

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

**April 17, 2014  
9:00 a.m.**

**AGENDA**

**I. CALL TO ORDER / ROLL CALL**

**II. APPROVAL OF MINUTES**

- A. Meeting Minutes, March 20, 2014 (**Pages 1-11**)
- B. Executive Session Minutes, March 20, 2014 (not for public release)

**III. PUBLIC TESTIMONY**

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

**IV. ELECTION OF BOARD OFFICER**

- A. Election of the Vice-Chair

**V. FOR ACTION**

- A. Motion: To Adopt Resolution No. 65 Statement of Non-Discrimination Policy Reaffirming the HPHA's Commitment to Prohibiting Discrimination or Discriminatory Practices in its Operations, Procedures, Programs, and Services (**Pages 12-14**)
- B. To Authorize the Executive Director to Administer Rental Assistance Contracts, in Conjunction with the Hawaii Housing Finance and Development Corporation, and the Department of Human Services' Med-QUEST Division, for the Section 811 Project Rental Assistance Demonstration Program, and to Authorize the Executive Director to Take All Actions Necessary to Assist in the Submission of an Application to the U.S. Department of Housing and Urban Development (**Pages 15-16**)

## VI. REPORTS

- A. Executive Director's Report Highlights: **(Pages 17-60)**
- Property Management and Maintenance Services Branch occupancy and rent collection status
  - Update on Choice Neighborhood Initiative Planning Grant
  - Section 8 Lease up Status
  - Design and Construction Project Updates; Relocation Training
  - Contracts Executed During February 2014

## VII. FOR INFORMATION/DISCUSSION

- A. For Discussion: *Kolio, et al. v. State of Hawaii, Hawaii Public Housing Authority (Civil No. 11-1-0795-04)* **(Page 61)**

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to *Kolio, et al. v. State of Hawaii, Hawaii Public Housing Authority; Civil No. 11-1-0795-04*)

- B. For Discussion: The Hawaii Public Housing Authority's Financial Statements and Single Audit Findings and Management Responses for the Period July 1, 2012 to June 30, 2013 **(Pages 62-63)**
- C. For Discussion: To Implement Property Specific Utility Allowance Rates Provided by National Facility Consultants for the Fiscal Year July 1, 2014 to June 30, 2015 for the Federal Low Income Public Housing Program to be Effective September 1, 2014 **(Pages 177-183)**
- D. For Information: Report on the Implementation of State Auditor's 2011 Recommendations **(Pages 184-218)**

If any person requires special needs (i.e., large print, taped materials, sign language interpreter, etc.) please call Ms. Taryn Chikamori at (808) 832-4690 by close of business two days prior to the meeting date. Meals will be served to the Board and support staff as an integral part of the meeting.

HAWAII PUBLIC HOUSING AUTHORITY  
MINUTES OF THE REGULAR MEETING  
HELD AT 1002 NORTH SCHOOL STREET, BUILDING E  
HONOLULU, HAWAII 96817  
ON THURSDAY, APRIL 17, 2014  
IN THE COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority held a Regular Board Meeting at 1002 North School Street, on Thursday, April 17, 2014 at 9:00 a.m. Chairperson Gierlach called the meeting to order. Those present were as follows:

**PRESENT:** Director David Gierlach, Chairperson  
Director Jason Espero, Secretary  
Director Myoung Oh  
Director Debbie Shimizu  
Director Sheri Tanaka  
Designee Barbara Yamashita  
  
Deputy Attorney General, Jennifer Sugita

**EXCUSED:** Director Trevor Tokishi

**STAFF PRESENT:** Barbara Arashiro, Executive Assistant  
Chong Gu, Chief Financial Management Advisor  
Kiriko Oishi, Chief Compliance Officer  
Rick Sogawa, Contracts & Procurement Officer  
Clarence Allen, Fiscal Officer  
Stephanie Fo, Section 8 Branch Chief  
Benjamin Park, Housing Planner  
Renee Blondin-Nip, Hearings Officer  
Gary Nakatsu, Data Processing Supervisor  
Rochelle Akamine, Resident Services Program Specialist  
Taryn Chikamori, Secretary to the Board

**OTHERS PRESENT (and signing in as):**  
Roy Nakamura, Kalakaua resident  
June Talia, Kuhio Park Terrace resident

**Proceedings:**

Chairperson Gierlach declared a quorum present.

Chairperson Gierlach welcomed new Board member Director Sheri Tanaka. Director Tanaka is a practicing attorney in corporate law and litigation.

**Approval of Minutes:**

**Director Espero moved,**

**To approve the Regular Meeting Minutes of March 20, 2014.**

Executive Assistant Arashiro requested that on page 6 the word “and” be removed from “...Housing Authority and to Obtain Proposals to Acquire...”

The minutes were unanimously approved as amended.

**Public Testimony:**

Roy Nakamura, Kalakaua Homes resident, asked whether a person who has been convicted of harassment, promoting drugs, possession of drug paraphernalia, and contempt of court can live in public housing. He also asked if the Property Manager has the right to throw away donations made by the residents. He stated that the Manager does not put anything in writing and says “it’s my word against your word.” He stated that his requests to use the multipurpose room are not always approved and that he believes that his requests should automatically be approved. He stated the posted office hours are from 7:45 a.m. to 4:30 p.m. and feels that the multipurpose room should be open during business hours. He stated he received a letter from Lanakila Meals on Wheels cancelling his membership because he threatened people and that he was referred to as antisocial.

Chairperson Gierlach confirmed Mr. Nakamura’s five concerns as: 1) Can a convicted felon live in public housing? 2) Can the manager throw away items collected by tenants? 3) What is the criterion for using the multi-purpose room? 4) What are the operation hours of the multipurpose room? 5) What is Mr. Nakamura’s membership status with Meals on Wheels?

Chairperson Gierlach informed Mr. Nakamura that the Board cannot respond to his concerns at this time, but staff will investigate and report to the Board next month.

June Talia, Kuhio Park Terrace resident, stated that the Kuhio Park Terrace Lowrise and Kuhio Homes residents will be establishing a resident association. She wanted to introduce herself to the new Board of Directors.

**Election of the Vice-Chair:**

Chairperson Gierlach called for nominations for Vice Chair for the HPHA Board of Directors. Director Espero nominated Director Trevor Tokishi. Deputy Attorney General Sugita advised the Board that Director Tokishi needs to accept the nomination and suggested that the appointment be deferred to the May Board meeting.

Chairperson Gierlach deferred the appointment of a Vice Chairperson to the May Board meeting.

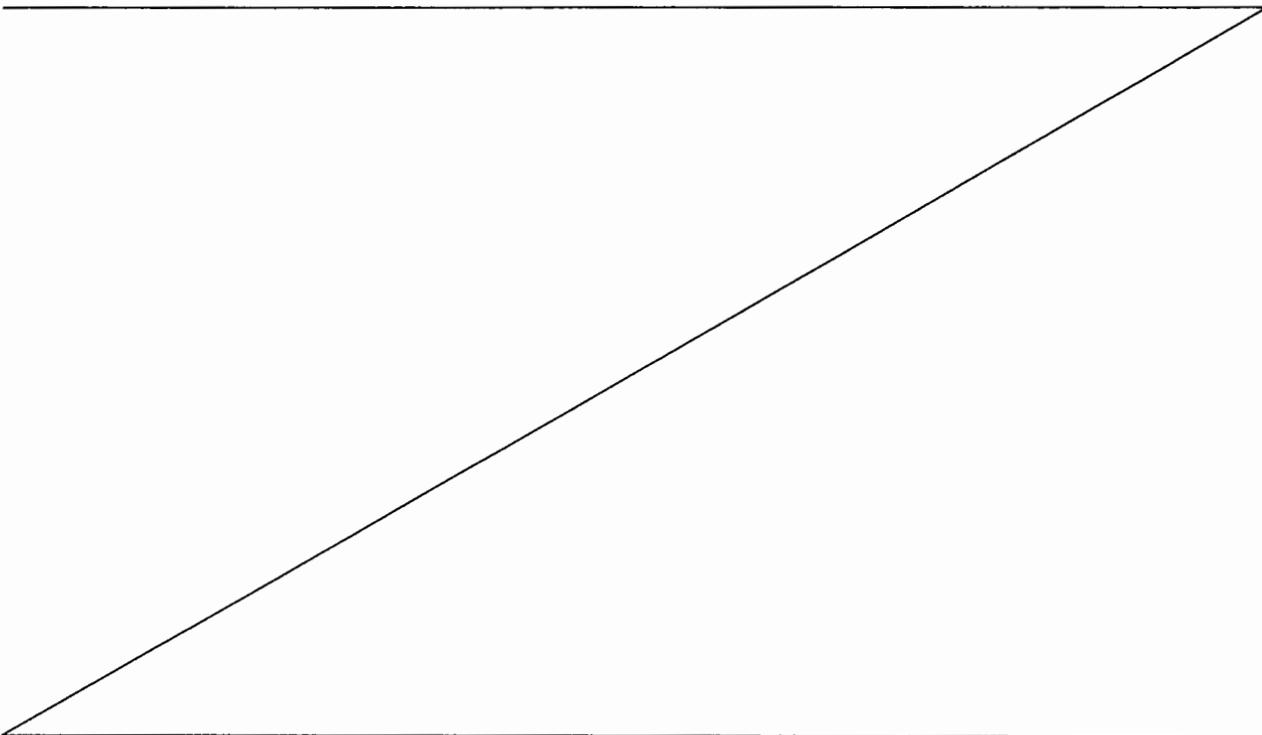
**For Action:**

**Director Espero moved,**

To Adopt Resolution No. 65 Statement of Non-Discrimination Policy Reaffirming the HPHA's Commitment to Prohibiting Discrimination or Discriminatory Practices in its Operations, Procedures, Programs, and Services.

Executive Assistant Arashiro reported that April is Fair Housing month. She reported that over the past several years the Hawaii Public Housing Authority has adopted and updated policies on non-discrimination, language access, reasonable accommodations and reasonable modifications. The staff is asking the Board to reaffirm the HPHA's commitment to prohibit any discrimination or discriminatory practices in its operations.

The motion was unanimously approved.



RESOLUTION NO. 065

STATEMENT OF NON-DISCRIMINATION POLICY

WHEREAS, the Hawaii Public Housing Authority (HPHA) is established as a corporate body and politic under Chapter 356D, Hawaii Revised Statutes; and

WHEREAS, notwithstanding its semi-autonomous nature, the HPHA is deemed to be a public instrumentality and agency of the State; and

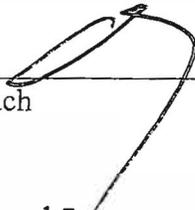
WHEREAS, as an agency of the State, and as a recipient of federal funding, the HPHA is obligated to implement and enforce policies regarding non-discrimination under either state or federal law, including but not limited to the Fair Housing Amendments Act of 1988, Chapter 515, Hawaii Revised Statutes, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act of 1990, Age Discrimination Act of 1975, Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and Part II, Chapter 371, Hawaii Revised Statutes, Language Access Law; and

WHEREAS, the HPHA is committed towards maintaining a policy of nondiscrimination and prohibiting discriminatory practices in the operations, procedures, or programs it administers, and to working with community stakeholders to affirmatively further fair housing choice; and

WHEREAS, April is Fair Housing month and the HPHA is taking this opportunity to reaffirm its commitment to fair housing, nondiscrimination, and equal opportunity for all of the participants in and applicants of HPHA's programs, and to protect and further fair housing choice for all residents in the State of Hawaii; and

NOW THEREFORE, BE IT RESOLVED, that in recognition of Fair Housing Month, the HPHA hereby reaffirms its commitment to prohibiting discrimination or discriminatory practices in its operations, procedures or programs/services, and to working with community stakeholders to affirmatively further fair housing choice; and

BE IT FURTHER RESOLVED, that the HPHA hereby authorizes the Executive Director to do all things necessary and proper to maintain, implement, and enforce such non-discriminatory policies.

  
\_\_\_\_\_  
David Gierlach  
Chairperson

APR 17 2014

\_\_\_\_\_  
Date

**For Action:**

**Director Espero moved,**

To Authorize the Executive Director to Administer Rental Assistance Contracts, in Conjunction with the Hawaii Housing Finance and Development Corporation, and the Department of Human Services' Med-QUEST Division, for the Section 811 Project Rental Assistance Demonstration Program, and to Authorize the Executive Director to Take All Actions Necessary to Assist in the Submission of an Application to the U.S. Department of Housing and Urban Development.

Executive Assistant Arashiro reported that Section 811 is a federally assisted, project-based rental assistance program that is funded by the U.S. Department of Housing and Urban Development (HUD). HUD recently issued a Notice of Funds Availability (NOFA) for the Section 811 program. The program serves extremely low-income persons who are non-elderly with disabilities. The Hawaii Housing and Finance Development Corporation (HHFDC) will be the lead applicant because the NOFA requires that a tax credit agency be the lead applicant and they will partner with the Med-Quest agency.

Med-Quest's responsibilities will include screening of clients and referral of those clients to the HPHA for processing of the rental assistance. The HHFDC asked the HPHA to manage the rental assistance payments because the HPHA is the only state agency with experience administering the Performance Based Contract Administration (PBCA) program. This program would operate similar to the Veteran Affairs Supportive Housing (VASH) program, where the HPHA would be responsible for inspecting units and issuing the Housing Assistance Payment (HAP) vouchers. The HHFDC is currently trying to locate units within their affordable housing developments to serve as Section 811 units. She reported that if the HHFDC is unable to find appropriate units, HHFDC may decide not to submit an application to HUD.

The HHFDC is required to enter into a 20 year agreement with HUD, but funds are only guaranteed for 5 years. The HPHA would commit to 5 years and on a year-to-year basis thereafter.

Director Shimizu asked if all the units will be in one project. Executive Assistant Arashiro responded that the HHFDC is currently looking at two projects.

Chairperson Gierlach asked how this would affect staffing. Executive Assistant Arashiro responded that the HPHA is expecting approximately 40 vouchers which is approximately a quarter of a full case load.

The motion was unanimously approved.

**Executive Director's Report:**

- Executive Assistant Arashiro reported that for the past two weeks Phineas Consulting has been conducting training with the Property Management and Maintenance Services Branch (PMMSB) staff. Executive Assistant Arashiro reported that the HPHA is working with the HUD consultant on a dashboard to measure performance. Executive Assistant Arashiro reported that the software consultants and Phineas are working on fixing technical issues with the production of a dashboard.
- Executive Assistant Arashiro reported that occupancy in public housing has dipped to 96%, which is to be expected. Staff has been focusing on rent collections, establishment of repayment plans, and evictions before the end of the fiscal year.
- Executive Assistant Arashiro reported that the Section 8 voucher program is at 99% and the VASH program is at 80% issuance.
- Chairperson Gierlach asked about the status of the Mayor Wright Homes redevelopment consultant. Executive Assistant Arashiro responded that the consultant has been contracted and will meet with the Board in May. Chairperson Gierlach reminded the Board that the next Board meeting will be May 22, 2014 and will be an all day meeting.
- Director Espero asked whether staff from HPHA attended the 25 Cities conference. Executive Assistant Arashiro confirmed that Executive Director Ouansafi attended the conference. Director Espero requested that Executive Director Ouansafi provide a report at the next meeting.
- Director Shimizu asked what is considered non-rent violations on the Hearing Office report. Executive Assistant Arashiro responded that the non-rent violations include lease violations, with the exception of rent. Some examples of lease violations include fighting or disorderly conduct or drug-related activities.
- Chairperson Gierlach asked whether there is a limit on how many times a repayment plan would be provided for a family in arrears. Executive Assistant Arashiro clarified that the administrative rules do not have a specific number of times that a repayment plan can or should be executed and that the rules broadly state that a tenant could be referred for eviction for chronic, repeated failure to make timely rent payments. Executive Assistant Arashiro explained that a repayment plan is executed on a case-by-case basis depending on the specific tenant's situation.
- Director Espero asked how long it takes to fill a unit once it becomes vacant. Executive Assistant Arashiro responded it depends on the condition of the unit. If the unit is a type A or B unit, it could take a couple of weeks. If there are minor repairs or just janitorial work, then a unit could be turned in about a week. If a vacant unit is categorized as a type C unit requiring major repairs, then usually a contract would need to be issued.

- Director Shimizu asked why on page 41, the general expense variance is so high. Mr. Clarence Allen, Fiscal Officer responded that he would check into it.

**For Discussion:**

The Hawaii Public Housing Authority's Financial Statements and Single Audit Findings and Management Responses for the Period July 1, 2012 to June 30, 2013.

Executive Assistant Arashiro reported that the single audit was completed in March 2014. She reported that the single audit checks if internal controls are being followed and if programs are being implemented in compliance with the federal rules.

Executive Assistant Arashiro reported that there were six findings in the single audit, which is tremendous progress considering the HPHA had 23 finding in previous years. She thanked Mr. Chong Gu, Chief Financial Management Advisor, Mr. Clarence Allen, Fiscal Officer, Ms. Stephanie Fo, Section 8 Branch Chief and Ms. Kiriko Oishi, Compliance Officer, for working with the staff and the auditors to address the findings. In particular, Mr. Gu's experience and knowledge helped provide the auditors with a certain level of confidence in the HPHA's fiscal office and HPHA's ability to address the remaining findings.

**For Discussion:**

To Implement Property Specific Utility Allowance Rates Provided by National Facility Consultants for the Fiscal Year July 1, 2014 to June 30, 2015 for the Federal Low Income Public Housing Program to be Effective September 1, 2014.

Executive Assistant Arashiro reported that the HPHA worked with the National Facility Consultants (NFC) to establish the rates by property. Previously, the utility allowance rates were established by island and bedroom size. Next year's utility allowance rates will be based on actual consumption and be specific to each property.

The HPHA is making the change, as allowed under the administrative rules, based on recommendations from the consultant. NFC advised staff that the HPHA is not realizing any of the cost saving from modernized units and upgraded energy star appliances using the old method of calculating utility allowances.

Executive Assistant Arashiro reported that the HPHA can implement the rate change July 1, 2014, but because there may be dramatic changes for some properties the staff will implement the changes on September 1, 2014. The HPHA will also work with community service providers regarding the possible influx in applications because of the rate changes.

Executive Assistant Arashiro also clarified that a family would not pay more than 30% of their adjusted income for rent. The utility allowance is used to “reduce” the rent payment with the understanding that that reduction is to be used by the tenant to pay for their utilities.

Chairperson Gierlach asked whether there will be a big gap on energy bills. Executive Assistant Arashiro reported that the greatest impact will be to the tenant who is not conserving energy. However, since the calculations are based on actual consumption at each property, the tenants should be able to bear the reduction in utility allowance.

Chairperson Gierlach asked whether the new utility rates would be translated into different languages. Executive Assistant Arashiro confirmed that the HPHA intends to have the notices translated into various languages.

Director Shimizu asked what if the tenant cannot pay their utilities. Executive Assistant Arashiro reported the payment is made directly to the utility companies.

Director Shimizu asked whether the HPHA can evict tenants because they do not have utilities. Executive Assistant Arashiro confirmed that a tenant that fails to maintain working utilities could be evicted for health and safety reasons.

Director Shimizu asked what the biggest difference in cost is. Executive Assistant Arashiro responded that there is a comparative chart on page 179 which shows the changes in rates from 2013 to 2014.

Director Oh asked if the utility allowance rates are changed on an annual basis. Executive Assistant Arashiro confirmed that the utility allowance rates are updated annually and are based on actual consumption.

Director Espero asked for an example using zero rent. Executive Assistant Arashiro explained that if a tenant is paying zero rent, then the HPHA cuts checks to the tenant for the utility allowance.

Chairperson Gierlach asked for an update on the implementation of the new utility allowance rates. Executive Assistant Arashiro stated once the rates are in effect in September staff will report back to the Board.

**For Information:**

Report on the Implementation of State Auditor’s 2011 Recommendations.

Executive Assistant Arashiro reported that in 2009 the Legislators requested that the Office of the Auditor conduct a management audit of the HPHA. The period of the audit was July 1, 2006 to June 30, 2010. The auditor’s report was issued in June 2011. In January 2014, the Office of the Auditor conducted a follow up to see if their recommendations were implemented. There were 12 recommendations total. The

auditor closed seven of the 12 recommendations; four are considered “open, but in progress”; and one was “not applicable”. Three of the open recommendations have operational procedures in place and do not require Board action at this time.

One of the recommendations, however, is the splitting of asset management projects (AMP). The staff will be discussing the splitting of AMP’s in the budget approval process. At this time, AMP 32/33 is currently being operated under one property manager because the reorganization has not been completed. The HPHA is also looking at other large AMPs to determine whether these properties have the financial resources to support a smaller AMP.

Director Shimizu asked where AMP 32/33 is. Executive Assistant Arashiro responded AMP 32/33 includes Mayor Wright Homes, Kaahumanu Homes, and Kamehameha Homes.

**Executive Session:**

**Director Shimizu moved at 9:55 a.m.,**

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

- 1. Executive Session Minutes of the March 20, 2014 meeting;**
- 2. Kolio, et al. v. State of Hawaii, Hawaii Public Housing Authority (Civil No. 11-1-0795-04); and;**

The motion was unanimously approved.

**The Board reconvened from Executive Session at 10:20 a.m.**

**Adjournment:**

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

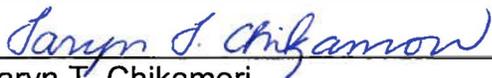
**Director Oh moved,**

To adjourn the Regular Hawaii Public Housing Authority Board meeting.  
The motion was unanimously approved.

The meeting was adjourned at 10:21 a.m.

**MINUTES CERTIFICATION**

Minutes Prepared by:

  
Taryn T. Chikamori  
Secretary to the Board

**MAY 22 2014**  
Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on May 22, 2014:  As Presented [  ] As Amended

  
Jason Espero  
Director/Board Secretary

**MAY 22 2014**  
Date