

**HAWAII PUBLIC HOUSING AUTHORITY  
NOTICE OF MEETING  
REGULAR BOARD OF DIRECTORS MEETING  
1002 North School Street, Building A Boardroom  
Honolulu, Hawaii 96817  
Thursday, March 21, 2019  
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 21, 2019
- B. Executive Session Minutes, December 13, 2018 (not for public distribution)
- C. Executive Session Minutes, January 17, 2019 (not for public distribution)
- D. Executive Session Minutes, February 21, 2019 (not for public distribution)

**IV. DISCUSSION AND/OR DECISION MAKING**

- A. To Accept the Single Audit Reports for Fiscal Year July 1, 2017 through June 30, 2018 Conducted by KMH, LLP and to Authorize the Executive Director to Submit the Audit Reports to the Federal Audit Clearinghouse, the U.S. Department of Housing and Urban Development, and Other Interested Parties as Required
- B. To Approve the Hawaii Public Housing Authority's Final Five-Year Public Housing Agency Plan for the Fiscal Years Beginning July 1, 2019 to June 30, 2024, and Annual Public Housing Agency Plan for the Fiscal Year Beginning July 1, 2019 to June 30, 2020, 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

- C. To: (1) Repeal of Chapter 181 of Title 15, Hawai'i Administrative Rules (HAR), entitled "Resident Advisory Board"; (2) Adopt Proposed New Chapter 2032 of Title 17, HAR, entitled "Resident Advisory Board", which is Substantially Based on Chapter 15-181, HAR, and includes:
- (a) Changing Title Numbers from Title 15, HAR, to Title 17, HAR; Changing Subtitle Numbers from Subtitle 14, HAR, to Subtitle 5, HAR; and Changing Chapter Numbers from Chapter 181, HAR, to Chapter 2032, HAR;
  - (b) Changing the State Department to Which HPHA is Administratively Attached from the Department of Business, Economic Development and Tourism to the Department of Human Services;
  - (c) Changing Certain Subchapter titles;
  - (d) Amending the Definitions in Section 17-2032-2 to Add "Rental Agreement";
  - (e) Section 17-2032-21, HAR [Resident advisory board]:
    - i. Specifying That all RAB Expenses Shall Be Part of an Approved Budget, and Expenditures Shall Require Prior Written Approval by the Executive Director for Clarity;
    - ii. Clarifying that the Minimum Number of Members to Serve on the RAB Shall be Nine and the Number of Representatives Required From Each Geographic Area;
    - iii. Clarifying that the HPHA Shall Appoint Resident Councils or Representatives to Serve on the RAB, Consistent with 24 C.F.R. 903.13(b)(2);
  - (f) Removing Completely Old Section 15-181-42 [Executive meetings] in its Entirety From New Chapter 17-2032;
  - (g) Section 17-2032-43, HAR [Agenda]: Clarifying the Content of the RAB Agenda;
  - (h) Section 17-2032-61, HAR [Nominees for public resident member for the authority's board of directors]: Specifying a Minimum and Maximum Number of RAB Nominees for the Public Resident Member of the HPHA Board of Directors, and the Qualifications of a Nominator of the Public Resident Member of the HPHA Board of Directors;
  - (i) Section 17-2032-62, HAR [Recommendation of the resident advisory board]: Specifying a Minimum and Maximum Number of RAB Nominees for the Public Resident Member of the HPHA Board of Directors, and clarifying that the Governor May Select and Appoint the Resident Member for the Board of Directors from the List Submitted; and
  - (j) Other Non-Substantive Revisions to Comply with the Procedures Set Forth in Chapter 91, HRS, Hawaii Administrative Rules Drafting Manual, and for the Purposes of Clarity; and

(3) Authorize the Executive Director to Take Required Actions to Submit the Repeal and Adoption of These Rules to the Governor of the State of Hawaii for Approval.

- D. Update on Redevelopment Projects Mayor Wright Homes (Tax Map Key: 1-7-029-003-0000), Kuhio Park Terrace Low Rise/Kuhio Homes (Tax Map Keys 1-3-039-008-0000; 1-3-039-006-0000; and 1-3-039-003-0000) and School Street Administrative Offices (Tax Map Key: 1-6-009-003-0000)

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 Mayor Wright Homes, Kuhio Park Terrace Low Rise/Kuhio Homes and HPHA's School Street Administrative Offices.

## V. REPORTS

Executive Director's Report:

- Financial Report for the Month of January 2019 Financial Report is provided to the board in the monthly packet. Request to Establish a Board Financial Task Force to Review the HPHA's Proposed Operating Budget for FY 2019-2020.
- Report on Contracts Executed During February 2019 and Planned Solicitations for March 2019/April 2019 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 2019.
- 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. If a request is received after March 18, 2019, the HPHA will try to obtain the auxiliary aid/service or accommodation, but we cannot guarantee that the request will be fulfilled. 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 21, 2019  
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 21, 2019. At approximately 9:09 a.m., 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 Myoung Oh  
Director George De Mello  
Director Lisa Darcy  
Director Denise Iseri-Matsubara  
  
Deputy Attorney General Klemen Urbanc

**EXCUSED:** Director Alena Medeiros, Vice-Chairperson  
Director Pankaj Bhanot  
Director Laura Smith

**STAFF PRESENT:** Hakim Ouansafi, Executive Director  
Barbara Arashiro, Executive Assistant  
Chong Gu, Chief Financial Officer  
Kevin Auger, Redevelopment Officer  
Katie Pierce, Section 8 Subsidy Program Branch Chief  
Robei Broadous, Property Management Branch Chief  
Becky Choi, State Housing Development Administrator  
Renee Blondin-Nip, Hearing Officer  
Nelson Lee, IT Supervisor  
Benjamin Park, Planner  
Sarah Beamer, Planner  
Jennifer Menor, Secretary to the Board

**OTHERS PRESENT (and signing in as):**  
Christy Iriguchi, KMH LLP  
Desiree Kihano, Palolo Valley Homes  
Andrew Nakoa, Sr., Mayor Wright Homes  
Jane Faith Scanlan Dela Cruz

## **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.

Desiree Kihano, Palolo Valley Homes resident, testified and expressed her appreciation to Benjamin Park (Planner), Kauai Martinez (Resident Services Specialist) and Sarah Beamer (Planner) for their hard work and patience with the tenants with this past Resident Advisory Board (RAB) season.

Chairperson Shim also thanked Ms. Kihano for serving as RAB President.

## **Approval of Minutes:**

**Director Espero moved,**

**To Approve the Regular Meeting Minutes of February 21, 2019**

**The minutes were unanimously approved.**

Chairperson Shim deferred consideration of the Executive Session Minutes of December 13, 2018.

Chairperson Shim deferred consideration of the Executive Session Minutes of January 17, 2019.

Chairperson Shim deferred consideration of the Executive Session Minutes of February 21, 2019.

## **Discussion and/or Decision Making**

**Director Oh moved,**

**To Accept the Single Audit Reports for Fiscal Year July 1, 2017 through June 30, 2018 Conducted by KMH, LLP and to Authorize the Executive Director to Submit the Audit Reports to the Federal Audit Clearinghouse, the U.S. Department of Housing and Urban Development, and Other Interested Parties as Required**

Executive Director Ouansafi introduced Ms. Christy Iriguchi, senior auditor with KMH LLP, the independent audit firm hired to audit the HPHA.

Ms. Iriguchi stated that the financial statement audit was completed in December 2018 and previously adopted by the HPHA's Board of Directors. KMH LLP recently completed/submitted the single audit/compliance audit. The single audit is an audit of the HPHA's compliance with applicable federal program rules. The HPHA has two major programs that were audited, the Housing Choice Voucher Program (Section 8) and the Federal Low Rent Public Housing Program. Two reports are issued: the report of the internal control of financial reporting and the report of program compliance. Ms. Iriguchi stated that both reports were unmodified opinions and there were no findings or deficiencies for the HPHA's programs.

Director Iseri-Matsubara commended HPHA on having no findings and acknowledged their significant efforts.

Ms. Iriguchi further added that HPHA has made tremendous progress and made efforts each year to clean up its processes. In comparison, just a few years ago, there were several compliance findings.

Director Iseri-Matsubara recognized the completion of the audit with no findings as a huge accomplishment.

Executive Director Ouansafi thanked Ms. Iriguchi and all the staff at KMH LLP who worked on the audit for their professionalism.

**The motion was unanimously approved.**

Chairperson Shim stated that HPHA is starting to prepare the financial budget for next fiscal year and asked for volunteers to be a part of the Financial Task Force to review the proposed Operating Budget for Fiscal Year 2019-2020.

Chairperson Shim appointed Director Laura Smith, Director George De Mello and Director Jason Espero to the HPHA Financial Task Force.

**Director De Mello moved,**

**To Approve the Hawaii Public Housing Authority's Final Five-Year Public Housing Agency Plan for the Fiscal Years Beginning July 1, 2019 to June 30, 2024, and Annual Public Housing Agency Plan for the Fiscal Year Beginning July 1, 2019 to June 30, 2020, 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 reported that the Public Housing Agency (PHA) Five-Year and Annual Plan is a requirement of QHWRA and HERA for funding. Public hearing notices on the draft PHA revised Five-Year and Annual Plan were published in the Honolulu Star-Advertiser, The Garden Island, The Maui News, West Hawaii Today and Hawaii Tribune Herald on January 18, 2019. Meetings with the RAB on the draft PHA

plan concluded in March 2019. There were no significant changes to the plan as a result of comments received at the public hearings.

Director Iseri-Matsubara referred to Goal 1, Objective 1b (increase voucher utilization to no less than 60% of available section 8 housing choice vouchers) and asked if the number is low as she seems to recall it being in the 80% range a few years ago.

Executive Director Ouansafi reported that HPHA receives money budgeted by HUD for the Housing Choice Voucher Program. Voucher counts will decrease when payment standards increase. The issuance of Housing Choice Vouchers is also affected by the rental market, which dictates how many vouchers can be funded, and amount of additional vouchers that HPHA requests and receives.

Director Iseri-Matsubara asked if 100% wasn't used, the maximum HPHA receives the following year be what was used the prior year.

Executive Director Ouansafi confirmed that future year funding is based on current year expenditures, not on voucher count. He stated that HPHA will over-issue vouchers so the budget amount doesn't drop the following year.

Executive Director Ouansafi reported that years ago, HPHA was issuing 80% of the funds. The 60% utilization is in reference to the voucher count. Currently, the total authorized voucher count for HPHA is 3,875 and 60% utilization brings HPHA to approximately 2,400 issued vouchers.

Director Iseri-Matsubara asked whether funding to cover the overutilization is coming out of program savings.

Executive Director Ouansafi responded that the over issuance of vouchers funded from program reserves.

Chairperson Shim added that if Congress allocates a certain amount of funding to the different departments and the money isn't used, Congress may pull back on the funding. However, if departments can show that they use and exceed the funding received, it will show that the department could use more, then Congress could issue more. So, when HPHA dips into their administrative funds, it also communicates that more funding is needed.

Director Iseri-Matsubara asked for more clarification on whether the HUD program is issuing more monies or is HPHA using their reserves.

Executive Director Ouansafi clarified that HPHA uses additional funding from its reserves and at the end of the year, HUD will look at the funding that was used and will provide funds at that level in the following year. He confirmed that HUD is increasing the allotment as HPHA continues to use the funds to issue more vouchers.

Director Iseri-Matsubara referred to Goal 3 (demand for housing: targeted assistance to families at or below 30% of median income) to exceed federal targeting requirements and asked what are HPHA's current targets.

Executive Director Ouansafi explained that HPHA targets a minimum of 50% families that are at or below 30% of median income. HPHA wants to go beyond HUDs minimum mandate and serve more families who are financially at or below 30% of the Area Median Income.

Director Iseri-Matsubara referred to Goal 7, Objective 7h (improving the quality of assisted housing: expand the supply of assisted housing by reducing the amount of public housing vacancies, not to exceed an adjusted vacancy rate of no more than 2%) and asked if the net effect is 0 units, 0 increase.

Executive Director Ouansafi stated that to earn 100% of funding, HUD mandates that unit occupancy be at 98% or more, which includes not only units occupied by tenants, but also those vacant and under modernization. HPHA's goal is a net gain of 0.

Director Iseri-Matsubara expressed that one of the HPHA's biggest achievements is the improvement in the turnaround time on vacant unit renovations.

Executive Director Ouansafi reported that the turnaround time is still approximately 7 business days for repair and maintenance of vacant units. Construction and complete renovation takes longer.

Director Darcy recognized and expressed her appreciation to the HPHA staff for their continuing hard work.

Executive Director Ouansafi stated that he will extend the positive feedback to the HPHA staff.

**The motion was unanimously approved.**

Chairperson Shim clarified that in regards to the appointment of the Financial Task Force, "two or more members less than quorum may be assigned to investigate a matter relating to the official business of the Board and to establish the scope of the investigation and the scope of each member's authority are defined at a meeting of the Board. All resulting findings and recommendations are presented to the Board at a meeting of the Board and deliberation and decision making on the matter investigated if any occurs only at a duly notice meeting of the Board held subsequently to the meeting at which the findings and recommendations of the investigation were presented to the Board".

Director Espero moved,

To: (1) Repeal of Chapter 181 of Title 15, Hawai'i Administrative Rules (HAR), entitled "Resident Advisory Board"; (2) Adopt Proposed New Chapter 2032 of Title 17, HAR, entitled "Resident Advisory Board", which is Substantially Based on Chapter 15-181, HAR, and includes:

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- (j) Other Non-Substantive Revisions to Comply with the Procedures Set Forth in Chapter 91, HRS, Hawaii Administrative Rules Drafting Manual, and for the Purposes of Clarity; and

**(3) Authorize the Executive Director to Take Required Actions to Submit the Repeal and Adoption of These Rules to the Governor of the State of Hawaii for Approval.**

Executive Director Ouansafi reported that under Act 196 the HHFDC and HPHA were bifurcated into two separate agencies. After the split, certain administrative rules remained under the Department of Business, Economic Development and Tourism (DBEDT) chapter and others were transferred to the Department of Human Services (DHS). This action is to move the Resident Advisory Board rules to the Department of Human Services.

On March 5, 2019, the Small Business Regulatory Review Bard concurred that the proposed repeal and adoption of these draft rules do not have any impact on small business. Executive Director Ouansafi reported that HPHA held public hearings and received 2 comments which didn't warrant any substantive changes. HPHA made additional non-substantive revisions to correct formatting.

**The motion was unanimously approved.**

**For Information:**

**Update on Redevelopment Projects Mayor Wright Homes (Tax Map Key: 1-7-029-003-0000), Kuhio Park Terrace Low Rise/Kuhio Homes (Tax Map Keys 1-3-039-008-0000; 1-3-039-006-0000; and 1-3-039-003-0000) and School Street Administrative Offices (Tax Map Key: 1-6-009-003-0000)**

Executive Director Ouansafi reported the following:

- Mayor Wright Homes (MWH): HPHA met with the Hunt working team and re-expressed concerns with the proposed plans. Hunt understands the HPHA's concerns, and HPHA is hopeful that they will be moving forward.
- Rental Assistance Demonstration (RAD): HPHA is in discussions with HUD on whether the Agency should give the CHAP back until they are ready for a RAD conversion. (CHAP is a Commitment to Enter into a Housing Assistance Payments Contract.)

Director Iseri-Matsubara requested that a workshop on the financing alternatives. She agrees that there's some major concerns about general funds paying for commercial space and the market units and some of the affordable units as well.

Executive Director Ouansafi confirmed that an update will be given to the Board.

Chairperson Shim requested that once the proforma is made available, he would like a workshop on financing alternatives.

Director Iseri-Matsubara asked the Executive Director to expand on his comment on the RAD and returning a check.

Executive Director Ouansafi stated that when applied for RAD conversion, after their review HUD issued a CHAP to proceed. He stated that once a CHAP is issued, the development will only have a limited time to hold onto it by showing progress and timely project. Returning the CHAP is not necessarily a problem, as HUD has more available and there is an “appetite” for mixed finance redevelopment. Returning the CHAP would allow greater transparency for HUD on HPHA’s partners. He clarified that this isn’t a financial check.

- School Street: No legislative hearing was scheduled for the land transfer which is subject to disapproval. HPHA and RHF have been working on the Master Development Agreement (MDA) and anticipates it to be completed with HPHA’s redline before the next Board meeting.
- Kuhio Park Terrace (KPT) Low Rise/Kuhio Homes: HPHA submitted the termination letter and a RFQ will be ready to go at any time.

Director Oh asked if HPHA is unable to proceed until the Michaels Group accepts the termination agreement.

Executive Director Ouansafi stated that HPHA is able to proceed, however, the HPHA received an email from Michaels Development Group that he would like to share with the Board and consult on with the attorneys. Executive Director Ouansafi requested to go into executive session to discuss further.

**Director Oh moved,**

**The Board 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 Mayor Wright Homes, Kuhio Park Terrace Low Rise/Kuhio Homes and HPHA’s School Street Administrative Offices.**

The Board entered Executive Session at approximately 9:55 a.m.

The Board reconvened at approximately 10:07 a.m.

Chairperson Shim reported that the Board consulted with its attorney on issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities to discuss, deliberate, and make a decision on information that must be kept confidential regarding Kuhio Park Terrace Low Rise/Kuhio Homes.

Director Iseri-Matsubara stated she looks forward to settling this, as it's been about ten years since the redevelopment for KPT first began. She thanked HPHA for all of their work on this.

### **Executive Director's Report:**

Executive Director Ouansafi reported the following regarding the 2019 legislative session:

- HB 365 - This bill gives veto power to the DHS Director regarding personnel matters. Bill isn't scheduled to be heard yet.
- HB 453 – Relating to Public Lands. This bill would exempt the HPHA from the definition of public lands. The bill did not make it out of committee, however, the HPHA was working with the legislature to find a way to keep the intent of the bill alive.

Chairperson requested a quick recess from 10:15 a.m. to 10:16 a.m.

(Executive Director Ouansafi left at 10:16 a.m. for legislative hearings.)

- Executive Assistant Arashiro reported on the expenditures for the end of the year. All of the Branches and Property Managers are working on the proposed operating budget for FY 2019-2020 and are on track to submit the proposed budget to the Financial Task Force in May.
- Executive Assistant Arashiro reported that HPHA's focus has shifted a little from repair of vacant units to repair of occupied units.
- HPHA is also working on lead-based paint inspections. While the majority of properties tested negative for lead-based paint, Executive Director Ouansafi may want to still test a larger percentage of units, particularly the units with children.
- In regards to Section 8, Executive Assistant Arashiro commended S8 Branch Chief Katie Pierce on quality control and credited her efforts to conduct file reviews with the lack of audit findings for the program.
- For the Rent Supplement Program, the HPHA will be able to fund all families due to assistance from the Governor's office and a transfer of funds from DHS. Katie Pierce and Chief Financial Officer Chong Gu are monitoring expenditures every month to ensure HPHA has adequate funds available.
- Executive Assistant Arashiro thanked Chong Gu for heading the audit. She explained that the HPHA is one of very few agencies that have fiscal staff capable of preparing the financial statements.

Director Espero moved,

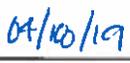
To Adjourn the Meeting

The motion was unanimously approved.

The meeting adjourned at 10:23 a.m.

**MINUTES CERTIFICATION:**

Minutes Prepared by:

   
\_\_\_\_\_  
Jennifer K. Menor Date  
Secretary to the Board

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on April 18, 2019 [  ] As Presented [  ] As Amended

   
\_\_\_\_\_  
Director Jason Espero Date  
Board Secretary