

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

May 22, 2014
9:00 a.m.

AGENDA

I. CALL TO ORDER / ROLL CALL

II. APPROVAL OF MINUTES

- A. Meeting Minutes, April 17, 2014 (**Pages 1-10**)
- B. Executive Session Minutes, April 17, 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 Ratify All Past Actions of the Hawaii Public Housing Authority Concerning the Future Mixed Finance Redevelopment of Mayor Wright Homes, including the Selection of Mayor Wright Homes for Redevelopment (**Pages 11-12**)

VI. REPORTS

- A. Executive Director's Report Highlights: (**Pages 13-58**)
 - 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 April 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 59)*

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: Discussion with EJP Consulting Group Regarding the Future Mixed Finance Redevelopment at Mayor Wright Homes **(Pages 60-63)**

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, MAY 22, 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, May 22, 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 Gilbert De Motta
Director Myoung Oh
Director Debbie Shimizu
Director Sheri Tanaka
Director Trevor Tokishi
Designee Barbara Yamashita

Deputy Attorney General, John Wong
Deputy Attorney General, John Gregor

EXCUSED: NONE

STAFF PRESENT: Barbara Arashiro, Executive Assistant
Chong Gu, Chief Financial Management Advisor
Becky Choi, State Housing Development Administrator
Kiriko Oishi, Chief Compliance Officer
Rick Sogawa, Contracts & Procurement Officer
Clarence Allen, Fiscal Officer
Joanna Renken, Acting Public Housing Supervisor VI
Stephanie Fo, Section 8 Branch Chief
Gary Nakatsu, Data Processing Supervisor
Rochelle Akamine, Resident Services Program Specialist
Sam Liu, Property Management Specialist
Taryn Chikamori, Secretary to the Board

OTHERS PRESENT (and signing in as):
Glori Castro, Mayor Wright Homes resident
Catherine Fraham, Faith Action for Community Equity
Roy Nakamura, Kalakaua resident

Bob Nakata, Faith Action for Community Equity
June Talia, Kuhio Park Terrace resident
Penelope Tukinaka, private resident
Jun Yang, City & County of Honolulu
Patti
Tammy

Proceedings:

Chairperson Gierlach declared a quorum present.

Chairperson Gierlach welcomed new Board member Director Gilbert De Motta from the Island of Hawaii. Director De Motta stated he was the President for the Jack Hall project and retired in December 2013.

Approval of Minutes:

Director Espero moved,

To approve the Regular Meeting Minutes of April 17, 2014.

The minutes were unanimously approved.

Public Testimony:

Roy Nakamura, Kalakaua Homes resident, stated that the multipurpose room rules do not state that the tenants cannot leave items in the refrigerator or cabinets, but he is being told that he cannot leave his items. He stated that the multipurpose room should be open from 12:00 p.m. to 4:30 p.m. on weekdays and the tenants shouldn't have to ask for permission to use the multipurpose room. He asked why he was told by Janice Mizuzawa that the office closes at 4:00 pm, but the posted sign states the office closes at 4:30 p.m. He stated he did not get a response or signature on his permission slips for the following dates March 23, 2012; March 20, 2012; September 4, 2011; January 1, 2011; December 31, 2010; and April 19, 2010.

Chairperson Gierlach asked if use of the multipurpose was approved or denied when there was no signature. Mr. Nakamura responded that the use was denied.

Mr. Nakamura stated that the tenants asked to clean the multipurpose room and was denied.

Chairperson Gierlach asked Mr. Nakamura if he has concerns that are more recent because the documents he provided are 2-4 years old.

Mr. Nakamura stated that the most recent one was 2012. Chairperson Gierlach asked Mr. Nakamura to clarify what he was requesting given that the documents provided are at least two years old. Mr. Nakamura responded that he is requesting that the multipurpose room be open from 12:00 pm to 4:30 pm and that the manager, responds to his requests for permission to use the room within 5 days and without giving him, a hard time.

Election of the Vice-Chair:

Director Espero nominated Director Tokishi. With no further nominations, Chairperson Gierlach moved to close the nominations.

Director Tokishi was unanimously elected as Vice Chair.

For Action:

Director Espero moved,

To Ratify All Past Actions of the Hawaii Public Housing Authority Concerning the Future Mixed Finance Redevelopment of Mayor Wright Homes, including the Selection of Mayor Wright Homes for Redevelopment.

Executive Director Ouansafi stated that the Department of the Attorney General recommended that the Board of the Hawaii Public Housing Authority (HPHA) take formal action on its decision to move forward with the redevelopment at Mayor Wright Homes (MWH).

Director Shimizu asked for clarification on what time period "all past actions" would cover. Deputy Attorney General Wong responded that the rationale behind the formalization of the MWH's redevelopment is because of the Jepsen contract and to demonstrate the Board's commitment to the MWH redevelopment. Deputy Attorney General Wong stated that the Board can limit the action to the past two years or Executive Director Ouansafi's tenure.

Executive Director Ouansafi stated the approval would primarily cover the selection of the consultant to start the process.

Director Tokishi stated that Executive Director Ouansafi's tenure would be a good date to use. Chairperson Gierlach asked when Executive Director Ouansafi started. Executive Director Ouansafi responded January 3, 2012.

Director Espero moved,

To Amend the Motion to Ratify All Past Actions From January 3, 2012 to the Present of the Hawaii Public Housing Authority Concerning the Future Mixed Finance Redevelopment of Mayor Wright Homes, including the Selection of Mayor Wright Homes for Redevelopment.

The motion to amend the main motion was unanimously approved.

The main motion as amended was unanimously approved.

Executive Director's Report:

- Executive Director Ouansafi reported that 93% of the properties have a 97% or higher occupancy and 53% of the properties occupancy rate is at 99% or higher.
- Executive Director Ouansafi reported that the HPHA was awarded additional Veteran's Affairs Supportive Housing (VASH) vouchers.
- Executive Director Ouansafi reported that tenant accounts receivables have been reduced by 34% to approximately \$274,000. Two years ago it was at \$2.8 million.
- Executive Director Ouansafi reported that public comments are still being accepted for the revisions to the utility allowances.
- Executive Director Ouansafi reported that video conferencing for grievances and hearings have been tested on Oahu and will be implemented on the neighbor islands.
- Executive Director Ouansafi reported that the Governor approved the changes to the HPHA's Hawaii Administrative Rules for the Federal Public Housing Program and the Eviction Procedures and the rules are being sent to the Lt. Governor's office.
- Executive Director Ouansafi reported that two legislative bills were passed. The first is the no inheritance bill for Section 8 Housing Choice Voucher which means the voucher cannot be passed down, but must be returned to the agency. The second bill is the no smoking bill. The HPHA will recommend that the Governor sign both bills.
- Executive Director Ouansafi reported that staff is reviewing the budget one more time and should be sent to the Board next week.

Executive Director Ouansafi reported that Congress submitted a budget of 83% of what is actually needed. Congress budgeted Capital improvement funds for fiscal year 2015 at \$1.775 billion, but the back log is over \$30 billion.

Director Shimizu asked about the large discrepancy in the month of March for security services, the HPHA budgeted \$175,000, but actually paid \$448,000. Director Tokishi suggested that something must have happened because the year to date is still lower. Executive Director Ouansafi reported that there was no additional activity, so it was likely an invoicing issue.

Director Tokishi stated that the CFP grant income was up \$480,000 due to the required draw down, but why is the year to date below budget \$3.8 million. Executive Director Ouansafi responded that he will need to research the information.

Director Tokishi asked why the expenses for Housing Assistance payments were over budget by \$480,000 due to Maunakea Towers adjustment, and why the year-to-date is \$3 million over budget. Executive Director Ouansafi reported that the Project Based Contract Administration (PBCA) contract is included in the budget. The HPHA will ask the PBCA contractor for a breakdown.

- Executive Director Ouansafi reported that staff was previously focused on occupancy. Now, that occupancy has stabilized, the focus will shift to repairing units that are currently safe and sanitary, to make them more pleasant.
- Executive Director Ouansafi reported the HPHA is looking at restructuring several branches including Fiscal Management Office (FMO) and Office of the Executive Director (OED). Executive Director Ouansafi reported that AMP managers may also be shifted around.
- Executive Director Ouansafi reported that the HPHA received the grading permit for Lanakila. The HPHA is requesting from HUD to demolish six units at Lanakila. There is still a disagreement with HUD on the Faircloth issue. The HPHA is being under funded for about 76 units.

Director De Motta stated he was told that the HPHA will lose the funds if not used by 2015. He stated he looked at Lanakila and noticed a section that is not torn down. He spoke with the manager for Lanakila and she informed him that she does not have any information. He stated he heard rumors of a fire station and a park. He is concerned because he would like to see low income housing built. He reported that he was told that occupancy is at 100% and the waiting list is over 500 people. He also heard rumors that the funds for Lanakila were used for another purpose or the funds will be lapsed. Executive Director Ouansafi reported that no funds have lapsed and no funds will be lapsed. There was discussion of a fire station and it is not being pursued. Executive Director Ouansafi reported \$700,000 and an additional \$1.5 million are being used to demolish the Lanakila property. Director De Motta stated the manager also informed him that work at Lanakila has stopped and he questioned why. Executive Director Ouansafi reported that work stopped because there is soil contamination and testing needs to be done before proceeding. Ms. Choi, State Housing Development Administrator, reported that the

HPHA has the grading permit, but the demolition permit is based on the soil condition and should receive the demolition permit soon.

Executive Director Ouansafi reported managers are not informed of some things because their focus should be on occupancy, delinquencies, and customer service and CMB handles renovation and construction of projects.

- Executive Director Ouansafi reported that the HPHA should be able to provide an additional 150 families with the rent supplement.
- Executive Director Ouansafi reported that staff anticipates that no funds will be lapsed. The Construction Management Branch (CMB) has over \$100 million of construction work being done. The (CMB) has entered into 7 different contracts in April, additional 9 in May, and will enter into an additional 14 contracts in June.
- Director Espero asked when the no smoking bill will go into effect. Executive Director Ouansafi responded the HPHA will be ready to put it in effect next week, but the law will not be put into effect until the Governor signs the bill. Executive Director Ouansafi explained that there is one difference between the administrative rules and the law. The law states after three instances there is possible eviction; whereas, the administrative rules states four instances.

Director Espero asked how the no smoking law be enforced and whether the manager needs to actually catch the tenant smoking. Executive Director Ouansafi responded it can be a combination. If there is a complaint and there is the smell of smoke, then a notice of violation will be issued. Executive Director Ouansafi reported that it will be time consuming, but the HPHA will do the best that they can to enforce the law and the administrative rules. If it is in a common area it will be easier, but if it is in a unit it will be on a case by case basis.

Director Espero asked if the no smoking law is on federal and state properties. Executive Director Ouansafi responded that the law is for both state and federal properties, except in designated areas. Director Espero asked if the designated areas have been identified. Executive Director Ouansafi responded that the HPHA has ideas of where the designated areas should be and Ms. Oishi, Compliance Officer, will review the locations for compliance for accessibility. Executive Director Ouansafi reported that designated areas have been discussed with the tenants. Some properties are so vast that there could be several designated areas; whereas, at other properties, the 20 foot law would put the area outside the property.

Executive Session:

Director Espero moved at 9:46 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. 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 10:30 a.m.

For Discussion:

Discussion with EJP Consulting Group Regarding the Future Mixed Finance Redevelopment at Mayor Wright Homes.

Executive Director Ouansafi stated that the HPHA secured a consultant to help draft the Request for Information (RFI) or Request for Qualifications (RFQ) for the redevelopment of Mayor Wright Homes (MWH). Executive Director Ouansafi introduced Mr. Scott Jepsen from EJP Consulting Group (EJP). Executive Director Ouansafi reported that Mr. Jepsen is the founding partner of EJP and that EJP specializes in mixed financing, master planning, and HUD rules. Mr. Jepsen was formerly an employee of the Seattle Public Housing Authority leading the HOPE VI project. Mr. Jepsen then worked on a national level helping HUD expedite troubled mixed finance efforts and helped draft procedures for HUD's mixed finance approval process. Mr. Jepsen was also a former Mayor at Shoreline, Washington, and a City Councilman.

Mr. Jepsen stated that this redevelopment is about the people who are living at Mayor Wright Homes today and the people who are going to live there in the future. Mr. Jepsen reviewed HUD terms: 1) mixed finance - to leverage HUD dollars with private dollars; 2) mixed income –families with different levels of income living together.

Mr. Jepsen stated that the public housing usually retains ownership of the land, but not the improvements. Many housing authorities don't have mixed finance experience so they procure a private developer. Over time, the housing authorities are able to manage redevelopment on its own.

Mr. Jepsen stated that the HPHA is in the strategic planning phase of the project with the next phase including financing of the redevelopment. Pre-development to closing

typically takes 12-18 months; construction takes 12-24 months, then lease up and financing takes 9-12 months.

Chairperson Gierlach asked when the pre-development phase starts. Mr. Jepsen responded that the meeting with the Board would be considered the start of the planning and after this meeting a timeline will be worked on.

Mr. Jepsen stated that HUD has policies and requirements that need to be followed.

Mr. Jepsen reviewed EJP's portfolio to give the Board different ideas. EJP worked on a ten year strategic plan for the St. Louis Housing Authority ten years ago and St. Louis is now asking EJP for another ten-year plan. He stated EJP worked with Sacramento Public Housing Authority's Choice Neighborhood Initiative (CNI) Grant. The plan was completed last fall and they are currently reviewing financing options. The Sacramento property is similar to MWH's because of the light rail and transportation oriented development (TOD) planning. The Sacramento PHA is going from 218 public housing units to 843 mixed income units and adding 22 acres of land. This project will have a one-for-one replacement.

Mr. Jun Yang, City & County of Honolulu (C & C), asked if the new market tax credits are available. Mr. Jepsen responded that there are some entities that have access to the credits.

Director Shimizu asked about the condition of the other public housing units. Mr. Jepsen responded that all the units are labeled distressed or troubled units. HUD rules require that the units are distressed or troubled in order to be approved for redevelopment.

Mr. Jepsen reported that another public housing EJP worked on is the housing authority in Galveston. The PHA tore all the units down because it was hit by a hurricane. Everyone was evacuated because of the hurricane and has not returned because the housing has not been rebuilt. There were 269 units and the plan is to rebuild 284 mixed income units. This project will have 144 public housing units, which is not a one-for-one replacement and 140 units will be true market rate. The funds for this redevelopment are coming from Capital funds for the lost of the units, \$11 million in tax credit, \$3.8 million in true debt, \$45 million in disaster funds, and about \$11 million in insurance proceeds. In many cases the PHA receives a fee, but in this case the PHA is putting most of the fees back in to the redevelopment.

Mr. Jepsen reported on Norwalk which is a CNI Grant recipient. There are 136 public housing units and 273 mixed income units. EJP drafted the transformation plan and then wrote the CNI grant application in 2013. It is currently short listed for funding, but they already started on Phase I.

Mr. Jepsen reported on the El Paso Housing Authority which is using the Rental Assistance Demonstration (RAD) program. They are converting over 2,000 units to the project-based program.

Mr. Jepsen reported that this is the kick-off which includes learning about MWH and the community, who are the stakeholders, and what are the redevelopment options and goals. Once a developer has been chosen then more discussion can be held with the community to discuss the master planning, financing, phasing, and relocation. He noted that not everyone will always be happy, but it is important to have the discussion with the community.

Mr. Jepsen stated that this redevelopment will need to be phased and discussed some of the financing options in Hawaii.

Director Shimizu asked if the other redevelopments included the homeless population. Mr. Jepsen responded some have and it depends on social perspective or the financing.

Chairperson Gierlach stated that if many of the units are low rises is it possible to build high rises. Mr. Jepsen responded that the East Coast is tearing down high rises and building low rise; whereas, the West Coast is tearing down low rises and building high rises. EJP has done mid rises and the challenge in Hawaii is the five bedroom units and how do you house a child in a high rise and does it make sense.

Director Tokishi asked what is driving the trend in the East Coast to down size. Mr. Jepsen responded because the high rise models failed. Mr. Jepsen stated there are tradeoffs.

Director Tokishi stated that the low rise to mid rise has a warmer feeling. Chairperson Gierlach stated it does, but that HPHA would be giving up space for occupancy.

Chairperson Gierlach asked what MWH's acreage is. Executive Director Ouansafi responded approximately 20 acres.

Patti (from the audience) asked whether it is possible to increase the five bedrooms to six bedroom units. Mr. Jepsen reported that the public housing authority will usually analyze the waitlist to see what is needed now and in the future. He stated on a national level 4- and 5- bedroom units are not being built, but it doesn't mean it is the same for Hawaii. Executive Director Ouansafi stated that MWH units are as follows: 110 units have 3-bedrooms or less, 50 units have 4-bedrooms and 8 units have 5-bedrooms.

Chairperson Gierlach asked about the feasibility of increasing the number of low income units and whether the HPHA needs to request funding from the State. Mr. Jepsen responded that the starting point is asking the question will there be a one-to-one replacement or not. Mr. Jepsen stated that HUD capped the subsidy that will be given

to public housing units using the Faircloth limit. Chairperson Gierlach stated that he would like to see at least a one-to-one replacement or more because of the long waitlist. Mr. Jepsen stated the HPHA needs to look at who it wants to attract and what those families look like. The problem with public housing is that there is no incentive to move because when their income increases their rent goes up or they have to move out. Mr. Jepsen asked the agency to consider whether it would allow a public housing tenant that becomes more economically stable to stay in the community, but not as a public housing tenant. This would prevent families being forced to move out of the community.

Director Tokishi asked Mr. Jepsen if there has ever been a problem attracting the market renter or work force renter. Mr. Jepsen responded that when he started at Holly Park, which had a bad reputation, the public housing authority worked with the community and had a position added to the neighborhood council to start breaking down the barriers. He stated there is some land still vacant for light rail and retail stores.

Executive Director Ouansafi stated Hawaii lacks about 50,000 affordable homes. He believes that public housing should be in the past and should be mixed income.

Deputy Attorney General Wong asked if there is a benefit in creating a non-profit management company. Mr. Jepsen responded that most housing authorities do not have the experience to manage the mixed income projects, but it is possible.

Tammy (from the audience) asked if it is possible to work with Office of Hawaiian Affairs (OHA) and include Hawaiian Homes in the mixed income project. Mr. Jepsen responded that the possibilities are wide open.

Ms. Glori Castro, a Mayor Wright Homes resident, asked if the HPHA will be tearing down MWH and selling it to a private entity and whether the resident ID cards would still be used. Mr. Jepsen responded that the redevelopment is about changing the stigma by attracting different incomes and working with all the partners including the residents.

Executive Director Ouansafi stated that the HPHA's vision is for MWH is to be like any other community out there.

Director Shimizu asked if there will be commercial properties. Mr. Jepsen stated that it is possible, but it's a matter of whether businesses would occupy the spaces, and if they would succeed.

Mr. Bob Nakata stated that the rail will bring a lot of change and asked whether there are plans to talk with the Department of Transportation (DOT). Executive Director Ouansafi responded the HPHA attends the meeting and engages the DOT.

Mr. Nakata stated the other possibility is working with Kamehameha Schools.

Mr. Yang stated that at least 1,000 residents will be using the rail, but his concern is pedestrian access. He also encouraged the HPHA to talk to the C & C.

Chairperson Gierlach stated the Board is looking forward to moving as quickly and wisely as possible.

Executive Director Ouansafi stated that the HPHA is in a process of creating a website on the MWH redevelopment which will include an email address where people can submit comments or suggestions.

Adjournment:

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

Director Espero moved,

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

The meeting was adjourned at 11:42 a.m.

MINUTES CERTIFICATION

Minutes Prepared by:



Taryn T. Chikamori
Secretary to the Board

JUN 19 2014

Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on June 19, 2014: [] As Presented [] As Amended



Jason Espero
Director/Board Secretary

JUN 19 2014

Date