail delivery, laundry rooms/facilities and trash disposal. Furthermore, Non-Housing Programs include any aid, benefit or service provided by the HPHA, policies, administrative procedures, services, and non-tangible matters whose operations contribute to the application for housing, full enjoyment of housing, and full participation in the HPHA’s housing programs. To the extent that entrances, elevators, and common area provide accessible routes and connect dwelling units and Non-Housing Programs, they fall within the provisions of this Agreement.
Person with a Disability – For purposes of this Agreement, a person with a disability is any person who has a physical or mental impairment that substantially limits one or more major life activities such as caring for oneself, manual tasks, walking, seeing, hearing, speaking, breathing or learning; has a record of such impairment; or is regarded as having such an impairment. See 24 C.F.R. § 8.3.

HPHA – The Board of Directors, Executive Director, officers, directors, agents including contractors, consultants, state and private management agents, branch chiefs, employees and successors or assigns of the Hawaii Public Housing Authority which is a state agency organized under the laws of the state of Hawaii, and has a total of 5,942 public housing units.

Programs – Any aid, benefit or service provided by HPHA, policies, administrative procedures, services, and non-tangible matters whose operations contribute to the application for housing, full enjoyment of housing, and full participation in any of HPHA’s housing programs.

Projects/Developments – The whole of one or more HPHA-owned residential structures and appurtenant structures, equipment, roads, walks and parking lots that are covered by a single contract for Federal financial assistance or application for assistance or are treated as a whole for processing purposes, whether or not located on a common site. Includes mixed income, mixed finance communities that are owned by public/private partnerships formed with HPHA, such as Low-Income Housing Tax Credits, including public housing units that receive Federal assistance from the Department and other state public housing properties and units that do not receive a public housing subsidy from HUD.

Reasonable Accommodation – A reasonable accommodation is a change, modification, alteration, or adaptation in a policy, procedure, practice, program, facility or unit that provides a person with a disability the opportunity to participate in, or benefit from, a program (housing or non-housing), service or activity.

Self-Evaluations – After consultation with interested persons, including individuals with disabilities and organizations representing individuals with disabilities, Recipients shall: (1) Evaluate HPHA’s current policies and practices to determine whether, in whole or in part, they do or do not meet the requirements of Section 504; (2) Modify any of HPHA’s policies and practices that do not meet the requirements of Section 504; and (3) Take appropriate corrective steps to remedy any noncompliance revealed by HPHA’s evaluations.

Structural Impaircubility – Changes having little likelihood of being accomplished without removing or altering a load-bearing structural member and/or incurring an increased cost of fifty percent (50%) or more of the value of the element of the building or facility involved. See UFAS § 3.5.

Transition Plans – When structural changes to facilities will be undertaken to achieve program accessibility, HPHA shall develop plans (Transition Plans) setting forth the steps necessary to complete such changes and the actions which will be taken in the interim to ensure compliance with Section 504. The plans shall be developed with the assistance of interested persons,
including individuals with disabilities and organizations representing individuals with
disabilities. A copy of HPHA’s Transition Plans shall be made available for public inspection.
The plans shall, at a minimum: (1) Identify physical obstacles in HPHA’s facilities that limit the
accessibility of its programs or activities to individuals with disabilities; (2) Describe in detail the
methods that will be used to make the facilities accessible; (3) Specify the schedule for taking the
steps necessary to achieve compliance with Section 504 and, when the time period of the
Transition Plans are longer than one year, identify steps that will be taken during each year of the
transition period to ensure compliance with Section 504 by other methods beyond structural
to changes to existing facilities; (4) Indicate the official responsible for implementation of the
Transition Plans; and (5) Identify the persons or groups with whose assistance the Transition
Plans were prepared.

UFAS – Effective July 11, 1988, the design, construction, or alteration of buildings to ensure that
they are in conformance with the Uniform Federal Accessibility Standards (“UFAS”), usable by
individuals with disabilities and compliant with the requirements of 24 C.F.R. §§ 8.21, 8.22, 8.23
and 8.25.

UFAS-Accessible Unit – A dwelling unit that is designed, constructed, altered or adapted to
comply with UFAS and is located on a route that complies with the definitions of an Accessible
Route, as defined in this Agreement and UFAS. The unit can be approached, entered and used by
individuals with disabilities, including individuals who use wheelchairs. In conformity with the
UFAS requirement at § 4.34(15)(c), at least two bedrooms in dwelling units with two or more
bedrooms must be made accessible and located on an accessible route. See Notice PIH 2010-26
(HA), issued on July 26, 2010. Furthermore, additional bathrooms in dwellings covered by the
accessibility requirements of the Fair Housing Act must be made usable pursuant to the
requirements of Chapter 7, Part B of the Fair Housing Act’s Design Manual. As with HPHA’s
existing housing programs, HPHA’s Non-Housing Programs must also be accessible unless
HPHA can demonstrate that the structural alterations needed to make the Non-Housing Programs
accessible are structurally impracticable and would create an undue financial and administrative
burden. A UFAS-Accessible Unit further means a dwelling unit that is designed, constructed,
alter or adapted to comply with the 2010 ADA Standards, except for specific elements which
must still meet the technical requirements of UFAS, as established in HUD’s May 23, 2014
Notice No. FR–5784–N-01. This Notice shall control and apply until HUD formally revises it
and adopts an alternate accessibility standard.

III. GENERAL PROVISIONS

1. This Agreement shall govern the conduct of the HDRC, HPHA, Executive Director Owansari,
the Department (collectively the “Parties”), and their successors for a period of three (3)
years from the effective date of the Agreement for the purposes of executing HPHA’s

2. The parties expressly agree that this Agreement constitutes neither a binding contract
under state or federal law, nor a Voluntary Agreement pursuant to Section 504, unless
and until such time as it is approved by the Department, through the Office of Fair Housing and Equal Opportunity ("FHEO") Regional Director or her designee.

3. This Agreement shall become effective on the date on which it is approved by the FHEO Regional Director, or her designee.

4. The parties acknowledge that this Agreement is a voluntary and full settlement of the disputed complaint. The parties affirm that they have read and fully understand the terms set forth herein. No party has been coerced, intimidated, threatened or forced to become a party to this Agreement.

5. No amendment to, modification of, or waiver of any provisions of this Agreement shall be effective unless: (a) all signatories or their successors to the Agreement agree in writing to the amendment, modification or waiver; (b) the amendment, modification or waiver is in writing; and (c) the amendment, modification or waiver is approved and signed by FHEO Regional Director or her designee.

6. Recipients acknowledge that Section 504 of the 1973 Rehabilitation Act ("Section 504") provides that no otherwise “qualified individual with handicap” (disability) as defined at 24 CFR § 8.3 shall, solely by reason of his or her handicap be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. Recipients receive federal financial assistance and are obligated to comply with the requirements of Section 504. Recipients agree to comply with the provisions of Section 504 of the 1973 Rehabilitation Act, and as outlined in 24 CFR part 8.

   a. 24 CFR Part 8, Section 8.6 (a)(1)(2)-Communications. The Regulation requires that Recipients shall take appropriate steps to ensure effective communication with applicants, beneficiaries, and members of the public to include telecommunication devices for deaf person (TDD’s) or equally effective communication systems.

   b. 24 CFR Part 8, Section 8.53(a)-Designation of responsible employee (Section 504 Coordinator). The Regulation requires that Recipients that employ 15 or more persons shall designate at least one (1) person to coordinate its efforts to comply with this Part.

   c. 24 CFR Part 8, Section 8.53(b)-Adoption of grievance procedures. The Regulation requires that Recipients that employ fifteen (15) or more persons shall adopt grievance procedures that incorporate appropriate due process standards and that provide for the prompt and equitable resolution of complaints alleging any action prohibited by this Part.

   d. 24 CFR Part 8, Section 8.54(a)-Notice. The Regulation provides that Recipients that employ fifteen (15) or more persons shall take appropriate initial and continuing steps to notify participants, beneficiaries, applicants, and employees that it does not discriminate on the basis of handicap.
7. Recipients shall, within thirty (30) days of the execution of this Agreement, provide the Department with documentation which demonstrates compliance with the Section 504 regulations listed in paragraph 6, a through d.

8. It is understood that Recipients deny any violation of the law, as alleged by Complainant, and that this Agreement does not constitute an admission by Recipients, nor constitute evidence of a determination by the Department of any violation of Section 504.

9. The parties hereby agree that nothing in this Agreement shall be construed to be a final finding or determination by the Department that Recipients or any of its agents or employees intentionally or unintentionally engaged in any unlawful practices that had the effect of illegally discriminating on the basis of disability in violation of Section 504.

10. This Agreement does not increase or diminish the ability of any person or class of persons to exercise their rights under Section 504 or any other Federal, state or local civil rights statute or authority with respect to any current, on-going or future actions, nor does it create any private right of action for any person or class of persons not a party to this Agreement.

11. This Agreement, after it has been approved by the FHEO Regional Director or her designee, is binding upon Recipients, their employees, heirs, successors and assigns and on all others in active concert with it in the ownership or operation of the Hawaii Public Housing Authority.

12. Upon the effective date of this Agreement, this VCA is a public document. A copy of the Agreement and all reporting data Recipients generate to comply with this Agreement shall be made available to any person upon request in accordance with the law.

13. This Agreement does not supersede, or in any manner change the rights, obligations, and responsibilities of the parties under any and all court orders, or settlements of other controversies involving compliance with civil rights statutes.

14. This Agreement does not affect any requirements for Recipients to comply with all requirements of Section 504, Title VI, the ADA and/or the Fair Housing Act not addressed in this Agreement.

15. This Agreement does not in any way limit or restrict the Department’s authority to investigate any other complaint involving Recipients made pursuant to Section 504, or any other complaint within the Department’s jurisdiction.

16. This Agreement does not affect the ability of HUD or Recipients to take action under appropriate statutory or regulatory authorities unrelated to issues covered by this VCA.

17. Complainant hereby forever waives, releases, and covenants not to sue the Department or Recipients, their heirs, executors, assigns, agents, board members, employees and attorneys with regard to any and all claims, damages and injuries of whatever nature.
whether presently known or unknown, arising out of the subject matter of HUD Case Number: 09-16-0001-4, which could have been filed in any action or suit arising from said subject matter.

18. Recipients hereby forever waive, release, and covenant not to sue the Department or Complainant, their heirs, executors, successors, assigns, agents, officers, board members, employees and attorneys with regard to any and all claims, damages and injuries of whatever nature, whether presently known or unknown, arising out of the subject matter of HUD Case Number: 09-16-0001-4, which could have been filed in any action or suit arising from said subject matter.

IV. SPECIFIC PROVISIONS

A. Accessibility Assessment/Survey Consultant

19. Within 15 days of the execution of this Agreement, Recipients shall submit to the Department the name, qualifications, and experience of the Accessibility Assessment/Survey Consultant, individual or firm, with experience with accessibility whom Recipients propose to contract with to perform the Needs Assessments, Accessibility Assessments/Surveys, Self-Evaluations, and Transition Plans to meet the requirements of this Agreement. The Department will make a good faith effort to approve or disapprove the prospective Consultant within 30 days following Recipients’ submission. Recipients will make a good faith effort to negotiate and execute a contract for services with the approved Consultant within 30 days of HUD’s approval.

20. Recipients will submit for the Department’s approval the timeline and survey instruments to be used by the Consultant within 30 days after execution of the contract with the Consultant; the Department will provide its approval, or comments, within fifteen (15) days after receipt. If the Department does not approve the Consultant’s timeline and survey instrument Recipients will have 15 days to submit a revised timeline and survey instrument for the Department’s review. If the Department does not approve the Consultant’s revised timeline and survey instrument, the Department will provide a timeline and UFAS survey instrument to Recipients for use by the Consultant.

B. Needs Assessments

21. Within 180 days after HUD approval of the Consultant’s timeline and survey instrument, Recipients shall have Needs Assessments completed, pursuant to the requirements found at 24 CFR § 8.25 to assess the needs of current tenants living at HPHA’s projects and developments and applicants on HPHA’s waiting lists for accessible units; to ensure adequate distribution of accessible units as required by 24 CFR § 8.26; and to ensure proper and maximum utilization of accessible units as required by 24 CFR § 8.27. Recipients shall provide Complainant and the Department copies of the Needs Assessments 30 days after completion.
22. In the execution of said Needs Assessments and other requirements of this Agreement, Recipients are reminded of their limited English proficient (LEP) obligations under Title VI of the Civil Rights Act of 1964 as clarified in the Federal Register on January 22, 2007 (72 FR 2731-2754). Both Recipients and their sub-recipients (i.e., when federal funds pass through Recipients to sub-recipients) are required to make reasonable efforts to provide language assistance to ensure meaningful access for LEP persons to Recipients’ programs and activities.

C. Accessibility Surveys

23. Within 210 days after HUD approval of the Consultant’s timeline and survey instrument, Recipients shall have Accessibility Surveys conducted of all its designated accessible units to identify any non-compliant physical barriers, and conduct Accessibility Surveys of common areas and elements, including non-housing facilities, to identify physical barriers to persons with mobility impairments in HPHA’s projects and developments in its entire low income public housing program. Recipients shall address the removal of any non-compliant barriers and structural modifications found necessary by said Accessibility Surveys in HPHA’s Transition Plans, referenced below in Section 24 of this Agreement. Recipients shall provide the Department copies of the Accessibility Surveys 30 days after completion.

D. Self-Evaluation and Transition Plans

24. Within 240 days after HUD approval of the Consultant’s timeline and survey instrument, and after completion of the Needs Assessments referenced above in Section 21 of this Agreement, and completion of the Accessibility Surveys referenced above in Section 23 of this Agreement, Recipients shall finalize HPHA’s draft Self-Evaluations and Transition Plans by: (1) Incorporating the findings from the Needs Assessments in HPHA’s Self-Evaluations; (2) Addressing the removal of any non-compliant features and physical barriers in designated accessible units, common areas and elements in HPHA’s projects and developments, including non-housing facilities identified in the Accessibility Surveys of HPHA’s entire low income public housing program, in HPHA’s Transition Plans, and which shall be completed by Recipients within three years; (3) Consulting affirmatively with interested persons, current tenants, other individuals with disabilities and organizations representing individuals with disabilities; and (4) Including input from said persons and groups on the need for accessible units by bedroom sizes and housing type (i.e. single family or multi-family), geographical area, and by occupancy type (i.e. family, elderly, elderly/disabled) in HPHA’s Transition Plans.
E. Methods of Achieving Compliance

25. Recipients’ Transition Plans may indicate the various methods found at 24 CFR § 8.21 and 24 CFR § 8.24 or by other methods that Recipients select to achieve Section 504 compliance in HPHA’s programs and activities. Recipients are not required to make structural changes in existing projects and developments where other methods are effective in achieving compliance with the Section 504 requirements and the requirements of this Agreement. In choosing among available methods for meeting the Section 504 requirements and the requirements of this Agreement, Recipients shall give priority to those methods that offer programs and activities to qualified individuals with disabilities in the most integrated setting appropriate.

26. Recipients are reminded that any repositioning efforts undertaken (demolition, redevelopment under choice neighborhood implementation grants, mixed finance or other programs, etc.) are required to meet the applicable accessibility standards along with meeting the accessibility and disability related needs for existing program participants (i.e., reasonable accommodations).

F. Publications and Notice

27. Within 270 days after HUD approval of the Consultant’s timeline and survey instrument, Recipients shall provide Complainant and the Department with copies of Recipients’ completed Self-Evaluations and Transition Plans, referenced above in Section 23 and 24 of this Agreement. Recipients shall also make said completed Self-Evaluations and Transition Plans available to the public, as required by 24 CFR § 8.25 and § 8.51. During the three-year period when Recipients are removing any non-compliant physical barriers in designated accessible units, common areas and elements in HPHA’s projects and developments, including non-housing facilities in HPHA’s low income public housing program, Recipients shall provide the Department with quarterly reports outlining such activity.

V. REPORTING AND RECORDKEEPING REQUIREMENTS

28. All required verifications, certifications, reports, and documentation of compliance must be submitted to:

U.S. Department of Housing and Urban Development
Honolulu Fair Housing and Equal Opportunity Field Office
ATTENTION: Mr. Jelani M. Madaraka, Lead Civil Rights Analyst
1132 Bishop, Suite 1400
Honolulu, HI 96813
VI. IMPLEMENTATION, MONITORING, AND ENFORCEMENT

29. The Department shall monitor compliance with the terms of this Agreement. During the term of this Agreement, the Department may review compliance with this Agreement. As part of such review, the Department may inspect the Recipients' property, examine witnesses, and copy pertinent records of Recipients. Recipients agree to provide their full cooperation in any monitoring review undertaken by the Department to ensure compliance with this Agreement.

30. During the first year after the effective date of this Agreement, the Department and Recipients will meet at least twice a year to discuss HPHA's progress towards meeting requirements of this Agreement. Moreover, at its discretion the Department may convene additional meetings, with notice to Recipients, to discuss progress with implementing the terms of this Agreement.

31. In the event that Recipients fail to comply with any condition or timeframes under this Agreement, the Department shall enforce the terms of this Agreement by any contractual, statutory or regulatory remedy available to HUD, including referring the matter to the Department of Justice for the initiation of civil action in federal court.

VII. EFFECT OF NON-COMPLIANCE WITH THIS AGREEMENT

32. The Parties intend to resolve their disputes with respect to non-compliance with this Agreement in a timely and efficient manner. Upon a finding of non-compliance, HUD will provide Recipients with a written statement specifying the facts of the alleged noncompliance and a reasonable opportunity to resolve or cure the alleged non-compliance or in the alternative, an opportunity to negotiate in good faith to cure HUD's findings of noncompliance. However, if the Department determines that Recipients have not satisfactorily resolved the findings of non-compliance, the Department may take any of the following actions for non-compliance, unless specifically noted otherwise in this Agreement:

(a) Any act(s) or omission(s) by a HPHA employee who violates the terms of this Agreement may serve as grounds for HUD's imposing debarment, as set forth in 24 C.F.R. § 24.300; suspension, as set forth in 24 C.F.R. § 24.400 or limited denial of participation as set forth in 24 C.F.R. § 24.705.

(b) Any act(s) or omission(s) that violates the terms of this Agreement may serve as grounds for HUD's declaring a breach of the annual contributions contract (ACC) with respect to some or all of HPHA's functions.

(c) Any act(s) or omission(s) that violates the terms of this Agreement may serve as grounds for HUD's withholding some or all of HPHA's Capital Fund Program funding as specified in 24 C.F.R. § 968.335.

(d) Any act(s) or omission(s) that violates the terms of this Agreement may serve as grounds for the Department to deny HPHA high performer status under 24 C.F.R. § 901.115(e).
(e) Any act(s) or omission(s) that violates the terms of this Agreement may serve as grounds for declaring HPHA ineligible to receive funding under any Notice of Funding Availability (NOFA) for competitive grants.

(f) Any act(s) or omission(s) that violates the terms of this Agreement may serve as grounds for the United States to seek in federal court specific performance, the redress of violations of any or all of the provisions of this Agreement.

(g) Any act(s) or omission(s) that violates the terms of this Agreement may serve as grounds for the United States to pursue an action in federal court for failure to comply with civil rights authorities.

(h) Any act(s) or omission(s) that violates the terms of this Agreement may serve as ground for the Department to conduct a compliance review under Section 504, the ADA, the Fair Housing Act or other appropriate statutory or regulatory authority.

(i) Any act(s) or omission(s) that violates the terms of this Agreement may result in the application of other sanctions specified in the annual contributions contract, civil rights statutes, case law or federal regulations not expressly numerated herein but which govern HPHA’s housing programs due to HUD’s provision of financial assistance.

33. The acts set forth in this Section are not mutually exclusive, and the Department has the right to pursue any or all of these remedies as well as any other remedies available under relevant laws.
VIII. SIGNATURES

By affixing their signatures, Complainant and Recipients certify having reviewed, approved and accepted the terms and conditions of this Agreement.

On behalf of the Hawaii Disability Rights Center:

[Signature]
Louis Ertischik
Executive Director
Hawaii Disability Rights Center

[Signature]
Hakim Ouansafi
Executive Director
Hawaii Public Housing Authority

On behalf of the U.S. Department of Housing and Urban Development:

This signature attests to the approval of this Voluntary Compliance Agreement

[Signature]
Anne Quesada
Regional Director
Office of Fair Housing and Equal Opportunity,
VIII. SIGNATURES

By affixing their signatures, Complainant and Recipients certify having reviewed, approved and accepted the terms and conditions of this Agreement.

On behalf of the Hawaii Disability Rights Center:

[Signature]
Louis Erteschik
Executive Director
Hawaii Disability Rights Center

[Signature]
Hakim Ouansafi
Executive Director
Hawaii Public Housing Authority

On behalf of Recipients, HPHA and Executive Director Hakim Ouansafi:

Date
JUL 06 2018

On behalf of the U.S. Department of Housing and Urban Development:

Date
11 July 2018

This signature attests to the approval of this Voluntary Compliance Agreement

Anné Quesada
Regional Director
Office of Fair Housing and Equal Opportunity,
RENTAL ASSISTANCE DEMONSTRATION CONVERSION
Affordable Public Housing Converted to Project-Based Vouchers
The Hawaii Public Housing Authority
Amendment to Annual Plan

The Hawaii Public Housing Authority (HPHA) was informed by the U.S. Department of Housing and Urban Development (HUD) that it was a successful applicant in the Rental Assistance Demonstration (RAD) Program and is required to amend the Annual Public Housing Agency (PHA) Plan. HUD has conditionally approved Commitments to enter Housing Assistance Payment (CHAPs) for three (3) HPHA properties. As a result, HPHA will be converting a total of 885 Public Housing units to units assisted with Project Based Vouchers (PBV), commonly referred to as “Section 8” units, under the guidelines of PIH Notice 2012-32, REV-1 and any successor Notices. Upon conversion to PBV, the Authority will adopt the resident rights, participation, waiting list and grievance procedures listed in Section 1.6C and 1.6D of PIH Notice 2012-32 REV-3 and Joint Housing/PIH Notice H-2014-09/ PIH-2014-17.

HPHA is firmly committed to improving the quality of life for its residents and providing deeply affordable housing to extremely low to moderately low-income individuals and families. Through the RAD program, HPHA will be able to provide its residents with expanded choices and opportunities and will also have the ability to evaluate and immediately address many needed capital improvements and provide additional amenities currently not offered in its public housing portfolio. HPHA will continue to serve the same population, provide workforce development, health and wellness, and educational programs/assistance, as well as access new funding sources for property and amenity improvements. The RAD program offers HPHA an opportunity to transition three selected properties from its current public housing funding platform to a more stable, predictable and sustainable funding source under the Project Based Voucher (PBV) program, administered by HUD. The same families who are eligible today for public housing will continue to be eligible for the PBV program.

Background

RAD is a federal housing program that was enacted as part of the Consolidated and Further Continuing Appropriations Act, 2012 and is administered by HUD. Broadly, the purpose of the RAD program is to provide a set of tools to address the unmet capital needs of deeply affordable, federally assisted rental housing properties in order to maintain both the viability of the properties and their long-term affordability. It also simplifies the administrative oversight of the properties by the federal government. RAD allows public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock. This is critical given the estimated $26 billion+ backlog of public housing capital improvements.

Conversion to Project Based Rental Assistance or Project Based Vouchers

Any public housing units converting to assistance under RAD long-term Project Based Voucher contracts shall no longer be subject to the program rules applicable to public housing. The public housing units converted to Section 8 units will be subject to the rules of the applicable Section 8 program, as modified by certain rules specific to RAD converted units. These specific RAD-
related rules are intended to apply important provisions of the public housing rules to the RAD converted units, even though they would not normally be applicable in the Section 8 context.

In connection with the RAD conversions, HPHA anticipates converting the public housing units to Project Based Vouchers (PBVs) under the guidelines of PIH Notice 2012-32, REV-3 and any successor Notices. Upon conversion to PBV, the HPHA will adopt the resident rights, participation, waiting list and grievance procedures listed in Section 1.6.C & 1.6.D of PIH Notice 2012-32, REV-3 to be applicable to the PBV units. These resident rights, participation, waiting list and grievance procedures are further discussed below. The units converted to PBVs under the RAD program will be operated consistent with HPHA’s PBV program rules referenced in this annual plan to the extent not specifically required to operate in a different manner by the regulatory and statutory requirements of the RAD PBV program referenced above.

Conversions of public housing units under RAD will also reduce the HPHA’s Faircloth Limit.

**Implications of RAD Conversion on the Capital Fund Budget**

RAD was designed by HUD to assist in addressing the capital needs of public housing by providing HPHA with access to private sources of capital to repair and preserve its affordable housing assets. Upon conversion, the Authority’s Capital Fund Budget will be reduced by approximately $2,200,000 for the pro rata share of Public Housing Properties proposed for conversion under of the Demonstration. The HPHA may borrow funds to address the capital needs of these properties.

**Specific information related to the Public Housing Development selected for RAD:**

Following Board approval, the HPHA submitted applications to the U.S. Department of Housing & Urban Development (HUD) requesting that three HPHA properties totaling 885 ACC units that had been placed on HUD’s RAD waiting list on September 4, 2018. The properties were KPT Towers for 347 Units, KPT Homes and Low-Rises 174 units and Mayor Wright Homes for 364 Units. Upon notification by HUD that HPHA has been conditionally approved to receive Commitments to enter Housing Assistance Payment (CHAPs) for the three HPHA properties, HPHA intends to move forward with the conversion of the following properties, with a total of 885 Public Housing units, to units assisted with PBVs:

<table>
<thead>
<tr>
<th>Property Name</th>
<th>PIC Number</th>
<th>Total Units</th>
<th>Unit Type</th>
<th>0-BR</th>
<th>1-BR</th>
<th>2-BR</th>
<th>3-BR</th>
<th>4-BR</th>
<th>5-BR</th>
<th>ND</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPT Towers 1, LLC</td>
<td>HI001000052</td>
<td>347</td>
<td>Family</td>
<td>0</td>
<td>19</td>
<td>273</td>
<td>55</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Kuhio Park Terrace</td>
<td>HI001000040</td>
<td>174</td>
<td>Family</td>
<td>0</td>
<td>19</td>
<td>32</td>
<td>37</td>
<td>77</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Mayor Wright Homes</td>
<td>HI001000032</td>
<td>364</td>
<td>Family</td>
<td>0</td>
<td>24</td>
<td>114</td>
<td>168</td>
<td>49</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>885</strong></td>
<td></td>
<td>0</td>
<td>62</td>
<td>419</td>
<td>260</td>
<td>126</td>
<td>8</td>
<td>2</td>
</tr>
</tbody>
</table>

ND = Non-Dwelling

**KPT Towers 1, LLC and Kuhio Park Terrace**

HPHA is proposing to convert two (2) AMPs under a RAD Portfolio Application. KPT Towers I, LLC and Kuhio Park Terrace Low Rise/Kuhio Homes. Kuhio Park Towers, AMP HI001000052, will be converted as a subsidy only conversion with funding for any required capital improvements
to come from current resources. Kuhio Park Terrace, AMP HI001000040, will be converted at a future date through demolition and new construction on site once a developer partner has been selected to assist the HPHA in advancing the revitalization of this property.

Anticipated financing sources may include a mixture of Hula Mae Tax Exempt Bonds, 4% and 9% LIHTC; senior debt using FHA insurance or debt from one of the government sponsored agencies, i.e. Fannie Mae or Freddie Mac. Additional funding may come from the State of Hawai‘i’s Rental Housing Trust Fund and the Dwelling Unit Revolving Fund. Construction bridge financing may be provided by a commercial bank. Each phase of development will have a distinct and potentially unique capital structure.

**Mayor Wright Homes**

The existing site of Mayor Wright Homes (TMK: 1-7-029-003-0000) is located at 1020 Liliha Street, Honolulu, HI, less than a mile from the heart of Honolulu’s central business district and well located nearby existing employment centers, easily accessible by public transit, and within walking distance of the future Iwilei rail station of the Honolulu Light Rail System currently being developed by The Honolulu Authority for Rapid Transportation. The 14.8 acre site is bordered by N. Vineyard Blvd. to the east, Pua Lane on the north, N. King St. on the west and Liliha Street to the south.

There are 364 existing public housing units contained in 34 separate buildings. The scope of work will include the demolition of all existing improvements and one-for-one replacement of the existing public housing units over four phases of development. The total redevelopment will include up to 2,448 units (including the PH replacement units) of mixed-income residential rental housing on the existing site and approximately 80,000 square feet of commercial and retail and community space which shall be designed to embrace Transit Oriented Design (TOD) principles.

Anticipated financing sources may include a mixture of Hula Mae Tax Exempt Bonds, 4% and 9% LIHTC; senior debt using FHA insurance or debt from one of the government sponsored agencies, i.e. Fannie Mae or Freddie Mac. Additional funding may come from the State of Hawai‘i’s Rental Housing Trust Fund and the Dwelling Unit Revolving Fund. Construction bridge financing may be provided by a commercial bank. Each phase of development will have a distinct and potentially unique capital structure.

The replacement of the 364 public housing units in the Mayor Wright Homes project will likely occur in four separate phases with each phase taking approximately 24 months to complete. Each phase will start approximately 24 months following the start of the preceding phase, with the first or initial phase expected to break ground in the first quarter of 2020. It is anticipated that the distribution of the of the replacement public housing units (the RAD units) between the phases is designed to allow for an equal proportion of RAD units to the total number units in each phase.

The planned phasing of the project has taken into consideration the available bond volume cap in Hawai‘i and has allowed for other uses of the state’s limited volume cap in intervening years. All RAD units are planned to be completed and available for occupancy no later than January 31, 2028.
Compliance with Fair Housing and Civil Rights Requirements

The HPHA certifies that it is currently compliant with all fair housing and civil rights requirements under a Voluntary Compliance Agreement (VCA) dated July 11, 2018 (Attached as Exhibit B) and that the proposed RAD conversion will not negatively affect or impact the VCA.

Site Selection and Neighborhood Review Standards

The HPHA certifies that the proposed RAD conversion will comply with all applicable site selection and neighborhood review standards and that all appropriate procedures will be followed.

Relocation Plans

The HPHA does not anticipate having to relocate residents as a result of the RAD conversion. All current public housing residents that are in good standing will have the right to return to a RAD assisted unit after RAD conversion in the event that relocation is required due to future redevelopment.

Resident Rights, Participation, Waiting List and Grievance Procedures

Additional detail regarding resident rights, participation, waiting list and grievance procedures in applicable to Properties Converting to Project Based Voucher units pursuant to PIH Notice 2012-32: SECTIONS 1.6.C AND 1.6.D include the following:

C. PBV Resident Rights and Participation
   1. No Rescreening of Tenants upon Conversion. Pursuant to the RAD Statute, at conversion, current households cannot be excluded from occupancy at the Covered Project based on any rescreening, income eligibility, or income targeting. With respect to occupancy in the Covered Project, current households in the Converting Project will be grandfathered for application of any eligibility criteria to conditions that occurred prior to conversion but will be subject to any ongoing eligibility requirements for actions that occur after conversion. Post-conversion, the tenure of all residents of the Covered Project is protected pursuant to PBV requirements regarding continued occupancy unless explicitly modified in this Notice (e.g., rent phase-in provisions). For example, a unit with a household that was over-income at time of conversion would continue to be treated as an assisted unit. Thus, 24 CFR § 982.201, concerning eligibility and targeting of tenants for initial occupancy, will not apply for current households. Once the grandfathered household moves out, the unit must be leased to an eligible family. MTW agencies may not alter this requirement. Further, so as to facilitate the right to return to the assisted property, this provision shall apply to current public housing residents of the Converting Project that will reside in non-RAD PBV units or non-RAD PBRA units placed in a project that contain RAD PBV units or RAD PBRA units. Such families and such contract units will be treated as if they were residents of the Covered Project.

1 These protections (as well as all protections in this Notice for current households) also apply when a household is relocated to facilitate new construction or repairs following conversion and subsequently returns to the Covered Project.

65
otherwise be subject to all requirements of the applicable program, specifically 24 CFR § 983 for non-RAD PBV units and the PBRA requirements governing the applicable contract for non-RAD PBRA units.²

2. **Right to Return.** See section 1.4.A.5(ii) and the RAD Fair Housing, Civil Rights, and Relocation Notice regarding a resident’s right to return.

3. **Renewal of Lease.** Since publication of the PIH Notice 2012-32 Rev 1, the regulations under 24 CFR part 983 have been amended requiring Project Owners to renew all leases upon lease expiration, unless cause exists. MTW agencies may not alter this requirement.

4. **Phase-in of Tenant Rent Increases.** If a tenant’s monthly rent increases by more than the greater of 10 percent or $25 purely as a result of conversion, the rent increase will be phased in over 3 or 5 years. To implement this provision, HUD is specifying alternative requirements for section 3(a)(1) of the Act, as well as 24 CFR § 983.3 (definition of “total tenant payment” (TTP)) to the extent necessary to allow for the phase-in of tenant rent increases. A PHA must create a policy setting the length of the phase-in period at three years, five years or a combination depending on circumstances. For example, a PHA may create a policy that uses a three year phase-in for smaller increases in rent and a five year phase-in for larger increases in rent. This policy must be in place at conversion and may not be modified after conversion.

The method described below explains the set percentage-based phase-in a Project Owner must follow according to the phase-in period established. For purposes of this section “Calculated PBV TTP” refers to the TTP calculated in accordance with regulations at 24 CFR §5.628 and the “most recently paid TTP” refers to the TTP recorded on line 9j of the family’s most recent HUD Form 50058. If a family in a project converting from Public Housing to PBV was paying a flat rent immediately prior to conversion, the PHA should use the flat rent amount to calculate the phase-in amount for Year 1, as illustrated below.

**Three Year Phase-in:**
- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 33% of difference between most recently paid TTP or flat rent and the Calculated PBV TTP

² For non-RAD PBV households, applicable program requirements includes the requirement that any admission to the project must be initially eligible for a HAP payment at admission to the program, which means their TTP may not exceed the gross rent for the unit at that time.
• Year 2: Year 2 Annual Recertification (AR) and any Interim Recertification (IR) prior to Year 3 AR – 50% of difference between most recently paid TTP and the Calculated PBV TTP
• Year 3: Year 3 AR and all subsequent recertifications – Full Calculated PBV TTP

Five Year Phase in:
• Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 20% of difference between most recently paid TTP or flat rent and the Calculated PBV TTP
• Year 2: Year 2 AR and any IR prior to Year 3 AR – 25% of difference between most recently paid TTP and the Calculated PBV TTP
• Year 3: Year 3 AR and any IR prior to Year 4 AR – 33% of difference between most recently paid TTP and the Calculated PBV TTP
• Year 4: Year 4 AR and any IR prior to Year 5 AR – 50% of difference between most recently paid TTP and the Calculated PBV TTP
• Year 5 AR and all subsequent recertifications – Full Calculated PBV TTP

Please Note: In either the three year phase-in or the five-year phase-in, once the Calculated PBV TTP is equal to or less than the previous TTP, the phase-in ends and tenants will pay full TTP from that point forward. MTW agencies must also implement a three or five-year phase-in for impacted residents, but may alter the terms above as long as it establishes a written policy setting forth the alternative terms.

The HPHA will select the Three Year Phase in option.

5. Family Self Sufficiency (FSS) and Resident Opportunities and Self Sufficiency Service Coordinator (ROSS-SC) programs. Public Housing residents that are currently FSS participants will continue to be eligible for FSS once their housing is converted under RAD. The PHA may continue to use any FSS funds already awarded to serve those FSS participants who live in units converted by RAD. At the completion of the FSS grant, PHAs should follow the normal closeout procedures outlined in the grant agreement. If the PHA continues to run an FSS program that serves PH and/or HCV participants, the PHA will continue to be eligible (subject to NOFA requirements) to apply for FSS funding and may use that funding to serve PH, HCV and/or PBRA participants in its FSS program. Due to the program merger

3 For example, where a resident’s most recently paid TTP is $100, but the Calculated PBV TTP is $200 and remains $200 for the period of the resident’s occupancy, (i.e. no changes in income) the resident would continue to pay the same rent and utilities for which it was responsible prior to conversion. At the first recertification following conversion, the resident’s contribution would increase by 33% of $100 to $133. At the second AR, the resident’s contribution would increase by 50% of the $66 differential to the standard TPP, increasing to $166. At the third AR, the resident’s contribution would increase to $200 and the resident would continue to pay the Calculated PBV TTP for the duration of their tenancy.
between PH FSS and HCV FSS that took place pursuant to the FY14 Appropriations Act (and was continued in the subsequent Appropriation Acts), no special provisions are required to continue serving FSS participants that live in public housing units converting to PBV under RAD.

However, PHAs should note that there are certain FSS requirements (e.g., escrow calculation and escrow forfeitures) that apply differently depending on whether the FSS participant is a participant under the HCV program or a public housing resident, and PHAs must follow such requirements accordingly. All PHAs will be required to administer the FSS program in accordance with FSS regulations at 24 CFR part 984, the participants’ contracts of participation, and the alternative requirements established in the “Waivers and Alternative Requirements for the FSS Program” Federal Register notice, published on December 29, 2014, at 79 FR 78100. Further, upon conversion to PBV, already escrowed funds for FSS participants shall be transferred into the HCV escrow account and be considered TBRA funds, thus reverting to the HAP account if forfeited by the FSS participant.


Current ROSS-SC grantees will be able to finish out their current ROSS-SC grants once their housing is converted under RAD. However, once the property is converted, it will no longer be eligible to be counted towards the unit count for future ROSS-SC grants, nor will its residents be eligible to be served by future ROSS-SC grants, which, by statute, can only serve public housing residents. At the completion of the ROSS-SC grant, PHAs should follow the normal closeout procedures outlined in the grant agreement. Please note that ROSS-SC grantees may be a non-profit or local Resident Association and this consequence of a RAD conversion may impact those entities.

6. **Resident Participation and Funding.** In accordance with Attachment 1B, residents of Covered Projects with assistance converted to PBV will have the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment and be eligible for resident participation funding.

---

4 The funding streams for the PH FSS Program and the HCV FSS Program were first merged pursuant to the FY 2014 appropriations act. As a result, PHAs can serve both PH residents and HCV participants, including PBV participants, with FSS funding awarded under the FY 2014 FSS Notice of Funding Availability (FSS NOFA) and any other NOFA under which the combination of funds remains in the applicable appropriations act. For PHAs that had managed both programs separately and now have a merged program, a conversion to PBV should not impact their FSS participants.
7. **Resident Procedural Rights.** The following items must be incorporated into both the Section 8 Administrative Plan and the Project Owner’s lease, which includes the required tenancy addendum, as appropriate. Evidence of such incorporation may be requested by HUD for purposes of monitoring the program.

   i. **Termination Notification.** HUD is incorporating additional termination notification requirements to comply with section 6 of the Act for public housing projects that convert assistance under RAD. In addition to the regulations at 24 CFR § 983.257 related to Project Owner termination of tenancy and eviction (which MTW agencies may not alter) the termination procedure for RAD conversions to PBV will require that PHAs provide adequate written notice of termination of the lease which shall be:
      a. A reasonable period of time, but not to exceed 30 days:
         i. If the health or safety of other tenants, Project Owner employees, or persons residing in the immediate vicinity of the premises is threatened; or
         ii. In the event of any drug-related or violent criminal activity or any felony conviction;
      b. Not less than 14 days in the case of nonpayment of rent; and
      c. Not less than 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.

   ii. **Grievance Process.** Pursuant to requirements in the RAD Statute, HUD is establishing additional resident procedural rights to comply with section 6 of the Act.

   For issues related to tenancy and termination of assistance, PBV program rules require the Project Owner to provide an opportunity for an informal hearing, as outlined in 24 CFR § 982.555. RAD will specify alternative requirements for 24 CFR § 982.555(b) in part, which outlines when informal hearings are not required, to require that:
   a. In addition to reasons that require an opportunity for an informal hearing given in 24 CFR § 982.555(a)(1)(i)-(vi), an opportunity for an informal hearing must be given to residents for any dispute that a resident may have with respect to a Project Owner action in accordance with the individual’s lease or the contract administrator in accordance with RAD PBV requirements that adversely affect the resident’s rights, obligations, welfare, or status.
      i. For any hearing required under 24 CFR § 982.555(a)(1)(i)-(vi), the contract administrator will perform the hearing, as is the current standard in the program. The hearing officer must be selected in accordance with 24 CFR § 982.555(e)(4)(i).

---

5 § 982.555(a)(1)(iv) is not relevant to RAD as the tenant-based certificate program has been repealed.
ii. For any additional hearings required under RAD, the Project Owner will perform the hearing.

b. There is no right to an informal hearing for class grievances or to disputes between residents not involving the Project Owner or contract administrator.

c. The Project Owner gives residents notice of their ability to request an informal hearing as outlined in 24 CFR § 982.555(c)(1) for informal hearings that will address circumstances that fall outside of the scope of 24 CFR § 982.555(a)(1)(i)-(vi).

d. The Project Owner provides opportunity for an informal hearing before an eviction.

Current PBV program rules require that hearing procedures must be outlined in the PHA’s Section 8 Administrative Plan.

1. **Earned Income Disregard (EID).** Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID after conversion, in accordance with regulations at 24 CFR § 5.617. Upon the expiration of the EID for such families, the rent adjustment shall not be subject to rent phase-in, as described in Section 1.6.C.4; instead, the rent will automatically rise to the appropriate rent level based upon tenant income at that time.

Under the Housing Choice Voucher program, the EID exclusion is limited only to persons with disabilities (24 CFR § 5.617(b)). In order to allow all tenants (including non-disabled persons) who are employed and currently receiving the EID at the time of conversion to continue to benefit from this exclusion in the PBV project, the provision in 24 CFR § 5.617(b) limiting EID to disabled persons is waived. The waiver, and resulting alternative requirement, apply only to tenants receiving the EID at the time of conversion. No other tenant (e.g., tenants that move into the property following conversion or tenants who at one time received the EID but are not receiving the EID exclusion at the time of conversion due to loss of employment) is covered by this waiver.

2. **Jobs Plus.** Jobs Plus grantees awarded FY14 and future funds that convert the Jobs Plus target projects(s) under RAD will be able to finish out their Jobs Plus period of performance at that site unless significant relocation and/or change in building occupancy is planned. If either is planned at the Jobs Plus target project(s), HUD may allow for a modification of the Jobs Plus work plan or may, at the Secretary’s discretion, choose to end the Jobs Plus program at that project.

3. **When Total Tenant Payment Exceeds Gross Rent.** Under normal PBV rules, the PHA may select an occupied unit to be included under the PBV HAP Contract only if the unit’s occupants are eligible for housing assistance payments (24 CFR § 983.53(c)). Also, a PHA must remove a unit from the contract when no assistance
has been paid for 180 days because the family’s TTP has risen to a level that is equal to or greater than the contract rent, plus any utility allowance, for the unit (i.e., the Gross Rent) (24 CFR § 983.258). Since the rent limitation under this Section of the Notice may result in a family’s TTP equaling or exceeding the gross rent for the unit, for residents living in the Converting Project prior to conversion and who will return to the Covered Project after conversion, HUD is waiving both of these provisions and requiring that the unit for such families be placed on and/or remain under the HAP Contract when TTP equals or exceeds the Gross Rent. Further, HUD is establishing the alternative requirement that until such time that the family’s TTP falls below the gross rent, the rent to the owner for the unit will equal the lesser of (a) the family’s TTP, less the Utility Allowance, or (b) any applicable maximum rent under LIHTC regulations. When the family’s TTP falls below the gross rent, normal PBV rules shall apply. As necessary to implement this alternative provision, HUD is waiving the provisions of Section 8(o)(13)(H) of the Act and the implementing regulations at 24 CFR § 983.301 as modified by Section 1.6.B.5 of this Notice. In such cases, the resident is considered a participant under the program and all of the family obligations and protections under RAD and PBV apply to the resident. Likewise, all requirements with respect to the unit, such as compliance with the HQS requirements, apply as long as the unit is under HAP Contract. The PHA is required to process these individuals through the Form 50058 submodule in PIC.

Following conversion, 24 CFR § 983.53(d) applies, and any new families referred to the RAD PBV project must be initially eligible for a HAP payment at admission to the program, which means their TTP may not exceed the gross rent for the unit at that time. Further, a PHA must remove a unit from the contract when no assistance has been paid for 180 days. If units are removed from the HAP contract because a new admission’s TTP comes to equal or exceed the gross rent for the unit and if the project is fully assisted, HUD is imposing an alternative requirement that the PHA must reinstate the unit after the family has vacated the property. If the project is partially assisted, the PHA may substitute a different unit for the unit on the HAP contract in accordance with 24 CFR §983.207 or, where “floating” units have been permitted, Section 1.6.B.10 of this Notice.

4. **Under-Occupied Unit.** If a family is in an under-occupied unit under 24 CFR § 983.260 at the time of conversion, the family may remain in this unit until an appropriate-sized unit becomes available in the Covered Project. When an appropriate sized unit becomes available in the Covered Project, the family living in the under-occupied unit must move to the appropriate-sized unit within a reasonable period of time, as determined by the administering Voucher Agency. In order to allow

---

6 For example, a public housing family residing in a property converting under RAD has a TTP of $600. The property has an initial Contract Rent of $500, with a $50 Utility Allowance. Following conversion, the residents is still responsible for paying $600 in tenant rent and utilities.
the family to remain in the under-occupied unit until an appropriate-sized unit becomes available in the Covered Project, 24 CFR § 983.260 is waived. MTW agencies may not modify this requirement.

D. PBV: Other Miscellaneous Provisions

1. Access to Records, Including Requests for Information Related to Evaluation of Demonstration. PHAs and the Project Owner must cooperate with any reasonable HUD request for data to support program evaluation, including but not limited to project financial statements, operating data, Choice-Mobility utilization, and rehabilitation work. Please see Appendix IV for reporting units in Form HUD-50058.

2. Additional Monitoring Requirement. The Owner must submit to the administering PHA and the PHA’s Board must approve the operating budget for the Covered Project annually in accordance with HUD requirements.7

3. Davis-Bacon Act and Section 3 of the Housing and Urban Development Act of 1968 (Section 3). This section has been moved to 1.4.A.13 and 1.4.A.14.

4. Establishment of Waiting List. 24 CFR § 983.251 sets out PBV program requirements related to establishing and maintaining a voucher-wide, PBV program-wide, or site-based waiting list from which residents for the Covered Project will be admitted. These provisions will apply unless the project is covered by a remedial order or agreement that specifies the type of waiting list and other waiting list policies. The PHA shall consider the best means to transition applicants from the current public housing waiting list, including:

   i. Transferring an existing site-based waiting list to a new site-based waiting list.
   ii. Transferring an existing site-based waiting list to a PBV program-wide or HCV program-wide waiting list.
   iii. Transferring an existing community-wide public housing waiting list to a PBV program-wide or HCV program-wide waiting list, an option particularly relevant for PHAs converting their entire portfolio under RAD.
   iv. Informing applicants on a community-wide public housing waiting list how to transfer their application to one or more newly created site-based waiting lists.

For any applicants on the public housing waiting list that are likely to be ineligible for admission to a Covered Project converting to PBV because the household’s TTP is likely to exceed the RAD gross rent, the PHA shall consider transferring such household, consistent with program requirements for administration of waiting lists,

7 For PBV conversions that are not FHA-insured, a future HUD notice will describe project financial data that may be required to be submitted by a PBV owner for purposes of monitoring and evaluation, given that PBV projects do not submit annual financial statements to HUD/REAC.
to the PHA’s remaining public housing waiting list(s) or to another voucher waiting list, in addition to transferring such household to the waiting list for the Covered Project.

To the extent any wait list relies on the date and time of application, the applicants shall have priority on the wait list(s) to which their application was transferred in accordance with the date and time of their application to the original waiting list.

If the PHA is transferring assistance to another neighborhood and, as a result of the transfer of the waiting list, the applicant would only be eligible for a unit in a location which is materially different from the location to which the applicant applied, the PHA must notify applicants on the wait-list of the transfer of assistance, and on how they can apply for residency at other sites.

If using a site-based waiting list, PHAs shall establish a waiting list in accordance with 24 CFR § 903.7(b)(2)(ii)-(iv) to ensure that applicants on the PHA’s public housing community-wide waiting list have been offered placement on the Covered Project’s initial waiting list. In all cases, PHAs have the discretion to determine the most appropriate means of informing applicants on the public housing community-wide waiting list given the number of applicants, PHA resources, and admissions requirements of the projects being converted under RAD. A PHA may consider contacting every applicant on the public housing waiting list via direct mailing; advertising the availability of housing to the population that is less likely to apply, both minority and non-minority groups, through various forms of media (e.g., radio stations, posters, newspapers) within the marketing area; informing local non-profit entities and advocacy groups (e.g., disability rights groups); and conducting other outreach as appropriate. Any activities to contact applicants on the public housing waiting list must be conducted in accordance with the requirements for effective communication with persons with disabilities at 24 CFR § 8.6 and with the obligation to provide meaningful access for persons with limited English proficiency (LEP).8

A PHA must maintain any site-based waiting list in accordance with all applicable civil rights and fair housing laws and regulations.

To implement this provision, HUD is specifying alternative requirements for 24 CFR § 983.251(c)(2). However, after the initial waiting list has been established, the PHA shall administer its waiting list for the Covered Project in accordance with 24 CFR § 983.251(c).

---

5. **Mandatory Insurance Coverage.** The Covered Project shall maintain at all times commercially available property and liability insurance to protect the project from financial loss and, to the extent insurance proceeds permit, promptly restore, reconstruct, and/or repair any damaged or destroyed project property.

6. **Agreement Waiver.** This section has been moved to 1.6.B.8.

7. **Future Refinancing.** Project Owners must receive HUD approval for any refinancing or restructuring of secured debt during the HAP Contract term to ensure the financing is consistent with long-term preservation of the Covered Project. With respect to any financing contemplated at the time of conversion (including any permanent financing which is a conversion or take-out of construction financing), such consent may be evidenced through the RCC.

8. **Administrative Fees for Public Housing Conversions During the Year of Conversion.** For the remainder of the Calendar Year in which the HAP Contract becomes effective (i.e., the “year of conversion”), RAD PBV projects will be funded with public housing funds. For example, if the project’s assistance converts effective July 1, 2015, the public housing ACC between the PHA and HUD will be amended to reflect the number of units under HAP Contract, but will be for zero dollars, and the RAD PBV HAP Contract will be funded with public housing money for July through December 2015. Since TBRA is not the source of funds, PHAs should not report leasing and expenses into VMS during this period, and PHAs will not receive section 8 administrative fee funding for converted units during this time.

PHAs operating HCV program typically receive administrative fees for units under a HAP Contract, consistent with recent appropriation act references to “section 8(q) of the [United States Housing Act of 1937] and related appropriations act provisions in effect immediately before the Quality Housing and Work Responsibility Act of 1998” and 24 CFR § 982.152(b). During the year of conversion mentioned in the preceding paragraph, these provisions are waived. PHAs will not receive Section 8 administrative fees for PBV RAD units during the year of conversion.

After the year of conversion, the Section 8 ACC will be amended to include Section 8 funding that corresponds to the units covered by the Section 8 ACC. At that time, the regular Section 8 administrative fee funding provisions will apply.

9. **Choice-Mobility.** One of the key features of the PBV program is the mobility component, which provides that if the family has elected to terminate the assisted lease at any time after the first year of occupancy in accordance with program requirements, the PHA must offer the family the opportunity for continued tenant-based rental assistance, in the form of either assistance under the voucher program or other comparable tenant-based rental assistance.
If as a result of participation in RAD a significant percentage of the PHA’s HCV program becomes PBV assistance, it is possible for most or all of a PHA’s turnover vouchers to be used to assist those RAD PBV families who wish to exercise mobility. While HUD is committed to ensuring mobility remains a cornerstone of RAD policy, HUD recognizes that it remains important for the PHA to still be able to use tenant-based vouchers to address the specific housing needs and priorities of the community. Therefore, HUD is establishing an alternative requirement for PHAs where, as a result of RAD, the total number of PBV units (including RAD PBV units) under HAP Contract administered by the PHA exceeds 20 percent of the PHA’s authorized units under its HCV ACC with HUD.

The alternative mobility policy provides that an eligible voucher agency would not be required to provide more than three-quarters of its turnover vouchers in any single year to the residents of Covered Projects. While a voucher agency is not required to establish a voucher inventory turnover cap, if such a cap is implemented, the voucher agency must create and maintain a waiting list in the order in which the requests from eligible households were received. In order to adopt this provision, this alternative mobility policy must be included in an eligible PHA’s administrative plan.

To effectuate this provision, HUD is providing an alternative requirement to Section 8(o)(13)(E) of the Act and 24 CFR § 983.261(c). Please note that this alternative requirement does not apply to PBVs entered into outside of the context of RAD. MTW agencies may not alter this requirement.

10. Reserve for Replacement. The Project Owner shall establish and maintain a replacement reserve in an interest-bearing account to aid in funding extraordinary maintenance and repair and replacement of capital items in accordance with applicable regulations. The reserve must be built up to and maintained at a level determined by HUD to be sufficient to meet projected requirements. For FHA transactions, Replacement Reserves shall be maintained in accordance with the FHA Regulatory Agreement. For all other transactions, Replacement Reserves shall be maintained in a bank account or similar instrument, as approved by HUD, where funds will be held by the Project Owner or mortgagee and may be drawn from the reserve account and used subject to HUD guidelines.
Attachment 1C – Calculation of HAP Contract Rents for Conversions of Assistance from Public Housing to PBRA or PBV

This attachment explains the method by which HUD calculated the contract rents for each project and provides additional detail on contract rent setting, including a demonstration of the application of applicable rent caps for PBRA and PBV conversions. These instructions apply only to public housing conversions under Section 1 of the Notice.

Actual initial contract rents may vary from the calculation described above as a result of actual rent caps in effect at the time of conversion (e.g. the most recently published Fair Market Rents), OCAF rent increases, and rent flexibilities described in Sections 1.6(B)(5) and 1.7(A)(5).

1. Step One – Determine Current Funding\(^{86}\)

Current funding will be determined based on the sum of the following for each project:

- Per unit monthly (PUM) subsidy eligibility at full occupancy under the Operating Fund program, based on the current year’s Operating Fund appropriation (incorporating any pro-ration and excluding Asset Repositioning Fee).\(^{87}\)
- The amount of the PHA’s Capital Fund Formula Grant attributable to the project, divided by the units recognized under the Capital Fund formula, i.e., “standing units”, divided by twelve, and
- PUM adjusted formula income under the Operating Fund program, i.e. tenant rent.\(^{88}\)

\(^{86}\) HUD reserves the right to update or correct calculated contract rents based on technical corrections and to modify the methodology for properties for which this information is unavailable at the time rents were initially calculated.

\(^{87}\) Operating Subsidy was derived from Form-52723 from 2012 or 2014 (depending on a projects applicable RAD Rent Base Year), taking the following steps:

Step 1: Combine 1) PEL [Section 3 Part A, Line 03 (PUM inflated PEL)] + 2) UEL [Section 3 Part A, Line 05 (PUM inflated UEL)] + 3) Add-Ons [Section 3 Part A, Line 07-15] (excluding Asset Repositioning Fee [Line 14] and Resident Participation Funding [Line 11], divided by Total Unit Months + 4) Resident Participation Funding [$25, divided by 12] + 5) Transition Funding [Section 3 Part C Line 02] + Other [Section 3, Part C, Line 03], divided by Total Unit Months. The result is a PUM amount.

Step 2: Subtract Adjusted Formula Income [Section 3 Part B, Line 03 (PUM adjusted Formula Income)]

Step 3: Multiply the result by the current year's pro-ration

The Result is the derived PUM Operating Subsidy under RAD. Note that in this calculation the Operating Subsidy Allocation Adjustment is added back in for properties converting based on FY 2012 funding.

\(^{88}\) Section 3, Part B, Line 03 of HUD Form-52723.
Thus, if the operating subsidy eligibility for a project is $340 PUM (adjusted for proration), the Capital Fund formula grant attributable to the project is $135 PUM, and adjusted formula income is $308 PUM, then current funding totals $783 PUM.89

2. Step Two – Apply Bedroom Adjustment Factor
The weighted average current funding amount will then be adjusted by a bedroom adjustment factor to arrive at bedroom-specific rent schedule, which would apply to the bedroom configuration of the Covered Project. HUD will use the same bedroom adjustment factors as reflected in the metropolitan FMR schedules for the area in which the project is located. The following is an illustration:

<table>
<thead>
<tr>
<th>Bedroom Size</th>
<th>0BR</th>
<th>1BR</th>
<th>2BR</th>
<th>3BR</th>
<th>4BR</th>
<th>5BR</th>
<th>6BR</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIC Units</td>
<td>0</td>
<td>20</td>
<td>50</td>
<td>30</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Metropolitan FMRs</td>
<td>$550</td>
<td>$650</td>
<td>$775</td>
<td>$900</td>
<td>$1,000</td>
<td>$1,150</td>
<td>$1,300</td>
<td></td>
</tr>
<tr>
<td>FMR Bedroom Adjustments</td>
<td>0.710</td>
<td>0.839</td>
<td>1.000</td>
<td>1.161</td>
<td>1.290</td>
<td>1.484</td>
<td>1.677</td>
<td></td>
</tr>
<tr>
<td>Bedroom Adjusted Rent</td>
<td>$646</td>
<td>$770</td>
<td>$894</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$783</td>
</tr>
</tbody>
</table>

3. Step Three – Apply Rent Caps
Finally, HUD would compare the Current Funding Rents calculated in Step Two with the applicable rentcaps to determine the HAP Contract Rent for conversions to either PBRA or PBV (see Sections 1.6(B)(5) and 1.7(A)(5) of this Notice for a discussion of rent caps), as illustrated in the continuing example below.

<table>
<thead>
<tr>
<th>Conversion to PBRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bedroom Size</td>
</tr>
<tr>
<td>Current Funding Rents (Step Two)</td>
</tr>
<tr>
<td>120% of FMR</td>
</tr>
<tr>
<td>- Utility Allowance</td>
</tr>
<tr>
<td>FMR Rent Cap</td>
</tr>
</tbody>
</table>

89 The calculation of contract rents for MTW agencies with an alternative subsidy calculation under the public housing program differs from the approach illustrated above because their Operating subsidy is not currently allocated at a project level. For these agencies, HUD used data provided in the Form HUD-50058 MTW to derive tenant rents. For Operating Fund subsidy, the project’s Operating subsidy is determined based on a pro rata share of the agency’s Operating Fund grant.
When converting to PBRA, the contract rent is the lower of 120 percent of FMR or current funding. In this case, the Current Funding rents are below 120 percent of FMR (minus the Utility Allowance) and so the contract rent is unchanged from the current funding rent calculated in Step Two. (The market rent does not have any impact since current funding does not exceed 120 percent of the FMR)

<table>
<thead>
<tr>
<th>Bedroom Size</th>
<th>1BR</th>
<th>2BR</th>
<th>3BR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Funding Rents (Step Two)</td>
<td>$646</td>
<td>$770</td>
<td>$894</td>
</tr>
<tr>
<td>Reasonable Rent</td>
<td>$640</td>
<td>$740</td>
<td>$830</td>
</tr>
<tr>
<td>110% of FMR</td>
<td>$715</td>
<td>$853</td>
<td>$990</td>
</tr>
<tr>
<td>- Utility Allowance</td>
<td>$50</td>
<td>$60</td>
<td>$70</td>
</tr>
<tr>
<td>FMR Rent Cap</td>
<td>$665</td>
<td>$793</td>
<td>$920</td>
</tr>
</tbody>
</table>

When converting to PBV, the contract rent is the lower of the Reasonable Rent or 110 percent of the FMR (minus the Utility Allowance). In this case, the Current Funding rents exceed the Reasonable Rents. As a result, the contract rents for this project would be capped at the Reasonable Rent.

**Utility Allowances** The contract rents defined above are net of any utility allowances. Except for cases described below, the utility allowances used in the HAP Contract at closing must be the actual utility allowances that are in effect for each public housing unit type prior to conversion. The CHAP, which includes the rent schedule, must be updated prior to conversion to reflect current utility allowances.

**Tenant-Paid Utility Savings for PBRA Conversions.** Where conversion plans will result in energy and water efficiency improvements, PHAs can submit UA projections performed by a professional engineer, based on the project’s plans and specifications that, at a minimum, take into account specific factors including, but not limited to, unit size, building orientation, design and materials, mechanical systems, appliances, and characteristics of the building location. The projections must be submitted in the RAD UA Projections Template. If approved by HUD, these UAs will be used to modify the initial PBRA contract rents (for new construction) or post-rehab rents (for rehab) in the HAP Contract. The rents will be adjusted in the following way:
a. Where post-construction the property will have the same provisions and configuration of utilities as the original property, HUD will increase the contract rents by 75% of the approved reduction in Utility Allowance.

Example 1: Configuration of Utilities remains the same; Tenant-paid utility savings

CHAP Rent Schedule

<table>
<thead>
<tr>
<th>BR</th>
<th>Contract Rent</th>
<th>Utility Allowance</th>
<th>Gross Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-BR</td>
<td>$500</td>
<td>$130</td>
<td>$630</td>
</tr>
</tbody>
</table>

RAD Utility Allowance Projections Template

<table>
<thead>
<tr>
<th>Current: Tenant pays gas, electric; and water</th>
<th>Future: Tenant pays gas, electric and water</th>
<th>Impact on Contract Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas $50</td>
<td>$40</td>
<td>+$10 x 75% = + $7.5</td>
</tr>
<tr>
<td>Electric $40</td>
<td>$30</td>
<td>+$10 x 75% = + $7.5</td>
</tr>
<tr>
<td>Water $40</td>
<td>$20</td>
<td>+$20 x 75% = + $15</td>
</tr>
<tr>
<td>UA $130</td>
<td>$90</td>
<td>Total = +$30</td>
</tr>
</tbody>
</table>

Revised CHAP Rent

<table>
<thead>
<tr>
<th>BR</th>
<th>Contract Rent</th>
<th>Utility Allowance</th>
<th>Gross Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-BR</td>
<td>$530</td>
<td>$90</td>
<td>$620</td>
</tr>
</tbody>
</table>

b. Where post-construction the new property will have a provision and configuration of utilities different from the original property, HUD will assess each utility. For utilities that will shift from project-paid to tenant-paid or vice versa, an increase or decrease in the utility allowance as a result of a new configuration will cause an equal and opposite change to the contract rent. For utilities that will remain tenant-paid, HUD will increase the contract rents by 75% of the approved reduction in Utility Allowance.

Example 2: Configuration of Utilities changes; Tenant-paid utility savings

CHAP Rent Schedule

<table>
<thead>
<tr>
<th>BR</th>
<th>Contract Rent</th>
<th>Utility Allowance</th>
<th>Gross Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-BR</td>
<td>$500</td>
<td>$50</td>
<td>$550</td>
</tr>
</tbody>
</table>

RAD Utility Allowance Projections Template
Attachment 1C: Calculation of HAP Contract Rents

<table>
<thead>
<tr>
<th></th>
<th>Current: PHA pays Gas and electric; tenant pays water</th>
<th>Future: Tenant pays gas, electric and water</th>
<th>Impact on Contract Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas</td>
<td>$0</td>
<td>$30</td>
<td>-$30</td>
</tr>
<tr>
<td>Electric</td>
<td>$0</td>
<td>$30</td>
<td>-$30</td>
</tr>
<tr>
<td>Water</td>
<td>$50</td>
<td>$30</td>
<td>+$20 x 75% = + $15</td>
</tr>
<tr>
<td>UA</td>
<td>$50</td>
<td>$90</td>
<td>-$45</td>
</tr>
</tbody>
</table>

Revised CHAP Rent

<table>
<thead>
<tr>
<th>BR</th>
<th>Contract Rent</th>
<th>Utility Allowance</th>
<th>Gross Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-BR</td>
<td>$455</td>
<td>$90</td>
<td>$545</td>
</tr>
</tbody>
</table>

At conversion the HAP Contract will include a pre-construction and post-construction rent schedule.

To be eligible for this provision, a PHA must submit Utility Consumption Baseline data into EPA’s Portfolio Manager.

**Tenant-Paid Utilities and PBV Conversions.** Unless a waiver is requested and approved as described below, the PHA must maintain a utility allowance schedule for all tenant-paid utilities in accordance with 24 CFR § 983.301(f)(2)(ii) and 24 CFR § 982.517. The utility allowances would become effective for each family at recertification.

A PHA may request a waiver from HUD in order to establish a site-specific utility allowance schedule and to apply the same adjustments to contract rents based on Tenant-Paid Utility Savings as described above for PBRA conversions. To be approved, a PHA must demonstrate good cause that the utility allowance schedule used in its voucher program would either create an undue cost on families because the utility allowance provided under the voucher program is too low, or discourage conservation and efficient use of HAP funds because the utility allowance provided under the voucher program would be excessive if applied to the Covered Project. For HUD to consider such a waiver, the PHA must submit an analysis of utility rates for the community and consumption data of project residents in comparison to community consumption rates; and a proposed alternative methodology for calculating utility allowances on an ongoing basis.

---

90 MTW agencies would secure approval for site-specific utility allowances via their MTW Plan. If approved, an MTW agency may also apply the same adjustments to contract rents based on Tenant-Paid Utility Savings.
Such waiver requests should be submitted to the PIH Field Office. The PHA should notify the RAD Transaction Manager of the request.

Notes

1. For MTW agencies converting to PBV that are utilizing MTW Fungibility, as described in Section 1.6, the agency will use existing voucher funding to supplement rents (no incremental voucher funding will be provided). For MTW agencies converting to PBRA that are utilizing MTW Fungibility, as described in Section 1.7, HUD will permanently reduce the agency’s public housing funds (in addition to any funding modifications that would occur as a result of the conversion absent the rent increase) by the additional amount established for the HAP Contract.

For example, assume that an MTW agency that is closing effective July 1, 2014 is considering using fungibility for a project of 100 units whose contract rent is $500 PUM and whose subsidy is $200 PUM. In order to make the deal feasible, the MTW must make the contract rent $550 PUM and receive a subsidy of $250 PUM. In order to do this, the MTW agency must agree to an additional permanent reduction in its Operating and Capital Fund subsidy (in addition to any funding modifications that would occur as a result of the conversion absent the rent increase) by a combined $60,000 a year ($50 PUM for 100 units for 12 months) starting in CY 2015. During the remainder of CY 2014, the PHA can use its available public housing or other funds to make up any gap in rental subsidy as a result of Operating and Capital Fund allocations to a RAD project that are lower than the HAP subsidy. In the year following, the HAP Contract rent provided will be $550 PUM.

2. For applications where the PHA proposes a de minimis reduction of units, projects will not be permitted to retain the subsidy of any units that are not included in the conversion application. An exception is made when the PHA is proposing a de minimis reduction in dwelling units, but certain units will be designated for special purpose uses or units are being reconfigured through rehab to improve marketability (e.g. combining efficiencies). The project will retain the subsidy attributable to those units and the contract rents for the dwelling units will increase by a share of the foregone subsidy (i.e., the Operating Fund and Capital Fund portion of the weighted Contract Rent).

3. When a project’s funding is reduced as a result of a program cap on contract rents, a PHA may request that HUD transfer the excess subsidy to the PHA’s voucher program in order to facilitate Choice-Mobility.

4. PHAs that are scheduled to receive ongoing Replacement Housing Factor or Demolition Disposition Transition Funding (including funds that have not been awarded as well as funds that have been awarded but not yet disbursed) may choose to forego any ongoing
RHF/DDTF grants for the purpose of offsetting an increase to the initial RAD rent. At a PHA’s request HUD will provide a forecast of total Anticipated RHF/DDTF grants. The RAD rent may then be increased by the following amount:

\[
\text{Total Anticipated RHF/DDTF Grants} + \text{Undisbursed RHF/DDTF}] \div 20 \div \text{Number of Units converting under RAD} \div 12 = \text{PUM RAD Rent Increase}
\]

The PUM RAD Rent Increase would be reflected in the initial rents established in the HAP Contracts. The contract rents will still be subject to applicable rent caps. PHAs electing to utilize this flexibility must acknowledge through a certification that HUD will cancel all affected obligations of Replacement Housing Factor (RHF) funds or Demolition and Disposition Transition Funding (DDTF).

5. Resident Paid Utilities. For projects with an existing EPC using the Resident Paid Utility (RPU) Incentive, HUD will allow an amendment to the posted RAD rent to add the Per Unit Month (PUM) EPC Resident Paid Utility Incentive. Further, if a converting project currently has surcharges for excess consumption of PHA-supplied utilities (in accordance with 24 CFR § 965.506), HUD will allow an amendment to the posted RAD rent by the amount in Row 19 of the HUD-52722 (Calculation of Utility Expense Level) divided by Total Unit Months (Section 2 Column A Line 15) of the HUD-52723 used in the Fiscal Year in which the RAD contract rents were calculated.
FOR ACTION

MOTION: To (1) Adopt Amendments to the Hawaii Public Housing Authority’s (HPHA) Approved Annual Public Housing Agency (PHA) Plan for Fiscal Year 2018-2019 to Publish the HPHA’s Intent to Adopt Policies to Implement the Statutory Income Limit for Public Housing; and (2) Authorize the Executive Director to Hold Public Hearings Regarding the Proposed Amendments to the PHA Plan; 3) Undertake All Actions Necessary to Accept, Adopt, or Respond to Comments from the Public and the Resident Advisory Board; and 4) Submit the Amended Plan to the U.S. Department of Housing and Development, if No Substantive Changes are Made to the Draft Annual PHA Plan

I. FACTS

A. The Public Housing Agency (PHA) Annual Plan is a requirement of the Quality Housing and Work Responsibility Act of 1998 (QHWRA) and the Housing and Economic Recovery Act (HERA) of 2008. All public housing agencies administering federal public housing and Section 8 tenant-based Housing Choice Voucher (HCV) assistance programs must submit their plan to the U.S. Department of Housing and Urban Development (HUD) to be eligible to receive administrative, operating, Capital Fund Program, and Section 8 HCV assistance monies.

B. The PHA Annual Plan for Fiscal Year 2018-2019 states the mission of serving the needs of low-income and very low-income families, and sets out the goals, objectives and policy changes of the HPHA for a one-year period.

C. The 2018-2019 PHA Annual Plan was approved by the U.S. Department of Housing and Urban Development on June 12, 2018.

D. Pursuant to the HPHA’s rules and as stated in the 2018-2019 Annual Plan, a significant amendment or modification to the PHA Plan is the 1) adding or eliminating of major strategies to address housing needs and to major policies or programs; or 2) modifying a strategy such that a substantial transfer of resources away from others is necessary in order to carry it out.

E. Pursuant to 24 CFR 903.21, each significant amendment or modification to a plan submitted to HUD is subject to the requirements of 24 CFR sections 903.13, 90315, and 903.17.
II. DISCUSSION

A. The PHA Annual Plan for Fiscal Year 2018-2019 is being amended to publish the HPHA's intent to adopt a policy that will implement the statutory income limit for public housing.

B. The "Housing Opportunity Through Modernization Act of 2016" (HOTMA) became law on July 29, 2016. One of the law's many provisions established a 120% of Area Median Income (AMI) household income limit for public housing residents. The law requires that after a family's income has exceeded 120 percent of the area median income (AMI) (or a different limitation established by the Secretary) for two consecutive years, a public housing agency (PHA) must terminate the family's tenancy within 6 months of the second income determination or charge the family a monthly rent equal to the greater of (1) the applicable Fair Market Rent (FMR); or (2) the amount of monthly subsidy for the unit including amounts from the operating and capital fund, as determined by regulations.

C. Each PHA must submit a report annually to HUD about the number of families residing in public housing with incomes exceeding the over-income limit and the number of families on the waiting lists for admission to public housing projects. Such reports must be publicly available.

D. The new language in section 16(a)(5) of the 1937 Act sets the over-income limit at 120 percent of the AMI. However, HUD has the ability to adjust the over-income limit if the Secretary determines that it is necessary due to prevailing levels of construction costs or unusually high or low family incomes, vacancy rates, or rental costs.

E. The regulations at 24 CFR 960.261 provide discretion to PHAs to evict or terminate assistance to families whose income exceeds the local low-income limit, except for families with a valid Family Self-Sufficiency (FSS) contract, or families where at least one family member is receiving the Earned Income Disregard benefit. The HPHA will need to revise its rules to evict or terminate assistance to families whose income exceeds the local low-income limit.
Statewide Income Limits For Hawaii

<table>
<thead>
<tr>
<th>FY 2018 Very Low-Income (50%) Limit (VLIL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Family Income</td>
</tr>
<tr>
<td>1 Person</td>
</tr>
<tr>
<td>88,300</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 2018 Extremely Low-Income Limit (ELIL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Person</td>
</tr>
<tr>
<td>18,550</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 2018 Low-Income (80%) Limit (LIL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Person</td>
</tr>
<tr>
<td>49,450</td>
</tr>
</tbody>
</table>

F. The statutory changes in section 103 of HOTMA do not address the treatment of families whose income exceeds the local low-income limit but is below the applicable over-income limit established in HOTMA. As such, the requirements and flexibilities provided through the regulations at 24 CFR 960.216 continue to apply for families with incomes above the local low-income limit but below the over-income limit established.

G. For the amended PHA Annual Plan for Fiscal Year 2018-2019, meetings will be held with the Resident Advisory Board (RAB) members and the HPHA staff to discuss the proposed amendments to the plan. The RAB will provide preliminary comments and recommendations, and the HPHA will respond to those recommendations.

H. The following schedule has been established:

<table>
<thead>
<tr>
<th>Action</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board – “For Action”</td>
<td>September 20, 2018</td>
</tr>
<tr>
<td>Publish Hearing Notice (45 Day Notice)</td>
<td>September 24, 2018</td>
</tr>
<tr>
<td>Public Hearing</td>
<td>November 8, 2018</td>
</tr>
<tr>
<td>Finalize Plan</td>
<td>November 9, 2018</td>
</tr>
<tr>
<td>Board – “For Action” (To Approve Plan)</td>
<td>November 15, 2018</td>
</tr>
<tr>
<td>Transmit Approved PHA Plan to HUD</td>
<td>November 16, 2018</td>
</tr>
</tbody>
</table>

I. Information regarding the draft amended PHA Plan and the public hearings will be sent to all RAB members, Resident Associations and Asset
Management Project (AMP) managers and will be included in the November monthly rent billing statement mailed to all public housing households.

J. To notify the public of the hearings, notices will be published in the Honolulu Star-Advertiser, The Garden Isle (Kauai), The Maui News, West Hawaii Today (Kailua-Kona), and the Hawaii Tribune-Herald (Hilo) upon Board approval.

K. If no substantive changes are made to the draft amendments to the Annual PHA Plan, the HPHA will submit the proposed PHA Plan to HUD. If there are substantive changes to the proposed draft amended PHA Plan, those changes will be brought back to the Board for final approval before submission to HUD.

L. The amended draft PHA Annual Plan for Fiscal Year 2018-2019 and required attachments are provided in this packet for review.

III. RECOMMENDATION

That the Board of Directors: (1) Adopt Amendments to the Hawaii Public Housing Authority's (HPHA) Approved Annual Public Housing Agency (PHA) Plan for Fiscal Year 2018-2019 to Publish the HPHA’s Intent to Adopt Policies to Implement the Statutory Income Limit for Public Housing; and (2) Authorize the Executive Director to Hold Public Hearings Regarding the Proposed Amendments to the PHA Plan; 3) Undertake All Actions Necessary to Accept, Adopt, or Respond to Comments from the Public and the Resident Advisory Board; and 4) Submit the Amended Plan to the U.S. Department of Housing and Development, if No Substantive Changes are Made to the Draft Annual PHA Plan

Attachment A: Amended Draft PHA Annual Plan for Fiscal Year 2018-2019

Prepared by: Robei Broadus, PMMSB Chief

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

Pono Shim
Chairperson
Annual PHA Plan  
(Standard PHAs and Troubled PHAs)  

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  
OMB No. 2577-0226  
Expires: 02/29/2016

Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA’s operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA’s mission, goals and objectives for serving the needs of low-income, very low-income, and extremely low-income families.

Applicability. Form HUD-50075-ST is to be completed annually by STANDARD PHAs or TROUBLED PHAs. PHAs that meet the definition of a High Performer PHA, Small PHA, HCV-Only PHA or Qualified PHA do not need to submit this form.

Definitions.

(1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.

(2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.

(3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.

(4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.

(5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.

(6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

A. PHA Information.

A.1 PHA Name: Hawaii Public Housing Authority  
PHA Code: HI001  
PHA Type: ☑ Standard PHA ☐ Troubled PHA  
PHA Plan for Fiscal Year Beginning: (MM/YYYY): 07/2018  
PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)  
Number of Public Housing (PH) Units 5,322 Number of Housing Choice Vouchers (HCVs) 3,765  
Total Combined Units/Vouchers 9,087  
PHA Plan Submission Type: ☑ Revised Annual Submission  

Availability of Information. PHAs must have the elements listed below in sections B and C readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.

The PHA Plan and all supporting documents are available on the internet:  
http://www.hpha.hawaii.gov/housingplans/index.htm

Hard copies of the plan are available at the following locations:

Hawaii Public Housing Authority  
1002 North School Street, Bldg. E  
Honolulu, Hawaii 96817  

Lanakila Homes  
600 Waiola Street  
Hilo, Hawaii 96720  

Kapaa  
4726 Malu Road  
Kapaa, Hawaii 96746  

Ka Hale Kahaluu  
78-6725 Makolea Street  
Kailua-Kona, Hawaii 96740  

Kaehekili Terrace  
2015 Holowai Place  
Wailuku, Hawaii 96793
### B. Annual Plan Elements

#### B.1 Revision of PHA Plan Elements.

(a) Have the following PHA Plan elements been revised by the PHA?

<table>
<thead>
<tr>
<th>Element</th>
<th>Y</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Housing Needs and Strategy for Addressing Housing Needs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent Determination</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operation and Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grievance Procedures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homeownership Programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Service and Self-Sufficiency Programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety and Crime Prevention</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pet Policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Substantial Deviation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Significant Amendment/Modification</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

(b) If the PHA answered yes for any element, describe the revisions for each revised element(s):

1. **Statement of Housing Needs and Strategy for Addressing Housing Needs**

**Housing Needs: Housing Needs of Families on the Public Housing Waiting List as of July 1, 2017**

<table>
<thead>
<tr>
<th>Total Families on Waiting List = 10,114</th>
<th># of families</th>
<th>% of total families</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income Levels</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extremely low income &lt;=30% AMI</td>
<td>9,350</td>
<td>92.45%</td>
</tr>
<tr>
<td>Very low income (&gt;30% but &lt;=50% AMI)</td>
<td>617</td>
<td>6.10%</td>
</tr>
<tr>
<td>Low income (&gt;50% but &lt;80% AMI)</td>
<td>134</td>
<td>1.32%</td>
</tr>
<tr>
<td>Average income</td>
<td>13</td>
<td>0.13%</td>
</tr>
<tr>
<td>Families with children</td>
<td>4,039</td>
<td>39.93%</td>
</tr>
<tr>
<td>Elderly families</td>
<td>2,138</td>
<td>21.14%</td>
</tr>
<tr>
<td>Families with Disabilities</td>
<td>2,103</td>
<td>20.79%</td>
</tr>
<tr>
<td></td>
<td># of families</td>
<td>% of total families</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Asian/Pacific Islander/Other</td>
<td>8,481</td>
<td>83.85%</td>
</tr>
<tr>
<td>White</td>
<td>1,950</td>
<td>19.28%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>786</td>
<td>7.77%</td>
</tr>
<tr>
<td>Black</td>
<td>374</td>
<td>3.70%</td>
</tr>
<tr>
<td>American Indian, etc.</td>
<td>156</td>
<td>1.54%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th># of families</th>
<th>% of total families</th>
</tr>
</thead>
<tbody>
<tr>
<td>1BR and Studio</td>
<td>5,978</td>
<td>57.03%</td>
</tr>
<tr>
<td>2 BR</td>
<td>2,679</td>
<td>25.56%</td>
</tr>
<tr>
<td>3 BR</td>
<td>1,348</td>
<td>12.86%</td>
</tr>
<tr>
<td>4 BR</td>
<td>414</td>
<td>3.95%</td>
</tr>
<tr>
<td>5 BR</td>
<td>63</td>
<td>0.60%</td>
</tr>
</tbody>
</table>

Housing Needs of Families on the Section 8 Waiting List as of July 1, 2017

<table>
<thead>
<tr>
<th>Total Families on Waiting List = 11,191</th>
<th># of families</th>
<th>% of total families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Levels</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extremely low income &lt;=30% AMI</td>
<td>8,912</td>
<td>79.64%</td>
</tr>
<tr>
<td>Very low income (&gt;30% but &lt;=50% AMI)</td>
<td>1,811</td>
<td>16.18%</td>
</tr>
<tr>
<td>Low income (&gt;50% but &lt;80% AMI)</td>
<td>463</td>
<td>4.14%</td>
</tr>
<tr>
<td>Average income</td>
<td>5</td>
<td>0.04%</td>
</tr>
<tr>
<td>Families with children</td>
<td>4,946</td>
<td>44.20%</td>
</tr>
<tr>
<td>Elderly families</td>
<td>1,246</td>
<td>11.13%</td>
</tr>
<tr>
<td>Families with Disabilities</td>
<td>3,918</td>
<td>32.38%</td>
</tr>
<tr>
<td>Single</td>
<td>179</td>
<td>6.19%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th># of families</th>
<th>% of total families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian/Pacific Islander/Other</td>
<td>8,192</td>
<td>71.33%</td>
</tr>
<tr>
<td>White</td>
<td>1,991</td>
<td>17.35%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>213</td>
<td>1.85%</td>
</tr>
<tr>
<td>Black</td>
<td>913</td>
<td>7.95%</td>
</tr>
<tr>
<td>American Indian, etc.</td>
<td>174</td>
<td>1.52%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th># of families</th>
<th>% of total families</th>
</tr>
</thead>
<tbody>
<tr>
<td>1BR and Studio</td>
<td>9,322</td>
<td>81.37%</td>
</tr>
<tr>
<td>2 BR</td>
<td>1,190</td>
<td>10.39%</td>
</tr>
<tr>
<td>3 BR</td>
<td>734</td>
<td>6.41%</td>
</tr>
<tr>
<td>4 BR</td>
<td>180</td>
<td>1.57%</td>
</tr>
<tr>
<td>5 BR</td>
<td>30</td>
<td>0.26%</td>
</tr>
<tr>
<td>5+ BR</td>
<td>0</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

The following data is drawn from the Hawaii Consolidated Plan PY 2015 – 2019 by the Hawaii Housing Finance and Development Corporation (HHFDC):
### Projected Housing Need, 2014-2020

<table>
<thead>
<tr>
<th>% Area Median Income</th>
<th>Honolulu</th>
<th>Maui</th>
<th>Hawaii</th>
<th>Kauai</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤30%</td>
<td>4,076</td>
<td>1,377</td>
<td>2,355</td>
<td>330</td>
<td>8,138</td>
</tr>
<tr>
<td>30-50%</td>
<td>3,808</td>
<td>1,402</td>
<td>2,017</td>
<td>221</td>
<td>7,448</td>
</tr>
<tr>
<td>60%</td>
<td>2,415</td>
<td>748</td>
<td>1,003</td>
<td>462</td>
<td>4,629</td>
</tr>
<tr>
<td>60-80%</td>
<td>3,710</td>
<td>1,330</td>
<td>1,657</td>
<td>312</td>
<td>7,009</td>
</tr>
<tr>
<td><strong>Sub-total affordable rental</strong></td>
<td><strong>14,008</strong></td>
<td><strong>4,857</strong></td>
<td><strong>7,033</strong></td>
<td><strong>1,325</strong></td>
<td><strong>27,224</strong></td>
</tr>
<tr>
<td>80-100%</td>
<td>3,217</td>
<td>1,087</td>
<td>1,422</td>
<td>526</td>
<td>6,252</td>
</tr>
<tr>
<td>100-120%</td>
<td>2,950</td>
<td>956</td>
<td>1,292</td>
<td>433</td>
<td>5,631</td>
</tr>
<tr>
<td>120-140%</td>
<td>2,448</td>
<td>890</td>
<td>924</td>
<td>361</td>
<td>4,623</td>
</tr>
<tr>
<td><strong>Sub-total affordable for-sale</strong></td>
<td><strong>8,615</strong></td>
<td><strong>2,933</strong></td>
<td><strong>3,638</strong></td>
<td><strong>1,320</strong></td>
<td><strong>16,506</strong></td>
</tr>
<tr>
<td>&gt;140%</td>
<td>8,573</td>
<td>6,204</td>
<td>4,041</td>
<td>1,555</td>
<td>20,373</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>31,197</td>
<td>13,994</td>
<td>14,712</td>
<td>4,200</td>
<td>64,103</td>
</tr>
</tbody>
</table>

*Source: Ricky Cassiday, Rental Housing Study, 12/30/14*

### Summary of Housing Needs

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Base Year: 2000</th>
<th>Most Recent Year: 2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>1,211,537</td>
<td>1,346,554</td>
<td>11%</td>
</tr>
<tr>
<td>Households</td>
<td>403,572</td>
<td>445,513</td>
<td>10%</td>
</tr>
<tr>
<td>Median Income</td>
<td>$49,820.00</td>
<td>$67,116.00</td>
<td>35%</td>
</tr>
</tbody>
</table>

*Table 5 - Housing Needs Assessment Demographics*

*Data Source: 2000 Census (Base Year), 2007-2011 ACS (Most Recent Year)*

### Number of Households Table

<table>
<thead>
<tr>
<th>% HAMFI</th>
<th>0-30%</th>
<th>&gt;30-50%</th>
<th>&gt;50-80%</th>
<th>&gt;80-100%</th>
<th>&gt;100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Households *</td>
<td>59,400</td>
<td>51,995</td>
<td>83,300</td>
<td>54,850</td>
<td>195,970</td>
</tr>
<tr>
<td>Small Family Households *</td>
<td>16,530</td>
<td>17,890</td>
<td>34,125</td>
<td>23,635</td>
<td>102,605</td>
</tr>
<tr>
<td>Large Family Households *</td>
<td>4,695</td>
<td>5,605</td>
<td>10,680</td>
<td>8,165</td>
<td>27,755</td>
</tr>
<tr>
<td>Household contains at least one person 62-74 years of age</td>
<td>10,970</td>
<td>10,090</td>
<td>16,625</td>
<td>11,280</td>
<td>45,730</td>
</tr>
<tr>
<td>Household contains at least one person age 75 or older</td>
<td>10,725</td>
<td>10,195</td>
<td>12,675</td>
<td>7,235</td>
<td>21,730</td>
</tr>
<tr>
<td>Households with one or more children 6 years old or younger *</td>
<td>10,415</td>
<td>9,935</td>
<td>15,935</td>
<td>10,835</td>
<td>20,960</td>
</tr>
</tbody>
</table>

*Data Source: 2007-2011 CHAS*

*Table 6 - Total Households Table*
Housing Market Analysis

Housing Market Area:
The Hawaii Housing Market Area (HMA) is defined as the State of Hawaii which is comprised of the City & County of Honolulu and Counties of Hawai`i, Kaua`i, and Maui.

The following housing market analysis is based primarily on information from the following sources: DBEDT, “Measuring Housing Demand in Hawaii, 2015-2025,” April 2015; Rick Cassiday, “Affordable Rental Housing Study Updates, 2014” for Honolulu, Hawaii, Kauai, and Maui, December 2014; and U.S. Census, 2009-2013 American Community Survey 5-Year Estimates.

Housing Demand:
Housing demand is impacted by population growth, high cost of housing, the military presence, domestic migration and immigration, and foreign investment in Hawai`i real estate. As of July 2013, the resident population of the HMA is approximately 1,404,054. Between 1990 and 2013, population grew at an average annual rate of 1.0%. The City & County of Honolulu experienced slower population growth at 0.7% a year, Hawai`i and Maui counties grew at 2.0%, while Kaua`i County grew at 1.3% per year.

The resident population of Hawai`i, which includes active-duty military personnel and their dependents, is projected to increase to 1,708,900 in 2014, an average growth rate of 0.8% per year over the projection period. The Neighbor Island counties are projected to have higher population growth than Honolulu. The resident population of Honolulu is projected to increase at an annual rate of 0.4% from 2010 to 2040, while Hawai`i is projected to grow at 1.6% annually, Maui County at 1.4%, and Kaua`i County at 1.1%. As a result, the Neighbor Island population as the share of the state total will increase from 29.9% in 2010 to 36.4% in 2040, while the corresponding share of the City and County of Honolulu is projected to decrease from 70.1% to 63.6%.

Migration is one of the most important contributors to the state’s population growth. Foreign migration to Hawai`i has been steady, increasing from 5,400 people per year on average in the 1900s to about 6,600 people over the past decade. However, domestic migration had a stronger increase, form about 32,000 people per year in the 1900s to above 43,000 people per year on average since 2002.

Another important driver of housing demand is the increase in the number of residential rental units being used as vacation rentals. There is evidence that local residential housing units are increasingly catering visitors, either full or part time. According to the Hawaii Tourism Authority, “…the popularity and demand for alternative accommodations have grown rapidly over the years. If all of the identified units were available for visitor use at the same time, these units would account for up to 25% of Hawaii’s total lodging inventory…”

Foreign buyers are yet another source of increased demand for housing in the local real estate market. The National Association of Realtors estimates that foreign buyers of properties in Hawaii Account for 3.6% of all homes sold in 2012. Furthermore, in 2013, Hawaii properties were the second most popular for the Japanese buyers and the fourth most popular for the Canadian buyers. This increased demand from foreign buyers exerts additional price pressures on the housing sector, since often foreign buyers are not income-constrained and, in many cases, buy properties with cash.

DBEDT forecasts a long-range demand for a total of about 64,700 new housing units in Hawaii by the year 2025. Thus is based largely on the assumed increase in the number of households and is dependent on changes in social and economic factors, expected migration and immigration, and expected changes in the size and age distribution of the adult population. Forecasted demand by county is as follows:

Honolulu, 25,800 units; Hawaii, 19,600 units; Maui, 14,000 units; and Kauai, 5,300 units.

Number of Housing Units

In 2009-2013, Hawaii had a total of 522,200 housing units, 14% of which were vacant. Of the total housing units, 62% were single-unit structures, 38% were in multi-unit structures, and less than 0.5% were mobile homes. An estimated 29% of the housing units were built since 1990.
In the 1980s, the available housing inventory expanded by an average of just under 6,000 units per year. In the 1990s, the housing inventory increased by nearly 7,000 units per year and remained at about this level in the years prior to the recession (expanding by about 6,500 units per year between 2000 and 2008). As the economy recovered from the recession between 2009 and 2013, the housing supply expanded at a slower pace at only about 2,400 units per year.

In 1990, Honolulu accounted for 72.3% of the housing units, followed by Hawaii, Maui then Kauai at 12.4%, 10.8%, and 4.5% respectively. By 2013, Honolulu County accounted for 64.7% of total state housing units, Hawaii County had 16.0%; Maui County had 13.5% while Kauai County had 5.7% of the total.

The 2009-2013 ACS 5-Year Estimates reports that of the 449,800 occupied housing units, 259,300 (58%) were owner occupied and 190,500 (42%) were renter occupied. Historically, the homeownership rate in Hawaii has increased from approximately 50% in 1986 to above 60% between 2004 and 2007. As a result of the recession, the homeownership rate in Hawaii fell to about 55% in 2011. However, as the economy has recovered, the rate has been increasing.

After the recession, there was a temporary shift from owning to renting that was caused by a variety of factors including stricter mortgage lending requirements, job losses, and rapid increases in home prices which priced many potential home buyers out of the market. This in turn resulted in sustained rental price increases. While homeownership rates have recently increased, they are still below the pre-recession level.

Building permit activity provides a way to project where the housing markets is going in the short-term. A high level of activity indicates more supply, which means that more demand will be met, and the potential for prices adjusting downwards. A low level of permits indicates less supply of housing and potentially higher prices.

The permit data for residential construction is not encouraging. There has not been a sustained increase in private residential construction, which is required to increase the housing supply.

After several years of rapid expansion, the pace of building has eased. According to UHERO, University of Hawaii Economic Research Organization’s Hawaii Construction Forecast dated September 22, 2017, a number of significant projects wrapped up on Oahu combine with fewer new buildings breaking down has resulted in an overall reduction in construction activity and employment. “Costs to build in Hawaii remain very high, but the plateauing of building activity has reduced the pace of further cost escalation. Construction costs will grow roughly in line with broader inflation measures.” In their September 29, 2017 Hawaii Forecast Update with Asia-Pacific Outlook, UHERO reported that the Hawaii economy is decelerating, with construction past its peak of this building cycle and employment in the industry down more than 4%, however with enough projects in the pipeline to maintain the current level of building activity for several more years.

The Department of Business, Economic Development and Tourism (DBEDT) reported that the indicators of Hawaii’s construction industry were mostly negative in the third quarter of 2017. The construction jobs and government contracts awarded decreased; only the State CIP expenditures increased. By the fourth quarter report, the real Gross Domestic Product (GDP) is forecasting an overall 2.5% growth in the US economy and 1.7% in Hawaii’s economy for 2018, or a 0.3 of a percent over last quarter’s forecast.

The report stated that in the third quarter of 2017, private building authorizations in the state decreased $167 million or 18.8 percent, compared with the third quarter of 2016. In Honolulu County alone, there was a decrease of $166.1 million or 26.4 percent. Hawaii County experienced a decrease of $44.1 million or 30.6 percent, while Maui County increased $30.2 million or 40.0 percent, and Kauai County increased $13.0 million or 32.6 percent in the third quarter of 2017 compared with the previous year. According to their fourth quarter report. Government contracts awarded decreased $268.7 million or 29.4 percent in the third quarter of 2017, with a decrease of $322.7 million in the first three quarters. State government CIP expenditures increased $122.4 million or 48.0 percent in the third quarter of 2017, following a decrease of $24.7 million or 2.6 percent in the first three quarters.
Cost of Housing

The median monthly housing costs for mortgaged owners in 2013 was the highest in Honolulu County at $2,362 per month, followed by Maui County at $2,261 per month, Kauai County at $2,022, and Hawaii County at $1,637 per month.

Oahu renters paid the highest median rent in 2013 at $1,535 per month, followed by Maui County renters at $1,292 per month, Kauai County rents at $1,281, and Hawaii County renters with the lowest rent at $1,017 per month.

An estimated 48% of owners with mortgages, 12% of owners without mortgages, and 56% of renters in Hawaii spent 30% or more of household income on housing.

Hawaii’s median housing value increased from $496,600 in 2012 to $500,000 in 2013. This increase, however, was not statistically different. Hawaii remained #1 in the ranking with the highest median housing value in the U.S.

2. Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions

The HPHA is proposing the following amendments/revisions/updates under the Housing Choice Voucher program(s) in order to prevent circumventing the waiting lists and promote efficiency:

- Update policy on additions to the household after admission into the Housing Choice Voucher program to allow additions of more than one family member only through birth, adoption, court awarded custody, or hanai, when the addition would increase the subsidy to the family. (982.402, 982.401(d), 982.4. [24 CFR 982.551(h)(2)]

- Adopt policy on changes to household composition when a family member who is 18 and over remove themselves from the household; and to establish the following policies when such family members seek readmission to the household: [24 CFR 982.551(h)(2)]
  
  A. They are prohibited from readmission to the household.
  B. They are required to apply as new applicants for placement on the waitlist.
  C. The HPHA may consider medical hardship or other extenuating circumstances, and if determined necessary as a reasonable accommodation, may allow such family members to be added to the household as a live-in-aide only.

- Update policy regarding the designation of the head of household, spouse, and co-head of the family in the event of marriage of the head or co-head individuals who may not be related by blood, marriage, adoption, or other operation of law, subsequent to admission to the program, to clarify as follows: [HUD 50058 Instruction Booklet]
  
  A. If the head marries, the head’s spouse automatically replaces the original co-head as the spouse. The original co-head automatically becomes an authorized family member.
  B. If the co-head marries, as a family can only have a spouse or co-head, but not both, the family determines whether the co-head’s spouse will become the head of household, or an authorized household member.

- Adopt revisions to the Housing Choice Voucher policy and Hawaii Administrative Rules to shorten the length of time for a temporary absence from 120 days to 60 days, allowing for specific exceptions for valid medical issues or as allowed under the CFR. [24 CFR 982.312]

- Adopt a policy which allows for a tenant with a live-in aide who is lawfully present or admitted to the United States to receive subsidy for an additional bedroom in the Housing Choice Voucher program, or to occupy a unit in the public housing program. (24 CFR Section 982.402(a), 24 CFR Section 982.402(b)(6), § 982.402(b)(6), 24 CFR Section 5.403, 24 CFR Section 982.316)

- Adopt policy to include special unit types including single room occupancy to expand lease up options for voucher holders and ensure that the program is readily accessible to and usable by persons with disabilities in accordance with 24 CFR part 8. (24 CFR 982.601.b) Adopt a policy to pay landlords via electronic deposit into their account. (HUD recommendation)
• Adopt a policy that does not allow the owner to keep the housing assistance payment for the remainder of the month when the family moves out of the unit. Housing assistance payments end the date HPHA determines the family has vacated the unit. Amounts overpaid to the owner must be returned to HPHA. HUD HCV Guidebook 22-13, 24 CFR 792.103

• Adopt a policy that allows the HPHA to notify the family of a change to a participant’s voucher size based on current household composition up to 120 days before the end of the lease term rather than waiting for the next recertification. 24 CFR 982.516(e)(1)

• Amend policy to state that when a family is requesting to downsize, the voucher size will be changed at the end of the lease term.

• Update HPHA’s administrative rules and administrative plan with policies regarding VASH voucher, including conversion of a VASH voucher to a Section 8 Housing Choice Voucher when the qualifying veteran or veteran’s no longer needs the VASH voucher or qualifies for the VASH voucher. [24 CFR 982]

• Update policy for repayment agreements.
  Per PIH 2010-19 expired May 31, 2011

• Adopt administrative rules to implement Hawaii Revised Statutes §356D-13.5 regarding remaining members of assisted tenant families to allow only the original household members at the time of voucher issuance to retain the voucher where other members of the family have left the unit; and to provide for the automatic return of the voucher to the HPHA once all original household members are no longer in the household; and to provide an exception for families where the original parents in the household are survived by minors who were subsequently added to the household, until the youngest minor reaches the age of 21 years, or reaches the age of 23 if the youngest minor is a full-time student at a business school, technical school, college, community college, or university.

• Adopt administrative rules to allow the HPHA to implement a lottery system to:
  A. Randomly choose families (excluding the elderly, disabled, and victims of domestic violence) to terminate from the Housing Choice Voucher Program if the HPHA must terminate Housing Assistance Payments contracts due to insufficient funding; and
  B. Randomly choose families (considering all adopted preferences) to place on the waiting lists process for participation in the Housing Choice Voucher Program.

• Adopt rules which allows HPHA to conduct Home Quality Standards (HQS) inspections every other year, except in circumstances where HPHA may determine a need for an annual inspection (e.g. tenant complaint).

• Adopt rules where the HPHA may award Housing Choice Vouchers to public housing residents for the following reasons in the following order and not equal priority:
  a) Existing public housing tenants who are involuntarily displaced for reasons such as for relocation due to modernization activity, or based on an emergency where conditions of the public housing dwelling unit, building, or project pose an immediate, verifiable threat to life, health or safety of the family, and the family cannot be relocated to another public housing unit in the same program, meeting their needs.
  b) Approved for a transfer as a reasonable accommodation for a unit with special features based on need and availability.
  c) Victims of domestic violence, or stalking, or reprisals, or hate crime, and cannot be safely transferred to another public housing unit in the same program.
  d) Homeless families, provided “Homeless” is defined by HUD.

• Amend family break-up policy to award the voucher to the family member who is awarded custody of the majority of minor children or who has the majority of days of custody. 24 CFR 982.315

• Amend Housing Choice Voucher policy to require applicants with a criminal history to include latest conviction date or arrest date.
The HPHA plans to adopt changes to its Administrative Rules, Admissions and Continued Occupancy Policy, and Administrative Plan as follows:

- Incorporate proposed changes to cease requiring proof of adoption or court-awarded custody in applications for public housing or in adding children to a resident's household and lease, consistent with state and federal fair housing law, which prohibits discrimination based on familial status. Hawaii law allows for the addition of "hanai children" into a household with written or unwritten permission from the child’s parents.

- Update preference policy to remove from definition of “involuntarily displaced”, applicants who are displaced by action of the housing owner for reasons beyond the applicant’s control and despite the applicant meeting all previously imposed conditions of occupancy.

- Update preference policy to redefine Homeless individuals as those in a transitional shelter who are verified to be in compliance with a social service plan or other former transitional homeless individuals and families who are verified to be “housing ready” as defined by the Hawaii Administrative Rules.

- Establish definition for “Housing Ready”.

- Expand local preferences to include veterans and their surviving spouses for the federal public housing program.

- Amend applicant waitlist policy from geographic waiting lists to site-based waiting lists for the federal public housing program.

- Update Federal Housing acceptance policy relating to “good cause” refusal, to eliminate existing rental agreements that cannot be breached without causing undue financial hardship, and “the applicant’s acceptance of the offer would result in undue hardship not related to consideration of race, color, national origin, or language and the applicant presents evidence which substantiates this to the authority’s satisfaction.

- Amend continued occupancy reexamination results policy to not renew a lease if a family who has not complied with the community service requirement one year, does not become compliant by the end of the second year.

- Assess the feasibility of a tenant incentive transfer policy for highly desirable projects to those with perfect tenant histories (e.g., on-time rent payments, on-time recertification, no housekeeping violations) over a three-year period.

- Amend occupancy guidelines to assign one bedroom for every two-family members only, with consideration for infant children, disability-related reasons and the presence of a live-in aide.

- Update “schedule of charges” policy by having the maintenance work-order system record the actual cost of materials and time spent by maintenance workers to charge tenants the actual cost of intentional, careless or negligent damages beyond normal wear and tear. (24 CFR part 966.4)

- Amend Hawaii Administrative Rules to include updated VAWA policy for federal public housing and the Housing Choice Voucher program.

- Update policy on individual relief from excess utilities in the Hawaii Administrative Rules.

- Adopt and incorporate future changes determined to be required under applicable state or federal law, rule, or regulation.
3. **Financial Resources**

<table>
<thead>
<tr>
<th>Sources</th>
<th>Planned $</th>
<th>Planned Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Grants</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Public Housing Operating Fund</td>
<td>24,893,029</td>
<td>Operations and maintenance of public housing</td>
</tr>
<tr>
<td>b. Public Housing Capital Fund</td>
<td>9,198,304</td>
<td>Capital repairs, management improvements, operations, administrative costs</td>
</tr>
<tr>
<td>c. Section 8 Tenant-Based Assistance</td>
<td>29,051,518</td>
<td>Housing Assistance Payments and Administrative costs</td>
</tr>
<tr>
<td>d. Family Self Sufficiency Program</td>
<td>132,031</td>
<td>FSS Coordinator expenses</td>
</tr>
<tr>
<td><strong>Public Housing Dwelling Rental Income</strong></td>
<td>17,108,708</td>
<td>Operations and maintenance of public housing</td>
</tr>
<tr>
<td><strong>State Capital Improvement Program</strong></td>
<td>20,475,000</td>
<td>Capital repairs and associated administrative costs</td>
</tr>
<tr>
<td><strong>State General Fund</strong></td>
<td>7,514,597</td>
<td>Operations, maintenance, security and vacant unit turnaround of public housing</td>
</tr>
<tr>
<td><strong>Total Resources for Public Housing or Tenant-Based Assistance</strong></td>
<td><strong>108,373,187</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other Project-Based Resources:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance Based Contract Administration</td>
<td>30,683,302</td>
<td>PBCA payments to landlords; administrative costs</td>
</tr>
<tr>
<td><strong>Non-Rental Income</strong></td>
<td>74,490</td>
<td>Management improvements, operations for site location</td>
</tr>
</tbody>
</table>

4. **Rent Determination Policies**

The HPHA is proposing the following amendments/revisions/updates to its rent determination policies under the Housing Choice Voucher program:

- Adopt a policy to determine the amount of allowances for purposes of rent and subsidy determination in the Housing Choice Voucher program, establish policy to cap the amount of child care expenses that can be claimed at the amount of the lower wage earned by working family members. [24 CFR 982.402 and 24 CFR 5.603]

- Adopt policy in the Section 8 program to determine which household will include a minor’s unearned income into the household’s income, in determining unit size, and eligible deductions where two households in the assisted housing programs share custody of minors. [24 CFR 5.609]

- Adopt a policy when determining income from assets for purposes of eligibility and subsidy determination in the Public Housing program and the Section 8 program, update the policy determining the value of a checking account to be consistent with the policy determining the value of a savings account, by using the current balance, to reduce administrative burden and excessive paperwork and added expense for the applicant. (24 CFR 5.609, 24 CFR part 5.603)

- Increase Housing Choice Voucher program minimum rent from $25 to $50.
• Amend Housing Choice Voucher policy relating to interim increases and decreases. When an increase will occur, special reviews will be conducted for all increases; a decrease must be reported to the HPHA by the 20th of the month in order for it to take effect the following month.

5. Operations and Management

The HPHA plans to undertake the following activities:

• Adopt new administrative rules and changes to the Admissions and Continued Occupancy Policy to provide for individual relief from surcharges for excess consumption of HPHA purchased utilities or from payment of utility supplier billings in excess of the allowances for resident-purchased utilities.
• Update Utility Allowance schedules for the public housing and voucher programs as required.
• Implement public housing security improvements, including without limitation, securing legislation to allow HPHA to implement no trespassing restrictions 24 hours a day, establish quite times, utilize and require tenant ID cards, install video cameras and security features.
• Update and strengthen rules and policies related to drug use and serious criminal activities that threaten the health and safety of the public housing projects, including threats to staff and destruction of property.
• Adopt rules allowing families that exceed the largest public housing unit size to receive a Section 8 Housing Choice Voucher, rather than splitting the household to fit into existing unit sizes.
• Evaluate the current administration of HPHA’s Section 8 Housing Choice Voucher Program (Due to the recent change in funding levels for the Section 8 HCV Program by HUD, HPHA will be exploring options to maximize the number of voucher participants within the current HUD funding level):
• Increase the current number of active vouchers by leveraging HPHA’s “High Performer” status to participate in any current or future HUD programs and/or create and implement new programs in conjunction with the local HUD office.
• Open and close the wait list in 2018 for a limited time if necessary to ensure an adequate pool of applicants
• Conduct a utility usage study to determine whether the utility allowance is more efficiently used based in the unit size or the voucher size.
• Adopt rules regarding remaining members of assisted tenant families to allow only the original household members at the time of placement in federal public housing program to retain the unit and public housing assistance where other members of the family have left the unit; and to provide for the termination of the rental agreement/assistance or nonrenewal of the rental agreement once all household members are no longer in the household; and to provide an exception for families where the original parents in the household are survived by minors who were subsequently added to the household, until the minors reach a certain age (e.g., 21 years of age).
• Revise the Admissions and Continued Occupancy Policy and applicable administrative rules to allow additions of more than one family member as long as the addition does not require the family to be transferred to a larger unit and as long as the addition would not cause overcrowding of the unit in accordance with county occupancy standards.
• Adopt rules for tenants that enter public housing by way of citizen sponsorship into the State of Hawaii, to include the income of the sponsor when calculating the rent for the tenants.
• Make available not less than fifty per cent of available federal and state low-income housing units for applicants without preference and up to fifty per cent of available federal and state low-income housing units for applicants with preference as mandated by ACT148-2013.
• Implement recently adopted Hawaii Administrative Rule (HAR) revisions to prohibit smoking in public housing and provide tenants with revised lease addenda outlining enforcement strategies for the “No Smoking” policy, including reviewing and amending the HAR based on HUD’s forthcoming rules.
• Assess and evaluate the flat rent option consistent with HUD rules.
• HPHA will adopt Hawaii Administrative Rules regarding the establishment and recognition of resident associations. HPHA will require that resident associations have duly elected board members, rather than appointed board members.

6. Significant Amendment/Modification

Significant Amendment/Modification: Adding or eliminating major strategies to address housing needs and to major policies (e.g., policies governing eligibility, selection or admissions and rent determination) or programs (e.g., demolition or disposition, designation, homeownership programs or conversion activities); or modifying a strategy
such that a substantial transfer of resources away from others is necessary in order to carry it out. Under this PHA Annual Plan, the HPHA is clarifying that any change required to comply with state or federal rule, law, or regulation, where the HPHA is not able to adopt discretionary policy, would not be considered a significant amendment. However, the HPHA would continue to work with the Resident Advisory Board, Resident Associations, and staff for comments.

For Capital Fund Program projects that deviate from the Capital Fund Program Five-Year Action Plan and the Capital Fund Program Annual State/Performance and Evaluation Reports, only projects that meet the following criteria shall require 5-Year and Annual Plan Amendment: the amount of funds being required exceeds $10 Million and/or the number of units being worked on comprises more than 15% of a developments ACC unit count.

As part of the Rental Assistance Demonstration (RAD) Program, the definition of a substantial deviation from the agency’s annual plan will exclude the following RAD-specific items, provided that the adjustments to the RAD plans are authorized by HPHA’s Board of Directors in the normal course of business:

1. Changes to the Capital Fund Budget produced as a result of each approved RAD conversion, regardless of whether the proposed conversion will include use of additional Capital Funds;
2. Changes to the construction and rehabilitation plan for each approved RAD conversion;
3. Changes to the financing structure for each approved RAD conversion;
4. The date the significant amendment is submitted to the PHA Plan website;
5. Decisions to dedicate a portion of the agency’s existing capital funds budget and/or public housing reserves as a source of funds for purposes of a RAD conversion and recapitalization transaction;

(c) The PHA must submit its Deconcentration Policy for Field Office review.

See Attachment A: Deconcentration Policy.

B.2 New Activities.

(a) Does the PHA intend to undertake any new activities related to the following in the PHA’s current Fiscal Year?

<table>
<thead>
<tr>
<th></th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒</td>
<td>Hope VI or Choice Neighborhoods.</td>
</tr>
<tr>
<td>☒</td>
<td>Mixed Finance Modernization or Development.</td>
</tr>
<tr>
<td>☒</td>
<td>Demolition and/or Disposition.</td>
</tr>
<tr>
<td>☒</td>
<td>Designated Housing for Elderly and/or Disabled Families.</td>
</tr>
<tr>
<td>☒</td>
<td>Conversion of Public Housing to Tenant-Based Assistance.</td>
</tr>
<tr>
<td>☒</td>
<td>Conversion of Public Housing to Project-Based Assistance under RAD.</td>
</tr>
<tr>
<td>☒</td>
<td>Occupancy by Over-Income Families.</td>
</tr>
<tr>
<td>☒</td>
<td>Occupancy by Police Officers.</td>
</tr>
<tr>
<td>☒</td>
<td>Non-Smoking Policies.</td>
</tr>
<tr>
<td>☒</td>
<td>Project-Based Vouchers.</td>
</tr>
<tr>
<td>☒</td>
<td>Units with Approved Vacancies for Modernization.</td>
</tr>
<tr>
<td>☒</td>
<td>Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).</td>
</tr>
</tbody>
</table>

(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project based units and general locations, and describe how project basing would be consistent with the PHA Plan.
**HOPE VI or Choice Neighborhoods**

The HPHA will assess the feasibility of pursuing all means of financing, including the HOPE VI or Choice Neighborhoods programs, if appropriate for its redevelopment efforts at Mayor Wright Homes, Kuhio Park Terrace and potential future developments at AMP 30, AM 31, AMP 33, AMP 37, AMP 38, or AMP 39.

**Mixed Finance Modernization or Development**

**Mayor Wright Homes redevelopment (AMP 32, Project #1003; 364 units)**

HPHA issued a Request for Qualifications (RFQ) on July 11, 2014 for a developer/partner to compete a mixed-income, mixed-finance, mixed-use redevelopment project at Mayor Wright Homes. Hunt Development Companies was selected as the Master Developer team leader, and a Predevelopment Agreement was executed on March 24, 2016. A fully negotiated MDA with MWH Partners was executed December 29, 2017. The Predevelopment Agreement terminated upon the execution of the MDA. Preparation of an Environmental Impact Statement (EIS) is required pursuant to Chapter 343, Hawai‘i Revised Statutes and Chapter 200, Title 11, State of Hawai‘i Department of Health Administrative Rules. HPHA submitted the EISPN to the State of Hawai‘i Office of Environmental Quality Control (OEQC) on September 13, 2016. A Draft EIS was submitted to the OEQC on August 28, 2017 and a Final EIS was submitted to both the OEQC and the Accepting Authority, the Governor of the State of Hawaii, on February 22, 2018. An environmental assessment, as required under 24 CFR Part 58, is currently being prepared. It is anticipated that construction will begin in approximately two years following completion of master planning, entitlement and permitting approval and environmental reviews.

**Kuhio Park Terrace, Kuhio Homes and Kuhio Park Terrace Low-Rise Redevelopment (AMP 40, Project #s 1007, 1010; 174 units)**

HPHA received a $300,000 Choice Neighborhoods Initiative (CNI) planning grant in 2012, which resulted in a comprehensive Transformation Plan with input from community members, stakeholders and partners to revitalize the Kuhio Park Terrace, Kuhio Homes, Kuhio Park Terrace Low-Rise and Kalihi neighborhood area. The HPHA intends to select a new master developer for the second and future phases of the mixed finance redevelopment at Kuhio Park Terrace and Kuhio Homes. It is anticipated that once selected, a master development agreement will be negotiated and master planning and environmental reviews will occur.

**Mixed Finance Redevelopment**

The HPHA will evaluate and identify additional properties within its existing portfolio and on all islands that have potential for public-private, mixed-finance, mixed income, mixed-use redevelopment opportunities through Section 18 of the Housing Act of 1937 and various HUD programs including, but not limited to, the Rental Assistance Demonstration program (RAD), Choice Neighborhoods Initiative, VASH and any other federal, state, or local source, such as the issuance of PHA bonds pursuant to Chapter 356D, Hawaii Revised Statutes. Potential properties currently under review for their redevelopment potential include properties at AMP 30, AMP 31, AMP 33, AMP 37, AMP 38, and AMP 39.

HPHA believes the redevelopment of public housing and other properties through public/private partnerships will enhance communities and improve the living conditions of its residents with updated or new amenities, open public spaces and walkability.

The HPHA is currently working on a mixed finance redevelopment of its School Street Administrative Offices. The current proposed project does not presently contemplate the use of federal subsidies. However, the proposed project may change over time and, as such, the HPHA is providing notices of the potential for this public-private mixed-finance redevelopment to consider the use of various subsidies, including federal sources. The redevelopment project will focus on providing affordable housing. We do not currently plan to include public housing or HCV project-based voucher units.

**Demolition/Disposition**

The HPHA plans to request HUD approval for non-exclusive easements for reasons such as utility access over the federal public housing properties, or for other public benefit oftentimes related to its construction modernization activities. Such easement requests will not affect the ACC units count. Additionally, the HPHA is exploring the dedication of streets and sidewalk to the County of Hawaii at Lanakila Homes, to be owned and maintained by the County of Hawaii with HPHA retaining the carved out parking areas for tenant parking assignments. If an easement
or street dedication is determined to be necessary, HPHA will follow HUD’s Demolition/Disposition protocol to apply for and obtain the necessary approvals to proceed with rights of entry or granting of non-exclusive easement. The HPHA will pursue disposition of Mayor Wright Homes as part of a larger mixed finance redevelopment project.

HPHA may also request HUD approval for possible demolition and disposition of the Community Center at Kalihi Valley Homes. The elevated building is currently closed and is not in use. The HPHA has contracted with a consultant to study the alternatives of rehabilitating the structure or demolishing and replacing it with a new structure. If it is determined that demolition and disposition is necessary, HPHA will follow HUD’s Demolition/Disposition protocol to apply for and obtain the necessary approvals to proceed with demolishing the community center. There will be no impact to the ACC units count.

HPHA may also request HUD approval for the possible demolition and disposition of the project at Pahala in AMP 37. The project is not to code and the cost to modernize the project and bring it to code is close to the cost to demolish and rebuild to current standards, codes and ordinances. If it is determined that demolition and disposition is necessary, HPHA will follow HUD’s Demolition/Disposition protocol to apply for and obtain the necessary approvals to proceed with the demolition and disposition of units at Pahala. There will be a temporary affect to the ACC units count in AMP 37.

**Conversion of Public Housing to Project-Based Assistance under RAD**

HPHA will identify, analyze and evaluate all properties on all islands within its existing portfolio that have potential for conversion of public housing units to project based vouchers under HUD’s RAD program. All, a portion, or none of the two subject properties may be submitted in an application to HUD. Kuhio Homes and Kuhio Park Terrace Low-Rise are currently being reviewed and analyzed to evaluate their feasibility for RAD conversion. A Letter of Interest under the RAD program was submitted to HUD in June 2017 for Mayor Wright Homes, Kuhio Homes and Kuhio Park Terrace. Applications were submitted to HUD on September 4, 2018 for participation in the RAD program in coordination with the HPHA’s redevelopment partners. A more detailed description of the proposed conversion is included at Attachment C: Rental Assistance Demonstration Conversion.

**Occupancy by Over-Income Families**

HPHA will modify its over-income tenant policy within the ACOP, in accordance with HUD’s September 24, 2018 Notice in the Federal Register, “Housing Opportunity Through Modernization Act of 2016: Final Implementation of Public Housing Income Limit.” Docket No. FR-5976-N-07. When a tenant family’s income at reexamination exceeds the HUD-issued “over-income limits”, the family will be informed that if their income at the next annual reexamination again exceeds the over-income limits, the family will be given the choice of either: 1) Paying the zip code based Fair Market Rent for their public housing unit; or 2) Moving out of their public housing unit in the following six months.

**Non-Smoking Policies**

HPHA plans to update its Hawaii Administrative Rules and relevant Hawaii Revised Statute no-smoking policies to increase smoking distances up to 25 feet away from any public housing and administrative office buildings. This proposed change is to comply with HUD regulations.

**Project-Based Vouchers**

HPHA plans to identify, analyze and evaluate all properties on islands within its existing portfolio for potential sites that might benefit from the use of project-based vouchers in addition to the properties listed below. The agency will also evaluate potential application for participation in the HUD Rental Assistance Demonstration program (RAD).

Should space become available on a RAD waiting list in the future, the HPHA intends to submit a letter of intent for participation for property(ies) where conversion is feasible and in the best interests of the State, the HPHA, and its tenants.

150 Project-based vouchers are part of the Kuhio Park Terrace Towers redevelopment, and the HPHA may consider adding additional Project-based vouchers for the Mayor Wright redevelopment and Kuhio Homes and Kuhio Park Terrace Low-Rise redevelopment. (HPHA is seeking additional replacement housing vouchers for public housing units that will be temporarily removed from inventory while the Kuhio Homes and Kuhio Park Terrace Low-Rise are redeveloped. Those units will be restored in future phases when redevelopment has been completed.)
305 units at Palolo Homes I and II: The Palolo Homes I and II site-based waiting list was closed by the Section 8 Branch in 2015, except for 4 bedroom units. The list was reopened on November 3-5, 2016. The waiting list will be reopened as needed. The HPHA will provide adequate public notice prior to reopening the waiting list.

Consistent with the HPHA’s efforts to sustain and increase the availability of decent, safe, and affordable housing, the HPHA plans to continue its utilization of rent subsidy vouchers through the Federal Project-Based Certificate/Voucher Program. The HPHA will earmark up to the maximum allowable vouchers as specified in 24 CFR 983 and will utilize projects based on the counties of Oahu, Kauai, Maui, and Hawaii in accordance with program guidelines and objectives.

To maximize utilization and to encourage tenant development, HPHA applied for and received HUD approval on August 8, 2001, to exceed the 25 percent cap for dwelling units in any building to be assisted under a housing assistance payment (HAP) by requiring owners to offer supportive services. To minimize the loss of existing housing inventories, HPHA applied for and received HUD approval on October 4, 2001 to attach Project Based Assistance to State-owned public housing projects in areas, which exceed the 20 percent poverty rate limitation.

The HPHA is currently working on a mixed finance redevelopment of its School Street Administrative Offices. The current proposed project is contemplating the use of various forms of financing. The HPHA acknowledges that the proposed project may change over time and as such, the HPHA is providing notices of the potential for this public-private mixed-finance redevelopment to consider the use of various subsidies, including all eligible forms of federal funding sources that the project qualifies for such as project based vouchers, low income housing tax credits, and public housing subsidies.

Units with Approved Vacancies for Modernization.

The HPHA continues to consider different ways to decrease unit turnaround time, improve occupancy, increase staff efficiencies. HPHA plans to permanently implement a multi-skilled worker program and establish a qualified force account to perform capital repairs on vacant units. By establishing a force account, HPHA will have more flexibility and the ability to utilize its skilled labor and resources more efficiently.

Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

The HPHA will continue to review and determine the appropriateness of submitting competitive grant applications for other capital grant programs. If a grant is determined to be appropriate and a suitable target site can be identified, the HPHA plans to apply for grant programs for community facilities, emergency safety and security grants, HazMat testing and abatement grants, etc. The HPHA’s AMPs on the Leeward Coast, Windward Oahu, Central Oahu, Honolulu, and Maui are potential sites for emergency safety and security grants. AMPs on Honolulu and Hawaii are potential sites for grants for community facilities.

B.3 Civil Rights Certification.

Form HUD-50077, PHA Certifications of Compliance with the PHA Plans and Related Regulations, must be submitted by the PHA as an electronic attachment to the PHA Plan.

B.4 Most Recent Fiscal Year Audit.

(a) Were there any findings in the most recent FY Audit?

Y N ☒

(b) If yes, please describe:

- No findings were reported in FY17
B.5 Progress Report.

Provide a description of the PHA’s progress in meeting its Mission and Goals described in the PHA 5-Year and Annual Plan.

A. Expand the supply of assisted housing:

- HPHA applied for and was awarded additional VASH vouchers.
- The occupancy rate continued to fluctuate during FY 2017. HPHA’s Multi-Skilled Worker (MSW) team expedited repairs on over 40 vacant units and interviews were held to place throughout 2017. As of June 30, 2017, the HPHA’s adjusted occupancy rate was 98.0%, while the unadjusted rate was 94.4%.
- HPHA continues to work with its consultant and development partners to pursue development at targeted properties including AMP 32 Mayor Wright Homes. HPHA continues to consider additional redevelopment options.
- HPHA continues to assess the feasibility of acquiring or developing more properties to create additional housing opportunities on all islands.
- HPHA continues to work with its consultant and development partners to pursue inclusion in Rental Assistance Demonstration (RAD) for select public housing properties to convert to the housing choice voucher program.
- HPHA applied for and was awarded 35 additional VASH vouchers during the previous fiscal year.
- HPHA selected a master developer for Mayor Wright Homes. The HPHA, its consultant, and development partners continue to assess and pursue various TOD and non-TOD the mixed income/mixed use/mixed finance/project based and higher density redevelopment projects, such as Mayor Wright Homes and other HPHA public housing properties, and create public/private partnerships by utilizing various HUD programs including but not limited to Rental Assistance Demonstration and Choice Neighborhood Initiative (CNI), and will utilize various financing tools including but not limited to federal grants, state appropriations and low-income housing tax credits to rehabilitate and redevelop federal and state low-income housing and other properties.
- HPHA has assessed the need to establish policies to minimize the number of over-income families in public housing, including possible termination of tenancy for such families. There are currently only two AMPs where the minimum income falls below the 85% level.
- HPHA continues to analyze the need to establish policies to minimize the number of over-income families in public housing.

B. Improve the quality of assisted housing:

1. Improve public housing management: (PHAS score)
   - HPHA is currently a standard performer. HUD REAC inspections for this fiscal period are ongoing and HPHA has achieved a number of scores for various properties in the 80s and 90s. The highest score received as of June 30, 2017, was 93 points.
   - PHAS Financial Condition – Maintain rent collection rate of 97% or better at all properties. This was achieved as the HPHA’s average rent collection rate was 98.0% as of June 30, 2017.
   - HPHA staff is utilizing mobile electronic technology (e.g., tablets and smart phones) to conduct pre-inspections for REAC inspections. Management staff is expected to transition to web based and mobile technology within their AMPs once the HPHA has established procedures and procured the necessary equipment to properly implement this task.
   - HPHA implemented new procedures whereby the Hearings Office tracks rent collections in order to assist AMPs early in the delinquency process. HPHA will continue its efforts to improve the tenant collection system.
   - HPHA maintains agreements with DHS to access and verify welfare information maintained by DHS to reduce incidence of fraud.
   - In determining income from assets for purposes of eligibility and subsidy determination in the Public Housing program and the Housing Choice Voucher program, update the policy determining the value of a checking account to be consistent with the policy determining the value of a savings account, by using the current balance, or average monthly balance for the last six months, to reduce administrative burden and excessive paperwork and added expense for the applicant. Public hearing was held on November 30, 2016 at 6pm. Rule changes are being drafted.
HPHA is drafting policy updates related to policies requiring occupants to establish legal residency in the United States to receive subsidy for an additional bedroom in the Section 8 program.

HPHA established a multi-skilled worker program to promptly repair and maintain units that become vacant on a regular basis for faster and more efficient turnover of units, including establishment of a highly skilled force account for capital repairs. HPHA successfully lobbied and received from the state Legislature 29 new positions. HPHA will continue to negotiate with the UPW and request positions from the state Legislature for the establishment of a permanent program.

2. Improve voucher management: (SEMAP score)
   - HPHA was designated a High Performer.
   - HPHA is currently exceeding 98% of budget utilization.
   - HPHA contracted with the City & County of Honolulu to conduct landlord outreach to assist in identifying available units for lease up.
   - HPHA will absorb veterans that have completed their service plans. There have been approximately 2 families who left the HCV program completely because of their increase in income.
   - HPHA is currently drafting updates to the policy on additions to the household after admission into the Housing Choice Voucher program to deny additions of an additional household consisting of more than one member to the Housing Choice Voucher except by birth, adoption, or court-awarded custody, or marriage, when the addition would increase the subsidy to the family.
   - HPHA is rewriting the payment standard using the small area fair market rent as required by Federal requirements for the Housing Choice Voucher program.

3. Increase customer satisfaction:
   - HPHA has implemented automated applicant waiting list portal and is in the process of bringing an applicant portal on line. The applicant portal will allow applicants to check on their applications and update information directly to their electronic application.
   - HPHA has implemented face-to-face meetings with tenants who will be terminated from the HCV program to ensure appropriate communication.

4. Concentrate on efforts to improve specific management functions:
   - HPHA continues to revise and implement plans to have Tenant Monitors or other resident participation programs to address issues when managers are not available.

5. Continue to renovate or modernize public housing units with priority to health, safety, accessibility, end of useful life and energy conservation.
   - HPHA is undergoing a systematic assessment and upgrade of all major building systems for its high-rises, including elevators, fire prevention systems, call-for-aid systems, and fire pumps.
   - HPHA is conducting a thorough testing of all projects built before 1978 utilizing the XFR testing method and additional full Lead Risk Assessment where there is positive results for Lead Based Paint and will develop a plan to eventually remove all lead based paint from all its properties.

6. Demolish or dispose of obsolete public housing and provide replacement housing.
   - HPHA continues to work on issues surrounding the establishment of the Faircloth Limit. Once those issues are resolved, the HPHA will assess the need to demolish or dispose of obsolete public housing and provide replacement housing.

C. Increase assisted housing choices:
   - HPHA’s voucher payment standard was increased to 110% to provide for increased flexibility in a tight housing market.
   - Under the voucher homeownership program, the HPHA added three new families to the Housing Choice Voucher Homeownership program last fiscal year.
   - HPHA will continue to consider the establishment/implementation of designated elderly only housing.

D. Provide an improved living environment:
- HPHA implements measures to de-concentrate poverty by bringing higher income public housing households into lower income developments. Currently, there are only two elderly AMPs where incomes fall below the 85% mark.
- HPHA continues to implement public housing security improvements, such as increased lighting, video surveillance, resident identification cards, utilizing after hour quiet time, tenant participation with Resident Associations, and crime prevention through environmental design features.
- HPHA continues to pursue statutory authority to adopt rules to provide greater security for tenants and staff, including no trespassing 24 hours a day at some or all of the HPHA properties.
- Adopt rules to efficiently remove abandoned property from HPHA units to provide quicker turnaround of units.

E. **Promote self-sufficiency and asset development of assisted households:**

- HPHA conducts a job fair every year and participates as a vendor in other local job fairs such as Workforce Job Fair 2017, and posts notices at each of our projects (AMPs) inviting tenant attendance and participation.
- HPHA has engaged in individual counseling, assistance and mentoring in-house and encourages volunteers to work in any branch of our main office, to enable them obtain skills and experience to enhance employability. Our recently recruited resident services specialists will advance and expand this effort to secure outside service providers.
- HPHA continues to seek out programs and service providers to partner with. Further, we are involved in an initiative from Washington, DC to provide more caseworkers for the elderly and disabled, and have recently recruited new resident services specialists to advance this effort.
- HPHA has a Tenant Aide program for residents to be hired on a part-time basis for up to 19-hours compensation, to gain experience and upward mobility, as has happened successfully in the past. However, residents need to be willing to take the opportunity to apply.
- Improve Section 3 plan to expand resident employment opportunities.
- HPHA continue to recruit residents to Section 3 which includes the Tenant Aide Program for upward mobility, and be able to assist the properties in maintenance and administrative duties. The HPHA is working on a Section 3 business registry. In FY17 the HPHA made 20 Section 3 related employee hires.

F. **Ensure equal opportunity and affirmatively further fair housing:**

- Affirmative measures taken to ensure access to assisted housing includes intensive employee training, self-monitoring for quality assurance and progressively accomplishing the goals identified by the Analysis of Impediments to Fair Housing Choice. The HPHA is committed to planned affirmative measures to ensure access to assisted housing regardless of race, color, religion, national origin, sexual orientation, gender identity, marital status, familial status, and disability.
- HPHA continues its on-going efforts to educate and provide information to the general population and to landlords.
- HPHA is conducting on-going training to educate staff.
- Implementation of Section 504 and ADA transition plans for HPHA properties are continuous and consistent.
- Maintain the Limited English Proficiency (LEP) Provide training to non-English speaking and/or Limited English Proficiency speaking groups with an interpreter available on federal and state fair housing laws. HPHA continues to provide LEP individuals with free interpretation and translation services.
- HPHA continues to review policies to ensure compliance with HUD’s equal access rule.

G. **Improve the housing delivery system through cost-effective management of federal government programs and resources:**

- HPHA implements project based budgeting, project based accounting and management for federal public housing as required under Asset Management.
- HPHA has made significant progress in the timely evictions for non-payment of rent and timely write off of uncollectable accounts. The HPHA worked with the Department of the Attorney General to streamline the procedures for write off of bad debt.
- HPHA continues to require that all appliance purchases and capital repairs utilize energy star fixtures and implement energy saving features where possible.
• HPHA continues to automate major operation components of the PHA computer software such as work order processing and tracking, materials, inventory, and fixed assets to improve the efficiency and accuracy of financial accounting and reporting.

• HPHA continues to upgrade computers, servers and devices with newer models to provide faster response time for users, and standardize all versions of business and office software. This upgrade simultaneously provides more efficient use of electricity (for hardware), and provides better security from malicious software via updated firmware.

• HPHA continues its research and analysis of various content management systems for more efficient retrieval of documents stored electronically on the HPHA network.

• HPHA continuously and successfully expands the use of video conferencing technology to further better communication between all HPHA properties on all islands.

• HPHA continually strives to implement virtualization of automated services to decrease our carbon imprint and effectively minimize costs, and concurrently increase efficiency. Hosting remote access and web applications are regularly sought and analyzed to provide the best ROI to HPHA support systems.

• HPHA continues to grow its workflow automation with the implementation of web applications and digital signatures to provide a more consistent, speedier and environmentally friendlier processing of business operations.

• HPHA implemented Hawaii Administrative Rule (HAR) revisions to prohibit smoking in public housing, and provide tenants with revised lease addenda outlining enforcement strategies for the “No Smoking” policy.

• Significant improvements have been made to strengthen internal controls, as results, quality of data integrity is increased, Comprehensive Annual Financial Reports (CAFR) and Financial Data Schedule (FDS) are generated in-house, audit findings decreased from 4 for FY14 to 2 for FY15, and to one finding in FY16. Pending results from the auditors, the HPHA anticipates only one finding for FY 2016-2017.

• Per HUD notice PIH 2017-24 (HA), the HPHA has had third-party agreements for the use of cell phones towers.

• HPHA is actively exploring and moving toward a paperless environment.

H. Evaluate the current administration of HPHA’s Section 8 Housing Choice Voucher Program (Due to the recent change in funding levels for the Section 8 HCV Program by HUD, HPHA will be exploring options to maximize the number of voucher participants within the current HUD funding level):

• The HPHA continues its efforts to increase the current number of active vouchers by leveraging HPHA’s “High Performer” status to participate in any current or future HUD programs and/or create and implement new programs in conjunction with the local HUD office.

• HPHA closed the Palolo Project Based Voucher wait list except for four bedroom units.

• HPHA’s reopened the regular HCV waiting list in August 2016 for a limited time.

B.6 Resident Advisory Board (RAB) Comments.

(a) Did the RAB(s) provide comments to the PHA Plan?

☐ Y ☐ N

(b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations. See Attachment B: RAB Recommendations

B.7 Certification by State or Local Officials.

Form HUD 50077-SL, Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan, must be submitted by the PHA as an electronic attachment to the PHA Plan.
B.8 Troubled PHA.
(a) Does the PHA have any current Memorandum of Agreement, Performance Improvement Plan, or Recovery Plan in place?
Y    N   N/A
☐ ☐ ☒
(b) If yes, please describe:

C. Statement of Capital Improvements. Required for all PHAs completing this form that administer public housing and receive funding from the Capital Fund Program (CFP).

C.1 Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan (HUD-50075.2) and the date that it was approved by HUD. The most recent Capital Fund Plan was approved with the HPHA PHA Plan on June 21, 2017.
Instructions for Preparation of Form HUD-50075-ST
Annual PHA Plan for Standard and Troubled PHAs

A. PHA Information. All PHAs must complete this section.

A.1 Include the full PHA Name, PHA Code, PHA Type, PHA Fiscal Year Beginning (MM/YYYY), PHA Inventory, Number of Public Housing Units and or Housing Choice Vouchers (HCVs), PHA Plan Submission Type, and the Availability of Information, specific location(s) of all information relevant to the public hearing and proposed PHA Plan. (24 CFR §903.23(4)(e))

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. (24 CFR §943.128(a))

B. Annual Plan. All PHAs must complete this section.

B.1 Revision of PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the “yes” box. If an element has not been revised, mark “no.” (24 CFR §903.7)

☐ Statement of Housing Needs and Strategy for Addressing Housing Needs. Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA’s strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income), (ii) elderly families and families with disabilities, and (iii) households of various races and ethnic groups residing in the jurisdiction or on the waiting list based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The statement must also provide development-by-development or jurisdiction wide-basis: (i) A description of the need for measures to ensure the safety of public housing; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities. (24 CFR §903.7(m))

B.2 Deconcentration Policy. PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see 24 CFR §903.2 (24 CFR §903.7(b)) Describe the PHA’s admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA’s policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements. (24 CFR §903.7(b)) Describe the PHA’s procedures for maintain waiting lists for admission to public housing and address any site-based waiting lists. (24 CFR §903.7(b)). A statement of the PHA’s policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. (24 CFR §903.7(b)) Describe the unit assignment policies for public housing. (24 CFR §903.7(b))

☐ Financial Resources. A statement of financial resources, including a listing by general categories, of the PHA’s anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. (24 CFR §903.7(c))

☐ Rent Determination. A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. (24 CFR §903.7(d))

☐ Operation and Management. A statement of the rules, standards, and policies of the PHA governing maintenance and management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA. (24 CFR §903.7(e))

☐ Grievance Procedures. A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants. (24 CFR §903.7(f))

☐ Homeownership Programs. A description of any Section 5h, Section 32, Section 8y, or HOPE I public housing or Housing Choice Voucher (HCV) homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. (24 CFR §903.7(k))

☐ Community Service and Self Sufficiency Programs. Describe how the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. (24 CFR §903.7(l)). A description of: 1) Any programs relating to services and amenities provided or offered to assisted families; and 2) Any policies and procedures of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS. (24 CFR §903.7(l))

☐ Safety and Crime Prevention. Describe the PHA’s plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must provide development-by-development or jurisdiction wide-basis: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities. (24 CFR §903.7(m)). A description of: 1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; 2) Any activities, services, or programs provided or offered by a PHA that helpschild and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and 3) Any activities, services, or programs...
provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families. 

**Pet Policy.** Describe the PHA’s policies and requirements pertaining to the ownership of pets in public housing. 

**Asset Management.** State how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.

**Substantial Deviation.** PHA must provide its criteria for determining a “substantial deviation” to its 5-Year Plan.

**Significant Amendment/Modification.** PHA must provide its criteria for determining a “Significant Amendment or Modification” to its 5-Year and Annual Plan. Should the PHA fail to define ‘significant amendment/modification’, HUD will consider the following to be ‘significant amendments or modifications’: a) changes to rent or rental admissions policies or organization of the waiting list; b) additions of non-emergency CFP work items (items not included in the current CFP Annual Statement or CFP 5-Year Action Plan) or change in use of replacement reserve funds under the Capital Fund; or c) any change with regard to demolition or disposition, designation, homeownership programs or conversion activities. See guidance on HUD’s website: Notice PHA 1999-51.

If any boxes are marked “yes”, describe the revision(s) to those element(s) in the space provided.

### B.2 New Activities

If the PHA does not plan to undertake these activities, mark “no.”

#### **Hope VI or Choice Neighborhoods.**

1. A description of any housing (including project number (if known) and unit count) for which the PHA will apply for Hope VI or Choice Neighborhoods; and
2. A timetable for the submission of applications or proposals. The application and approval process for Hope VI or Choice Neighborhoods is a separate process. See guidance on HUD’s website at: [http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm](http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm), (Notice PHA 2010-30)

#### **Mixed Finance Modernization or Development.**

1. A description of any housing (including project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and

#### **Demolition and/or Disposition.**

Describe any public housing projects owned by the PHA and subject to ACCs (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and (2) A timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed as described in the PHA’s last Annual and/or 5-Year PHA Plan submission. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD’s website at: [http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm](http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm), (Notice PHA 2010-30)

#### **Designated Housing for Elderly and Disabled Families.**

Describe any public housing projects owned, assisted or operated by the PHA (or portions thereof), in the upcoming fiscal year, that the PHA has continually operated as, has designated, or will apply for designation for occupancy by elderly and/or disabled families only. Include the following information: 1) development name and number; 2) designation type; 3) application status; 4) date the designation was approved, submitted, or planned for submission, and; 5) the number of units affected. **Note:** The application and approval process for such designations is separate from the PHA Plan process, and PHA Plan approval does not constitute HUD approval of any designation. 

#### **Conversion of Public Housing.**

Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD’s website at: [http://www.hud.gov/offices/pih/centers/sac/conversion.cfm](http://www.hud.gov/offices/pih/centers/sac/conversion.cfm), (24 CFR §903.7(b))

#### **Conversion of Public Housing.**

Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA plans to voluntarily convert to project-based assistance under RAD. See additional guidance on HUD’s website at: Notice PHA 2012-32

#### **Occupancy by Over-Income Families.**

A PHA that owns or operates fewer than two hundred fifty (250) public housing units, may lease a unit in a public housing development to an over-income family (a family whose annual income exceeds the limit for a low income family at the time of initial occupancy), if all the following conditions are satisfied: (1) There are no eligible low income families on the PHA waiting list or applying for public housing assistance when the unit is leased to an over-income family; (2) The PHA has publicized availability of the unit for rental to eligible low income families, including publishing public notice of such availability in a newspaper of general circulation in the jurisdiction at least thirty days before offering the unit to an over-income family; (3) The over-income family rents the unit on a month-to-month basis for a rent that is not less than the PHA’s cost to operate the unit; (4) The lease to the over-income family provides that the family agrees to vacate the unit when needed for rental to an eligible family; and (5) The PHA must provide its criteria for determining a “substantial deviation” to its 5-Year Plan. Should the PHA fail to define ‘substantial amendment/modification’, HUD will consider the following to be ‘substantial amendments or modifications’: a) changes to rent or rental admissions policies or organization of the waiting list; b) additions of non-emergency CFP work items (items not included in the current CFP Annual Statement or CFP 5-Year Action Plan) or change in use of replacement reserve funds under the Capital Fund; or c) any change with regard to demolition or disposition, designation, homeownership programs or conversion activities. See guidance on HUD’s website: Notice PHA 1999-51.

#### **Occupancy by Police Officers.**

The PHA may allow police officers who would not otherwise be eligible for occupancy in public housing, to reside in a public housing development to an over-income family (a family whose annual income exceeds the limit for a low income family at the time of initial occupancy), if all the following conditions are satisfied: (1) There are no eligible low income families on the PHA waiting list or applying for public housing assistance when the unit is leased to an over-income family; (2) The PHA has publicized availability of the unit for rental to eligible low income families, including publishing public notice of such availability in a newspaper of general circulation in the jurisdiction at least thirty days before offering the unit to an over-income family; (3) The over-income family rents the unit on a month-to-month basis for a rent that is not less than the PHA’s cost to operate the unit; (4) The lease to the over-income family provides that the family agrees to vacate the unit when needed for rental to an eligible family; and (5) The PHA must provide its criteria for determining a “substantial deviation” to its 5-Year Plan. Should the PHA fail to define ‘substantial amendment/modification’, HUD will consider the following to be ‘substantial amendments or modifications’: a) changes to rent or rental admissions policies or organization of the waiting list; b) additions of non-emergency CFP work items (items not included in the current CFP Annual Statement or CFP 5-Year Action Plan) or change in use of replacement reserve funds under the Capital Fund; or c) any change with regard to demolition or disposition, designation, homeownership programs or conversion activities. See guidance on HUD’s website: Notice PHA 1999-51.
B.4 Most Recent Fiscal Year Audit. If the results of the most recent fiscal year audit for the PHA included any findings, mark “yes” and describe those findings in the space provided. (24 CFR §903.7(o))

B.5 Progress Report. For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA’s progress in meeting the mission and goals described in the 5-Year PHA Plan. (24 CFR §903.7(r)(1))

B.6 Resident Advisory Board (RAB) comments. If the RAB provided comments to the annual plan, mark “yes,” submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA’s decision made on these recommendations. (24 CFR §903.13(c), 24 CFR §903.19)

B.7 Certification by State of Local Officials. Form HUD-50077-SL, Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan, must be submitted by the PHA as an electronic attachment to the PHA Plan. (24 CFR §903.15). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.

B.8 Troubled PHA. If the PHA is designated troubled, and has a current MOA, improvement plan, or recovery plan in place, mark “yes,” and describe that plan. If the PHA is troubled, but does not have any of these items, mark “no.” If the PHA is not troubled, mark “N/A.” (24 CFR §903.9)

C. Statement of Capital Improvements. PHAs that receive funding from the Capital Fund Program (CFP) must complete this section. (24 CFR 903.7 (g))

C.1 Capital Improvements. In order to comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan. PHAs can reference the form by including the following language in Section C. 8.0 of the PHA Plan Template: “See HUD Form- 50075.2 approved by HUD on XX/XX/XXXX:”

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan.

Public reporting burden for this information collection is estimated to average 9.2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.