

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
January 18, 2007
1:30 p.m.
1002 N. School Street, Bldg. L
Honolulu, Hawaii 96817**

AGENDA

I. CALL TO ORDER / ROLL CALL

II. APPROVAL OF MINUTES

- A. Regular Meeting December 21, 2006
- B. Executive Session Meeting, November 16, 2006
- C. Executive Session Meeting, December 21, 2006

III. DISCUSSION AND/OR DECISION MAKING

- A. Approval of the Revisions to Chapters 7, 10, and 11 of the Section 8 Housing Choice Voucher (HCV) Program Administrative Plan.
- B. Discussion on Preferences for the Federally-Assisted Housing Projects.
- C. Status of the Executive Director Search.

IV. FOR INFORMATION

- A. Status Report on Banyan Street Manor Repairs.
- B. Crime and Safety Report from the Resident Advisory Board (RAB).

V. REPORT OF THE EXECUTIVE DIRECTOR

Program/Project Updates.

VI. EXECUTIVE SESSION

- A. Discussion of personnel matters, pursuant to Section 92-5(a)(2), Hawaii Revised Statutes, as it relates to the hire and evaluation of named candidates for the Executive Director position.
- B. Discussion of the Board's powers, duties, privileges, immunities, and/or liabilities, pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, as it relates to Palolo Valley Homes.

The Board of Directors of the Hawaii Public Housing Authority anticipates convening in executive session, pursuant to Sections 92-5(a)(2) and 92-5(a)(4), Hawaii Revised Statutes, to consult with the Board's attorney on questions and issues pertaining to personnel matters and the Board's powers, duties, privileges, immunities, and/or liabilities as it relates to the foregoing matters.

VII. ANNOUNCEMENTS

VIII. ADJOURNMENT

If any person requires special needs (i.e. large print, taped materials, sign language interpreter, etc.), please call the Secretary to the Board at (808) 832-3818 by close of business two days prior to meeting date.

HAWAII PUBLIC HOUSING AUTHORITY

MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BLDG. L
ON THURSDAY, DECEMBER 21, 2006,
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority met for their Regular Meeting at 1002 N. School Street, on Thursday, December 21, 2006 at 9:02 a.m.

The meeting was called to order by the Chairman Charles Sted and, on roll call, those present and absent were as follows:

CALL TO
ORDER/
ROLL CALL

PRESENT: Director Charles A. Sted, Chairman
Director Eric Beaver
Director Clarissa Hosino
Director Carol Ignacio
Director Linda Smith
Director Travis O. Thompson
Director Matilda Yoshioka
Designee Joseph DePonio

Pamela Dodson, Executive Assistant

STAFF PRESENT: Deputy Attorney General, Margaret Leong
Barbara Arashiro, Acting Procurement Officer
Shirley Befitel, Special Assistant, Personnel
Dexter Ching, Public Housing Supervisor, Section 8
Lili Funakoshi, Hearings Officer
Michael Hee, Contracts Administration Section Chief
Norman Ho, Property Mgt. & Maint. Svcs. Branch Chief
Glori Inafuku, Acting Compliance Officer
Sandra Miyoshi, Homeless Prog. Branch Administrator
Edmund Morimoto, Construction Mgmt. Section Chief
Gary Nakatsu, Data Processing System Analyst
Dionicia Piihia, Clerk Typist/OED
Allan Sagayaga, Program Specialist & Tenant Services

OTHERS: Wendy Tomita, Recorder
Nhi Tran, Legal Aid

Chairman Sted declared a quorum present, and welcomed everyone.

QUORUM

Director Beaver moved, seconded by Director Ignacio

That the minutes of the Regular Meeting held on
November 16, 2006 be approved as circulated.

APPROVAL
OF MINUTES
REGULAR
MEETING
11/16/2006

The motion was unanimously carried.

The Chair asked for an update from the taskforce group for the executive director (ED) search.

STATUS OF THE
EXECUTIVE
DIRECTOR
SEARCH

Director Smith stated that she will be contacting people who may be interested. She contacted Mr. Michael Flores of the U.S. Department of Housing and Urban Development (HUD) to find out about the request for technical assistance. Mr. Flores said that the request is being forwarded to Washington D.C. HUD asked for somebody who would come on a 120 day assignment. The other track being followed is to find someone who, although not willing to commit to become the

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ED, would be willing to take a temporary appointment for 89 days.

Director Thompson wants to know the status of the applicant from the Dakotas. Director Beaver will follow up with Designee Oliva. Director Beaver suggested that a deadline be set in the process of hiring for the ED position. The Chair suggested a March 31, 2007 deadline to have a person identified, hired or a decision made. Director Beaver also suggested that the Board submit names for the committee to follow up.

Director Yoshioka suggested re-advertising the position. Another suggestion is to do a continuous recruitment through the State website. The Chair also suggested that each Board member review their contacts and give the names to Director Beaver by December 31, 2006.

Director Smith said that the candidates should be informed that the salary is \$79,000 and that there is proposed legislation to increase it. The Directors suggested talking to members of the legislature to let them know this proposal is part of the Governor's package. The Chair volunteered to work on organizing that effort.

The Chair asked how the advertisement (AD) will be placed for the ED position. Director Beaver suggested the AD run for one week, break for two then run for another week in the Advertiser and Star Bulletin newspapers. The Chair asked if there is a date by which the resumes have to be submitted.

Ms. Shirley Befitel, Special Assistant, responded that the agency usually allows ten days. She added that placing ADs in the Advertiser is costly and that we usually go through Star Bulletin, another option is the agency's website. The Chair stated that the Board would like to get the broadest coverage possible, understanding that there will be costs associated with that. Ms. Befitel will check on placing ADs in national housing publications, such as the National Association of Housing and Redevelopment Officials (NAHRO) and the Public Housing Authorities Director's Association (PHADA). Director Smith also suggested the Pacific Business News.

Director Thompson recommended placing an AD in various newspapers, giving applicants ten days to respond. After the committee reviews those applicants, they can decide if there should be another AD in a week or so. He feels that placing an AD once a month should be the maximum. The Chair agreed.

Ms. Befitel suggested advertising after the holidays. The Chair mentioned that the Board wants to have the ED identified by March 31, 2007 and either on board by then or very shortly thereafter. Director Beaver suggested at least an AD over the weekend, because Saturday and Sunday is a good time for people to read the paper. The Chair suggested advertising this weekend or the next weekend. Ms. Befitel will place ADs in both The Advertiser and Star Bulletin and will also put it on the agency website. Director Beaver suggested leaving the AD on the website.

Director Thompson wanted to clarify that we do not pay for relocation costs and for interview costs if the person is not from Oahu. Ms. Befitel said there's no relocation expense and if they have to travel here for interviews, it's at their own expense. The Chair asked what if a member of the community, in a gesture of goodwill, wanted to fund something like that on behalf of the State.

Deputy Attorney General Margaret Leong will get back to the Board on that and will e-mail the Chair. Director Thompson also asked Ms. Leong to check if someone could contribute to a person's relocation expenses.

The Chair moved to the next item, For Information on the status report on Banyan Street Manor Real Estate Assessment Center (REAC) physical inspection. Ms. Dodson introduced Michael Hee, Contracts Administration Section Chief, who gave the facts listed in the For Information. Mr. Hee reported that on September 20, 2006 the Hawaii Public Housing Authority (HPHA) requested a technical

STATUS REPORT
ON BANYAN
STREET
MANOR REAL
ESTATE

review of HUD's findings but was informed that HUD was going to let the inspection stand. After discussing the findings, the corrective action is to conduct the repairs and wait for the second inspection. There are no penalties but HPHA is under a watch. HPHA failed the inspection of vacant units because there was no electricity in the units. In the future if there are vacant units, the electricity will be turned on. HUD has not scheduled a follow up inspection but repairs are being worked on.

Director Ignacio asked if there is a way to be prepared before the inspections are made. Mr. Hee said that the inspection protocol will be working on that and the manager will follow up with spot inspections to make sure we are in compliance.

Director Ignacio commented that she reviewed the HPHA property management contracts and requests for proposals (RFP). In the scope of services, all minor and major repairs need to be done in a timely fashion. She asked why the minor repairs that we were dinged for not handled in a timely fashion.

Mr. Hee explained that many minor repairs are within the occupied units. HPHA or the management agent conducts an annual unit inspection once a year. Managers are not aware of repairs if the tenants do not report the problems. When scheduling annual inspections, work orders are generated to complete the repairs. When the REAC comes, they give you three weeks notice and you can't inspect units in three weeks and expect to have all work orders completed.

Director Ignacio stated that she gets different responses from tenants and wants to know where is the communication being held up and wants that to be worked on. Mr. Hee said that when the maintenance person is working one job, tenants approach them and wants them to fix something in their unit. The maintenance person tells them to call the office to generate a work order but some tenants have the attitude that the maintenance person should be writing these things down.

Director Smith asked if Banyan Street Manor is a project that is under contract or one that we take care of in-house. Mr. Hee said that the contract is with Urban Real Estate. Director Smith asked if the score of 50 is final. Mr. Hee stated that if we pass the second inspection then we're not under any possible sanctions, but is unsure if the score will change.

Director Smith suggested looking into a pest control contract for our buildings because of the termite issue. Mr. Hee said that it would be by the project and that it needs to be in the contract as part of the scope of work. Director Smith suggested to looking into that.

Director Yoshioka asked if HUD sets an inspection deadline whenever you don't pass the score. Mr. Hee explained that HUD gives us three weeks notice before they come to inspect. Director Yoshioka asked if the repairs can be done in three weeks. The managing agent told Mr. Hee that they found a carpenter that is willing to come out and give them a quote. Ms. Dodson added that we will get a time line for the repairs.

Director Beaver commented that management's responsibility is to come up with a plan. He asked if the Board can require management to give a deadline on when the repairs are going to be done, how are we to hold the people and the system accountable, and what are the mechanics we need to go through to see that that happens.

The Chair stated that the Board will address all these comments and focus on the process and the Board's role in particular. Later on in the meeting we want to have a discussion about listing the top ten or so priorities that the Board wants to work on, and to declare that the Board cares about accountability for getting things done, for example, the enforcement of performance under management contracts. And how are we going to organize ourselves and what are we going to require of the staff. It's natural for the Board to get more involved at a detailed level, and as the management staff become effective, to then take a more customary Board role of

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oversight and setting policy. The situation the organization is in now, we all agree requires a more interventional Board.

Director Smith asked if we ever entered into contracts that provide both incentives for maintaining a building in a certain condition, or sanctions if they fail. Mr. Hee said there were some previous contracts that went through that process about paying on a percentage basis on the management fee. The problem for public housing was the income is so low you can't do a dollar per unit. We looked at all the kinds of incentives, especially collecting rent.

Director Ignacio wants the Directors to know that the amount of money paid in the property management contracts for positions are quite generous. When looking at the numbers per unit, they're not understaffed.

Director Beaver asked Mr. Hee what can be done to get the Banyan Street Manor fixed up in a timely fashion, set a date and talk with Urban Real Estate to follow up on what's going on with the carpentry and get a timeframe on when this is going to be repaired. Also if the managing agent is out of line with their contract, the Board needs to know. It would be good to have little more detailed information in these Board reports.

Director Smith acknowledged and commended staff's effort for trying to work with HUD to review the score.

Ms. Dodson asked if the Board wants this item on the agenda for the next meeting as well. The Chair said yes and Director Smith requested that Wilikina also be discussed next month.

The Chair introduced the next item to be discussed and then called a recess at 10:05 a.m. and the meeting reconvened at 10:15 a.m.

RECESS

Ms. Dodson introduced Mr. Allan Sagayaga, Program Specialist & Tenant Services. Mr. Sagayaga presented a PowerPoint on the Community Service Requirements for Federal Public Housing Residents and briefed the Board about the community service program.

COMMUNITY
SERVICE RE-
QUIREMENTS
FOR FEDERAL
PUBLIC
HOUSING
RESIDENTS

Director Ignacio said that as a public housing authority, our spirit should be to encourage people to work, and if they're not working in the program, then they're working under one of the exemptions.

Ms. Dodson explained that the program is not part of the Public Housing Assessment System (PHAS) scoring. The program was started in 1998, but it was not implemented until 2003.

Director Hosino stated that many residents do not mind doing the community service, but they do not have the means of transportation and prefer to do community service at their location. She added that it doesn't really matter where they do their community service as long as they do it. Director Beaver agreed and stated that we would prefer to have them do it right in their own community.

Ms. Dodson said tenants do community service within their own housing sites such as community watch or cutting hedges, but the private management companies have an issue about liability

Director Beaver added that if it's a federal mandate, it could be addressed in the contract with the property manager or with an indemnification.

The Chair requested that at the next meeting staff report back on what, if any, are the sanctions if HPHA does not comply with the community service requirement.

Director Ignacio stated that, as it relates to the self-sufficiency programs, it needs to

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be a policy or guiding principle, that this volunteerism or giving back should be something that we promote as a spirit of doing and not just look at it in terms of PHAS scores. This is an opportunity for people to keep their complexes beautiful and give back to the community. Although scores are important, she encourages this because we will keep failing if we don't add this other dimension. The Chair agreed and said that we've got to change the approach, the tone and the philosophy.

Director Yoshioka added that residents should be encouraged to first do their community service on property. That would give them a sense of pride in their residence and where they live.

Director Beaver also suggested getting programs together to help each project, whether it's raking leaves, repairing the termite eaten doorjamb or whatever it might be. He strongly encouraged and supports the development of that sort of program that focuses on the projects.

Director Thompson moved, seconded by Director Beaver

That the Board move into Executive Session at 10:50 a.m.

The motion was unanimously carried.

* * * * *

The Board came out of Executive Session at 11:15 a.m. and the Chair called for a recess at that time. The meeting reconvened at 11:23 a.m.

EXECUTIVE SESSION

RECESS RECONVENED

Ms. Dodson introduced Dexter Ching, Chief of the Section 8 Subsidy Programs Branch. Mr. Ching reported that at the end of November the program's budget was almost 100 percent utilized for the calendar year. For this fiscal year, we are at 101 percent of our moneys and will be utilizing the 2005 money that was not spent to cover. He's not sure what the budget will be for the calendar year 2007 because we do not know what formula HUD will be using.

REPORT OF THE EXECUTIVE DIRECTOR

Director Yoshioka asked how many families are on contract. Mr. Ching said that at the end of November there were 1898 families. That number fluctuates between 1890 to a little over 1900 because of the way the families transfer from one unit to another.

Director Smith explained that the news article about Section 8 was not correctly described in the media in terms of what actually happened. But the important thing is we're using all the moneys, because the rents are higher than the national average.

The Chair said that he is going to write a response to the media.

Director Thompson asked if any progress was being made to consolidate the state Section 8 program with the City and County. Ms. Dodson said that this was a consideration in the past, but after many meetings with the City and County, it was mutually decided not to go forward with the consolidation

Mr. Ching reported that another subsidy program is the Rent Supplement which is utilizing approximately 51 percent of the moneys that's been allocated through legislation. Director Smith added that because of the program structure and the law, there is a \$160.00 a month cap and those who qualify must have an adjusted median income up to 50 percent of the State average. She also said that during this legislation to get a structural change to the program to allow more people to qualify and to increase the cap.

Director Thompson asked for clarification of the 14 months waiting period. Mr. Ching explained that once the person gets on the waiting list, it takes about 14

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months to reach the top of the waiting list if they are eligible to receive a voucher. People that qualify for this program need to already be in a rental unit, if not they are deemed ineligible.

Ms. Dodson introduced Sandra Miyoshi, Homeless Programs Branch Administrator. Ms. Miyoshi gave a report on the status of the new shelters that were recently opened and of the grants in aid given through Act 100. She stated that Onelau'ena, located at Kalaeloa, has in excess of 200 residents and the programs are fully in place and functioning. The Waianae Civic Center is on schedule according to the construction people and we are working with the provider agencies to bring them on board. Occupancy at the Lighthouse Outreach Homeless Shelter in Waipahu is now at 99 people every night.

The Chair asked if HPHA own these three facilities. Ms. Miyoshi said that we don't own the Lighthouse Outreach, we provide them funding. HPHA owns the Onelau'ena site.

Director Smith suggested that Ms Miyoshi provided a list of all the emergency and transitional shelters that are state owned facilities that we contract to operate and all of the emergency and transitional shelters that are privately owned and that we provide funding. Ms. Miyoshi will provide a list.

Ms. Dodson introduced Mr. Norman Ho, Property Management and Maintenance Services Branch Chief. Mr. Ho informed the Board of his background and experience in housing. He explained how he is working on the priorities of the branch, which are the vacancies, work orders, late re-exams, contract monitoring, annual unit inspections and rent collections.

Director Thompson expressed concern about the lack of competition from the private sector for property management contracts. Mr. Ho stated that with the next property management RFP, emails will be sent to other management companies.

The Directors thanked Mr. Ho for accepting the challenges of the PMMSB Chief position.

Ms. Dodson introduced Mr. Edmund Morimoto, Construction Management Section Chief. Mr. Morimoto gave a summary of the damage assessments from the recent earthquake. The Makua Alii elderly project damages estimated about \$1 million. On Big Island there were no structural damages, mostly cracking, and that HPHA is working with FEMA to get an official cost estimate for all this work.

Director Smith requested that Mr. Morimoto provide a report on the status of all the construction management section projects. We also need to look at what are we doing in terms of major repairs, elevators, and everything. Mr. Morimoto will provide a monthly report.

Ms. Dodson introduced Ms. Lili Funakoshi, Hearings Officer. Ms. Funakoshi presented the status of the hearings since July 2006. The drop in the numbers indicates that the hearings are taking a lot longer because many times language interpretation must be provided.

Director Thompson asked what "Evict with conditions" mean. Ms Funakoshi said that the Board has found the tenant to be in violation of the rental agreement so they are ordering their eviction, but allowing them a period of time to comply with respect to that particular violation. And if they do meet that time period, like a probation period then they are able to remain in the unit. She added that under the Improvement Plan, HUD wants the Eviction Board to hear rent violation cases within 90 days from the time it's referred, and 120 days for non-rent violations.

Ms. Dodson introduced Ms. Barbara Arashiro, Acting Procurement Officer. Ms. Arashiro reported that the State Procurement Office has been active in the last two months providing training on how to put out invitations for bids, requests for proposals, and evaluating bids. Our staff from all branches attended the trainings.

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She also stated that the HPHA procurement office provided our own training for staff regarding small purchases.

Ms. Dodson introduced Mr. Gary Nakatsu, Data Processing System Analyst. Mr. Nakatsu reported that since the agency split, they have been rerouting some communication lines between HPHA and the Department of Human Services (DHS). New computers for the managing units (MU) were purchased and recently received. His staff has started setting up the computers and over the next couple of months, will be setting them up at all the MUs statewide.

Ms. Dodson said that federal capital funds as well as state funds were used to purchase the equipment. She asked Mr. Nakatsu to present the information for the Fiscal section. Mr. Nakatsu reported that there's a delay in running the general ledgers and it's hard to find people qualified to work on the old accounting system, but the Information and Communication Services Division (ICSD) is helping to straighten out the problems. The goal is to get off this old system and to use the PC based accounting systems which we own.

The Chair asked if we are caught up through June 30th so we can continue to work on the financial statements and get the audit completed. Mr. Nakatsu said that we are okay through June 30th. Ms. Dodson said she will inquire about the audit and will inform the Chair.

Director Smith said the attached chart needs to be corrected, since it was compiled prior to the final decisions being made by the Administration. There wasn't \$1.4 million that was deleted from the HPHA budget. So I'd like to correct that there.

On the Elevator improvements, that dollar amount is \$15 million. In addition to these moneys, there's \$10 million in cash in the Governor's budget for repair and maintenance of public housing projects. This is a watershed, meaning that we are using state dollars to repair federal projects. It's an infusion of cash to get these projects up and on line. The cash for the basic repair and maintenance are the A and B units. The \$40 million is for the C units and for major repairs. That's \$40 million in state bonds to repair public housing projects. In addition, there's \$13 million for homeless programs, that's basically doubling the base that we have for the homeless budget. So Ms. Miyoshi is going from \$6.5 million to \$13 million because of the critical need in that area.

Director Yoshioka asked if the money is for the fiscal year. Director Smith said it is for the 2008-2009 biennium that starts July 1, 2007. The Chair asked if the \$13 million is for the biennium or per year for each of the two years of that biennium. Director Smith said she it is \$13 million per year.

Director Ignacio wanted to know who sets the salaries of the private property management company's staff. Ms. Arashiro responded that there is state and federal law which requires that if there are comparable positions in government, contracted staff should have the same pay. And when there is an increase due to collective bargaining, the State and contract staff also gets the increase.

Director Beaver commented that this is the first time hearing from every one of the divisions and sections, and that it was very helpful. He wondered if the Board decided on the format for the staff reports.

The Chair stated that Director Thompson emailed him an outline of what he believes the Board needs to have in mind at all times as to what are we doing about an ED, a financial officer, vacant unit turnarounds, reducing time to fill positions, making sure we're getting timely repairs done, and enforcing of contracts. The Chair also added that based on the member's comments, to work opportunities for tenants. As these were not on the agenda, we should plan on a full day meeting to address these subjects, including the issues we want to focus on and how we want to organize ourselves as a Board, and the task groups that we want to set up. We're clear on what we want to do about the ED, we have our task group for that, we have an asset management committee, but we should revisit whether that group

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should be the same group or expanded or changed. We should revisit each of those tasks and the working groups.

Director Ignacio also added that in monitoring contracts, we need to monitor state managed properties as well. There are regulations and policies as to how these complexes should be managed, and what we should expect from our contractors and our state managed properties.

Director Beaver suggested that the Board have a strategic brainstorming session to figure out what the real issues are so the members can stay focused on a few things because he feels that the Board is not giving clear directions to the staff.

The Chair will plan for a special meeting.

The Chair announced that Director Ridings has resigned, however he left it to the Board to set the effective date. The Chair recommended that the Board accept his resignation effective today, December 21, 2007 and send him a confirming letter. Deesha will draft a letter for the Chair to sign. The Chair asked for a motion to move into Executive Session.

ANNOUNCE
MENT

Director Beaver moved, seconded by Director Thompson

EXECUTIVE
SESSION

That the Board move into Executive Session at 12:54 p.m.

The motion was unanimously carried.

* * * * *

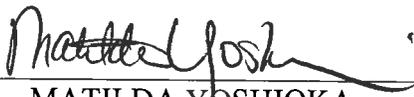
Director Beaver moved, seconded by Director Smith,

RECONVENED

That the Board move out of Executive Session and that the meeting be adjourned at 1:16 p.m.

ADJOURNMENT

The motion was unanimously carried.


MATILDA YOSHIOKA

Approved: 

FOR ACTION

I. REQUEST

Approval of the Revisions to Chapters 7, 10, and 11 of the Section 8 Housing Choice Voucher (HCV) Program Administrative Plan.

II. FACTS

- A. The Administrative Plan is Hawaii Public Housing Authority's statement of policies used in the administration of the Section 8 Housing Choice Voucher Program. The policies were established to meet the requirements of the U.S. Department of Housing and Urban Development (HUD) regulations, civil rights requirements, the Annual Contributions Contract and State and local laws.
- B. Chapter 7 of the Administrative Plan covers Verification Procedures. It describes the methods and order of verifications, required timelines, and type of verifications for different factors. Chapter 10 covers Moves and Portability and Chapter 11 covers Reexaminations.

III. DISCUSSION

- A. Revisions are being proposed to update and correct the policies relating to the verification timelines, HUD's Enterprise Income Verification (EIV) System, acceptable forms of verification, the priority of acceptable verifications and removal of the verification of Family Relationships.
- B. The substantive changes are stated below:
 - 1) Page 7-2: Requirements for Acceptable Documents – Clarified that verifications shall be valid for 120 days from the date of receipt for applicants and participants.
 - 2) Page 7-3: Definition of Substantial Difference – Eliminated references to Substantial Difference as the HUD Honolulu Office advised that EIV shall not be used to project annual income.
 - 3) Page 7-4: Tenant Income Data (TID) Reports – Clarified that third party verification will be requested for all earned income and not based strictly on the TID reports.
 - 4) Page 7-5: Exceeds Threshold Reports – Updated Exceeds Threshold Report name with Income Discrepancy Report (IDR) as defined by HUD. Clarified procedures for monthly processing of IDR.
 - 5) Page 7-6: Reasonable Effort and Timing – Revised third party response timeline from 10 business days to 10 calendar days. Eliminated need for oral verification to be supported by written verification.
 - 6) Page 7-7: Certain Assets and Expenses – Eliminated expenses from this category. Expenses shall be verified by third party.
 - 7) Page 7-9: Verification of Legal Identify – Added HAWI, State ID Card, Alien Card and Hospital Certificate as sources of verification of legal identify.
 - 8) Page 7-11: Family Relationships – Eliminated verification of marriage, separation or divorce as marital status is a protected class under the Hawaii Civil Rights law and there is no benefit to participants based on marital status. Absence of Adult Member – Clarified that adult members who are lessees may be removed from the Form HUD 50058 but not from

the rental agreement unless a written statement is obtained from the lessee requesting his/her own removal.

- 9) Page 7-17: Business and Self Employment Income – Eliminated need for audited financial statement.
- 10) Page 7-18: Alimony or Child Support – Clarified first priority for verification as copy of separation or settlement agreement or divorce decree.
- 11) Page 7-21: Qualified Expenses – Clarified that IRS Publication 502 shall be used as a guide to determine allowable medical expenses.
- 12) Page 10-5: Voucher Issuance and Briefing – Clarified that the PHA will reissue the voucher, rather than issue a new voucher for all transfers.
- 13) Page 11-2: Scheduling annual Reexaminations – Amends the interview process to include telephone and home visit interviews.

IV. RECOMMENDATION

That the Hawaii Public Housing Authority Board of Directors approve the amendments to Chapters 7, 10, and 11 of the the Section 8 Administrative Plan.

Attachments: Chapter 7 – Verification, Administrative Plan
Chapter 10 – Moves and Portability
Chapter 11 – Reexaminations

Prepared by: Dexter Ching, Chief, Section 8 Subsidy Program Branch *DC*
Reviewed by: Patti Y. Miyamoto, Interim Executive Director *PY*

**Approved by the Board of Directors at its meeting on
JAN 18 2007**

SECTION 8 SUBSIDY PROGRAMS BRANCH

Please take necessary action

Patti Y. Miyamoto
INTERIM EXECUTIVE DIRECTOR

Chapter 7

VERIFICATION

[24 CFR 960.259, 24 CFR 5.230]

INTRODUCTION

The PHA must verify all information that is used to establish the family's eligibility and level of assistance and is required to obtain the family's consent to collect the information. Applicants and program participants must cooperate with the verification process as a condition of receiving assistance. The PHA must not pass on the cost of verification to the family.

The PHA will follow the verification guidance provided by HUD in PIH Notice 2004-01 Verification Guidance and any subsequent guidance issued by HUD. This chapter summarizes those requirements and provides supplementary PHA policies.

Part I describes the general verification process. More detailed requirements related to individual factors are provided in subsequent parts including family information (Part II), income and assets (Part III), and mandatory deductions (Part IV).

Verification policies, rules and procedures will be modified as needed to accommodate persons with disabilities. All information obtained through the verification process will be handled in accordance with the records management policies of the PHA.

PART I. GENERAL VERIFICATION REQUIREMENTS

7-I.A. FAMILY CONSENT TO RELEASE OF INFORMATION [24 CFR 5.230]

The family must supply any information that the PHA or HUD determines is necessary to the administration of the program and must consent to PHA verification of that information.

Consent Forms

It is required that all adult applicants and participants sign form HUD-9886, Authorization for Release of Information. The purpose of form HUD-9886 is to facilitate automated data collection and computer matching from specific sources and provides the family's consent only for the specific purposes listed on the form. HUD and the PHA may collect information from State Wage Information Collection Agencies (SWICAs) and current and former employers of adult family members. Only HUD is authorized to collect information directly from the Internal Revenue Service (IRS) and the Social Security Administration (SSA). Adult family members must sign other consent forms as needed to collect information relevant to the family's eligibility and level of assistance.

Penalties for Failing to Consent [24 CFR 5.232]

If any family member who is required to sign a consent form fails to do so, the PHA will deny admission to applicants and terminate assistance of participants. The family may request an informal review (applicants) or informal hearing (participants) in accordance with PHA procedures.

7-I.B. OVERVIEW OF VERIFICATION REQUIREMENTS

HUD's Verification Hierarchy

HUD authorizes the PHA to use five methods to verify family information and specifies the circumstances in which each method will be used. In general HUD requires the PHA to use the most reliable form of verification that is available and to document the reasons when the PHA uses a lesser form of verification.

PHA Policy

In order of priority, the forms of verification that the PHA will use are:

- Up-front Income Verification (UIV) whenever available
- Third-party Written Verification
- Third-party Oral Verification
- Review of Documents
- Self-Certification

Each of the verification methods is discussed in subsequent sections below. Exhibit 7-1 at the end of the chapter contains an excerpt from the notice that provides guidance with respect to how each method may be used.

Requirements for Acceptable Documents

PHA Policy

Any documents used for verification must be the original (not photocopies) and generally must be dated within 60 calendar days of the date they are provided to the PHA. For applicants and participants, verifications may not be more than one hundred twenty (120) days from date of receipt. The documents must not be damaged, altered or in any way illegible.

The PHA will accept documents dated up to 6 months before the effective date of the family's reexamination if the document represents the most recent scheduled report from a source. For example, if the holder of a pension annuity provides semi-annual reports, the PHA would accept the most recent report.

Print-outs from web pages are considered original documents.

The PHA staff member who views the original document must make a photocopy, annotate the copy with the name of the person who provided the document and the date the original was viewed, and sign the copy.

Any family self-certifications must be made in a format acceptable to the PHA and must be signed in the presence of a PHA representative or PHA notary public.

File Documentation

The PHA must document in the file how the figures used in income and rent calculations were determined. All verification attempts, information obtained, and decisions reached during the verification process will be recorded in the family's file in sufficient detail to demonstrate that the PHA has followed all of the verification policies set forth in this plan. The record should be sufficient to enable a staff member or HUD reviewer to understand the process followed and conclusions reached.

7-I.C. UP-FRONT INCOME VERIFICATION (UIV)

Up-front income verification (UIV) refers to the PHA's use of the verification tools available from independent sources that maintain computerized information about earnings and benefits. UIV will be used to the extent that these systems are available to the PHA.

PHA Policy

The PHA will inform all applicants and participants of its use of the following UIV resources during the admission and reexamination process:

HUD's EIV system (when it is available to the PHA)

The Work Number

Hawaii Automated Welfare Information (HAWI)

The PHA must restrict access to and safeguard UIV data in accordance with HUD guidance on security procedures, as issued and made available by HUD.

There may be legitimate differences between the information provided by the family and UIV-generated information. No adverse action can be taken against a family until the PHA has independently verified the UIV information and the family has been granted an opportunity to contest any adverse findings through the informal review/hearing process of the PHA.

Definition of Substantial Difference

~~UIV information is used differently depending upon whether there is a *substantial difference* between information provided by the family and the UIV information. In "HUD Guidelines for Projecting Annual Income When UIV Data is Available" [HUD website, April 2004], HUD recommends using \$200 per month as the threshold for a substantial difference. The PHA will therefore use \$200 per month as the threshold for a substantial difference.~~

~~See Chapter 6 for the PHA's policy on the use of UIV to project annual income and for the PHA's threshold for substantial difference.~~

~~When No Substantial Difference Exists~~

~~If UIV information does not differ substantially from family information, the UIV documentation may serve as third-party written verification.~~

~~When a Substantial Difference Exists~~

~~When there is a substantial difference between the information provided by the UIV source and the family, the PHA must request another form of third-party written verification and use any other verification methods (in priority order) to reconcile the difference(s).~~

Use of HUD's Enterprise Income Verification (EIV) System

HUD's EIV system contains data showing earned income, unemployment benefits, Social Security and SSI benefits for participant families. HUD requires the PHA to use the EIV system when available. The following policies will apply when the PHA has access to HUD's EIV system.

The EIV system contains two main components: tenant income data reports and "exceeds threshold" reports.

Tenant Income Data (TID) Reports

The data shown on TID reports is updated quarterly. Data may be between 3 and 6 months old at the time reports are generated.

PHA Policy

The PHA will obtain TID reports for annual reexaminations ~~on a monthly basis~~. Reports will be generated as part of the regular reexamination process.

All earned income will be verified by third party verification in order to project annual income . If unable to verify directly with the third party, the verification hierarchy will be followed pursuant to 7-I.B.

~~TID reports will be compared to family provided information as part of the annual reexamination process. TID reports may be used in the calculation of annual income, as described in Chapter 6.I.C. TID reports may also be used to meet the regulatory requirement for third party verification, as described above. Policies for resolving discrepancies between TID reports and family provided information will be resolved as described in Chapter 6.I.C. and in this chapter.~~

TID reports will be used in interim reexaminations when it is necessary to verify and calculate earned income, unemployment benefits, Social Security and/or SSI benefits.

TID reports will be retained in participant files with the applicable annual or interim reexamination documents.

When the PHA determines through TID reports and third party verification that a family has concealed or under-reported income, corrective action will be taken pursuant to the policies in Chapter 14, Program Integrity.

Exceeds Threshold Income Discrepancy Reports (ETRs)(IDRs)

The ETR IDR is a tool for identifying families who may have concealed or under-reported income. Data in the ETR IDR represents income for past reporting periods and may be between 6 months and 30 months old at the time ETRs IDRs are generated.

Families who have not concealed or under-reported income may appear on the ETR IDR in some circumstances, such as loss of a job or addition of new family members.

PHA Policy

The PHA will generate and review ETRs IDRs on a monthly basis. The ETR threshold percentage will be ~~adjusted as necessary based on the findings in the ETRs~~ set at 100% each month.

In reviewing ETRs-IDRs, the PHA will begin with the largest discrepancies.

When the PHA determines that a participant appearing on the ETR IDR has not concealed or under-reported income, the participant's name will be placed on a list of ~~"false positive"~~ "invalid" reviews. To avoid multiple reviews in this situation, participants appearing on this list will be eliminated from ETR IDR processing until a subsequent interim or annual reexamination has been completed.

When it appears that a family may have concealed or under-reported income, the PHA will request third-party written verification of the income in question.

When the PHA determines through ETR IDR review and third party verification that a family has concealed or under-reported income, corrective action will be taken pursuant to the policies in Chapter 14, Program Integrity.

EIV Identity Verification

The EIV system verifies tenant identities against SSA records. These records are compared to PIC data for a match on Social Security number, name, and date of birth.

When identity verification for a participant fails, a message will be displayed within the EIV system and no income information will be displayed.

PHA Policy

The PHA will identify participants whose identity verification has failed as part of the annual reexamination process.

The PHA will attempt to resolve PIC/SSA discrepancies by reviewing file documents. When the PHA determines that discrepancies exist due to PHA errors such as spelling errors or incorrect birth dates, the errors will be corrected promptly.

PHA will inform tenant in writing to correct discrepancy with SSA records.

7-I.D. THIRD-PARTY WRITTEN AND ORAL VERIFICATION

Reasonable Effort and Timing

Unless third-party verification is not required as described below, HUD requires the PHA to make at least two unsuccessful attempts to obtain third-party verification before using another form of verification [VG, p. 15].

PHA Policy

The PHA will diligently seek third-party verification using a combination of written and oral requests to verification sources. Information received orally from third parties may be used either to clarify information provided in writing by the third party or as independent verification when written third-party verification is not received in a timely fashion.

The PHA may mail, fax, e-mail, or hand deliver third-party written verification requests and will accept third-party responses using any of these methods. The PHA will send a written request for verification to each required source ~~within 5 business days of securing a family's authorization for the release of the information and give~~ allow the source 10 ~~business- calendar~~ days to respond in writing. If a response has not been received by the ~~11th business day due date specified~~, the PHA will request third-party ~~oral~~ verification, which may be oral.

The PHA will make a minimum of two documented attempts, one of which may be oral, to obtain third-party verification. A record of each attempt to contact the third-party source (including no-answer calls) and all contacts with the source will be documented in the file. Regarding third-party oral verification, PHA staff will record in the family's file the name and title of the person contacted, the date and time of the conversation (or attempt), the telephone number used, and the facts provided.

~~When any source responds verbally to the initial written request for verification the PHA will accept the verbal response as oral verification but will also request that the source complete and return any verification forms that were provided.~~

~~If a third party agrees to confirm in writing the information provided orally, the PHA will wait no more than 5 business days for the information to be provided. If the information is not provided by the 6th business day, the PHA will use any information provided orally in combination with reviewing family provided documents.~~

When Third-Party Information is Late

When third-party verification has been requested and the timeframes for submission have been exceeded, the PHA will use the information from documents on a provisional basis. If the PHA later receives third-party verification that differs from the amounts used in income and rent determinations and it is past the deadline for processing the reexamination, the PHA will conduct ~~an interim~~ a correction to the reexamination to adjust the figures used for the reexamination, ~~regardless of the PHA's interim reexamination policy.~~

When Third-Party Verification is Not Required

Primary Documents

Third-party verification is not required when legal documents are the primary source, such as a birth certificate or other legal documentation of birth.

Certain Assets ~~and Expenses~~

The PHA will accept a self-certification from a family as verification of assets disposed of for less than fair market value [HCV GB, p. 5-28].

The PHA will determine that third-party verification is not available if the asset or expense involves an insignificant amount, making it not cost-effective or reasonable to obtain third-party verification [VG, p. 15].

PHA Policy

The PHA will use review of documents in lieu of requesting third-party verification when the market value of an individual asset ~~or an expense~~ is less than \$500 ~~annually~~ **and** the family has original documents that support the declared amount.

Certain Income, Asset and Expense Sources

The PHA will determine that third-party verification is not available when it is known that an income source does not have the ability to provide written or oral third-party verification [VG, p. 15]. For example, the PHA will rely upon review of documents when the PHA determines that a third party's privacy rules prohibit the source from disclosing information.

PHA Policy

The PHA also will determine that third-party verification is not available when there is a service charge for verifying an asset or expense **and** the family has original documents that provide the necessary information.

If the family cannot provide original documents, the PHA will pay the service charge required to obtain third-party verification, unless it is not cost effective. The cost of verification will not be passed on to the family. To determine the cost effectiveness, the actual administrative cost must be greater than the asset income. You will be allowed to use the documents provided by the applicant/tenant. However, if the prospective asset income is greater than the administrative cost, you must secure third party asset verification. Actual administrative cost is determined by the cost to do business, plus the cost or service fee the institution charges our agency. In determining the base administrative cost, it has been determined that it will cost HCDCH, HPHA \$22.00 in

employee time and miscellaneous expenses. The following has been used to determine this number:

Base Administrative Cost (BAC) has been determined by:

| | |
|-------------------|---------------|
| Time for process: | 1 hour |
| Employee wages: | \$15.00 |
| Mileage cost: | <u>\$7.00</u> |

Base Administrative Cost: \$22.00

The cost of postage and envelopes to obtain third-party verification of income, assets, and expenses is not an unreasonable cost [VG, p. 18].

7-I.E. REVIEW OF DOCUMENTS

Using Review of Documents as Verification

PHA Policy

If the PHA has determined that third-party verification is not available or not required, the PHA will use documents provided by the family as verification.

The PHA may also review documents when necessary to help clarify information provided by third parties. In such cases the PHA will document in the file how the PHA arrived at a final conclusion about the income or expense to include in its calculations.

7-I.F. SELF-CERTIFICATION

PHA Policy

When information cannot be verified by a third party or by review of documents, (this includes termination of source of income) family members will be required to submit self-certifications attesting to the accuracy of the information they have provided to the PHA.

~~The PHA may require a family to certify that a family member does not receive a particular type of income or benefit.~~

The self-certification must be made in a format acceptable to the PHA and must be signed by the family member whose information or status is being verified. All self-certifications must be signed in the presence of a PHA representative or PHA notary public.

PART II. VERIFYING FAMILY INFORMATION NON-FINANCIAL FACTORS

7-II.A. VERIFICATION OF LEGAL IDENTITY

PHA Policy

The PHA will require families to furnish verification of legal identity for each household member.

| Verification of Legal Identity for Adults | Verification of Legal Identity for Children |
|--|---|
| Certificate of birth, naturalization papers Church issued baptismal certificate Current, valid driver's license or Department of Motor Vehicles identification card U.S. military discharge (DD 214) U.S. passport Employer identification card <u>HAWI</u> <u>State identification card</u> <u>Alien cards</u> <u>Hospital certificate</u> | Certificate of birth Adoption papers Custody agreement Health and Human Services ID School records <u>HAWI</u> |

If a document submitted by a family is illegible or otherwise questionable, more than one of these documents may be required.

If none of these documents can be provided and at the PHA's discretion, a third party who knows the person may attest to the person's identity. The certification must be provided in a format acceptable to the PHA and be signed in the presence of a PHA representative or PHA notary public.

Legal identity will be verified on an as needed basis.

7-II.B. SOCIAL SECURITY NUMBERS [24 CFR 5.216 and HCV GB, p. 5-12]

For every family member age 6 or older, the family must provide documentation of a valid social security number (SSN), or a self-certification stating that no SSN has been issued. The self-certification must be executed personally by any family member 18 or older, or by a parent or guardian for a minor.

PHA Policy

The PHA will also accept the following documents as evidence if the SSN is provided on the document:

Driver's license

Other identification card issued by a federal, state, or local agency, a medical insurance company or provider, or employer or trade union

~~Payroll stubs~~ HAWI

Benefit award letters from government agencies; retirement benefit letters; life insurance policies

Court records (real estate, tax notices, marriage and divorce, judgment or bankruptcy records)

If the family reports an SSN but cannot provide acceptable documentation of the number, the PHA will require a self-certification stating that documentation of the SSN cannot be provided at this time. The PHA will require documentation of the SSN within 60 calendar days from the date of the family member's self-certification mentioned above. If the family is an applicant, assistance cannot be provided until proper documentation of the SSN is provided.

PHA Policy

The PHA will instruct the family to obtain a duplicate card from the local Social Security Administration (SSA) office.

For individuals who are at least 62 years of age and are unable to submit the required documentation of their SSN within the initial 60-day period, the PHA will grant an additional 60 calendar days to provide documentation.

Social security numbers must be verified only once during continuously-assisted occupancy.

If any family member obtains an SSN after admission to the program, the new SSN must be disclosed at the next regularly scheduled reexamination. In addition, if a child reaches the age of 6 and has no SSN, the parent or guardian must execute a self-certification stating that the child has no SSN at the next regularly scheduled reexamination.

The social security numbers of household members, such as live-in aids, must be verified for the purpose of conducting criminal background checks.

7-II.C. DOCUMENTATION OF AGE

A birth certificate or other official record of birth is the preferred form of age verification for all family members. For elderly family members an original document that provides evidence of the receipt of social security retirement benefits is acceptable.

PHA Policy

If an official record of birth or evidence of social security retirement benefits cannot be provided, the PHA will require the family to submit other documents that support the reported age of the family member (e.g., school records, driver's license if birth year is recorded) and to provide a self-certification.

Age must be verified only once during continuously-assisted occupancy.

7-II.D. FAMILY RELATIONSHIPS VERIFICATION OF ABSENCE OF ADULT MEMBER

~~Applicants and program participants are required to identify the relationship of each household member to the head of household. Definitions of the primary household relationships are provided in the Eligibility chapter.~~

PHA Policy

~~Family relationships are verified only to the extent necessary to determine a family's eligibility and level of assistance. Certification by the head of household normally is sufficient verification of family relationships.~~

Marriage

PHA Policy

~~Certification by the head of household is normally sufficient verification. If the PHA has reasonable doubts about a marital relationship, the PHA will require the family to document the marriage.~~

~~A marriage certificate generally is required to verify that a couple is married.~~

~~In the case of a common law marriage, the couple must demonstrate that they hold themselves to be married (e.g., by telling the community they are married, calling each other husband and wife, using the same last name, filing joint income tax returns).~~

Separation or Divorce

PHA Policy

~~Certification by the head of household is normally sufficient verification. If the PHA has reasonable doubts about a separation or divorce, the PHA will require the family to document the divorce, or separation.~~

~~A certified copy of a divorce decree, signed by a court officer, is required to document that a couple is divorced.~~

~~A copy of a court ordered maintenance or other court record is required to document a separation.~~

~~If no court document is available, documentation from a community based agency will be accepted.~~

Absence of Adult Member

PHA Policy

If an adult member who was ~~formerly~~ is a member of the household is reported to be permanently absent, the family shall provide a written statement from the adult person to remove him/herself from the household. If unable to obtain a written statement from that adult household member, the family must provide evidence to support that the person is no longer a member of the family household (e.g., documentation of another address at which the person resides such as a lease or utility bill, legal separation, order of protection/restraining order obtained by one family member against another, statements

from other agencies such as social services that the adult family member is no longer living at that location, a document from the Court or prison should the adult member be incarcerated).

If no other proof can be provided, tenant declaration must be provided by the Head of Household via the Family Update Report.

If a written statement by the adult member requesting his/her removal is not obtained, and the adult member is a lessee, the adult member will be removed from the household on the HUD Form 50058, but will not be removed from the rental agreement.

7-II.E. Foster Children and Foster Adults VERIFICATION OF FOSTER CHILDREN AND FOSTER ADULTS

PHA Policy

Third-party verification from the state or local government agency, legal guardian, etc. responsible for the placement of the individual with the family is required.

7-II.E. 7-II.F. VERIFICATION OF STUDENT STATUS

PHA Policy

The PHA requires families to provide information about the student status of all students who are 18 years of age or older. This information will be verified only if:

The family claims full-time student status for an adult other than the head, spouse, or cohead, or

The family claims a child care deduction to enable a family member to further his or her education.

7-II.F. 7-II.G. DOCUMENTATION OF DISABILITY

The PHA must verify the existence of a disability in order to allow certain income disallowances and deductions from income. The PHA is not permitted to inquire about the nature or extent of a person's disability [24 CFR 100.202(c)]. The PHA may not inquire about a person's diagnosis or details of treatment for a disability or medical condition. If the PHA receives a verification document that provides such information, the PHA will not place this information in the tenant file. Under no circumstances will the PHA request a participant's medical record(s). For more information on health care privacy laws, see the Department of Health and Human Services' website at www.os.dhhs.gov.

The above cited regulation does not prohibit the following inquiries, provided these inquiries are made of all applicants, whether or not they are persons with disabilities [VG, p. 24]:

- Inquiry into an applicant's ability to meet the requirements of ownership or tenancy
- Inquiry to determine whether an applicant is qualified for a dwelling available only to persons with disabilities or to persons with a particular type of disability
- Inquiry to determine whether an applicant for a dwelling is qualified for a priority available to persons with disabilities or to persons with a particular type of disability

- Inquiring whether an applicant for a dwelling is a current illegal abuser or addict of a controlled substance
- Inquiring whether an applicant has been convicted of the illegal manufacture or distribution of a controlled substance

Family Members Receiving SSA Disability Benefits

Verification of the receipt of disability benefits from the Social Security Administration (SSA) is sufficient verification of disability for the purpose of qualifying for waiting list preferences (if applicable) or certain income disallowances and deductions [VG, p. 23].

PHA Policy

For family members claiming disability who receive disability benefits from the SSA, the PHA will attempt to obtain information about disability benefits through the HUD Enterprise Income Verification (EIV) system when it is available, or HUD's Tenant Assessment Subsystem (TASS). If documentation from HUD's EIV System or TASS is not available, the PHA will request a current (dated within the last 60 days) SSA benefit verification letter from each family member claiming disability status. If the family is unable to provide the document(s), the PHA will ask the family to request a benefit verification letter by either calling SSA at 1-800-772-1213, or by requesting it from www.ssa.gov. Once the applicant or participant receives the benefit verification letter they will be required to provide it to the PHA.

Family Members Not Receiving SSA Disability Benefits

Receipt of veteran's disability benefits, worker's compensation, or other non-SSA benefits based on the individual's claimed disability are not sufficient verification that the individual meets HUD's definition of disability in 24 CFR 5.603.

PHA Policy

For family members claiming disability who do not receive disability benefits from the SSA, a knowledgeable professional must provide third-party verification that the family member meets the HUD definition of disability. See the Eligibility chapter for the HUD definition of disability. The knowledgeable professional will verify whether the family member does or does not meet the HUD definition.

7-II.G. 7-II.H. CITIZENSHIP OR ELIGIBLE IMMIGRATION STATUS [24 CFR 5.508]

Overview

Housing assistance is not available to persons who are not citizens, nationals, or eligible immigrants. Prorated assistance is provided for "mixed families" containing both eligible and ineligible persons. A detailed discussion of eligibility requirements is in the Eligibility chapter. This verifications chapter discusses HUD and PHA verification requirements related to citizenship status.

The family must provide a certification that identifies each family member as a U.S. citizen, a U.S. national, an eligible noncitizen or an ineligible noncitizen and submit the documents discussed below for each family member. Once eligibility to receive assistance has been verified

for an individual it need not be collected or verified again during continuously-assisted occupancy [24 CFR 5.508(g)(5)]

U.S. Citizens and Nationals

HUD requires a declaration for each family member who claims to be a U.S. citizen or national. The declaration must be signed personally by any family member 18 or older and by a guardian for minors.

The PHA may request verification of the declaration by requiring presentation of a birth certificate, United States passport or other appropriate documentation.

PHA Policy

Family members who claim U.S. citizenship or national status will not be required to provide additional documentation unless the PHA receives information indicating that an individual's declaration may not be accurate.

Eligible Immigrants

Documents Required

All family members claiming eligible immigration status must declare their status in the same manner as U.S. citizens and nationals.

The documentation required for eligible noncitizens varies depending upon factors such as the date the person entered the U.S., the conditions under which eligible immigration status has been granted, age, and the date on which the family began receiving HUD-funded assistance. Exhibit 7-2 at the end of this chapter summarizes documents family members must provide.

PHA Verification [HCV GB, pp. 5-3 and 5-7]

For family members age 62 or older who claim to be eligible immigrants, proof of age is required in the manner described in 7-II.C. of this plan. No further verification of eligible immigration status is required.

For family members under the age of 62 who claim to be eligible immigrants, the PHA must verify immigration status with the United States Citizenship and Immigration Services (USCIS).

The PHA will follow all USCIS protocols for verification of eligible immigration status.

~~7-II.H.~~ 7-II.I. VERIFICATION OF PREFERENCE STATUS

The PHA must verify any preferences claimed by an applicant.

PHA Policy

The PHA will offer a preference to any family that has been determined to be considered Involuntarily Displaced, Victims of Domestic Violence or Homelessness.

The PHA will verify Involuntarily Displacement by:

- Statement from the owner of the critical elements that are inaccessible, and that the owner is not going to make the needed modifications, or permit the family to make the modifications.
- Inspection by PHA to verify inaccessibility of critical elements.
- Statement from the owner of the building that the accommodations required will not be made.
- If the owner permits the tenant to make the modifications, verification that the family cannot afford the expense.
- Determination of Standard Replacement Housing: Inspection by a PHA Inspector.
- Displacement by HUD disposition of a project: Written verification from HUD.

The PHA will verify Victims of Domestic Violence by:

- Written verification from police, social service agency, court, clergy person, physician, and/or public or private facility giving shelter and/or counseling to victims.
- Verification must be obtained (from a landlord or other source) that the abuser still resides at the unit.
- The family must certify that the abuser will not return to the household without the advance written approval of the PHA. Before giving approval, the PHA will require verification of the following:
- That the family members involved have been through a counseling program and the service provider believes that reconciliation is likely.

- Statement from social worker, psychologist, or other professional familiar with the abuser that he/she has received counseling/treatment and is unlikely to continue the abuse.
- Statement from local law enforcement agency that no complaints have been filed since the date of the preference approval.

The PHA will verify Homelessness by:

- Verification that family is participating in or graduated from a Homeless or transitional shelter or receiving supportive services housing program.

PART III. VERIFYING INCOME AND ASSETS

Chapter 6, Part I of this plan describes in detail the types of income that are included and excluded and how assets and income from assets are handled. Any assets and income reported by the family must be verified. This part provides PHA policies that supplement the general verification procedures specified in Part I of this chapter.

7-III.A. EARNED INCOME

Wages and Salaries

PHA Policy

Verification forms request the employer to specify the:

- Dates of employment
- Position
- Amount and frequency of pay
- Average number of actual work hours per week based on the past 12 months
- If on commission, base salary and average commission per month
- Date of the last pay increase
- Likelihood of change of employment status and effective date of any known salary increase during the next 12 months
- Year to date earnings

- Past income from overtime, tips, and bonus

Tips

PHA Policy

Unless tip income is included in a family member's W-2 by the employer, persons who work in industries where tips are standard will be required to sign a certified estimate of tips received for the prior year and tips anticipated to be received in the coming year.

7-III.B. BUSINESS AND SELF EMPLOYMENT INCOME

PHA Policy

Business owners and self-employed persons will be required to provide:

~~An audited financial statement for the previous fiscal year if an audit was conducted. If an audit was not conducted,~~ a A statement of income and expenses must be submitted and the business owner or self-employed person must certify to its accuracy.

All schedules completed for filing federal and local taxes in the preceding year.

If accelerated depreciation was used on the tax return or financial statement, an accountant's calculation of depreciation expense, computed using straight-line depreciation rules.

The PHA will provide a format for any person who is unable to provide such a statement to record income and expenses for the coming year. The business owner/self-employed person will be required to submit the information requested and to certify to its accuracy at all future reexaminations.

At any reexamination the PHA may request documents that support submitted financial statements such as manifests, appointment books, cash books, or bank statements.

If a family member has been self-employed less than three (3) months, the PHA will accept the family member's certified estimate of income and schedule an interim reexamination in three (3) months. If the family member has been self-employed for three (3) to twelve (12) months the PHA will require the family to provide documentation of income and expenses for this period and use that information to project income.

7-III.C. PERIODIC PAYMENTS AND PAYMENTS IN LIEU OF EARNINGS

Social Security/SSI Benefits

PHA Policy

To verify the SS/SSI benefits of applicants, the PHA will request a current (dated within the last 60 days) SSA benefit verification letter from each family member that receives social security benefits. If the family is unable to provide the document(s), the PHA will ask the family to request a benefit verification letter by either calling SSA at 1-800-772-

1213, or by requesting it from www.ssa.gov. Once the applicant has received the benefit verification letter they will be required to provide it to the PHA.

To verify the SS/SSI benefits of participants, the PHA will obtain information about social security/SSI benefits through the HUD EIV System or the Tenant Assessment Subsystem (TASS). If benefit information is not available in HUD systems, the PHA will request a current SSA benefit verification letter from each family member that receives social security benefits. If the family is unable to provide the document(s) the PHA will ask the family to request a benefit verification letter by either calling SSA at 1-800-772-1213, or by requesting it from www.ssa.gov. Once the participant has received the benefit verification letter they will be required to provide it to the PHA.

7-III.D. ALIMONY OR CHILD SUPPORT

PHA Policy

The way the PHA will seek verification for alimony and child support differs depending on whether the family declares that it receives regular payments.

If the family declares that it *receives regular payments*, verification will be sought in the following order.

Copy of a separation or settlement agreement or a divorce decree stating amount and type of support and payment schedules

If payments are made through a state or local entity, the PHA will request a record of payments for the past 12 months and request that the entity disclose any known information about the likelihood of future payments.

Third-party verification from the person paying the support

~~Copy of a separation or settlement agreement or a divorce decree stating amount and type of support and payment schedules~~

Copy of the latest check and/or payment stubs

Family's self-certification of amount received and of the likelihood of support payments being received in the future, or that support payments are not being received.

If the family declares that it *receives irregular or no payments*, in addition to the verification process listed above, the family must provide evidence that it has taken all reasonable efforts to collect amounts due. This may include:

A statement from any agency responsible for enforcing payment that shows the family has requested enforcement and is cooperating with all enforcement efforts

If the family has made independent efforts at collection, a written statement from the attorney or other collection entity that has assisted the family in these efforts

Note: Families are not required to undertake independent enforcement action.

7-III.E. ASSETS AND INCOME FROM ASSETS

Assets Disposed of for Less than Fair Market Value

The family must certify whether any assets have been disposed of for less than fair market value in the preceding two years. The PHA needs to verify only those certifications that warrant documentation [HCV GB, p. 5-28].

PHA Policy

The PHA will verify the value of assets disposed of only if:

The total value of the asset is greater than \$1,000 and

The PHA does not already have a reasonable estimation of its value from previously collected information, or

The amount reported by the family in the certification appears obviously in error.

Example 1: An elderly participant reported a \$10,000 certificate of deposit at the last annual reexamination and the PHA verified this amount. Now the person reports that she has given this \$10,000 to her son. The PHA has a reasonable estimate of the value of the asset; therefore, reverification of the value of the asset is not necessary.

Example 2: A family member has disposed of its 1/4 share of real property located in a desirable area and has valued her share at approximately \$ 5,000. Based upon market conditions, this declaration does not seem realistic. Therefore, the PHA will verify the value of this asset.

7-III.F. NET INCOME FROM RENTAL PROPERTY

PHA Policy

The family must provide:

A current executed lease for the property that shows the rental amount or certification from the current tenant

A self-certification from the family members engaged in the rental of property providing an estimate of expenses for the coming year and the most recent IRS Form 1040 with Schedule E (Rental Income). If schedule E was not prepared, the PHA will require the family members involved in the rental of property to provide a self-certification of income and expenses for the previous year and may request documentation to support the statement including: tax statements, insurance invoices, bills for reasonable maintenance and utilities, and bank statements or amortization schedules showing monthly interest expense.

7-III.G. RETIREMENT ACCOUNTS

PHA Policy

When third-party verification is not available the type of original document that will be accepted depends upon the family member's retirement status.

Before retirement, the PHA will accept an original document from the entity holding the account with a date that shows it is the most recently scheduled statement for the account but in no case earlier than 6 months from the effective date of the examination.

Upon retirement, the PHA will accept an original document from the entity holding the account that reflects any distributions of the account balance, any lump sums taken and any regular payments.

After retirement, the PHA will accept an original document from the entity holding the account dated no earlier than 12 months before that reflects any distributions of the account balance, any lump sums taken and any regular payments.

7-III.H. INCOME FROM EXCLUDED SOURCES

A detailed discussion of excluded income is provided in Chapter 6, Part I.

The PHA must obtain verification for income exclusions only if, without verification, the PHA would not be able to determine whether the income is to be excluded. For example: If a family's 16 year old has a job at a fast food restaurant, the PHA will confirm that PHA records verify the child's age but will not send a verification request to the restaurant. However, if a family claims the earned income disallowance for a source of income, both the source and the income must be verified.

PHA Policy

The PHA will reconcile differences in amounts reported by the third party and the family only when the excluded amount is used to calculate the family share (as is the case with the earned income disallowance). In all other cases, the PHA will report the amount to be excluded as indicated on documents provided by the family.

7-III.I. ZERO ANNUAL INCOME STATUS

Families claiming to have no annual income will be required to execute verification forms to determine that certain forms of income such as unemployment benefits, TANF, SSI, etc. are not being received by the household. Families who report zero income are required to complete a written certification every three months.

PART IV. VERIFYING MANDATORY DEDUCTIONS

7-IV.A. DEPENDENT AND ELDERLY/DISABLED HOUSEHOLD DEDUCTIONS

The dependent and elderly/disabled family deductions require only that the PHA verify that the family members identified as dependents or elderly/disabled persons meet the statutory definitions. No further verifications are required.

Dependent Deduction

See Chapter 6 (6-II.B.) for a full discussion of this deduction. The PHA will verify that:

- Any person under the age of 18 for whom the dependent deduction is claimed is not the head, spouse, or cohead of the family and is not a foster child

- Any person age 18 or older for whom the dependent deduction is claimed is not a foster adult or live-in aide, and is a person with a disability or a full time student

Elderly/Disabled Family Deduction

See Eligibility chapter for a definition of elderly and disabled families and Chapter 6 (6-II.C.) for a discussion of the deduction. The PHA will verify that the head, spouse, or cohead is 62 years of age or older or a person with disabilities.

7-IV.B. MEDICAL EXPENSE DEDUCTION

Policies related to medical expenses are found in 6-II.D. The amount of the deduction will be verified following the standard verification procedures described in Part I.

Amount of Expense

PHA Policy

The PHA will provide a third-party verification form directly to the medical provider requesting the needed information.

Medical expenses will be verified through:

Third-party verification form signed by the provider, when possible

If third-party is not possible, copies of cancelled checks used to make medical expense payments and/or printouts or receipts from the source will be used. In this case the PHA will make a best effort to determine what expenses from the past are likely to continue to occur in the future. The PHA will also accept evidence of monthly payments or total payments that will be due for medical expenses during the upcoming 12 months.

If third-party or document review is not possible, written family certification as to costs anticipated to be incurred during the upcoming 12 months

In addition, the PHA must verify that:

- The household is eligible for the deduction.
- The costs to be deducted are qualified medical expenses.
- The expenses are not paid for or reimbursed by any other source.
- Costs incurred in past years are counted only once.

Eligible Household

The medical expense deduction is permitted only for households in which the head, spouse, or cohead is at least 62, or a person with disabilities. The PHA will verify that the family meets the definition of an elderly or disabled family provided in the Eligibility chapter and as described in Chapter 7 (7-IV.A.) of this plan.

Qualified Expenses

To be eligible for the medical expenses deduction, the costs must qualify as medical expenses. ~~See Chapter 6 (6-II.D.) for the PHA's policy on what counts as a medical expense.~~ The PHA shall use the current IRS Publication 502 as a guide to determine allowable medical expenses.

Unreimbursed Expenses

To be eligible for the medical expenses deduction, the costs must not be reimbursed by another source.

PHA Policy

The family will be required to certify that the medical expenses are not paid or reimbursed to the family from any source.

Expenses Incurred in Past Years

PHA Policy

When anticipated costs are related to on-going payment of medical bills incurred in past years, the PHA will verify:

The anticipated repayment schedule

The amounts paid in the past, and

Whether the amounts to be repaid have been deducted from the family's annual income in past years

7-IV.C. DISABILITY ASSISTANCE EXPENSES

Policies related to disability assistance expenses are found in 6-II.E. The amount of the deduction will be verified following the standard verification procedures described in Part I.

Amount of Expense

Attendant Care

PHA Policy

The PHA will provide a third-party verification form directly to the care provider requesting the needed information.

Expenses for attendant care will be verified through:

Third-party verification form signed by the provider, when possible

If third-party is not possible, copies of cancelled checks used to make attendant care payments and/or receipts from care source

If third-party or document review is not possible, written family certification as to costs anticipated to be incurred for the upcoming 12 months

Auxiliary Apparatus

PHA Policy

Expenses for auxiliary apparatus will be verified through:

Third-party verification of anticipated purchase costs of auxiliary apparatus

If third-party is not possible, billing statements for purchase of auxiliary apparatus, or other evidence of monthly payments or total payments that will be due for the apparatus during the upcoming 12 months

If third-party or document review is not possible, written family certification of estimated apparatus costs for the upcoming 12 months

In addition, the PHA must verify that:

- The family member for whom the expense is incurred is a person with disabilities (as described in 7-II.F above).
- The expense permits a family member, or members, to work (as described in 6-II.E.).
- The expense is not reimbursed from another source (as described in 6-II.E.).

Family Member is a Person with Disabilities

To be eligible for the disability assistance expense deduction, the costs must be incurred for attendant care or auxiliary apparatus expense associated with a person with disabilities. The PHA will verify that the expense is incurred for a person with disabilities (See 7-II.F.).

Family Member(s) Permitted to Work

The PHA must verify that the expenses claimed actually enable a family member, or members, (including the person with disabilities) to work.

PHA Policy

The PHA will seek third-party verification from a Rehabilitation Agency or knowledgeable medical professional indicating that the person with disabilities requires attendant care or an auxiliary apparatus to be employed, or that the attendant care or auxiliary apparatus enables another family member, or members, to work (See 6-II.E.).

If third-party and document review verification has been attempted and is either unavailable or proves unsuccessful, the family must certify that the disability assistance expense frees a family member, or members (possibly including the family member receiving the assistance), to work.

Unreimbursed Expenses

To be eligible for the disability expenses deduction, the costs must not be reimbursed by another source.

PHA Policy

An attendant care provider will be asked to certify that, to the best of the provider's knowledge, the expenses are not paid by or reimbursed to the family from any source.

The family will be required to certify that attendant care or auxiliary apparatus expenses are not paid by or reimbursed to the family from any source.

7-IV.D. CHILD CARE EXPENSES

Policies related to child care expenses are found in Chapter 6 (6-II.F). The amount of the deduction will be verified following the standard verification procedures described in Part I of this chapter. In addition, the PHA must verify that:

- The child is eligible for care.
- The costs claimed are not reimbursed.

- The costs enable a family member to pursue an eligible activity.
- The costs are for an allowable type of child care.
- The costs are reasonable.

Eligible Child

To be eligible for the child care deduction, the costs must be incurred for the care of a child under the age of 13. The PHA will verify that the child being cared for (including foster children) is under the age of 13 (See 7-II.C.).

Unreimbursed Expense

To be eligible for the child care deduction, the costs must not be reimbursed by another source.

PHA Policy

The child care provider will be asked to certify that, to the best of the provider's knowledge, the child care expenses are not paid by or reimbursed to the family from any source.

The family will be required to certify that the child care expenses are not paid by or reimbursed to the family from any source.

Pursuing an Eligible Activity

The PHA must verify that the family member(s) that the family has identified as being enabled to seek work, pursue education, or be gainfully employed, are actually pursuing those activities.

PHA Policy

Information to be Gathered

The PHA will verify information about how the schedule for the claimed activity relates to the hours of care provided, the time required for transportation, the time required for study (for students), the relationship of the family member(s) to the child, and any special needs of the child that might help determine which family member is enabled to pursue an eligible activity.

Seeking Work

Whenever possible the PHA will use documentation from a state or local agency that monitors work-related requirements (e.g., welfare or unemployment). In such cases the PHA will request verification from the agency of the member's job seeking efforts to date and require the family to submit to the PHA any reports provided to the other agency.

In the event third-party verification is not available, the PHA will provide the family with a form on which the family member must record job search efforts. The PHA will review this information at each subsequent reexamination for which this deduction is claimed.

Furthering Education

The PHA will ask that the academic or vocational educational institution verify that the person permitted to further his or her education by the child care is enrolled and provide information about the timing of classes for which the person is registered.

Gainful Employment

The PHA will seek verification from the employer of the work schedule of the person who is permitted to work by the child care. In cases in which two or more family members could be permitted to work, the work schedules for all relevant family members may be verified.

Allowable Type of Child Care

The type of care to be provided is determined by the family, but must fall within certain guidelines, as discussed in Chapter 6.

PHA Policy

The PHA will verify that the type of child care selected by the family is allowable, as described in Chapter 6 (6-II.F).

The PHA will verify that the fees paid to the child care provider cover only child care costs (e.g., no housekeeping services or personal services) and are paid only for the care of an eligible child (e.g., prorate costs if some of the care is provided for ineligible family members).

The PHA will verify that the child care provider is not an assisted family member. Verification will be made through the head of household's declaration of family members who are expected to reside in the unit.

Reasonableness of Expenses

Only reasonable child care costs can be deducted.

PHA Policy

The actual costs the family incurs will be compared with the PHA's established standards of reasonableness for the type of care in the locality to ensure that the costs are reasonable.

If the family presents a justification for costs that exceed typical costs in the area, the PHA will request additional documentation, as required, to support a determination that the higher cost is appropriate.

**EXHIBIT 7-1: EXCERPT FROM HUD VERIFICATION GUIDANCE
NOTICE (PIH 2004-01, pp. 11-14)**

| | |
|-------------------------------------|---|
| Upfront (UIV) | Highest (Highly Recommended, highest level of third party verification) |
| Written 3rd Party | High (Mandatory if upfront income verification is not available or if UIV data differs substantially from tenant-reported information) |
| Oral 3rd Party | Medium (Mandatory if written third party verification is not available) |
| Document Review | Medium-Low (Use on provisional basis) |

| Income Type | Upfront | Written Third Party | Oral Third Party | Document Review | Tenant Declaration |
|--------------------|---|---|--|--|---|
| | (LEVEL 5) | (LEVEL 4) | (LEVEL 3) | (LEVEL 2) | |
| Wages/Salaries | Use of computer matching agreements with a State Wage Information Collection Agency (SWICA) to obtain wage information electronically, by mail or fax or in person. | The PHA mails, faxes, or e-mails a verification form directly to the independent sources to obtain wage information. | In the event the independent source does not respond to the PHA's written request for information, the PHA may contact the independent source by phone or make an in person visit to obtain the requested information. | When neither form of third party verification can be obtained, the PHA may accept original documents such as consecutive pay stubs (HUD recommends the PHA review at least three months of pay stubs, if employed by the same employer for three months or more), W-2 forms, etc. from the tenant. Note: The PHA must document in the tenant file, the reason third party verification was not available. | The PHA may accept a notarized statement or affidavit from the tenant that declares the family's total annual income from earnings. Note: The PHA must document in the tenant file, the reason third party verification was not available. |
| | Agreements with private vendor agencies, such as The Work Number or ChoicePoint to obtain wage and salary information. | The PHA may have the tenant sign a Request for Earnings Statement from the SSA to confirm past earnings. The PHA mails the form to SSA and the statement will be sent to the address the PHA specifies on the form. | | | |
| | Use of HUD systems, when available. | | | | |

Verification of Employment Income: The PHA should always obtain as much information as possible about the employment, such as start date (new employment), termination date (previous employment), pay frequency, pay rate, anticipated pay increases in the next twelve months, year-to-date earnings, bonuses, overtime, company name, address and telephone number, name and position of the person completing the employment verification form.

Effective Date of Employment: The PHA should always confirm start and termination dates of employment.

| Income Type | Upfront | Written Third Party | Oral Third Party | Document Review | Tenant Declaration |
|--|---|--|--|--|--|
| | (LEVEL 5) | (LEVEL 4) | (LEVEL 3) | (LEVEL 2) | |
| Self-Employment | Not Available | The PHA mails or faxes a verification form directly to sources identified by the family to obtain income information. | The PHA may call the source to obtain income information. | The PHA may accept any documents (i.e. tax returns, invoices and letters from customers) provided by the tenant to verify self-employment income. Note: The PHA must document in the tenant file, the reason third party verification was not obtained. | The PHA may accept a notarized statement or affidavit from the tenant that declares the family's total annual income from self-employment. Note: The PHA must document in the tenant file, the reason third party verification was not available. |
| Verification of Self-Employment Income: Typically, it is a challenge for PHAs to obtain third party verification of self-employment income. When third party verification is not available, the PHA should always request a notarized tenant declaration that includes a perjury statement. | | | | | |
| Social Security Benefits | Use of HUD Tenant Assessment System (TASS) to obtain current benefit history and discrepancy reports. | The PHA mails or faxes a verification form directly to the local SSA office to obtain social security benefit information. (Not Available in some areas because SSA makes this data available through TASS. SSA encourages PHAs to use TASS.) | The PHA may call SSA, with the tenant on the line, to obtain current benefit amount. (Not Available in some areas because SSA makes this data available through TASS. SSA encourages PHAs to use TASS.) | The PHA may accept an original SSA Notice from the tenant. Note: The PHA must document in the tenant file, the reason third party verification was not available. | The PHA may accept a notarized statement or affidavit from the tenant that declares monthly social security benefits. Note: The PHA must document in the tenant file, the reason third party verification was not available. |
| Welfare Benefits | Use of computer matching agreements with the local Social Services Agency to obtain current benefit amount electronically, by mail or fax or in person. | The PHA mails, faxes, or e-mails a verification form directly to the local Social Services Agency to obtain welfare benefit information. | The PHA may call the local Social Services Agency to obtain current benefit amount. | The PHA may review an original award notice or printout from the local Social Services Agency provided by the tenant. Note: The PHA must document in the tenant file, the reason third party verification was not available. | The PHA may accept a notarized statement or affidavit from the tenant that declares monthly welfare benefits. Note: The PHA must document in the tenant file, the reason third party verification was not available. |

| Income Type | Upfront | Written Third Party | Oral Third Party | Document Review | Tenant Declaration |
|-----------------------|---|---|---|--|--|
| | (LEVEL 5) | (LEVEL 4) | (LEVEL 3) | (LEVEL 2) | |
| Child Support | Use of agreement with the local Child Support Enforcement Agency to obtain current child support amount and payment status electronically, by mail or fax or in person. | The PHA mails, faxes, or e-mails a verification form directly to the local Child Support Enforcement Agency or child support payer to obtain current child support amount and payment status. | The PHA may call the local Child Support Enforcement Agency or child support payer to obtain current child support amount and payment status. | The PHA may review an original court order, notice or printout from the local Child Support Enforcement Agency provided by the tenant to verify current child support amount and payment status. Note: The PHA must document in the tenant file, the reason third party verification was not available. | The PHA may accept a notarized statement or affidavit from the tenant that declares current child support amount and payment status. Note: The PHA must document in the tenant file, the reason third party verification was not available. |
| Unemployment Benefits | Use of computer matching agreements with a State Wage Information Collection Agency to obtain unemployment compensation electronically, by mail or fax or in person. | The PHA mails, faxes, or e-mails a verification form directly to the State Wage Information Collection Agency to obtain unemployment compensation information. | The PHA may call the State Wage Information Collection Agency to obtain current benefit amount. | The PHA may review an original benefit notice or unemployment check stub, or printout from the local State Wage Information Collection Agency provided by the tenant. Note: The PHA must document in the tenant file, the reason third party verification was not available. | The PHA may accept a notarized statement or affidavit from the tenant that declares unemployment benefits. Note: The PHA must document in the tenant file, the reason third party verification was not available. |
| | Use of HUD systems, when available. | | | | |
| Pensions | Use of computer matching agreements with a Federal, State, or Local Government Agency to obtain pension information electronically, by mail or fax or in person. | The PHA mails, faxes, or e-mails a verification form directly to the pension provider to obtain pension information. | The PHA may call the pension provider to obtain current benefit amount. | The PHA may review an original benefit notice from the pension provider provided by the tenant. Note: The PHA must document in the tenant file, the reason third party verification was not available. | The PHA may accept a notarized statement or affidavit from the tenant that declares monthly pension amounts. Note: The PHA must document in the tenant file, the reason third party verification was not available. |

| Income Type | Upfront | Written Third Party | Oral Third Party | Document Review | Tenant Declaration |
|--|---|--|--|---|--|
| | (LEVEL 5) | (LEVEL 4) | (LEVEL 3) | (LEVEL 2) | |
| Assets | Use of cooperative agreements with sources to obtain asset and asset income information electronically, by mail or fax or in person. | The PHA mails, faxes, or emails a verification form directly to the source to obtain asset and asset income information. | The PHA may call the source to obtain asset and asset income information. | The PHA may review original documents provided by the tenant. Note: The PHA must document in the tenant file, the reason third party verification was not available. | The PHA may accept a notarized statement or affidavit from the tenant that declares assets and asset income. Note: The PHA must document in the tenant file, the reason third party verification was not available. |
| Comments | Whenever HUD makes available wage, unemployment, and SSA information, the PHA should use the information as part of the reexamination process. Failure to do so may result in disallowed costs during a RIM review. | Note: The independent source completes the form and returns the form directly to the PHA. Agency. The tenant should not hand carry documents to or from the independent source. | The PHA should document in the tenant file, the date and time of the telephone call or in person visit, along with the name and title of the person that verified the current income amount. | | The PHA should use this verification method as a last resort, when all other verification methods are not possible or have been unsuccessful. Notarized statement should include a perjury penalty statement. |
| Note: The PHA must not pass verification costs along to the participant. | | | | | |
| Note: In cases where the PHA cannot reliably project annual income, the PHA may elect to complete regular interim reexaminations (this policy should be apart of the PHA's written policies.) | | | | | |

**EXHIBIT 7-2: SUMMARY OF DOCUMENTATION REQUIREMENTS
FOR NONCITIZENS [HCV GB, pp. 5-9 and 5-10]**

- All noncitizens claiming eligible status must sign a declaration of eligible immigrant status on a form acceptable to the PHA.
- Except for persons 62 or older, all noncitizens must sign a verification consent form
- Additional documents are required based upon the person's status.

Elderly Noncitizens

- A person 62 years of age or older who claims eligible immigration status also must provide proof of age such as birth certificate, passport, or documents showing receipt of SS old-age benefits.

All other Noncitizens

- Noncitizens that claim eligible immigration status also must present the applicable USCIS document. Acceptable USCIS documents are listed below.

- Form I-551 Alien Registration Receipt Card (for permanent resident aliens)
- Form I-94 Arrival-Departure Record annotated with one of the following:
 - “Admitted as a Refugee Pursuant to Section 207”
 - “Section 208” or “Asylum”
 - “Section 243(h)” or “Deportation stayed by Attorney General”
 - “Paroled Pursuant to Section 221 (d)(5) of the USCIS”

- Form I-94 Arrival-Departure Record with no annotation accompanied by:
 - A final court decision granting asylum (but only if no appeal is taken);
 - A letter from a USCIS asylum officer granting asylum (if application is filed on or after 10/1/90) or from a USCIS district director granting asylum (application filed before 10/1/90);
 - A court decision granting withholding of deportation; or
 - A letter from an asylum officer granting withholding or deportation (if application filed on or after 10/1/90).

- Form I-688 Temporary Resident Card annotated “Section 245A” or Section 210”.

Form I-688B Employment Authorization Card annotated “Provision of Law 274a. 12(11)” or “Provision of Law 274a.12”.

- A receipt issued by the USCIS indicating that an application for issuance of a replacement document in one of the above listed categories has been made and the applicant’s entitlement to the document has been verified; or
- Other acceptable evidence. If other documents are determined by the USCIS to constitute acceptable evidence of eligible immigration status, they will be announced by notice published in the *Federal Register*

Chapter 10

MOVING WITH CONTINUED ASSISTANCE AND PORTABILITY

INTRODUCTION

Freedom of choice is a hallmark of the housing choice voucher (HCV) program. In general, therefore, HUD regulations impose few restrictions on where families may live or move with HCV assistance. This chapter sets forth HUD regulations and PHA policies governing moves within or outside the PHA's jurisdiction in two parts:

Part I: Moving with Continued Assistance. This part covers the general rules that apply to all moves by a family assisted under the PHA's HCV program, whether the family moves to another unit within the PHA's jurisdiction or to a unit outside the PHA's jurisdiction under portability.

Part II: Portability. This part covers the special rules that apply to moves by a family under portability, whether the family moves out of or into the PHA's jurisdiction. This part also covers the special responsibilities that the PHA has under portability regulations and procedures.

PART I. MOVING WITH CONTINUED ASSISTANCE

10-I.A. ALLOWABLE MOVES

HUD regulations list five conditions under which an assisted family is allowed to move to a new unit with continued assistance. Permission to move is subject to the restrictions set forth in section 10-I.B.

- The family has a right to terminate the lease on notice to the owner (for the owner's breach or otherwise) and has given a notice of termination to the owner in accordance with the lease [24 CFR 982.314(b)(3)]. If the family terminates the lease on notice to the owner, the family must give the PHA a copy of the notice at the same time [24 CFR 982.314(d)(1)].
- The lease for the family's unit has been terminated by mutual agreement of the owner and the family [24 CFR 982.314(b)(1)(ii)].

PHA Policy

If the family and the owner mutually agree to terminate the lease for the family's unit, the family must give the PHA a copy of the termination agreement.

- The owner has given the family a notice to vacate, has commenced an action to evict the family, or has obtained a court judgment or other process allowing the owner to evict the family [24 CFR 982.314(b)(2)]. The family must give the PHA a copy of any owner eviction notice [24 CFR 982.551(g)].
- The PHA has terminated the assisted lease for the family's unit for the owner's breach [24 CFR 982.314(b)(1)(i)].
- The PHA determines that the family's current unit does not meet the HQS space standards because of an increase in family size or a change in family composition. In such cases, the PHA must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for the family, the PHA must terminate the HAP contract for the family's old unit in accordance with the HAP contract terms and must notify both the family and the owner of the termination. The HAP contract terminates at the end of the calendar month that follows the calendar month in which the PHA gives notice to the owner. [24 CFR 982.403(a) and (c)]

10-I.B. RESTRICTIONS ON MOVES

A family's right to move is generally contingent upon the family's compliance with program requirements [24 CFR 982.1(b)(2)]. HUD specifies two conditions under which a PHA may deny a family permission to move and two ways in which a PHA may restrict moves by a family.

Denial of Moves

HUD regulations permit the PHA to deny a family permission to move under the following conditions:

Insufficient Funding

The PHA may deny a family permission to move if the PHA does not have sufficient funding for continued assistance [24 CFR 982.314(e)(1)].

PHA Policy

The PHA will deny a family permission to move on grounds that the PHA does not have sufficient funding for continued assistance if (a) the move is initiated by the family, not the owner or the PHA; (b) the PHA can demonstrate that the move will, in fact, result in higher subsidy costs; and (c) the PHA can demonstrate, in accordance with the policies in Part VIII of Chapter 16, that it does not have sufficient funding in its annual budget to accommodate the higher subsidy costs. This policy applies to moves within the PHA's jurisdiction as well as to moves outside it under portability.

Grounds for Denial or Termination of Assistance

The PHA has grounds for denying or terminating the family's assistance [24 CFR 982.314(e)(2)].

PHA Policy

If the PHA has grounds for denying or terminating a family's assistance, the PHA will act on those grounds in accordance with the regulations and policies set forth in Chapters 3 and 12, respectively. In general, it will not deny a family permission to move for this reason; however, it retains the discretion to do so under special circumstances.

Restrictions on Elective Moves [24 CFR 982.314(c)]

HUD regulations permit the PHA to prohibit any elective move by a participant family during the family's initial lease term. They also permit the PHA to prohibit more than one elective move by a participant family during any 12-month period.

PHA Policy

The PHA will deny a family permission to make an elective move during the family's initial lease term. This policy applies to moves within the PHA's jurisdiction or outside it under portability.

The PHA will also deny a family permission to make more than one elective move during any 12-month period. This policy applies to all assisted families residing in the PHA's jurisdiction.

The PHA will consider exceptions to these policies for the following reasons: to protect the health or safety of a family member (e.g., lead-based paint hazards, domestic violence, witness protection programs), to accommodate a change in family circumstances (e.g., new employment, school attendance in a distant area), to address an emergency situation over which a family has no control or increase in contract rent.

In addition, the PHA will allow exceptions to these policies for purposes of reasonable accommodation of a family member who is a person with disabilities (see Chapter 2).

10-I.C. MOVING PROCESS

Notification

If a family wishes to move to a new unit, the family must notify the PHA and the owner before moving out of the old unit or terminating the lease on notice to the owner [24 CFR 982.314(d)(2)]. If the family wishes to move to a unit outside the PHA's jurisdiction under portability, the notice to the PHA must specify the area where the family wishes to move [24 CFR 982.314(d)(2), Notice PIH 2004-12]. The notices must be in writing [24 CFR 982.5].

Approval

PHA Policy

Upon receipt of a family's notification that it wishes to move, the PHA will determine whether the move is approvable in accordance with the regulations and policies set forth in sections 10-I.A and 10-I.B. The PHA will notify the family in writing of its determination within 10 business days following receipt of the family's notification.

Reexamination of Family Income and Composition

PHA Policy

For families approved to move to a new unit within the PHA's jurisdiction, the PHA will not perform a new annual reexamination.

For families moving into or families approved to move out of the PHA's jurisdiction under portability, the PHA will follow the policies set forth in Part II of this chapter.

Voucher Issuance and Briefing

PHA Policy

For families approved to move to a new unit within the PHA's jurisdiction, the PHA will ~~issue a new~~ reissue the voucher within 10 business days of the PHA's written approval to move. No briefing is required for these families. The PHA will follow the policies set forth in Chapter 5 on voucher term, extension, and expiration. If a family does not locate a new unit within the term of the voucher and any extensions, the family may remain in its current unit with continued voucher assistance if the owner agrees and the PHA approves. Otherwise, the family will lose its assistance.

For families moving into or families approved to move out of the PHA's jurisdiction under portability, the PHA will follow the policies set forth in Part II of this chapter.

Housing Assistance Payments [24 CFR 982.311(d)]

When a family moves out of an assisted unit, the PHA may not make any housing assistance payment to the owner for any month **after** the month the family moves out. The owner may keep the housing assistance payment for the month when the family moves out of the unit.

If a participant family moves from an assisted unit with continued tenant-based assistance, the term of the assisted lease for the new assisted unit may begin during the month the family moves out of the first assisted unit. Overlap of the last housing assistance payment (for the month when the family moves out of the old unit) and the first assistance payment for the new unit, is not considered to constitute a duplicative housing subsidy.

PART II: PORTABILITY

10-II.A. OVERVIEW

Within the limitations of the regulations and this plan, a participant family or an applicant family that has been issued a voucher has the right to use tenant-based voucher assistance to lease a unit anywhere in the United States providing that the unit is located within the jurisdiction of a PHA administering a tenant-based voucher program [24 CFR 982.353(b)]. The process by which a family obtains a voucher from one PHA and uses it to lease a unit in the jurisdiction of another PHA is known as portability. The first PHA is called the **initial PHA**. The second is called the **receiving PHA**.

The receiving PHA has the option of administering the family's voucher for the initial PHA or absorbing the family into its own program. Under the first option, the receiving PHA bills the initial PHA for the family's housing assistance payments and the fees for administering the family's voucher. Under the second option, the receiving PHA pays for the family's assistance out of its own program funds, and the initial PHA has no further relationship with the family.

The same PHA commonly acts as the initial PHA for some families and as the receiving PHA for others. Each role involves different responsibilities. The PHA will follow the rules and policies in section 10-II.B when it is acting as the initial PHA for a family. It will follow the rules and policies in section 10-II.C when it is acting as the receiving PHA for a family.

10-II.B. INITIAL PHA ROLE

Allowable Moves under Portability

A family may move with voucher assistance only to an area where there is at least one PHA administering a voucher program [24 CFR 982.353(b)]. If there is more than one PHA in the area, the initial PHA may choose the receiving PHA [24 CFR 982.355(b)].

Applicant families that have been issued vouchers as well as participant families may qualify to lease a unit outside the PHA's jurisdiction under portability. The initial PHA, in accordance with HUD regulations and PHA policy, determines whether a family qualifies.

Applicant Families

Under HUD regulations, most applicant families qualify to lease a unit outside the PHA's jurisdiction under portability. However, HUD gives the PHA discretion to deny a portability move by an applicant family for the same two reasons that it may deny any move by a participant family: insufficient funding and grounds for denial or termination of assistance.

PHA Policy

In determining whether or not to deny an applicant family permission to move under portability because the PHA lacks sufficient funding or has grounds for denying assistance to the family, the initial PHA will follow the policies established in section 10-I.B of this chapter.

In addition, the PHA may establish a policy denying the right to portability to nonresident applicants during the first 12 months after they are admitted to the program [24 CFR 982.353(c)].

PHA Policy

If neither the head of household nor the spouse/cohead of an applicant family had a domicile (legal residence) in the PHA's jurisdiction at the time the family's application for assistance was submitted, the family must live in the PHA's jurisdiction with voucher assistance for at least 12 months before requesting portability.

The PHA will consider exceptions to this policy for purposes of reasonable accommodation (see Chapter 2). However, any exception to this policy is subject to the approval of the receiving PHA [24 CFR 982.353(c)(3)].

Participant Families

The Initial PHA must not provide portable assistance for a participant if a family has moved out of its assisted unit in violation of the lease. [24 CFR 982.3539b.)]

PHA Policy

The PHA will determine whether a participant family may move out of the PHA's jurisdiction with continued assistance in accordance with the regulations and policies set forth here and in sections 10-I.A and 10-I.B of this chapter. The PHA will notify the family of its determination in accordance with the approval policy set forth in section 10-I.C of this chapter.

Determining Income Eligibility

Applicant Families

An applicant family may lease a unit in a particular area under portability only if the family is income eligible for admission to the voucher program in that area [24 CFR 982.353(d)(3)]. The family must specify the area to which the family wishes to move [Notice 2004-12].

The initial PHA is responsible for determining whether the family is income eligible in the area to which the family wishes to move [24 CFR 982.355(c)(1)]. If the applicant family is not income eligible in that area, the PHA must inform the family that it may not move there and receive voucher assistance [Notice PIH 2004-12].

Participant Families

The income eligibility of a participant family is not redetermined if the family moves to a new jurisdiction under portability [24 CFR 982.353(d)(2), 24 CFR 982.355(c)(1)].

Reexamination of Family Income and Composition

No new reexamination of family income and composition is required for an applicant family.

PHA Policy

For a participant family approved to move out of its jurisdiction under portability, the PHA generally will conduct a reexamination of family income and composition only if the family's annual reexamination must be completed on or before the initial billing deadline specified on form HUD-52665, Family Portability Information.

The PHA will make any exceptions to this policy necessary to remain in compliance with HUD regulations.

Briefing

The regulations and policies on briefings set forth in Chapter 5 of this plan require the PHA to provide information on portability to all applicant families that qualify to lease a unit outside the PHA's jurisdiction under the portability procedures. Therefore, no special briefing is required for these families.

PHA Policy

No formal briefing will be required for a participant family wishing to move outside the PHA's jurisdiction under portability. However, the PHA will provide the family with the same oral and written explanation of portability that it provides to applicant families selected for admission to the program (see Chapter 5). The PHA will provide the name, address, and phone of the contact for the PHA in the jurisdiction to which they wish to move. The PHA will advise the family that they will be under the RHA's policies and procedures, including subsidy standards and voucher extension policies.

Voucher Issuance and Term

An applicant family has no right to portability until after the family has been issued a voucher [24 CFR 982.353(b)]. In issuing vouchers to applicant families, the PHA will follow the regulations and procedures set forth in Chapter 5. A new voucher is not required for portability purposes.

PHA Policy

For families approved to move under portability, the PHA will issue a new voucher within 10 business days of the PHA's written approval to move.

The initial term of the voucher will be 60 days.

Voucher Extensions and Expiration

PHA Policy

The PHA will approve no extensions to a voucher issued to an applicant or participant family porting out of the PHA's jurisdiction except under the following circumstances: (a) the initial term of the voucher will expire before the portable family will be issued a voucher by the receiving PHA, (b) the family decides to return to the initial PHA's jurisdiction and search for a unit there, or (c) the family decides to search for a unit in a third PHA's jurisdiction. In such cases, the policies on voucher extensions set forth in Chapter 5, section 5-II.E, of this plan will apply, including the requirement that the family apply for an extension in writing prior to the expiration of the initial voucher term.

To receive or continue receiving assistance under the initial PHA's voucher program, a family that moves to another PHA's jurisdiction under portability must be under HAP contract in the receiving PHA's jurisdiction within 60 days following the expiration date of the initial PHA's voucher term (including any extensions). (See below under "Initial Billing Deadline" for one exception to this policy.)

Initial Contact with the Receiving PHA

After approving a family's request to move under portability, the initial PHA must promptly notify the receiving PHA to expect the family [24 CFR 982.355(c)(2)]. This means that the initial PHA must contact the receiving PHA directly on the family's behalf [Notice PIH 2004-12]. The initial PHA must also advise the family how to contact and request assistance from the receiving PHA [24 CFR 982.355(c)(2)].

PHA Policy

Because the portability process is time-sensitive, the PHA will notify the receiving PHA by phone, fax, or e-mail to expect the family. The initial PHA will also ask the receiving PHA to provide any information the family may need upon arrival, including the name, fax, email and telephone number of the staff person responsible for business with incoming portable families and procedures related to appointments for voucher issuance. The PHA will pass this information along to the family. The PHA will also ask for the name, address, telephone number, fax and email of the person responsible for processing the billing information.

Sending Documentation to the Receiving PHA

The initial PHA is required to send the receiving PHA the following documents:

- Form HUD-52665, Family Portability Information, with Part I filled out [Notice PIH 2004-12]
- A copy of the family's voucher [Notice PIH 2004-12]
- A copy of the family's most recent form HUD-50058, Family Report, or, if necessary in the case of an applicant family, family and income information in a format similar to that of form HUD-50058 [24 CFR 982.355(c)(4), Notice PIH 2004-12]
- Copies of the income verifications backing up the form HUD-50058 [24 CFR 982.355(c)(4), Notice PIH 2004-12]

PHA Policy

In addition to these documents, the PHA will provide the following information, if available, to the receiving PHA:

Social security numbers (SSNs)

Documentation of SSNs for all family members age 6 and over

Documentation of legal identity

Documentation of citizenship or eligible immigration status

Documentation of participation in the earned income disallowance (EID) benefit

Documentation of participation in a family self-sufficiency (FSS) program

The PHA will notify the family in writing regarding any information provided to the receiving PHA [HCV GB, p. 13-3].

Initial Billing Deadline [Notice PIH 2004-12]

When the initial PHA sends form HUD-52665 to the receiving PHA, it specifies in Part I the deadline by which it must receive the initial billing notice from the receiving PHA. This deadline is 60 days following the expiration date of the voucher issued to the family by the initial PHA. If the initial PHA does not receive a billing notice by the deadline and does not intend to honor a late billing submission, it must contact the receiving PHA to determine the status of the family. If the receiving PHA reports that the family is not yet under HAP contract, the initial PHA may refuse to accept a late billing submission. If the receiving PHA reports that the family is under HAP contract and the receiving PHA cannot absorb the family, the initial PHA must accept a late billing submission; however, it may report to HUD the receiving PHA's failure to comply with the deadline.

PHA Policy

If the PHA has not received an initial billing notice from the receiving PHA by the deadline specified on form HUD-52665, it will contact the receiving PHA by phone, fax, or e-mail on the next business day. If the PHA reports that the family is not yet under HAP contract, the PHA will inform the receiving PHA that it will not honor a late billing submission and will return any subsequent billings that it receives on behalf of the family. The PHA will send the receiving PHA a written confirmation of its decision by mail.

The PHA will allow an exception to this policy if the family includes a person with disabilities and the late billing is a result of a reasonable accommodation granted to the family by the receiving PHA.

Monthly Billing Payments [24 CFR 982.355(e), Notice PIH 2004-12]

If the receiving PHA is administering the family's voucher, the initial PHA is responsible for making billing payments in a timely manner. The first billing amount is due within 30 calendar days after the initial PHA receives Part II of form HUD-52665 from the receiving PHA. Subsequent payments must be **received** by the receiving PHA no later than the fifth business day of each month. The payments must be provided in a form and manner that the receiving PHA is able and willing to accept.

The initial PHA may not terminate or delay making payments under existing portability billing arrangements as a result of overleasing or funding shortfalls. The PHA must manage its tenant-based program in a manner that ensures that it has the financial ability to provide assistance for families that move out of its jurisdiction under portability and are not absorbed by receiving PHAs as well as for families that remain within its jurisdiction.

PHA Policy

The initial PHA will utilize direct deposit to ensure that the payment is received by the deadline unless the receiving PHA notifies the initial PHA that direct deposit is not acceptable to them.

Annual Updates of Form HUD-50058

If the initial PHA is being billed on behalf of a portable family, it should receive an updated form HUD-50058 each year from the receiving PHA. If the initial PHA fails to receive an updated 50058 by the family's annual reexamination date, the initial PHA should contact the receiving PHA to verify the status of the family.

Subsequent Family Moves

Within the Receiving PHA's Jurisdiction [24 CFR 314(e)(1), Notice PIH 2005-1]

The initial PHA has the authority to deny subsequent moves by portable families whom it is assisting under portability billing arrangements if it does not have sufficient funding for continued assistance.

PHA Policy

If the PHA determines that it must deny moves on the grounds that it lacks sufficient funding (see section 10-I.B), it will notify all receiving PHAs with which it has entered into portability billing arrangements that they, too, must deny moves to higher cost units by portable families from the PHA's jurisdiction.

The PHA will allow exceptions to this policy for purposes of reasonable accommodation of a family member who is a person with disabilities.

Outside the Receiving PHA's Jurisdiction [Notice PIH 2004-12]

If the initial PHA is assisting a portable family under a billing arrangement and the family subsequently decides to move out of the receiving PHA's jurisdiction, the initial PHA is responsible for issuing the family a voucher while the family is either being assisted or has a voucher from the receiving PHA and, if the family wishes to port to another jurisdiction, sending form HUD-52665 and supporting documentation to the new receiving PHA. Any extensions of the initial PHA voucher necessary to allow the family additional search-time to return to the initial PHA's jurisdiction or to move to another jurisdiction would be at the discretion of the initial PHA.

Denial or Termination of Assistance [24 CFR 982.355(c)(9)]

If the initial PHA has grounds for denying or terminating assistance for a portable family that has not been absorbed by the receiving PHA, the initial PHA may act on those grounds at any time. (For PHA policies on denial and termination, see Chapters 3 and 12, respectively.)

10-II.C. RECEIVING PHA ROLE

If a family has a right to lease a unit in the receiving PHA's jurisdiction under portability, the receiving PHA must provide assistance for the family [24 CFR 982.355(10)].

The receiving PHA's procedures and preferences for selection among eligible applicants do not apply, and the receiving PHA's waiting list is not used [24 CFR 982.355(10)]. However, the family's unit, or voucher, size is determined in accordance with the subsidy standards of the receiving PHA [24 CFR 982.355(7)], and the amount of the family's housing assistance payment is determined in the same manner as for other families in the receiving PHA's voucher program [24 CFR 982.355(e)(2)].

Initial Contact with Family

When a family moves into the PHA's jurisdiction under portability, the family is responsible for promptly contacting the PHA and complying with the PHA's procedures for incoming portable families [24 CFR 982.355(c)(3)].

If the voucher issued to the family by the initial PHA has expired, the receiving PHA does not process the family's paperwork but instead refers the family back to the initial PHA [Notice PIH 2004-12].

When a portable family requests assistance from the receiving PHA, the receiving PHA must promptly inform the initial PHA whether the receiving PHA will bill the initial PHA for assistance on behalf of the portable family or will absorb the family into its own program [24 CFR 982.355(c)(5)]. If the PHA initially bills the initial PHA for the family's assistance, it may later decide to absorb the family into its own program [Notice PIH 2004-12]. (See later under "Absorbing a Portable Family" for more on this topic.)

PHA Policy

Within 10 business days after a portable family requests assistance, the receiving PHA will notify the initial PHA whether it intends to bill the receiving PHA on behalf of the portable family or absorb the family into its own program.

If for any reason the receiving PHA refuses to process or provide assistance to a family under the portability procedures, the family must be given the opportunity for an informal review or hearing [Notice PIH 2004-12]. (For more on this topic, see later under "Denial or Termination of Assistance.")

Briefing

HUD allows the receiving PHA to require a briefing for an incoming portable family as long as the requirement does not unduly delay the family's search [Notice PIH 2004-12].

PHA Policy

The PHA will not require the family to attend a briefing. The PHA will provide the family with a briefing packet (as described in Chapter 5) and, in an individual briefing, will orally inform the family about the PHA's payment and subsidy standards, procedures for requesting approval of a unit, the unit inspection process, and the leasing process. The PHA will suggest that the family attend a full briefing at a later date.

Income Eligibility and Reexamination

HUD allows the receiving PHA to conduct its own income reexamination of a portable family [24 CFR 982.355(c)(4)]. However, the receiving PHA may not delay voucher issuance or unit approval until the reexamination process is complete unless the reexamination is necessary to determine that an applicant family is income eligible for admission to the program in the area where the family wishes to lease a unit [Notice PIH 2004-12, 24 CFR 982.201(b)(4)]. The receiving PHA does not redetermine income eligibility for a portable family that was already receiving assistance in the initial PHA's voucher program [24 CFR 982.355(c)(1)].

PHA Policy

For any family moving into its jurisdiction under portability, the PHA will conduct a new reexamination of family income and composition. However, the PHA will not delay issuing the family a voucher for this reason. Nor will the PHA delay approving a unit for the family until the reexamination process is complete unless the family is an applicant and the PHA cannot otherwise confirm that the family is income eligible for admission to the program in the area where the unit is located.

In conducting its own reexamination, the PHA will rely upon any verifications provided by the initial PHA to the extent that they (a) accurately reflect the family's current circumstances and (b) were obtained within the last 120 days. Any new information may be verified by documents provided by the family and adjusted, if necessary, when third party verification is received.

Voucher Issuance

When a family moves into its jurisdiction under portability, the receiving PHA is required to issue the family a voucher [24 CFR 982.355(b)(6)]. The family must submit a request for tenancy approval to the receiving PHA during the term of the receiving PHA's voucher [24 CFR 982.355(c)(6)].

Timing of Voucher Issuance

HUD expects the receiving PHA to issue the voucher within two weeks after receiving the family's paperwork from the initial PHA if the information is in order, the family has contacted the receiving PHA, and the family complies with the receiving PHA's procedures [Notice PIH 2004-12].

PHA Policy

When a family ports into its jurisdiction, the PHA will issue the family a voucher based on the paperwork provided by the initial PHA unless the family's paperwork from the initial PHA is incomplete, the family's voucher from the initial PHA has expired or the family does not comply with the PHA's procedures. The PHA will update the family's information when verification has been completed.

Voucher Term

The term of the receiving PHA's voucher may not expire before the term of the initial PHA's voucher [24 CFR 982.355(c)(6)].

PHA Policy

The receiving PHA's voucher will expire on the same date as the initial PHA's voucher.

Voucher Extensions [24 CFR 982.355(c)(6), Notice 2004-12]

The receiving PHA may provide additional search time to the family beyond the expiration date of the initial PHA's voucher; however, if it does so, it must inform the initial PHA of the extension. It must also bear in mind the billing deadline provided by the initial PHA. Unless willing and able to absorb the family, the receiving PHA should ensure that any voucher expiration date would leave sufficient time to process a request for tenancy approval, execute a HAP contract, and deliver the initial billing to the initial PHA.

PHA Policy

The PHA generally will not extend the term of the voucher that it issues to an incoming portable family unless the PHA plans to absorb the family into its own program, in which case it will follow the policies on voucher extension set forth in section 5-II.E.

The PHA will consider an exception to this policy as a reasonable accommodation to a person with disabilities (see Chapter 2).

Notifying the Initial PHA

The receiving PHA must promptly notify the initial PHA if the family has leased an eligible unit under the program or if the family fails to submit a request for tenancy approval for an eligible unit within the term of the receiving PHA's voucher [24 CFR 982.355(c)(8)]. The receiving PHA is required to use Part II of form HUD-52665, Family Portability Information, for this purpose [24 CFR 982.355(e)(5), Notice PIH 2004-12]. (For more on this topic and the deadline for notification, see below under "Administering a Portable Family's Voucher,")

If an incoming portable family ultimately decides not to lease in the jurisdiction of the receiving PHA but instead wishes to return to the initial PHA's jurisdiction or to search in another jurisdiction, the receiving PHA must refer the family back to the initial PHA. In such a case the voucher of record for the family is once again the voucher originally issued by the initial PHA. Any extension of search time provided by the receiving PHA's voucher is only valid for the family's search in the receiving PHA's jurisdiction. [Notice PIH 2004-12]

Administering a Portable Family's Voucher

Initial Billing Deadline

If a portable family's search for a unit is successful and the receiving PHA intends to administer the family's voucher, the receiving PHA must submit its initial billing notice (Part II of form HUD-52665) (a) no later than 10 business days following the date the receiving PHA executes a HAP contract on behalf of the family and (b) in time that the notice will be received no later than 60 days following the expiration date of the family's voucher issued by the initial PHA [Notice PIH 2004-12]. A copy of the family's form HUD-50058, Family Report, completed by the receiving PHA must be attached to the initial billing notice. The receiving PHA may send these documents by mail, fax, or e-mail.

PHA Policy

The PHA will send its initial billing notice by fax or e-mail, if necessary, to meet the billing deadline but will also send the notice by regular mail.

If the receiving PHA fails to send the initial billing within 10 business days following the date the HAP contract is executed, it is required to absorb the family into its own program unless (a) the initial PHA is willing to accept the late submission or (b) HUD requires the initial PHA to honor the late submission (e.g., because the receiving PHA is overleased) [Notice PIH 2004-12].

Ongoing Notification Responsibilities [Notice PIH 2004-12, HUD-52665]

Annual Reexamination. The receiving PHA must send the initial PHA a copy of a portable family's updated form HUD-50058 after each annual reexamination for the duration of time the receiving PHA is billing the initial PHA on behalf of the family, regardless of whether there is a change in the billing amount.

PHA Policy

The PHA will send a copy of the updated HUD-50058 by regular mail at the same time the PHA and owner are notified of the reexamination results.

Change in Billing Amount. The receiving PHA is required to notify the initial PHA, using form HUD-52665, of any change in the billing amount for the family as a result of:

- A change in the HAP amount (because of a reexamination, a change in the applicable payment standard, a move to another unit, etc.)
- An abatement or subsequent resumption of the HAP payments
- Termination of the HAP contract
- Payment of a damage/vacancy loss claim for the family
- Termination of the family from the program

The timing of the notice of the change in the billing amount should correspond with the notification to the owner and the family in order to provide the initial PHA with advance notice of the change. Under no circumstances should the notification be later than 10 business days following the effective date of the change in the billing amount.

Late Payments [Notice PIH 2004-12]

If the initial PHA fails to make a monthly payment for a portable family by the fifth business day of the month, the receiving PHA must promptly notify the initial PHA in writing of the deficiency. The notice must identify the family, the amount of the billing payment, the date the billing payment was due, and the date the billing payment was received (if it arrived late). The receiving PHA must send a copy of the notification to the Office of Public Housing (OPH) in the HUD area office with jurisdiction over the receiving PHA. If the initial PHA fails to correct the problem by the second month following the notification, the receiving PHA may request by memorandum to the director of the OPH with jurisdiction over the receiving PHA that HUD transfer the unit in question. A copy of the initial notification and any subsequent correspondence between the PHAs on the matter must be attached. The receiving PHA must send a copy of the memorandum to the initial PHA. If the OPH decides to grant the transfer, the billing arrangement on behalf of the family ceases with the transfer, but the initial PHA is still responsible for any outstanding payments due to the receiving PHA.

Overpayments [Notice PIH 2004-12]

In all cases where the receiving PHA has received billing payments for billing arrangements no longer in effect, the receiving PHA is responsible for returning the full amount of the overpayment (including the portion provided for administrative fees) to the initial PHA.

In the event that HUD determines billing payments have continued for at least three months because the receiving PHA failed to notify the initial PHA that the billing arrangement was terminated, the receiving PHA must take the following steps:

- Return the full amount of the overpayment, including the portion provided for administrative fees, to the initial PHA.
- Once full payment has been returned, notify the Office of Public Housing in the HUD area office with jurisdiction over the receiving PHA of the date and the amount of reimbursement to the initial PHA.

At HUD's discretion, the receiving PHA will be subject to the sanctions spelled out in Notice PIH 2004-12.

Denial or Termination of Assistance

At any time, the receiving PHA may make a determination to deny or terminate assistance to a portable family for family action or inaction [24 CFR 982.355(c)(9), 24 CFR 982.355(c)(10)].

In the case of a termination, the PHA should provide adequate notice of the effective date to the initial PHA to avoid having to return a payment. In no event should the receiving PHA fail to notify the initial PHA later than 10 business days following the effective date of the termination of the billing arrangement. [Notice PIH 2004-12]

PHA Policy

If the PHA elects to deny or terminate assistance for a portable family, the PHA will notify the initial PHA within 10 business days after the informal review or hearing if the denial or termination is upheld. The PHA will base its denial or termination decision on the policies set forth in Chapter 3 or Chapter 12, respectively. The informal review or hearing will be held in accordance with the policies in Chapter 16. The receiving PHA will furnish the initial PHA with a copy of the review or hearing decision.

Absorbing a Portable Family

The receiving PHA may absorb an incoming portable family into its own program when the PHA executes a HAP contract on behalf of the family or at any time thereafter providing that (a) the PHA has funding available under its annual contributions contract (ACC) and (b) absorbing the family will not result in overleasing [24 CFR 982.355(d)(1), Notice PIH 2004-12].

If the receiving PHA absorbs a family from the point of admission, the admission will be counted against the income targeting obligation of the receiving PHA [24 CFR 982.201(b)(2)(vii)].

If the receiving PHA absorbs a family after providing assistance for the family under a billing arrangement with the initial PHA, HUD encourages the receiving PHA to provide adequate advance notice to the initial PHA to avoid having to return an overpayment. The receiving PHA must specify the effective date of the absorption of the family. [Notice PIH 2004-12]

PHA Policy

If the PHA decides to absorb a portable family upon the execution of a HAP contract on behalf of the family, the PHA will notify the initial PHA by the initial billing deadline specified on form HUD-52665. The effective date of the HAP contract will be the effective date of the absorption.

If the PHA decides to absorb a family after that, it will provide the initial PHA with 30 days' advance notice.

Following the absorption of an incoming portable family, the family is assisted with funds available under the consolidated ACC for the receiving PHA's voucher program [24 CFR 982.355(d)], and the receiving PHA becomes the initial PHA in any subsequent moves by the family under portability.

Chapter 11

REEXAMINATIONS

INTRODUCTION

The PHA is required to reexamine each family's income and composition at least annually, and to adjust the family's level of assistance accordingly. Interim reexaminations are also needed in certain situations. This chapter discusses both annual and interim reexaminations, and the recalculation of family share and subsidy that occurs as a result. HUD regulations and PHA policies concerning reexaminations are presented in three parts:

Part I: Annual Reexaminations. This part discusses the process for conducting annual reexaminations.

Part II: Interim Reexaminations. This part details the requirements for families to report changes in family income and composition between annual reexaminations.

Part III: Recalculating Family Share and Subsidy Amount. This part discusses the recalculation of family share and subsidy amounts based on the results of annual and interim reexaminations.

Policies governing reasonable accommodation, family privacy, required family cooperation, and program abuse, as described elsewhere in this plan, apply to both annual and interim reexaminations.

PART I: ANNUAL REEXAMINATIONS [24 CFR 982.516]

11-I.A. OVERVIEW

The PHA must conduct a reexamination of family income and composition at least annually. This includes gathering and verifying current information about family composition, income, and expenses. Based on this updated information, the family's income and rent must be recalculated. This part discusses the schedule for annual reexaminations, the information to be collected and verified, and annual reexamination effective dates.

11-I.B. SCHEDULING ANNUAL REEXAMINATIONS

The PHA must establish a policy to ensure that the annual reexamination for each family is completed *within* a 12-month period, and may require reexaminations more frequently [HCV GB p. 12-1].

PHA Policy

The PHA will begin the annual reexamination process 120 days in advance of its scheduled effective date. Generally, the PHA will schedule annual reexamination effective dates to coincide with the family's anniversary date.

Anniversary date is defined as 12 months from the effective date of the family's last annual reexamination or, during a family's first year in the program, from the effective date of the family's initial examination (admission).

The next annual reexamination will be the first day of the same month of move in.

If the family moves to a new unit, the PHA will not perform a new annual reexamination.

The PHA also may schedule an annual reexamination for completion prior to the anniversary date for administrative purposes.

Notification of and Participation in the Annual Reexamination Process

The PHA is required to obtain the information needed to conduct annual reexaminations. How that information will be collected is left to the discretion of the PHA.

PHA Policy

Families generally are required to participate in an annual reexamination interview in person, telephone or home visit. ~~which must be attended by the head of household, spouse, co-head, and any household member over the age of 18 years. If participation in an in-person interview poses a hardship because of a family member's disability, the family should contact the PHA to request a reasonable accommodation (see Chapter 2).~~

Notification of annual reexamination interviews will be sent by first-class mail and will contain the date, time, and location of the interview. In addition, it will inform the family of the information and documentation that must be brought to the interview.

If the family is unable to attend a scheduled interview, the family should contact the PHA in advance of the interview to schedule a new appointment. If a family does not attend the scheduled interview, the PHA will send a second notification with a new interview appointment time.

If a family fails to attend two scheduled interviews without PHA approval, or if the notice is returned by the post office with no forwarding address, a notice of termination (see Chapter 12) will be sent to the family's address of record, and to any alternate address provided in the family's file.

An advocate, interpreter, or other assistant may assist the family in the interview process. The family and the PHA must execute a certification attesting to the role and assistance of any such third party.

11-I.C. CONDUCTING ANNUAL REEXAMINATIONS

As part of the annual reexamination process, families are required to provide updated information to the PHA regarding the family's income, expenses, and composition [24 CFR 982.551(b)].

PHA Policy

Families will be asked to bring all required information (as described in the reexamination notice) to the reexamination appointment. The required information will include a PHA-designated reexamination form, an Authorization for the Release of Information/Privacy Act Notice, as well as supporting documentation related to the family's income, expenses, and family composition.

Any required documents or information that the family is unable to provide at the time of the interview must be provided within 10 business days of the interview. If the family is unable to obtain the information or materials within the required time frame, the family may request an extension.

If the family does not provide the required documents or information within the required time frame (plus any extensions), the family will be sent a notice of termination (See Chapter 12).

The information provided by the family generally must be verified in accordance with the policies in Chapter 7. Unless the family reports a change, or the agency has reason to believe a change has occurred in information previously reported by the family, certain types of information that are verified at admission typically do not need to be re-verified on an annual basis. These include:

- Legal identity
- Age
- Social security numbers
- A person's disability status
- Citizenship or immigration status

If adding a new family member to the unit causes overcrowding according to the Housing Quality Standards (HQS) (see Chapter 8), the PHA must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the PHA must terminate the HAP contract in accordance with its terms [24 CFR 982.403].

11-I.D. EFFECTIVE DATES

The PHA must establish policies concerning the effective date of changes that result from an annual reexamination [24 CFR 982.516].

PHA Policy

In general, an *increase* in the family share of the rent that results from an annual reexamination will take effect on the family's anniversary date, and the family will be notified at least 30 days in advance.

If less than 30 days remain before the scheduled effective date, the increase will take effect on the first of the month following the end of the 30-day notice period.

If a family moves to a new unit, the increase will take effect on the effective date of the new lease and HAP contract, and no 30-day notice is required.

If the PHA chooses to schedule an annual reexamination for completion prior to the family's anniversary date for administrative purposes, the effective date will be determined by the PHA, but will always allow for the 30-day notice period.

If the family causes a delay in processing the annual reexamination, *increases* in the family share of the rent will be applied retroactively, to the scheduled effective date of the annual reexamination. The family will be responsible for any overpaid subsidy and may be offered a repayment agreement in accordance with the policies in Chapter 16.

In general, a *decrease* in the family share of the rent that results from an annual reexamination will take effect on the family's anniversary date.

If a family moves to a new unit, the decrease will take effect on the effective date of the new lease and HAP contract.

If the PHA chooses to schedule an annual reexamination for completion prior to the family's anniversary date for administrative purposes, the effective date will be determined by the PHA.

If the family causes a delay in processing the annual reexamination, *decreases* in the family share of the rent will be applied prospectively, from the first day of the month following completion of the reexamination processing.

Delays in reexamination processing are considered to be caused by the family if the family fails to provide information requested by the PHA by the date specified, and this delay prevents the PHA from completing the reexamination as scheduled.

PART II: INTERIM REEXAMINATIONS [24 CFR 982.516]

11-II.A. OVERVIEW

Family circumstances may change throughout the period between annual reexaminations. HUD and PHA policies dictate what kinds of information about changes in family circumstances must be reported, and under what circumstances the PHA must process interim reexaminations to reflect those changes. HUD regulations also permit the PHA to conduct interim reexaminations of income or family composition at any time. When an interim reexamination is conducted, only those factors that have changed are verified and adjusted [HCV GB, p. 12-10].

In addition to specifying what information the family must report, HUD regulations permit the family to request an interim determination if other aspects of the family's income or composition changes. The PHA must complete the interim reexamination within a reasonable time after the family's request.

This part includes HUD and PHA policies describing what changes families are required to report, what changes families may choose to report, and how the PHA will process both PHA- and family-initiated interim reexaminations.

11-II.B. CHANGES IN FAMILY AND HOUSEHOLD COMPOSITION

The PHA must adopt policies prescribing when and under what conditions the family must report changes in family composition. However, due to family obligations under the program, the PHA has limited discretion in this area.

PHA Policy

The PHA will conduct interim reexaminations to account for any changes in household composition that occur between annual reexaminations.

New Family Members Not Requiring Approval

The addition of a family member as a result of birth, adoption, or court-awarded custody does not require PHA approval. However, the family is required to promptly notify the PHA of the addition [24 CFR 982.551(h)(2)].

PHA Policy

The family must inform the PHA of the birth, adoption or court-awarded custody of a child within 10 business days.

New Family and Household Members Requiring Approval

With the exception of children who join the family as a result of birth, adoption, or court-awarded custody, a family must request PHA approval to add a new family member [24 CFR 982.551(h)(2)] or other household member (live-in aide or foster child) [24 CFR 982.551(h)(4)].

When any new family member is added, the PHA must conduct a reexamination to determine any new income or deductions associated with the additional family member, and to make appropriate adjustments in the family share of the rent and the HAP payment [24 CFR 982.516(e)].

If a change in family size causes a violation of Housing Quality Standards (HQS) space standards (see Chapter 8), the PHA must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the PHA must terminate the HAP contract in accordance with its terms [24 CFR 982.403].

PHA Policy

Families must request PHA approval to add a new family member, live-in aide, foster child, or foster adult. This includes any person not on the lease who is expected to stay in the unit for more than 30 consecutive days, or 90 cumulative days, within a twelve month period, and therefore no longer qualifies as a "guest." Requests must be made in writing and approved by the PHA prior to the individual moving in the unit.

The PHA will not approve the addition of a new family or household member unless the individual meets the PHA's eligibility criteria (see Chapter 3).

The PHA will not approve the addition of a foster child or foster adult if it will cause a violation of HQS space standards.

If the PHA determines an individual meets the PHA's eligibility criteria as defined in Chapter 3, the PHA will provide written approval to the family. If the approval of a new family member or live-in aide will cause overcrowding according to HQS standards, the approval letter will explain that the family will be issued another voucher and will be required to move.

If the PHA determines that an individual does not meet the PHA's eligibility criteria as defined in Chapter 3, the PHA will notify the family in writing of its decision to deny approval of the new family or household member and the reasons for the denial.

The PHA will make its determination within 10 business days of receiving all information required to verify the individual's eligibility.

Departure of a Family or Household Member

Families must promptly notify the PHA if any family member no longer lives in the unit [24 CFR 982.551(h)(3)]. Because household members are considered when determining the family unit (voucher) size [24 CFR 982.402], the PHA also needs to know when any live-in aide, foster child, or foster adult ceases to reside in the unit.

PHA Policy

If a household member ceases to reside in the unit, the family must inform the PHA within 10 business days. This requirement also applies to a family member who has been considered temporarily absent at the point that the family concludes the individual is permanently absent.

If a live-in aide, foster child, or foster adult ceases to reside in the unit, the family must inform the PHA within 10 business days.

11-II.C. CHANGES AFFECTING INCOME OR EXPENSES

Interim reexaminations can be scheduled either because the PHA has reason to believe that changes in income or expenses may have occurred, or because the family reports a change. When a family reports a change, the PHA may take different actions depending on whether the family reported the change voluntarily, or because it was required to do so.

PHA-Initiated Interim Reexaminations

PHA-initiated interim reexaminations are those that are scheduled based on circumstances or criteria defined by the PHA. They are not scheduled because of changes reported by the family.

PHA Policy

The PHA will conduct interim reexaminations in each of the following instances:

If the family has reported zero income, the PHA will conduct an interim reexamination every 3 months as long as the family continues to report that they have no income.

If at the time of the annual reexamination, it is not feasible to anticipate a level of income for the next 12 months (e.g. seasonal or cyclic income), the PHA will schedule an interim reexamination to coincide with the end of the period for which it is feasible to project income.

If at the time of the annual reexamination, tenant-provided documents were used on a provisional basis due to the lack of third-party verification, and third-party verification becomes available, the PHA will conduct an interim reexamination.

The PHA may conduct an interim reexamination at any time in order to correct an error in a previous reexamination, or to investigate a tenant fraud complaint.

Family-Initiated Interim Reexaminations

The PHA must adopt policies prescribing when and under what conditions the family must report changes in family income or expenses [24 CFR 982.516(c)]. In addition, HUD regulations require that the family be permitted to obtain an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)].

Required Reporting

HUD regulations give the PHA the freedom to determine the circumstances under which families will be required to report changes affecting income.

PHA Policy

Families are required to report all increases in earned income, including new employment, within 10 business days of the date the change takes effect.

The PHA will note the information in the tenant file, but will not conduct an interim reexamination.

Families are not required to report any other changes in income or expenses.

Optional Reporting

The family may request an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)]. The PHA must process the request if the family reports a change that will result in a reduced family income [HCV GB, p. 12-9].

If a family reports a decrease in income from the loss of welfare benefits due to fraud or non-compliance with a welfare agency requirement to participate in an economic self-sufficiency program, the family's share of the rent will not be reduced [24 CFR 5.615]. For more information regarding the requirement to impute welfare income see Chapter 6.

PHA Policy

If a family reports a change that it was not required to report and that would result in an increase in the family share of the rent, the PHA will note the information in the tenant file, but will not conduct an interim reexamination.

If a family reports a change that it was not required to report and that would result in a decrease in the family share of rent, the PHA will conduct an interim reexamination. See Section 11-II.D. for effective dates.

Families may report changes in income or expenses at any time.

11-II.D. PROCESSING THE INTERIM REEXAMINATION

Method of Reporting

PHA Policy

The family must notify the PHA of changes in writing. If the family provides oral notice, the PHA will require the family to submit the changes in writing.

Generally, the family will not be required to attend an interview for an interim reexamination. However, if the PHA determines that an interview is warranted, the family may be required to attend.

Based on the type of change reported, the PHA will determine the documentation the family will be required to submit. The family must submit any required information or documents within 10 business days of receiving a request from the PHA. This time frame may be extended for good cause with PHA approval. The PHA will accept required documentation by mail, by fax, or in person.

Effective Dates

The PHA must establish the time frames in which any changes that result from an interim reexamination will take effect [24 CFR 982.516(d)]. The changes may be applied either retroactively or prospectively, depending on whether there is to be an increase or a decrease in the family share of the rent, and whether the family reported any required information within the required time frames [HCV GB, p. 12-10].

PHA Policy

If the family share of the rent is to *increase*:

The increase generally will be effective on the first of the month following 30 days' notice to the family.

If a family fails to report a change within the required time frames, or fails to provide all required information within the required time frames, the increase will be applied retroactively, to the date it would have been effective had the information been provided on a timely basis. The family will be responsible for any overpaid subsidy and may be offered a repayment agreement in accordance with the policies in Chapter 16.

If the family share of the rent is to *decrease*:

The decrease will be effective on the first day of the month following the month in which the change was reported and all required documentation was submitted. In cases where the change cannot be verified until after the date the change would have become effective, the change will be made retroactively.

PART III: RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT

11-III.A. OVERVIEW

After gathering and verifying required information for an annual or interim reexamination, the PHA must recalculate the family share of the rent and the subsidy amount, and notify the family and owner of the changes [24 CFR 982.516(d)(2), HCV 12-6 and 12-10]. While the basic policies that govern these calculations are provided in Chapter 6, this part lays out policies that affect these calculations during a reexamination.

11-III.B. CHANGES IN PAYMENT STANDARDS AND UTILITY ALLOWANCES

In order to calculate the family share of the rent and HAP amount correctly, changes in payment standards, subsidy standards, or utility allowances may need to be updated and included in the PHA's calculations.

Specific policies governing how subsidy standards, payment standards, and utility allowances are applied are discussed below.

Payment Standards [24 CFR 982.505]

The family share of the rent and HAP calculations must use the correct payment standard for the family, taking into consideration the family unit size, the size of unit, and the area in which the unit is located [HCV GB, p. 12-5]. See Chapter 6 for information on how to select the appropriate payment standard.

When the PHA changes its payment standards or the family's situation changes, new payment standards are applied at the following times:

- If the PHA's payment standard amount changes during the term of the HAP contract, the date on which the new standard is applied depends on whether the standard has increased or decreased:
 - If the payment standard amount has *increased*, the increased payment standard will be applied at the *first annual* reexamination following the effective date of the increase in the payment standard.
 - If the payment standard amount has *decreased*, the decreased payment standard will be applied at the *second annual* reexamination following the effective date of the decrease in the payment standard.
- If the family moves to a new unit, or a new HAP contract is executed due to changes in the lease (even if the family remains in place) the current payment standard applicable to the family will be used when the new HAP contract is processed.

Subsidy Standards [24 CFR 982.505(c)(4)]

If there is a change in the family unit size that would apply to a family during the HAP contract term, either due to a change in family composition, or a change in the PHA's subsidy standards (see Chapter 5), the new family unit size must be used to determine the payment standard amount for the family at the family's *first annual* reexamination following the change in family unit size.

Utility Allowances [24 CFR 982.517(d)]

The family share of the rent and HAP calculations must reflect any changes in the family's utility arrangement with the owner, or in the PHA's utility allowance schedule [HCV GB, p. 12-5]. Chapter 16 discusses how utility allowance schedules are established.

When there are changes in the utility arrangement with the owner, the PHA must use the utility allowances in effect at the time the new lease and HAP contract are executed.

At reexamination, the PHA must use the PHA current utility allowance schedule [24 CFR 982.517(d)(2)].

PHA Policy

Revised utility allowances will be applied to a family's rent and subsidy calculations at the first annual reexamination after the allowance is adopted.

11-III.C. NOTIFICATION OF NEW FAMILY SHARE AND HAP AMOUNT

The PHA must notify the owner and family of any changes in the amount of the HAP payment [HUD-52641, HAP Contract]. The notice must include the following information [HCV GB, p. 12-6]:

- The amount and effective date of the new HAP payment
- The amount and effective date of the new family share of the rent
- The amount and effective date of the new tenant rent to owner

The family must be given an opportunity for an informal hearing regarding the PHA's determination of their annual or adjusted income, and the use of such income to compute the housing assistance payment [24 CFR 982.555(a)(1)(i)] (see Chapter 16).

PHA Policy

The notice to the family will include the annual and adjusted income amounts that were used to calculate the family share of the rent and the housing assistance payment. The notice also will state the procedures for requesting an informal hearing.

11-III.D. DISCREPANCIES

During an annual or interim reexamination, the PHA may discover that information previously reported by the family was in error, or that the family intentionally misrepresented information. In addition, the PHA may discover errors made by the PHA. When errors resulting in the overpayment or underpayment of subsidy are discovered, corrections will be made in accordance with the policies in Chapter 13.

FOR DISCUSSION

SUBJECT: Discussion on Preferences for the Federally-Assisted Housing Projects

I. FACTS

- A. The Hawaii Public Housing Authority's (HPHA) annual public housing agency (PHA) Plan was approved by the U.S. Department of Housing and Urban Development (HUD) on June 12, 2006 for the current fiscal year.
- B. Changes to the PHA Plan included, but were not limited to, reducing the number of preferences to three categories of equal weight which included the following:
- Families that have been involuntarily displaced;
 - Victims of domestic violence;
 - Homeless persons who are participating in or graduating from a homeless program and who are in compliance with a social services plan.

The current preferences and preference categories are as follows:

Category A

- Involuntarily displaced
- Victim of domestic violence
- Homeless family in transitional shelter and in compliance with a social service plan

Category B

- Living in substandard housing
- Paying more than 50 percent of annual income for rent

Category C

- Veteran and veteran's surviving spouse
- Resident who lives and/or works in the county's jurisdiction
- Family within the income target requirements of the housing agency
- Victim of reprisals or hate crimes
- Working family and those unable to work because of age or disability

- C. The changes to the PHA Plan were made after input from the Resident Advisory Board (RAB) and members of the public, through the public hearing process.

- D. The HPHA has adopted several changes to its Admissions and Continued Occupancy Policy (ACOP) for federal public housing that included changes to reflect the approved PHA Plan.
- E. On October 19, 2006 the HPHA Board of Directors approved the For Action which included the amendments to the preferences outlined in Section II C (1).
- F. A request has been made to revising the preferences.

Attachment: Approved For Action on Adoption of Amendments to and Compilation of Chapter 17-2028 "Federally-Assisted Housing Projects", Hawaii Administrative Rules.

Prepared by: Patti Y. Miyamoto 



FOR ACTION

SUBJECT: Adoption of Amendments to and Compilation of Chapter 17-2028
"Federally-Assisted Housing Projects", Hawaii Administrative Rules

I. FACTS

- A. Act 196, Session Laws of Hawaii (SLH) 2005, as amended by Act 180, SLH 2006, separated the housing financing and development functions from the Housing and Community Development Corporation of Hawaii (HCDCH) and created the Hawaii Housing Finance and Development Corporation (HHFDC), and the Hawaii Public Housing Authority (HPHA). Act 196 became effective on July 1, 2006. Act 196 provided that all HCDCH administrative rules would remain in effect until amended.
- B. Amendments to Chapter 17-2028, Hawaii Administrative Rules (HAR), were approved by the HCDCH Board of Directors on March 17, 2005, and went into effect on July 21, 2005. These amendments specifically addressed the adoption of new utility allowance standards and calculation methodology.
- C. The HPHA has subsequently adopted several changes to its Admissions and Continued Occupancy Policy (ACOP) for federal public housing that will require the adoption of administrative rule amendments to implement.

II. DISCUSSION

- A. The proposed amendments to Chapter 17-2028 fall into two categories:
 - 1. Housekeeping, grammatical, and clarifying amendments; and
 - 2. Amendments to implement program changes.
- B. The housekeeping amendments are as follows:
 - 1. All references to the HCDCH were amended to refer instead to the HPHA.
 - 2. All references to chapter 201G, HRS were amended to refer to the new HPHA chapter in the HRS. The new HPHA chapter is not yet codified, a process that is not expected to be completed until late Fall 2006. Accordingly, a placeholder chapter number ("XXX") has been used in the appropriate places throughout the proposed amendments.
 - 3. Where practicable, exhibits were eliminated or incorporated into the body of the rules itself for the sake of clarity. For example, occupancy guidelines are currently located in exhibit "F" of chapter 17-2028. The proposed amendments incorporate the occupancy standards contained in exhibit "F" directly in §17-2028-5 (pages 2028-12 through 2028-13).
 - 4. Language was added throughout the rules to allow the HPHA to amend its policies to conform to mandatory HUD guidelines, policies, and standards without need for public hearing. For example, HUD publishes income limits on an annual basis. The HPHA has no discretion to adjust or change the income limits set by HUD. Accordingly, section 17-2028-3 (p. 2028-12) is being amended to allow the HPHA to adjust the income limits in accordance with HUD guidelines without a public hearing as required by section 91-3, HRS.

C. Amendments implementing program changes are as follows:

1. Preferences (§17-2028-34, pp. 2028-23 to 2028-24; §17-2028-35, p. 2028-25)
Amendments to this section implement reductions in the number of preferences for admission to federal public housing made in the ACOF and PHA Plan. Preferences would only be available for families that have been involuntarily displaced by government action, are victims of domestic violence, or are homeless persons who are participating in or graduating from a homeless program and who are in compliance with a social services plan.
2. Number of Offers of a Housing Unit (§17-2028-35, p. 2028-25; §17-2028-39, pp. 2028-27 through 2028-29)
Applicants must accept an offer of a housing unit or be removed from the wait list, unless there is good cause for refusal of the offer.
3. Special Reexaminations (17-2028-55, p. 2028-32)
The HPHA may schedule special reexaminations of family income at any time necessary prior to the next annual reexamination, if at the time of admission or reexamination, a family's income cannot be reasonably anticipated for the next twelve-month period.
4. Minimum rents (§17-2028-61, pp. 2028-36 to 2028-37)
The minimum rent was reduced from \$50 per month to \$0.

III. RECOMMENDATION

That the HPHA Board of Directors:

1. Approve the proposed amendments to and compilation of Chapter 17-2028, Hawaii Administrative Rules;
2. Subject to the Governor's approval, authorize the Interim Executive Director or her designated representative(s) to conduct public hearings on the amendments to and compilation of Chapter 17-2028, Hawaii Administrative Rules;
3. Authorize the Interim Executive Director to make any non-substantive amendments to the draft amendments to and compilation of Chapter 17-2028, Hawaii Administrative Rules prior to or following the public hearing;
4. Authorize the Interim Executive Director to make all appropriate amendments to all HRS references in the proposed amendments to and compilation of Chapter 17-2028, Hawaii Administrative Rules; and
5. After the public hearings, authorize the Interim Executive Director to transmit amendments to and compilation of Chapter 17-2028, Hawaii Administrative Rules, to the Governor for final approval provided that no substantive amendments are made.

Attachment: Exhibit "1" – Proposed Amendments to and Compilation of Chapter 17-2028, Hawaii Administrative Rules

Prepared by: Mavis Masaki, HHFDC Planner
Reviewed by: Janice Takahashi, HHFDC Chief Planner

[Signature]
Approved by the Board of Directors at its meeting on
OCT 19 2006

PLANNING OFFICE

Please take necessary action

FOR INFORMATION

SUBJECT: Status Report on Banyan Street Manor Repairs

I. FACTS

- A. At the December 21, 2006, the Board requested a status of the repairs at Banyan Street Manor.
- B. On December 21, 2006, staff requested a status of repairs from the managing agent and was informed that no contractor had responded to requests for quotes.
- C. On December 22, 2006, Hawaii Public Housing Authority (HPHA), Property Management Branch Chief and the HPHA Chief Engineer made a site visit to Banyan Street Manor to determine how HPHA could assist management to facilitate the repairs.
- D. As a result of the inspection, it was determined that the presence of asbestos on the ceilings the repairs would be more extensive and that the nine units should be modernized.

II. DISCUSSION

- A. Construction Management Services was tasked to develop a construction schedule and begin the process of contracting for the modernization (See attached schedule).
- B. The project has reserves to fund the modernization.

Reviewed by: Michael J. Hee, Chief, Private Management Contracts Section 
Norman Ho, Chief, Property Management & Maintenance Services Branch 

Banyan Street Manor Vacant Unit Repair Schedule (9 Units)

| Description of Task | Start Date | End Date |
|--|-------------------|-------------------|
| PMMSB notify HUD Multi-family about a Request for Consultant | January 2, 2007 | January 19, 2007 |
| HPHA to Select Consultant from DPW120 | January 16, 2007 | February 2, 2007 |
| Consultant Contract Drafted, Reviewed and Signed (Expedited review by AG) | February 5, 2007 | February 19, 2007 |
| Consultant Assess and Generate Bid Documents | February 20, 2007 | April 6, 2007 |
| HPHA review IFB Documents | April 9, 2007 | April 20, 2007 |
| CMS submit IFB documents for HUD and AG's review (Expedited review by AG) | April 23, 2007 | May 4, 2007 |
| CMS to advertise IFB | May 7, 2007 | June 7, 2007 |
| HPHA to open bids and submit low bidder's documents to HUD and AG for contract review | June 7, 2007 | July 5, 2007 |
| HPHA to sign contract with Contractor (incl. expedited AG's Review after Contractor signs) | July 5, 2007 | July 19, 2007 |
| Contractor to start construction | July 20, 2007 | |
| | | |
| | | |

and negotiate fairly. Although, the RAB has supported almost every effort for the agency to remove itself from the troubled agency status with HUD, the HA collaboration with the RAB and tenant associations is defined to be superficial, and virtually none existing for the most part. The HA preparations for RAB meetings are at its lowest peak ever witnessed by the RAB, by the HA departments involved in presentations that has failed to show without notice or replacement, including limited knowledge of talks, or delayed information for RAB meetings, thus, making it difficult for the RAB to make any recommendation or comment to the PHA plan. Additional contributing factors for these communication and program failures, could be caused by the State political issues (homeless ambitions) that had pressured the HA's involvement, which in fact polarizes these opinions of the RAB and tenant associations. Believing that the HA today, will never be able to accomplish any goal it has set out for itself in all of its PHA plan(s) it submits.

Actions of the RAB:

1) The RAB has given the HA many opportunities to avoid any type of adverse reaction from the RAB, but, has taken the RAB warnings as an overkill and continued to diminish the importance of its recommendations. The RAB through its legal advocate partnership advice, has given fair notice to the HA's in all departments, and furthered its notice to the BOD's of the HA. Providing information from the RAB, PH associations, and Non-profits Organizations on site, that there are health and safety issues that are not being address by the HA. Therefore and further stating its notice, that possible civil litigations are imminent, due to the failures of the HA to protect the rights of peaceful enjoyment in a tenant(s) dwelling and community, as stated in the HUD and HA rules and guidelines, for the responsibilities of the HA to its tenants.

2) In addition to the notification and talks of violent acts and crimes, against persons or property, the RAB Chair Yaw and the past HA Executive Director Aveiro, has agreed in a RAB meeting to address the HA Board of Directors with all serious pending matters. Unfortunately, Executive Aveiro resigned abruptly and immediately following this arrangement of our scheduled meeting with the HPHA BOD's.

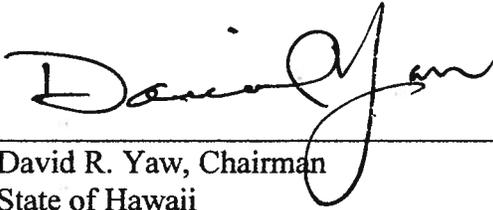
Resolving Crime and safety in Public Housing:

The resolution of crime and safety has to be done with the HA, RAB, BOD, Non-profit organizations, and tenants from all participating communities. A list of all recommendations for solutions to crime and safety from all parties should be complied, a committee should be developed to study each recommendation and streamline its solutions, a final proposal for solutions to crime and safety should be submitted to all involved. Implementation of its adopted policies or programs for crime and safety, should be back on the table with the HA and the RAB for final approval and submission to HUD. Tenant and Non-profit organization recommendations to crime and safety is included in this report to the HA BOD's.

Lastly, the RAB is adamantly looking forward in working with a new ED and her staff, and together we can make this year a productive year for tenants. Thank you, to all whom are involved in this movement for "crime and safety", in public housing communities.

Note: This report is generalized. All matters that are personal in nature, can/will be submitted separately, and not for public knowledge or scrutiny.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "David Yaw", written over a horizontal line.

David R. Yaw, Chairman
State of Hawaii
Section 8 and Federal Public Housing
Resident Advisory Board

Hawaii Public Housing Authority
 Crime Statistics: Level of Part I and Part II Crimes
 Reported Incidents - Honolulu Police Department

| Complex | Sub-Beat | 2001 | 2002 | 2003 | 2004 | 2005 | 2006* | 5-Yr Avg |
|---|----------|------|------|------|------|------|-------|----------|
| 1 Hale Laulima | 330H | 465 | 521 | 392 | 239 | 392 | 171 | 436 |
| 2 Kaahumanu Homes | 033B | 228 | 221 | 311 | 283 | 257 | 134 | 286.8 |
| 3 Kamehameha Homes | 033B | 228 | 221 | 311 | 283 | 257 | 134 | 286.8 |
| 4 Maili I | 322B | 156 | 179 | 147 | 139 | 158 | 71 | 170 |
| 5 Maile II | 322B | 156 | 179 | 147 | 139 | 158 | 71 | 170 |
| 6 Salt Lake | 021I | 136 | 154 | 158 | 149 | 139 | 60 | 159.2 |
| 7 Pumehana | 052A | 133 | 169 | 161 | 136 | 139 | 47 | 157 |
| 8 Kuhio Homes | 028E | 133 | 149 | 140 | 125 | 130 | 53 | 146 |
| 9 Kuhio Park Terrace | 028E | 133 | 149 | 140 | 125 | 130 | 53 | 146 |
| 10 Waipahu I | 328T | 134 | 130 | 137 | 103 | 101 | 45 | 130 |
| 11 Waipahu II | 328T | 134 | 130 | 137 | 103 | 101 | 45 | 130 |
| 12 Puuwai Momi | 384E | 142 | 105 | 96 | 142 | 72 | 37 | 118.8 |
| 13 Wahiawa Terrace | 260H | 161 | 135 | 87 | 100 | 53 | 41 | 115.4 |
| 14 Kauhale Nani | 258H | 161 | 135 | 87 | 100 | 53 | 35 | 114.2 |
| 15 Kalanihuia | 039F | 99 | 116 | 120 | 99 | 81 | 41 | 111.2 |
| 16 Makamae | 038J | 134 | 151 | 120 | 65 | 43 | 34 | 109.4 |
| 17 Palolo Valley Homes | 079E | 100 | 112 | 102 | 68 | 65 | 44 | 98.2 |
| 18 Waimaha-Sunflower | 321D | 124 | 79 | 51 | 78 | 78 | 28 | 87.6 |
| 19 Mayor Wright Homes | 039E | 68 | 74 | 94 | 93 | 55 | 43 | 85.4 |
| 20 Kauioakalani | 320C | 119 | 111 | 79 | 34 | 13 | 41 | 79.4 |
| 21 Spencer House | 050C | 64 | 124 | 96 | 52 | 43 | 9 | 77.6 |
| 22 Nanakuli Homes | 323A | 72 | 101 | 81 | 64 | 39 | 30 | 77.4 |
| 23 Kalakaua Homes | 056A | 71 | 103 | 69 | 44 | 62 | 16 | 73 |
| 24 Makua Alii | 056A | 71 | 103 | 69 | 44 | 62 | 16 | 73 |
| 25 Paoakalani | 056A | 71 | 103 | 69 | 44 | 62 | 16 | 73 |
| 26 Koolau Village | 430I | 93 | 92 | 79 | 23 | 45 | 20 | 70.4 |
| 27 Punchbowl Homes | 045Y | 68 | 98 | 73 | 63 | 23 | 8 | 66.6 |
| 28 Kalihi Valley Homes | 026F | 67 | 58 | 52 | 40 | 50 | 17 | 56.8 |
| 29 Kaneohe Apartments | 430O | 56 | 78 | 51 | 39 | 30 | 16 | 54 |
| 30 Kupuna Home O Waialua | 227I | 29 | 61 | 24 | 36 | 27 | 12 | 37.8 |
| 31 Waimanalo Homes | 422C | 17 | 30 | 16 | 23 | 23 | 13 | 24.4 |
| 32 Hookipa Kahaluu | 431N | 11 | 19 | 31 | 33 | 15 | 11 | 24 |
| 33 Kauhale Ohana | 421D | 19 | 26 | 33 | 6 | 6 | 2 | 18.4 |
| Part I crimes include Homicide, Rape, Robbery, Aggravated Assault, Burglary, Larceny, Auto Theft, and Unauthorized Entry in Motor Vehicle | | | | | | | | |
| Part II crimes include Narcotics, Vandalism, and Weapons Violations | | | | | | | | |

*Year 2006 statistics are for the period January thru June



**Hawaii Criminal Justice Data Center
Sex Offender and Offender Against
Minors Information**

Last Updated on 10/30/2006

New Search | Non-Compliant Offenders | HCJDC Sex Offender And Offender Against Minors Homepage

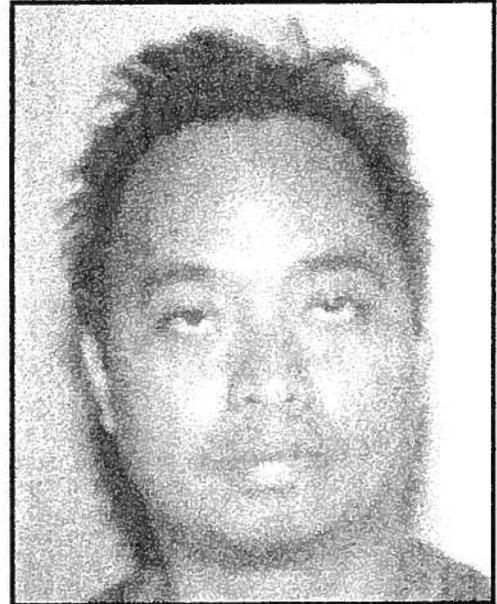
Registered Sex Offender

DAGDAG, OSEAS D

Appeals Status:
Appeals Date:

The information displayed may not be current because the Hawaii Criminal Justice Data Center has not received a required up-to-date periodic verification of registration information from this offender.

If you believe that the information displayed is not accurate, please notify the Hawaii Criminal Justice Data Center immediately at (808) 587-3100.



Photograph Date: 06/30/2006

Record Extract Date: 01/07/2007

| Last Known Address: | Street Address: | Zip: | From: | To: |
|---------------------|-------------------|-------|------------|-----|
| Home | 775 MCNEIL ST 209 | 96817 | 06/05/2006 | |

| Last Known Employer Address: | Street Address: | Zip: | From: | To: |
|------------------------------|-----------------|-------|------------|-----|
| Work | P O BOX | 96808 | 05/15/2006 | |

| Last Known College/University Affiliation: | Street Address: | Zip: | Affiliation: | From: | To: |
|--|-----------------|------|--------------|------------|-----|
| | | | | 00/00/0000 | |

| Future College/University Affiliation: | Street Address: | Zip: | Affiliation: | From: | To: |
|--|-----------------|------|--------------|-------|-----|
| | | | | | |

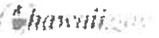
| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
|--|--|--|--|--|--|

| | | | | |
|-----------------------------------|--------|------------|--------|-------|
| Last Known Personal Vehicle Make: | Model: | License #: | Color: | Year: |
| FORD | ESCORT | JDP 783 | GOLD | 2001 |

| | | |
|------------------|-------------------|-------------------|
| Covered Offense: | Place of Offense: | Disposition Date: |
| SEX ASSLT 2 | HONOLULU, HI | 09/04/1998 |

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Hawaii Criminal Justice Data Center
Sex Offender and Offender Against
Minors Information

Last Updated on 10/11/2006

New Search | Non-Compliant Offenders | HCJDC Sex Offender And Offender Against Minors Homepage

Registered Sex Offender

REYNOLDS, BERNARD JR

Appeals Status:
 Appeals Date:

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If you believe that the information displayed is not accurate, please notify the Hawaii Criminal Justice Data Center immediately at (808) 587-3100.



Photograph Date: 01/27/2005

Record Extract Date: 12/17/2006

| | | | | |
|---------------------|-----------------|------|-------|-----|
| Last Known Address: | Street Address: | Zip: | From: | To: |
|---------------------|-----------------|------|-------|-----|

Home 814 WAIAKAMILO RD 96817 05/01/2004
 9H

| | | | | |
|------------------------------|-----------------|------|-------|-----|
| Last Known Employer Address: | Street Address: | Zip: | From: | To: |
|------------------------------|-----------------|------|-------|-----|

Work PUUHALE RD 96819 05/01/2004

| | | | | | |
|--|-----------------|------|--------------|-------|-----|
| Last Known College/University Affiliation: | Street Address: | Zip: | Affiliation: | From: | To: |
|--|-----------------|------|--------------|-------|-----|

00/00/0000

| | | | | | |
|--|-----------------|------|--------------|-------|-----|
| Future College/University Affiliation: | Street Address: | Zip: | Affiliation: | From: | To: |
|--|-----------------|------|--------------|-------|-----|

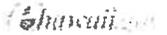
| | | | | |
|-----------------------------------|--------|------------|--------|-------|
| Last Known Personal Vehicle Make: | Model: | License #: | Color: | Year: |
|-----------------------------------|--------|------------|--------|-------|

| Covered Offense: | Place of Offense: | Disposition Date: |
|------------------|-------------------|-------------------|
| SEX ASSLT 2-2CTS | HONOLULU,HI | 04/04/1994 |
| SEX ASSLT 3 | HONOLULU,HI | 04/04/1994 |

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Hawaii Criminal Justice Data Center
Sex Offender and Offender Against
Minors Information
 Last Updated on 07/18/2006

New Search | Non-Compliant Offenders | HCJDC Sex Offender And Offender Against Minors Homepage

Sex Offender Information Not Verified

BAHILOT,WALLACE K JR

A.K.A.:
 BAHILLOT,WALLACE K

Appeals Status:
 Appeals Date:

The information displayed may not be current because the Hawaii Criminal Justice Data Center has not received a required up-to-date periodic verification of registration information from this offender.

If you believe that the information displayed is not accurate, please notify the Hawaii Criminal Justice Data Center immediately at (808) 587-3100.



Photograph Date: 06/21/2002

Record Extract Date: 01/07/2007

| Last Known Address: | Street Address: | Zip: | From: | To: |
|---------------------|---------------------------|-------|------------|-----|
| Home | 790 MCNEILL STREET 18F | 96817 | 11/18/2006 | |

| Last Known Employer Address: | Street Address: | Zip: | From: | To: |
|------------------------------|-----------------|-------|------------|-----|
| Work | N. NIMITZ | 96817 | 09/00/2006 | |

| Last Known College/University Affiliation: | Street Address: | Zip: | Affiliation: | From: | To: |
|--|-----------------|------|--------------|------------|-----|
| | | | | 00/00/0000 | |

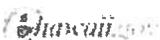
| Future College/University Affiliation: | Street Address: | Zip: | Affiliation: | From: | To: |
|--|-----------------|------|--------------|-------|-----|
| | | | | | |

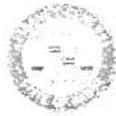
| Last Known Personal Vehicle Make: | Model: | License #: | Color: | Year: |
|-----------------------------------|---------|------------|--------|-------|
| HONDA | MPVH | JBE 290 | BLACK | 1994 |
| DODGE | TREPIDD | FVG456 | GREY | 1994 |

| Covered Offense: | Place of Offense: | Disposition Date: |
|------------------|-------------------|-------------------|
| RAPE 1 | HONOLULU, HI | 06/28/1982 |

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Hawaii Criminal Justice Data Center
**Sex Offender and Offender Against
 Minors Information**
 Last Updated on 10/18/2006

New Search | Non-Compliant Offenders | HCJDC Sex Offender And Offender Against
 Minors Homepage

Registered Sex Offender

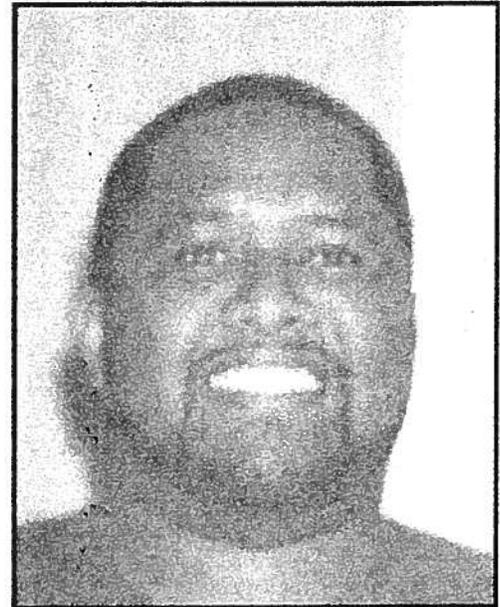
KAMANU,JOHNATHAN K

A.K.A.:
 JOHN

Appeals Status:
 Appeals Date:

**The information displayed may not be current because
 the Hawaii Criminal Justice Data Center has not
 received a required up-to-date periodic verification of
 registration information from this offender.**

**If you believe that the information displayed is not
 accurate, please notify the Hawaii Criminal Justice
 Data Center immediately at (808) 587-3100.**



Record Extract Date: 12/17/2006

Photograph Date: 03/23/2006

| Last Known Address: | Street Address: | Zip: | From: | To: |
|---------------------|--------------------------|-------|------------|-----|
| Home | 45-104 MOKULELE DRIVE | 96744 | 07/22/2006 | |

| Last Known Employer Address: | Street Address: | Zip: | From: | To: |
|------------------------------|-----------------|-------|------------|-----|
| Work | WAIAKAMILO RD | 96817 | 08/19/2002 | |

| Last Known College/University Affiliation: | Street Address: | Zip: | Affiliation: | From: | To: |
|--|-----------------|------|--------------|------------|-----|
| | | | | 00/00/0000 | |

| Future College/University Affiliation: | Street Address: | Zip: | Affiliation: | From: | To: |
|--|-----------------|------|--------------|-------|-----|
| | | | | | |

| Last Known Personal Vehicle Make: | Model: | License #: | Color: | Year: |
|-----------------------------------|--------|------------|--------|-------|
| ISUZU | PICKUP | FVN620 | GREY | 1989 |
| FORD | F-150 | NVU 589 | WHITE | 2004 |

| Covered Offense: | Place of Offense: | Disposition Date: |
|------------------|-------------------|-------------------|
| SEX ASSLT 1 | MAUI,HI | 08/22/2000 |

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Hawaii Criminal Justice Data Center
Sex Offender and Offender Against
Minors Information
 Last Updated on 10/31/2006

New Search | Non-Compliant Offenders | HCJDC Sex Offender And Offender Against Minors Homepage

Sex Offender Information Not Verified

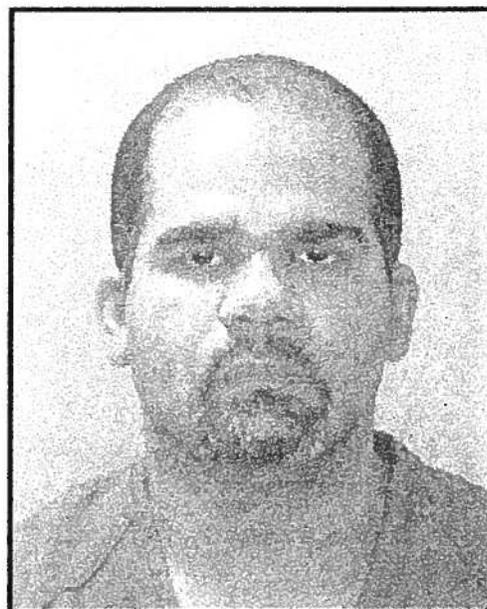
CARTER, MICHAEL L

A.K.A.:
 MIKE

Appeals Status:
 Appeals Date:

The information displayed may not be current because the Hawaii Criminal Justice Data Center has not received a required up-to-date periodic verification of registration information from this offender.

If you believe that the information displayed is not accurate, please notify the Hawaii Criminal Justice Data Center immediately at (808) 587-3100.



Record Extract Date: 12/17/2006

Photograph Date: 03/02/2006

| Last Known Address: | Street Address: | Zip: | From: | To: |
|---------------------|-----------------|-------|------------|-----|
| Home | INCARCERATED | 00000 | 09/17/2004 | |

| Last Known Employer Address: | Street Address: | Zip: | From: | To: |
|------------------------------|-----------------|-------|------------|-----|
| Work | WAIAKAMILO RD | 96817 | 01/29/2003 | |

| Last Known College/University Affiliation: | Street Address: | Zip: | Affiliation: | From: | To: |
|--|-----------------|------|--------------|------------|-----|
| | | | | 00/00/0000 | |

| Future College/University Affiliation: | Street Address: | Zip: | Affiliation: | From: | To: |
|--|-----------------|------|--------------|-------|-----|
| | | | | | |

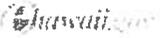
| | | | | |
|-----------------------------------|--------|------------|--------|-------|
| Last Known Personal Vehicle Make: | Model: | License #: | Color: | Year: |
|-----------------------------------|--------|------------|--------|-------|

| Covered Offense: | Place of Offense: | Disposition Date: |
|------------------------------------|-------------------|-------------------|
| ATT SEX ASSLT 2-2CTS KIDNAPPING | HONOLULU,HI | 03/28/1994 |
| SEX ASSLT 2-4CTS | HONOLULU,HI | 07/20/2005 |
| SEX ASSLT 3-3CTS | HONOLULU,HI | 07/20/2005 |
| ATT SEX ASSLT 2 KIDNAPPING | HONOLULU,HI | 07/20/2005 |

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Hawaii Criminal Justice Data Center
**Sex Offender and Offender Against
 Minors Information**
 Last Updated on 05/06/2005

New Search | Non-Compliant Offenders | HCJDC Sex Offender And Offender Against Minors Homepage

Sex Offender Information Not Verified

BRUNO, JOSE R

A.K.A.:
BOB

Appeals Status:
Appeals Date:

The information displayed may not be current because the Hawaii Criminal Justice Data Center has not received a required up-to-date periodic verification of registration information from this offender.

If you believe that the information displayed is not accurate, please notify the Hawaii Criminal Justice Data Center immediately at (808) 587-3100.



Record Extract Date: 12/17/2006

Photograph Date: 02/17/2005

| | | | | |
|---------------------|-----------------|-------|------------|-----|
| Last Known Address: | Street Address: | Zip: | From: | To: |
| Home | INCARCERATED | 00000 | 06/19/2002 | |

| | | | | |
|------------------------------|-----------------|------|-------|-----|
| Last Known Employer Address: | Street Address: | Zip: | From: | To: |
| | | | | |

| | | | | | |
|--|-----------------|------|--------------|-------|-----|
| Last Known College/University Affiliation: | Street Address: | Zip: | Affiliation: | From: | To: |
| | | | | | |

| | | | | | |
|--|-----------------|------|--------------|-------|-----|
| Future College/University Affiliation: | Street Address: | Zip: | Affiliation: | From: | To: |
| | | | | | |

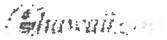
| | | | | |
|-----------------------------------|--------|------------|--------|-------|
| Last Known Personal Vehicle Make: | Model: | License #: | Color: | Year: |
| | | | | |

| | | |
|--------------------|-------------------|-------------------|
| Covered Offense: | Place of Offense: | Disposition Date: |
| SEX ASSLT 2- 3 CTS | HONOLULU,HI | 02/12/2002 |

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Honolulu Community Action Program, Inc.
A Non-Profit Human Service Agency

Kalihi/Palama District Center
1555 Haka Drive #2408 Honolulu, HI 96817
Telephone (808) 847-0804 Fax (808) 841-7971

Honolulu Community Action Program

October 4, 2006

**DISTRICT
COUNCIL
OFFICERS**

Monte Kalama
Council Chairperson

Pat Kamalu
Council Vice
Chairperson

Aldora Kahele
Council Treasurer

LOCATIONS

MAIN OFFICE
1109 Maunakea Street
2nd Floor
Honolulu, Hawaii 96817-
5156
Phone: 521-4531

CENTRAL
99-102 Kalaloa Street
Aiea, Hawaii 96701-
3801
Phone: 488-6834

KALIHI-PALAMA
1555 Haka Drive #2408
Honolulu, Hawaii 96817-
5800
Phone: 847-0804

LEAHI
1915 Palolo Avenue
Honolulu Hawaii 96816-
2928
Phone: 732-7755

LEEWARD
85-555 Farrington
Highway
Waianae, Hawaii 96792-
2354
Phone: 696-4261

WINDWARD
47-232 Waihee Road
Kaneohe, HI 96744
Phone (808) 239-5754

**KAPALAMA HEAD
START**
5 Sand Island Access
Road, Building 921
Honolulu, Hawaii 96819-
4905
Phone: 847-2400

**KUNIA HEAD
START**
Old Kunia School
Kunia Drive
Kunia, Hawaii 96759-
0246
Phone: 621-5099

Joan P. White
Executive Director

To: David Yaw, President/Chairman
Kaahumanu Tennant Association
Resident Advisory Board
755-D Kaiwiula St.
Honolulu, HI 96817

Fr: Vaimagalo J. Leatiota, Community Programs Manager
Kalihi-Palama District Center
1555 Haka Drive #2408
Honolulu, HI 96817

Dear Mr. Yaw:

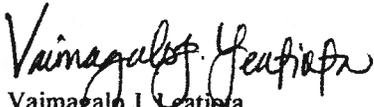
I am writing in support of the Resident Advisory Board's efforts to have the Hawaii Public Housing Authority (HPHA) address concerns of Crime and Safety in Public Housing sites.

As a Non-Profit Community Action Agency located in a housing site, I am well aware of the lack of response from the Police Department as well as management in regards to safety issues within the Housing Community. I would like to encourage HPHA to develop a strategy whereby the Managing staff and HPD have a more visual presence after hours.

I had visited Mayor Wright's Homes on New Year's Eve this past holiday season and I must say that I felt as if I were in a war zone. Residents who are compliant with HPHA rules are living like prisoners because their neighbors harass them. Vacant units are vandalized by individuals who are not residents of the Public Housing communities. Furthermore the private security firms that were contracted by HPHA and are responsible for the safety and well being of Housing tenants are not effective. Security guards are either slow to respond to an emergency or are the harassers themselves.

I would like to fully support the Resident Advisory Board in whatever recommendations they submit to HPHA in the hopes that the quality of life for Public Housing residents may be significantly improved. The majority of the residents are law abiding citizens who comply with HPHA rules and regulations. They are entitled to a Safe and Clean community.

Sincerely,


Vaimagalo J. Leatiota,
Community Programs Manager



PALAMA SETTLEMENT

810 NORTH VINEYARD BOULEVARD • HONOLULU, HAWAII 96817 • PHONE 845-3945 • FAX 847-2873

FOUNDED IN 1896, INCORPORATED IN 1910: SERVING THE INDIVIDUAL, THE FAMILY, THE COMMUNITY

October 5, 2006

BOARD OF TRUSTEES

2006

Benjamin Saguibo

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Jim Walters

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Lori Hiramatsu

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Russell Loo

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Robert Rath, Sr.

Trustee Emeritus

Robert T. Omura

Executive Director

Hawaii Public Housing Authority
Resident Advisory Board
ATTN: Mr. David Yaw, Chairperson
1002 N. School St.
Honolulu, HI 96817

Dear Board Members,

My name is Lolita O. Nardo and I am writing in support of the Resident Advisory Board's (RAB) efforts regarding the Hawaii Public Housing Authority (HPHA) Plan Sec. 13, Crime and Safety. I am the Program Supervisor for the Palama Settlement Neighborhood Development and Community Outreach Program (NDCOP). I am also a resident of Mayor Wright Homes and serve as an officer of the Mayor Wright Tenant Association. I am writing in support of the RAB as an employee and supervisor of a program that is most concerned about the welfare, health, and safety of individuals living in this community, as a resident concerned about the safety and well-being of myself and my family, and as a member of the Board of the Mayor Wright Tenant Association.

The NDCOP of Palama Settlement has served this community and the surrounding public housing projects since the first housing project was built in the Palama-Kalihi-Liliha community. Our concern has always been to serve the needs of individuals and families living in the housing projects and work towards building a safer and healthier community. We have been most concerned about the welfare of children and youth, providing them with alternative social, recreational, cultural enrichment, and educational activities to help keep them active and away from committing crimes and away from the juvenile justice system. The work in trying to create a safer environment has become more difficult with the constant arrival of new migrant groups into the community, conflicts based on differences in the values between various ethnic groups, between groups of teens from different groups as well as the abundance of alcohol and drug activity. Our work has become more difficult as we feel that there is not enough support from the State Resident Manager's Office/staff to enforce housing violations and to provide effective security after hours.

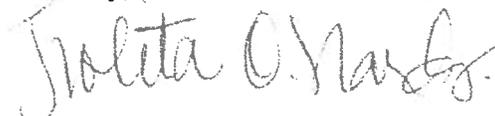
As a resident, it is very upsetting to see the amount of fights and violence in our housing complex. Not only are we concerned about the intra-conflicts within the housing complexes but also concerned about the seemingly free access that other groups have, coming into the housing area to cause trouble. As a parent, I am concerned about the safety and welfare of my children. The thought that my child or any child could get hurt while he or she is innocently playing in the yard; or my teenage children or other teenage children will feel the need to defend their turf or be caught in the sure of violence. My immediate reaction is, "Where is the security? Where are the Police?! Where is the Resident Staff?"

As a Board Member, and one representing the association, I want to speak on their behalf. We have been expressing our concerns to the Housing Authority to develop stronger policies for the safety and protection of the residents in our community; we want their presence 24/7. Someone should be there at night to take emergency calls and respond to the tenants' needs. What is the Resident Specialist position? Is the State Tenant Resident's Office concerned about our safety? As a Board Member I would like to see the following:

1. The State Housing Authority and the State Housing Site Offices develop a plan of action to address the issues of violence, drinking, druge abuse, and security force that can enforce the rules.
2. They provide better security, individuals (men/women) who are committed to do what they have been hired to do and not afraid to act.
3. Those security individuals provided the necessary equipment to respond quickly.
4. Strengthen the security measures on the property by having more persons on duty, and by patrolling the property instead of sitting in their guard shack.
5. That the on-site Housing office have a 24/7 staff who tenants can go to in case of emergency and a staff who can assist with getting the necessary help.
6. That HPD and HPHA develop a plan to meet and interact regularly with the tenant associations to develop and maintain control of the housing complexes.

I hope that through supporting the Resident Advisory Board's efforts regarding the Hawaii Public Housing Authority Plan Sec. 13, Crime & Safety, our concerns about addressing the violence and enforcement of laws will help to create a safe and healthy community.

Sincerely,



Lolita O. Nardo
Palama Settlement-NDCOP Program Supervisor



QUEEN LILI'UOKALANI CHILDREN'S CENTER LILI'UOKALANI TRUST

September 28, 2006

MAIN OFFICE

1300 HALONA STREET
HONOLULU, HI 96817
PHONE 847-1302
FAX 841-0502

HONOLULU UNIT

1300-A HALONA STREET
HONOLULU, HI 96817
PHONE 847-7991
FAX 841-6449

CENTRAL WEST UNIT

1300 HALONA STREET
HONOLULU, HI 96817
PHONE 851-7770
FAX 851-7760

KO'OLAUPOKO UNIT

46-316 HAIKU ROAD
KANE'OHE, HI 96744
PHONE 235-7613
FAX 236-1948

WAI'ANAE COAST UNIT

87-1876 FARRINGTON HIGHWAY
WAI'ANAE, HI 96792
PHONE 668-2314
FAX 668-8811

WINDWARD UNIT

53-516 KAMEHAMEHA HIGHWAY
HAU'ULA, HI 96717
PHONE 293-8577
FAX 293-5182

HILO UNIT

919 ULULANI STREET
HILO, HI 96720
PHONE 935-9381
FAX 969-7599

KONA UNIT

QUEEN KA'AHUMANU HIGHWAY
P.O. BOX 2819
KAILUA-KONA, HI 96745
PHONE 329-7336
FAX 326-7587

MOLOKA'I UNIT

KAMEHAMEHA HIGHWAY
P.O. BOX 55
KAUNAKAKAI, HI 96748
PHONE 553-5389
FAX 553-5816

MAUI UNIT

1791 WILI PA LOOP
WAILUKU, HI 96793
PHONE 242-8888
FAX 242-1576

KAUAI UNIT

4530 KALI ROAD
LIHU'E, HI 96766
PHONE 245-1873
FAX 245-2167

Mr. Charles Stead
Chair of the State Board of
Hawai'i Public Housing Authority

The Queen Lili'uokalani Children's Center Honolulu Unit has collaborated with four Kalihi Public Housing communities for the past several years. These communities are Mayor Wright Homes, Ka'ahumanu Homes, Kamehameha Homes and Kuhio Park Terrace.

Over these past several years we have gotten to know many of the residents and resident board members. We have assisted with leadership training, been the third party for board elections, collaborated on retreats, community celebrations, neighborhood security walks, cultural enhancement activities and health and safety issues with the residents.

We have experienced many and varied successes with these communities. We are a collaborator with the Weed and Seed Project which has impacted the community in many ways. We support their efforts and would like to see this work continue.

Safety is key for our families and communities. Everyone in public housing deserves to feel safe in their homes, parks and common areas. We urge you to continue to explore creative solutions for this basic need.

Sincerely,

Iris Kauka, LSW

Kurt Schweitzer, LSW

Nancy Heck, LSW



PACT
PARENTS AND CHILDREN TOGETHER
A Family Service Agency

1485 Linapuni Street, Suite 105
 Honolulu, Hawai'i 96819
 Tel. (808)847-3285
 Fax (808)841-1485

OAHU PROGRAMS

- COMMUNITY TEEN CENTER
- CPS VISITATION CENTERS
- EARLY HEAD START/
HEAD START
- ECONOMIC DEVELOPMENT
CENTER
- FAMILY PEACE CENTER
- FAMILY VISITATION CENTER
- HANA LIKE HOME
VISITOR PROGRAM
- INTENSIVE SUPPORT SERVICES
- KANEHOHE COMMUNITY
FAMILY CENTER
- KPT FAMILY CENTER
- OHIA - DOMESTIC VIOLENCE
SHELTER
- PUPUHONUA DOMESTIC
VIOLENCE CENTER
- RESPIRE CARE

MAUI COUNTY PROGRAMS

- FAMILY PEACE CENTER
- INTENSIVE SUPPORT SERVICES

LANAI INTEGRATED SERVICES

- FAMILY VISITATION CENTER

KAUAI COUNTY PROGRAMS

- FAMILY VISITATION CENTER
- INTENSIVE SUPPORT SERVICES

Member



Child Welfare League of America



Aloha United Way



COA

March 31, 2006

State of Hawai'i
 Federal Resident Advisory Board
 c/o David Yaw, Chair
 755-D Kaiwiula St.
 Honolulu, HI 96817

Dear Federal Resident Advisory Board:

On Monday, February 13, 2006, I attended a meeting of the Resident Advisory Board at HCDCH's Family Investment Center. As a service provider located in Kuhio Park Terrace (KPT), I was asked to comment on the extent to which an ethnic conflict exists between Samoan and Micronesian residents. I would like take this opportunity to summarize my comments and provide some recommendations.

At the KPT Family Center, I am able to work with families and other providers to support families in addressing their needs. I am also able to assist resident-driven projects and develop resident leadership, including the Kuhio Community Coalition and Citizen Patrols. Most of my information on this subject comes to me secondhand through other residents or providers, and do not reflect my own opinions on this issue.

One resident told me that a relative of hers had stabbed a Samoan man, and she fears retaliation from other Samoan residents. Another resident said that her Micronesian husband was stabbed by a Samoan man, and that they fear for their safety. One Micronesian resident was afraid when a Samoan man was released into the community after he had allegedly murdered his girlfriend. These anecdotal incidents seem to indicate that there are acts of violence committed between individuals that may have been perceived as being based in ethnic conflict. Whether or not they were intended as Micronesian-on-Samoan or Samoan-on-Micronesian violence is unknown. If they were individual, isolated incidents, there is a perceived danger that made these interpersonal conflicts into a larger community problem.

In general, many local residents of various ethnicities have expressed some disdain towards Micronesians. There is a stereotypical belief that Micronesians are self-serving and manipulative. For example, a local resident was upset when a Micronesian woman brought several loads of laundry while others were waiting for available machines. A resident who was volunteering confronted a Micronesian woman who the volunteer believed took more than her share. Several residents talk about the tendency for many Micronesians to live under one roof. However, these newcomers are often helping other family members to adjust, as have

other immigrant groups in Hawai'i. Stereotypes are often the basis for hate crimes and harassment.

Several Kalihi school administrators, faculty, and staff have spoken about fights and the potential for the re-emergence of youth gangs. A group of Micronesian youth reportedly gather until late at night at a public park near a neighborhood school. There have been incidents of vandalism and graffiti at that park and on the school campus. There have been individual reports of fights between Micronesian and Samoan youth at schools and in the community. Some Samoan youth report that Micronesians carry knives for protection. Micronesian youth say that they do not feel included or welcomed in existing youth programs and school clubs. The state Office of Youth Services' Youth Gang Response System has identified the formation of a new gang, "MLB," or Micronesian Local Boys. It is unknown to what extent Micronesian youth have formed gangs or whether they are just gathering in large groups because of their similar background. In any case, the marginalization and formation of anti- or pro-social groups is common among any immigrant group that is struggling to adjust to living in a different culture.

Some of these concerns have been collectively addressed by the Micronesian Community Network, Weed & Seed, and U.S. Attorney Ed Kubo at the "Micronesians in Action Symposium," held on March 25, 2006. This symposium was a gathering Micronesian community and church leaders; Micronesians and their friends; and advocates, agencies, and programs serving Micronesian communities. The symposium was organized to address the growing number of criminal activities involving Micronesians on O'ahu. It was discovered that the larger concern was that many Micronesians lack meaningful access to programs that promote the successful integration of Micronesians within the larger Hawai'i community. Institutional barriers exist that prevent some Micronesians from accessing community resources such as education, health, job training, parenting, and prevention programs. Some of the convergent issues involved creating a cultural orientation to help transition newcomers to laws in Hawai'i. Improved parenting skills would help parents to address generational conflicts, lack of supervision, and ineffective discipline, which is believed to lead to poor academic performance and truancy. There is a huge need for cultural competence training to be made available to school staff, housing management, and service providers.

A proactive approach to crime prevention is to support and encourage resident citizen patrol groups. Law enforcement has its limitations because they do not have the capacity to regularly patrol large areas and intervene in crimes, especially on state or federal private property. Housing management and resident groups should be willing to cooperate with the Honolulu Police Department (HPD) to discuss strategies that will address each community's crime problems. In order to combat stereotypes and prevent inter-ethnic conflict, HPD can have a role in providing community education about hate crimes. Consequently, perpetrators should be prosecuted under hate crime laws when there is an established racial/ethnic motivation.

Although KPT and Kuhio Homes have 24-hour security provided by Urban Real Estate Co.'s Management Assistants (MAs), crime and violence still occurs on property. Often, it is difficult for the MAs to enforce property rules because they are not law enforcement officers. Some residents do not feel safe. In addition, the physical deterioration of the property creates more "hot spots" for crime. It seems that Urban Real Estate Co. does not have the funding or the

staffing to address maintenance concerns in public areas, as well as the tenants' apartments. Poor lighting, abandoned vehicles, and vacated units provide places for criminals to engage in illegal activities. In order to address some of the problems that occur after hours, it would be preferable to have a way to report security and maintenance problems as they happen. It is important for residents to be able to access their housing manager. The availability of on-site management staff 24 hours a day would help to address some of these concerns.

In summary, I would like to emphasize that any tensions between Samoan and Micronesian residents may have started out with a few individual incidents. As with any new immigrant group in a community, there are misconceptions and stereotypes that persist, creating conflict between groups. Language barriers and other difficulties in accessing resources make adjustment difficult for Micronesians. There might even be tensions between the different ethnic groups from Micronesia, with some not wanting to identify under the umbrella term, "Micronesian." It is important to recognize this issue as a complex one that will require a complex, multi-pronged approach. The potential for violence is great, but it can be deterred through prevention and early intervention in communities.

If you have any questions or concerns, please do not hesitate to contact me at 841-6177.

Sincerely,



Melissa L. Chun, MSW
Program Specialist
PACT Kuhio Park Terrace Family Center

Cc: Christina Simmons, Program Director, PACT KPT Family Center

Kaahumanu Residents Association

760 McNeil Street
Apartment 16-C
Honolulu, HI 96817

January 7, 2007

Resident Advisory Board
David Yaw
Chairman
HPHA Board of Directory
Charles Sted
Chairman

To Whom It May Concern:

This is in reference to component 13 crimes and safety for Public Housing Annual Plan for Fiscal Year 2007.

Security Screen Doors:

We, the tenants of Kaahumanu Homes are requesting a Security Screen door to be added on to our entrance of our kitchen door. In the past we as tenants were able to cope with the door we have now. Time has change the safety of the home and there has been reports concerning several attacks to tenants living in Kaahumanu Homes

Our tenants are the elderly, disability, handicap, single parents, and families. We want to live in a secure environment and the security screen door will give the tenants in Kaahumanu Homes this security they need.

The crime rates of burglaries, gangs, homeless, drug traffic and the list goes on has cause difficulties for many families living in Kaahumanu Homes, knowing how easy it is for someone to enter a home through the kitchen door and be burglarize and get hurt or killed in the process.

Lights:

They are some lights outside the perimeters of the buildings, stairwells, parks, and parking lots in Kaahumanu Homes need replacements. They are many dark areas in Kaahumanu Housing because the lights are burnt out and tenants have reported these incidents and have not gotten any results.

Security Walk:

Security Walk is a volunteer duty from tenants who dedicated their time and efforts to make Kaahumanu Home a safe haven. The number is small and we would appreciate it if the HPD would walk with our security because if there should be a problem that arise and requires the Honolulu Police to be present, they are there to handle the situation on hand.

All issues above have been reported to Wendell Chu, Housing Management for Mayor Wrights Housing, Kamehameha Housing and Kaahumanu Homes, Keith Oshiro, Robert Hall, Executive Directory, in the year 2001 and their responses to the tenants of Kaahumanu Homes is to wait about year.

In the year 2002, Wendell Chu, Keith Oshiro, Robert Hall and Stephanie Aveiro the former Executive Directory were notified again, and the tenants of Kaahumanu received no responses or results regarding the issues stated above. The Honolulu Police Department have addressed the above issues to Housing Management, too.

Sincerely,



Diane Penna
Head of Security Kaahumanu Homes

BUILDING FOR STRONGER TOMORROWS

(An HCDC Section 3 Program)

**NEED A JOB?
WANT TRAINING?
...EARN MORE MONEY.....**



Opportunity for Residents of State Public Homes

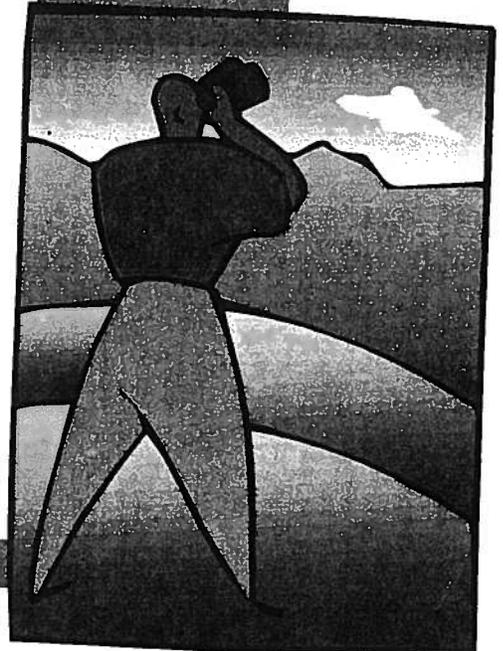
Take Advantage of these Opportunities:

EMPLOYMENT SERVICES:

- Job Referrals & Job Matching
- Employment Counseling
- Career Assessment
- Case Management

TRAINING:

- Construction / Facilities Maintenance
- Office Administration Technology
- Referrals to Apprenticeship Programs
- Basic Skills & Leadership Development



Applications available at your Resident Manager's Office
Or
Contact the BST Office below:

BST Program
1505 Dillingham Blvd., Suite 206
Honolulu, HI 96817
Phone: (808) 832-7826 Fax: (808) 832-7817

City and County of Honolulu – Department of Community Services
Building for Stronger Tomorrows
(A Hawaii Public Housing Section 3 program)

Since September 2004, the City & County of Honolulu's Department of Community Services has implemented the Building For Stronger Tomorrows program (BST) in partnership with the State Hawaii Public Housing Authority (HPHA).

The Program's mission is to provide residents of HPHA public homes the opportunity to secure employment through training activities and job referrals and job matching services. On Oahu, program information and recruitment services are provided to public homes residents through staff canvassing of the thirty-one (31) federal public home sites, attending resident board meetings, and appearing at public homes special events or activities such as the Palolo Homes Cultural Day.

Interested residents complete an initial assessment with a case manager to determine their needs and goals, are administered a Test of Adult Basic Education, and determine a suitable job referral thru a Career Occupational Preference System. This analysis helps residents and their case manager determine an Individual Service Strategy (ISS) that best suits their immediate and long-term employment goals.

For public homes residents, the BST program is a chance for them to earn a high school diploma, get the necessary education and skills to meet employer minimum qualifications, and securing livable wage paying jobs. Training activities and program partners include:

Activities:

- competency-based high school diploma program
- basic skills and leadership development
- construction vocational training
- facilities maintenance and construction training
- office administration and technology training
- community service projects

Partners:

- Farrington Community School For Adults
- Windward Community College – Employment Training Center
- State Department of Labor and Industrial Relations
- Oahu WorkLinks
- Laborers' Union and Apprentice Training Program
- Department of Community Services' Youth Services Center

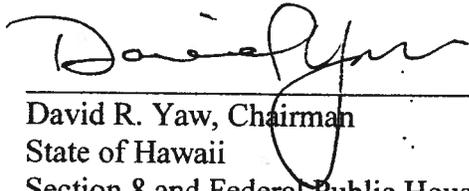
Program Outcomes

| | |
|--|-----|
| ➤ Secured employment | 195 |
| Top four industries where participants secured employment: | |
| 1. Administrative or Remediation Services | 38 |
| 2. Retail, Transport, or Warehouse | 33 |
| 3. Leisure and Hospitality | 24 |
| 4. Construction | 12 |
| ➤ Secured employment for over 6 months | 69 |
| ➤ Secured Full Time employment for over 6 months | 25 |
| ➤ Section 3 hires | 8 |
| ➤ Referred to Apprenticeship programs | 25 |
| ➤ Entered Union Apprenticeships | 3 |
| ➤ Number of public homes canvassed | 31 |
| ➤ Job Referrals | 503 |
| ➤ Employment Counseling/Assessments completed | 438 |
| ➤ Basic Skills & Leadership Development completers | 25 |
| ➤ Construction Math & Communication completers | 11 |
| ➤ Construction Vocational Training completers | 18 |
| ➤ Office Administration Vocational Training completers | 1 |
| ➤ Post-Secondary Education completers | 3 |
| ➤ Attained a High School Diploma / GED | 4 |
| ➤ Completed ASSET prep class for Pearl Harbor Apprenticeship | 10 |

Once again, thank you, for your time and attention to these precarious crime and safety matters, and look forward to your support of preparing PH tenants and communities for the changes that are being planned and implemented in the very near future.

If you have any questions or concerns please feel free to call or write to me (David Yaw, RAB, Chairman) at anytime, I will be more than happy to assist in anyway possible. You can get my personal information from the Resident Services Branch of the HPHA. Have a Happy and Blessed New Year to all!

Respectfully submitted,



David R. Yaw, Chairman
State of Hawaii
Section 8 and Federal Public Housing
Resident Advisory Board

Executive Director's Report
Month of December 2006

Section 8

Current voucher lease up is 1,892 and the unadjusted budget utilization average is 99.73% for CY 2006. The average per unit cost subsidy is \$672.00 per month.

For FY 2006-2007, the unadjusted budget utilization average is 100.7%. The average per unit cost subsidy is \$710.00 per month.

Rent Supplement

There are 369 Rent Supplement Program participants. The budget utilization average is 51% with the average per unit cost of \$144

Homeless

New Homeless Shelter - Kahikolu Ohana Hale O' Waianae and Hawaii Coalition of Christian Churches Board of Directors are building an emergency, transitional, and low income rental housing facility to provide services at the Waianae Coast. A Ground Breaking Ceremony was held at the location, 85-247 Ala Akau Street, Waianae last Thursday, December 28, 2006.

Grants in Aid - Four Act 100 grants in aid Contracts are completed and executed in December 2006.

- A. Hawaii Helping the Hungry Have Hope, H5 Shelter Services
- B. Kauai Economic Opportunity, Inc., Wastewater Treatment System
- C. Ohana Ola O Kahumana, Community Center
- D. Nanakuli Housing Corporation, Home Ownership Development and Training Program.

See Exhibit A for listing of State owned and privately owned shelters.

Property Management and Maintenance Services Branch (PMMSB)

Executed contract with Island Refuse to provide refuse collection services at MU 47 – Kahale Mua on Molokai for a 12-month period (January 1, 2007 – December 31, 2007).

Drafted and submitted Request-For-Proposals for property management and maintenance services for Management Unit 46 (Waimea) and MU 43 (Kailua-Kona).

Issued Information-For-Bids for tree trimming services at MU 1, 4, 5, 7, 9 and 40.

Vacant Unit Reports (LIPH) - Working to devise system to monitor and track (LIPH) vacant units.

Processed 404 applications for public housing (18 applications pending (doctor verification form sent/balance owing, etc) and placed 21 families.

See Exhibit B (vacancy report) and C (PHAS indicators)

Construction Management

See Exhibit D (Capital Fund and Capital Improvement Timeline) and Exhibit E (Other Projects)

Compliance Office

Reviewed Supervisors Review Log, Error Analysis Report and Income Discrepancy (ID) Report and submitted report to HUD.

Reviewed and processed 17 Reasonable Accommodation requests from MU's.

Conducted unit, building and site inspections for Project 1031 – Hale Hauoli.

Attended DHS Business Contingency Plan Simulation and Training

Hearings Office

The following are the number of eviction referrals and appeals that were heard and resolved from July through December 2006.

| MONTH | RENT | OTHER | EVICT | EVICT With COND | 10-DAY CURE | DISMISS | CONTIN |
|---------|------|-------|-------|-----------------|-------------|---------|--------|
| JULY 06 | 4 | 5 | 4 | 2 | 0 | 0 | 3 |
| AUG 06 | 22 | 11 | 23 | 7 | 0 | 0 | 3 |
| SEPT 06 | 17 | 10 | 15 | 6 | 3 | 0 | 3 |
| OCT 06 | 9 | 2 | 5 | 3 | 0 | 0 | 3 |
| NOV 06 | 8 | 5 | 7 | 3 | 0 | 0 | 3 |
| DEC 06 | 3 | 3 | 3 | 0 | 0 | 0 | 3 |

Procurement Office

Solicitations Issued, Contracts and Change Orders Executed in December 2006

| Solicitation No. | Project | Deadline |
|----------------------------|--|----------------------------------|
| IFB-PMB 2006-08 | Tree Trimming Services for Various Federally Funded Management Unit Projects (MU 1, 4, 5, 7, 9, 40) Issued: December 28, 2006 | Bid Opening: January 23, 2007 |
| Solicitation No. | Project | Deadline |
| Request for Qualifications | Repair Roofs at Kaahumanu Homes, Mayor Wright Homes, Wahiawa Terrace, Kuhio Park Terrace and Kaiokalani | February 8, 2007 |
| Request for Qualifications | Modernization of Six Elevators at Kuhio Park Terrace and Assessment of Elevators at Various State Owned Properties | January 12, 2007 |

| Contract No. | Contractor & Project | Amount |
|----------------|---|----------------|
| PMB 05-01 SA02 | Hawaii Affordable Properties, Inc. Property management and maintenance services at MU 43 Hale Hookipa, Kahale Kahaluu, Kaimalino, Kealakehe and Nani Olu from January 1, 2007 to April 30, 2007 | \$181,640.00 |
| HPS 06-51 | Gregory House Programs-Shelter Plus Care Program from December 1, 2006 to November 31, 2007 | \$349,020.00 |
| HPS 06-52 | GIA-Alternative Structures International dba Ohana Ola O Kahumana (Construction of Community Center) from December 5, 2006 to December 4, 2007 | \$2,100,000.00 |
| HPS 06-53 | Women Helping Women-Supportive Housing Program from February 1, 2006 to January 31, 2007 | \$77,036.00 |

| | | |
|-------------------------|--|---------------|
| HPS 06-54 | GIA-Hawaii Helping the Hungry Have Hope (Mobile temporary housing) from December 8, 2006 to December 7, 2007 | \$500,000.00 |
| HPS 06-55 | SMS Research and Marketing Services, Inc. (Policy Survey Update 2006) from December 5, 2006 to January 30, 2007 | \$11,215.00 |
| HPS 06-56 | GIA-Nanakuli Housing Corporation (Home Ownership Development and Training Program) from December 1, 2006 to November 30, 2007 | \$350,000.00 |
| CMS 06-20 | Hawaii Vertical Transportation-Emergency Elevator Repair and Maintenance at Kuhio Park Terrace from September 29, 2006 to October 6, 2006 | \$49,123.16 |
| CMS 06-21 | Hawaii Vertical Transportation-Elevator Repair and Maintenance at Kuhio Park Terrace from October 1, 2006 to June 30, 2007 | \$375,138.00 |
| CMS 06-22 | Hawaii Vertical Transportation-Elevator Repair and Maintenance at Kalakaua Homes, Makua Alii, Paoakalani, Kalanihuia, Punchbowl Homes, Pumehana, Makamae, Salt Lake Apartments from October 1, 2006 to June 30, 2007 | \$538,022.00 |
| Change Order No. | Project | Amount |
| | None | |

Approvals from the State Procurement Office

Extension of Time on Contracts

| Number | Description | Est. Amount |
|---------|--|-------------|
| 07-22-A | Property management services at MU 40 Kuhio Park Terrace/Kuhio Homes Supplemental Contract no. 5 to Contract PMB 02-03 from April 1, 2007 to July 31, 2007 | \$1,000,000 |

Information Technology Office (ITO)

DHS Disaster Training Simulation

ITO staff attended this four day training (Nov. 29 & 30, Dec. 5 & 6), along with other divisions within DHS. IT staffs were allowed to break off from the rest of the group for two days to concentrate on IT related matters. Experiences learned from the recent island wide power outage were shared by all.

As a result of the training, ITO will be evaluating the use of "virtual server" technology to see if it can benefit HPHA. In addition, ITO will also be exploring the possibility of setting up redundant data sites at selected remote HPHA management units. There will also be some discussion in the months ahead, about whether various DHS divisions could possibly back up each other.

ITO will be putting together a draft Business Contingency Plan (BCP) for IT related functions within the next six months.

HPHA Network & Email

ITO is currently drafting a scope of services for a consultant to assist with integrating the HPHA and DHS networks. Services are also to include setup and rerouting of Lotus Notes email servers. The scope will then need to be approved by DHS OIT.

Network Cabling at School St

Hawaiian Telcom came back on site on Dec. 12 to survey the current network at School St, and review the work that needs to be done. Currently waiting for a revised quote.

New Computers

New computers (on Oahu) are being set up as they come in, with priority given to those who have the oldest equipment. Neighbor islands computers are targeted be set up after the new year, pending actual receipt of equipment, and travel arrangements.

Accounting - Mainframe

Mainframe is still experiencing problems. Staff continues to work closely with ICSD staff to resolve issues. Monthly jobs are being run, but data entry services will be transferring from Data Entry Institute to ICSD in January 2007.

Complaints Database

The system is now web based, and should be ready for testing in early January.

Fiscal

Draft financial statements and related footnotes have been completed by our independent auditors and are being reviewed. See also Exhibit F.

Personnel Office

See Exhibit G.

State Owned Shelters

| Onemalu - Trans | <u>Units</u> |
|------------------------|--------------|
| Dorm Rm | 8 |
| Small Studio | 10 |
| Large Studio | 5 |
| 2-BR | 18 |
| | <hr/> |
| | 41 |

| Onemalu - Emer | <u>Units</u> |
|-----------------------|--------------|
| Dorm Rooms | 24 |

| WVWaimanalo | <u>Units</u> |
|--------------------|--------------|
| Studio | 8 |
| 1-BR | 6 |
| 2-BR | 5 |
| 3-BR | 5 |
| | <hr/> |
| | 24 |

| Housing Solutions | |
|---------------------------|--------------|
| H S I - Kulaokahua | <u>Units</u> |
| Studio | 24 |
| 1-BR | 5 |
| | <hr/> |
| | 29 |

| H S I - Nakolea | <u>Units</u> |
|------------------------|--------------|
| SRO | 64 |

| SHDC - Hale Ulu Pono | <u>Units</u> |
|-----------------------------|--------------|
| SRO | 22 |
| DRO | 4 |
| | <hr/> |
| | 26 |

| AHHA - Next Step | <u>Clients</u> |
|-------------------------|----------------|
| Beds/Mats | 300 |

EXHIBIT A

Privately Owned Shelters

| | | | |
|---------------------------------|----------------|-----------------------------------|----------------|
| ASI | <u>Units</u> | I H S - Sumner | <u>Clients</u> |
| 1-BR | 6 | Beds/Mats | 190 |
| 2-BR | 8 | | |
| | <hr/> 14 | | |
| ASI expansion | <u>Units</u> | KEO - Komohana | <u>Units</u> |
| 2-BR (656 sq.ft) | 13 | 1-BR/Common Areas | 4 |
| 2-BR (708 sq.ft) | 4 | Master Bedrom | 1 |
| 3-BR | 6 | (5-BR home/serv 5) | <hr/> 5 |
| | <hr/> 23 | | |
| CCH - Kawaihae - T | <u>Units</u> | KEO - Lihue Crt. | <u>Units</u> |
| Cabin | 20 | 2-BR (8 units) | 8 |
| 2-BR | 4 | | |
| | <hr/> 24 | | |
| CCH - Maililand - T | <u>Units</u> | KEO - Emergency | <u>Clients</u> |
| Studio | 19 | Beds | 19 |
| 1-BR | 17 | (19 persons) | |
| 2-BR | 8 | 1-rm = 5 men | |
| | <hr/> 44 | 1-rm = 5 single women | |
| | | 3 rms = 3 families | |
| EHCH-Emer | <u>Clients</u> | KEO - Transitional | <u>Units</u> |
| Four 3-Bedrm Units | 52 | 1-BR | 8 |
| | | (8 units, 21 persons) | |
| EHCH-Trans | <u>Units</u> | MECC - Emerg | <u>Clients</u> |
| Scattered Sites | 1 | Dorm Room | 42 |
| 4-Bdrm Hse (189 Wilder) | 1 | | |
| 3-Bdrm Hse (1495 Kuleana) | 1 | MECC - KHAKO-Trans | <u>Units</u> |
| 1-Bdrm (495A Hinano)(160sf) | 3 | Studio | 40 |
| 1-Bdrm (495A Hinano)(140sf) | 7 | 2-BR | 32 |
| SRO (55 Kilauea) | 3 | | <hr/> 72 |
| | <hr/> 15 | MECC | |
| Faith Against Drugs | <u>Units</u> | West Side - Emerg | <u>Clients</u> |
| 1-Bdrm (18 unit apt) | 18 | Dorm Room | 42 |
| 1-Bdrm (2-bdrm Cottage) | 2 | | |
| | <hr/> 20 | MECC | |
| Family Life Center - (E) | <u>Clients</u> | West Side - Trans | <u>Units</u> |
| | 15 | Studio | 24 |
| Gregory House | <u>Units</u> | 2-BR | 24 |
| Studio | 11 | | <hr/> 48 |
| (1-bdrm=700 sf=8) | | MHH - Safe Haven | <u>Units</u> |
| (1-bdrm=600 sf=2) | | SRO - Trans | 25 |
| (1-bdrm=594 sf=1) | | MHH - Safe Haven | <u>Clients</u> |
| Hale Kipa, Inc. | <u>Units</u> | SRO - Emerg. | 3 |
| TLP,Yng Men/Ke'eaumoku | 2 | Office for Social Ministry | <u>Units</u> |
| 1-BR | | Studio | 1 |
| (3-BR apt/1 as office) | | 1-Bdrm | 1 |
| serve 4 | | 2-Bdrm | 6 |
| TLP, Yng Men/Maka'aloa | <u>Units</u> | | <hr/> 7 |
| 1-BR | 4 | RLM - Lighthouse Outreach | <u>Clients</u> |
| (5-BR home/serve 4) | | Beds/Mats | 85 |
| Housing Solutions | | MHH - Safe Haven | <u>Units</u> |
| H S I - Loliana | <u>Units</u> | SRO - Trans | 25 |
| Studio | 42 | MHH - Safe Haven | <u>Clients</u> |
| H S I - Vancouver | <u>Units</u> | SRO - Emerg. | 3 |
| 1-BR | 24 | Office for Social Ministry | <u>Units</u> |
| 2-BR | 9 | Studio | 1 |
| | <hr/> 33 | 1-Bdrm | 1 |
| I H S - Kaaahi | <u>Clients</u> | 2-Bdrm | 6 |
| Beds/Mats | 120 | | <hr/> 7 |

UNIT SUMMARY REPORT
DECEMBER 31, 2006

| | | | |
|-----------------------------|-------------|-------------|--------|
| Total Units | | 5363 | |
| Less: | | | |
| Units to be demolished | 143 | | |
| Mod Units | 144 | | |
| Type C Units | 82 | | |
| | <u>369</u> | <u>369</u> | |
| Net Available Units | | 4994 | |
| Occupied Tenant Units | 4627 | | |
| Deprogrammed Units | 23 | | |
| Total Occupied Units | <u>4650</u> | <u>4650</u> | 93.11% |
| Total Vacant Units | | 344 | 6.89% |

Vacancy Summary by Project and MU
1/3/2007

| | | | Occupied | Occupied - Future MOD | Occupied - MOD | Occupied - Demo Approved | Vacant | Vacant - future MOD | Vacant - deprogrammed | Vacant - Type "C" Mod | Vacant - Mod Vacancy Design | Vacant - Mod Vacancy Const | Demo Approved (not counted) | Demolished (not counted) | Sold (not counted) | Total Permanent Units | Total Permanent Units + Occupied Demo Units (this changes) | Total Permanent Units + Occupied Demo Units | % vacant - Regular Vacancies per Project | % vacant - Regular Vacancies per MU (5% allowed) | % vacant - Regular Vacancies per Island (5% allowed) |
|------|-------|----------------------------|----------|-----------------------|----------------|--------------------------|--------|---------------------|-----------------------|-----------------------|-----------------------------|----------------------------|-----------------------------|--------------------------|--------------------|-----------------------|--|---|--|---|---|
| Oahu | MU 1 | Salt Lake HA1066 | 27 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28 | 28 | 28 | 3.6% check | 6.3% check | 6.1% check |
| Oahu | MU 1 | Puuwai Momi HA1026 | 244 | 0 | 0 | 0 | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 260 | 260 | 260 | 6.2% check | | |
| Oahu | MU 1 | Hale Laulima HA1027 | 33 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 36 | 36 | 36 | 8.3% check | | |
| Oahu | MU 1 | Waipahu 1 HA1038 | 16 | 0 | 0 | 0 | 2 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 19 | 19 | 19 | 10.5% check | | |
| Oahu | MU 1 | Waipahu 2 HA1039 | 18 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 20 | 20 | 5.0% check | | |
| Oahu | MU 2 | Kalihi Valley Homes HA1005 | 133 | 74 | 5 | 27 | 5 | 25 | 0 | 21 | 22 | 16 | 45 | 27 | 0 | 301 | 328 | 400 | 9.1% check | 9.1% check | |
| Oahu | MU 3 | Kaahumanu Homes HA1009 | 144 | 0 | 0 | 0 | 3 | 0 | 1 | 4 | 0 | 0 | 0 | 0 | 0 | 152 | 152 | 152 | 2.0% ok | 2.8% ok | |
| Oahu | MU 3 | Mayor Wright Homes HA1003 | 342 | 0 | 0 | 0 | 12 | 0 | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 364 | 364 | 364 | 3.3% check | | |
| Oahu | MU 3 | Kamehameha Homes HA1099 | 213 | 0 | 0 | 0 | 6 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 221 | 221 | 221 | 2.7% ok | | |
| Oahu | MU 4 | Makua Aalii HA1012 | 200 | 0 | 0 | 0 | 10 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 211 | 211 | 211 | 4.7% check | 3.4% ok | |
| Oahu | MU 4 | Paoakalani HA1036 | 136 | 0 | 0 | 0 | 4 | 0 | 1 | 0 | 10 | 0 | 0 | 0 | 0 | 151 | 151 | 151 | 2.6% ok | | |
| Oahu | MU 4 | Kalakaua Homes HA1062 | 214 | 0 | 0 | 0 | 6 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 221 | 221 | 221 | 2.7% ok | | |
| Oahu | MU 5 | Punchbowl Homes HA1011 | 152 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 156 | 156 | 156 | 2.6% ok | 3.7% ok | |
| Oahu | MU 5 | Kalanihua HA1024 | 147 | 0 | 0 | 0 | 2 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 151 | 151 | 151 | 1.3% ok | | |
| Oahu | MU 5 | Makamae HA1046 | 89 | 0 | 0 | 0 | 6 | 0 | 1 | 0 | 0 | 28 | 0 | 0 | 0 | 124 | 124 | 124 | 4.8% check | | |
| Oahu | MU 5 | Pumehana HA1047 | 127 | 0 | 0 | 0 | 8 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 139 | 139 | 139 | 5.8% check | | |
| Oahu | MU 5 | Spencer House HA1073 | 15 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17 | 17 | 17 | 11.8% check | | |
| Oahu | MU 40 | Kuhio Homes HA1007 | 128 | 0 | 0 | 0 | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 134 | 134 | 134 | 4.5% check | 7.5% check | |
| Oahu | MU 40 | Kuhio Park Terrace HA1010 | 538 | 0 | 0 | 0 | 50 | 0 | 0 | 22 | 0 | 0 | 4 | 0 | 0 | 610 | 610 | 614 | 8.2% check | | |
| Oahu | MU 44 | Maui 1 HA1033 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 20 | 20 | 0.0% ok | 8.8% check | 6.1% check |
| Oahu | MU 44 | Nanakuli Homes HA1035 | 35 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 36 | 36 | 36 | 0.0% ok | | |
| Oahu | MU 44 | Maui 2 HA1042 | 21 | 0 | 0 | 0 | 2 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 24 | 24 | 24 | 8.3% check | | |
| Oahu | MU 44 | Waimaha / Sunflower | 122 | 0 | 0 | 0 | 7 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 130 | 130 | 130 | 5.4% check | | |
| Oahu | MU 44 | Kauioakalani HA1091 | 35 | 0 | 0 | 0 | 14 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 50 | 50 | 50 | 28.0% check | | |

Vacancy Summary by Project and MU
1/3/2007

| | | | Occupied | Occupied - Future MOD | Occupied - MOD | Occupied - Demo Approved | Vacant | Vacant - future MOD | Vacant - deprogrammed | Vacant - Type "C" Mod | Vacant - Mod Vacancy Design | Vacant - Mod Vacancy Const | Demo Approved (not counted) | Demolished (not counted) | Sold (not counted) | Total Permanent Units | Total Permanent Units + Occupied Demo Units (this changes) | Total Permanent Units + Occupied Demo Units + Vacant | % vacant - Regular Vacancies per Project | % vacant - Regular Vacancies per MU (5% allowed) | % vacant - Regular Vacancies per Island (5% allowed) |
|--------|-------|--------------------------------|----------|-----------------------|----------------|--------------------------|--------|---------------------|-----------------------|-----------------------|-----------------------------|----------------------------|-----------------------------|--------------------------|--------------------|-----------------------|--|--|--|---|---|
| Oahu | MU 45 | Waimanalo Homes HA1025 | 41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9 | 41 | 41 | 50 | 0.0% ok | 8.8% check | |
| Oahu | MU 45 | Kauhale Ohana HA1090 | 18 | 0 | 0 | 0 | 3 | 0 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 25 | 25 | 25 | 12.0% check | | |
| Oahu | MU 45 | Koolau Village HA1030 | 77 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 80 | 80 | 80 | 3.8% check | | |
| Oahu | MU 45 | Kaneohe Apartments HA1069 | 21 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 | 24 | 24 | 12.5% check | | |
| Oahu | MU 45 | Hookipa Kahaluu HA1072 | 43 | 0 | 0 | 0 | 11 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 56 | 56 | 56 | 19.6% check | | |
| Oahu | MU 49 | Kauhale Nani HA1056 | 43 | 0 | 0 | 0 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 50 | 50 | 14.0% check | 19.3% check | |
| Oahu | MU 49 | Wahiawa Terrace HA1015 | 48 | 0 | 0 | 0 | 11 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 60 | 60 | 60 | 18.3% check | | |
| Oahu | MU 49 | Kupuna Home O Waialua HA1050 | 28 | 0 | 0 | 0 | 11 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 40 | 40 | 40 | 27.5% check | | |
| Oahu | MU 80 | Palolo Valley Homes HA1008 | 109 | 0 | 0 | 0 | 4 | 0 | 4 | 1 | 0 | 0 | 0 | 0 | 0 | 118 | 118 | 118 | 3.4% check | 3.4% ok | |
| Hawaii | MU 7 | Lanakila Homes HA1004,13,14,11 | 116 | 0 | 0 | 0 | 12 | 0 | 0 | 0 | 0 | 0 | 94 | 8 | 0 | 128 | 128 | 230 | 9.4% check | 29.9% check | |
| Hawaii | MU 7 | Punahale HA1028 | 25 | 0 | 0 | 0 | 4 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 30 | 30 | 30 | 13.3% check | | |
| Hawaii | MU 7 | Pomaikai HA1029 | 17 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 20 | 20 | 15.0% check | | |
| Hawaii | MU 7 | Hale Olaloa HA1052 | 43 | 0 | 0 | 0 | 5 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 50 | 50 | 50 | 10.0% check | | |
| Hawaii | MU 7 | Kauhale O Hanakahi HA1097a | 15 | 0 | 0 | 0 | 3 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 20 | 20 | 20 | 15.0% check | | |
| Hawaii | MU 7 | Hale Aloha O Puna HA1051 | 23 | 0 | 0 | 0 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 30 | 30 | 23.3% check | | |
| Hawaii | MU 7 | Pahala Elderly HA1045 | 15 | 0 | 0 | 0 | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 | 24 | 24 | 37.5% check | | |
| Hawaii | MU 43 | Kaimalino HA1032 | 39 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 40 | 40 | 40 | 0.0% ok | | |
| Hawaii | MU 43 | Kealakehe HA1070 | 47 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 48 | 48 | 48 | 0.0% ok | | |
| Hawaii | MU 43 | Hale Hookipa HA1053 | 25 | 0 | 0 | 0 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 32 | 32 | 32 | 21.9% check | | |
| Hawaii | MU 43 | Ka Hale Kahaluu HA1061 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 0 | 0 | 0 | 0 | 0 | 50 | 50 | 50 | 0.0% ok | | |
| Hawaii | MU 43 | Nani Olu HA1063 | 27 | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 32 | 32 | 32 | 15.6% check | | |
| Hawaii | MU 46 | Ke Kumu Ekolu HA1097b | 18 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 20 | 20 | 20 | 5.0% check | 4.9% ok | |
| Hawaii | MU 46 | Noelani 1 HA1071 | 0 | 0 | 14 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 4 | 0 | 0 | 19 | 19 | 19 | 0.0% ok | | |
| Hawaii | MU 46 | Noelani 2 HA1078 | 0 | 0 | 13 | 0 | 0 | 0 | 1 | 0 | 0 | 10 | 0 | 0 | 0 | 24 | 24 | 24 | 0.0% ok | | |
| Hawaii | MU 46 | Hale Hauoli HA1031 | 36 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40 | 40 | 40 | 10.0% check | | |

Vacancy Summary by Project and MU
1/3/2007

| | | | Occupied | Occupied - Future MOD | Occupied - MOD | Occupied - Demo Approved | Vacant | Vacant - future MOD | Vacant - deprogrammed | Vacant - Type "C" Mod | Vacant - Mod Vacancy Design | Vacant - Mod Vacancy Const | Demo Approved (not counted) | Demolished (not counted) | Sold (not counted) | Total Permanent Units | Total Permanent Units + Occupied Demo Units (this changes) | Total Permanent Units + Occupied Demo Units + Vacant | % vacant - Regular Vacancies per Project | % vacant - Regular Vacancies per MU (5% allowed) | % vacant - Regular Vacancies per Island (5% allowed) |
|---------|-------|----------------------------|----------|-----------------------|----------------|--------------------------|--------|---------------------|-----------------------|-----------------------|-----------------------------|----------------------------|-----------------------------|--------------------------|--------------------|-----------------------|--|--|--|---|---|
| Mau | MU 9 | Piilani HA1044 | 41 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 42 | 42 | 42 | 2.4% ok | 14.0% check | 14.0% check |
| Mau | MU 9 | David Malo Circle HA1016 | 17 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 18 | 18 | 18 | 0.0% ok | | |
| Mau | MU 9 | Kahekili Terrace HA1017 | 67 | 0 | 0 | 0 | 15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 82 | 82 | 82 | 18.3% check | | |
| Mau | MU 9 | Makani Kai Hale 1 HA1092 | 17 | 0 | 0 | 0 | 7 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 25 | 25 | 25 | 28.0% check | | |
| Mau | MU 9 | Makani Kai Hale 2 HA1097c | 3 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 | 4 | 25.0% check | | |
| Molokai | MU 47 | Kahale Mua HA1088 | 19 | 0 | 0 | 0 | 5 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 25 | 25 | 25 | 20.0% check | 20.0% check | 20.0% check |
| Kauai | MU 8 | Hale Hoolulu HA1019 | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 12 | 12 | 0.0% ok | 2.1% ok | 2.2% ok |
| Kauai | MU 8 | Kapaa HA1018 | 33 | 0 | 0 | 0 | 2 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 36 | 36 | 36 | 5.6% check | | |
| Kauai | MU 8 | Hale Nana Kai O Kea HA1054 | 38 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 38 | 38 | 38 | 0.0% ok | | |
| Kauai | MU 8 | Hui O Hanamaulu HA1021 | 42 | 0 | 0 | 0 | 1 | 0 | 1 | 2 | 0 | 0 | 0 | 0 | 0 | 46 | 46 | 46 | 2.2% ok | | |
| Kauai | MU 8 | Kalaheo HA1022 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 8 | 8 | 8 | 0.0% ok | | |
| Kauai | MU 41 | Kawailehua HA1086 | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25 | 25 | 25 | 0.0% ok | 2.2% ok | |
| Kauai | MU 41 | Home Nani HA1023 | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14 | 14 | 14 | 0.0% ok | | |
| Kauai | MU 41 | Eleele HA1020 | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 | 24 | 24 | 0.0% ok | | |
| Kauai | MU 41 | Hale Hoonanea HA1055 | 39 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40 | 40 | 40 | 2.5% ok | | |
| Kauai | MU 41 | Kekaha Haaheo HA1064 | 75 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 78 | 78 | 78 | 3.8% check | | |
| Total | | | 4494 | 74 | 32 | 27 | 319 | 25 | 23 | 82 | 82 | 62 | 143 | 35 | 9 | 5193 | 5220 | 5407 | | 6.6% check | All Units |

| | | | | | | |
|---------------|------------|--------|-------------------|---------------|------|------------------------------------|
| 4627 Occupied | 344 Vacant | "D" 23 | 226 Vacant Exempt | Current Units | 5220 | 187 Demolished or to be Demolished |
|---------------|------------|--------|-------------------|---------------|------|------------------------------------|

27 Occupied and Approved for Demolition

Note: 24 units deprogrammed approved by HUD.
1 unit @ Mayor Wright is also Type C and is counted there

| | |
|---------------------------|----|
| Units returned to service | 41 |
| New vacant Units | 37 |
| NET Units | 4 |

214 Total

PHAS INDICATORS
For the period 7/1/06 - 12/31/06

| MU No. | Proj. No. | Project Name | AMP NO. | No. of Units | Placements | No. of Emerg. WO's | Abated within 24 hrs. | % Abated within 24 hrs. | # of Open Emerg. WO's | # of Non-Emerg. WO's | Avg. Days to Repair | # of Open Non-Emerg. WO's | No. of Units Inspect. | % | No. of Bldgs. | No. of Bldgs Inspect | % |
|-------------|-----------|---------------------|--------------|--------------|------------|--------------------|-----------------------|-------------------------|-----------------------|----------------------|---------------------|---------------------------|-----------------------|------|---------------|----------------------|----|
| MU 1 | 1026 | Puuwai Momi | HI001000030P | 260 | 23 | 87 | 72 | 83% | 14 | 974 | 7 | 95 | 154 | 59% | 28 | 0 | 0% |
| | 1027 | Hale Laulima | | 36 | 3 | 0 | 0 | NA | 0 | 127 | 8 | 6 | 0 | 0% | 10 | 0 | 0% |
| | 1066 | Salt Lake | | 28 | 1 | 2 | 1 | 50% | 0 | 159 | 10 | 13 | 28 | 100% | 1 | 0 | 0% |
| | 1038 | Waipahu I | | 19 | 1 | 0 | 0 | NA | 0 | 76 | 9 | 4 | 0 | 0% | 1 | 0 | 0% |
| | 1039 | Waipahu II | | 20 | 1 | 0 | 0 | NA | 0 | 52 | 6 | 4 | 0 | 0% | 1 | 0 | 0% |
| | | Total | | 363 | 29 | 89 | 73 | 82% | 14 | 1388 | | 122 | 182 | 50% | 41 | 0 | 0% |
| MU 2 | 1005 | Kalihi Valley Homes | HI001000031P | 373 | 44 | 366 | 337 | 92% | 2 | 842 | 55 | 366 | 278 | 75% | 44 | 0 | 0% |
| | | Total | | | | | | | | | | | | | | | |
| MU 3 | 1003 | Mayor Wright Homes | HI001000032P | 364 | 10 | 93 | 83 | 89% | 3 | 1475 | 71 | 784 | 0 | 0% | 36 | 0 | 0% |
| | | Total | | | | | | | | | | | | | | | |
| MU 3 | 1009 | Kaahumanu Homes | HI001000033P | 152 | 5 | 149 | 133 | 89% | 4 | 631 | 42 | 193 | 151 | 99% | 19 | 0 | 0% |
| | 1099 | Kamehameha Homes | | 221 | 9 | 118 | 111 | 94% | 3 | 783 | 65 | 402 | 221 | 100% | 29 | 0 | 0% |
| | | Total | | 373 | 14 | 267 | 244 | 91% | 7 | 1414 | | 595 | 372 | 100% | 48 | 0 | 0% |
| MU 4 | 1062 | Kalakaua Homes | HI001000034P | 221 | 8 | 28 | 28 | 100% | 1 | 672 | 9 | 61 | 138 | 62% | 10 | 0 | 0% |
| | 1012 | Makua Alii (E) | | 211 | 6 | 21 | 20 | 95% | 2 | 527 | 9 | 43 | 127 | 60% | 1 | 0 | 0% |
| | 1036 | Paoakalani (E) | | 151 | 9 | 16 | 16 | 100% | 1 | 430 | 4 | 14 | 92 | 61% | 1 | 0 | 0% |
| | | Total | | 583 | 23 | 65 | 64 | 100% | 4 | 1629 | | 118 | 357 | 61% | 12 | 0 | 0% |
| MU 5 | 1011 | Punchbowl Homes (E) | HI001000035P | 156 | 6 | 81 | 80 | 99% | 8 | 550 | 29 | 87 | 156 | 100% | 2 | 0 | 0% |
| | 1024 | Kalanihuia (E) | | 151 | 3 | 35 | 33 | 94% | 3 | 487 | 44 | 224 | 91 | 60% | 1 | 0 | 0% |
| | 1046 | Makamae (E) | | 124 | 5 | 43 | 37 | 86% | 2 | 173 | 31 | 55 | 0 | 0% | 1 | 0 | 0% |
| | 1073 | Spencer House | | 17 | 0 | 11 | 11 | 100% | 0 | 133 | 48 | 110 | 17 | 100% | 1 | 0 | 0% |
| | 1047 | Pumehana (E) | | 139 | 6 | 89 | 81 | 91% | 10 | 415 | 38 | 156 | 137 | 99% | 1 | 0 | 0% |
| | | Total | | 587 | 20 | 259 | 242 | 93% | 23 | 1758 | | 632 | 401 | 68% | 6 | 0 | 0% |

EXHIBIT C

PHAS INDICATORS
For the period 7/1/06 - 12/31/06

| MU No. | Proj. No. | Project Name | AMP NO. | No. of Units | Placements | No. of Emerg. WO's | Abated within 24 hrs. | % Abated within 24 hrs. | # of Open Emerg. WO's | # of Non-Emerg. WO's | Avg. Days to Repair | # of Open Non-Emerg. WO's | No. of Units Inspect. | % | No. of Bldgs. | No. of Bldgs Inspect | % |
|--------------|-----------|--------------------------|--------------|--------------|------------|--------------------|-----------------------|-------------------------|-----------------------|----------------------|---------------------|---------------------------|-----------------------|------|---------------|----------------------|----|
| MU 7 | 1004 | Lanakila Homes I | HI001000037P | 102 | 2 | 32 | 20 | 63% | 0 | 114 | 28 | 35 | 0 | 0% | 39 | 0 | 0% |
| | 1013 | Lanakila Homes II | | 42 | 4 | 16 | 11 | 69% | 3 | 79 | 49 | 21 | 0 | 0% | 11 | 0 | 0% |
| | 1014 | Lanakila Homes III | | 30 | 0 | 0 | 0 | NA | 0 | 14 | 69 | 6 | 0 | 0% | 15 | 0 | 0% |
| | 1104 | Lanakila Homes IV | | 48 | 4 | 17 | 9 | 53% | 3 | 76 | 70 | 28 | 0 | 0% | 15 | 0 | 0% |
| | 1051 | Hale Aloha O Puna (E) | | 30 | 1 | 8 | 4 | 50% | 3 | 63 | 39 | 18 | 0 | 0% | 9 | 0 | 0% |
| | 1052 | Hale Olaloa (E) | | 50 | 4 | 9 | 9 | 100% | 0 | 110 | 49 | 36 | 0 | 0% | 26 | 0 | 0% |
| | 1097 | Kauhale O'Hanakahi | | 20 | 5 | 10 | 6 | 60% | 2 | 94 | 58 | 28 | 0 | 0% | 10 | 0 | 0% |
| | 1045 | Pahala (E) | | 24 | 2 | 3 | 3 | 100% | 0 | 18 | 29 | 4 | 0 | 0% | 6 | 0 | 0% |
| | 1029 | Pomaikai Homes (E) | | 20 | 5 | 11 | 9 | 82% | 1 | 71 | 34 | 14 | 0 | 0% | 2 | 0 | 0% |
| | 1028 | Punahale Homes | | 30 | 1 | 7 | 4 | 57% | 1 | 45 | 32 | 12 | 0 | 0% | 16 | 0 | 0% |
| | | Total | | 396 | 28 | 113 | 75 | 66% | 13 | 684 | | 202 | 0 | 0% | 149 | 0 | 0% |
| | | | | | | | | | | | | | | | | | |
| MU 8 | 1018 | Kapaa | HI001000038P | 36 | 1 | 22 | 22 | 100% | 0 | 135 | 60 | 42 | 36 | 100% | 20 | 0 | 0% |
| | 1019 | Hale Hoolulu (E) | | 12 | 2 | 2 | 2 | 100% | 0 | 54 | 20 | 3 | 12 | 100% | 5 | 0 | 0% |
| | 1054 | Hale Nana Kai O Kea (E) | | 38 | 3 | 11 | 11 | 100% | 0 | 137 | 27 | 26 | 38 | 100% | 20 | 0 | 0% |
| | 1021 | Hui O Hanamaulu | | 46 | 1 | 15 | 15 | 100% | 0 | 95 | 21 | 13 | 46 | 100% | 24 | 0 | 0% |
| | 1022 | Kalaheo | | 8 | 0 | 5 | 5 | 100% | 0 | 12 | 33 | 3 | 8 | 100% | 4 | 0 | 0% |
| MU 41 | 1064 | Kekaha Ha'aheo | | 78 | 6 | 15 | 15 | 100% | 0 | 283 | 2 | 10 | 0 | 0% | 31 | 0 | 0% |
| | 1020 | Eleele Homes | | 24 | 4 | 21 | 20 | 95% | 0 | 63 | 6 | 23 | 24 | 100% | 12 | 0 | 0% |
| | 1055 | Hale Hoonanea | | 40 | 4 | 11 | 11 | 100% | 1 | 107 | 3 | 42 | 40 | 100% | 21 | 0 | 0% |
| | 1023 | Home Nani | | 14 | 0 | 5 | 5 | 100% | 0 | 26 | 3 | 0 | 14 | 100% | 2 | 0 | 0% |
| | 1086 | Kawaiaehua | | 25 | 2 | 5 | 5 | 100% | 0 | 53 | 5 | 1 | 0 | 0% | 4 | 0 | 0% |
| | | Total | | 321 | 23 | 112 | 111 | 99% | 1 | 965 | | 163 | 218 | 68% | 143 | 0 | 0% |
| | | | | | | | | | | | | | | | | | |
| MU 9 | 1017 | Kahekili Terrace [A & B] | HI001000039P | 82 | 2 | 5 | 4 | 80% | 0 | 221 | 14 | 17 | 0 | 0% | 15 | 0 | 0% |
| | 1016 | David Malo Circle | | 18 | 2 | 0 | 0 | NA | 0 | 70 | 20 | 8 | 0 | 0% | 9 | 0 | 0% |
| | 1092 | Makani Kai Hale | | 25 | 0 | 3 | 3 | 100% | 0 | 39 | 16 | 5 | 0 | 0% | 8 | 0 | 0% |
| | 1044 | Piilani Homes (E) | | 42 | 2 | 2 | 2 | 100% | 0 | 94 | 13 | 11 | 0 | 0% | 9 | 0 | 0% |
| | 1097 | Makani Kai Hale II | | 4 | 0 | 0 | 0 | NA | 0 | 0 | NA | 2 | 0 | 0% | 1 | 0 | 0% |

PHAS INDICATORS
For the period 7/1/06 - 12/31/06

| MU No. | Proj. No. | Project Name | AMP NO. | No. of Units | Placements | No. of Emerg. WO's | Abated within 24 hrs. | % Abated within 24 hrs. | # of Open Emerg. WO's | # of Non-Emerg. WO's | Avg. Days to Repair | # of Open Non-Emerg. WO's | No. of Units Inspect. | % | No. of Bldgs. | No. of Bldgs Inspect | % |
|--------------|-----------|--------------------|--------------|--------------|------------|--------------------|-----------------------|-------------------------|-----------------------|----------------------|---------------------|---------------------------|-----------------------|------|---------------|----------------------|------|
| | 1088 | Kahale Mua | | 25 | 2 | 1 | 1 | 100% | 0 | 227 | 4 | 6 | 0 | 0% | 9 | 0 | 0% |
| | | Total | | 196 | 8 | 11 | 10 | 91% | 0 | 651 | | 49 | 0 | 0% | 51 | 0 | 0% |
| MU 40 | 1010 | Kuhio Park Terrace | HI001000040P | 614 | 71 | 167 | 154 | 92% | 7 | 1495 | 29 | 641 | 610 | 99% | 17 | 0 | 0% |
| | 1007 | Kuhio Homes | | 134 | 10 | 9 | 9 | 100% | 0 | 295 | 13 | 80 | 0 | 0% | 21 | 0 | 0% |
| | | Total | | 748 | 81 | 176 | 163 | 93% | 7 | 1790 | | 721 | 610 | 82% | 38 | 0 | 0% |
| MU 43 | 1061 | Ka Hale Kahaluu | HI001000043P | 50 | 0 | 2 | 2 | 100% | 0 | 17 | 47 | 0 | 0 | 0% | 5 | 0 | 0% |
| | 1053 | Hale Hookipa (E) | | 32 | 1 | 5 | 4 | 80% | 0 | 53 | 59 | 13 | 32 | 100% | 8 | 0 | 0% |
| | 1032 | Kaimalino | | 40 | 6 | 10 | 8 | 80% | 1 | 129 | 37 | 2 | 0 | 0% | 12 | 0 | 0% |
| | 1070 | Kealakehe | | 48 | 9 | 15 | 13 | 87% | 0 | 133 | 59 | 23 | 0 | 0% | 5 | 0 | 0% |
| | 1063 | Nani Olu (E) | | 32 | 1 | 4 | 4 | 100% | 0 | 74 | 36 | 28 | 0 | 0% | 5 | 0 | 0% |
| | | Total | | 202 | 17 | 36 | 31 | 86% | 1 | 406 | | 66 | 32 | 16% | 35 | 0 | 0% |
| MU 44 | 1057 | Waimaha-Sunflower | HI001000044P | 130 | 15 | 7 | 6 | 86% | 1 | 274 | 61 | 168 | 0 | 0% | 10 | 0 | 0% |
| | 1091 | Kau'iokalani | | 50 | 2 | 1 | 1 | 100% | 0 | 134 | 66 | 82 | 0 | 0% | 13 | 0 | 0% |
| | 1033 | Maili I | | 20 | 1 | 1 | 1 | 100% | 0 | 62 | 42 | 29 | 20 | 100% | 20 | 0 | 0% |
| | 1042 | Maili II | | 24 | 2 | 7 | 6 | 86% | 0 | 80 | 67 | 56 | 24 | 100% | 18 | 0 | 0% |
| | 1035 | Nanakuli Homes | | 36 | 0 | 29 | 28 | 97% | 1 | 113 | 64 | 74 | 36 | 100% | 36 | 0 | 0% |
| | | Total | | 260 | 20 | 45 | 42 | 93% | 2 | 663 | | 409 | 80 | 31% | 97 | 0 | 0% |
| MU 45 | 1030 | Koolau Village | HI001000045P | 80 | 7 | 20 | 20 | 100% | 0 | 151 | 7 | 3 | 80 | 100% | 19 | 0 | 0% |
| | 1072 | Hookipa Kahaluu | | 56 | 5 | 29 | 29 | 100% | 0 | 161 | 31 | 36 | 56 | 100% | 8 | 8 | 100% |
| | 1069 | Kaneohe Apartments | | 24 | 1 | 9 | 8 | 89% | 0 | 65 | 6 | 20 | 24 | 100% | 2 | 0 | 0% |
| | 1090 | Kauhale O'hana | | 25 | 2 | 18 | 18 | 100% | 0 | 65 | 24 | 18 | 25 | 100% | 5 | 0 | 0% |
| | 1025 | Waimanalo Homes | | 41 | 0 | 29 | 28 | 97% | 0 | 113 | 18 | 20 | 41 | 100% | 41 | 0 | 0% |
| | | Total | | 226 | 15 | 105 | 103 | 98% | 0 | 555 | | 97 | 226 | 100% | 75 | 8 | 11% |

PHAS INDICATORS
For the period 7/1/06 - 12/31/06

| MU No. | Proj. No. | Project Name | AMP NO. | No. of Units | Placements | No. of Emerg. WO's | Abated within 24 hrs. | % Abated within 24 hrs. | # of Open Emerg. WO's | # of Non-Emerg. WO's | Avg. Days to Repair | # of Open Non-Emerg. WO's | No. of Units Inspect. | % | No. of Bldgs. | No. of Bldgs Inspect | % |
|--------------|-----------|----------------------------|--------------|--------------|------------|--------------------|-----------------------|-------------------------|-----------------------|----------------------|---------------------|---------------------------|-----------------------|------|---------------|----------------------|------|
| MU 46 | 1078 | Noelani II | HI001000046P | 24 | 1 | 10 | 9 | 90% | 0 | 64 | 96 | 36 | 0 | 0% | 2 | 0 | 0% |
| | 1031 | Hale Hauoli (E) | | 40 | 1 | 4 | 4 | 100% | 0 | 79 | 48 | 25 | 40 | 100% | 11 | 11 | 100% |
| | 1097 | Ke Kumu 'Ekolu | | 20 | 0 | 0 | 0 | NA | 1 | 9 | 82 | 12 | 0 | 0% | 3 | 0 | 0% |
| | 1071 | Noelani I | | 19 | 0 | 1 | 1 | 100% | 0 | 36 | 113 | 25 | 0 | 0% | 2 | 0 | 0% |
| | | Total | | 103 | 2 | 15 | 14 | 93% | 1 | 188 | | 98 | 40 | 39% | 18 | 11 | 61% |
| | | | | | | | | | | | | | | | | | |
| MU 49 | 1056 | Kauhale Nani | HI001000049P | 50 | 2 | 0 | 0 | NA | 0 | 6 | 78 | 2 | 0 | 0% | 10 | 0 | 0% |
| | 1015 | Wahiawa Terrace | | 60 | 7 | 1 | 1 | 100% | 1 | 32 | 12 | 28 | 60 | 100% | 9 | 0 | 0% |
| | 1050 | Kupuna Home O'Waiialua (E) | | 40 | 3 | 0 | 0 | NA | 0 | 11 | 25 | 1 | 0 | 0% | 21 | 0 | 0% |
| | | Total | | 150 | 12 | 1 | 1 | 100% | 1 | 49 | | 31 | 60 | 40% | 40 | 0 | 0% |
| | | | | | | | | | | | | | | | | | |
| MU 80 | 1008 | Palolo Valley Homes | HI001000050P | 118 | 3 | 7 | 7 | 100% | 0 | 187 | 3 | 8 | 43 | 36% | 20 | 0 | 0% |
| | | Total | | 5363 | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |

CIP/CFP PROPOSED TIMELINES

Legend:

| |
|-----------------------|
| Proposed/Planned Work |
| P: Prepare for Work |
| N: Select Consultant |
| D: Design |
| B: Bid |
| C: Construction |
| W: Warranty Period |
| Critical Deadline |

| | | | |
|---------|------------|------------|------------|
| summary | 2007-09 | 2009-11 | 2011-13 |
| CFP | 16,000,000 | 16,000,000 | 16,000,000 |
| CIP | 55,000,000 | 55,000,000 | 55,000,000 |
| Total | 71,318,500 | 70,980,000 | 70,760,000 |
| Bal | (318,500) | 20,000 | 240,000 |

All timelines are dependent on funding. Deferring funding will extend the timelines, and will result in deferring of needed improvements.
 No projects listed are reauthorizations
 Other funding sources that will contribute to the projects are listed

NOTE: All properties owned by HPHA, State of Hawaii

| Comments | Units | Estimated Costs for Biennium | | | | Calendar Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------|-------|------------------------------|---------|----------|---------|---------------------|----------|--|--|----------|--|--|----------|------------------|------|---|------------------|------|---|------------------|------|---|-------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Prior to 07 | 2007-09 | 2009-11 | 2011-13 | State Fiscal Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | Federal Fiscal Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Project | Month | FFY 2007 | | | FFY 2008 | | | FFY 2009 | | | FFY 2010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | 2007 | 2008 | | | 2009 | | | 2010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | State FY 2007-08 | | | State FY 2008-09 | | | State FY 2009-10 | | | State | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
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| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
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| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | |

CIP/CFP PROPOSED TIMELINES

Legend:

| |
|-----------------------|
| Proposed Planned Work |
| P: Prepare for Work |
| N: Select Consultant |
| D: Design |
| B: Bid |
| C: Construction |
| W: Warranty Period |
| Critical Deadline |

| | | | |
|---------|------------|------------|------------|
| summary | 2007-09 | 2009-11 | 2011-13 |
| CFP | 16,000,000 | 16,000,000 | 16,000,000 |
| CIP | 55,000,000 | 55,000,000 | 55,000,000 |
| Total | 71,318,500 | 70,980,000 | 70,760,000 |
| Bal | (318,500) | 20,000 | 240,000 |

All timelines are dependent on funding. Deferring funding will extend the timelines, and will result in deferring of needed improvements.
 No projects listed are reauthorizations
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NOTE: All properties owned by HPHA, State of Hawaii

| Comments | Units | Estimated Costs for Biennium | | | | Calendar Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------------|-------|------------------------------|---------|---------|---------|---------------------|---------|-------|----------|---|---|------|----------|---|---|------|----------|---|---|------|----------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Prior to 07 | 2007-09 | 2009-11 | 2011-13 | State Fiscal Year | | 2007 | | | | 2008 | | | | 2009 | | | | 2010 | | | | | | | | | | | | | | | |
| | | | | | | Federal Fiscal Year | Project | Month | FFY 2007 | | | | FFY 2008 | | | | FFY 2009 | | | | FFY 2010 | | | | | | | | | | | | | | |
| | | | | | | | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M |
| Hale Olaloa | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ceded | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TYPE C - Planning - CFP, CIP | | | 8,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TYPE C - future - CFP, CIP | | | 120,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Ke Kumu Ekolu | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| TYPE C - Planning - CFP, CIP | | | 10,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| TYPE C - future - CFP, CIP | | | 100,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Waimea Teachers' Cottages | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| In Design - CIP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| To be bid - CIP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Halaula Teachers' Cottages | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| In Design - CIP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| To be bid - CIP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Hana Teachers' Cottages | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| In Design - CIP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| To be bid - CIP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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Construction Mangement Branch, Construction Management Unit I

Status Report as of December 31, 2006

| Job No | Project Name | Status | Estimated or Actual Costs | Funding Source |
|---------------------|--|--|---------------------------|---------------------|
| 06-052-000-S | SCHOOL STREET RENOVATIONS - Reroofing of Building B | The contractor is awaiting the delivery of the roofing material. | \$20,320.00 | General Fund |
| 06-042-150-F | Furnish & Install Emergency Generator at Kupuna Home O`Waiialua | The contractor is awaiting the delivery date of the equipment. | \$19,100.00 | CFP Operating |
| DDA0002235 | Lanakila Homes Disposition Application | HUD (SAC - Chicago) is still reviewing the application. | | |
| 95-003-104-F-III/IV | Physical Improvements to Lanakila Public Housing - Demolition of Phase III & IV | SHPD has finally responded and is requiring phot documentaion of the project. Small purchase procurement will be implemented to hire a firm to conduct the photo documentation. | \$1,000,000.00 | CFP 715 & State CIP |
| 95-003-104-F-IIIa | Physical Improvements to Lanakila Public Housing - Phase IIIa | Specifications forwarded to HUD for review on 9/28/06. HUD will delay approval due to problems with the replacement housing funds. | \$5,500,000.00 | CFP 715 & State CIP |
| 95-003-104-F-IIa | Physical Improvements to Lanakila Public Housing - Phase IIa | Awaiting a work schedule from the contractor for the punchlist corrective work. | | CFP 713 |
| 06-069-150-F | Providing Operational and Preventive Maintenance Services for the Sewage Treatment Plant at Kupuna Home O`Waiialua | Received approval from SPO for the time extension. AG is reviewing the Supplemental Agreement to extend the original contract. | \$150,000.00 | CFP Operating |
| 06-074-000-S | Tent Fumigation of Bldgs. B, C, F, G, H, J & L | Diversified Exterminators was the low bidder at \$4,687.47. All fumigation work to be done on the weekend. | \$4,687.47 | CFP Operating |
| 07-002-000-F | Physical Needs Assesment and Energy Audit of all Federally-Funded Projects | RFQ to be issued to procure a consultant. | \$400,000 | CFP |
| 07-003-104-F | Photo Documentation of Lanakila Homes I | PO to be issued to procure services. | \$20,000 | TBD |
| ??? | Puahala Homes Repair Rip Rap Wall | Need to have budget amount secured for consultant selection. | | ???? |
| P.O. | Waimanalo Homes ADA Ramp | Mr. Lauulu has changed his mind and is requesting to stay at Waimanalo Homes | \$ 25,000.00 | S.F. 181 |
| 03-038-146-F | Makamae Structural Repairs | Preparing Change Order No. 1 (\$83,000.00) | \$ 3,377,300.00 | CFP ??? |
| 02-031-105-F | Kalihi Valley Homes Phase 3A | Contractor working on Warranty Items. HECO needs to complete Electrical Site Work. | \$ 9,585,317.82 | CFP 713 |
| 02-031-105-F | Kalihi Valley Homes Phase 3B | Design Change Order Pending | \$ 6,300,000.00 | CFP ??? |
| | Kalihi Valley Homes Demolition/Master Plan Revisions | Awaiting written instructions on how to proceed in amending approved demolition application. | | |
| none | Hookipa Kahaluu Floor ACM Removal | MU requesting CMS help to remove ACM containing floor tiles. Work completed by 5/07 so volunteer workers can reinstall tiles. Checking on ACM studies and funding possibilities. | ??? | ??? |
| 05-085-206-S | Hale Hookipa Tree Removal | CPO office asks for complete contract revision using their format. Redoing specs and contract format. | \$40,000 | Maint Fund |
| 06-042-150-F | School St. Renovations, RFP for New Office | Interviewed the single RFP respondent. They will submit Best and Final Offer on 1/4/07. | \$585,000 | State |

| Job No | Project Name | Status | Estimated or Actual Costs | Funding Source |
|---|--|--|---------------------------|--------------------|
| 05-004-161-F | Physical Improvements at Kahale Kahaluu | Contractor began work on 1/2/07. | \$10,555,500 | 714, 715, 716, CIP |
| 06-032-206-S | KPT Fire Alarm | HUD reviewing American Electric contract. Waiting for document approval. | \$2,000,000 | Cap Fund |
| | School St. Renovations, Demolition of Bldgs K & I. | Preparing SOW and contract. | \$25,000 | State |
| 05-037-E11-S | LA'ILANI - ADA COMPLIANCE | 12-26 Thru 12-29-06 (Closing Files) | | |
| 05-004-161-F | KAHALE KAHALUU- PHYSICAL IMPROVEMENTS | Review Plans and Specs | | |
| HA-126 | PUUWAI MOMI - UPCS INSP. | 12-26 Thru 12-29-06 Build.# 21Thru # 26 (90%) | | |
| HA-403 | HOOLULU ELD. | Reschedule termite inspection (Confirmed 1-4-07 (9:30 A.M.) | | |
| | Kalihi Valley Homes UPCS Annual Inspections | Started 9/25/06 and on-going and about 96% complete. | N/A | SF 191 |
| | Kalihi Valley Homes Cesspool inspections and report | Consulted with PE on "Scope Of Work". | \$5,500.00 | |
| | Waimanalo Homes Retrofit Bldg #14 driveway. | Calling contractors and arranging bid walkthru. | | |
| 05-141-217-S | Demolition And Reconstruction Of metal Stairs At Nakolea | Reviewing redesign and awaiting approval by AG. | \$69,128.00 | |
| | Kahekili Terrace Solar water tank isolations | Working on procurement docs | | |
| | Makani Kai Hale Exhaust roof vent replacement | Consulted with PE on "Scope Of Work". | | |
| | David Malo Circle fire damage repairs | Consulted with PE on "Scope Of Work". | | |
| | Puahala Homes Repave Section of Existing AC Road To Transition To ADA Landing At Bldg #2 | Working with MU #2 for repairs. | | |
| Construction Mangement Branch, Construction Management Unit II | | | | |
| Status Report as of December 31, 2006 | | | | |
| Job No. | Project Name | Status | Estimated or Actual Costs | Funding Source |
| 05-140-170-F | Miscellaneous Unit Interior Repairs for Noelani I & II | Working on Change Order. Original contract completed. | | CFP |
| 05-111-110-F | Trash Chute Repairs & Chute Opener Replacement at Kuhio Park Terrace | To be rebid. | | CFP |
| | KPT, Bldgs. A & B - sewer back-up at ground floor units | RFQ to retain consultant to resolve situation. | | CFP |
| | La'iola Fire Alarm | Resolving contract requirements with Phoenix. | | |
| 98-005-T31-Y | New Waterline at Molokai Teachers Cottages | Construction near completion. | | CIP |
| 00-002-T14-Y | Improvements to Teacher Cottages at Pahala & Kau | Under design. | | Teacher Housing |
| 05-136-201-S | Hazardous Materials Abatement at Hauiki | Pre-Construction. | | CIP |

| Job No | Project Name | Status | Estimated or Actual Costs | Funding Source |
|--------------|--|---|---------------------------|-----------------|
| 05-141-217-S | Demolition and Reconstruction of Stairs at Nakolea | AG reviewing changes to contract. | | CIP |
| 05-134-208-S | Waiaka - Hazardous Materials Abatement | Under construction. | | CIP |
| 06-058-000-S | Maui Teachers Cottages - Tree Trimming, Clearing & 1year Yard Maintenance w/option | Need to rebid based on sole bidder. | | Teacher Housing |
| 06-059-000-S | Maui Teachers Cottages - Renovations to: T51=Wakiu 5ea cottages A thru E; T52=Wakiu F (principal cottage); T53=Hana B (Longhouse-4units) | Work on repair renovations listing. | | Teacher Housing |
| | HPHA School Street Facilities, replace "HCDCH" signs with "HPHA" heading | 8/21 6 vendors listed | | State |
| 06-030-000-S | State PNA | Consultant submitted Kamaaina Hale. Other PNAs to follow. | | CIP |
| 06-022-110-F | KPT Elevators Modernization and Maintenance of All HPHA Elevators | RFQ due 1/12/07. | | State R&M |
| 05-123-110-F | KPT telephone | Signed contract sent to AG for final review. | \$190,971 | CFP |
| 05-145-000-S | LCC at Pahala Elderly | Under construction | \$375,362 | CIP |
| 06-035-000-S | LCC at Lailani and Kealakehe | Contractor working on schedule | | CIP |
| | HPHA School Street Bldg. E Renovation | Signed Contract sent to AG for final review | \$633,529 | State |
| 05-133-112-F | Sewer Line Renovation at Makua Alii | Solicite IFB in January 2007. | | CFP |
| 06-011-000-F | Physical Improvement to Noelani I&II, Kaimalino, Kealakehe, Nani Olu, Hale Hookipa, Mayor Wright and Poakalani | Spec comments for Noelani I & II was sent to Arch., received reports for Nani Olu, Hale Hookipa, Kaimalino and Kealakehe. | | CFP |
| 06-071-000-Z | Generator Maintenance at Various Oahu Projects | Solicite IFB in January 2007. | | State R&M |
| 06-056-000-Z | KPT Elevator Repair and Maintenance | Awarded to HVT | | State R&M |
| 06-056-000-Z | LIPH Elevator Repair and Maintenance | Federal Projects. Awarded to HVT. | | State R&M |
| 06-056-000-Z | Elevator Maintenance and Repair at HPHA projects | State Projects. | | State R&M |
| | Structural Repair at Makua Alii | Processing AR-1. | | |

HPHA
LIPH-STATE
ANALYSIS OF COLLECTION PERFORMANCES
FOR THE PERIOD
7/01/06 TO 6/30/07

| Project | Area | As of 6/30/06 | Write Off Adj | For the Month of July 06 | | | | Write Off Adj | For the Month of August 06 | | | | Aug 06 Rerun Balance | Write Off | For the Month of September 06 | | | | Sept 06 Rerun Balance | Write Off Adj | For the Month of October 06 | | | | |
|---------|----------------------|---------------|---------------|--------------------------|------------|------------|------------|---------------|----------------------------|------------|------------|------------|----------------------|------------|-------------------------------|------------|------------|------------|-----------------------|---------------|-----------------------------|------------|------------|------------|-----------------|
| | | | | Balance | Charges | Receipts | Balance | | Collected ratio | Charges | Receipts | Balance | | | Collected ratio | Charges | Receipts | Balance | | | Collected ratio | Charges | Receipts | Balance | Collected ratio |
| 201 | Hauiki Homes | 02 | 0 | 188,949.46 | 16,369.20 | 10,345.76 | 194,972.90 | 63% | 0 | 16,151.53 | 12,801.16 | 198,323.27 | 79% | 197,863.28 | 0 | 16,498.30 | 13,155.00 | 201,206.58 | 80% | 203,954.05 | 0 | 16,615.17 | 12,093.85 | 208,475.37 | 73% |
| 202 | Puahala Homes (I-IV) | 02 | 0 | 308,492.85 | 36,168.05 | 32,295.27 | 312,365.63 | 89% | 0 | 33,748.66 | 31,018.77 | 315,095.52 | 92% | 314,995.52 | 0 | 33,784.74 | 38,558.66 | 310,221.60 | 114% | 313,379.94 | 0 | 33,647.84 | 34,663.05 | 312,364.73 | 103% |
| | | | | 497,442.31 | | | 507,338.53 | | | | | 513,418.79 | | 512,858.80 | | | | 511,428.18 | | 517,333.99 | | | | 520,840.10 | |
| 203 | Palolo Homes | 05 | 0 | 156,801.41 | | 150.00 | 156,651.41 | #DIV/0! | 0 | | 150.00 | 156,501.41 | #DIV/0! | 156,501.41 | 0 | | - | 156,501.41 | #DIV/0! | 156,501.41 | 0 | | - | 156,501.41 | #DIV/0! |
| | | | | 156,801.41 | | | 156,651.41 | | | | | 156,501.41 | | 156,501.41 | | | | 156,501.41 | | 156,501.41 | | | | 156,501.41 | |
| 206 | Lokahi | 07 | 0 | 48,776.88 | 4,229.77 | 3,257.33 | 49,749.32 | 77% | 0 | 3,465.15 | 3,380.76 | 49,833.71 | 98% | 49,833.71 | 0 | 4,016.92 | 5,063.37 | 48,787.26 | 126% | 49,587.78 | 0 | 4,011.00 | 3,673.92 | 49,924.86 | 92% |
| | | | | 48,776.88 | | | 49,749.32 | | | | | 49,833.71 | | 49,833.71 | | | | 48,787.26 | | 49,587.78 | | | | 49,924.86 | |
| 204 | Kawaiihua-State | 08 | 0 | 14,925.57 | 4,233.43 | 3,698.00 | 15,461.00 | 87% | 0 | 5,267.60 | 4,903.43 | 15,825.17 | 93% | 16,020.17 | 0 | 4,875.67 | 5,715.50 | 15,180.34 | 117% | 16,337.34 | 9.76 | 4,686.24 | 5,097.48 | 15,926.10 | 109% |
| | | | | 14,925.57 | | | 15,461.00 | | | | | 15,825.17 | | 16,020.17 | | | | 15,180.34 | | 16,337.34 | | | | 15,926.10 | |
| 205 | Kahala Mua-State | 09 | 0 | 51,205.43 | 4,152.43 | 4,045.97 | 51,311.89 | 97% | 0 | 3,184.53 | 1,712.00 | 52,784.42 | 54% | 52,594.42 | 0 | 3,782.53 | 2,598.61 | 53,778.34 | 69% | 54,422.81 | 0 | 3,717.00 | 3,102.00 | 55,037.81 | 83% |
| | | | | 51,205.43 | | | 51,311.89 | | | | | 52,784.42 | | 52,594.42 | | | | 53,778.34 | | 54,422.81 | | | | 55,037.81 | |
| 401 | Hale Po'ai | 42 | 0 | 14,660.07 | 53,203.00 | 52,844.20 | 15,018.87 | 99% | 0 | 53,864.00 | 53,457.00 | 15,425.87 | 99% | 14,986.87 | 0 | 52,836.00 | 52,717.00 | 15,105.87 | 100% | 14,807.87 | 0 | 52,817.00 | 52,354.00 | 15,270.87 | 99% |
| 404 | Halia Hale | 42 | 0 | 3,571.54 | 10,577.00 | 10,665.00 | 3,483.54 | 101% | 0 | 10,234.00 | 10,587.00 | 3,130.54 | 103% | 3,130.54 | 0 | 10,456.00 | 10,646.00 | 2,940.54 | 102% | 3,765.54 | 0 | 10,597.00 | 10,758.00 | 3,604.54 | 102% |
| | | | | 18,231.61 | | | 18,502.41 | | | | | 18,556.41 | | 18,117.41 | | | | 18,046.41 | | 18,573.41 | | | | 18,875.41 | |
| 207 | Ke Kumu Elua | 46 | 0 | 25,540.70 | 5,348.13 | 3,775.00 | 27,113.83 | 71% | 0 | 4,882.43 | 3,287.00 | 28,709.26 | 67% | 28,709.26 | 0 | 4,882.43 | 2,708.00 | 30,883.69 | 55% | 30,839.26 | 0 | 2,892.00 | 3,366.00 | 30,365.26 | 116% |
| | | | | 25,540.70 | | | 27,113.83 | | | | | 28,709.26 | | 28,709.26 | | | | 30,883.69 | | 30,839.26 | | | | 30,365.26 | |
| 403 | Kamalu/Ho'olulu | 48 | 0 | 9,508.49 | 57,706.81 | 52,982.00 | 14,233.30 | 92% | 0 | 54,895.00 | 55,635.00 | 13,493.30 | 101% | 14,013.30 | 0 | 54,180.00 | 53,911.00 | 14,282.30 | 100% | 14,482.30 | 0 | 53,879.00 | 53,328.00 | 15,033.30 | 99% |
| | | | | 9,508.49 | | | 14,233.30 | | | | | 13,493.30 | | 14,013.30 | | | | 14,282.30 | | 14,482.30 | | | | 15,033.30 | |
| 402 | La'iola | 49 | 0 | 12,218.20 | 27,578.00 | 26,032.00 | 13,764.20 | 94% | 0 | 28,454.00 | 27,820.00 | 14,398.20 | 98% | 14,398.20 | 0 | 26,616.00 | 25,767.00 | 15,247.20 | 97% | 15,247.20 | 0 | 26,350.00 | 25,341.00 | 16,256.20 | 96% |
| | | | | 12,218.20 | | | 13,764.20 | | | | | 14,398.20 | | 14,398.20 | | | | 15,247.20 | | 15,247.20 | | | | 16,256.20 | |
| 208 | Waiaka | PMP | 0 | 18,856.00 | 3,225.00 | 2,255.00 | 19,826.00 | 70% | 0 | 3,225.00 | 2,255.00 | 20,796.00 | 70% | 20,796.00 | 0 | 3,225.00 | 2,255.00 | 21,766.00 | 70% | 21,766.00 | 0 | 3,225.00 | 2,255.00 | 22,736.00 | 70% |
| 209 | Banyon Tree | PMP | 0 | 1,491.00 | | | 1,491.00 | #DIV/0! | 0 | | | 1,491.00 | #DIV/0! | 1,491.00 | 0 | | | 1,491.00 | #DIV/0! | 1,491.00 | 0 | | | 1,491.00 | #DIV/0! |
| | | | | 20,347.00 | | | 21,317.00 | | | | | 22,287.00 | | 22,287.00 | | | | 23,257.00 | | 23,257.00 | | | | 24,227.00 | |
| TOTAL | | | | 854,997.60 | 222,790.82 | 202,345.53 | 875,442.89 | 91% | | 217,371.90 | 207,007.12 | 885,807.67 | 95% | 885,333.68 | | 215,153.59 | 213,095.14 | 887,392.13 | 99% | 896,582.50 | 9.76 | 212,437.25 | 206,032.30 | 902,987.45 | 97% |

EXHIBIT

HPHA
LIPH-STATE
ANALYSIS OF COLLECTION PERFORMANCES
FOR THE PERIOD
7/01/06 TO 6/30/07

| Project | Area | For the Month of November 06 | | | | | | | For the Month of December 06 | | | | | | | Year to date (July 2006-June 2007) | | |
|--------------|----------------------|------------------------------|-------------------|-------------|-------------------|-------------------|-------------------|---------------------------|------------------------------|--------------|-------------------|-------------------|-------------------|---------------|---------|------------------------------------|---------------------|------------|
| | | October 06 Rerun Balance | Write Off Adj | Charges | Receipts | Balance | Collected ratio | November 06 Rerun Balance | Write Off Adj | Charges | Receipts | Balance | Collected ratio | Write Off Adj | Charges | Receipts | Collected Ratio | |
| 201 | Hauiki Homes | 02 | 204,627.90 | 0 | 10,295.85 | 13,212.77 | 201,710.98 | 128% | 201,310.98 | 0 | 15,446.30 | 10,708.59 | 206,048.69 | 69% | 0 | 91,376.35 | 72,317.13 | 79% |
| 202 | Puahala Homes (I-IV) | 02 | 308,451.39 | 0 | 33,398.87 | 30,433.58 | 311,416.68 | 91% | 311,416.68 | 0 | 34,964.26 | 31,384.22 | 314,996.72 | 90% | 0 | 205,712.42 | 198,353.55 | 96% |
| | | | 513,079.29 | | | | 513,127.66 | | 512,727.66 | | | | 521,045.41 | | | 297,088.77 | 270,670.68 | |
| 203 | Palolo Homes | 05 | 156,501.41 | 0 | | | 156,501.41 | #DIV/0! | 156,501.41 | 0 | | 150.00 | 156,351.41 | #DIV/0! | 0 | - | 450.00 | #DIV/0! |
| | | | 156,501.41 | | | | 156,501.41 | | 156,501.41 | | | | 156,351.41 | | | - | 450.00 | |
| 206 | Lokahi | 07 | 49,124.34 | 0 | 4,011.00 | 2,205.00 | 50,930.34 | 55% | 50,930.34 | 4,455 | (95.00) | 4,148.00 | 46,687.34 | 95% | 4,455 | 19,638.84 | 21,728.38 | 90% |
| | | | 49,124.34 | | | | 50,930.34 | | 50,930.34 | | | | 46,687.34 | | | 19,638.84 | 21,728.38 | |
| 204 | Kawailehua-State | 08 | 14,769.10 | 9.76 | 5,487.00 | 5,473.44 | 14,782.66 | 100% | 14,782.66 | 0 | 5,285.26 | 5,246.27 | 14,821.65 | 99% | 0 | 29,835.20 | 30,134.12 | 101% |
| | | | 14,769.10 | | | | 14,782.66 | | 14,782.66 | | | | 14,821.65 | | | 29,835.20 | 30,134.12 | |
| 205 | Kahale Mua-State | 09 | 54,393.34 | 0 | 2,940.58 | 5,143.80 | 52,190.12 | 175% | 52,190.12 | 0 | 3,454.96 | 2,544.81 | 53,100.27 | 74% | 0 | 21,232.03 | 19,147.19 | 90% |
| | | | 54,393.34 | | | | 52,190.12 | | 52,190.12 | | | | 53,100.27 | | | 21,232.03 | 19,147.19 | |
| 401 | Hale Po'ai | 42 | 15,099.87 | 0 | 53,137.00 | 52,261.00 | 15,975.87 | 98% | 15,468.87 | 0 | 52,396.00 | 52,436.00 | 15,428.87 | 100% | 0 | 318,253.00 | 316,069.20 | 99% |
| 404 | Halia Hale | 42 | 2,779.54 | 0 | 11,171.00 | 10,833.00 | 3,117.54 | 97% | 3,117.54 | 0 | 11,020.00 | 10,618.00 | 3,519.54 | 96% | 0 | 64,055.00 | 64,107.00 | 100% |
| | | | 17,879.41 | | | | 19,093.41 | | 18,586.41 | | | | 18,948.41 | | | 382,308.00 | 380,176.20 | |
| 207 | Ke Kumu Elua | 46 | 30,409.69 | 0 | 3,542.00 | 2,815.00 | 31,136.69 | 79% | 31,136.69 | 0 | 3,224.12 | 3,316.00 | 31,044.81 | 103% | 0 | 24,771.11 | 19,267.00 | 78% |
| | | | 30,409.69 | | | | 31,136.69 | | 31,136.69 | | | | 31,044.81 | | | 24,771.11 | 19,267.00 | |
| 403 | Kamalu/Ho'olulu | 48 | 14,833.30 | 0 | 53,993.00 | 53,164.00 | 15,662.30 | 98% | 15,662.30 | 0 | 54,260.00 | 54,974.00 | 14,948.30 | 101% | 0 | 328,913.81 | 323,994.00 | 99% |
| | | | 14,833.30 | | | | 15,662.30 | | 15,662.30 | | | | 14,948.30 | | | 328,913.81 | 323,994.00 | |
| 402 | La'iola | 49 | 16,256.20 | 0 | 26,336.00 | 25,355.30 | 17,236.90 | 96% | 17,236.90 | 0 | 25,610.00 | 26,918.33 | 15,928.57 | 105% | 0 | 160,944.00 | 157,233.63 | 98% |
| | | | 16,256.20 | | | | 17,236.90 | | 17,236.90 | | | | 15,928.57 | | | 160,944.00 | 157,233.63 | |
| 208 | Waiaka | PMP | 22,736.00 | 0 | 3,225.00 | 2,255.00 | 23,706.00 | 70% | 23,706.00 | 0 | 3,225.00 | 400.00 | 26,531.00 | 12% | 0 | 19,350.00 | 11,675.00 | 60% |
| 209 | Banyon Tree | PMP | 1,491.00 | 0 | | | 1,491.00 | #DIV/0! | 1,491.00 | 0 | | | 1,491.00 | #DIV/0! | 0 | - | - | |
| | | | 24,227.00 | | | | 25,197.00 | | 25,197.00 | | | | 28,022.00 | | | 19,350.00 | 11,675.00 | |
| TOTAL | | | 891,473.08 | 9.76 | 207,537.30 | 203,151.89 | 895,858.49 | 98% | 894,951.49 | 4,455 | 208,790.90 | 202,844.22 | 900,898.17 | 95% | | 1,284,081.76 | 1,234,476.20 | 96% |

HAWAII PUBLIC HOUSING AUTHORITY (HPHA) VACANCIES
As of January 1, 2007

| Pos. No. | CS EX TA | Authorized Position Title | Auth BU | Auth Class Code | Auth Sal Rnge | STATUS |
|---|----------|-------------------------------------|---------|-----------------|---------------|---|
| OFFICE OF THE EXECUTIVE DIRECTOR | | | | | | |
| 102005 | EX | Executive Director | 93 | 23.001 | 99 | Advertised position on 12/24/06; closing date to submit resumes 1/5/07. |
| 42095 | CS | Clerk Typist II | 03 | 1.036 | SR08 | Recommended 89-day appt. Currently updating Position Description to Secretary II. |
| FISCAL MANAGEMENT OFFICE | | | | | | |
| 41041 | CS | Admin Svcs Off I | 35 | 17.009 | EM05 | Position Description being reviewed by DHS; tentative recruitment 1/07. |
| 2798 | CS | Accountant V | 13 | 2.320 | SR24 | Tentative Internal Vacancy Announcement on 1/18/07. |
| 41252 | CS | Accountant IV | 23 | 2.320 | SR24 | Tentative Internal Vacancy Announcement on 1/18/07. |
| 5854 | CS | Accountant IV | 13 | 2.318 | SR22 | Tentative Internal Vacancy Announcement on 1/18/07. |
| 46278 | CS | Accountant IV | 13 | 2.318 | SR22 | Tentative Internal Vacancy Announcement on 1/18/07. |
| 111496 | CS | Accountant III | 13 | 2.316 | SR20 | Tentative Internal Vacancy Announcement on 1/18/07. |
| 42107 | CS | Accountant II | 13 | 2.313 | SR18 | Tentative Internal Vacancy Announcement on 1/18/07. |
| 92003B | T | Account Clerk II | 3 | 1.337 | SR08 | Position Description being reviewed by HPHA. |
| 97902K | T | Account Clerk III | 3 | 1.338 | SR11 | Position Description being reviewed by DHS; will need GOV approval to fill. |
| | | Asset Mgmt Contract Spclt Clerk III | 3 | 1.007 | SR08 | Position not established; cost savings. |
| INFORMATION TECHNOLOGY OFFICE | | | | | | |
| 105642 | EX | HCDCH Sys Anal/Prog IV | 13 | 22.002 | 99 | No action. |
| PERSONNEL OFFICE | | | | | | |
| 30111 | CS | Pers Mgt Spclt IV | 73 | 2.867 | SR22 | Waiting for eligible listing from DHRD. |
| 51784 | CS | Clerk Typist II | 03 | 1.036 | SR08 | No Action; cost savings. |
| PLANNING OFFICE | | | | | | |
| 102034 | EX | Planner IV | 13 | 22.002 | SR22 | Position Description is being reviewed by HPHA Personnel Office |
| 107934 | EX | Special Assistant | 13 | 22.002 | 99 | Position Description is being reviewed by HPHA Personnel Office |
| 97903K | T | Clerk Typist II | 3 | 1.036 | SR08 | Position Description is being reviewed by HPHA Personnel Office |
| PROCUREMENT OFFICE | | | | | | |
| 100882 | EX | Contracts & Proc Ofcr | 13 | 22.002 | SRNA | Temporary Assigned HPHA staff; awaiting for HUD approval. |
| 31664 | CS | Proc & Supply Spclt III | 13 | 2.611 | SR20 | No action; cost savings. |
| 117691 | EX | Contract Specialist | 22 | | | No action. |
| 96908 | T | Clerk III | 3 | 1.008 | SR08 | Position not established; cost savings. |
| CONSTRUCTION MANAGEMENT | | | | | | |
| 25649 | CS | State Hsg Dev Admin | 93 | 17.352 | EM07 | Position being reviewed by DHS and DHRD. |
| 2800 | CS | Secretary IV | 63 | 1.151 | SR18 | Position Description being reviewed by Construction Mgt. Branch. |
| 102205 | SH | Student Helper II | 00 | 44.205 | NA | No Action; cost savings. |
| 48707 | CS | Clerk Typist II | 03 | 1.036 | SR08 | Received eligible listing from DHRD 1/2/07; will conduct interview. |
| 103024 | EX | Contract Admin | 13 | 22.002 | 99 | Position Description is being reviewed by Construction Mgt. Branch. |
| 100202 | EX | Prop Mgt Coord Asst | 03 | 23.718 | 99 | Position Description is being reviewed by Construction Mgt. Branch. |
| 100886 | EX | Hsg Dev Spclt I | 13 | 22.002 | 99 | Position Description is being reviewed by Construction Mgt. Branch. |

EXHIBIT 9

HAWAII PUBLIC HOUSING AUTHORITY (HPHA) VACANCIES
As of January 1, 2007

| Pos. No. | CS EX TA | Authorized Position Title | Auth BU | Auth Class Code | Auth Sal Rnge | STATUS |
|--|----------|------------------------------|---------|-----------------|---------------|--|
| HOMELESS BRANCH | | | | | | |
| 27585 | CS | Clerk Typist II | 03 | 1.036 | SR08 | Received eligible listing from DHRD 1/2/07; will conduct interview. |
| PROPERTY MANAGEMENT AND MAINTENANCE SERVICES BRANCH | | | | | | |
| 96904 | | Hsg Maintenance Manager | | | SR26 | No Action. |
| 96905 | | Secretary II | 3 | | SR14 | No Action. |
| 32210 | CS | Clerk Typist II | 03 | 1.036 | SR08 | No selection; will request eligible listing from DHRD. |
| CENTRAL MAINTENANCE SERVICES | | | | | | |
| 5647 | CS | Clerk IV | 03 | 1.008 | SR10 | No action; cost savings. |
| 6728 | CS | General Laborer III | 01 | 9.015 | WS03 | Position Description is being reviewed by HPHA Personnel Office. |
| 6787 | CS | Truck Driver | 1 | 10.745 | BC07 | Position Description is being reviewed by HPHA Personnel Office. |
| APPLICATION | | | | | | |
| 117850 | CS | Public Housing Specialist II | 13 | 3.708 | SR 18 | Pending recommendation to hire. |
| MANAGEMENT SECTION | | | | | | |
| 8751 | CS | Public Hsg Spvr VI | 23 | 3.716 | SR26 | Currently open competitive recruitment; waiting for eligible listing from DHRD. |
| MANAGEMENT UNIT 1 | | | | | | |
| 105749 | TA | Social Service Aide I | 63 | 23.005 | SR05 | No action; cost savings. |
| 5951 | CS | Carpenter I | 1 | 10.010 | BC09 | Applicant declined position; waiting for eligible listing from DHRD. |
| MANAGEMENT UNIT 2 | | | | | | |
| 10372 | CS | Public Hsg Supervisor V | 23 | 3.714 | SR24 | Employee last day 12/6/06; manager did not request to fill. |
| 9203 | CS | Account Clerk II | 03 | 1.337 | SR11 | Position description being reviewed by DHS. |
| 5855 | CS | Secretary I | 3 | 1.039 | SR10 | Employee last day 12/27/06; Deputy Mgr. is currently reviewing position description. |
| 101137 | TA | Janitor II | 61 | 29.008 | BC02 | No action; cost savings. |
| MANAGEMENT UNIT 3 | | | | | | |
| 6281 | CS | Gen Const & Maint Spvr I | 02 | 10.215 | F1 10 | Internal Vacancy Announcement scheduled for 1/11/07. |
| 8641 | CS | Bldg Maint Wkr I | 01 | 10.240 | BC09 | Interviews tentatively scheduled for 01/15/07. |
| 8851 | CS | Bldg Maint Wkr I | 01 | 10.240 | BC09 | Interviews tentatively scheduled for 01/15/07. |
| 5637 | CS | Public Hsg SpcIt II | 13 | 3.708 | SR18 | Recommended to hire; pending hire date. |
| 101117 | TA | General Laborer I | 61 | 29.008 | BC02 | No action; cost savings. |
| 101118 | TA | General Laborer I | 61 | 29.008 | BC02 | No action; cost savings. |
| 101125 | TA | Social Service Aide I | 63 | 23.005 | SR05 | No action; cost savings. |
| 101126 | TA | Social Service Aide I | 63 | 23.005 | SR05 | No action; cost savings. |
| MANAGEMENT UNIT 4 | | | | | | |
| 6693 | CS | Public Hsg Spvr IV | 23 | 3.712 | SR22 | Position Description being reviewed by DHS. |

HAWAII PUBLIC HOUSING AUTHORITY (HPHA) VACANCIES
As of January 1, 2007

| Pos. No. | CS EX TA | Authorized Position Title | Auth BU | Auth Class Code | Auth Sal Rnge | STATUS |
|---|----------|---------------------------|---------|-----------------|---------------|--|
| 8853 | CS | General Laborer II | 01 | 9.010 | BC03 | Internal Vacancy Announcement 1/2/07-1/12/07. |
| 41256 | CS | General Laborer I | 01 | 10.740 | BC06 | Will conduct interview on 12/12-12/22/06; rescheduled tentatively 1/08/07-01/19/07. |
| 101127 | TA | Social Service Aide I | 63 | 23.005 | SR05 | No action; cost savings. |
| MANAGEMENT UNIT 5 | | | | | | |
| 8752 | CS | Gen Const & Maint Spvr I | 02 | 10.215 | F1 10 | Internal Vacancy Announcement scheduled for 1/11/07. |
| 41666 | CS | Public Hsg Spclt II | 13 | 3.708 | SR18 | Employee last day 12/06/06; Position Description is being reviewed by DHS. |
| 41539 | CS | Social Svc Asst IV | 3 | 3.075 | SR11 | Employee last day 11/06/06; Position Description is being reviewed by DHS. |
| 41066 | CS | General Laborer II | 01 | 9.010 | BC03 | No action; cost savings. |
| 43948 | CS | General Laborer II | 01 | 9.010 | BC03 | No action; cost savings. |
| 5861 | CS | General Laborer I | 01 | 9.005 | BC02 | Will conduct interview on 12/12-12/22/06.; rescheduled tentatively 1/08/07-01/19/07. |
| 9719 | CS | General Laborer I | 01 | 9.005 | BC02 | Will conduct interview on 12/12-12/22/06.; rescheduled tentatively 1/08/07-01/19/07. |
| 101114 | TA | General Laborer I | 61 | 29.008 | BC02 | Recommended to hire; pending hire date. |
| 101115 | TA | General Laborer I | 61 | 29.008 | BC02 | Recommended to hire; pending hire date. |
| MANAGEMENT UNIT 7 | | | | | | |
| 6931 | CS | Bildg Maint. Supervisor I | 2 | 10.250 | F109 | Employee last day 12/31/06; manager is currently reviewing position description. |
| 22432 | CS | Bildg Maint. Helper | 1 | 10.235 | BC05 | Employee last day 12/31/06; manager is currently reviewing position description. |
| 101113 | TA | General Laborer I | 61 | 29.008 | BC02 | No action; cost savings. |
| MANAGEMENT UNIT 8 | | | | | | |
| 102241 | TA | General Laborer I | 61 | 29.008 | BC02 | No action; cost savings. |
| 102242 | TA | General Laborer I | 61 | 29.008 | BC02 | No action; cost savings. |
| MANAGEMENT UNIT 9 | | | | | | |
| 17665 | CS | Public Hsg Spvr V | 93 | 3.714 | SR24 | Continuous recruitment; as of 11/06 no eligible listing. |
| 101121 | TA | General Laborer I | 61 | 29.008 | BC02 | No action; cost savings. |
| 101122 | TA | General Laborer I | 61 | 29.008 | BC02 | No action; cost savings. |
| 46343 | CS | Public Hsg Spclt II | 13 | 3.708 | SR18 | Continuous recruitment; as of 11/06 no eligible listing. |
| 45873 | CS | Social Svc Asst IV | 03 | 3.075 | SR11 | Continuous recruitment; as of 11/06 no eligible listing. |
| PROPERTY MANAGEMENT CONTRACT SECTION | | | | | | |
| 117929 | | Hsg Contract Specialist | | | SR22 | Pending recommendation. |
| 96909 | | Clerk III | 3 | | SR08 | No action; cost savings. |
| RESIDENT SERVICES SECTION | | | | | | |
| 51818 | CS | Clerk Typist II | 03 | 1.036 | SR08 | Recommendation of 89-day appointment. |
| 103043 | TA | Social Service Aide I | 63 | 23.005 | SR05 | No action; cost savings. |
| 103044 | TA | Social Service Aide I | 63 | 23.005 | SR05 | No action; cost savings. |
| 103036 | EX | Prog Spclt & Tnt Svc | 13 | 23.002 | 99 | No action; cost savings. |
| INSPECTION UNIT | | | | | | |
| 111494 | EX | Housing Inspector | 13 | 23.005 | 99 | No action; cost savings. |
| 100572 | EX | Housing Inspector | 13 | 23.005 | 99 | Currently in recruitment 1/2/07. |

HAWAII PUBLIC HOUSING AUTHORITY (HPHA) VACANCIES
As of January 1, 2007

| Pos. No. | CS EX TA | Authorized Position Title | Auth BU | Auth Class Code | Auth Sal Rnge | STATUS |
|-------------------------------|----------|---------------------------|---------|-----------------|---------------|--|
| RENT SUBSIDY SECTION 1 | | | | | | |
| 14977 | CS | Clerk Typist II | 03 | 1.085 | SR11 | Waiting for eligible listing from DHRD. |
| 29009 | CS | Clerk Typist II | 03 | 1.036 | SR08 | Waiting for eligible listing from DHRD. |
| 5645 | CS | Public Hsg Spclt II | 13 | 3.708 | SR18 | Waiting for eligible listing from DHRD. |
| 28995 | CS | Public Hsg Spclt II | 13 | 3.708 | SR18 | No action; cost savings. |
| RENT SUBSIDY SECTION 2 | | | | | | |
| 8849 | CS | Public Hsg Spvr IV | 13 | 3.712 | SR22 | Internal Vancancy Announcement 12/22/06 -1/05/07. |
| 10306 | CS | Clerk Typist II | 03 | 1.036 | SR08 | Waiting for eligible listing from DHRD. |
| 101132 | TA | Clerk I | 63 | 21.006 | SR04 | No action; pending management receive applications from residents. |
| 35416 | CS | Public Hsg Spclt II | 13 | 3.708 | SR18 | No action; cost savings. |
| 111467 | CS | Public Hsg Spclt II | 13 | 3.708 | SR18 | No action; cost savings. |
| 111468 | CS | Public Hsg Spclt II | 13 | 3.706 | SR18 | No action; cost savings. |

**DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY (HPHA)
MANPOWER REPORT
As of January 1, 2007**

| Branch | Section | Total Full Time Positions | | | % Vacant | | | Active Recruitment | |
|--------------|----------------|---------------------------|------------|------------|------------|-----------|---------------|--------------------|-----------|
| | | Civil Svc | Exempt | Total | Occupied | Vacant | Vacant | Yes | No |
| OED | | 5 | 2 | 7 | 5 | 2 | 28.57% | 1 | 1 |
| | | 5 | 2 | 7 | 5 | 2 | 28.57% | 1 | 1 |
| PEO | | 1 | 2 | 3 | 0 | 3 | 100.00% | 0 | 3 |
| | | 1 | 2 | 3 | 0 | 3 | 100.00% | 0 | 3 |
| CO | | 1 | 3 | 4 | 4 | 0 | 0.00% | 0 | 0 |
| | | 1 | 3 | 4 | 4 | 0 | 0.00% | 0 | 0 |
| HIO | | 0 | 2 | 2 | 2 | 0 | 0.00% | 0 | 0 |
| | | 0 | 2 | 2 | 2 | 0 | 0.00% | 0 | 0 |
| HRO | | 1 | 2 | 3 | 3 | 0 | 0.00% | 0 | 0 |
| | | 1 | 2 | 3 | 3 | 0 | 0.00% | 0 | 0 |
| FMO | FM Office | 4 | 0 | 4 | 2 | 2 | 50.00% | 0 | 2 |
| | Acctg Sec | 11 | 0 | 11 | 3 | 7 | 63.64% | 0 | 7 |
| | Pay & Disb | 4 | 0 | 4 | 3 | 1 | 25.00% | 0 | 1 |
| | Budget | 1 | 1 | 2 | 1 | 1 | 50.00% | 1 | 0 |
| | Asset Mgt | 1 | 1 | 2 | 0 | 2 | 100.00% | 0 | 2 |
| | | 18 | 2 | 23 | 9 | 13 | 56.52% | 1 | 12 |
| ITO | | 1 | 5 | 6 | 5 | 1 | 16.67% | 0 | 1 |
| | | 1 | 5 | 6 | 5 | 1 | 16.67% | 0 | 1 |
| PERS | | 4 | 1 | 5 | 3 | 2 | 40.00% | 1 | 1 |
| | | 4 | 1 | 5 | 3 | 2 | 40.00% | 1 | 1 |
| PO | | 5 | 3 | 8 | 5 | 4 | 50.00% | 0 | 4 |
| | | 5 | 3 | 8 | 5 | 4 | 50.00% | 0 | 4 |
| DEV | Dev Branch | 3 | 0 | 3 | 0 | 3 | 100.00% | 0 | 3 |
| | CMS | 3 | 0 | 3 | 2 | 1 | 33.33% | 1 | 0 |
| | CMS I | 2 | 7 | 9 | 7 | 2 | 22.22% | 0 | 2 |
| | CMS 2 | 4 | 3 | 7 | 7 | 0 | 0.00% | 0 | 0 |
| | DSS | 1 | 2 | 3 | 2 | 1 | 33.33% | 0 | 1 |
| | | 13 | 12 | 25 | 18 | 7 | 28.00% | 1 | 6 |
| HPB | Homeless | 1 | 8 | 9 | 8 | 1 | 11.11% | 1 | 0 |
| | | 1 | 8 | 9 | 8 | 1 | 11.11% | 1 | 0 |
| SEC 8 | Sec 8 Office | 2 | 0 | 2 | 2 | 0 | 0.00% | 0 | 0 |
| | Insp Unit | 1 | 8 | 9 | 7 | 2 | 22.22% | 1 | 1 |
| | Rent Sub Sec 1 | 15 | 1 | 16 | 12 | 4 | 25.00% | 3 | 1 |
| | Rent Sub Sec 2 | 13 | 1 | 14 | 8 | 6 | 42.86% | 2 | 4 |
| | | 31 | 10 | 41 | 29 | 12 | 29.27% | 6 | 6 |
| PMMSB | PMMSB | 3 | 2 | 5 | 2 | 3 | 60.00% | 1 | 2 |
| | MGT SEC | 1 | 1 | 2 | 1 | 1 | 50.00% | 1 | 0 |
| | APP | 7 | 0 | 7 | 6 | 1 | 14.29% | 1 | 0 |
| | RSS | 3 | 10 | 13 | 8 | 5 | 38.46% | 0 | 5 |
| | PMCS | 2 | 5 | 7 | 5 | 3 | 42.86% | 1 | 2 |
| | CMSS | 24 | 1 | 25 | 22 | 3 | 12.00% | 1 | 2 |
| | OAHU 1 | 25 | 4 | 29 | 27 | 2 | 6.90% | 1 | 1 |
| | OAHU 2 | 28 | 7 | 35 | 31 | 4 | 11.43% | 3 | 1 |
| | OAHU 3 | 35 | 6 | 41 | 33 | 8 | 19.51% | 2 | 6 |
| | OAHU 4 | 25 | 2 | 27 | 23 | 4 | 14.81% | 2 | 2 |
| | OAHU 5 | 31 | 3 | 34 | 25 | 9 | 26.47% | 2 | 7 |
| | HAWAII 7 | 15 | 5 | 20 | 17 | 3 | 15.00% | 0 | 3 |
| | KAUAI 8 | 10 | 3 | 13 | 11 | 2 | 15.38% | 2 | 0 |
| MAUI 9 | 13 | 4 | 17 | 12 | 5 | 29.41% | 4 | 1 | |
| | | 222 | 53 | 275 | 223 | 53 | 19.27% | 21 | 32 |
| TOTAL | | 303 | 105 | 411 | 314 | 98 | 23.84% | 32 | 66 |

DRAFT

Housing and Community Development Corporation of Hawaii

GOVERNMENT-WIDE
STATEMENT OF NET ASSETS

June 30, 2006

| ASSETS | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|-------------------------|
| Current Assets | | | |
| Cash (notes A7 and C) | \$ 17,687,933 | \$ 169,834,676 | \$ 187,522,609 |
| Receivables | | | |
| Mortgage loans (note E) | - | 1,296,440 | 1,296,440 |
| Accrued interest | - | 8,106,152 | 8,106,152 |
| Tenant receivables, less allowance for doubtful receivables of \$5,796,911 | - | 744,765 | 744,765 |
| Other | 118,379 | 1,877,331 | 1,995,710 |
| | <u>118,379</u> | <u>12,024,688</u> | <u>12,143,067</u> |
| Internal balances | | | |
| Due from other State of Hawaii Departments | 2,537,566 | (2,537,566) | - |
| Due from HUD | - | 23,821,045 | 23,821,045 |
| Inventories (note A9 and M) | 665,591 | 3,825,734 | 4,491,325 |
| Developments in progress and dwelling units | | | |
| Materials and supplies | - | 20,916,442 | 20,916,442 |
| Net investment in direct financing lease (note F) | - | 825,317 | 825,317 |
| Prepaid expenses and other assets | - | 499,184 | 499,184 |
| Deposits held in trust | 1,349,042 | 228,081 | 1,577,123 |
| Deferred bond discount and issuance costs (note A12) | - | 99,586 | 99,586 |
| | <u>-</u> | <u>141,872</u> | <u>141,872</u> |
| Total current assets | <u>22,358,511</u> | <u>229,679,059</u> | <u>252,037,570</u> |
| Assets Held by Trustees Under Revenue Bond Programs | | | |
| Cash | | | |
| Investments (notes A8, D, G and K) | - | 2,956,113 | 2,956,113 |
| | <u>-</u> | <u>326,593,930</u> | <u>326,593,930</u> |
| Investments (notes A8 and D) | - | 329,550,043 | 329,550,043 |
| Mortgage Loans, net of current portion (note E) | - | 6,380,627 | 6,380,627 |
| Notes and Loans, net of current portion (note E) | - | 72,173,149 | 72,173,149 |
| Other Receivables | - | 426,100 | 426,100 |
| Restricted Deposits and Funded Reserves | - | 517,712 | 517,712 |
| Net Investment in Financing Lease, net of current portion (note F) | - | 8,506,200 | 8,506,200 |
| Deferred Bond Issuance Costs (note A12) | - | 15,863,896 | 15,863,896 |
| | <u>-</u> | <u>2,221,210</u> | <u>2,221,210</u> |
| Capital Assets, less accumulated depreciation (notes A5, II and L) | <u>39,075,011</u> | <u>354,442,595</u> | <u>393,517,606</u> |
| TOTAL ASSETS | <u>\$ 61,433,522</u> | <u>\$ 1,019,760,591</u> | <u>\$ 1,081,194,113</u> |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

GOVERNMENT-WIDE
STATEMENT OF NET ASSETS (continued)

June 30, 2006

| LIABILITIES AND NET ASSETS | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|-------------------------|
| Current Liabilities | | | |
| Accounts payable | \$ 1,368,580 | \$ 5,807,875 | \$ 7,176,455 |
| Accrued expenses | | | |
| Interest (notes I and J) | | | |
| Other | - | 8,616,865 | 8,616,865 |
| Internal balances | 1,551,248 | 5,513,032 | 7,064,280 |
| Due to State of Hawaii, including Office of Hawaiian Affairs (note M) | 2,473,456 | (2,473,456) | - |
| Due to HUD | - | 5,598,604 | 5,598,604 |
| Security deposits | 12,781 | 9,712 | 22,493 |
| Note payable (note I) | - | 2,325,411 | 2,325,411 |
| Mortgage payable (note I) | - | 39,019 | 39,019 |
| Revenue bonds payable, less deferred refunding cost (notes J and K) | - | 131,639 | 131,639 |
| Deferred income | - | 9,565,779 | 9,565,779 |
| Deferred commitment fees | 2,193,652 | 66,415 | 2,260,067 |
| Deferred gain on sale of units and land | - | 567,161 | 567,161 |
| Estimated future costs of land sold (note M) | - | 198,876 | 198,876 |
| | - | 30,016,452 | 30,016,452 |
| Total current liabilities | <u>7,599,717</u> | <u>65,983,384</u> | <u>73,583,101</u> |
| Deferred Commitment Fees, net of current portion | - | 1,764,353 | 1,764,353 |
| Arbitrage Rebate Payable (note J) | - | 3,015,012 | 3,015,012 |
| Note Payable, net of current portion (note I) | - | 472,437 | 472,437 |
| Mortgage Payable, net of current portion (note I) | - | 6,088,180 | 6,088,180 |
| Revenue Bonds Payable, less deferred refunding costs, net of current portion (notes J and K) | - | 379,036,104 | 379,036,104 |
| | - | - | - |
| Commitments and Contingencies (notes L, M, N, O and P) | | | |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 39,075,011 | 245,803,220 | 284,878,231 |
| Restricted by legislation and contractual agreements | - | 338,056,243 | 338,056,243 |
| Unrestricted | 14,758,794 | (20,458,342) | (5,699,548) |
| Total net assets | <u>53,833,805</u> | <u>563,401,121</u> | <u>617,234,926</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 61,433,522</u> | <u>\$ 1,019,760,591</u> | <u>\$ 1,081,194,113</u> |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES

June 30, 2006

| Functions/Programs | Expenses | Program Revenues | | | Net (expense) revenue and changes in net assets | | |
|---|-----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
| | | Charges for services | Operating grants and contributions | Capital grants and contributions | Governmental activities | Business-type activities | Total |
| Governmental activities | | | | | | | |
| Homeless service and assistance program | \$ 8,045,131 | \$ - | \$ 787,709 | \$ - | \$ (7,257,422) | \$ - | \$ (7,257,422) |
| Rental housing and assistance program | 40,142,231 | - | 36,420,485 | - | (3,721,746) | - | (3,721,746) |
| Total governmental activities | 48,187,362 | - | 37,208,194 | - | (10,979,168) | - | (10,979,168) |
| Business-type activities | | | | | | | |
| Rental assistance program | 47,119,597 | 14,411,031 | 11,936,272 | 14,624,982 | - | (6,147,312) | (6,147,312) |
| Housing development program | 5,353,369 | 4,668,640 | 2,863,181 | - | - | 2,178,452 | 2,178,452 |
| Multi-family mortgage loan programs | 3,278,791 | 19,252,537 | 1,113,098 | - | - | 17,086,844 | 17,086,844 |
| Single-family mortgage loan program | 15,849,045 | 10,012,409 | (1,180,856) | - | - | (7,017,492) | (7,017,492) |
| Rental housing program | 23,824,431 | 19,264,495 | 1,495,333 | - | - | (3,064,603) | (3,064,603) |
| Others | 5,220,271 | 4,655,661 | 120,209 | - | - | (444,401) | (444,401) |
| Total business-type activities | 100,645,504 | 72,264,773 | 16,347,237 | 14,624,982 | - | 2,591,488 | 2,591,488 |
| Total government-wide | \$ 148,832,866 | \$ 72,264,773 | \$ 53,555,431 | \$ 14,624,982 | (10,979,168) | 2,591,488 | (8,387,680) |
| State Allotted Appropriations, net of lapses | | | | | | | |
| Net Transfers | | | | | 19,852,729 | - | 19,852,729 |
| | | | | | (2,174,941) | 2,149,434 | (25,507) |
| Total general revenues and transfers | | | | | 17,677,788 | 2,149,434 | 19,827,222 |
| Change in net assets | | | | | 6,698,620 | 4,740,922 | 11,439,542 |
| Net Assets at July 1, 2005 | | | | | 47,135,185 | 558,660,199 | 605,795,384 |
| Net Assets at June 30, 2006 | | | | | \$ 53,833,805 | \$ 563,401,121 | \$ 617,234,926 |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

GOVERNMENTAL FUNDS
BALANCE SHEET

June 30, 2006

| ASSETS | General | Capital Projects | Housing Voucher | Section 8 Contract Administration | Other Funds | Total Governmental Funds |
|--|---------------------|---------------------|---------------------|---|-------------------|--------------------------------|
| Current Assets: | | | | | | |
| Cash (note C) | \$ 7,124,591 | \$ 5,560,693 | \$ 4,263,499 | \$ 730,955 | \$ 8,195 | \$ 17,687,933 |
| Other receivables | 300 | - | 1,320 | 116,759 | - | 118,379 |
| Due from other funds | - | - | 1,705,000 | 832,566 | - | 2,537,566 |
| Due from HUD | - | - | 23,017 | 303,859 | 338,715 | 665,591 |
| Prepaid expenses and other assets | 56,202 | - | 1,292,840 | - | - | 1,349,042 |
| TOTAL ASSETS | \$ 7,181,093 | \$ 5,560,693 | \$ 7,285,676 | \$ 1,984,139 | \$ 346,910 | \$ 22,358,511 |
| LIABILITIES AND FUND BALANCE | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable | \$ 751,274 | \$ 289,253 | \$ - | \$ - | \$ 328,053 | \$ 1,368,580 |
| Accrued expenses | 112,920 | - | 388,926 | 722,704 | - | 1,224,550 |
| Due to other funds | 77,412 | - | 2,293,338 | 92,062 | 10,644 | 2,473,456 |
| Due to HUD | - | - | 2,637 | 1,931 | 8,213 | 12,781 |
| Deferred income | - | - | 2,193,652 | - | - | 2,193,652 |
| Total liabilities | 941,606 | 289,253 | 4,878,553 | 816,697 | 346,910 | 7,273,019 |
| Fund Balances - Unrestricted: | | | | | | |
| Reserved | 6,239,487 | 5,271,440 | - | - | - | 11,510,927 |
| Unreserved | - | - | 2,407,123 | 1,167,442 | - | 3,574,565 |
| Total fund balances | 6,239,487 | 5,271,440 | 2,407,123 | 1,167,442 | - | 15,085,492 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 7,181,093 | \$ 5,560,693 | \$ 7,285,676 | \$ 1,984,139 | \$ 346,910 | \$ 22,358,511 |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE TO THE
STATEMENT OF NET ASSETS

June 30, 2006

| | | | |
|--|----|------------------|-------------------|
| Total fund balance - governmental funds | | \$ | 15,085,492 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | | |
| Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. | \$ | 39,075,011 | |
| Long-term compensated absences are not due and payable in the current period and therefore are not reported in the funds | | <u>(326,698)</u> | <u>38,748,313</u> |
| Net assets of governmental activities | | \$ | <u>53,833,805</u> |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year ended June 30, 2006

| | General | Capital Projects | Housing Voucher | Section 8 Contract Administration | Other Funds | Total Governmental Funds |
|---|---------------------|---------------------|---------------------|---|------------------|--------------------------------|
| Revenues: | | | | | | |
| • Intergovernmental – HUD annual contributions and others | \$ - | \$ - | \$ 16,492,745 | \$ 18,957,619 | \$ 1,754,990 | \$ 37,205,354 |
| State allotted appropriations, net of lapsed funds | 14,602,729 | 4,900,000 | - | - | 350,000 | 19,852,729 |
| Interest | 104 | - | 2,263 | 474 | - | 2,841 |
| Total revenues | <u>14,602,833</u> | <u>4,900,000</u> | <u>16,495,008</u> | <u>18,958,093</u> | <u>2,104,990</u> | <u>57,060,924</u> |
| Expenditures: | | | | | | |
| Current | | | | | | |
| Housing assistance payments | 680,068 | - | 14,382,990 | 17,762,034 | - | 32,825,092 |
| Homeless services | 6,695,075 | - | - | - | - | 6,695,075 |
| Personal services | 481,033 | - | - | - | - | 481,033 |
| Administration | 102,270 | 48 | 1,971,782 | 350,943 | - | 2,803,758 |
| Professional services | 56,395 | - | 604,233 | 1,045,792 | 2,169,607 | 3,921,950 |
| Security | 47,526 | - | 84,531 | 62,070 | 7,086 | 210,822 |
| Repairs and maintenance | 404,066 | - | 2,028 | 288 | - | 49,842 |
| Utilities | 1,596 | - | 9,579 | 601 | - | 414,246 |
| Insurance | 995 | - | 7,662 | 1,549 | - | 1,596 |
| Other | 1,997 | - | 12,904 | 96 | - | 10,206 |
| Capital outlays | 125,715 | 686,899 | - | 3,527 | - | 14,997 |
| Total expenditures | <u>8,596,736</u> | <u>686,947</u> | <u>17,075,709</u> | <u>19,226,900</u> | <u>2,176,693</u> | <u>47,762,985</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>6,006,097</u> | <u>4,213,053</u> | <u>(580,701)</u> | <u>(268,807)</u> | <u>(71,703)</u> | <u>9,297,939</u> |
| Other Financing Uses - Transfers Out | <u>188,536</u> | <u>320,108</u> | <u>-</u> | <u>20,475</u> | <u>-</u> | <u>529,119</u> |
| Total other financing uses | <u>188,536</u> | <u>320,108</u> | <u>-</u> | <u>20,475</u> | <u>-</u> | <u>529,119</u> |
| NET CHANGE IN FUND BALANCE | <u>5,817,561</u> | <u>3,892,945</u> | <u>(580,701)</u> | <u>(289,282)</u> | <u>(71,703)</u> | <u>8,768,820</u> |
| Fund Balance at July 1, 2005 | 421,926 | 1,378,495 | 2,987,824 | 1,456,724 | 71,703 | 6,316,672 |
| Fund Balance at June 30, 2006 | <u>\$ 6,239,487</u> | <u>\$ 5,271,440</u> | <u>\$ 2,407,123</u> | <u>\$ 1,167,442</u> | <u>\$ -</u> | <u>\$ 15,085,492</u> |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

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

Year ended June 30, 2006

| | | |
|---|----------------|---------------------|
| Net change in fund balances - total governmental funds | | \$ 8,768,820 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation during the year. | \$ (2,120,087) | |
| Long-term compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds | <u>49,887</u> | <u>(2,070,200)</u> |
| Change in net assets of governmental activities | | <u>\$ 6,698,620</u> |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

June 30, 2006

| ASSETS | Federal Low Rent Program | Dwelling Unit Revolving Fund | Hawaii Rental Housing System Revenue Bond Fund | Single Family Mortgage Purchase Revenue Bond Fund | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
|--|-----------------------------|------------------------------------|---|---|------------------------------|------------------------------|------------------------------|
| Current Assets: | | | | | | | |
| Cash (notes A7 and C) | \$ 9,618,246 | \$ 81,088,628 | \$ 1,817,511 | \$ - | \$ 76,180,099 | \$ 168,704,484 | \$ 1,130,192 |
| Receivables: | | | | | | | |
| Mortgage loans (note E) | - | 92,476 | - | 790,695 | 413,269 | 1,296,440 | - |
| Accrued interest | - | 666,494 | 112,648 | 4,673,000 | 2,644,503 | 8,096,645 | - |
| Tenant receivables, less allowance for doubtful accounts of \$5,796,911 | 498,783 | 15,711 | 64,118 | - | 166,153 | 744,765 | 9,507 |
| Other | 94,927 | 370,633 | 637,840 | - | 773,931 | 1,877,331 | - |
| | 593,710 | 1,145,314 | 814,606 | 5,463,695 | 3,997,856 | 12,015,181 | 9,507 |
| Due from other funds | | | | | | | |
| Due from other State of Hawaii Departments | 3,859,319 | 462,125 | - | - | 9,228,814 | 13,550,258 | - |
| Due from HUD | - | 23,821,045 | - | - | - | 23,821,045 | - |
| Inventories (notes A9 and M) | 3,633,164 | - | - | - | 192,570 | 3,825,734 | - |
| Developments in progress and dwelling units | - | 20,916,442 | - | - | - | 20,916,442 | - |
| Materials and supplies | 661,879 | - | - | - | 163,438 | 825,317 | - |
| Net investment in financing lease (note F) | - | - | - | - | 499,184 | 499,184 | - |
| Prepaid expenses and other assets | - | 29,952 | 809 | 7,073 | 190,247 | 228,081 | - |
| Deposits held in trust | - | - | - | - | 99,586 | 99,586 | - |
| Deferred bond issuance costs | - | - | 51,278 | 72,488 | 18,106 | 141,872 | - |
| Total current assets | 18,366,318 | 127,463,506 | 2,684,204 | 5,543,256 | 90,569,900 | 244,627,184 | 1,139,699 |
| Assets Held by Trustees Under Revenue Bond Programs: | | | | | | | |
| Cash and cash equivalent | - | - | - | 2,640,321 | 315,792 | 2,956,113 | - |
| Investments (notes A8, D, G and K) | - | - | 30,841,432 | 265,788,923 | 29,963,575 | 326,593,930 | - |
| | - | - | 30,841,432 | 268,429,244 | 30,279,367 | 329,550,043 | - |
| Investments (notes A8 and D) | - | - | - | - | - | - | - |
| Mortgage Loans, net of current portion (note E) | - | 621,321 | - | - | 6,380,627 | 6,380,627 | - |
| Notes and Loans, net of current portion (note E) | - | - | - | 8,487,238 | 63,064,590 | 72,173,149 | - |
| Other Receivables | - | - | - | - | 426,100 | 426,100 | - |
| Advances to Other Funds | - | - | - | - | 517,712 | 517,712 | - |
| Restricted Deposits and Funded Reserves | - | - | - | - | 325,000 | 325,000 | - |
| Net Investment in Financing Lease, net of current portion (note F) | - | - | - | - | 8,506,200 | 8,506,200 | - |
| Deferred Bond Issuance Costs, net of current portion (note A12) | - | - | - | - | 15,863,896 | 15,863,896 | - |
| Capital Assets, less accumulated depreciation (notes A5, H and L) | - | - | 780,508 | 1,178,207 | 262,495 | 2,221,210 | - |
| | 195,140,220 | 6,433,521 | 81,586,783 | 3,757 | 71,096,436 | 354,260,717 | 181,878 |
| TOTAL ASSETS | \$ 213,506,538 | \$ 134,518,348 | \$ 115,892,927 | \$ 283,641,702 | \$ 287,292,323 | \$ 1,034,851,838 | \$ 1,321,577 |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS (continued)

June 30, 2006

| LIABILITIES AND NET ASSETS | Federal Low Rent Program | Dwelling Unit Revolving Fund | Hawaiian Rental Housing System Revenue Bond Fund | Single Family Mortgage Purchase Revenue Bond Fund | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
|--|-----------------------------|------------------------------------|---|---|------------------------------|------------------------------|------------------------------|
| Current Liabilities: | | | | | | | |
| Accounts payable | | | | | | | |
| Accrued expenses: | \$ 3,480,110 | \$ 620,907 | \$ 805,324 | \$ 46,372 | \$ 855,162 | \$ 5,807,875 | \$ - |
| Interest (notes I and J) | | | | | | | |
| Other | - | - | 1,755,387 | 5,923,004 | 938,474 | 8,616,865 | - |
| Due to other funds | 4,006,393 | 417,124 | 33,879 | 121,320 | 934,316 | 5,513,032 | - |
| Due to State of Hawaii, including Office of Hawaiian Affairs (note M) | 2,019,004 | 84,660 | 101,665 | 130,859 | 11,543,667 | 13,879,855 | 59,513 |
| Due to HUD | - | 5,573,604 | - | - | 25,000 | 5,598,604 | - |
| Security deposits | - | - | - | - | 9,712 | 9,712 | - |
| Note payable (note I) | 658,113 | 36,507 | 852,850 | - | 777,941 | 2,325,411 | - |
| Mortgage payable (note I) | - | 39,019 | - | - | - | 39,019 | - |
| Revenue bonds payable, less deferred refunding cost (notes J and K) | - | - | - | - | 131,639 | 131,639 | - |
| Deferred income | - | - | 2,245,000 | 6,495,000 | 825,779 | 9,565,779 | - |
| Deferred commitment fees | - | 18,759 | 42,804 | - | 4,852 | 66,415 | - |
| Deferred gain on sale of units and land | - | - | - | 567,161 | - | 567,161 | - |
| Estimated future costs of land sold | - | 198,876 | - | - | - | 198,876 | - |
| | - | 30,016,452 | - | - | - | 30,016,452 | - |
| Total current liabilities | 10,163,620 | 37,005,908 | 5,836,909 | 13,283,716 | 16,046,542 | 82,336,695 | 59,513 |
| Deferred Commitment Fees, net of current portion | - | - | - | - | - | - | - |
| Arbitrage Rebate Payable (note J) | - | - | - | 1,764,353 | - | 1,764,353 | - |
| Note Payable, net of current portion (note I) | - | - | 1,694 | 3,013,318 | - | 3,015,012 | - |
| Mortgage Payable, net of current portion (note I) | - | 301,110 | - | - | 171,327 | 472,437 | - |
| Revenue Bonds Payable, less deferred refunding cost, net of current portion (notes J and K) | - | - | 100,666,213 | 227,104,020 | 6,088,180 | 6,088,180 | - |
| Commitments and Contingencies (notes L, M, N, O and P) | - | - | - | - | 51,265,871 | 379,036,104 | - |
| Net Assets: | | | | | | | |
| Invested in capital assets, net of related debt | 195,140,220 | 6,093,392 | (20,492,644) | 3,757 | 64,876,617 | 245,621,342 | 181,878 |
| Restricted by legislation and contractual agreements | - | - | 30,841,432 | 268,429,244 | 38,785,567 | 338,056,243 | - |
| Unrestricted | 8,202,698 | 91,117,938 | (960,677) | (229,956,706) | 110,058,219 | (21,538,528) | 1,080,186 |
| Total net assets | 203,342,918 | 97,211,330 | 9,388,111 | 38,476,295 | 213,720,403 | 562,139,057 | 1,262,064 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 213,506,538 | \$ 134,518,348 | \$ 115,892,927 | \$ 283,641,702 | \$ 287,292,323 | \$ 1,034,851,838 | \$ 1,321,577 |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

RECONCILIATION OF THE PROPRIETARY FUNDS NET ASSETS
TO THE STATEMENT OF NET ASSETS

Year ended June 30, 2006

| | |
|---|-----------------------|
| Total net assets of proprietary funds | \$ 562,139,057 |
| Amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities | <u>1,262,064</u> |
| Net assets of business-type activities | <u>\$ 563,401,121</u> |

The accompanying notes are an integral part of this statements.

Housing and Community Development Corporation of Hawaii

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year ended June 30, 2006

| | Federal Low Rent Program | Dwelling Unit Revolving Fund | Hawaii Rental Housing System Revenue Bond Fund | Single Family Mortgage Purchase Revenue Bond Fund | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
|--|-----------------------------|------------------------------------|---|---|------------------------------|------------------------------|------------------------------|
| Operating Revenues: | | | | | | | |
| Interest on mortgages, notes, loans, mortgage-backed securities, and net investment in financing lease (note J) | \$ - | \$ 849,218 | \$ - | \$ 10,009,030 | \$ 2,325,572 | \$ 13,183,820 | \$ - |
| Net decrease in fair value of mortgage-backed securities (note A8) | - | - | - | (10,071,372) | - | (10,071,372) | - |
| Sales of land | - | 620,118 | - | - | - | 620,118 | - |
| Sales of unit | - | 1,098,000 | - | - | - | 1,098,000 | - |
| Rental | 13,841,036 | 941,978 | 13,299,065 | - | 4,522,123 | 32,604,202 | 41,543 |
| Conveyance tax | - | - | - | - | 16,993,834 | 16,993,834 | - |
| Other | 406,300 | 1,159,326 | 712,738 | 2,594 | 5,403,644 | 7,684,602 | - |
| Total operating revenues | 14,247,336 | 4,668,640 | 14,011,803 | (59,748) | 29,245,173 | 62,113,204 | 41,543 |
| Operating Expenses: | | | | | | | |
| Cost of land and units sold (note M) | - | 508,385 | - | - | - | 508,385 | - |
| Project | 6,960,997 | 1,617,840 | 6,259,962 | - | 2,693,722 | 17,532,521 | - |
| Personal services | 12,522,104 | 1,959,890 | 178,537 | 268,388 | 3,627,951 | 18,556,870 | - |
| Depreciation | 9,982,896 | 255,199 | 4,807,247 | 805 | 2,453,572 | 17,499,719 | 36,929 |
| Housing assistance payments | - | - | - | - | 1,677,471 | 1,677,471 | - |
| Administration | 3,858,313 | 452,481 | 90,896 | 184,124 | 1,030,413 | 5,616,227 | - |
| (Recovery of) provision for losses | - | (59,446) | 43,364 | - | 172,876 | 156,794 | - |
| Loan servicing fees | - | - | - | 41,029 | - | 41,029 | - |
| Professional services | 270,018 | 245,986 | 4,099 | 28,939 | 264,140 | 813,182 | 12,219 |
| Mortgage insurance | - | - | - | 15,159 | - | 15,159 | - |
| Security | 1,578,846 | 552 | - | 67 | 1,981 | 1,581,446 | - |
| Insurance | 177,237 | 11,256 | - | - | 67,192 | 255,685 | - |
| Repairs and maintenance | 1,047,508 | 250,855 | 156 | - | 1,301,886 | 2,600,405 | - |
| Utilities | 8,064,168 | - | - | 1,887 | 1,391,645 | 9,457,700 | - |
| Payments in lieu of taxes | 574,114 | - | - | - | - | 574,114 | - |
| Capital expenditures | 250,211 | 42,403 | 25,222 | 830 | 22,034 | 340,700 | 79,154 |
| Interest expense | - | - | - | 13,394,841 | 2,137,558 | 15,532,399 | - |
| Other | - | 36,519 | 125,064 | - | 418,830 | 580,413 | - |
| Total operating expenses | 45,286,412 | 5,321,920 | 11,534,547 | 13,936,069 | 17,261,271 | 93,340,219 | 128,302 |
| Operating (loss) income carried forward | \$ (31,039,076) | \$ (653,280) | \$ 2,477,256 | \$ (13,995,817) | \$ 11,983,902 | \$ (31,227,015) | \$ (86,759) |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

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

Year ended June 30, 2006

| | Federal Low Rent Program | Dwelling Unit Revolving Fund | Hawaii Rental Housing System Revenue Bond Fund | Single Family Mortgage Purchase Revenue Bond Fund | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
|--|-----------------------------|------------------------------------|---|---|------------------------------|------------------------------|------------------------------|
| Operating (loss) income brought forward | \$ (31,039,076) | \$ (653,280) | \$ 2,477,256 | \$ (13,995,817) | \$ 11,983,902 | \$ (31,227,015) | \$ (86,759) |
| Nonoperating Revenues (Expenses): | | | | | | | |
| Interest income - cash and investments | 181,218 | 2,863,181 | 1,046,590 | 8,890,516 | 4,808,060 | 17,789,565 | 43,673 |
| Net decrease in fair value of investments | - | - | - | - | (2,529,058) | (2,529,058) | - |
| HUD operating subsidy and others | 25,739,411 | - | - | - | - | 25,739,411 | - |
| Interest expense | (20) | (31,449) | (3,906,075) | - | - | (4,948,857) | - |
| Trustee fees | - | - | 1,702 | (56,323) | (1,011,313) | (61,811) | - |
| Amortization of deferred bond issuance costs | - | - | (127,587) | (271,723) | (18,515) | (417,825) | - |
| Loss on disposition of asset | - | - | (32) | - | - | (32) | - |
| Insurance expense | - | - | (130,819) | - | - | (130,819) | - |
| Arbitrage rebate | - | - | - | (1,577,337) | - | (1,577,337) | - |
| Other (expenses) revenues | - | - | (38,600) | - | 36,952 | (1,648) | - |
| Net nonoperating revenues (expenses) | 25,920,609 | 2,831,732 | (3,154,821) | 6,985,133 | 1,278,936 | 33,861,589 | 43,673 |
| Income (loss) before transfers | (5,118,467) | 2,178,452 | (677,565) | (7,010,684) | 13,262,838 | 2,634,574 | (43,086) |
| Net Operating Transfers | - | 1,106,895 | 792,526 | - | 250,013 | 2,149,434 | - |
| CHANGE IN NET ASSETS | (5,118,467) | 3,285,347 | 114,961 | (7,010,684) | 13,512,851 | 4,784,008 | (43,086) |
| Fund Net Assets at July 1, 2005 | 208,461,385 | 93,925,983 | 9,273,150 | 45,486,979 | 200,207,552 | 557,355,049 | 1,305,150 |
| Fund Net Assets at June 30, 2006 | \$ 203,342,918 | \$ 97,211,330 | \$ 9,388,111 | \$ 38,476,295 | \$ 213,720,403 | \$ 562,139,057 | \$ 1,262,064 |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

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

Year ended June 30, 2006

| | |
|---|---------------------|
| Net change in fund balances - total proprietary funds | \$ 4,784,008 |
| Net change in fund balances - internal service funds | <u>(43,086)</u> |
| CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES | <u>\$ 4,740,922</u> |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

Year ended June 30, 2006

| | Federal Low Rent Program | Dwelling Unit Revolving Fund | Hawaii Rental Housing System Revenue Bond Fund | Single Family Mortgage Purchase Revenue Bond Fund | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
|---|-----------------------------|------------------------------------|---|---|------------------------------|------------------------------|------------------------------|
| Cash Flows from Operating Activities: | | | | | | | |
| Cash received from renters | \$ 13,905,748 | \$ 917,356 | \$ 13,216,729 | \$ - | \$ 4,604,698 | \$ 32,644,531 | \$ 41,543 |
| Cash received from borrowers: | | | | | | | |
| Principal repayments | - | 133,199 | - | 2,938,566 | 3,722,248 | 6,794,013 | - |
| Interest income | - | 76,228 | - | 9,392,962 | 1,325,603 | 10,794,793 | - |
| Cash received from net investment in financing lease | - | - | - | - | 1,249,521 | 1,249,521 | - |
| Cash received from sale of land | - | 1,693,318 | - | - | - | 1,693,318 | - |
| Cash received for conveyance taxes | - | - | - | - | - | - | - |
| Cash received for payments on mortgage-backed securities | - | - | - | - | 16,993,834 | 16,993,834 | - |
| Cash to borrower | - | - | - | 38,317,938 | - | 38,317,938 | - |
| Cash payments for acquisition of mortgage-backed securities | - | - | - | - | (6,165,000) | (6,165,000) | - |
| Cash payments for loan originations | - | - | - | (23,881,663) | - | (23,881,663) | - |
| Cash payments for interest | - | - | - | - | (5,444,471) | (5,444,471) | - |
| Cash payments to employees | (19,483,101) | (1,959,890) | (178,537) | (15,970,259) | (2,112,739) | (18,082,998) | - |
| Cash payments to suppliers | (19,466,322) | (2,662,229) | (6,483,291) | (268,388) | (3,583,088) | (25,473,004) | - |
| Cash (payments to) receipts from other funds | (524,704) | 51,367 | (31,965) | (337,134) | (7,967,201) | (36,916,177) | (33,121) |
| Payment in lieu of taxes | (574,114) | - | (31,965) | 3,162 | (557,689) | (1,059,829) | - |
| Other cash receipts (payments) | 504,123 | 3,677,695 | 597,666 | (995) | 4,199,341 | 8,977,830 | - |
| Net cash (used in) provided by operating activities | (25,638,370) | 1,927,044 | 7,120,602 | 10,194,189 | 6,265,057 | (131,478) | 8,422 |
| Cash Flows from Noncapital Financing Activities: | | | | | | | |
| Principal paid on revenue bond maturities and redemptions | - | - | - | (73,325,000) | - | (73,325,000) | - |
| Arbitrage rebate paid | - | - | - | (1,476,653) | - | (1,476,653) | - |
| Interest paid to the Department of Budget and Finance | (20) | - | - | - | - | (12,412) | - |
| HUD operating subsidy and others received | 30,212,117 | - | - | - | (12,392) | 30,212,117 | - |
| Cash received from borrower | - | - | - | - | - | - | - |
| Operating transfers in | - | - | - | - | 3,250,002 | 3,250,002 | - |
| Operating transfers out | - | - | - | - | 188,536 | 188,536 | - |
| Net cash provided by (used in) noncapital financing activities | 30,212,097 | - | - | (74,801,653) | 3,421,112 | (41,168,444) | - |
| Cash Flows from Capital and Related Financing Activities: | | | | | | | |
| Principal paid on revenue bond maturities and redemptions | - | - | (2,190,000) | - | (779,558) | (2,969,558) | - |
| Other financing source - new bond issuance | - | - | - | - | 6,165,000 | 6,165,000 | - |
| Interest paid on revenue bonds | - | - | (4,142,906) | - | (840,029) | (4,982,935) | - |
| Principal payments on notes payable | - | (38,632) | - | - | - | (38,632) | - |
| Principal payments on mortgage loans | - | - | - | - | (122,864) | (122,864.00) | - |
| Payments of interest | - | (31,449) | - | - | (163,681) | (195,130) | - |
| Payments for acquisition of property and equipment | (11,168,805) | - | (8,376) | - | (476,776) | (11,653,957) | (151,998) |
| Other | - | - | - | - | 107,561 | 107,561 | - |
| Net cash (used in) provided by capital and related financing activities | (11,168,805) | (70,081) | (6,341,282) | - | 3,889,653 | (13,690,515) | (151,998) |
| Subtotal carried forward | \$ (6,595,078) | \$ 1,856,963 | \$ 779,320 | \$ (64,607,464) | \$ 13,575,822 | \$ (54,990,437) | \$ (143,576) |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (continued)

Year ended June 30, 2006

| | Federal Low Rent Program | Dwelling Unit Revolving Fund | Hawaii Rental Housing System Revenue Bond Fund | Single Family Mortgage Purchase Revenue Bond Fund | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
|---|-----------------------------|------------------------------------|---|---|------------------------------|------------------------------|------------------------------|
| Subtotal brought forward | \$ (6,595,078) | \$ 1,856,963 | \$ 779,320 | \$ (64,607,464) | \$ 13,575,822 | \$ (54,990,437) | \$ (143,576) |
| Cash Flows from Investing Activities: | | | | | | | |
| Purchases of investments | - | - | - | (75,080,939) | (1,404,012) | (76,484,951) | - |
| Proceeds from maturities of investments | 2,450,000 | - | - | 103,640,180 | 2,041,402 | 108,131,582 | - |
| Receipts of interest | 183,992 | 2,962,051 | 992,480 | 5,275,080 | 4,686,196 | 14,099,799 | 40,322 |
| Net increase in restricted deposits and funded reserves | - | - | - | - | (1,049,764) | (1,049,764) | - |
| Net cash provided by investing activities | 2,633,992 | 2,962,051 | 992,480 | 33,834,321 | 4,273,822 | 44,696,666 | 40,322 |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (3,961,086) | 4,819,014 | 1,771,800 | (30,773,143) | 17,849,644 | (10,293,771) | (103,254) |
| Cash and Cash Equivalents at July 1, 2005 | 13,579,332 | 76,269,614 | 30,887,143 | 33,933,627 | 58,646,247 | 213,315,963 | 1,233,446 |
| Cash and Cash Equivalents at June 30, 2006 | \$ 9,618,246 | \$ 81,088,628 | \$ 32,658,943 | \$ 3,160,484 | \$ 76,495,891 | \$ 203,022,192 | \$ 1,130,192 |
| Reconciliation of Cash to Cash and Cash Equivalents: | | | | | | | |
| Cash | \$ 9,618,246 | \$ 81,088,628 | \$ 1,817,511 | \$ 2,640,321 | \$ 76,495,891 | \$ 171,660,597 | \$ 1,130,192 |
| Money market funds, reported under investments | - | - | 30,841,432 | 520,163 | - | 31,361,595 | - |
| Cash and Cash Equivalents at June 30, 2006 | \$ 9,618,246 | \$ 81,088,628 | \$ 32,658,943 | \$ 3,160,484 | \$ 76,495,891 | \$ 203,022,192 | \$ 1,130,192 |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (continued)

Year ended June 30, 2006

| | Federal Low Rent Program | Dwelling Unit Revolving Fund | Hawaii Rental Housing System Revenue Bond Fund | Single Family Mortgage Purchase Revenue Bond Fund | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
|---|-----------------------------|------------------------------------|---|---|------------------------------|------------------------------|------------------------------|
| Cash Flows from Operating Activities: | | | | | | | |
| Reconciliation of operating (loss) income to net cash (used in) provided by operating activities: | | | | | | | |
| Operating (loss) income | \$ (31,039,070) | \$ (653,280) | \$ 2,477,256 | \$ (13,995,817) | \$ 11,983,902 | \$ (31,227,015) | \$ (86,759) |
| Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities: | | | | | | | |
| Net decrease in fair value of mortgage-backed securities | - | - | - | 10,071,372 | - | 10,071,372 | - |
| Depreciation | 9,982,896 | 255,199 | 4,807,247 | 805 | 2,453,572 | 17,499,719 | 36,929 |
| Provision for (recovery of) losses | - | (59,446) | 43,364 | - | 172,876 | 156,794 | - |
| Changes in assets and liabilities: | | | | | | | |
| Mortgage loans receivable | - | 133,199 | - | 2,938,566 | (7,809,408) | (4,737,643) | - |
| Accrued interest receivable on mortgages, notes and loans | - | 9,876 | - | - | (311,007) | (301,131) | - |
| Tenant receivables | 67,368 | (3,886) | (61,355) | - | (165,256) | (163,129) | - |
| Other receivables | 97,823.00 | 318,369 | 9,992 | - | (97,342) | 328,842 | - |
| Due from other funds | (213,267) | (7,648) | - | - | (974,444) | (1,195,359) | - |
| Due from State of Hawaii | - | 1,417,134 | - | - | 2,257 | 1,419,391 | - |
| Due from HUD | - | - | - | - | (189,085) | (189,085) | - |
| Inventories | 39,068 | 492,451 | - | - | 6,940 | 538,459 | - |
| Prepaid expenses and other assets | - | - | (434) | 3,056 | 275,031 | 277,653 | - |
| Net investment in lease financing | - | - | - | - | 31,417 | 31,417 | - |
| Deposits held in trust | - | - | - | - | 7,315 | 7,315 | - |
| Investments in mortgage-backed securities | - | - | - | 14,436,275 | - | 14,436,275 | - |
| Accounts payable | (5,247,775) | 13,905 | (102,291) | (70,101) | 466,533 | (4,939,729) | 58,252 |
| Accrued interest payable | - | - | - | (3,012,865) | 24,819 | (2,988,046) | - |
| Other accrued expenses | 988,686 | 8,671 | (231) | (838) | 23,829 | 1,020,117 | - |
| Due to other funds | (311,437) | 59,015 | (31,965) | 3,162 | 417,871 | 136,646 | - |
| Due to HUD | - | - | - | - | 6,010 | 6,010 | - |
| Security deposits | (2,656) | (17,883) | 17,066 | - | (62,992) | (66,465) | - |
| Deferred income | - | (2,853) | (38,047) | - | 2,219 | (38,681) | - |
| Deferred refunding costs | - | - | - | 436,642 | - | 436,642 | - |
| Deferred commitment fees | - | - | - | (616,068) | - | (616,068) | - |
| Deferred gain on sale of units and land | - | (24,800) | - | - | - | (24,800) | - |
| Estimated future costs of land sold | - | (10,979) | - | - | - | (10,979) | - |
| Net cash (used in) provided by operating activities | \$ (25,638,370) | \$ 1,927,044 | \$ 7,120,602 | \$ 10,194,189 | \$ 6,265,057 | \$ (131,478) | \$ 8,422 |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2006

| | <u>Private Purpose Trusts</u> |
|----------------------------------|-----------------------------------|
| ASSETS | |
| Cash | \$ 288,364 |
| TOTAL ASSETS | <u>\$ 288,364</u> |
| LIABILITIES AND NET ASSETS | |
| Liabilities - | |
| Accounts payable | <u>\$ 232,833</u> |
| Total liabilities | 232,833 |
| Net Assets - | |
| Held in trust | <u>55,531</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 288,364</u> |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year ended June 30, 2006

| | <u>Private Purpose Trusts</u> |
|------------------------------|-----------------------------------|
| Additions - Interest | \$ 1,203 |
| Deductions - Capital Outlays | <u>268,454</u> |
| CHANGE IN NET ASSETS | (267,251) |
| Net Assets at July 1, 2005 | <u>322,782</u> |
| Net Assets at June 30, 2006 | <u><u>\$ 55,531</u></u> |

The accompanying notes are an integral part of this statement.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

General

Chapter 201E, Hawaii Revised Statutes and Act 337, Session Laws of Hawaii (SLH) 1987, created the Housing Finance and Development Corporation (HFDC). The HFDC was created to perform housing finance, housing development and residential leasehold functions. The Hawaii Housing Authority, State of Hawaii (Authority) was organized pursuant to the provisions of Chapter 356, Hawaii Revised Statutes. The Authority was created to provide safe and sanitary dwelling accommodations for low and moderate-income residents of Hawaii.

In accordance with Act 350, SLH, 1997, effective July 1, 1998, the functions and employees of HFDC as well as those of the Authority and the Rental Housing Trust Fund were transferred to the newly created Housing and Community Development Corporation of Hawaii (Corporation). The purpose of Act 350, SLH, 1997, was to consolidate all state housing functions previously administered by the Authority, HFDC and the Rental Housing Trust Fund. The Corporation is a public body and a body corporate and politic and was, for administrative purposes only, considered to be a part of the State Department of Business, Economic Development and Tourism. In accordance with Act 92, Session Laws of Hawaii, 2003, effective July 1, 2003, administratively, the functions and employees of the Corporation were transferred to the State Department of Human Services.

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

HUD Subsidized Programs

The Federal Low-Rent Program and the various Section 8 funds are referred to collectively as the HUD Subsidized Programs and represent the contracts that the Corporation has entered into with the U.S. Department of Housing and Urban Development (HUD). The Federal Low-Rent Program is used to account for Corporation-owned housing projects, which are rented to low-income families.

HUD Subsidized Programs include subsidized housing assistance payments. Under these programs, low-income tenants lease housing units directly from private landlords rather than from the Corporation. Rental payment subsidies are paid directly to the private landlords by the Corporation using operating subsidies obtained from HUD.

The Federal Low-Rent Program includes all property and equipment, principally structures and improvements, acquired with contributions from HUD.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Policies

1. Basic Financial Statements

The accompanying financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America prescribed by the Governmental Accounting Standards Board (GASB). In June 1999, the GASB issued Statement 34, Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments. This Statement established new financial reporting requirements for state and local governments in the United States of America. They required new information and restructured much of the information that governments have presented in the past. Comparability with reports issued in prior years was affected. The Corporation was required to implement these standards for the fiscal year ended June 30, 2002.

Other GASB Statements were required to be implemented in conjunction with Statement 34. Therefore, the Corporation implemented the following GASB Statements as of July 1, 2001: Statement 36, Recipient Reporting for Certain Shared Nonexchange Revenues, Statement 37, Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments: Omnibus and Statement 38, Certain Financial Statement Note Disclosures.

The Corporation is part of the executive branch of the State. The financial statements of the Corporation, are intended to present the financial position, changes in financial position, and cash flows where applicable, of only that portion of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the State of Hawaii that is attributable to the transactions of the Corporation. They do not purport to, and do not, present fairly the financial position of the State of Hawaii as of June 30, 2006, and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. The State Comptroller maintains the central accounts for all State funds and publishes financial statements for the State annually, which include the Corporation’s financial activities.

2. Government-Wide and Fund Financial Statements

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

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. State allotments and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than program revenues. The Corporation does employ an indirect cost allocation system.

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

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

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

a. Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Interest expense of approximately \$20,481,000 was included as direct function expenses during the year ended June 30, 2006.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

b. Governmental Fund Financial Statements

The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. In applying the susceptible to accrual concept to intergovernmental revenues pursuant to GASB Statement 33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when applicable requirements, including time requirements are met.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include employees' vested vacation, which is recorded as an expenditure when utilized or paid. The amount of unmatured long-term indebtedness related to accumulated vacation at June 30, 2006 has been reported in the government-wide financial statements.

c. Proprietary Funds and Fiduciary Funds

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

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

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

c. Proprietary Funds and Fiduciary Funds (continued)

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

4. Fund Accounting

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

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

a. Governmental Funds

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

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

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Fund Accounting (continued)

a. Governmental Funds (continued)

Opportunities for Persons with AIDS (HOPWA) Program, Emergency Shelter Grant Program, Residential Opportunities Self-Sufficient Programs (ROSS), Supportive Housing Program, Office of Juvenile Justice and Delinquency Program, Economic Development Initiative Special Project Grant Boys and Girls Club of Hawaii, and Self-Help Program.

Capital Projects Fund – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund type). These funds include the Capital Projects Fund, EDI Special Project Grant and Department of Labor Employment and Training Grant.

The Corporation reports the following major governmental funds:

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

b. Proprietary Funds

Enterprise Funds – These funds account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to customers, or where sound financial management dictates that periodic determinations of results of operations are appropriate. The enterprise funds include the Revenue Bond Funds, Dwelling Unit Revolving Fund, and other funds.

Under the Revenue Bond Funds, proceeds from the bond issues are used to make below-market interest rate mortgage loans to persons and families of low to moderate income for the purchase of owner-occupied single-family and condominium dwellings, provide interim construction loans and permanent financing of affordable rental housing projects; and to

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Fund Accounting (continued)

b. Proprietary Funds (continued)

finance multifamily housing projects. These funds include the Single Family Mortgage Purchase Revenue Bond Fund, the Multifamily Revenue Bond Fund, the Hawaii Rental Housing System Revenue Bond Fund, and the University of Hawaii Faculty Housing Program Revenue Bond Fund.

The other funds include the Federal Low-Rent Program, Housing Revolving Fund, Housing for Elders Revolving Fund, Teacher Housing Revolving, Banyan Street Manor Project, Wilikina Apartments Project, Kekuilani Gardens Project, Kekumu at Waikoloa Project, Fee Simple Residential Revolving Fund, Rental Assistance Fund, Housing Finance Revolving Fund, Disbursing Fund, Rental Housing Trust Fund, Kuhio Park Terrace Resource Center, Federal Grant Program Fund, Grant-in-aid Fund, Hamakua and Waialua.

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

The Corporation reports the following as major proprietary funds:

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

Dwelling Unit Revolving Fund – accounts for state funds used for acquiring, developing, selling, leasing and renting residential, commercial and industrial properties, providing mortgage and interim financing and rental income and sales proceeds and interest earnings from the financing and investment of such funds.

Hawaii Rental Housing System Revenue Bond Fund – accounts for special funds to account for housing projects or systems of housing projects financed from the proceeds of bonds secured under the same trust indenture. The fund accounts for four multifamily rental housing projects located throughout the State of Hawaii.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Fund Accounting (continued)

b. Proprietary Funds (continued)

Single Family Mortgage Purchase Revenue Bond Fund – accounts for the proceeds for the issuance of bonds used to make below-market interest rate mortgage loans and the repayment, interest, and earnings from such loans and investment of such funds.

c. Fiduciary Funds

The private-purpose trust funds account for net assets held in a trustee capacity for others.

5. Capital Assets

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

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

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

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

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Capital Assets (continued)

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

| | Governmental Activities | Proprietary Fund and business-type activities |
|------------------------------------|----------------------------|--|
| Building and building improvements | 25 years | 10 – 40 years |
| Equipment | 7 years | 1 – 10 years |

6. Deferred Revenues

Deferred revenues at the fund level and government-wide level arise when the Corporation receives resources before it has a legal claim to them. In subsequent periods, when the revenue recognition criteria is met, or when the Corporation has a legal claim to the resources, the liability for deferred revenue is removed from the statement of net assets and revenue is recognized. Deferred revenues at June 30, 2006 consist primarily of Federal grant funds and deferred rental income.

7. Cash and Cash Equivalents

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

8. Investments

Investments in U.S. government securities, certificates of deposit and money market funds with maturities of one year or less when purchased are stated at cost. Non-participating investment contracts, generally repurchase agreements, are reported at cost. All other investments are reported at fair value.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Inventories

Development in Progress and Dwelling Units

Inventories consist of developments in progress and units available for sale. Developments in progress include construction in progress and land held for future development related to the remaining portions of three master planned community projects – Kapolei (Oahu), La'i'opua (Hawaii), and Leiali'i (Maui). Costs included in developments in progress relate to the infrastructure construction for these master planned communities. Units available for sale include constructed units, developed lots and repurchased units available for sale.

Inventories are stated at the lower of cost or estimated net realizable value. All estimated development, holding and disposition costs to the anticipated date of disposition are considered in the determination of estimated net realizable value. Estimated net realizable value represents management's estimates, based on management's plans and intentions, of sales price less development, holding and disposition costs, assuming that the development and disposition occurs in the normal course of business. Valuation allowances for estimated losses on units available for sale are provided when the total estimated carrying costs exceeds the estimated net realizable value.

The recognition of gain from the sale of units is dependent on a number of factors relating to the nature of the property sold, the terms of the sale and the future involvement of the Corporation in the property sold. If a real estate transaction does not meet established financial criteria, profit recognition is deferred and recognized under the installment or cost recovery method until such time as the criteria are met.

Material and Supplies

In the governmental funds, the cost of inventories is recorded as an expenditure when consumed.

10. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See note R for details of interfund transactions, including receivables and payables at year end.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

11. HUD Annual Contributions

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

12. Amortization

Issuance costs of revenue bonds are deferred and amortized ratably over the term of the bond principal outstanding.

13. Vacation

Employees hired prior to July 2, 2001 are credited with vacation at a rate of 168 hours per calendar year. Employees hired on or subsequent to July 2, 2001 are credited with vacation which ranges from 96 hours to 192 hours per calendar year depending on years of service. Accumulation of such vacation credits is limited to 720 hours at calendar year end and is convertible to pay upon termination of employment. Liabilities for accumulated unpaid vacation are accrued at the end of each accounting period utilizing current salary rates. Such vacation credits are recorded as accrued wages and employee benefits payable in the government-wide and the enterprise funds financial statements at the balance sheet date. Accumulated unpaid vacation estimated to be used or paid during the next year is approximately \$711,000. The change in accumulated unpaid vacation during the year is approximately as follows:

| <u>Balance at July 1, 2005</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at June 30, 2006</u> |
|------------------------------------|------------------|-------------------|-------------------------------------|
| \$2,497,951 | \$1,072,405 | \$1,061,467 | \$2,508,889 |

14. Allocated Costs

The Corporation provides certain administrative services to its various funds. The cost of these services is allocated to the funds based on estimates of benefits provided to the funds.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

15. Reservations of Fund Balances

The general and capital projects fund balances are reserved for continuing appropriations, which are comprised of encumbrances and unencumbered allotment balances. Encumbrances represent outstanding commitments, which generally are liquidated in the subsequent fiscal year.

Unencumbered allotment balances represent amounts that have been released and made available for encumbrance or expenditure and are legally segregated for a specific future use.

16. Risk Management

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

17. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE B – BUDGETING AND BUDGETARY CONTROL

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

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE B – BUDGETING AND BUDGETARY CONTROL (continued)

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

The general fund and certain special revenue funds have legally appropriated annual budgets. The final legally adopted budget in the accompanying Required Supplementary Information – Budgetary Comparison Schedule represent the original appropriations, transfers and other legally authorized legislative and executive changes.

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

A comparison of both the original budget and the final budget to the actual revenues and expenditures of the general and certain special revenue funds are presented in the accompanying Required Supplementary Information – Budgetary Comparison Schedule. Differences between revenues and expenditures reported on the budgetary basis and those reported in accordance with generally accepted accounting principles (GAAP) are mainly due to revenues and expenditures of unbudgeted funds and the different methods used to recognize resource uses. For budgeting purposes, resource uses are recognized when cash disbursements are made or funds are encumbered. For financial statements presented in accordance with GAAP, expenditures are recognized when incurred and encumbrances are not reported as resources used.

A summation of the differences between revenues and expenditures reported on the budgetary basis and those reported in accordance with GAAP for the general and certain special revenue funds for the year ended June 30, 2006 is set forth in the Required Supplementary Information.

NOTE C – CASH

The State maintains a cash pool that is available to all funds. The Director of Finance is responsible for the safekeeping of all monies paid into the State Treasury. The Director of Finance may invest any monies of the State, which in the Director's judgment are in excess of the amounts necessary for meeting the immediate requirements of the State. Cash is pooled with funds from other State agencies and departments and deposited with approved financial institutions or invested in the State Treasury

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE C – CASH (continued)

Investment Pool. Cash accounts that participate in the investment pool accrue interest based on the average weighted cash balances of each account.

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

At June 30, 2006, total cash reported in the Statement of Net Assets is \$190,578,308, which consisted of the following:

| | Governmental | Business-Type | Total |
|-----------------------------|----------------------|-----------------------|-----------------------|
| State pool and petty cash | \$ 12,685,284 | \$ 157,647,441 | \$ 170,332,725 |
| Cash in bank (book balance) | 5,002,649 | 12,187,235 | 17,189,884 |
| | <u>17,687,933</u> | <u>169,834,676</u> | <u>187,522,609</u> |
| Assets held by trustees | - | 2,956,113 | 2,956,113 |
| Deposits held in trust | - | 99,586 | 99,586 |
| | <u>-</u> | <u>99,586</u> | <u>99,586</u> |
| Total Cash | <u>\$ 17,687,933</u> | <u>\$ 172,890,375</u> | <u>\$ 190,578,308</u> |

Bank balance of cash in bank was approximately \$21,559,573, of which \$355,695 was covered by federal depository insurance or collateral held by the Corporation or Corporation's agent in the Corporation's name; \$21,203,878 by collateral held by the pledging financial institution's trust department or agent in the Corporation's name, and \$0 was uninsured or uncollateralized.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE D – INVESTMENTS

Investments at June 30, 2006 are summarized as follows:

| | Maturity (in years) | | | | | Fair Value |
|----------------------------------|---------------------|---------------------|---------------------|---|-----------------------|-----------------------|
| | 0-2 | 2 - 5 | 5 - 10 | 10-20 | >20 | |
| Government sponsored Enterprises | \$ - | \$ - | \$ - | \$ 6,369,338 | \$ - | \$ 6,369,338 |
| Mortgage-backed securities | 6,664,599 | 25,542,273 | 80,059,444 | 66,498,985 | - | 178,765,301 |
| Repurchase agreements | - | - | - | - | 115,823,603 | 115,823,603 |
| Private debt obligations | - | - | - | - | 556,090 | 556,090 |
| Guarantee investment Contracts | - | - | - | - | 98,630 | 98,630 |
| | <u>\$ 6,664,599</u> | <u>\$25,542,273</u> | <u>\$80,059,444</u> | <u>\$72,868,324</u> | <u>\$ 116,478,323</u> | |
| Money market funds | | | | | | <u>31,361,595</u> |
| Total investments | | | | | | <u>\$ 332,974,557</u> |
| | | | | Assets held by trustees under revenue bond programs | | \$ 326,593,930 |
| | | | | Investments – noncurrent | | <u>6,380,627</u> |
| | | | | Total Investments | | <u>\$ 332,974,557</u> |

Interest Rate Risk: The Corporation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: The Revenue Bond Funds' trust indentures authorize the trustees to invest in certificates of deposit, money market funds, U. S. government or agency obligations, and repurchase agreements. The Corporation has no investment policy that would further limit its investment decisions. As of June 30, 2006, all investments except the private debt obligations are rated AA to AAA by Moody's, Fitch and Standard & Poors. The private debt obligations are rated BAA to A.

Concentration of Credit Risk: The Corporation places no limit on the amount the Corporation may invest in any one issuer. More than 5 percent of the Corporation's investments are in the Federal National Mortgage Association, the Government National Mortgage Association, the Societe Generale, and the First American Government Obligation Fund. These investments are 47 percent, 9 percent, 25 percent, and 9 percent, respectively, of the Corporations total investments.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE D – INVESTMENTS (continued)

Custodial Risk: For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that in the possession of an outside party. The Corporation's investments are uninsured and unregistered for which the securities are held by the Corporation's trust agent in the Corporation's name. The repurchase agreements are collateralized with securities held by the pledging financial institution's collateral agent but not in the Corporation's name. The underlying securities for repurchase agreements are required to be U. S. government or agency obligations of an equal or greater market value. The Corporation monitors the market value of these securities and obtains additional collateral when appropriate.

NOTE E – MORTGAGE LOANS AND NOTES AND LOANS RECEIVABLE

Mortgage loans and other notes and loans receivable at June 30, 2006 are comprised of the following:

| | Mortgage Loans | Notes and Loans |
|---|--------------------------------------|------------------------------------|
| | <u> </u> | <u> </u> |
| Mortgage loans bearing interest at 0.0% to 13.5%, maturing at various dates through 2046 | \$ 73,469,589 | \$ - |
| Promissory note bearing interest at 9%, due 2010 | <u> -</u> | <u> 426,100</u> |
| Less current maturities | <u> 1,296,440</u> | <u> -</u> |
| | <u><u>\$ 72,173,149</u></u> | <u><u>\$ 426,100</u></u> |

Mortgage and development loans are collateralized by real property. The Revenue Bond Funds' mortgage loans are also subject to primary mortgage and mortgage pool insurance coverage that, subject to aggregate loss limitations, reimburses the Corporation for all losses incurred, if any, from the disposition of real property acquired through foreclosure.

The promissory note receivable from a developers totaling approximately \$426,000 is uncollateralized. The promissory note provides the Corporation with the option to acquire certain improvements constructed by the developer on January 1, 2010. If the Corporation does not exercise the option, the entire principal balance and accrued interest shall be paid over a period of 15 years in monthly installments necessary to fully amortize the outstanding amount of this note.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE F – NET INVESTMENT IN FINANCING LEASE

University of Hawaii Faculty Housing Program Revenue Bond Fund

On November 1, 1995, the Corporation entered into a lease and sublease agreement (Agreement) with the Board of Regents, University of Hawaii (University). Under the Agreement, the Corporation leases the land under the housing project from the University for an annual rent of \$1 and then subleases the leased land, buildings and improvements and equipment back to the University. The University will make certain lease rental payments to the Corporation, including amounts sufficient to pay the principal, premium, if any, and interest on the bonds as the same become due and payable. The Agreement expires on June 30, 2026. Upon expiration of the Agreement, the ownership of the buildings and improvements and equipment will revert to the University.

The following lists the components of the net investment in direct financing lease as of June 30, 2006:

| | |
|---|----------------------|
| Total minimum lease payments to be received | \$ 27,588,921 |
| Less unearned interest income | <u>(11,225,841)</u> |
| Net investment in direct financing lease | 16,363,080 |
| Less current portion | <u>(499,184)</u> |
| | <u>\$ 15,863,896</u> |

The future approximate minimum lease payments to be received through 2011 and in five-year increments thereafter are as follows:

| | |
|----------------------|----------------------|
| Year ending June 30, | |
| 2007 | \$ 1,235,000 |
| 2008 | 810,000 |
| 2009 | 810,000 |
| 2010 | 810,000 |
| 2011 | 810,000 |
| 2012 – 2016 | 4,049,000 |
| 2017 – 2021 | 8,273,000 |
| 2022 – 2026 | <u>10,791,921</u> |
| | <u>\$ 27,588,921</u> |

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE G – REVENUE BOND FUNDS – RESERVE REQUIREMENTS

Under the trust indentures between the Corporation and the trustees for the Single Family Mortgage Purchase Revenue Bonds, investment assets and cash are required to be held by the trustees in various accounts and funds, including debt service reserve accounts, loan funds and mortgage loan reserve funds. The uses of these assets are restricted by the terms of the indentures.

At June 30, 2006, the following debt service reserves and mortgage loan reserves required by the indentures were included in assets held by trustees under Revenue Bond Programs.

| | Single Family Mortgage Purchase |
|------------------------------------|---------------------------------------|
| Debt service reserve requirements | \$ 23,574,000 |
| Mortgage loan reserve requirements | <u>1,656,000</u> |
| | <u>\$ 25,230,000</u> |

At June 30, 2006, approximately \$33.7 million and \$7.9 million of investment securities, at cost, were being held in the debt service reserve funds and mortgage loan reserve funds, respectively.

Under the trust indenture agreement between the Corporation and the trustee for the Hawaii Rental Housing System revenue bond, the Corporation is required to provide net revenues (as defined in the trust indenture agreement) together with lawfully available funds of at least 1.25 times the aggregate debt service on outstanding bonds during the bond year. Additionally, the Corporation is to provide net revenues (as defined in the trust indenture agreement) of at least 1.10 times the aggregate debt service on outstanding bonds during the bond year. At June 30, 2006, the Hawaii Rental Housing System Revenue Bond Fund provided net revenues (as defined in the trust indenture agreement) together with lawfully available funds of 5.23 times the aggregate debt service on outstanding bonds during the year, respectively, and net revenues (as defined in the trust indenture agreement) of 1.29 times the aggregate debt service on outstanding bonds during the year, respectively.

The trust indenture agreement also requires that the mortgage loan reserves for these Revenue Bond Funds be funded from other than bond proceeds and, accordingly, the reserves have been funded by commitment fees at June 30, 2006.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|----------------------|-----------------------|----------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,373,410 | \$ - | \$ - | \$ 2,373,410 |
| Construction in progress | 21,906,834 | 686,899 | (4,446,007) | 18,147,726 |
| Total capital assets not being depreciated | 24,280,244 | 686,899 | (4,446,007) | 20,521,136 |
| Capital assets, being depreciated: | | | | |
| Building and improvements | 34,670,806 | 2,800,185 | - | 37,470,991 |
| Equipment | 1,096,574 | - | - | 1,096,574 |
| Total capital assets being depreciated | 35,767,380 | 2,800,185 | - | 38,567,565 |
| Less accumulated depreciation for: | | | | |
| Building and improvements | 17,779,549 | 1,150,397 | - | 18,929,946 |
| Equipment | 1,072,977 | 10,767 | - | 1,083,744 |
| Total accumulated depreciation | 18,852,526 | 1,161,164 | - | 20,013,690 |
| Governmental activities, net | <u>\$ 41,195,098</u> | <u>\$ 2,325,920</u> | <u>\$ (4,446,007)</u> | <u>\$ 39,075,011</u> |
| Business-type activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 44,145,561 | \$ - | \$ (142,404) | \$ 44,003,157 |
| Construction in progress | 44,688,052 | 11,157,827 | (28,743,160) | 27,102,719 |
| Total capital assets not being depreciated | 88,833,613 | 11,157,827 | (28,885,564) | 71,105,876 |
| Capital assets being depreciated: | | | | |
| Building and improvements | 566,942,088 | 31,150,100 | (1,823,491) | 596,268,697 |
| Equipment | 12,021,018 | 203,013 | (252,572) | 11,971,459 |
| Total capital assets being depreciated | 578,963,106 | 31,353,113 | (2,076,063) | 608,240,156 |
| Less accumulated depreciation for: | | | | |
| Building and improvements | 289,752,847 | 17,419,013 | (1,724,860) | 305,466,118 |
| Equipment | 19,452,459 | 117,635 | (132,775) | 19,437,310 |
| Total accumulated depreciation | 309,205,306 | 17,536,648 | (29,103,997) | 324,903,437 |
| Business-type activities capital assets, net | <u>\$358,591,413</u> | <u>\$ 24,974,293</u> | <u>\$(29,103,997)</u> | <u>\$354,442,595</u> |

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE H – CAPITAL ASSETS (continued)

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

| | |
|---|----------------------------|
| Governmental activities | |
| Homeless Service and Assistance Program | \$ 526,064 |
| Rental Housing and Assistance Program | <u>635,100</u> |
| Total depreciation expense – governmental activities | <u>1,161,164</u> |
| Business-type activities | |
| Rental Assistance Program | 9,248,789 |
| Housing Development Program | 255,199 |
| Single-family Mortgage Loan Program | 805 |
| Rental Housing Programs | 7,260,819 |
| Others | <u>36,929</u> |
| Total depreciation expense – business-type activities | <u>16,802,541</u> |
| Total depreciation expense | <u><u>\$17,963,705</u></u> |

At June 30, 2006, capital assets for the proprietary funds consisted of the following:

| | Proprietary Fund Type | | | | | | Total |
|--------------------------------------|-----------------------------|------------------------------|---------------------------------------|-----------------------------|-------------------------|--------------------------|------------------------------|
| | Enterprise Funds | | | Internal Service | | | |
| | Revenue Bond Funds | Federal Low-Rent Fund | Dwelling Unit Revolving Fund | Other Funds | Equipment Rental | Vehicle Rental | |
| Land | \$ 16,186,850 | \$ 13,089,005 | \$ 3,775,631 | \$ 10,951,671 | \$ – | \$ – | \$ 44,003,157 |
| Buildings and Improvements | 129,911,799 | 364,552,486 | 8,261,174 | 93,543,238 | – | – | 596,268,697 |
| Equipment, furniture and fixtures | 1,502,121 | 6,784,558 | 208,796 | 1,449,672 | 1,517,825 | 508,487 | 11,971,459 |
| Construction in Progress | – | 27,102,719 | – | – | – | – | 27,102,719 |
| | <u>147,600,770</u> | <u>411,528,768</u> | <u>12,245,601</u> | <u>105,944,581</u> | <u>1,517,825</u> | <u>508,487</u> | <u>679,346,032</u> |
| Less accumulated Depreciation | <u>66,010,230</u> | <u>216,388,548</u> | <u>5,812,080</u> | <u>34,848,145</u> | <u>1,497,009</u> | <u>347,425</u> | <u>324,903,437</u> |
| Net property and Equipment | <u><u>\$ 81,590,540</u></u> | <u><u>\$ 195,140,220</u></u> | <u><u>\$ 6,433,521</u></u> | <u><u>\$ 71,096,436</u></u> | <u><u>\$ 20,816</u></u> | <u><u>\$ 161,062</u></u> | <u><u>\$ 354,442,595</u></u> |

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE I – MORTGAGE AND NOTES PAYABLE

Mortgage Payable

The Banyan Street Manor Project entered into a mortgage note agreement in October 1976 in the amount of \$1,727,800 with USGI, Inc. (insured by HUD). On September 1, 1996, Greystone Servicing Corporation, Inc. (GSCI) became the new servicing agent and mortgagee. The mortgage loan bears interest at 7.5 percent and is collateralized by the rental property. Principal and interest are payable in monthly installments of \$11,370, maturing January 1, 2018. At June 30, 2006, the mortgage payable balance was \$553,803. The balance is expected that remaining balance will be paid off by June 30, 2011.

The Kekuilani Gardens Project (Kekuilani) entered into a mortgage agreement in December 1996 in the amount of \$5,213,614 with the U.S. Department of Agriculture and Rural Development. The mortgage loan bears interest at 7.25 percent and is collateralized by the Kekuilani Gardens Project. Principal and interest are payable in monthly installments of \$11,509 and matures on December 1, 2046. At June 30, 2006, the mortgage payable balance was \$5,082,800.

Kekuilani also entered into an interest credit and rental assistance agreement in December 1996 with the U.S. Department of Agriculture and Rural Development, which reduces Kekuilani's principal and interest payments. During the period, Kekuilani realized approximately \$256,000 of interest credit reducing the interest expense from approximately \$369,000 to \$113,000.

In addition, Kekuilani entered into a mortgage agreement in December 1996 in the amount of \$696,267 with the Rental Housing Trust Fund. The mortgage loan bears interest at 1 percent and is collateralized by the Kekuilani Gardens Project. Principal and interest are payable in monthly installments of \$1,475 and matures on January 1, 2047. At June 30, 2006, the mortgage payable balance was \$583,216.

Notes Payable

The Corporation has three mortgage notes payable to the U.S. Department of Agriculture, Farmers Home Administration (FmHA). Two notes were originated in August 1976, and are payable in combined monthly installments of \$2,207, including interest at 1 percent, with the final combined payment due in August 2009. The third note was originated in October 1994, and is payable in monthly installments of \$1,315, including interest at 1 percent, due in October 2027. The notes are secured by property and rental receipts. Notes payable to the U.S. Department of Agriculture FmHA as of June 30, 2006 totaled \$340,129.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE I – MORTGAGE AND NOTES PAYABLE (continued)

Notes Payable (continued)

Notes payable also consists of a \$171,327 unsecured promissory note payable to an individual (the former owner of Banyan Street). The entire principal balance plus accrued interest, which accrues at the same rate as the residual receipt funds held by GSCI, Inc. (approximately 1.0% for the year ended June 30, 2006), is due within 45 days of full payment of the 7.5% GSCI, Inc. mortgage note collateralized by HUD which matures on January 1, 2018.

Mortgage and notes payable activity during the year was as follows:

| | <u>Balance at July 1, 2005</u> | <u>Addition</u> | <u>Reductions</u> | <u>Balance at June 30, 2006</u> | <u>Less Current Portion</u> | <u>Long Term Portion</u> |
|------------------|------------------------------------|-------------------|-------------------|-------------------------------------|---------------------------------|------------------------------|
| Mortgage payable | \$ 6,342,924 | \$ - | \$ 123,105 | \$ 6,219,819 | \$ 131,639 | \$ 6,088,180 |
| Notes payable | 378,761 | 171,327 | 38,632 | 511,456 | 39,019 | 472,437 |
| Total | <u>\$ 6,721,685</u> | <u>\$ 171,327</u> | <u>\$ 161,737</u> | <u>\$ 6,731,275</u> | <u>\$ 170,658</u> | <u>\$ 6,560,617</u> |

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE I – MORTGAGE AND NOTES PAYABLE (continued)

The approximate debt service requirements of mortgage and notes payable through 2011 and in five-year increments thereafter to maturity are as follows:

| Year ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|---------------------|---------------------|---------------------|
| 2007 | \$ 171,000 | \$ 158,000 | \$ 329,000 |
| 2008 | 180,000 | 149,000 | 329,000 |
| 2009 | 165,000 | 138,000 | 303,000 |
| 2010 | 175,000 | 127,000 | 302,000 |
| 2011 | 167,000 | 116,000 | 283,000 |
| 2012-2016 | 313,000 | 518,000 | 831,000 |
| 2017-2021 | 398,000 | 433,000 | 831,000 |
| 2022-2026 | 517,000 | 314,000 | 831,000 |
| 2027-2031 | 778,000 | 148,000 | 926,000 |
| 2032-2036 | 839,000 | 12,000 | 851,000 |
| 2037-2041 | 1,174,000 | 6,000 | 1,180,000 |
| 2042-2046 | 1,652,000 | 2,000 | 1,654,000 |
| 2047 | 202,275 | - | 202,275 |
| | <u>\$ 6,731,275</u> | <u>\$ 2,121,000</u> | <u>\$ 8,852,275</u> |

NOTE J – REVENUE BONDS PAYABLE

Through June 30, 2006, approximately \$2,129,898,000 of revenue bonds have been issued. The revenue bonds are payable from and secured solely by the revenues and other monies and assets of the Revenue Bond Funds and other assets of the Corporation pledged under the indentures.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE J – REVENUE BONDS PAYABLE (continued)

Revenue bonds payable at June 30, 2006 consist of the following issuances:

Single Family Mortgage Purchase revenue bonds:

| | |
|---|----------------------|
| 1997 Series A: | |
| Term bonds maturing annually through 2031 (5.00% to 5.75%) | \$ 15,055,000 |
| 1997 Series B: | |
| Serial bonds maturing annually through 2010 (4.75% to 5.00%) | 9,820,000 |
| Term bonds maturing in 2011 through 2018 (5.45%) | <u>29,405,000</u> |
| | <u>39,225,000</u> |
| 1998 Series A: | |
| Serial bonds maturing annually through 2014 (4.75% to 5.25%) | 11,525,000 |
| Term bonds maturing annually through 2031 (4.85% to 5.40%) | <u>38,155,000</u> |
| | <u>49,680,000</u> |
| 1998 Series B: | |
| Term bonds maturing in 2019 through 2029 (5.30%) | 11,085,000 |
| 1998 Series C: | |
| Term bonds maturing in 2019 through 2021 (5.35%) | 4,060,000 |
| 2000 Series A: | |
| Term bonds maturing in 2021 through 2027 (6.275%) | 25,000,000 |
| 2002 Series A: | |
| Serial bonds maturing annually through 2013 (3.55% to 4.80%) | 4,200,000 |
| Term bonds maturing in 2014 through 2034 (4.40% to 5.38%) | 19,050,000 |
| Placed bonds maturing in 2023 through 2034 (5.38%) | <u>3,525,000</u> |
| | <u>26,775,000</u> |
| 2002 Series B: | |
| Term bonds maturing in 2026 through 2029 (5.25%) | 1,810,000 |
| 2005 Series A: | |
| Term bonds maturing in 2027 through 2037 (5.00%) | <u>7,920,000</u> |
| Single Family Mortgage Purchase revenue bonds subtotal carried forward | <u>\$180,610,000</u> |

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE J – REVENUE BONDS PAYABLE (continued)

| | |
|--|----------------------|
| Single Family Mortgage Purchase revenue bonds subtotal brought forward | <u>\$180,610,000</u> |
| 2005 Series B: | |
| Serial bonds maturing annually through 2016 (2.85% to 3.90%) | 15,810,000 |
| Term bonds maturing in 2016 through 2027 (3.70% to 4.30%) | <u>39,320,000</u> |
| | <u>55,130,000</u> |
| Total Single Family Mortgage Purchase revenue bonds | <u>\$235,740,000</u> |
| Hawaii Rental Housing System revenue bonds: | |
| 2004 Series A: | |
| Serial bonds maturing in 2007 through 2014 (2.10% to 3.70%) | \$ 14,150,000 |
| Term bonds maturing in 2015 through 2034 (3.80% to 4.75%) | <u>67,455,000</u> |
| | <u>81,605,000</u> |
| 2004 Series B- | |
| Term bonds maturing annually through 2034 (3.16%) | <u>22,500,000</u> |
| Total Hawaii Rental Housing System revenue bonds | <u>\$104,105,000</u> |
| Multifamily Housing revenue bonds: | |
| 1999 Series (Manana Gardens Project) – term bond maturing annually through 2035 (6.30%) | \$ 3,560,000 |
| 2000 Series (Sunset Villas Project) – term bonds maturing annually through 2036 (5% to 5.75%) | 26,025,000 |
| 2002 Series (Hale Hoaloha Project) – mortgage installment bonds maturing annually through 2028 (6.75% until 2012 and 7.75% thereafter) | 1,671,650 |
| 2005 Series (Kauhale Olu Project): | |
| Mortgage Installment bonds maturing in 2008 (6.75%) | 665,000 |
| Mortgage Installment bonds maturing in 2036 (6.75%) | <u>5,500,000</u> |
| | <u>6,165,000</u> |
| Total Multifamily Housing revenue bonds | <u>\$ 37,421,650</u> |

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE J – REVENUE BONDS PAYABLE (continued)

| | |
|---|-----------------------|
| University of Hawaii Faculty Housing Program revenue bonds: | |
| 1995 Series: | |
| Serial bonds maturing in 2007 (5.00%) | \$ 415,000 |
| Term bonds maturing annually from 2008 through 2026 (5.70% and 5.75%) | <u>14,255,000</u> |
| Total University of Hawaii Faculty Housing Program revenue bonds | <u>\$ 14,670,000</u> |
| Total Revenue Bonds: | |
| Revenue Bonds | \$ 391,936,650 |
| Less deferred refunding amount (difference between reacquisition price and net carrying value of old debt) | <u>3,334,767</u> |
| Total Revenue Bonds | 388,601,883 |
| Less current portion | <u>9,565,779</u> |
| | <u>\$ 379,036,104</u> |

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE J – REVENUE BONDS PAYABLE (continued)

Interest on the Single Family Mortgage Purchase, Multifamily Housing, University of Hawaii Faculty Housing Program, and Hawaii Rental Housing System revenue bonds is payable semi-annually.

The Single Family Mortgage Purchase and Hawaii Rental Housing System revenue bonds with designated maturity dates, the Multifamily Housing revenue bonds and the University of Hawaii Faculty Housing Program revenue bonds may be redeemed at the option of the Corporation commencing in 2001 for the Single Family Mortgage Purchase 1991 Series, 2004 for the Single Family Mortgage Purchase 1994 Series, 2007 for the Single Family Mortgage Purchase 1997 Series, subject to a redemption premium which ranges from 2 percent to zero; 2008 for the Single Family Mortgage Purchase 1998 Series, subject to a redemption premium that ranges from 1.5 percent to zero; 2010 for the Single Family Mortgage Purchase 2000 Series, and 2014 for the Single Family Mortgage Purchase 2002 Series, 2005 for the Hawaii Rental Housing System 2004 Series, 2010 for the Multifamily Housing 1999 Series, 2011 for the 2000 Series, subject to a redemption premium which ranges from 2 percent to zero; and 2005 for the University of Hawaii Faculty Housing Program 1995 Series subject to redemption premiums that range from 1 percent to zero. The revenue bonds may also be redeemed without premium prior to maturity, at the option of the Corporation, as funds become available from undisbursed bond proceeds, principal payments and prepayments of mortgages, excess amounts in the debt service reserve account or excess revenues (as defined in the bond indentures).

During the year ended June 30, 2006, early redemptions totaled \$67,700,000.

Revenue bonds activity during the year was as follows:

| | Balance at July 1, 2005 | Additions | Reductions | Balance at June 30, 2006 |
|---|----------------------------|---------------------|----------------------|-----------------------------|
| Single Family Mortgage Purchase | \$309,065,000 | \$ - | \$ 73,325,000 | \$235,740,000 |
| Multifamily Housing | 31,641,208 | 6,165,000 | 384,558 | 37,421,650 |
| Hawaii Rental Housing System | 106,295,000 | - | 2,190,000 | 104,105,000 |
| University of Hawaii Faculty Housing Program | 15,065,000 | - | 395,000 | 14,670,000 |
| | 462,066,208 | 6,165,000 | 76,294,558 | 391,936,650 |
| Less deferred refunding amount | 3,846,604 | - | 511,837 | 3,334,767 |
| Total | <u>\$458,219,604</u> | <u>\$ 6,165,000</u> | <u>\$ 75,782,721</u> | <u>\$388,601,883</u> |

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE J – REVENUE BONDS PAYABLE (continued)

The approximate annual debt service requirements through 2011 and in five-year increments thereafter to maturity for revenue bonds are as follows:

| Year ending June 30: | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|-----------------------|-----------------------|-----------------------|
| 2007 | \$ 9,566,000 | \$ 19,088,000 | \$ 28,654,000 |
| 2008 | 10,011,000 | 18,684,000 | 28,695,000 |
| 2009 | 9,843,000 | 18,295,000 | 28,138,000 |
| 2010 | 11,885,000 | 17,879,000 | 29,764,000 |
| 2011 | 11,098,000 | 17,387,000 | 28,485,000 |
| 2012 – 2016 | 67,614,000 | 78,243,000 | 145,857,000 |
| 2017 – 2021 | 71,229,000 | 61,069,000 | 132,298,000 |
| 2022 – 2026 | 93,096,000 | 41,300,000 | 134,396,000 |
| 2027 – 2031 | 68,845,000 | 17,706,000 | 86,551,000 |
| 2032 – 2036 | 38,205,000 | 3,455,000 | 41,660,000 |
| 2037 – 2039 | 545,000 | 14,000 | 559,000 |
| | <u>\$ 391,937,000</u> | <u>\$ 293,120,000</u> | <u>\$ 685,057,000</u> |

Arbitrage Rebate

In order to ensure the exclusion of interest on the Corporation's Hawaii Rental Housing System revenue bonds and Single Family Mortgage Purchase 1989 Series A, 1990 Series A, 1991 Series A and B and 1994 Series A and B revenue bonds from gross income for federal income tax purposes, the Corporation calculates rebates due to the U. S. Treasury annually. The rebates are calculated by bond series based on the amount by which the cumulative amount of investment income exceeds the amount that would have been earned had funds been invested at the bond yield. At June 30, 2006, the Corporation determined that \$3,015,012 of rebates was due to the U. S. Treasury.

NOTE K – CONDUIT DEBT OBLIGATIONS

From time to time, the Corporation has issued Revenue Bonds to provide financial assistance to private sector entities for the acquisition and rehabilitation of multifamily rental housing developments. These bonds are special limited obligations of the Corporation, payable solely from and secured by a pledge of payments on the mortgage-backed securities. Neither the Corporation, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. The bonds are reported as liabilities in the accompanying financial statements along with the related assets.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE K – CONDUIT DEBT OBLIGATIONS (continued)

As of June 30, 2006, there were three series of Conduit Revenue Bonds outstanding, with an aggregate principal amount payable of \$37,421,650 reported as Multifamily Housing Revenue bonds.

NOTE L – LEASES

Lease Commitments

The Corporation leases land, buildings, and improvements under various noncancellable operating leases expiring at various dates through 2056. The land lease for the Banyan Street Manor Project contains the option to purchase the fee-simple interest in the land at any time for a specified percentage of fair market value at the time of purchase.

The minimum rental commitments under operating leases through 2011 and in five-year increments thereafter are as follows:

| Year ending June 30, | |
|----------------------|----------------------|
| 2007 | \$ 640,000 |
| 2008 | 652,000 |
| 2009 | 571,000 |
| 2010 | 492,000 |
| 2011 | 505,000 |
| 2012 – 2016 | 2,732,000 |
| 2017 – 2021 | 3,119,000 |
| 2022 – 2026 | 3,332,000 |
| 2027 – 2031 | 3,878,000 |
| 2032 – 2036 | 3,639,000 |
| 2037 – 2041 | 4,294,000 |
| 2042 – 2046 | 4,367,000 |
| 2047 – 2051 | 5,153,000 |
| 2052 – 2056 | 5,240,000 |
| | <u>\$ 38,614,000</u> |

Rent expense for the year ended June 30, 2006 totaled approximately \$568,000.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE L – LEASES (continued)

Lease Rentals

The Corporation leases land with a carrying value of approximately \$2,653,000 to various developers and home buyers. The leases are generally for 55 years with the last 25 years' lease rent negotiated based on the fair market value of the land. Rent income for the year ended June 30, 2006 was approximately \$345,000.

The future minimum lease rent from these operating leases at June 30, 2006 is as follows:

| Year ending June 30: | |
|----------------------|---------------------|
| 2007 | \$ 330,000 |
| 2008 | 309,000 |
| 2009 | 307,000 |
| 2010 | 305,000 |
| 2011 | 304,000 |
| 2012 – 2016 | 1,570,000 |
| 2017 – 2021 | 1,537,000 |
| 2022 – 2026 | 1,206,000 |
| | <u>\$ 5,868,000</u> |

NOTE M – COMMITMENTS AND CONTINGENCIES

Loan Guarantee

The Corporation has guaranteed up to \$40,000,000 of the mortgage loans sold by it to the Employees' Retirement System of the State of Hawaii (ERS). Upon the 120th day of any delinquency or default, the Corporation is obligated to cure the arrearage of principal and interest or buy back the delinquent loan. At June 30, 2006, the outstanding balance of mortgage loans that have been sold to the ERS which are covered by the loan guarantee was approximately \$155,000. At June 30, 2006, notes and loans receivables did not include any delinquent loans purchased back from the ERS.

Construction Contracts

At June 30, 2006, the Dwelling Unit Revolving Fund had outstanding commitments to expend approximately \$26,551,000 for the construction and renovation of housing projects and there were no outstanding commitments to fund interim loans for various projects.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE M – COMMITMENTS AND CONTINGENCIES (continued)

The Capital Projects Fund and the Fiduciary Funds had outstanding construction contract commitments of approximately \$4,939,000 at June 30, 2006.

Development Costs

The Kapolei development project primarily consists of eight residential villages and certain commercial parcels spread over approximately 888 acres of land. As of June 30, 2006, all but 18 acres of residential and 43 acres of commercial land has been substantially developed and sold. The estimated future cost of land sold relates primarily to the completion of certain off-site improvements at this project. This liability reflects amounts charged to the cost of land sold in excess of costs incurred. Management believes that the future revenues from this project will meet or exceed the net amount of this liability and the remaining costs to be incurred on the project.

Additionally, the Corporation has been in the process of developing two master planned communities on the neighbor islands – the Leiali'i project located in the West Maui area and the Lai'i'opua project located in North Kona. As large portions of these projects are located on public trust ("ceded") land owned by the State of Hawaii, and subject to lawsuits seeking to prevent the Corporation's sale or transfer of this land, these projects have been delayed indefinitely. As of June 30, 2006, the Corporation has remaining development rights related to the second phase of the Leiali'i project and 57 acres of the La'i'opua project. Development costs related to the Leiali'i project were approximately \$18.9 million at June 30, 2006. Management believes that the future revenues from this project will meet or exceed the aggregate of the development costs at June 30, 2006 and the remaining costs to be incurred.

Additionally, the Corporation has other developments costs and dwelling units of approximately \$2.1 million at June 30, 2006.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE M – COMMITMENTS AND CONTINGENCIES (continued)

Torts

The Corporation is involved in various actions, the outcome of which, in the opinion of management and the Attorney General, will not have a material adverse effect on the Corporation's financial position except for the OHA lawsuit described below. Losses, if any, are either covered by insurance or will be a liability against the State of Hawaii.

Workers' Compensation Policy

The Corporation has a retrospectively rated workers' compensation insurance policy. Based on available claim experience information, the minimum premium accrued for financial statement reporting purposes approximates the Corporation's ultimate workers' compensation cost.

Accumulated Sick Leave Pay

Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limitation. It may be taken only in the event of illness and is not convertible to pay upon termination of employment. However, a State employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit in the Employees' Retirement System of the State of Hawaii (ERS). Accumulated sick leave at June 30, 2006 amounted to approximately \$6,122,000.

Deferred Compensation Plan

In 1984, the State established a deferred compensation plan, which enables State employees to defer a portion of their compensation. The State Department of Human Resources Development has the fiduciary responsibility of administering the plan. Deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

Litigation

In November 1994, the Office of Hawaiian Affairs (OHA) filed a claim against the Corporation seeking declaratory and injunctive relief and for monetary damages pursuant to Sections 632-1 and 66-1 of the Hawaii Revised Statutes. The claim relates to certain ceded lands located in Lahaina, Maui. OHA seeks the following relief: (1) barring the Corporation from conveying and alienating the subject land from the public land trust and (2) finding any conveyance to a third party not an agency of the State or its political subdivision in violation of the Hawaii State Constitution.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE M – COMMITMENTS AND CONTINGENCIES (continued)

Litigation (continued)

In its claim, OHA also alleges that the Corporation is in violation of the Hawaii Revised Statutes Section 10-3.6 and Act 318, SLH 1992. In 1992, the Legislature enacted Act 318, which sets forth a plan to compensate OHA for land from the public land trust which was to be conveyed from the State Department of Land and Natural Resources (DLNR) to the Corporation for housing developments. Under Act 318, OHA is to be compensated 20 percent of the fair market value of ceded lands. OHA maintains that the fair market value of the Lahaina ceded lands was determined in May 1994. In November 1994, the ceded lands were conveyed from DLNR to the Corporation and a check for 20 percent of the fair market value of the property in the amount of \$5,573,604 was presented to OHA. OHA claims that a timely appraisal was not performed, 90 days before the date of conveyance, and that the conveyance of the Lahaina property was illegal. The payment was rejected by OHA and a liability remains outstanding as of June 30, 2006. In the event that OHA is not granted the injunctive and declaratory relief it seeks, OHA requests for a timely re-appraisal of the fair market value of the Lahaina ceded lands and payment in accordance with Act 318. The Corporation maintains that the fair market value was determined in August 1994 and therefore complies with the requirements of Act 318.

In November 1994, several individuals filed a claim similar to the OHA claim against DLNR and the Corporation seeking to enjoin the sale or transfer of certain ceded lands located in Lahaina, Maui, from the State to private individuals or entities. The claim alleges that the State does not have good marketable title of the ceded lands and any such sale or transfer would constitute an illegal conversion of lands. The plaintiffs seek an injunctive relief barring the Corporation from sale or transfer of the Lahaina ceded lands.

In response to the above claims, the State Department of Attorney General issued, in July 1995, its opinion as to whether the State has legal authority to sell or dispose of ceded lands. The Attorney General concluded that the State has been and remains empowered to sell trust lands subject to the terms of the trust.

The above claims have resulted in delays in the Leiali'i and La'i'opua Master Planned Community projects. The Corporation is presently evaluating alternatives and remains optimistic and committed to these projects. The Corporation will continue to work with innovation and creativity to resolve these concerns fairly, while still delivering quality houses in quality communities.

In 1994, an action was filed by OHA against the State and various unnamed parties claiming the State's alleged failure to properly account for and pay to OHA monies due to OHA, under Article XII of the Hawaii State Constitution and Chapter 10 of the Hawaii Revised Statutes, for occupation by the State on certain ceded lands, as more fully described below.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE M – COMMITMENTS AND CONTINGENCIES (continued)

Litigation (continued)

In December, 2002, following a trial on the issues, the trial court confirmed the State's authority to sell ceded lands, denied the declaratory ruling that the sale of ceded lands did not directly or indirectly release or limit Hawaiian's claims to those lands which the plaintiffs requested, and ordered that judgment be entered in the State's and Corporation's favor as to Counts I, II, and III of the Amended Complaint. The plaintiffs moved for and were granted leave to file immediate appeals from the court's rulings to the Hawaii Supreme Court. Those appeals are now pending. Trial to determine the sufficiency of the proceeds paid to OHA by the Corporation and the State from the sale of ceded lands at issue has not been scheduled.

The ultimate outcome of appeal cannot presently be determined. Accordingly, no provision for any liability nor its effect on the projects' net realizable value, if any, that may result upon adjudication, has been made in the accompanying statement of net assets.

It has been alleged but without certainty that payments received by the Corporation for all projects developed on ceded lands are subject to the above claim. However, the ultimate outcome of the litigation and its effect on the Corporation, if any, cannot presently be determined. Accordingly, no provision for any liability, if any, that may result from the resolution of this matter has been made in the statement of net assets.

In May 2004, public housing tenants filed a claim against the Corporation seeking declaratory and injunctive relief pursuant to U.S.C. §2201-02 & Rule 65 of the Federal Rules of Civil Procedure to adjust the Corporation's utility allowances to reflect changes in utility costs. The claim relates to the requirement per United States Housing Act, 42 U.S.C. §1437(a)(1), which requires that shelter costs for tenants residing in federally subsidized public housing projects do not exceed 30% of tenant income.

The plaintiffs allege the Corporation has failed to review or update the utility allowances for all projects since 1997. In establishing the utility allowances, the Corporation must annually review the utility allowances and make adjustments to reflect changes in the basis upon which the allowances are based. Additionally, where there is a change in the rates upon which the allowance is based of greater than 10%, the Corporation must make interim adjustments to its allowances. Also, the plaintiffs allege that since its last updated utility allowance, utility rates have increased substantially resulting in inadequate utility allowances and rent charges in excess of 30 percent of tenant income.

In August 2004, public housing disabled tenants filed a similar claim alleging the Corporation's failure to provide appropriate utility allowance as required by federal law and HUD regulations.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE M – COMMITMENTS AND CONTINGENCIES (continued)

Litigation (continued)

The ultimate outcome of the litigation and its effect on the Corporation, if any, cannot be presently determined. Accordingly, no provision for any liability, if any, that may result from the resolution of this matter has been made in the statement of net assets.

Ceded Lands

OHA et al. v. State of Hawaii, Civil No. 94-0205-01 (First Circuit)

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

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

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

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

On January 14, 1994, OHA filed suit against the State alleging that the State failed to properly account for and fully pay the pro rata share of proceeds and income derived from the lands of public trust established by the Admission Act and the 1978 amendments to the State Constitution. OHA seeks an accounting of all proceeds and income, funds and revenues derived from the lands since 1978, and

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE M – COMMITMENTS AND CONTINGENCIES (continued)

Ceded Lands (continued)

OHA et al. v. State of Hawaii, Civil No. 94-0205-01 (First Circuit)(continued)

restitution or damages amounting to 20 percent of the proceeds and income derived from (a) the lands since November 7, 1978, (b) the lands since June 16, 1980, and (c) the lands under Act 304, Session Laws of Hawaii 1990, as well as interest thereon. The State has denied all of OHA's substantive allegations, and asserted its sovereign immunity from suit and other jurisdictional and claim-barring defenses.

In May 1996, OHA filed four motions for partial summary judgment as to the State's liability to pay OHA 20 percent of monies from four specific sources, including rental housing projects of the Corporation situated on public trust lands. The State opposed those four motions. The State also filed a motion to dismiss on sovereign immunity grounds.

On October 24, 1996, the Circuit Court of the First Circuit of the State of Hawaii (First Circuit Court) denied the State's motion to dismiss and granted OHA's four motions for partial summary judgment. The State has filed an interlocutory appeal to the Hawaii Supreme Court from both orders. All other proceedings have been stayed pending the Hawaii Supreme Court's disposition of the appeal.

OHA's complaint and motions do not specify the State's alleged failures, nor do they state the dollar amount of the claims. The First Circuit Court's October 24, 1996 order granting OHA's motions for partial summary judgment did not determine the amounts owing. The basis and methodology for calculating any such amount are being disputed. OHA has not provided complete information for its claims for the period from 1981 through 1991, and has provided no information as to its claims for the period from 1991 to the present. The expert witness retained by OHA in this case has estimated that the State's potential liability for the four sources specified in OHA's summary judgment motions for the years 1981 through 1991 (but not thereafter) to be not less than \$178,000,000, of which approximately \$9,200,000 is related to gross rental income derived by the Corporation.

On June 30, 1997, the Governor approved Act 329, Session Laws of Hawaii, 1997. The purpose of this Act was to achieve a comprehensive, just and lasting resolution of all controversies relating to the proper management and disposition of the lands subject to public trust, and of the proceeds and income, which the lands generate. The Act also fixes the amount of proceeds and income OHA will receive during the two-year period at \$15.1 million per year, and requires the completion, continued maintenance, and use of a comprehensive inventory of the public trust lands.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE M – COMMITMENTS AND CONTINGENCIES (continued)

Ceded Lands (continued)

OHA et al. v. State of Hawaii, Civil No. 94-0205-01 (First Circuit) (continued)

On September 12, 2001 the Hawaii Supreme Court concluded by holding that Act 304 was effectively repealed by its own terms, and that there was no judicial management standard, by which to determine whether OHA was entitled to the revenues it sought because the repeal of Act 304 revived the law which the court in Yamasaki had previously concluded was insufficiently clear to establish how much OHA was entitled to receive. The Supreme Court dismissed this case for lack of justiciability. Immediately thereafter, agencies ceased paying OHA any receipts from the ceded lands.

The Legislature took no action during the 2002 and 2003 legislative sessions to establish a new mechanism for establishing how much OHA was to receive. On January 23, 2003, and pending legislative action to establish such a mechanism, the Governor issued Executive Order No. 03-03 directing state agencies to resume transferring receipts from the ceded lands to OHA. During the 2003 legislative session, the Legislature appropriated moneys from the various funds into which the ceded lands receipts had been deposited and directed the agencies to pay them to OHA. During the 2004 legislative session, the Legislature did not appropriate any moneys from the various funds. OHA continues to pursue its claims for a portion of the revenues from the ceded lands.

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

On July 27, 1995, OHA filed suit against the Hawaii Housing Authority and the State Director of Finance to secure additional compensation and an itemized accounting of the sums previously paid to OHA for five specifically identified parcels of ceded lands, which were transferred to the Authority for rental housing projects. On January 11, 2000, all proceedings in this suit were stayed pending the Hawaii Supreme Court's decision in the State's appeal.

The State's potential liability, if any, therefore, may be determined either (1) by the ruling by the Hawaii Supreme Court on the State's interlocutory appeal and, if such ruling is adverse to the State, the conclusion of any subsequent trial and related appeals, or (2) by legislation enacted as a result of the process set out in Act 329. Given all of the above, and the uncertain timing of any final disposition of the case, the State is not able to predict either the ultimate outcome of the case, or the magnitude of its potential liability, if any, with any reasonable certainty. A legislative resolution or judicial decision adverse to the State could have a material adverse effect on the State's financial condition.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE M – COMMITMENTS AND CONTINGENCIES (continued)

Ceded Lands (continued)

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

A legislative resolution or judicial decision adverse to the State could have a material adverse effect on the Corporation's financial condition if an adverse resolution or decision against the State includes liability for gross rental income derived by the Corporation from rental housing projects situated on lands in the public trust and the liability is imposed upon the Corporation. However, the ultimate outcome of the litigation and its effect on the Corporation, if any, cannot be determined. Accordingly, no estimate of loss has been made in the accompanying statement of net assets of the Corporation.

HUD Examination

In September 2002, HUD conducted a limited review of the Corporation's policies and procedures over procurement and contracting and the obligation and expenditure of Comprehensive Grant and Capital Fund Program funds. Based on the results of this limited review, HUD found several findings in these areas. The findings include the improper procurement of a construction contract totaling approximately \$771,000 to a construction company for repairs and maintenance of a housing project operated by the Corporation. During the fiscal year 2004, the Corporation made a payment to HUD of \$771,000 for the amounts paid under the construction contract.

As a result of the review, in September 2002, HUD issued a Corrective Action Order (CAO) for the Corporation. The CAO required that the Corporation, to perform certain corrective actions, including, but not limited to performing an assessment to identify improvements in its operations.

During 2005, as a result of the corrective action taken by the Corporation, HUD closed all findings identified in the CAO. Subsequently, allowing the Corporation to take the maximum points allowed under the Public Housing Assessment System (PHAS).

PHAS scores the Corporation on its Capital Fund Program by reviewing the unexpended funds, timeliness of fund obligation, contract administration, quality of physical work and budget controls. An on-site confirmatory review completed in December 2005 by the HUD Honolulu Office confirmed that the Corporation has met the highest level of performance under the Capital Fund Programs as required under PHAS.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE M – COMMITMENTS AND CONTINGENCIES (continued)

Memorandum of Agreement with HUD

In accordance with the provisions of its Low Rent Public Housing Annual Contribution Contract with HUD, if the Corporation's performance evaluation results in a designation as a "troubled" public housing agency, as defined by the provisions of Public Housing Assessment System (PHAS) as codified at 24 CFR Part 902, the Corporation must enter into a binding contractual agreement designated as a Memorandum of Agreement (MOA) with HUD for the purpose of improving its performance.

On September 30, 2004, the Corporation and HUD entered into an MOA, thereby requiring the Corporation to comply with certain terms and conditions, including but not limited to meeting certain performance targets, implementing prescribed strategies, and meeting certain timelines for improvement, including written progress reports.

On November 22, 2005, HUD removed the "troubled" agency status noting that the Corporation made significant progress in achieving the targets and strategies under the MOA. The Corporation received a PHAS score of 74 points out of 100 points.

NOTE N – RETIREMENT PLAN

Employees' Retirement System

Plan Description

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

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE N – RETIREMENT PLAN (continued)

Employees' Retirement System (continued)

Plan Description (continued)

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

Funding Policy

Most covered employees of the contributory plan are required to contribute 7.8 percent of their salary. Police officers, firefighters, investigators of the department of the prosecuting attorney and the attorney general, narcotics enforcement investigators, and public safety investigators are required to contribute 12.2 percent of their salary. The actuarial cost or funding method used to calculate the total employer contribution required is the entry age normal actuarial cost method. Under this method, the total employer contributions to the ERS is comprised of normal cost plus level annual payments required to amortize the unfunded actuarial accrued liability over the closed period ending June 30, 2029.

There was approximately \$1,869,000 of employer contributions (contributory and non-contributory) for the year ended June 30, 2006.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE O – POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the State provides certain health care and life insurance benefits to all employees hired prior to July 1, 1996 who retire from State employment on or after attaining age 62 with at least ten years of service or age 55 with at least thirty years of service under the noncontributory plan and age 55 with at least five years of service under the contributory plan. Retirees credited with at least ten years of service excluding sick leave credit qualify for free medical insurance premiums; however, retirees with less than ten years must assume a portion of the monthly premiums. All service-connected disability retirees who retired after June 30, 1984, with less than ten years of service also qualify for free medical insurance premiums. Free life insurance coverage for retirees and free dental coverage for dependents under age 19 is also available. Retirees covered by the medical portion of Medicare are eligible to receive a reimbursement of a portion of the basic medical coverage premiums.

For employees hired after July 1, 1996 and retire with fewer than twenty-five years of service, the State shall pay to a fund a monthly contribution equal to one-half of the retired employee's monthly Medicare or non-Medicare premium for certain medical benefits for retired employees with ten or more years of service; and seventy-five percent of the retired employee's monthly Medicare or non-Medicare premium for retired employees with at least fifteen but fewer than twenty-five years of service.

Contributions are based upon negotiated collective bargaining agreements, and are funded by the Corporation as accrued.

The Corporation's general fund share of the post-retirement benefits expense for the year ended June 30, 2006 has not been separately computed and is not reflected in the Corporation's financial statements. The Corporation's enterprise funds' and special revenue funds' share of the post-retirement health care and life insurance benefits expense for the year ended June 30, 2006 approximated \$909,000 and is included in the financial statements.

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE P – RELATED PARTY TRANSACTIONS

As discussed in Note M, management executed an agreement during December 2004 to transfer certain land and development rights to DHHL for \$33 million to be paid in 15 annual payments of \$2.2 million, with no provision for interest.

The Rental Assistance Fund and Section 8 Existing and Housing Voucher Programs provide rent subsidies to certain lessees of the Corporation's various projects. Total rent subsidies provided to lessees of the Corporation's various projects approximated \$1,112,000 and \$400,000 during the year ended June 30, 2006. These amounts have been recorded by the Corporation as rental income in the Hawaii Rental Housing System Revenue Bond Fund, Wilikina Apartments Project, and Kekumu at Waikoloa Project. In addition, the Corporation relocated its offices to the Pohulani building in September 1992. During the year ended June 30, 2006, the Hawaii Rental Housing System Revenue Bond Fund recorded rental income of approximately \$989,000, which was allocated as office rental expense to various funds of the Corporation. In addition, the State Department of Accounting and General Services (DAGS) incurred \$967,000 in rent to the Hawaii Rental Housing System Revenue Bond Fund for leased space in the Pohulani building. The term of the lease with DAGS is from September 1992 through August 2022. The minimum annual rental is determined by multiplying the previous year's minimum annual rent by one hundred three percent (103%).

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE Q – SEGMENT INFORMATION

In addition to the revenue bond funds reported as major proprietary funds, the Corporation has also issued revenue bonds to finance multifamily rental housing projects and provide interim and/or permanent financing for the construction or rehabilitation of affordable rental housing projects. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment.

Condensed Statement of Net Assets
(\$ in thousands)

| | Multifamily Housing Revenue Bond Fund | University of Hawaii Faculty Housing Program Revenue Bond Fund |
|----------------------------------|--|---|
| Assets: | | |
| Cash | \$ – | \$ 402 |
| Investment in financing lease | – | 16,363 |
| Receivables | 7,976 | 28 |
| Assets held by trustees | 30,279 | – |
| Other assets | 290 | 281 |
| Total assets | <u>\$ 38,545</u> | <u>\$ 17,074</u> |
| Liabilities: | | |
| Bonds payable | \$ 37,422 | \$ 14,670 |
| Other liabilities | 746 | 209 |
| Total liabilities | 38,168 | 14,879 |
| Net Assets - | | |
| Unrestricted | <u>377</u> | <u>2,195</u> |
| Total net assets | <u>377</u> | <u>2,195</u> |
| Total liabilities and net assets | <u>\$ 38,545</u> | <u>\$ 17,074</u> |

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE Q – SEGMENT INFORMATION (continued)

Condensed Statement of Revenues, Expenses, and Changes in Net Assets
(\$ in thousands)

| | Multifamily Housing Revenue Bond Fund | University of Hawaii Faculty Housing Program Revenue Bond Fund |
|--|--|---|
| Revenues: | | |
| Interest | \$ 440 | \$ 772 |
| Other | 125 | – |
| Total revenues | 565 | 772 |
| Expenses: | | |
| Interest | 2,138 | – |
| Other operating expenses | 107 | 19 |
| Total expenses | 2,245 | 19 |
| Operating (loss) income | (1,680) | 753 |
| Nonoperating Income (Expenses): | | |
| Interest income | 1,789 | – |
| Net increase in fair value of investments | (1,779) | – |
| Interest expense | – | (835) |
| Other | (6) | 18 |
| Total nonoperating income (expenses) | 4 | (817) |
| Change in net assets | (1,676) | (64) |
| Net Assets at July 1, 2005 | 2,053 | 2,259 |
| Net Assets at June 30, 2006 | \$ 377 | \$ 2,195 |

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE Q – SEGMENT INFORMATION (continued)

Condensed Statement of Cash Flows
(\$ in thousands)

| | Multifamily Housing Revenue Bond Fund | University of Hawaii Faculty Housing Program Revenue Bond Fund |
|--|--|--|
| Net Cash (Used in) Provided by: | | |
| Operating activities | \$ (7,869) | \$ 1,263 |
| Non-capital and related financing activities | - | - |
| Capital and related financing activities | 5,780 | (1,235) |
| Investing activities | 2,396 | - |
| Net increase in cash and cash equivalents | 307 | 28 |
| Cash and Cash Equivalents at July 1, 2005 | 8 | 374 |
| Cash and Cash Equivalents at June 30, 2006 | <u>\$ 315</u> | <u>\$ 402</u> |

NOTE R – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2006 is as follows:

| Due from | Housing Voucher Program | Section 8 | Dwelling Unit Revolving Fund | Federal Low Rent Program | Nonmajor – Proprietary |
|------------------------------|-------------------------------|------------------|---------------------------------------|--------------------------------|---------------------------|
| General Fund | \$ - | \$ - | \$ - | \$ - | \$ 77,412 |
| Housing Voucher Program | - | - | 2,508 | 1,437 | 2,289,393 |
| Section 8 | - | - | 210 | 1,594 | 90,258 |
| Dwelling Unit Revolving Fund | - | - | - | - | 84,660 |
| Single Family | - | - | - | - | 130,859 |
| Federal Low-Rent Program | - | - | 44,407 | 369,835 | 1,604,762 |
| Hawaii Rental Housing System | - | - | - | - | 101,665 |
| Internal Services | - | - | - | - | 59,513 |
| Nonmajor – Proprietary | 1,705,000 | 832,566 | 415,000 | 3,486,453 | 5,104,648 |
| Nonmajor – Government | - | - | - | - | 10,644 |
| TOTAL | <u>\$1,705,000</u> | <u>\$832,566</u> | <u>\$ 462,125</u> | <u>\$3,859,319</u> | <u>\$9,553,814</u> |

Housing and Community Development Corporation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2006

NOTE R – INTERFUND RECEIVABLES AND PAYABLES (continued)

All other balances are due to interfund goods or services provided or reimbursable expenditures and payments between funds.

NOTE S – SUBSEQUENT EVENTS

On July 1, 2006, the Corporation redeemed \$11,325,000 of outstanding revenue bonds from the Single Family Mortgage Purchase Revenue Bond Fund, including \$5,795,000 of early redemptions.

In accordance with Act 196, SLH 2005, the Corporation will be split into two organizations to more effectively concentrate on the development of affordable housing. The legislature found that the State's role in maintaining affordable housing in Hawaii has evolved into two parts: (1) Administering the State's public housing programs; and (2) Financing and developing affordable housing. Effective July 1, 2006 the Corporation will be bifurcated into (1) the Hawaii public housing administration and (2) the Hawaii housing finance and development administration.

NOTE T – NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING

The Governmental Accounting Standards Board (GASB) has issued the following Statements applicable to the Corporation:

- Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities/assets, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. This Statement is effective for financial statements period beginning after December 15, 2007. The Corporation has not yet analyzed the potential effect on the financial statements, if any, of adopting Statement No. 45.
- Statement No. 48 "Sales and Pledges of Receivables and Future Revenues of Intra-Entity Transfers of Assets and Future Revenues" establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables for specific future revenues. This Statement is effective for financial statements period beginning after December 15, 2006 and is not expected to have a material effect on the Corporation's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANGEMENT'S DISCUSSION AND ANALYSIS

Housing and Community Development Corporation of Hawaii

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE -
MAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2006

| | General Fund | | |
|---|-------------------------|----------------------|-------------------------|
| | <u>Original budget</u> | <u>Final budget</u> | <u>Budgetary Actual</u> |
| Revenues - | | | |
| State allotted appropriations | <u>\$ 8,388,167</u> | <u>\$ 13,779,723</u> | <u>\$ 13,672,761</u> |
| Expenditures: | | | |
| Homeless service and assistance program | 6,566,670 | 11,951,459 | 11,853,174 |
| Rental housing and assistance program | <u>1,821,497</u> | <u>1,828,264</u> | <u>1,819,587</u> |
| REVENUES EQUALS | | | |
| EXPENDITURES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | |
| | Housing Voucher Program | | |
| | <u>Original budget</u> | <u>Final budget</u> | <u>Budgetary Actual</u> |
| Revenues - | | | |
| HUD contributions | <u>\$ 17,674,550</u> | <u>\$ 17,431,614</u> | <u>\$ 16,542,335</u> |
| Expenditures - | | | |
| Rental housing and assistance program | <u>17,674,550</u> | <u>17,431,614</u> | <u>16,960,580</u> |
| DEFICIENCY OF REVENUES | | | |
| UNDER EXPENDITURES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (418,245)</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE -
MAJOR GOVERNMENTAL FUNDS (continued)

Year ended June 30, 2006

| | <u>Section 8 Contract Administration</u> | | |
|--|--|----------------------|-------------------------|
| | <u>Original budget</u> | <u>Final budget</u> | <u>Budgetary Actual</u> |
| Revenues | | | |
| HUD contributions | <u>\$ 35,950,963</u> | <u>\$ 28,686,927</u> | <u>\$ 18,957,619</u> |
| Expenditures | | | |
| Rental housing and assistance program | <u>35,950,963</u> | <u>28,686,927</u> | <u>19,226,900</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (269,281)</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE -
BUDGET-TO-GAAP RECONCILIATION

Year ended June 30, 2006

| | <u>General Fund</u> | <u>Housing Voucher Program</u> | <u>Section 8 Contract Administration</u> |
|---|---------------------|--|--|
| Excess of revenues over expenditures and other sources and uses - actual on budgetary basis | \$ - | \$ (418,245) | \$ (269,281) |
| Reserve for encumbrance at year end* | 5,967,465 | - | - |
| Expenditures for liquidation of prior year's encumbrances | (621,743) | - | - |
| Reversion of prior year's allotments | (63,258) | - | - |
| Accrual adjustments and other | <u>535,097</u> | <u>(162,456)</u> | <u>(20,001)</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER USES - US GAAP BASIS | <u>\$ 5,817,561</u> | <u>\$ (580,701)</u> | <u>\$ (289,282)</u> |

* Amount reflects the encumbrance balance included in continuing appropriation.

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

Housing and Community Development Corporation of Hawaii

COMBINING BALANCE SHEET -- NONMAJOR GOVERNMENTAL FUNDS

June 30, 2006

| ASSETS | Drug Elimination Program | Shelter Plus Care | HOPWA Program | Other | Total |
|--|--------------------------------|----------------------|------------------|-------------------|-------------------|
| Current Assets: | | | | | |
| Cash | \$ 243 | \$ 25 | \$ 7,869 | \$ 58 | \$ 8,195 |
| Due from HUD | - | 26,909 | 17,655 | 294,151 | 338,715 |
| | <u>243</u> | <u>26,909</u> | <u>17,655</u> | <u>294,151</u> | <u>338,715</u> |
| TOTAL ASSETS | <u>\$ 243</u> | <u>\$ 26,934</u> | <u>\$ 25,524</u> | <u>\$ 294,209</u> | <u>\$ 346,910</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 26,909 | \$ 14,956 | \$ 286,188 | \$ 328,053 |
| Due to other funds | - | - | 2,699 | 7,945 | 10,644 |
| Due to HUD | 243 | 25 | 7,869 | 76 | 8,213 |
| | <u>243</u> | <u>26,934</u> | <u>25,524</u> | <u>294,209</u> | <u>346,910</u> |
| Total current liabilities | 243 | 26,934 | 25,524 | 294,209 | 346,910 |
| Fund Balance - Unreserved | - | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | - | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 243</u> | <u>\$ 26,934</u> | <u>\$ 25,524</u> | <u>\$ 294,209</u> | <u>\$ 346,910</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2006

| | Drug Elimination Program | Shelter Plus Care | HOPWA Program | Other | Total |
|---|--------------------------------|----------------------|------------------|--------------|--------------|
| Revenue: | | | | | |
| Intergovernmental – HUD annual contributions and others | \$ - | \$ 393,422 | \$ 198,761 | \$ 1,162,807 | \$ 1,754,990 |
| State allotted appropriations, net of lapsed funds | - | - | - | 350,000 | 350,000 |
| Total revenues | - | 393,422 | 198,761 | 1,512,807 | 2,104,990 |
| Expenditures: | | | | | |
| Administration | - | 393,422 | 198,761 | 1,577,424 | 2,169,607 |
| Professional services | - | - | - | 7,086 | 7,086 |
| Total expenditures | - | 393,422 | 198,761 | 1,584,510 | 2,176,693 |
| NET CHANGE IN FUND BALANCES | - | - | - | (71,703) | (71,703) |
| Fund Balance at July 1, 2005 | - | - | - | 71,703 | 71,703 |
| Fund Balance at June 30, 2006 | \$ - | \$ - | \$ - | \$ - | \$ - |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF NET ASSETS – NONMAJOR ENTERPRISE FUNDS

| | June 30, 2006 | | | |
|---|-----------------------|----------------------|------------------------|-----------------------|
| ASSETS | Revenue Bond Funds | Other Funds | Miscellaneous Funds | Total |
| Current Assets: | | | | |
| Cash | | | | |
| Receivables: | \$ 401,779 | \$ 4,152,000 | \$ 71,626,320 | \$ 76,180,099 |
| Mortgage loans | 26,227 | - | 387,042 | 413,269 |
| Accrued interest | 125,006 | 32,966 | 2,486,531 | 2,644,503 |
| Tenant receivables, less allowance for doubtful accounts | - | 166,153 | - | 166,153 |
| Other | 42,533 | 564,689 | 166,709 | 773,931 |
| | <u>193,766</u> | <u>763,808</u> | <u>3,040,282</u> | <u>3,997,856</u> |
| Due from HUD | - | 192,570 | - | 192,570 |
| Due from other funds | - | 804,516 | - | 804,516 |
| Inventories- materials and supplies, less allowance | 289,567 | 62,431 | 8,134,731 | 9,228,814 |
| Net investment in financing lease | - | - | 101,007 | 101,007 |
| Prepaid expenses and other assets | 499,184 | - | - | 499,184 |
| Deposits held in trust | - | 52,373 | 137,874 | 190,247 |
| Deferred bond issuance costs | - | 92,688 | 6,898 | 99,586 |
| | <u>18,106</u> | <u>-</u> | <u>-</u> | <u>18,106</u> |
| Total current assets | <u>1,402,402</u> | <u>6,120,386</u> | <u>83,047,112</u> | <u>90,569,900</u> |
| Assets Held by Trustees Under Revenue Bond Programs: | | | | |
| Cash and cash equivalent | 315,792 | - | - | 315,792 |
| Investments | 29,963,575 | - | - | 29,963,575 |
| | <u>30,279,367</u> | <u>-</u> | <u>-</u> | <u>30,279,367</u> |
| Investments | - | - | 6,380,627 | 6,380,627 |
| Mortgage Loans, net of current portion | 7,810,423 | - | 55,254,167 | 63,064,590 |
| Notes and Loans, net of current portion | - | 426,100 | - | 426,100 |
| Other Receivables | - | 517,712 | - | 517,712 |
| Advances to Other Funds | - | 325,000 | - | 325,000 |
| Net Investment in Financing Lease, net of current portion | 15,863,896 | - | - | 15,863,896 |
| Deferred Bond Issuance Costs, net of current portion | 262,495 | - | - | 262,495 |
| Restricted Deposits and Funded Reserves | - | 8,506,200 | - | 8,506,200 |
| Capital Assets, less accumulated depreciation | - | 71,096,436 | - | 71,096,436 |
| | <u>-</u> | <u>71,096,436</u> | <u>-</u> | <u>71,096,436</u> |
| TOTAL ASSETS | <u>\$ 55,618,583</u> | <u>\$ 86,991,834</u> | <u>\$ 144,681,906</u> | <u>\$ 287,292,323</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF NET ASSETS – NONMAJOR ENTERPRISE FUNDS (continued)

June 30, 2006

| LIABILITIES AND FUND NET ASSETS | Revenue Bond Funds | Other Funds | Miscellaneous Funds | Total |
|--|-----------------------------|-----------------------------|------------------------------|------------------------------|
| Current Liabilities: | | | | |
| Accounts payable | \$ - | \$ 114,946 | \$ 740,216 | \$ 855,162 |
| Accrued expenses: | | | | |
| Interest | 938,474 | - | - | 938,474 |
| Other | 8,075 | 649,737 | 276,504 | 934,316 |
| Due to other funds | 8,268 | 4,227,793 | 7,307,606 | 11,543,667 |
| Due to HUD | - | 9,712 | - | 9,712 |
| Due to State of Hawaii | - | - | 25,000 | 25,000 |
| Security deposits | - | 303,500 | 474,441 | 777,941 |
| Mortgage payable | - | 131,639 | - | 131,639 |
| Deferred Income | - | 4,852 | - | 4,852 |
| Revenue bonds payable, less deferred refunding cost | 825,779 | - | - | 825,779 |
| Total current liabilities | <u>1,780,596</u> | <u>5,442,179</u> | <u>8,823,767</u> | <u>16,046,542</u> |
| Note payable, net of current portion | - | 171,327 | - | 171,327 |
| Mortgage payable, net of current portion | - | 6,088,180 | - | 6,088,180 |
| Revenue Bonds Payable, net of current portion | 51,265,871 | - | - | 51,265,871 |
| Net Assets: | | | | |
| Invested in capital assets, net of related debt | - | 64,876,617 | - | 64,876,617 |
| Restricted by legislation and contractual agreements | 30,279,367 | 8,506,200 | - | 38,785,567 |
| Unrestricted | (27,707,251) | 1,907,331 | 135,858,139 | 110,058,219 |
| Total net assets | <u>2,572,116</u> | <u>75,290,148</u> | <u>135,858,139</u> | <u>213,720,403</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 55,618,583</u> | <u>\$ 86,991,834</u> | <u>\$ 144,681,906</u> | <u>\$ 287,292,323</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF REVENUES AND EXPENSES – NONMAJOR ENTERPRISE FUNDS

| | June 30, 2006 | | | |
|--|-----------------------|-----------------------|------------------------|----------------------|
| | Revenue Bond Funds | Other Funds | Miscellaneous Funds | Total |
| Operating Revenues: | | | | |
| Interest on mortgages, notes, loans, mortgage-backed securities, and net investment in financing lease (note I) | \$ 1,211,921 | \$ - | \$ 1,113,651 | \$ 2,325,572 |
| Rental | - | 4,522,123 | - | 4,522,123 |
| Conveyance tax | - | - | 16,993,834 | 16,993,834 |
| Other | 124,978 | 728,867 | 4,549,799 | 5,403,644 |
| Total operating revenues | 1,336,899 | 5,250,990 | 22,657,284 | 29,245,173 |
| Operating Expenses: | | | | |
| Project | - | - | 2,693,722 | 2,693,722 |
| Personal services | 42,218 | 1,595,275 | 1,990,458 | 3,627,951 |
| Depreciation | - | 2,453,572 | - | 2,453,572 |
| Housing assistance payments | - | - | 1,677,471 | 1,677,471 |
| Administration | 9,823 | 660,832 | 359,758 | 1,030,413 |
| Provision for losses | - | 172,876 | - | 172,876 |
| Professional services | 15,160 | 111,289 | 137,691 | 264,140 |
| Security | 8 | 1,857 | 116 | 1,981 |
| Insurance | 62 | 60,326 | 6,804 | 67,192 |
| Repairs and maintenance | 81 | 1,249,627 | 52,178 | 1,301,886 |
| Utilities | - | 1,391,645 | - | 1,391,645 |
| Capital expenditures | 84 | 15,560 | 6,390 | 22,034 |
| Interest expense | 2,137,558 | - | - | 2,137,558 |
| Other | 58,353 | 209,229 | 151,248 | 418,830 |
| Total operating expenses | 2,263,347 | 7,922,088 | 7,075,836 | 17,261,271 |
| Operating (loss) income | (926,448) | (2,671,098) | 15,581,448 | 11,983,902 |
| Nonoperating Revenues (Expenses): | | | | |
| Interest income - cash and investments | 1,789,378 | 448,743 | 2,569,939 | 4,808,060 |
| Net decrease in fair value of investments | (1,778,831) | - | (750,227) | (2,529,058) |
| Interest expense | (835,240) | (164,683) | (11,390) | (1,011,313) |
| Trustee fees | (7,190) | - | - | (7,190) |
| Amortization of deferred bond issuance costs | (18,515) | - | - | (18,515) |
| Other revenues | 36,952 | - | - | 36,952 |
| Total nonoperating (expenses) revenues | (813,446) | 284,060 | 1,808,322 | 1,278,936 |
| Net Operating Transfers | - | 255,047 | (5,034) | 250,013 |
| CHANGE IN NET ASSETS | \$ (1,739,894) | \$ (2,131,991) | \$ 17,384,736 | \$ 13,512,851 |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF CHANGES IN FUND NET ASSETS – NONMAJOR ENTERPRISE FUNDS

June 30, 2006

| | <u>Revenue Bond Funds</u> | <u>Other Funds</u> | <u>Miscellaneous Funds</u> | <u>Total</u> |
|-----------------------------|-------------------------------|----------------------|--------------------------------|-----------------------|
| Net Assets at July 1, 2005 | \$ 4,312,010 | \$ 77,422,139 | \$ 118,473,403 | \$ 200,207,552 |
| Change in Net Assets | <u>(1,739,894)</u> | <u>(2,131,991)</u> | <u>17,384,736</u> | <u>13,512,851</u> |
| Net Assets at June 30, 2006 | <u>\$ 2,572,116</u> | <u>\$ 75,290,148</u> | <u>\$ 135,858,139</u> | <u>\$ 213,720,403</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS

June 30, 2006

| | Revenue Bond Funds | Other Funds | Miscellaneous Funds | Total |
|---|-----------------------|----------------|------------------------|------------------|
| Cash Flows from Operating Activities: | | | | |
| Cash received from renters | \$ - | \$ 4,197,754 | \$ 406,944 | \$ 4,604,698 |
| Cash received from borrowers | | | | |
| Principal repayments | 34,558 | - | 3,687,690 | 3,722,248 |
| Interest income | 440,053 | - | 885,550 | 1,325,603 |
| Cash received from net investment in financing lease | 1,249,521 | - | - | 1,249,521 |
| Cash received for conveyance taxes | - | - | 16,993,834 | 16,993,834 |
| Cash to borrower | (6,165,000) | - | - | (6,165,000) |
| Cash payments for loan originations | - | - | (5,444,471) | (5,444,471) |
| Cash payments for interest | (2,112,739) | - | - | (2,112,739) |
| Cash payments to employees | (23,146) | (1,595,275) | (1,964,667) | (3,583,088) |
| Cash payments to suppliers | (109,878) | (3,466,149) | (4,391,174) | (7,967,201) |
| Cash (payments to) receipts from other funds | (63,195) | 959,862 | (1,454,356) | (557,689) |
| Other cash receipts | 144,450 | 24,612 | 4,030,279 | 4,199,341 |
| | <u>(6,605,376)</u> | <u>120,804</u> | <u>12,749,629</u> | <u>6,265,057</u> |
| Net cash (used in) provided by operating activities | | | | |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Cash received from borrower | - | - | 3,250,002 | 3,250,002 |
| Interest paid to the Department of Budget and Finance | - | (1,002) | (11,390) | (12,392) |
| Operating transfers in | - | 188,536 | - | 188,536 |
| Operating transfers out | - | - | (5,034) | (5,034) |
| | <u>-</u> | <u>187,534</u> | <u>3,233,578</u> | <u>3,421,112</u> |
| Net cash provided by noncapital financing activities | | | | |
| Subtotal carried forward | \$ (6,605,376) | \$ 308,338 | \$ 15,983,207 | \$ 9,686,169 |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS (continued)

June 30, 2006

| | Revenue Bond Funds | Other Funds | Miscellaneous Funds | Total |
|---|-----------------------|--------------|------------------------|---------------|
| Subtotal brought forward | \$ (6,605,376) | \$ 308,338 | \$ 15,983,207 | \$ 9,686,169 |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Principal paid on revenue bond maturities and redemptions | (779,558) | - | - | (779,558) |
| Other financing source - new bond issuance | 6,165,000 | - | - | 6,165,000 |
| Interest paid on revenue bonds | (840,029) | - | - | (840,029) |
| Payments for acquisition of property and equipment | - | (476,776) | - | (476,776) |
| Principal payments on mortgage loans | - | (122,864) | - | (122,864) |
| Payments of interest | - | (163,681) | - | (163,681) |
| Other | - | 107,561 | - | 107,561 |
| Net cash provided by (used in) capital and related financing activities | 4,545,413 | (655,760) | - | 3,889,653 |
| Cash Flows from Investing Activities: | | | | |
| Purchases of investments | (1,404,012) | - | - | (1,404,012) |
| Proceeds from maturities of investments | 2,039,679 | - | 1,723 | 2,041,402 |
| Receipts of interest | 1,760,442 | 401,580 | 2,524,174 | 4,686,196 |
| Net increase in restricted deposits and funded reserves | - | (1,049,764) | - | (1,049,764) |
| Net cash provided by (used in) investing activities | 2,396,109 | (648,184) | 2,525,897 | 4,273,822 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 336,146 | (995,606) | 18,509,104 | 17,849,644 |
| Cash and Cash Equivalents at July 1, 2005 | 381,425 | 5,147,606 | 53,117,216 | 58,646,247 |
| Cash and Cash Equivalents at June 30, 2006 | \$ 717,571 | \$ 4,152,000 | \$ 71,626,320 | \$ 76,495,891 |
| Reconciliation of Cash to Cash and Cash Equivalents: | | | | |
| Cash | \$ 401,779 | \$ 4,152,000 | \$ 71,626,320 | \$ 76,180,099 |
| Money market funds | 315,792 | - | - | 315,792 |
| Cash and Cash Equivalents at June 30, 2006 | \$ 717,571 | \$ 4,152,000 | \$ 71,626,320 | \$ 76,495,891 |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS (continued)

June 30, 2006

| | Revenue Bond Funds | Other Funds | Miscellaneous Funds | Total |
|---|-----------------------|-------------------|------------------------|---------------------|
| Cash Flows from Operating Activities: | | | | |
| Reconciliation of operating (loss) income to net cash (used in) provided by operating activities: | | | | |
| Operating (loss) income | \$ (926,448) | \$ (2,671,098) | \$ 15,581,448 | \$ 11,983,902 |
| Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities: | | | | |
| Depreciation | - | 2,453,572 | - | 2,453,572 |
| Recovery of losses | - | 172,876 | - | 172,876 |
| Changes in assets and liabilities: | | | | |
| Mortgage loan receivables | (6,130,442) | - | (1,678,966) | (7,809,408) |
| Accrued interest receivable on mortgages, notes and loans | - | - | (311,007) | (311,007) |
| Tenant receivables | - | (165,256) | - | (165,256) |
| Other receivables | 465,708 | (533,380) | (29,670) | (97,342) |
| Due from other funds | (69,040) | (14,109) | (891,295) | (974,444) |
| Due from State of Hawaii | - | - | 2,257 | 2,257 |
| Due from HUD | - | (189,085) | - | (189,085) |
| Inventories | - | 13,682 | (6,742) | 6,940 |
| Prepaid expenses and other assets | - | 12,419 | 262,612 | 275,031 |
| Net investment in lease financing | 31,417 | - | - | 31,417 |
| Deposits held in trust | - | 7,315 | - | 7,315 |
| Accounts payable | - | 18,012 | 448,521 | 466,533 |
| Accrued interest payable | 24,819 | - | - | 24,819 |
| Other accrued expenses | (7,235) | 18,833 | 12,231 | 23,829 |
| Due to other funds | 5,845 | 973,971 | (561,945) | 417,871 |
| Due to HUD | - | 6,010 | - | 6,010 |
| Security deposits | - | 14,823 | (77,815) | (62,992) |
| Deferred income | - | 2,219 | - | 2,219 |
| Net cash (used in) provided by operating activities | <u>\$ (6,605,376)</u> | <u>\$ 120,804</u> | <u>\$ 12,749,629</u> | <u>\$ 6,265,057</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF NET ASSETS – NONMAJOR REVENUE BOND FUNDS

Year ended June 30, 2006

| ASSETS | Multifamily Housing Revenue Bond Fund | University of Hawaii Faculty Housing Program Revenue Bond Fund | Total |
|---|--|--|----------------------|
| Current Assets: | | | |
| Cash | \$ - | \$ 401,779 | \$ 401,779 |
| Receivables: | | | |
| Mortgage loans | 26,227 | - | 26,227 |
| Accrued interest | 125,006 | - | 125,006 |
| Other | 14,428 | 28,105 | 42,533 |
| Due from other funds | 289,567 | - | 289,567 |
| Net investment in financing lease | - | 499,184 | 499,184 |
| Deferred bond issuance costs | - | 18,106 | 18,106 |
| Total current assets | <u>455,228</u> | <u>947,174</u> | <u>1,402,402</u> |
| Assets Held by Trustees Under Revenue Bond Programs: | | | |
| Cash and cash equivalents | 315,792 | - | 315,792 |
| Investments | 29,963,575 | - | 29,963,575 |
| Mortgage Loans, net of current portion | 7,810,423 | - | 7,810,423 |
| Net Investment in Financing Lease, net of current portion | - | 15,863,896 | 15,863,896 |
| Deferred Bond Issuance Costs, net of current portion | - | 262,495 | 262,495 |
| TOTAL ASSETS | <u>\$ 38,545,018</u> | <u>\$ 17,073,565</u> | <u>\$ 55,618,583</u> |
| LIABILITIES AND NET ASSETS | | | |
| Current Liabilities: | | | |
| Accrued interest | \$ 730,861 | \$ 207,613 | \$ 938,474 |
| Other accrued expenses | 8,075 | - | 8,075 |
| Due to other funds | 6,836 | 1,432 | 8,268 |
| Revenue bonds payable | 410,779 | 415,000 | 825,779 |
| Total current liabilities | <u>1,156,551</u> | <u>624,045</u> | <u>1,780,596</u> |
| Revenue Bonds Payable, net of current portion | 37,010,871 | 14,255,000 | 51,265,871 |
| Net Assets - | | | |
| Restricted by legislation and contractual agreements | 30,279,367 | - | 30,279,367 |
| Unrestricted | (29,901,771) | 2,194,520 | (27,707,251) |
| Total net assets | <u>377,596</u> | <u>2,194,520</u> | <u>2,572,116</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 38,545,018</u> | <u>\$ 17,073,565</u> | <u>\$ 55,618,583</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF REVENUES AND EXPENSES – NONMAJOR REVENUE BOND FUNDS

Year ended June 30, 2006

| | Multifamily Housing Revenue Bond Fund | University of Hawaii Faculty Housing Program Revenue Bond Fund | Total |
|---|--|--|-----------------------|
| Operating Revenues: | | | |
| Interest on mortgages, notes, loans, mortgage-backed securities and net investment in financing lease (note J) | \$ 440,053 | \$ 771,868 | \$ 1,211,921 |
| Other | 124,978 | - | 124,978 |
| Total operating revenues | 565,031 | 771,868 | 1,336,899 |
| Operating Expenses: | | | |
| Personal services | 23,146 | 19,072 | 42,218 |
| Administration | 9,823 | - | 9,823 |
| Professional services | 15,160 | - | 15,160 |
| Security | 8 | - | 8 |
| Insurance | 62 | - | 62 |
| Repairs and maintenance | 81 | - | 81 |
| Capital expenditures | 84 | - | 84 |
| Interest expense | 2,137,558 | - | 2,137,558 |
| Other | 58,353 | - | 58,353 |
| Total operating expenses | 2,244,275 | 19,072 | 2,263,347 |
| Operating (loss) income | (1,679,244) | 752,796 | (926,448) |
| Nonoperating Revenues (Expenses): | | | |
| Interest income - cash and investments | 1,789,378 | - | 1,789,378 |
| Net decrease in fair value of investments | (1,778,831) | - | (1,778,831) |
| Interest expense | - | (835,240) | (835,240) |
| Trustee fees | (7,190) | - | (7,190) |
| Amortization of deferred bond issuance costs | - | (18,515) | (18,515) |
| Other revenues | - | 36,952 | 36,952 |
| Total nonoperating revenues (expenses) | 3,357 | (816,803) | (813,446) |
| CHANGE IN NET ASSETS | \$ (1,675,887) | \$ (64,007) | \$ (1,739,894) |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF CHANGES IN FUND NET ASSETS --
NONMAJOR REVENUE BOND FUNDS

Year ended June 30, 2006

| | Multifamily Housing Revenue Bond Fund | University of Hawaii Faculty Housing Program Revenue Bond Fund | Total |
|-----------------------------|--|--|---------------------|
| Net Assets at July 1, 2005 | \$ 2,053,483 | \$ 2,258,527 | \$ 4,312,010 |
| Change in Net Assets | <u>(1,675,887)</u> | <u>(64,007)</u> | <u>(1,739,894)</u> |
| Net Assets at June 30, 2006 | <u>\$ 377,596</u> | <u>\$ 2,194,520</u> | <u>\$ 2,572,116</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR REVENUE BOND FUNDS

Year ended June 30, 2006

| | Multifamily Housing Revenue Bond Fund | University of Hawaii Faculty Housing Program Revenue Bond Fund | Total |
|---|--|--|-------------------|
| Cash Flows from Operating Activities: | | | |
| Cash received from borrowers: | | | |
| Principal repayments | \$ 34,558 | \$ - | \$ 34,558 |
| Interest income | 440,053 | - | 440,053 |
| Cash received from net investment in financing lease | - | 1,249,521 | 1,249,521 |
| Cash to borrower | (6,165,000) | - | (6,165,000) |
| Cash payments for interest | (2,112,739) | - | (2,112,739) |
| Cash payments to employees | (23,146) | - | (23,146) |
| Cash payments to suppliers | (90,806) | (19,072) | (109,878) |
| Cash (payments to) receipts from other funds | (64,627) | 1,432 | (63,195) |
| Other cash receipts | 113,033 | 31,417 | 144,450 |
| Net cash (used in) provided by operating activities | (7,868,674) | 1,263,298 | (6,605,376) |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Principal paid on revenue bond maturities and redemptions | (384,558) | (395,000) | (779,558) |
| Other financing source - new bond issuance | 6,165,000 | - | 6,165,000 |
| Interest paid on revenue bonds | - | (840,029) | (840,029) |
| Net cash provided by (used in) capital and related financial activities | 5,780,442 | (1,235,029) | 4,545,413 |
| Cash Flows from Investing Activities: | | | |
| Purchases of investments | (1,404,012) | - | (1,404,012) |
| Proceeds from maturities of investments | 2,039,679 | - | 2,039,679 |
| Receipts of interest | 1,760,442 | - | 1,760,442 |
| Net cash provided by investing activities | 2,396,109 | - | 2,396,109 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 307,877 | 28,269 | 336,146 |
| Cash and Cash Equivalents at July 1, 2005 | 7,915 | 373,510 | 381,425 |
| Cash and Cash Equivalents at June 30, 2006 | <u>\$ 315,792</u> | <u>\$ 401,779</u> | <u>\$ 717,571</u> |
| Reconciliation of Cash to Cash and Cash Equivalents: | | | |
| Cash | \$ - | \$ 401,779 | \$ 401,779 |
| Money market funds | 315,792 | - | 315,792 |
| Cash and Cash Equivalents at June 30, 2006 | <u>\$ 315,792</u> | <u>\$ 401,779</u> | <u>\$ 717,571</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR REVENUE BOND FUNDS (continued)

Year ended June 30, 2006

| | Multifamily Housing Revenue Bond Fund | University of Hawaii Faculty Housing Program Revenue Bond Fund | Total |
|--|--|--|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Cash Flows from Operating Activities: | | | |
| Reconciliation of operating (loss) income to net cash (used in) provided by operating activities: | | | |
| Operating (loss) income | \$ (1,679,244) | \$ 752,796 | \$ (926,448) |
| Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities: | | | |
| Changes in assets and liabilities: | | | |
| Mortgage loans receivables | (6,130,442) | - | (6,130,442) |
| Due from other funds | (69,040) | - | (69,040) |
| Other receivables | (11,945) | 477,653 | 465,708 |
| Net investment in lease financing | - | 31,417 | 31,417 |
| Accrued interest payable | 24,819 | - | 24,819 |
| Other accrued expenses | (7,235) | - | (7,235) |
| Due to other funds | 4,413 | 1,432 | 5,845 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash (used in) provided by operating activities | <u>\$ (7,868,674)</u> | <u>\$ 1,263,298</u> | <u>\$ (6,605,376)</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF NET ASSETS - NONMAJOR OTHER ENTERPRISE FUNDS

June 30, 2006

| ASSETS | Housing Revolving Fund | Housing for Elders Revolving Fund | Teacher Housing Revolving Fund | Banyan Street Manor Project | Wilikina Apartments Project | Kekuilani Gardens Project | Kekumu at Waikoloa Project | Total |
|---|------------------------------|--|---|--------------------------------------|-----------------------------------|---------------------------------|----------------------------------|----------------------|
| Current Assets: | | | | | | | | |
| Cash | \$ 768,690 | \$ 2,437,745 | \$ 906,293 | \$ 23,362 | \$ 10,717 | \$ 5,068 | \$ 125 | \$ 4,152,000 |
| Receivables: | | | | | | | | |
| Accrued interest | 7,249 | 19,416 | 6,301 | - | - | - | - | 32,966 |
| Tenant receivables, less allowance for doubtful accounts | 60,556 | 25,984 | 38,219 | - | 15,868 | 21,464 | 4,062 | 166,153 |
| Other | 9,137 | 1,810 | 1,500 | 7,573 | 524,010 | 20,659 | - | 564,689 |
| Due from HUD | - | - | - | 191,381 | 1,189 | - | - | 192,570 |
| Due from other funds | 117,583 | 686,933 | - | - | - | - | - | 804,516 |
| Inventories - materials and supplies, less allowance | 20,745 | 41,686 | - | - | - | - | - | 62,431 |
| Prepaid expenses and other assets | - | 1,707 | 1,150 | 49,516 | - | - | - | 52,373 |
| Deposits held in trust | - | - | - | 10,786 | 21,079 | 33,505 | 27,318 | 92,688 |
| Total current assets | <u>983,960</u> | <u>3,215,281</u> | <u>953,463</u> | <u>282,618</u> | <u>572,863</u> | <u>80,696</u> | <u>31,505</u> | <u>6,120,386</u> |
| Notes and Loans | 426,100 | - | - | - | - | - | - | 426,100 |
| Other Receivables | 517,712 | - | - | - | - | - | - | 517,712 |
| Advances to Other Funds | 175,000 | 130,000 | 20,000 | - | - | - | - | 325,000 |
| Restricted Deposits and Funded Reserves | - | - | - | 2,443,476 | 5,436,528 | 625,079 | 1,117 | 8,506,200 |
| Capital Assets, less accumulated depreciaton | 12,808,223 | 44,002,970 | 1,292,359 | 2,476,786 | 5,561,036 | 4,955,062 | - | 71,096,436 |
| TOTAL ASSETS | <u>\$ 14,910,995</u> | <u>\$ 47,348,251</u> | <u>\$ 2,265,822</u> | <u>\$ 5,202,880</u> | <u>\$ 11,570,427</u> | <u>\$ 5,660,837</u> | <u>\$ 32,622</u> | <u>\$ 86,991,834</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF NET ASSETS – NONMAJOR OTHER ENTERPRISE FUNDS (continued)

June 30, 2006

| LIABILITIES AND NET ASSETS | Housing Revolving Fund | Housing for Elders Revolving Fund | Teacher Housing Revolving Fund | Banyan Street Manor Project | Wilikina Apartments Project | Kekuilani Gardens Project | Kekumu at Waikoloa Project | Total |
|---|------------------------------|--|---|--------------------------------------|-----------------------------------|---------------------------------|----------------------------------|----------------------|
| Current Liabilities: | | | | | | | | |
| Accounts payable | \$ 50 | \$ - | \$ 1,805 | \$ 3,766 | \$ 26,305 | \$ 23,397 | \$ 59,623 | \$ 114,946 |
| Accrued expenses - other | 162,829 | 176,284 | 8,273 | 7,891 | 10,684 | - | 283,776 | 649,737 |
| Due to other funds | 3,373,803 | 784,678 | 4,312 | 65,000 | - | - | - | 4,227,793 |
| Due to HUD | - | - | - | - | 9,712 | - | - | 9,712 |
| Security deposits | 32,977 | 155,473 | 22,375 | 10,773 | 21,079 | 33,505 | 27,318 | 303,500 |
| Mortgage payable | - | - | - | 98,200 | - | 33,439 | - | 131,639 |
| Deferred income | - | - | - | - | 4,852 | - | - | 4,852 |
| Total current liabilities | <u>3,569,659</u> | <u>1,116,435</u> | <u>36,765</u> | <u>185,630</u> | <u>72,632</u> | <u>90,341</u> | <u>370,717</u> | <u>5,442,179</u> |
| Note Payable, net of current portion | - | - | - | 171,327 | - | - | - | 171,327 |
| Mortgage Payable, net of current portion | - | - | - | 455,603 | - | 5,632,577 | - | 6,088,180 |
| Net Assets: | | | | | | | | |
| Invested in capital assets, net of related debt | 12,808,223 | 44,002,970 | 1,292,359 | 1,922,983 | 5,561,036 | (710,954) | - | 64,876,617 |
| Restricted by legislation and contractual agreements | - | - | - | 2,443,476 | 5,436,528 | 625,079 | 1,117 | 8,506,200 |
| Unrestricted | <u>(1,466,887)</u> | <u>2,228,846</u> | <u>936,698</u> | <u>23,861</u> | <u>500,231</u> | <u>23,794</u> | <u>(339,212)</u> | <u>1,907,331</u> |
| Total net assets | <u>11,341,336</u> | <u>46,231,816</u> | <u>2,229,057</u> | <u>4,390,320</u> | <u>11,497,795</u> | <u>(62,081)</u> | <u>(338,095)</u> | <u>75,290,148</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 14,910,995</u> | <u>\$ 47,348,251</u> | <u>\$ 2,265,822</u> | <u>\$ 5,202,880</u> | <u>\$ 11,570,427</u> | <u>\$ 5,660,837</u> | <u>\$ 32,622</u> | <u>\$ 86,991,834</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF REVENUES AND EXPENSES – NONMAJOR OTHER ENTERPRISE FUNDS

Year ended June 30, 2006

| | Housing Revolving Fund | Housing for Elders Revolving Fund | Teacher Housing Revolving Fund | Banyan Street Manor Project | Waiikina Apartments Project | Kekuilani Garden Project | Kekumu at Waikoloa Project | Total |
|---|------------------------------|--|---|--------------------------------------|-----------------------------------|--------------------------------|----------------------------------|-----------------------|
| Operating Revenues: | | | | | | | | |
| Rental | \$ 853,238 | \$ 1,701,486 | \$ 209,414 | \$ 369,320 | \$ 674,399 | \$ 376,425 | \$ 337,841 | \$ 4,522,123 |
| Other | 38,724 | 71,491 | 6,000 | 181,669 | 200,186 | 219,421 | 11,376 | 728,867 |
| Total operating revenues | 891,962 | 1,772,977 | 215,414 | 550,989 | 874,585 | 595,846 | 349,217 | 5,250,990 |
| Operating Expenses: | | | | | | | | |
| Personal services | 838,195 | 337,072 | 44,691 | - | 214,797 | 106,312 | 54,208 | 1,595,275 |
| Depreciation | 388,683 | 1,386,307 | 53,644 | 139,744 | 323,260 | 161,934 | - | 2,453,572 |
| Administration | 74,639 | 138,872 | 30,020 | 69,997 | 108,231 | 46,469 | 192,604 | 660,832 |
| Provision for losses | 94,273 | (1,397) | - | - | 80,000 | - | - | 172,876 |
| Professional services | 48,666 | 18,946 | 12,648 | - | - | 22,500 | 8,529 | 111,289 |
| Security | 520 | 576 | 16 | - | - | 745 | - | 1,857 |
| Insurance | 9,180 | 16,488 | 740 | 11,341 | 4,926 | - | 17,651 | 60,326 |
| Repairs and maintenance | 201,405 | 668,783 | 68,561 | 93,747 | 171,856 | 15,493 | 29,782 | 1,249,627 |
| Utilities | 432,089 | 694,527 | 7,498 | 41,352 | 94,266 | 48,698 | 73,215 | 1,391,645 |
| Capital expenditures | - | 15,560 | - | - | - | - | - | 15,560 |
| Other | 115 | (172) | - | 175,311 | - | 33,975 | - | 209,229 |
| Total operating expenses | 2,087,765 | 3,275,562 | 217,818 | 531,492 | 997,336 | 436,126 | 375,989 | 7,922,088 |
| Operating (loss) income | (1,195,803) | (1,502,585) | (2,404) | 19,497 | (122,751) | 159,720 | (26,772) | (2,671,098) |
| Nonoperating Revenues (Expenses): | | | | | | | | |
| Interest income - cash and investments | 94,463 | 86,473 | 25,765 | 11,930 | 212,789 | 17,323 | - | 448,743 |
| Interest expense | (721) | - | (281) | (50,969) | - | (112,712) | - | (164,683) |
| Total nonoperating revenues (expenses) | 93,742 | 86,473 | 25,484 | (39,039) | 212,789 | (95,389) | - | 284,060 |
| (Loss) income before operating transfers | (1,102,061) | (1,416,112) | 23,080 | (19,542) | 90,038 | 64,331 | (26,772) | (2,387,038) |
| Operating Transfers In | 188,536 | - | - | 66,511 | - | - | - | 255,047 |
| CHANGE IN NET ASSETS | \$ (913,525) | \$ (1,416,112) | \$ 23,080 | \$ 46,969 | \$ 90,038 | \$ 64,331 | \$ (26,772) | \$ (2,131,991) |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF CHANGES IN FUND NET ASSETS – NONMAJOR OTHER ENTERPRISE FUNDS

Year ended June 30, 2006

| | Housing Revolving Fund | Housing for Elders Revolving Fund | Teacher Housing Revolving Fund | Banyan Street Manor Project | Wilikina Apartments Project | Kekuilani Gardens Project | Kekumu at Waikoloa Project | Total |
|-----------------------------|------------------------------|--|---|--------------------------------------|-----------------------------------|---------------------------------|----------------------------------|----------------------|
| Net Assets at July 1, 2005 | \$ 12,254,861 | \$ 47,647,928 | \$ 2,205,977 | \$ 4,343,351 | \$ 11,407,757 | \$ (126,412) | \$ (311,323) | \$ 77,422,139 |
| Change in Net Assets | <u>(913,525)</u> | <u>(1,416,112)</u> | <u>23,080</u> | <u>46,969</u> | <u>90,038</u> | <u>64,331</u> | <u>(26,772)</u> | <u>(2,131,991)</u> |
| Net Assets at June 30, 2006 | <u>\$ 11,341,336</u> | <u>\$ 46,231,816</u> | <u>\$ 2,229,057</u> | <u>\$ 4,390,320</u> | <u>\$ 11,497,795</u> | <u>\$ (62,081)</u> | <u>\$ (338,095)</u> | <u>\$ 75,290,148</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR OTHER ENTERPRISE FUNDS

Year ended June 30, 2006

| | Housing Revolving Fund | Housing for Elders Revolving Fund | Teacher Housing Revolving Fund | Banyan Street Manor Project | Wilikina Apartments Project | Kekuilani Gardens Project | Kekumu at Waikoloa Project | Total |
|---|------------------------------|--|---|--------------------------------------|-----------------------------------|---------------------------------|----------------------------------|--------------|
| Cash Flows from Operating Activities: | | | | | | | | |
| Cash received from centers | \$ 755,804 | \$ 1,696,958 | \$ 225,023 | \$ 184,848 | \$ 611,278 | \$ 386,002 | \$ 337,841 | \$ 4,197,754 |
| Cash payments to employees | (838,195) | (337,072) | (44,691) | - | (214,797) | (106,312) | (54,208) | (1,595,275) |
| Cash payments to suppliers | (759,996) | (1,532,054) | (125,476) | (228,426) | (368,003) | (157,340) | (294,854) | (3,466,149) |
| Cash receipts from other funds | 865,267 | 26,736 | 2,859 | 65,000 | - | - | - | 959,862 |
| Other cash receipts (payments) | 39,192 | 72,638 | 14,489 | 868 | (314,288) | 200,337 | 11,376 | 24,612 |
| Net cash provided by (used in) operating activities | 62,072 | (72,794) | 72,204 | 22,290 | (285,810) | 322,687 | 155 | 120,804 |
| Cash Flows from Noncapital Financing Activities: | | | | | | | | |
| Interest paid to Department of Budget and Finance | (721) | - | (281) | - | - | - | - | (1,002) |
| Operating transfers in | 188,536 | - | - | - | - | - | - | 188,536 |
| Net cash provided by (used in) noncapital financing activities | 187,815 | - | (281) | - | - | - | - | 187,534 |
| Cash Flows from Capital and Related Financing Activities: | | | | | | | | |
| Payments for acquisition of property and equipment | - | - | - | (1,498) | (281,977) | (193,301) | - | (476,776) |
| Principal payments on mortgage loans | - | - | - | (91,161) | - | (31,703) | - | (122,864) |
| Interest payments | - | - | - | (50,969) | - | (112,712) | - | (163,681) |
| Other | - | - | - | 107,561 | - | - | - | 107,561 |
| Net cash used in capital and related financing activities | - | - | - | (36,067) | (281,977) | (337,716) | - | (655,760) |
| Cash Flows from Investing Activities: | | | | | | | | |
| Receipts of interest | 48,865 | 81,844 | 28,829 | 11,930 | 212,789 | 17,323 | - | 401,580 |
| Net decrease (increase) in restricted deposits and funded reserves | - | - | - | 16,574 | (1,069,082) | 2,774 | (30) | (1,049,764) |
| Net cash provided by (used in) investing activities | 48,865 | 81,844 | 28,829 | 28,504 | (856,293) | 20,097 | (30) | (648,184) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 298,752 | 9,050 | 100,752 | 14,727 | (1,424,080) | 5,068 | 125 | (995,606) |
| Cash and Cash Equivalents at July 1, 2005 | 469,938 | 2,428,695 | 805,541 | 8,635 | 1,434,797 | - | - | 5,147,606 |
| Cash and Cash Equivalents at June 30, 2006 | \$ 768,690 | \$ 2,437,745 | \$ 906,293 | \$ 23,362 | \$ 10,717 | \$ 5,068 | \$ 125 | \$ 4,152,000 |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF CASH FLOWS -- NONMAJOR OTHER ENTERPRISE FUNDS (continued)

Year ended June 30, 2006

| | Housing Revolving Fund | Housing for Elders Revolving Fund | Teacher Housing Revolving Fund | Banyan Street Manor Project | Wiikina Apartments Project | Kekuilani Gardens Project | Kekumu at Waikoloa Project | Total |
|--|------------------------------|--|---|--------------------------------------|----------------------------------|---------------------------------|----------------------------------|----------------|
| Cash Flows from Operating Activities: | | | | | | | | |
| Reconciliation of operating (loss) income to net cash provided by (used in) operating activities: | | | | | | | | |
| Operating (loss) income | \$ (1,195,803) | \$ (1,502,585) | \$ (2,404) | \$ 19,497 | \$ (122,751) | \$ 159,720 | \$ (26,772) | \$ (2,671,098) |
| Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities: | | | | | | | | |
| Depreciation | 388,683 | 1,386,307 | 53,644 | 139,744 | 323,260 | 161,934 | - | 2,453,572 |
| Provision for (recovery of) losses | 94,273 | (1,397) | - | - | 80,000 | - | - | 172,876 |
| Changes in assets and liabilities: | | | | | | | | |
| Tenant receivables | (98,769) | (17,353) | 14,134 | 406 | (73,251) | 9,577 | - | (165,256) |
| Other receivables | 583 | 975 | 8,489 | (7,573) | (516,770) | (19,084) | - | (533,380) |
| Due from other funds | (14,109) | - | - | - | - | - | - | (14,109) |
| Due from HUD | - | - | - | (191,381) | 2,296 | - | - | (189,085) |
| Inventories | 6,989 | 6,693 | - | - | - | - | - | 13,682 |
| Prepaid expenses and other assets | - | (1,707) | 250 | 13,876 | - | - | - | 12,419 |
| Deposits held in trust | - | - | - | 6,946 | 117 | 2,591 | (2,339) | 7,315 |
| Accounts payable | - | - | 1,805 | (29,772) | 8,512 | 10,540 | 26,927 | 18,012 |
| Other accrued expenses | (486) | 16,712 | (8,048) | 7,891 | 2,764 | - | - | 18,833 |
| Due to other funds | 879,376 | 26,736 | 2,859 | 65,000 | - | - | - | 973,971 |
| Due to HUD | - | - | - | (1,901) | 7,911 | - | - | 6,010 |
| Security deposits | 1,335 | 12,825 | 1,475 | (443) | (117) | (2,591) | 2,339 | 14,823 |
| Deferred income | - | - | - | - | 2,219 | - | - | 2,219 |
| Net cash provided by (used in) operating activities | \$ 62,072 | \$ (72,794) | \$ 72,204 | \$ 22,290 | \$ (285,810) | \$ 322,687 | \$ 155 | \$ 120,804 |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF NET ASSETS – NONMAJOR MISCELLANEOUS ENTERPRISE FUNDS

June 30, 2006

| ASSETS | Fee Simple Residential Revolving Fund | Rental Assistance Fund | Housing Finance Revolving Fund | Disbursing Fund | Rental Housing Trust Fund | KPT Resource Center | Federal Grant Program Fund | Grant-In-Aid Fund | Honolulu | Waialua | Total |
|--|--|------------------------------|---|---------------------|------------------------------------|---------------------------|-------------------------------------|----------------------|-----------------|------------------|-----------------------|
| Current Assets: | | | | | | | | | | | |
| Cash | \$ 258 | \$ 27,211,508 | \$ 1,972,512 | \$ 22,818 | \$ 41,810,547 | \$ 371,497 | \$ 76,196 | \$ 135,275 | \$ - | \$ 25,709 | \$ 71,626,320 |
| Receivables: | | | | | | | | | | | |
| Mortgage loans | - | - | 36,620 | - | 345,320 | - | - | - | 1,551 | 3,551 | 387,042 |
| Accrued interest | 232 | 705,880 | 46,523 | - | 1,730,731 | - | - | - | 1,851 | 1,314 | 2,486,531 |
| Other | - | - | - | - | - | 75,228 | 91,481 | - | - | - | 166,709 |
| Due from other funds | 101,712 | - | 1,339,851 | 6,693,168 | - | - | - | - | - | - | 8,134,731 |
| Inventories - materials and supplies | - | - | - | 101,007 | - | - | - | - | - | - | 101,007 |
| Prepaid expenses and other assets | - | 137,769 | - | 105 | - | - | - | - | - | - | 137,874 |
| Deposits held in trust | 6,898 | - | - | - | - | - | - | - | - | - | 6,898 |
| Total current assets | 109,100 | 28,055,157 | 3,395,506 | 6,817,098 | 43,886,598 | 446,725 | 167,677 | 135,275 | 3,402 | 30,574 | 83,047,112 |
| Investments | - | 6,369,339 | 11,288 | - | - | - | - | - | - | - | 6,380,627 |
| Mortgage Loans, net of current portion | - | 2,249,985 | 1,578,357 | - | 51,411,013 | - | - | - | 1,602 | 13,210 | 55,254,167 |
| TOTAL ASSETS | \$ 109,100 | \$ 36,674,481 | \$ 4,985,151 | \$ 6,817,098 | \$ 95,297,611 | \$ 446,725 | \$ 167,677 | \$ 135,275 | \$ 5,004 | \$ 43,784 | \$ 144,681,906 |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF NET ASSETS – NONMAJOR MISCELLANEOUS ENTERPRISE FUNDS (continued)

June 30, 2006

| LIABILITIES AND NET ASSETS | Fee Simple Residential Revolving Fund | Rental Assistance Fund | Housing Finance Revolving Fund | Disbursing Fund | Rental Housing Trust Fund | KIPT Resource Center | Federal Grant Program Fund | Grant-In-Aid Fund | Hamakua | Waialua | Total |
|---|--|------------------------------|---|---------------------|------------------------------------|----------------------------|-------------------------------------|----------------------|-----------------|------------------|-----------------------|
| Current Liabilities: | | | | | | | | | | | |
| Accounts payable | \$ 3,852 | \$ - | \$ 825 | \$ 725,413 | \$ - | \$ 10,126 | \$ - | \$ - | \$ - | \$ - | \$ 740,216 |
| Accrued expenses - other | 28,488 | 24,455 | 125,506 | 57,448 | 2,706 | 37,901 | - | - | - | - | 276,504 |
| Due to other funds | 2,068 | 319 | 1,147,969 | 5,885,286 | 10,351 | 48,577 | 167,677 | - | 16,811 | 28,548 | 7,307,606 |
| Due to State of Hawaii | - | - | - | 25,000 | - | - | - | - | - | - | 25,000 |
| Security deposits | 6,898 | - | 467,543 | - | - | - | - | - | - | - | 474,441 |
| Total current liabilities | 41,306 | 24,774 | 1,741,843 | 6,693,147 | 13,057 | 96,604 | 167,677 | - | 16,811 | 28,548 | 8,823,767 |
| Net Assets - | | | | | | | | | | | |
| Unrestricted | 67,794 | 36,649,707 | 3,243,308 | 123,951 | 95,284,554 | 350,121 | - | 135,275 | (11,807) | 15,236 | 135,858,139 |
| Total net assets | 67,794 | 36,649,707 | 3,243,308 | 123,951 | 95,284,554 | 350,121 | - | 135,275 | (11,807) | 15,236 | 135,858,139 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 109,100 | \$ 36,674,481 | \$ 4,985,151 | \$ 6,817,098 | \$ 95,297,611 | \$ 446,725 | \$ 167,677 | \$ 135,275 | \$ 5,004 | \$ 43,784 | \$ 144,681,906 |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF REVENUES AND EXPENSES – NONMAJOR MISCELLANEOUS ENTERPRISE FUNDS

Year ended June 30, 2006

| | Fee Simple Residential Revolving Fund | Rental Assistance Fund | Housing Finance Revolving Fund | Disbursing Fund | Rental Housing Trust Fund | KPT Resource Center | Federal Grant Program Fund | Grant-In-Aid Fund | Hamakua | Waialua | Total |
|---|--|------------------------------|---|--------------------|------------------------------------|---------------------------|-------------------------------------|----------------------|-------------------|-------------------|----------------------|
| Operating Revenues: | | | | | | | | | | | |
| Interest on mortgages, notes, loans, mortgage-backed securities, and net investment in financing lease (note J) | \$ - | \$ 144,630 | \$ 83,719 | \$ - | \$ 884,552 | \$ - | \$ - | \$ - | \$ 140 | \$ 610 | \$ 1,113,651 |
| Conveyance tax | - | - | - | - | 16,993,834 | - | - | - | - | - | 16,993,834 |
| Other | 42,389 | 19,065 | 1,259,965 | - | 300 | 436,614 | 2,791,431 | - | 35.00 | - | 4,549,799 |
| Total operating revenues | 42,389 | 163,695 | 1,343,684 | - | 17,878,686 | 436,614 | 2,791,431 | - | 175 | 610 | 22,657,284 |
| Operating Expenses: | | | | | | | | | | | |
| Project | - | - | - | - | - | - | 2,693,722 | - | - | - | 2,693,722 |
| Personal services | 92,768 | 113,499 | 1,453,641 | - | 94,748 | 157,947 | 77,855 | - | - | - | 1,990,458 |
| Housing assistance payments | - | 1,677,471 | - | - | - | - | - | - | - | - | 1,677,471 |
| Administration | 12,697 | 15,025 | 254,198 | - | 24,358 | 42,678 | 10,802 | - | - | - | 359,758 |
| Professional services | 7,484 | 15,902 | 63,227 | - | 34,433 | - | 9,052 | - | 3,611 | 3,982 | 137,691 |
| Security | 14 | 38 | 64 | - | - | - | - | - | - | - | 116 |
| Insurance | 321 | 247 | 5,992 | - | 244 | - | - | - | - | - | 6,804 |
| Repairs and maintenance | 134 | 597 | 619 | - | 11 | 50,817 | - | - | - | - | 52,178 |
| Capital expenditures | 10 | 76 | 5,599 | - | 705 | - | - | - | - | - | 6,390 |
| Other | - | - | 3,750 | - | - | 147,498 | - | - | - | - | 151,248 |
| Total operating expenses | 113,428 | 1,822,855 | 1,787,090 | - | 154,499 | 398,940 | 2,791,431 | - | 3,611 | 3,982 | 7,075,836 |
| Operating (loss) income | (71,039) | (1,659,160) | (443,406) | - | 17,724,187 | 37,674 | - | - | (3,436) | (3,372) | 15,581,448 |
| Nonoperating Revenues (Expenses): | | | | | | | | | | | |
| Interest income - cash and investments | 1,750 | 1,390,442 | 74,298 | - | 1,102,551 | 190 | - | 708 | - | - | 2,569,939 |
| Net decrease in fair value of investments | - | (749,817) | (410) | - | - | - | - | - | - | - | (750,227) |
| Interest expense | (10) | (10,310) | (1,064) | - | - | - | - | - | - | - | (11,390) |
| Total nonoperating revenues | 1,734 | 630,315 | 72,824 | - | 1,102,551 | 190 | - | 708 | - | - | 1,808,322 |
| (Loss) income before operating transfers | (69,305) | (1,028,845) | (370,582) | - | 18,826,738 | 37,864 | - | 708 | (3,436) | (3,372) | 17,389,770 |
| Operating Transfers Out | - | - | - | - | - | - | - | - | (5,034) | - | (5,034) |
| CHANGE IN NET ASSETS | \$ (69,305) | \$ (1,028,845) | \$ (370,582) | \$ - | \$ 18,826,738 | \$ 37,864 | \$ - | \$ 708 | \$ (8,470) | \$ (3,372) | \$ 17,384,736 |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF CHANGES IN FUND NET ASSETS – NONMAJOR MISCELLANEOUS ENTERPRISE FUNDS

Year ended June 30, 2006

| | Fee Simple Residential Revolving Fund | Rental Assistance Fund | Housing Finance Revolving Fund | Disbursing Fund | Rental Housing Trust Fund | KPT Resource Center | Federal Grant Program Fund | Grant-In-Aid Fund | Hamakua | Waialua | Total |
|-----------------------------|--|------------------------------|---|--------------------|------------------------------------|---------------------------|-------------------------------------|----------------------|-------------|-----------|----------------|
| Net Assets at July 1, 2005 | \$ 137,099 | \$ 37,678,552 | \$ 3,613,890 | \$ 123,951 | \$ 76,457,816 | \$ 312,257 | \$ - | \$ 134,567 | \$ (3,337) | \$ 18,608 | \$ 118,473,403 |
| Change in Net Assets | (69,305) | (1,028,845) | (370,582) | - | 18,826,738 | 37,864 | - | 708 | (8,470) | (3,372) | 17,384,736 |
| Net Assets at June 30, 2006 | \$ 67,794 | \$ 36,649,707 | \$ 3,243,308 | \$ 123,951 | \$ 95,284,554 | \$ 350,121 | \$ - | \$ 135,275 | \$ (11,807) | \$ 15,236 | \$ 135,858,139 |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR MISCELLANEOUS ENTERPRISE FUNDS

Year ended June 30, 2006

| | Fee Simple Revolving Fund | Rental Assistance Fund | Housing Finance Revolving Fund | Disbursing Fund | Rental Housing Trust Fund | KPT Resource Center | Federal Grant Program Fund | Grant-In-Aid Fund | Hamakua | Waiahu | Total |
|--|---------------------------------|------------------------------|---|--------------------|------------------------------------|---------------------------|-------------------------------------|----------------------|----------|-----------|---------------|
| Cash Flows from Operating Activities: | | | | | | | | | | | |
| Cash received from borrowers: | | | | | | | | | | | |
| Principal repayments | \$ - | \$ - | \$ 338 | \$ - | \$ 3,679,199 | \$ - | \$ - | \$ - | \$ 5,035 | \$ 3,118 | \$ 3,687,690 |
| Interest income | - | 206,594 | 176,708 | - | 501,463 | - | - | 175 | 610 | - | 885,550 |
| Cash received from renters | - | - | - | - | - | 406,944 | - | - | - | - | 406,944 |
| Cash received for conveyance taxes | - | - | - | - | 16,993,834 | - | - | - | - | - | 16,993,834 |
| Cash payments for loan originations | - | - | - | - | (5,444,471) | - | - | - | - | - | (5,444,471) |
| Cash payments to employees | (92,768) | (113,499) | (1,453,641) | - | (68,957) | (157,947) | (77,855) | - | - | - | (1,964,667) |
| Cash payments to suppliers | (16,488) | (1,729,302) | (329,357) | 758,583 | (89,400) | (267,414) | (2,713,576) | - | (3,611) | (609) | (4,391,174) |
| Cash (payments to) receipts from other funds | (760) | (3,514) | 28,279 | (1,652,217) | 7,777 | 3,577 | 159,067 | - | 3,435 | - | (1,454,356) |
| Other cash receipts | 42,389 | 19,065 | 1,259,965 | - | 300 | - | 2,708,560 | - | - | - | 4,030,279 |
| Net cash (used in) provided by operating activities | (67,627) | (1,620,656) | (317,708) | (893,634) | 15,579,745 | (14,840) | 76,196 | - | 5,034 | 3,119 | 12,749,629 |
| Cash Flows from Noncapital Financing Activities: | | | | | | | | | | | |
| Cash received from borrower | - | 3,250,002 | - | - | - | - | - | - | - | - | 3,250,002 |
| Interest paid to the Department of Budget and Finance | (16) | (10,310) | (1,064) | - | - | - | - | - | - | - | (11,390) |
| Operating transfers out | - | - | - | - | - | - | - | - | (5,034) | - | (5,034) |
| Net cash (used in) provided by noncapital financing activities | (16) | 3,239,692 | (1,064) | - | - | - | - | - | (5,034) | - | 3,233,578 |
| Cash Flows from Investing Activities: | | | | | | | | | | | |
| Proceeds from maturities of investments | - | - | 1,723 | - | - | - | - | - | - | - | 1,723 |
| Receipts of interest | 9,794 | 1,390,442 | 74,298 | - | 1,048,742 | 190 | - | 708 | - | - | 2,524,174 |
| Net cash provided by investing activities | 9,794 | 1,390,442 | 76,021 | - | 1,048,742 | 190 | - | 708 | - | - | 2,525,897 |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (57,849) | 3,009,478 | (242,751) | (893,634) | 16,628,487 | (14,650) | 76,196 | 708 | - | 3,119 | 18,509,104 |
| Cash and Cash Equivalents at July 1, 2005 | 58,107 | 24,202,030 | 2,215,263 | 916,452 | 25,182,060 | 386,147 | - | 134,567 | - | 22,590 | 53,117,216 |
| Cash and Cash Equivalents at June 30, 2006 | \$ 258 | \$ 27,211,508 | \$ 1,972,512 | \$ 22,818 | \$ 41,810,547 | \$ 371,497 | \$ 76,196 | \$ 135,275 | \$ - | \$ 25,709 | \$ 71,626,320 |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF CASH FLOWS -- NONMAJOR MISCELLANEOUS ENTERPRISE FUNDS (continued)

Year ended June 30, 2006

Cash Flows from Operating Activities:
 Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:
 Operating (loss) income
 Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:

| | Fee Simple Residential Revolving Fund | Rental Assistance Fund | Housing Finance Revolving Fund | Disbursing Fund | Rental Housing Trust Fund | KPT Resource Center | Federal Grant Program Fund | Grant-In-Aid Fund | Hamakua | Waiahua | Total |
|---|---------------------------------------|------------------------|--------------------------------|-----------------|---------------------------|---------------------|----------------------------|-------------------|------------|------------|---------------|
| | \$ (71,039) | \$ (1,659,160) | \$ (443,406) | \$ - | \$ 17,724,187 | \$ 37,674 | \$ - | \$ - | \$ (3,436) | \$ (3,372) | \$ 15,581,448 |
| Changes in assets and liabilities: | | | | | | | | | | | |
| Mortgage loans receivables | - | - | 78,153 | - | (1,765,272) | - | - | - | 5,035 | 3,118 | (1,678,966) |
| Notes and loans receivables | - | - | - | - | - | - | - | - | - | - | - |
| Accrued interest receivable on mortgages, notes and loans | - | 61,964 | 92,989 | - | (383,089) | - | - | - | - | - | - |
| Other receivables | (1,375) | - | 769,657 | (1,659,577) | - | (29,670) | (82,871) | - | - | - | (311,007) |
| Due from other funds | - | - | - | 2,257 | - | - | - | - | - | - | (29,670) |
| Due from State of Hawaii | - | - | - | (6,742) | - | - | - | - | - | - | (891,295) |
| Inventories | - | (652) | - | 263,264 | - | - | - | - | - | - | 2,257 |
| Prepaid expenses and other assets | - | - | 2 | 450,119 | - | - | - | - | - | - | (6,742) |
| Accounts payable | (1,600) | - | - | 51,942 | (3,858) | (26,421) | - | - | - | - | 262,612 |
| Other accrued expenses | 5,772 | (19,294) | 4,090 | 5,103 | 7,777 | 3,577 | 159,067 | - | - | - | 448,521 |
| Due to other funds | 615 | (3,514) | (741,378) | - | - | - | - | - | - | - | 12,231 |
| Security deposits | - | - | (77,815) | - | - | - | - | - | 3,435 | 3,373 | (561,945) |
| Net cash (used in) provided by operating activities | \$ (67,627) | \$ (1,620,656) | \$ (317,708) | \$ (893,634) | \$ 15,579,745 | \$ (14,840) | \$ 76,196 | \$ - | \$ 5,034 | \$ 3,119 | \$ 12,749,629 |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF NET ASSETS – INTERNAL SERVICE FUNDS

Year ended June 30, 2006

| ASSETS | Equipment rental | Vehicle rental | Total |
|---|---------------------|-------------------|---------------------|
| Current Assets: | | | |
| Cash | \$ 720,977 | \$ 409,215 | \$ 1,130,192 |
| Accrued interest receivable | 6,111 | 3,396 | 9,507 |
| Total current assets | 727,088 | 412,611 | 1,139,699 |
| Capital Assets, less accumulated depreciation | 20,816 | 161,062 | 181,878 |
| TOTAL ASSETS | <u>\$ 747,904</u> | <u>\$ 573,673</u> | <u>\$ 1,321,577</u> |
| LIABILITIES AND NET ASSETS | | | |
| Current Liability - | | | |
| Due to other funds | \$ 57,604 | \$ 1,909 | \$ 59,513 |
| Total liabilities | 57,604 | 1,909 | 59,513 |
| Net Assets: | | | |
| Invested in capital assets | 20,816 | 161,062 | 181,878 |
| Unrestricted | 669,484 | 410,702 | 1,080,186 |
| Total net assets | 690,300 | 571,764 | 1,262,064 |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 747,904</u> | <u>\$ 573,673</u> | <u>\$ 1,321,577</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND NET ASSETS – INTERNAL SERVICE FUNDS

Year ended June 30, 2006

| | <u>Equipment rental</u> | <u>Vehicle rental</u> | <u>Total</u> |
|--|-----------------------------|---------------------------|---------------------|
| Operating Revenue - Rental | <u>\$ 4,969</u> | <u>\$ 36,574</u> | <u>\$ 41,543</u> |
| Total operating revenues | 4,969 | 36,574 | 41,543 |
| Operating Expenses: | | | |
| Depreciation | 4,438 | 32,491 | 36,929 |
| Professional services | 5,703 | 6,516 | 12,219 |
| Capital expenditures | <u>76,154</u> | <u>3,000</u> | <u>79,154</u> |
| Total operating expenses | <u>86,295</u> | <u>42,007</u> | <u>128,302</u> |
| Operating loss | (81,326) | (5,433) | (86,759) |
| Nonoperating Revenue - Interest income - cash and investments | <u>26,937</u> | <u>16,736</u> | <u>43,673</u> |
| Total nonoperating revenue | <u>26,937</u> | <u>16,736</u> | <u>43,673</u> |
| Change in net assets | (54,389) | 11,303 | (43,086) |
| Net Assets at July 1, 2005 | <u>744,689</u> | <u>560,461</u> | <u>1,305,150</u> |
| Net Assets at June 30, 2006 | <u>\$ 690,300</u> | <u>\$ 571,764</u> | <u>\$ 1,262,064</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS

Year ended June 30, 2006

| | Equipment rental | Vehicle rental | Total |
|---|---------------------|-------------------|--------------|
| Cash Flows from Operating Activities: | | | |
| Cash received from renters | \$ 4,969 | \$ 36,574 | \$ 41,543 |
| Cash payments to suppliers | (24,978) | (8,143) | (33,121) |
| Net cash (used in) provided by operating activities | (20,009) | 28,431 | 8,422 |
| Cash Flows from Capital and Related Financing Activity - | | | |
| Payments for acquisition of property and equipment | (5,968) | (146,030) | (151,998) |
| Net cash used in capital and related financing activities | (5,968) | (146,030) | (151,998) |
| Cash Flows Provided by Investing Activity - | | | |
| Receipts of interest | 24,367 | 15,955 | 40,322 |
| Net cash provided by investing activities | 24,367 | 15,955 | 40,322 |
| NET DECREASE IN CASH | (1,610) | (101,644) | (103,254) |
| Cash and Cash Equivalents at July 1, 2005 | 722,587 | 510,859 | 1,233,446 |
| Cash and Cash Equivalents at June 30, 2006 | \$ 720,977 | \$ 409,215 | \$ 1,130,192 |
| Cash Flows from Operating Activities: | | | |
| Reconciliation of operating loss to net cash | | | |
| (used in) provided by operating activities: | | | |
| Operating loss | \$ (81,326) | \$ (5,433) | \$ (86,759) |
| Adjustments to reconcile operating loss | | | |
| to net cash provided by operating activities - | | | |
| Depreciation | 4,438 | 32,491 | 36,929 |
| Changes in assets and liabilities - | | | |
| Accounts payable | 56,879 | 1,373 | 58,252 |
| Net cash (used in) provided by operating activities | \$ (20,009) | \$ 28,431 | \$ 8,422 |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

June 30, 2006

The Corporation's cash and short-term investments consists of the following as of June 30, 2006:

| | |
|--|-----------------------|
| Equity in State Treasury investment pool - Gov't Wide | \$ 170,332,724 |
| Equity in State Treasury investment pool - Fiduciary Funds | 288,364 |
| Cash in banks | 17,189,884 |
| Cash held by trustees | 2,956,113 |
| Money market funds | 31,361,595 |
| Deposits held in trust | 99,586 |
| | <u>\$ 222,228,266</u> |

Total cash and short-term investments are in agreement with the State Comptroller's central accounting records as of June 30, 2006, as reconciled below:

| | Appropriation symbol | June 30, 2006 |
|--------------------------|-------------------------|----------------------|
| Cash in State Treasury | | |
| General Fund | | |
| | G-03-022-K | \$ 4,050 |
| | G-04-020-K | 585 |
| | G-04-022-K | 88,568 |
| | G-05-020-K | 19,860 |
| | G-05-022-K | 124,454 |
| | G-06-020-K | 649,459 |
| | G-06-022-K | 5,318,006 |
| Bond Funds | | |
| | B-97-479-K | 28,179 |
| | B-97-481-K | 11,470 |
| | B-00-404-K | 22,542 |
| | B-00-405-K | 6,191 |
| | B-01-411-K | 50,651 |
| | B-01-415-K | 500 |
| | B-02-431-K | 17,064 |
| | B-02-434-K | 24,589 |
| | B-02-435-K | 11,722 |
| | B-04-409-K | 44,611 |
| | B-04-410-K | 1,700,000 |
| | B-04-412-K | 23,276 |
| | B-04-413-K | 2,460 |
| | B-04-414-K | 90,000 |
| | B-04-415-K | 34,172 |
| | B-04-416-K | 900,000 |
| | B-04-419-K | 250,000 |
| | B-04-420-K | 280,000 |
| | B-05-412-K | 300,000 |
| | B-05-413-K | 1,700,000 |
| | B-05-417-K | 50,000 |
| | B-05-418-K | 13,201 |
| Subtotal carried forward | | <u>\$ 11,765,610</u> |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS (continued)

June 30, 2006

| | <u>Appropriation symbol</u> | <u>June 30, 2006</u> |
|--------------------------|---------------------------------|--------------------------|
| Subtotal brought forward | | \$ 11,765,610 |
| Special Funds | | |
| | S-97-801-K | 10,889 |
| | S-97-803-K | 26,991 |
| | S-00-308-K | 8,790 |
| | S-02-308-K | 1,062 |
| | S-02-800-K | 247,337 |
| | S-03-308-K | 1,088 |
| | S-04-310-K | 112,367 |
| | S-04-330-K | 22,500 |
| | S-04-337-K | 125,590 |
| | S-05-308-K | 6,800 |
| | S-05-330-K | 59,280 |
| | S-05-337-K | 21,794 |
| | S-05-375-K | 351,522 |
| | S-06-210-K | 391,209 |
| | S-06-214-K | 76,197 |
| | S-06-308-K | 121,968 |
| | S-06-310-K | 18,339 |
| | S-06-319-K | 25,709 |
| | S-06-320-K | 115,096 |
| | S-06-322-K | 196,394 |
| | S-06-324-K | 23 |
| | S-06-330-K | 686,980 |
| | S-06-332-K | 265,345 |
| | S-06-334-K | 777,366 |
| | S-06-335-K | 409,215 |
| | S-06-336-K | 720,977 |
| | S-06-337-K | 2,148,795 |
| | S-06-374-K | 235 |
| | S-06-375-K | 80,259,192 |
| | S-06-376-K | 1,781,904 |
| | S-06-377-K | 401,779 |
| | S-06-378-K | 27,211,508 |
| Trust Funds | | |
| | T-06-913-K | 24,225 |
| | T-06-927-K | 3,143 |
| | T-06-930-K | 41,810,548 |
| Subtotal carried forward | | \$ 170,207,767 |

See accompanying independent auditor's report.

Housing and Community Development Corporation of Hawaii

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS (continued)

June 30, 2006

| | <u>Appropriation symbol</u> | <u>June 30, 2006</u> |
|---|---------------------------------|--------------------------|
| Subtotal brought forward | | \$ 170,207,767 |
| Total cash held in State Treasury as reported by State Comptroller's accounting records carried forward | | 170,207,767 |
| Reconciling items: | | |
| Journal vouchers not recorded by DAGS | | (195) |
| Journal vouchers not recorded on books | | 159,593 |
| Summary warrant vouchers not recorded by DAGS | | (29,443) |
| Summary warrant vouchers not recorded on books | | 284,325 |
| Lapsed funds | | (1,779) |
| Other | | 820 |
| | | <u>413,321</u> |
| Cash and short-term investments held outside State Treasury: | | |
| Cash in bank | | 17,189,884 |
| Cash held by trustees | | 2,956,113 |
| Money market funds | | 31,361,595 |
| Deposits held in trust | | 99,586 |
| | | <u>51,607,178</u> |
| Cash and short-term investments on statement of net assets | | <u>\$ 222,228,266</u> |

See accompanying independent auditor's report.

**State of Hawaii Board of Director
Resident Representative
Clarissa Hosino**

**Resident Services Section
HPHA
P.O. Box 17907
1002 North School St.
Honolulu, Hawaii 96817**

December 10, 2006

Dear Resident Association Officer,

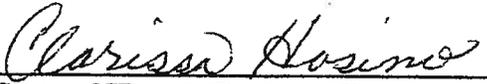
In receipt of the response to the surveys it is with great appreciation to inform you of how pleased we are that you responded. We are concerned in the security and safety of your projects that we have decided to conduct an on site visit.

Mr. David Yaw and I have decided to visit each property of HPHA to address your concerns and will do an evaluation of each site. We would appreciate your support when visiting your Housing Project. When we have fulfilled our mission we will address the importance of the security and safety to the HPHA Board of Directors.

We will inform you of the date and time when we will be visiting your project. If the time and date appointed is not convenient please call to reschedule. You can contact me at the number listed at the bottom of my name.

We thank you for your support and cooperation and will try to accomplish your concerns as soon as possible.

Sincerely yours,


State of Hawaii Resident Representative

**Director Clarissa Hosino
Ph. 808 - 528 4448**

JULY 24, 2006

DEAR RESIDENT ASSOCIATION OFFICERS,

WE ARE SENDING YOU THIS SURVEY SO THAT WE MAY BE ABLE TO RESPOND TO THE SAFETY GUIDELINES OF SERVING YOU WITH THE BEST SECURITY IN THE PROTECTION OF YOUR HOUSING PROJECT. IF WE ARE NOT ABLE TO PROVIDE SECURITY GUARDS , PLEASE COMMENT ON OTHER WAYS THAT WOULD BE HELPFUL TO SECURE THE SAFETY OF THE PROPERTY AND PROJECT.

PLEASE TAKE A FEW MOMENTS TO ANSWER THE QUESTIONS THAT WOULD FIT YOUR HOUSING PROJECT FOR THE SAFE SECURITY OF YOUR PROPERTY AND BUILDING.

YOUR RESPONSE TO THIS SURVEY WILL BE GREATLY APPRECIATED.

PLEASE CHECK ALL QUESTIONS THAT ARE IMPORTANT:

1. WOULD MORE LIGHTING BE HELPFUL AROUND THE PROPERTIES ?

YES - 63 NO - 11 I DON'T KNOW - 0

2. IS CENSORED LIGHTS MORE RELIABLE THEN LAMP POLES ?

YES - 48 NO - 17 I DON'T KNOW - 9

3. SURVEILLANCE OF VIDEO CAMERAS ?

YES - 50 NO - 10 I DON'T KNOW - 14

4. VOLUNTEER'S FOR NIGHT PATROL IN YOUR PROJECTS ?

YES - 30 NO - 42 I DON'T KNOW - 3

5. WOULD STAIRWAY EXIT WITH SAFETY LOCKS HELP ?

YES - 29 NO - 25 I DON'T KNOW - 10

**I THANK YOU SO VERY MUCH FOR YOUR TIME.
RESIDENT REPRESENTATIVE: CLARISSA HOSINO**

| | | | | | | | | | | | | | | | | | |
|---------------------|----|----|---|----|----|---|----|----|---|----|----|---|--|--|----|----|----|
| Kalanihua | 1 | | | 1 | | | 1 | | | 1 | | | | | 1 | | |
| Kalanihua | 1 | | | 1 | | | 1 | | | 1 | | | | | | | |
| Ka Hale Kahaluu | 1 | | | 1 | | | | 1 | | 1 | | | | | 1 | | |
| Koolau Village | 1 | | | 1 | | | 1 | | | | 1 | | | | | | |
| Hale Ohana O Kapaa | 1 | | | 1 | | | | 1 | | | 1 | | | | | 1 | |
| Capt. Cooke | 1 | | | 1 | | | 1 | | | 1 | | | | | 1 | | |
| Hauiki Homes | 1 | | | 1 | | | | | 1 | 1 | | | | | 1 | | |
| Hale Hookipa | 1 | | | 1 | | | | 1 | | | 1 | | | | | 1 | |
| Hookipa Kahaluu | 1 | | | | 1 | | 1 | | | | 1 | | | | | | 1 |
| Hookipa Kahaluu | 1 | | | 1 | | | 1 | | | 1 | | | | | | 1 | |
| Kaualehua Stateside | 1 | | | 1 | | | 1 | | | | 1 | | | | | 1 | |
| Kaualehua Stateside | 1 | | | 1 | | | 1 | | | | | 1 | | | | 1 | |
| Kaualehua Stateside | 1 | | | 1 | | | 1 | | | | 1 | | | | | | 1 |
| Spencer House | 1 | | | 1 | | | 1 | | | 1 | 1 | | | | 1 | | |
| Spencer House | | 1 | | | 1 | | 1 | | 1 | 1 | | | | | | | |
| Makani Kai Hale | | 1 | | 1 | | | | 1 | | | 1 | | | | | 1 | |
| Kalihi Valley Homes | 1 | | | 1 | | | | 1 | | 1 | | | | | | | 1 |
| Kealakehe | 1 | | | 1 | | | 1 | | | | 1 | | | | | 1 | |
| Kauhale Nani | 1 | | | 1 | | | 1 | | | | 1 | | | | | | 1 |
| Kauioakalani | 1 | | | | 1 | | 1 | | | 1 | | | | | 1 | | |
| Kahale Mua | | 1 | | | 1 | | 1 | | | | | 1 | | | | 1 | |
| Kahale Mua | | 1 | | | 1 | | 1 | | | | 1 | | | | | 1 | |
| David Malo | 1 | | | 1 | | | 1 | | | | 1 | | | | | | 1 |
| Nanakuli | 1 | | | | | 1 | | 1 | | | 1 | | | | | 1 | |
| Totals | 63 | 11 | 0 | 48 | 17 | 9 | 50 | 10 | | 30 | 42 | 3 | | | 29 | 25 | 10 |

Remarks

Mayor Wright Downstairs floor needs to be locked, 2nd. & 3rd. No need.

Spencer House Please help with all of this

Nani Olu When will the results of this survey be implemented? It has been our observation that after the survey nothing is ever done.

Kaualehua Stateside We are trying to have a neighborhood watch patrol

Hookipa Kahaluu We are working at getting a NSW started.

Hale Ohana O Kapaa We are not ready yet. Not all the supplies came in.

Kuhio Park Terrace We do have resident patrol volunteers, but the police do not come out and walk. When we do tell the office, they do nothing about it. Can you help us with this. Three times this month, the weekend, the laundry room has not been open. When we try to contact the Security guard, it takes about half a day for someone to open the door. If it is possible, can you put a lock on the door . where a key has to be used to open it and lock it. I do not know if the wind or someone is closing it. I am not the only resident that is complaining about this matter. We informed the office about it, but nothing has been done to improve this situation. Midrise Laundry

Hale Po'ai Please check on residents who are makein extra keys for none residents. Hale Po'ai is beginning to sound like a day care center.

Hale Po'ai We do not have resident patrol because of age. That is very dangerous for them, seniors.

Kamehameha Homes Would we be able to obtain these survey results? Our tenants Association would appreciate a follow to the questions.

Hale Hauoli This facility is primarily senior housing. Resident patrols would be able to function only until about 10 p.m. at the latest. Tha is not the hours the facility needs at patrol. Our problems occur after midnight. (Gas siphoning a reality, drug dealing a possibility.

Nai Olu Why do you take surveys. Nothing is ever done,

Salt Lake South side of building, walls can be climbed over. If can plant cactus or high shrub with thorns to prevent jumping of walls also.

Salt Lake Need censor lights coming up the drive way. Need a walk way from the street to the buildings. Dangerous for the handicap and the elderlys to walk up and down the driveway. The driveway is steep.

Kauhale Nani We have no back-door. By Law we should have a back door for safety. We need a back door.

Makani Kai Hale We have adequate lights if they were timed correctly. We currently have ex-residents who come on property with invitation

We, as an Assn. are in the process of starting the patrol walk(s) w/MPD-Ofcr. Jamie Beacraft, but there is a lack of volunteers. So far, 2 ofcrs. From our assn. are willing and we have all the necessary equip. to start.

| Management Unit | Resident Association Association | Would more lighting around the common areas be helpful? | | | Is censored lights more reliable than lamp poles | | | Would the installation of video surveillance cameras be effective | | | Do you currently have volunteers for a resident patrol in your site who works with the police and management | | | Would stairway exit with safety locks help | | | |
|-----------------|----------------------------------|---|----|------------|--|----|------------|---|----|------------|--|----|------------|--|----|------------|---|
| | | yes | no | don't know | yes | no | don't know | yes | no | don't know | yes | no | don't know | yes | no | don't know | |
| MU1 | Puuwai Momi | | 1 | | | 1 | | 1 | | | | 1 | | | | 1 | |
| Sub. Totals | | 0 | 1 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 |
| MU1 | Salt Lake | 1 | | | 1 | | | 1 | | | | 1 | | | 1 | | |
| MU1 | Salt Lake | 1 | | | 1 | | | 1 | | | | 1 | | | 1 | | |
| Sub. Totals | | 2 | 0 | 0 | 2 | 0 | 0 | 2 | 0 | 0 | 0 | 2 | 0 | 0 | 2 | 0 | 0 |
| MU2 | Hauiki Homes | 1 | | | 1 | | | | | 1 | 1 | | | | 1 | | |
| Sub. Totals | | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 1 | 0 | 0 |
| MU2 | Kalihi Valley Homes | 1 | | | 1 | | | | 1 | | 1 | | | | | | 1 |
| Sub. Totals | | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| MU 3 | Kaahumanu | 1 | | | 1 | | | | | 1 | 1 | | | | 1 | | |
| Sub. Totals | | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 1 | 0 | 0 |
| MU3 | Mayor Wright | 1 | | | 1 | | | 1 | | | 1 | | | | 1 | | |
| MU3 | Mayor Wright | 1 | | | 1 | | | 1 | | | 1 | | | | 1 | | |
| MU3 | Mayor Wright | 1 | | | 1 | | | 1 | | | 1 | | | | 1 | | |
| Sub. Totals | | 3 | 0 | 0 | 3 | 0 | 0 | 3 | 0 | 0 | 3 | 0 | 0 | 0 | 2 | 0 | 0 |
| MU3 | Kamehameha Homes | 1 | | | 1 | | | | | 1 | 1 | | | | | 1 | |
| MU3 | Kamehameha Homes | 1 | | | | 1 | | 1 | | | 1 | | | | | | 1 |
| MU3 | Kamehameha Homes | 1 | | | 1 | | | 1 | | | 1 | | | | 1 | | |
| MU3 | Kamehameha Homes | 1 | | | 1 | | | 1 | | 1 | 1 | | | | | | |
| Sub. Totals | | 4 | 0 | 0 | 3 | 1 | 0 | 2 | 0 | 2 | 4 | 0 | 0 | 0 | 0 | 2 | 1 |
| MU5 | Kalanihiua | 1 | | | 1 | | | | | 1 | 1 | | | | 1 | | |
| MU5 | Kalanihiua | 1 | | | | | 1 | 1 | | | 1 | | | | 1 | | |
| MU5 | Kalanihiua | 1 | | | 1 | | | 1 | | | 1 | | | | 1 | | |
| MU5 | Kalanihiua | 1 | | | 1 | | | 1 | | | 1 | | | | 1 | | |
| Sub. Totals | | 4 | 0 | 0 | 3 | 0 | 1 | 3 | 0 | 1 | 4 | 0 | 0 | 0 | 3 | 0 | 0 |
| MU5 | Pumehana | 1 | | | 1 | | | | | | 1 | | | | 1 | | |
| Sub. Totals | | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 |
| MU5 | Punchbowl | 1 | | | 1 | | | 1 | | | 1 | | | | 1 | | |
| MU5 | Punchbowl | 1 | | | 1 | | | 1 | | | 1 | | | | 1 | | |
| Sub. Totals | | 2 | 0 | 0 | 2 | 0 | 0 | 2 | 0 | 0 | 2 | 0 | 0 | 0 | 2 | 0 | 0 |
| MU5 | Spencer House | 1 | | | 1 | | | 1 | | | 1 | 1 | | | 1 | | |
| MU5 | Spencer House | | 1 | | | 1 | | 1 | | 1 | 1 | | | | 1 | | |
| Sub. Totals | | 1 | 1 | 0 | 1 | 1 | 0 | 2 | 0 | 1 | 2 | 1 | 0 | 0 | 1 | 0 | 0 |
| MU7 | Kauhale O'Hanakhi | 1 | | | | 1 | | 1 | | | | | 1 | | | | 1 |
| MU7 | Kauhale O'Hanakhi | 1 | | | 1 | | | 1 | | | | 1 | | | | | |
| Sub. Totals | | 2 | 0 | 0 | 1 | 1 | 0 | 2 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 1 |

| | | | | | | | | | | | | | | | | | | |
|-------------|---------------------|---|---|---|---|---|---|---|---|---|---|---|---|--|--|---|---|---|
| MU7 | Lanakila (Hilo) | 1 | | | 1 | | | 1 | | | | 1 | | | | 1 | | |
| MU7 | Lanakila (Hilo) | 1 | | | 1 | | | 1 | | | | 1 | | | | | 1 | |
| MU7 | Lanakila (Hilo) | 1 | | | 1 | | | 1 | | | | 1 | | | | | 1 | |
| MU7 | Lanakila (Hilo) | 1 | | | 1 | | | 1 | | | | 1 | | | | | 1 | |
| Sub. Totals | | 4 | 0 | 0 | 4 | 0 | 0 | 4 | 0 | 0 | 0 | 4 | 0 | | | 2 | 1 | 0 |
| MU8 | Hanamaulu | 1 | | | 1 | | | | 1 | | | 1 | | | | | 1 | |
| MU8 | Hanamaulu | 1 | | | 1 | 1 | | | | 1 | | 1 | | | | | | 1 |
| MU8 | Hanamaulu | 1 | | | 1 | | | 1 | | | | 1 | | | | | 1 | |
| MU8 | Hanamaulu | 1 | | | 1 | | | 1 | | | | 1 | | | | | 1 | |
| Sub. Totals | | 4 | 0 | 0 | 3 | 1 | 0 | 2 | 1 | 1 | 0 | 4 | 0 | | | 2 | 1 | 1 |
| MU8 | Hale Ohana O Kapaa | 1 | | | 1 | | | | 1 | | | 1 | | | | | 1 | |
| Sub. Totals | | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | | | 0 | 1 | 0 |
| MU8 | Kaualehua Stateside | 1 | | | 1 | | | 1 | | | | 1 | | | | | 1 | |
| MU8 | Kaualehua Stateside | 1 | | | 1 | | | 1 | | | | | 1 | | | | 1 | |
| MU8 | Kaualehua Stateside | 1 | | | 1 | | | 1 | | | | 1 | | | | | 1 | |
| Sub. Totals | | 3 | 0 | 0 | 3 | 0 | 0 | 3 | 0 | 0 | 0 | 2 | 1 | | | 0 | 2 | 1 |
| MU9 | Makani Kai Hale | | 1 | | 1 | | | | | 1 | | 1 | | | | | 1 | |
| Sub. Totals | | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | | | 0 | 1 | 0 |
| MU9 | David Malo | 1 | | | 1 | | | 1 | | | | 1 | | | | | | 1 |
| Sub. Totals | | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | | | 0 | 0 | 1 |
| MU40 | Kuhio Park Terrace | 1 | | | | 1 | | 1 | | | | 1 | | | | | 1 | |
| Sub. Totals | | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | | | 1 | 0 | 0 |
| MU42 | Hale Po'ai | | 1 | | | 1 | | 1 | | | | 1 | | | | | 1 | |
| MU42 | Hale Po'ai | 1 | | | 1 | | | | 1 | | | 1 | | | | | 1 | |
| MU42 | Hale Po'ai | | 1 | | | 1 | | 1 | | | | 1 | | | | | 1 | |
| MU42 | Hale Po'ai | 1 | | | 1 | 1 | | 1 | | | | 1 | | | | | 1 | |
| MU42 | Hale Po'ai | 1 | | | 1 | | | 1 | | | | 1 | | | | | 1 | |
| Sub. Totals | | 3 | 2 | 0 | 2 | 3 | 0 | 4 | 1 | 0 | 0 | 5 | 0 | | | 3 | 1 | 0 |
| MU42 | Puahala Homes | 1 | | | | 1 | | | | 1 | | 1 | | | | | | 1 |
| Sub. Totals | | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | | | 0 | 0 | 1 |
| MU43 | Kealakehe | 1 | | | 1 | | | 1 | | | | 1 | | | | | 1 | |
| Sub. Totals | | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | | | 0 | 1 | 0 |
| MU43 | Kaimalino | 1 | | | 1 | | | 1 | | | | 1 | | | | | 1 | |
| MU43 | Kaimalino | | 1 | | | 1 | | 1 | | | | 1 | | | | | 1 | |
| MU43 | Kaimalino | | 1 | | | 1 | | | 1 | | | 1 | | | | | 1 | |
| Sub. Totals | | 1 | 2 | 0 | 1 | 2 | 0 | 2 | 1 | 0 | 0 | 3 | 0 | | | 0 | 3 | 0 |
| MU43 | Nani Olu | 1 | | | | 1 | | | 1 | | | 1 | | | | | | 1 |
| MU43 | Nani Olu | 1 | | | 1 | | | | 1 | | | 1 | | | | | 1 | |
| Sub. Totals | | 2 | 0 | 0 | 1 | 1 | 0 | 0 | 2 | 0 | 0 | 2 | 0 | | | 1 | 0 | 0 |

| | | | | | | | | | | | | | | | | |
|-------------|--------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MU43 | Ka Hale Kahaluu | 1 | | | 1 | | | | 1 | 1 | | | | 1 | | |
| Sub. Totals | | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 0 | 0 |
| MU43 | Hale Hookipa | 1 | | | 1 | | | 1 | | | 1 | | | | 1 | |
| Sub. Totals | | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 |
| MU44 | Waimaha/Sunflower | 1 | | | | | 1 | | | 1 | | | | 1 | | |
| MU44 | Waimaha/Sunflower | | 1 | | 1 | | | 1 | | | 1 | | | | 1 | |
| MU44 | Waimaha/Sunflower | 1 | | | | | 1 | | 1 | | 1 | | | | 1 | |
| MU44 | Waimaha/Sunflower | 1 | | | 1 | | | 1 | | 1 | | | | | 1 | |
| Sub. Totals | | 3 | 1 | 0 | 2 | 0 | 2 | 3 | 0 | 1 | 4 | 0 | 0 | 1 | 2 | 1 |
| MU44 | Kuhio Park Terrace | 1 | | | 1 | | | 1 | | | 1 | | | 1 | | |
| Sub. Totals | | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 |
| MU44 | Maili I | 1 | | | | | 1 | | | 1 | 1 | | | | 1 | |
| MU44 | Maili I | 1 | | | 1 | | | 1 | | | 1 | | | | 1 | |
| Sub. Totals | | 2 | 0 | 0 | 1 | 0 | 1 | 1 | 0 | 1 | 2 | 0 | 0 | 0 | 2 | 0 |
| MU44 | Kauaiokalani | 1 | | | | 1 | | 1 | | | 1 | | | 1 | | |
| Sub. Totals | | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 |
| MU44 | Nanakuli | 1 | | | | | 1 | | 1 | | 1 | | | | 1 | |
| Sub. Totals | | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 1 | 0 |
| MU45 | Koolau Village | 1 | | | 1 | | | 1 | | | 1 | | | | | |
| Sub. Totals | | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| MU45 | Waimanalo Homes | | 1 | | 1 | | | | | 1 | | 1 | | | 1 | |
| MU45 | Waimanalo Homes | 1 | | | | 1 | | | | 1 | | 1 | | | 1 | |
| Sub. Totals | | 1 | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 2 | 0 | 2 | 0 | 1 | 1 | 0 |
| MU45 | Hookipa Kahaluu | 1 | | | | | 1 | | 1 | | | 1 | | | | 1 |
| MU45 | Hookipa Kahaluu | 1 | | | 1 | | | 1 | | | 1 | | | | 1 | |
| Sub. Totals | | 2 | 0 | 0 | 1 | 0 | 1 | 2 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 |
| MU46 | Hale Hauoli | 1 | | | | | 1 | | 1 | | | 1 | | | 1 | |
| Sub. Totals | | 1 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 |
| MU46 | Noelani I & II | 1 | | | | | 1 | | 1 | | | 1 | | | 1 | |
| Sub. Totals | | 1 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 |
| MU47 | Kahale Mua | | 1 | | | 1 | | | 1 | | | 1 | | | 1 | |
| MU47 | Kahale Mua | | 1 | | | 1 | | | 1 | | | 1 | | | 1 | |
| Sub. Totals | | 0 | 2 | 0 | 0 | 2 | 0 | 2 | 0 | 0 | 0 | 1 | 1 | 0 | 2 | 0 |
| MU49 | Wahiawa Terrace | 1 | | | | 1 | | | 1 | | | 1 | | | 1 | |
| Sub. Totals | | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 |

