

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
1002 North School Street, Building A Boardroom
Honolulu, Hawaii 96817
Thursday, March 15, 2018
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, February 15, 2018
- B. Executive Session Minutes, February 15, 2018

IV. FOR ACTION

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 on any of the items listed below.

- A. Motion:** To Accept the Single Audit Testing on Internal Controls and Compliance for Fiscal Year July 1, 2016 Ended June 30, 2017 Conducted by KMH, LLP and to Authorize the Executive Director to Submit the Audit and Management Responses to the Federal Audit Clearinghouse and the U.S. Department of Housing and Urban Development as Required
- B. Motion:** To Authorize the Executive Director to Continue Negotiations on the Draft Voluntary Compliance Agreement (VCA) with the United States Department of Housing and Urban Development Related to Housing Discrimination Complaint Case Name: Hawaii Disability Rights Center v. Hawaii Public Housing Authority, HUD Case No. 09-16-0001-4; to Execute the Voluntary Compliance Agreement and Take All Actions Necessary to Implement Said Agreement

- C. Motion:** To Approve the Hawaii Public Housing Authority's Annual Public Housing Agency Plan for the Fiscal Year Beginning July 1, 2018 to June 30, 2019, and to Authorize the Executive Director to Take Required Actions to Submit the Approved Plan to the U.S. Department of Housing and Urban Development
- D. Motion:** To Adopt and Extend the 2017 Utility Allowance Rates for the Hawaii Public Housing Authority's (HPHA) Section 8 Housing Choice Voucher Program to Cover the Period May 1, 2018 to April 30, 2019; and to Authorize the Executive Director to Accept Comments on the Current Utility Rates and Undertake All Actions Necessary to Extend the Current Utility Allowance Rates as Allowed Under Federal Regulations
- E. Motion:** To Adopt Payment Standards for the Section 8 Housing Choice Voucher Program for Oahu Zip Codes Where the U.S. Department of Housing and Urban Development Has Required the Use of Small Area Fair Market Rent Effective April 1, 2018; and to Authorize the Executive Director to Adjust the Payment Standards Between 90% and 110% Based on Projected Housing Assistance Funding Shortfall, with Adequate Notice to Program Participants

V. FOR INFORMATION/DISCUSSION

- A. For Information/Discussion:** Update from Board Task Force to Establish Benchmarks and Evaluate Performance of HPHA's Executive Director, Executive Assistant, and the HPHA's Programs

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(2) to consider the hire and evaluation of an officer where consideration of matters affecting privacy will be involved, and/or section 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 this agenda item.

- B. For Information:** Update on Redevelopment Projects Mayor Wright Homes, Kuhio Park Terrace Low Rise/Kuhio 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 Mayor Wright Homes, Kuhio Park Terrace Low Rise/Kuhio Homes and School Street Administrative Offices

VI. REPORTS

Executive Directors Report:

- Financial Report for the Month of January 2018 Financial Report is provided to the board in the monthly packet.
- The Report on Contracts Executed During February 2018 and Planned Solicitations for March/April 2018 are provided to the Board in the monthly packet. No formal report is planned.
- Public Housing Occupancy/Vacancy Report; Federal Public Housing; Eviction Hearings for the Month of February 2018.
- Obligation and Expenditure Status for Design and Construction Projects Funded Under the Federal Capital Fund Program (CFP) and the State Capital Improvement Program (CIP).
- Section 8 Subsidy Programs Voucher: Voucher Lease-up and Pending Placements; Update on Rent Supplement Program.

If any person requires special needs (i.e., large print, taped materials, sign language interpreter, etc.) please call Ms. Jennifer Menor 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, MARCH 15, 2018
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, March 15, 2018. At approximately 9:03 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 Alena Medeiros, Vice-Chairperson
Director Jason Espero, Secretary
Director Lisa Darcy
Director George DeMello
Director Albert Alapaki Nahale-a
Director Myoung Oh
Director Laura Smith
Designee Lila King

Deputy Attorney General Jennifer Sugita
Deputy Attorney General Klemen Urbanc

STAFF PRESENT: Hakim Ouansafi, Executive Director
Barbara Arashiro, Executive Assistant
Rick Sogawa, Contracts & Procurement Officer
Renee Blondin-Nip, Hearings Officer
Chong Gu, Chief Financial Officer
Becky Choi, State Housing Development Administrator
Kevin Auger, Development Specialist
Katie Pierce, Section 8 Subsidy Program Branch Chief
Benjamin Park, Planner
Sarah Beamer, Planner
Jennifer Menor, Secretary

OTHERS PRESENT (and signing in as):
Wils Choy, KMH
Desiree Kihano, Palolo Valley Homes resident
Wanda Camara, Ko'olau Village resident
Roy Nakamura, Kalakaua Homes resident
June Talia, Kuhio Homes resident

Public Testimony

Chairperson Shim stated that the Board would accept public testimony on any item relevant to the agenda. 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.

Roy Nakamura, Kalakaua Homes resident, reported finding human feces on the 6th floor near the stairwell next to the trashcan. Mr. Nakamura also reported that contractors informed him that there was a youth sleeping in one of the units, rather than in school. He alleged that other youth come to apartment number 627 to obtain cigarettes, marijuana, and beer. The contractors told Mr. Nakamura that the boy put on a woman's wig when he left the building in order to avoid detection. He continued to express his frustration that Mr. Persons has not been evicted from public housing.

(Director Medeiros arrived at 9:07 am.)

June Talia, resident of Kuhio Homes, asked the Board for an update on the redevelopment at Kuhio Homes. Chairperson Shim encouraged Ms. Talia to stay at the Board meeting for the report on the HPHA's redevelopment efforts.

Approval of Minutes:

Director Oh moved,

To approve the Regular Meeting Minutes for February 15, 2018.

The minutes were unanimously approved as presented.

Chairperson Shim deferred the Executive Meeting Minutes to a later date.

FOR ACTION

Director Smith moved,

To Accept the Single Audit Testing on Internal Controls and Compliance for Fiscal Year July 1, 2016 Ended June 30, 2017 Conducted by KMH, LLP and to Authorize the Executive Director to Submit the Audit and Management Responses to the Federal Audit Clearinghouse and the U.S. Department of Housing and Urban Development as Required

Executive Director Ouansafi introduced Mr. Wils Choy, partner at KMH LLC.

Mr. Choy reported that the auditors were able to issue a clean audit for the HPHA. The Part II audit of internal controls over financial reporting showed that the HPHA had no material findings for the financial review. While there were 7 proposed adjusting journal entries, it totaled less than \$20,000 which did not materially impact the financial statements.

Part III is the Auditor's report opinion on the compliance audit of federal programs. KMH, LLC also issued a clean opinion of no material findings for HPHA's programs. Mr. Choy stated that the HPHA has never had a clean audit. He stated that there are huge challenges for agencies to even be able to make such substantial progress. Mr. Choy commended Executive Director Ouansafi, CFO Chong Gu and the fiscal office staff. He commented that many agencies view audit findings as negative, but that the Executive Director Ouansafi has always received the audits in the spirit of cooperation and as a means for continuous improvement.

Chairperson Shim commended the staff for their hard work and program improvements.

The motion was unanimously approved.

Director Darcy moved,

To Authorize the Executive Director to Continue Negotiations on the Draft Voluntary Compliance Agreement (VCA) with the United States Department of Housing and Urban Development Related to Housing Discrimination Complaint Case Name: Hawaii Disability Rights Center v. Hawaii Public Housing Authority, HUD Case No. 09-16-0001-4; to Execute the Voluntary Compliance Agreement and Take All Actions Necessary to Implement Said Agreement

Executive Director summarized the complaint with HUD and HPHA's position that we disagree with HUD's inspection reports. At the center of the disagreement is the contention that the HPHA is able to apply the 2010 ADA accessibility standards in its renovation or alteration of its properties.

It is recommended by HUD that HPHA execute the VCA. HUD's final investigation report stated that the HPHA has over 400+ deficiencies, but the discrepancy is the result of HUD not applying the 2010 ADA accessibility standards, units under construction were counted as non-compliant, ADA appliances were cited and other issues. However, the Executive Director is recommending that the HPHA not spend its efforts trying to correct HUD's report or delay the execution of the VCA, which is not very onerous as written. The HPHA remains committed to complying with fair housing requirements.

Director Espero moved,

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 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 this matter.

The motion was unanimously approved to go into executive session.

The Board entered executive session at approximately 9:21 a.m. and reconvened at approximately 9:39 a.m.

Chairperson Shim reported that the Board consulted with its attorneys regarding questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to this matter.

Director Darcy moved,

To amend the main motion to include: "Subject to Review of the VCA by the Department of the Attorney General" at the end of the main motion.

The motion was unanimously approved.

Director Darcy moved the amended motion,

To Authorize the Executive Director to Continue Negotiations on the Draft Voluntary Compliance Agreement (VCA) with the United States Department of Housing and Urban Development Related to Housing Discrimination Complaint Case Name: Hawaii Disability Rights Center v. Hawaii Public Housing Authority, HUD Case No. 09-16-0001-4; to Execute the Voluntary Compliance Agreement and Take All Actions Necessary to Implement Said Agreement, Subject to Review of the VCA by the Department of the Attorney General

The amended motion was unanimously approved.

Director Smith moved,

To Approve the Hawaii Public Housing Authority's Annual Public Housing Agency Plan for the Fiscal Year Beginning July 1, 2018 to June 30, 2019, and to Authorize the Executive Director to Take Required Actions to Submit the Approved Plan to the U.S. Department of Housing and Urban Development

Executive Director Ouansafi informed the Board that none of the comments from the public hearing yielded changes to the Annual Plan. The Board reviewed the draft plan prior to issuance for the public hearings.

The motion was unanimously approved.

Designee King moved,

To Adopt and Extend the 2017 Utility Allowance Rates for the Hawaii Public Housing Authority's (HPHA) Section 8 Housing Choice Voucher Program to Cover the Period May 1, 2018 to April 30, 2019; and to Authorize the Executive Director to Accept Comments on the Current Utility Rates and Undertake All Actions Necessary to Extend the Current Utility Allowance Rates as Allowed Under Federal Regulations

Executive Director Ouansafi explained that the HPHA is required to annually evaluate its utility allowances. If the cost of utilities has not increased/decreased more than 10%, the housing authority is not required to change its utility allowances. Since utility rates have not increased more than 10% in the past year, the HPHA has proposed to extend its current rates for an addition 12-months.

The motion was unanimously approved.

Director Darcy moved,

To Adopt Payment Standards for the Section 8 Housing Choice Voucher Program for Oahu Zip Codes Where the U.S. Department of Housing and Urban Development Has Required the Use of Small Area Fair Market Rent Effective April 1, 2018; and to Authorize the Executive Director to Adjust the Payment Standards Between 90% and 110% Based on Projected Housing Assistance Funding Shortfall, with Adequate Notice to Program Participants

Small Area Fair Market Rents (SAFMR) exist because of a Fair Housing lawsuit against the U.S. Department of Housing and Urban Development.

The SAFMR rule establishes zip code-based FMR instead of FMR covering an entire metropolitan area. This means in high-rent areas, the FMR is higher thus creating an incentive for families to move to a neighborhood with better schools, amenities, or more job opportunities. It also means that in low-rent areas, the voucher payment standard is lower because rents are not comparable to the high-rent areas within the larger metropolitan area. The impact from this program change is that HPHA could ultimately end up serving fewer families. Additionally, HUD is currently only providing 76% of the earned administrative fees.

Director Darcy asked why other zip codes weren't included, beyond Oahu.

Executive Director Ouansafi stated that this federal mandate applies to all of the Counties of Hawaii, but HPHA only administers Section 8 to Oahu. Additionally, non-metropolitan areas are not required to implement SAFMR.

Chairperson Shim reported that the neighbor islands have to administer Section 8 vouchers through their own county. Based on the recent census tract data, the County of Maui is now considered a metropolitan area and may be required to implement the SAFMR in the future.

Chairperson Shim commented that the small area fair market rent for Manoa's zip code (96822) as issued by HUD seems too low.

Director Darcy asked if there are any the beneficial outcomes from the implementation of the SAFMR.

Executive Director Ouansafi explained that the change could ultimately reduce the program and the number of a families served. The goal of the SAFMR is to allow families to move into high rent areas that are considered "better neighborhoods". However, this does not necessarily mean that families will want to move.

Chairperson Shim stated that the biggest issue is the lack of rental housing inventory in those neighborhoods.

The motion was unanimously approved.

Chairperson called for a short recess at 10:00 am. The Board reconvened at approximately 10:17 am.

For Information/Discussion

For Information/Discussion:

Update from Board Task Force to Establish Benchmarks and Evaluate Performance of HPHA's Executive Director, Executive Assistant, and the HPHA's Programs

Chairperson Shim reported that he worked with Vice Chair Medeiros to finalize the performance surveys. Forms will be sent to Director Darcy and Director Oh for completion.

For Information:

Update on Redevelopment Projects Mayor Wright Homes, Kuhio Park Terrace Low Rise/Kuhio Homes and School Street Administrative Offices

Executive Director Ouansafi reported that the HPHA is in the process of contracting for specialized legal services; that the environmental impact statement (EIS) under the NEPA is underway for Mayor Wright Homes; and that the final EIS under the State rules have been delivered to the Governor's Office and the Office of Environmental Quality Control (OEQC) for review and acceptance.

Chairperson Shim asked if there were any follow-ups on Mayor Wright Homes redevelopment since the EIS was submitted to the Governor.

Executive Director Ouansafi stated that the EIS is under independent review by OEQC, which could take a month or two.

The comment period for the N. School Street EIS has ended and the master developer and its consultants are working with HPHA to respond to all of the comments. It was reported that Rep. Takashi Ohno completed a community survey which indicated that a majority of respondents supported additional senior housing within the community.

Executive Director's Report

- Executive Director Ouansafi thanked and commended the staff for their efforts with the audit and throughout the year. To have no compliance findings is a huge achievement. To put it in perspective, the financial office processes approximately 650,000 transactions a year, which translates to about 5 transactions a minute. For the HPHA to manage over \$150 million worth of transactions to adjust only \$20,000 is a testament to the fiscal staff and their leader, Mr. Chong Gu.

The public housing and section 8 staff review over 180,000 documents a year. The procurement office manages over 9,400 transactions a year. This is the first time in recent history that the HPHA has had no findings on the audit.

Director Darcy and Director Medeiros thanked and commended the staff for their hard work.

Chairperson Shim stated that Director Espero and Director Oh were a part of the change that was established six years ago. He further stated that to hear Wils Choy's report is a phenomenal accomplishment and that the efforts don't go unnoticed. The Board commended Executive Director Ouansafi and Executive Assistant Arashiro.

Chairperson Shim shared that June was concerned with the potential of new administration. He believes that this organization/leadership is strong and that the

accomplishments will inspire the current and future administration to support the HPHA and its leadership.

- Executive Director Ouansafi provided an update on the legislative session:
 - House version of HB1900 (the budget bill)
 - Governor's request: \$29M CIP; House version \$21.5M
 - Governor's request \$4.5M for Mayor Wright Homes; House version \$0 for redevelopment
 - Governor's request \$1.5M for Rent Supplement Program; House version moves the program to DHS and zeros out HPHA's appropriation and staff positions.
 - Governor did not request positions; House version added 2.0 FTE for public housing.
 - While there is need for funds, the HPHA will continue to work with whatever is appropriated. The Rent Supplement is a small program, but HPHA was able to increase lease up 492 families by targeting homeless individuals and families. If the program is transferred to DHS, it will take some time to start the process including hiring staff, training them, and adopt administrative rules. HPHA is currently preparing an impact statement to the Senate.

(Director Oh left the meeting at 10:30 am.)

Director Medeiros asked what DHS' official position is on the Rent Supplement being transferred to them. She also inquired as to how many families are currently being assisted under the program.

Executive Director Ouansafi stated that DHS will likely testify against the transfer of the Rent Supplement Program. The nonprofits familiar with the program are opposed to the transfer. There are currently 492 families on the program.

Director Medeiros is concerned that 492 families will be negatively affected if the Rent Supplement program gets removed.

DHS Designee King stated that DHS also has its own rent supplement programs, and they contract out so they would need to analyze how the program could be absorbed if a transfer takes place. DHS plans to continue to work with the community partners and is taking in consideration of the impact it'll have on the community.

Director Medeiros asked if HPHA knows what the justification is from the Legislatures to move the Rent Supplement program, given that we've done so well as administering it and helping almost 500 families.

Executive Director Ouansafi stated that HPHA isn't aware of any justification. HPHA is hoping for a positive outcome on the bills.

Director Medeiros questioned if there was a justification for zeroing out the \$4.5M for Mayor Wright Homes redevelopment project. She also asked whether this was the same group that HPHA met with and conducted a presentation on the importance of this project. She recalls that they expressed their understanding and support for additional affordable housing.

Executive Director Ouansafi confirmed and stated that housing is everyone's priority and that the HPHA will continue to impress upon them the importance of housing and the success of the agency in providing housing. We are hopeful that the HPHA will be made whole.

Director Medeiros stated that the Board can make themselves available to show support for the \$4.5M Mayor Wright Homes redevelopment project.

Deputy Attorney General Sugita asked for the bill number which proposes to move the Rent Supplement program to DHS.

Executive Director Ouansafi stated that the proposed move is in HB1900, the Budget Bill.

Director Darcy asked if there are any bills that could negatively impact the HPHA if they fail to move forward.

Executive Director Ouansafi reported that the important bills for HPHA appear to be on track. There are a lot of bills to track and committee meetings, but the administrative bills are moving forward.

- Executive Director Ouansafi explained that the HPHA's occupancy is dropping due to the number of units in construction. This could affect the HPHA's PHAS scores, but the dip in scores is necessary for the HPHA to conduct needed repairs. The HPHA anticipates a score of 87, and is waiting for the issuance of the final score.

Additionally, this fiscal year, HUD agreed to return the HPHA's ACC unit count to the 5,406 requested. The HPHA could have given up the Fair Cloth unit count, but it was important to get the ACC units back for future redevelopment.

Chairperson Shim asked the Board and HPHA staff to give a short introduction to welcome new Director Alapaki Nahale-a. Board members and staff in attendance introduced themselves.

Director Medeiros moved,

To adjourn the meeting.

The motion was unanimously approved.

The meeting adjourned at approximately 10:43 am.

MINUTES CERTIFICATION:

Minutes Prepared by:



Jennifer K. Menor Date
Secretary

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on April 19, 2018 [] As Presented [] As Amended

**APR 19 2018**

Director Jason Espero Date
Board Secretary