

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
1002 North School Street, Building A Boardroom
Honolulu, Hawaii 96817
May 18, 2017
9:00 a.m.**

AGENDA

I. CALL TO ORDER/ESTABLISHING QUORUM

II. 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.

III. APPROVAL OF MINUTES

- A. Regular Meeting Minutes, March 16, 2017
- B. Special Meeting Minutes, April 13, 2017
- C. Regular Meeting Minutes, April 20, 2017
- D. Executive Session Minutes, April 13, 2017 (not for public distribution)
- E. Executive Session Minutes, April 20, 2017 (not for public distribution)

IV. FOR ACTION

- A. **Motion:** To Adopt Changes to the Hawaii Public Housing Authority's (HPHA) Chapter 17-2028, "Federally-Assisted Public Housing Program," Hawaii Administrative Rules (HAR), to Amend the Prohibition on Applicants who have been Evicted from a Public Housing Program Administered by the HPHA or its predecessors since March 1, 1985; and to Authorize the Executive Director to Make Non-Substantive Changes to Formatting, Take Required Actions to Submit the Adoption of These Rules to the Governor of the State of Hawaii for Approval, and Implement the Adoption of These Rules

These rules may be viewed on the internet on the Lieutenant Governor's website at: <http://ltgov.hawaii.gov/the-office/administrative-rules/> or at http://www.hpha.hawaii.gov/referenceinformation/admin_rule.htm, or may be viewed from 7:45 a.m. to 4:30 p.m., Monday through Friday, except holidays, at the HPHA's Offices located as follows:

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

Lanakila Homes
600 Wailoa Street
Hilo, Hawaii 96720

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

Kapaa
4726 Malu Road
Kapaa, Hawaii 96746

Kahekili Terrace
2015 Holowai Place
Wailuku, Hawaii 96793

B. MOTION: To Approve:

- (A) The Dissolution of the HPHA's Affiliate Nonprofit Corporation "Hawaii Housing Development & Services";
- (B) The Establishment and Purposes of New Nonprofit: (1) Acquiring, providing, developing, financing, rehabilitating, owning and operating decent, safe and sanitary housing affordable to persons and households of low income where no adequate housing exists for such groups; (2) Lessening the burdens of government by assisting the HPHA and the State in the development of housing targeted to low income households; (3) Combating blight and deterioration within the State; (4) Working to eliminate discrimination and prejudice; (5) Assisting in the lessening of neighborhood tensions; (6) Promoting social welfare through community-based development activities; (7) Carrying out such other activities as will benefit and support the HPHA and the State; and (8) Serving, directly or through a wholly owned limited liability company, as a general partner in limited partnerships which will own and operate housing for the benefit of low income persons and households, as described in (1) above; and
- (C) Authorize the Executive Director to Draft Articles of Incorporation and By-Laws for the New Nonprofit in Consultation with the Department of the Attorney General and Outside Counsel

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(8), 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 related to the dissolution of the HPHA's Nonprofit Corporation and the establishment of a new Nonprofit Corporation.

V. FOR INFORMATION/DISCUSSION

- A. **For Information:** Update on Legislation Affecting the Hawaii Public Housing Authority from the 2017 Legislative Session

B. For Discussion: Update on Redevelopment Projects at Kuhio Park Terrace/Kuhio Homes, Mayor Wright Homes and School Street Administrative Offices

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(8), and 103D-105 to discuss, deliberate or make a decision on information that must be kept confidential, 92-5(a)(3) to deliberate concerning the authority of persons designated by the Board to negotiate the acquisition of public property, and/or 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 related to the Redevelopment Projects at Kuhio Park Terrace/Kuhio Homes, Mayor Wright Homes, and School Street Administrative Offices.

VI. REPORTS

A. Report from the Board's Finance Task Force on the HPHA's Operating Budget for FY 2017-2018

B. Executive Directors Report:

- Financial Report for the Month of March 2017. The March 2017 Financial Report is provided to the board in the monthly packet. Report on Operating Budget for FY 2017-2018.
- The Report on Contracts Executed During April 2017 and Planned Solicitations for May 2017 are provided to the Board in the monthly packet. No formal report is planned.
- Public Housing Occupancy/Vacancy Report; Preliminary Results of REAC inspections for Federal Public Housing; Eviction Hearings for the Month of April 2017.
- Obligation and Expenditure Status for the Federal Capital Fund Program (CFP) and the State Capital Improvement Program (CIP).
- Section 8 Subsidy Programs Voucher: Status of Applications and Waiting List. Status of the Special Rent Supplement Program Targeted to Homeless Families.

If any person requires special needs (i.e., large print, taped materials, sign language interpreter, etc.) please call Ms. Didi Ahakuelo-Kepa at (808) 832-4694 by close of business three 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 A
HONOLULU, HAWAII 96817
ON THURSDAY, MAY 18, 2017
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority held their Regular Board Meeting at 1002 North School Street, on Thursday, May 18, 2017. At approximately 9:09 am, Chairperson Pono Shim called the meeting to order and declared a quorum present. Those present were as follows:

PRESENT: Director Pono Shim, Chairperson
Director Jason Espero, Secretary
Director Lisa Darcy
Director George DeMello
Director Lila King
Director Laura Smith
Director En Young

Deputy Attorney General Jennifer Sugita
Deputy Attorney General Klemen Urbanc

EXCUSED: Director Nani Medeiros, Vice Chair
Director Myoung Oh

STAFF PRESENT: Hakim Ouansafi, Executive Director
Barbara Arashiro, Executive Assistant
Ursula Jackson, Chief Compliance Officer
Chong Gu, Chief Financial Management Advisor
Stephanie Fo, Section 8 Subsidy Programs Branch Chief
Sarah Beamer, Planner
Deidra Ahakuelo-Kepa, Secretary

OTHERS PRESENT (and signing in as):
Wanda Camara, AMP 35
Ui Goods, Medical Legal Partnership
Calvin Huihee Liliuokalani/Kaumualii
Desiree Kihano, Palolo Homes resident
Roy Nakamura, Punchbowl Homes resident
Andrew Nakoa, Mayor Wright Homes resident
Bernice Nakoa, Mayor Wright Homes resident
Suzanne Chun Oakland, Lanakila Senior Center

Public Testimony

Roy Nakamura, Kalakaua Homes resident, stated that the State and the City are operating on lands that belong to the Hawaiian Kingdom. He challenged the Governor and the Mayor to prove that the land does not belong to the Hawaiian Kingdom. He believes that everything that the State and City has done is illegal.

Andrew Nakoa, Mayor Wright Homes resident, reported that his AMP held a community meeting. He feels that the manager did not want to listen to his complaints or suggestions. Mr. Nakoa reported that the security guards continue to allow non-tenants on to the Mayor Wright Homes property after 2:00 am. Additionally, he complained that one of the security guards was playing ball with the kids, instead of reminding the kids not to play in other people's yard. Mr. Nakoa got into an argument with his neighbor for scolding the kids in his yard, but the security guard was good and sent the kids to the playground. Mr Nakoa stated that the House Rules says that kids cannot play in someone else's yard. He calls security to chase the kids away from his yard.

Approval of Minutes:

Chairperson Shim deferred action on the following:

Minutes on Special Meeting Minutes for April 13, 2017
Executive Session Meeting Minutes for April 13, 2017
Executive Session Meeting Minutes for April 20, 2017

Director Espero moved,

To approve the Regular Meeting Minutes for March 16, 2017.

The motion was unanimously approved.

Director Espero moved,

To approve the Regular Meeting Minutes for April 20, 2017.

The motion was unanimously approved.

For Action:

Director Darcy moved,

To Adopt Changes to the Hawaii Public Housing Authority's (HPHA) Chapter 17-2028, "Federally-Assisted Public Housing Program", Hawaii Administrative Rules (HAR), to Amend the Prohibition on Applicants who have been Evicted from a Public Housing Program Administered by the HPHA or its predecessor since March 1, 1985; and to Authorize the Executive Director to Make Non-Substantive Changes to Formatting, Take Required Actions to Submit the Adoption of These Rules to the Governor of the State of Hawaii for Approval, and Implement the Adoption of These Rules

Executive Director Ouansafi reported that the public hearing process was completed and the proposed administrative rule changes are being presented to the Board for final approval and submission to the Governor. No substantive changes were made to the proposed rules as a result of the comments from the public hearings.

Director Young noted that there were comments from the public who did not support the proposed changes. Director Young questioned whether the HPHA charges interest or other penalties for people who don't pay their rent and are evicted.

Executive Director Ouansafi responded that HPHA is only requesting that the former tenant pay the past due rent. The eviction of the tenant was the "penalty" that they paid.

Chairperson Shim stated that for two tenants to come to the meeting, compared to the number of tenants we actually serve, is probably more of an empathetic response to the proposed changes.

The motion was unanimously approved.

Director Espero moved,

To approve (A) The Dissolution of the HPHA's Affiliate Nonprofit Corporation "Hawaii Housing Development & Services"; (B) The Establishment and Purposes of New Nonprofit: (1) Acquiring, providing, developing, financing, rehabilitating, owning and operating decent, safe and sanitary housing affordable to persons and households of low income where no adequate housing exists for such groups; (2) Lessening the burdens of government by assisting the HPHA and the State in the development of housing targeted to low income households; (3) Combating blight and deterioration within the State; (4) Working to eliminate discrimination and prejudice; (5) Assisting in the lessening of neighborhood tensions; (6) Promoting social welfare through community-

based development activities; (7) Carrying out such other activities as will benefit and support the HPHA and the State; and (8) Serving, directly or through a wholly owned limited liability company, as a general partner in limited partnerships which will own and operate housing for the benefit of low income persons and households, as described in (1) above; and (C) Authorize the Executive Director to Draft Articles of Incorporation and By-Laws for the New Nonprofit in Consultation with the Department of the Attorney General and Outside Counsel.

Executive Director Ouansafi reported that the establishment of a nonprofit would allow fees to be generated and used for a variety of things that the HPHA may not be able to do or may not have the capacity to do. As an example, the nonprofit could provide supportive services programs or manage the development of new affordable housing. The nonprofit would be required to fulfill the mission established by the Board and to build enough capacity to perform its own development.

Director King moved,

That the Board enter into executive session pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(8), 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 related to the dissolution of the HPHA's Nonprofit Corporation and the establishment of a new Nonprofit Corporation.

The motion was unanimously approved.

The Board entered Executive Session at 9:35 am.

(Director Laura Smith arrived during Executive Session.)

The Board reconvened from Executive Session at 10:15 am.

Chairperson Shim reported that the Board conferred with its attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to the dissolution of the HPHA's nonprofit corporation and the establishment of a new nonprofit corporation. Chairperson Shim recommended that the Board continue its discussions rather than go into decision making.

Director Young stated that Hawaii has a robust nonprofit sector and a nonprofit of this nature would better serve the State as a developer, rather than establish another nonprofit to provide supportive services.

Director Darcy asked whether there are negative consequences or reasons the HPHA should not establish a nonprofit.

Director Ouansafi explained that the proposed nonprofit would be specific in its mission. If the HPHA is able to establish a nonprofit, the results could be all positive. Numerous other public housing agencies across the nation operate nonprofit corporations.

Director Espero stated that by creating a nonprofit the HPHA would be able to diversify its assets. Fees earned through the development of housing could be used to support tenant programs.

Executive Director Ouansafi agreed that profits could be reinvested into the HPHA's assets. In the first couple of years of the nonprofit, the HPHA would be building capacity.

Chairperson Shim reported that he met with Mr. Jesse Wu, HUD Field Office Director regarding the establishment and operation of nonprofits affiliated with other public housing agencies. Chairperson Shim acknowledged that it will take time to build credibility for financing and development activities. The establishment of a nonprofit is a significant decision and there needs to be an acknowledgement that will take time to develop credibility and resources.

Executive Director Ouansafi stated that the current federal administration is not supportive of the low-income housing program and the proposed federal budget could translate into the closure of housing units across the nation.

Director Smith moved,

To postpone the main motion to a later date.

The motion was unanimously approved.

FOR INFORMATION/DISCUSSION

For Information: Update on Legislation Affecting the Hawaii Public Housing Authority from the 2017 Legislative Session.

Executive Director Ouansafi expressed his appreciation to the Legislature for their support during the session and provided a summary of the HPHA's testimony:

- A. **HB100: State Budget Bill**
Operating Budget: The HPHA received the majority of its budgetary requests, including:
 1. \$1,828,585 in FY18 and 2,510,996 in FY19 for 29 positions, equipment, and funding for the Multi-Skilled Worker program.

2. \$2,100,000 non-recurring funds in FY18 and FY19 for the operation of stat family and elderly housing facilities
3. Added funds for collective bargaining costs

CIP (State): The Conference Committee appropriated \$17,675,000 for public housing development, improvements, and renovations statewide, specifying the AMPs and types of projects to be worked on for FY18. No funding was committed for FY19. An additional allocation of \$2,500,000 was appropriated for public housing security improvements in FY18.

HPHA's current concern is that the Legislature did not provide clarifying language which would allow the HPHA to cover staff and other administrative costs with the CIP appropriation. Without adequate staffing, the funds could lapse.

B. HB627: Exempts HPHA from DBEDT managing its Public-Private Partnerships

This bill established a position under DBEDT to manage public-private partnerships entered into by State departments, except those entered into by the HPHA. HPHA was granted the exemption as federal law and HUD's Annual Contribution Contract (ACC) states that the execution of contracts on federal public housing projects are vested in the HPHA's Board of Directors, specifying that the housing authority "shall at all times develop and operate all projects covered by this ACC in compliance with all the provisions of this ACC and all applicable statutes, executive orders and regulations issued by HUD."

C. HB1009: Exempts HPHA state public housing from the landlord tenant code

This bill applies to HPHA's state public housing projects only. State low income and elderly housing will not be subject to Chapter 521, Residential Landlord-Tenant Code, HRS. Additional amendments to HRS 356D and the HAR will be needed, should this bill become law.

D. SB715: Adds the HPHA Executive Director to the Affordable Rental Housing Special Action Team

This bill adds both the HPHA and Hawaii Community Development Authority (HCDA) Executive Directors to the special action team.

Deputy Attorney General Sugita explained that the HB1009 would exempt the state public housing from the landlord-tenant code and it would now fall under 666, HRS. She commented that processing will not change in general and the program would be simply operating under a different statute. In the next legislative session, the HPHA should request an amendment to §356D, HRS which will allow for the handling of state

evictions to be the same as federal evictions. The federal evictions are handled through an administrative process.

Director DeMello commented that the resident member on the eviction board is often there to advocate for the tenant during the eviction. The resident member can bring a tenant's perspective.

Deputy Attorney General Sugita stated that the HPHA will need to draft administrative rule changes in order to implement the change.

Update on Redevelopment Projects at Kuhio Park Terrace/Kuhio Homes, Mayor Wright Homes, and School Street Offices.

Executive Director Ouansafi reported that there are ongoing negotiations for all three redevelopment projects and there are confidential issues that should be discussed in executive session.

Director Espero moved,

That the Board move into executive session pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(8), and 103D-105 to discuss, deliberate or make a decision on information that must be kept confidential, 92-5(a)(3) to deliberate concerning the authority of persons designated by the Board to negotiate the acquisition of public property, and/or 92-4(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to the Redevelopment Projects at Kuhio Park Terrace/Kuhio Homes, Mayor Wright Homes, and School Street Administrative Offices.

The motion was unanimously approved.

The Board entered Executive Session at 10:35 am.

The Board reconvened at 10:56 am.

Chairperson Shim reported that the board discussed information that must be kept confidential, including the authority of persons designated by the Board to negotiate the acquisition of public property, and consulted with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to the Redevelopment Projects at Kuhio Park Terrace/Kuhio Homes, Mayor Wright Homes, and School Street Administrative Offices.

Director Young asked how much information related to the mixed finance redevelopment projects is being shared with the public.

Executive Director Ouansafi responded that there were multiple tenant meetings at Mayor Wright Homes. The HPHA and HUNT teams are in the process of summarizing the results of those meetings and attorneys for both sides are reviewing the MDA. When additional information becomes available, HPHA will ensure that a public meeting is scheduled.

Executive Director Ouansafi reported that ongoing negotiations are occurring for Kuhio Park Terrace, Phase II. There is currently no development agreement for the next phase as there is no agreement on many deal points. The Kuhio Park Terrace tenants participated in a community engagement process approximately 2 years ago. The HPHA is anxious to improve KPT for the tenants.

For the redevelopment of the School Street property, the Retirement Housing Foundation (RHF) is packaging the public comments. The design consultant is finalizing the description of a project. No final agreement has been executed, but the HPHA will provide an update to the neighborhood as soon as there is something more concrete to report. The HPHA anticipates requesting Board approval of a term sheet.

Board Reports:

Report from the Board Finance Task Force on the HPHA's Operating Budget for FY 2017-2018.

Director Espero and Director Smith provided a report from the Board Task Force as summarized below:

Director Espero thanked the HPHA's staff for their work on the budget.

Director Smith and Director Espero did not find any red flags in their review of the budget, which appears healthy and promising. HPHA has a profit of approximately \$5.0M - \$4.0M COCC and \$800K for federal housing properties.

State properties annually operate at a deficit and rely heavily on appropriations from the legislature. This year, the HPHA requested and received \$2.0 million to help cover the deficit in the State public housing programs.

The HPHA needs to look for other ways to generate revenue. The federal government does not provide 100% of the funds needed to operate public housing.

There are increased costs related to salaries negotiated wages by the Union and an increase in the cost of fringe benefits between 55-60%.

Utility expenditures decreased. Tenant revenue stayed generally the same.

There are proposed increases in costs for security at both state and federal properties, including elderly housing.

COCC serves as the HPHA's Headquarters and houses offices such as Compliance, Personnel, Procurement, IT, etc. The COCC charges a management fee and bookkeeping fees to each AMP and program.

Executive Director Ouansafi and staff are doing a good job keeping the agency in the black.

The HPHA's budget is very complex and there are different rules that apply to each program and fund. The staff work hard to keep the budget aligned with the funding sources.

Although there is a healthy bottom line, staff monitor the budget and make adjustments to ensure that at the end of the year the AMPs are healthy.

Director Young asked when the unfunded retirement contributions would affect the HPHA.

Executive Director Ouansafi reported that the unfunded contributions would likely affect all government agencies in 2018.

Director Young stated that HUD indicated that the HPHA could use State funds to supplement federal funds and questions whether there was an opportunity for HPHA to do that in the coming year.

Executive Director Ouansafi reported that the staff manages the budget to ensure that the AMPs and programs meet the minimum requirements to score the maximum points. The COCC has been consciously building a maintenance and operating reserve so that services can continue in the event of a federal government shut down.

Executive Director Ouansafi reported that the COCC does not submit the annual operating budget to HUD. Only the AMP budget is required to be submitted to HUD.

Executive Director Ouansafi reported that the staff met with Director Bhanot, Director Espero and Director Smith and thanked them for their support and guidance on the budget.

Executive Director's Report

Executive Director Ouansafi provided a report to the Board on the following:

Ongoing negotiations for the mixed finance redevelopment projects at Mayor Wright Homes, Kuhio Park Terrace, and the School Street Offices.

Staff were instructed to lease up 100 Section 8 Housing Choice Vouchers.

The HPHA will hold a mass certification for the Rent Supplement Program. With the increased housing assistance payments from \$230 to \$500 we anticipate being able to expend all program funds next fiscal year. HPHA has historically lapsed funds under the Rent Supplement Program due to the lack of staff positions. The program is statewide, however, the HPHA had only one position in the past. Last year, the HPHA was appropriated an additional position and we are currently at two staff managing the program.

The HPHA has seen an increase in criminal activities in certain properties statewide and will request increased security by \$2.0M on the budget for next fiscal year.

For the Section 8 Housing Choice Voucher Program, the HPHA is 105% over leased in budget authority. Currently, more than half of the units inspected do not pass the first inspection and the HPHA must conduct follow-up to ensure our tenants are renting safe units. Approximately 100 families have been issued a voucher and are in housing search.

The HPHA leads the State's efforts under the VASH program, leasing over 400+ VASH vouchers for Hawaii's homeless veterans.

HUD will be conducting REAC inspections starting in August at half of the HPHA's AMPs.

AMP 38 (Kauai) currently suffers from lack of staffing and the Executive Director authorized the Multi Skilled Worker (MSW) team to assist in unit turnaround.

The HPHA was appropriated 29 MSW positions in the State budget.

Director Darcy moved,

To reschedule the Regular Board June meeting to Wednesday, June 14, 2017 from Thursday, June 15, 2017.

The motion was unanimously approved.

Director DeMello moved,

To adjourn the meeting.

The motion was unanimously approved.

The meeting was adjourned at approximately 11:22 am

MINUTES CERTIFICATION

Minutes Prepared by:



Deidra Ahakuelo-Kepa
Secretary

JUN 14 2017

Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on June 14, 2017 [] As Presented [] As Amended



Director Jason Espero
Board Secretary

JUN 14 2017

Date