

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
1002 North School Street, Building A Boardroom
Honolulu, Hawaii 96817
Thursday, May 16, 2019
9:00 a.m.**

AGENDA

I. CALL TO ORDER/ESTABLISHING QUORUM

Introduction of New Board Members
Mr. Robert Hall, Oahu Director
Mr. Roy Katsuda, Low Income/Homeless Advocate
Ms. Susan Kunz, Hawaii Director
Mr. Milo Spindt, Kauai Director

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, April 18, 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)
- E. Executive Session Minutes, March 21, 2019 (not for public distribution)
- F. Executive Session Minutes, April 18, 2019 (not for public distribution)

IV. DISCUSSION AND/OR DECISION MAKING

- A. To Adopt Board Resolution No.19-01 Expressing Appreciation to Director Myoung Oh
- B. To Adopt Board Resolution No. 19-02 Expressing Appreciation to Director Alena Medeiros

- C. Update on Legislative Actions During the 2019 Legislative Session that Directly Impact the Hawaii Public Housing Authority
- 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

- A. Finance Task Force: Report on the Hawaii Public Housing Authority's Proposed Operating Budget for 2019-2020
- B. Executive Director's Report:
 - U. S. Department of Housing and Urban Development's *Lead The Way*, Online Training.
 - Financial Report for the Month of March 2019 Financial Report is provided to the board in the monthly packet.
 - Report on Contracts Executed During April 2019 and Planned Solicitations for May 2019/June 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 April 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 May 13, 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, MAY 16, 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, May 16, 2019. At approximately 9:13 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
Designee Daisy Hartsfield
Director Robert Hall
Director Roy Katsuda
Director George De Mello
Director Lisa Darcy
Director Milo Spindt
Director Susan Kunz
Director Laura Smith

Deputy Attorney General Klemen Urbanc

EXCUSED: Director Denise Iseri-Matsubara

STAFF PRESENT: Hakim Ouansafi, Executive Director
Barbara Arashiro, Executive Assistant
Chong Gu, Chief Financial Officer
Bennett Liu, Assistant Chief Financial Officer
Kevin Auger, Redevelopment Officer
Katie Pierce, Section 8 Subsidy Program Branch Chief
Robei Broadous, Property Management Branch Chief
Benjamin Park, Planner
Sarah Beamer, Compliance Specialist
Jennifer Menor, Secretary to the Board

OTHERS PRESENT (and signing in as):
Jesse Wu, Director, U.S. Department of Housing and Urban
Development, Hawaii Field Office
Michael Propst, Regional Counsel, U.S. Department of Housing
And Urban Development
Thomas Lee, Hunt Development Company
Derrick Sonoda, Johnson Controls
June Talia, Kuhio Homes
Andrew Nakoa, Sr., Mayor Wright Homes

Chairperson Shim welcomed the new members of the HPHA's Board of Directors.

The new HPHA Board of Directors introduced themselves: Mr. Roy Katsuda (Maui), Ms. Susan Kunz (Big Island), Mr. Milo Spindt (Kauai) and Mr. Robert Hall (Oahu).

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.

June Talia, Kuhio Homes tenant, testified against continuing the agreement with Michaels Development for the redevelopment of Kuhio Park Terrace Low Rise/Kuhio Homes. Ms. Talia requested that the HPHA consider other companies for future phases of the redevelopment.

Jesse Wu, Hawaii HUD Director, introduced Michael Propst, Regional Counsel, Region IX, which oversees California, Arizona and Hawaii. Mr. Propst stated that he primarily assists with litigation and is present at the meeting to answer any questions/concerns. For assistance after the meeting, Mr. Propst is reachable through Mr. Wu.

Mr. Wu added that HUD has a fairly extensive online training program on various topics, such as public housing, commissioner's roles, etc. Mr. Wu offered that HUD staff is available to provide training on general program oversight and other HUD requirements, such as the Declaration of Trust. HUD has been working with HPHA, who have been updating their title reports and submitting the Declaration of Trust to HUD.

Andrew Nakoa, Mayor Wright Homes tenant, testified on issues with the private security guards at Mayor Wright Homes. He reported that his vehicle was towed from his stall because the parking decal was expired. Mr. Nakoa asked the security to stop the towing, stating that he intended to renew his parking decal after the weekend. He stated that the security laughed at him and instructed the tow truck to take the vehicle. Mr. Nakoa repeated his request for in-house security for the redevelopment of MWH and KPT. Mr. Nakoa doesn't know why guests who are parked near the dumpsters don't get towed.

Approval of Minutes:

Director Smith moved,

To Approve the Regular Meeting Minutes of April 18, 2019

The minutes were unanimously approved as presented.

Per Executive Director Ouansafi's request, Chairperson Shim deferred consideration of the Executive Session Minutes of December 13, 2018 and of February 21, 2019 to a later time in the meeting for a requested edit in executive session.

Director Espero moved,

To Approve the Executive Session Meeting Minutes of January 17, 2019

The executive session minutes were unanimously approved as presented.

Director Darcy moved,

To Approve the Executive Session Meeting Minutes of March 21, 2019

The executive session minutes were unanimously approved as presented.

Director Darcy moved,

To Approve the Executive Session Meeting Minutes of April 18, 2019

The executive session minutes were unanimously approved as presented.

Per Chairperson Shim's request, the current HPHA Board members and Attorney General Klemen Urbanc introduced themselves to the new HPHA Board members. Chairperson Shim thanked everyone for their service.

Discussion and/or Decision Making

Director Darcy moved,

To Adopt Board Resolution No. 19-01 Expressing Appreciation to Director Myoung Oh

Executive Director Ouansafi, on behalf of himself and the HPHA staff, expressed gratitude to Director Oh for his years of service and his contributions to HPHA.

The motion was unanimously approved.

Director Darcy moved,

To Adopt Board Resolution No. 19-02 Expressing Appreciation to Director Alena Medeiros

Executive Director Ouansafi conveyed his appreciation for Director Medeiros for her years of service and her contributions to the HPHA.

(Correction will be made to Resolution No. 19-01 to change Director Medeiros to Director Oh prior to signature.)

The motion was unanimously approved.

For Information:

Update on Legislative Actions During the 2019 Legislative Session that Directly Impact the Hawaii Public Housing Authority

Executive Director Ouansafi reported on the following Bills:

- H.B. 2 (State Operating Budget Bill): bill passed. HPHA was appropriated three new positions: two General Laborer positions (one for Maui and one for Kauai), and one Landlord Liaison for Section 8. There are currently approximately 200 families with housing vouchers looking for housing. The landlord liaison will work directly with landlords to expedite the search for available housing units.
- S.B. 9: bill passed, which allows HPHA to reimburse Section 8 landlords for repair costs of tenant-caused property damage under certain circumstances. This bill provides \$450,000 in general funds for fiscal year 2019-2020 and aims to attract more landlords to participate in the HPHA administered Section 8 Housing Choice Voucher Program.
- H.B. 1259 (State Capital Improvement Project Bill): bill passed. HPHA was appropriated \$20M CIP funds in lump sum for capital repairs, development and remodeling of the housing units.
- H.B. 699: bill passed, which allows HPHA to evict a tenant convicted of a felony committed during the term of the tenancy and related to the HPHA's property, its funds, or its employees and their property. This bill is significant as there were some retaliations from tenants in the past against HPHA staff and their property.
- S.B. 471: bill passed and provides HPHA \$1M (in general funds for fiscal year 2019-2020) to be used to cover the projected funding shortfall in the State Rent Supplement Program.
- S.B. 1303: bill passed. HPHA titled lands were previously exempted when the lands were held by the HPHA's predecessor agencies Housing and Community

Development Corporation of Hawaii (HCDCH) and Hawaii Housing Authority (HHA). When HCDCH split into separate agencies, an exemption for HPHA titled lands was inadvertently not included in the list of lands exempted from Section 171-02, HRS.

Executive Director Ouansafi also thanked HPHA Planners, Benjamin Park and Sarah Beamer, for their hard work and diligence during the 2019 Legislative Session. Chairperson Shim echoed his appreciation for staff's efforts.

Director Spindt stated that he has experience managing rentals with Section 8 and has concerns with tenant caused damages. He is concerned about the limitation of the total amount allocated in regards to S.B. 9.

Executive Director Ouansafi stated that HPHA will need to draft rules on the program. HPHA is currently speaking with landlords to get their feedback to determine what would be a fair amount and how to proceed with the distribution and management of the funds. HPHA is considering whether an amount of \$4,000-\$5,000 would be reasonable.

Director Spindt acknowledges the benefits of the Section 8 program and that he is looking forward to collaborating on the reimbursement rules for the Section 8 landlords so that it's fair for both tenants and landlords.

Director Hall asked whether there is a target amount of Section 8 units related to the development projects at Hawaii Housing Finance & Development Corporation (HHFDC).

Director Spindt stated that his understanding is that any Low-Income Housing Tax Credit (LIHTC) funded project can also accept Section 8 Housing Choice Vouchers. He added that Kauai County is opening up the Section 8 Housing Choice Vouchers for new applicants today and that his properties are actively pursuing those tenants.

Director Hall felt that LIHTC projects, such as Stanford Carr's developments, would welcome subsidized tenants.

Director Spindt agreed that Section 8 vouchers holders can be put in market rate units and the income helps cover long term maintenance and operating costs. He agreed that there are incentives for LIHTC properties to take on voucher holders.

Executive Director Ouansafi explained that when new affordable housing units are available, the Section 8 staff provide that information on those developments to new applicants and tenants. He added that HPHA administers Section 8 only on Oahu and each county administers its own program. Executive Director Ouansafi added that the City & County of Honolulu also has their own Section 8 program, separate from the State (HPHA).

Director Katsuda asked whether there was a reason that the neighbor islands units are separate from the HPHA's program.

Executive Director Ouansafi clarified that the public housing units on the neighbor islands belong to the HPHA; however, each county has their own Section 8 program.

As advised by Attorney General Urbanc, Chairperson Shim stated that the discussion was moving off the agenda topic and that the information on all the programs will be helpful when an orientation takes place for all the new Board members.

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 regarding Kuhio Park Terrace (KPT) Low Rise/Kuhio Homes: The HPHA Board approved the suspension of the termination agreement for 120 days based on the request of Michaels Development Company (MDC). The first meeting between HPHA and MDC has occurred. After 120 days, if both parties are unable to come to an agreement, HPHA is prepared to move forward.

The HPHA has prepared a request for proposals to select a new master developer in the event there is no substantive progress made towards a fair agreement.

Director Spindt requested clarification that the agreement with MDC was suspended as opposed to terminated.

Executive Director Ouansafi confirmed that the termination was suspended for 120 days; however, the letter was rescinded.

Director Hall asked for the end date of the suspension period.

Executive Director Ouansafi stated it would be about 3 months. Chairperson Shim added that it's 120 days from the previous Board meeting on April 18, 2019.

Executive Director Ouansafi reported on the redevelopment at School Street: The HPHA is working in partnership with Retirement Housing Foundation (RHF). An EIS has been approved to build 800 units and the HPHA's offices at the School Street site. The Master Development Agreement (MDA) is in the process of being finalized. HPHA is also working directly with DLNR to complete the land deed transfer to HPHA.

Director Spindt asked for clarification whether the School Street property is currently managed under an executive order and the fee ownership is being transferred to HPHA.

Executive Director Ouansafi explained that since the Legislature did not disapprove the BLNR's transfer, the title will be transferred to the HPHA.

Chairperson Shim added that School Street property was under executive order to the HPHA since 1945.

Executive Director Ouansafi expressed appreciation to BLNR for their support of the land transfer to HPHA and for working with the staff to make it happen.

Executive Director Ouansafi reported on the redevelopment at Mayor Wright Homes (MWH): The HPHA is working with Hunt Companies on the redevelopment. There are currently 364 units in the federal property. An EIS has been completed for the development of approximately 2,450 low income/affordable units. HPHA continues to experience some issues and delays working with Hunt which the Board is familiar with. HPHA hasn't received any significant responses from Hunt addressing HPHA's concerns that were communicated in February and March 2019.

HPHA recently had a good meeting with the Developer in March, but written responses are not satisfactory. HPHA is looking for the Developer to respond to all of their concerns including their recent proposed increase in costs.

Director Hall asked if HPHA has an optimal date of completion for the redevelopment of these projects.

Due to the State's limited LIHTC resources, Executive Director Ouansafi explained that he proposes that the project that is ready first should be presented to the Legislature for funds. Executive Director Ouansafi anticipates that the redevelopment of School Street property would be ready first (sometime next year). The development of the School Street parcel does not require an assessment under the NEPA and the EIS is completed. The Mayor Wright Homes planning has progressed, but there are NEPA requirements and other HUD requirements that need to be fulfilled. He doesn't anticipate the start of the redevelopment of the three projects to take more than two years.

Director Spindt questioned whether the HPHA would pursue LIHTC for the development of School Street.

Executive Director Ouansafi responded that there will likely be three development phases at School Street and the developer would consider 4% and 9% tax credits. The use of the tax credits would depend on availability and on the gap created by the 4% or 9% tax credits and all of that would be presented to the Board when a proforma statement is ready for consideration by the Board.

Director Spindt stated that he is concerned that HPHA's project(s) could absorb all of the available tax credits and there are developments in the Counties that could use them too. The three counties have agreed to rotate the use of the HOME program funds and line up their development projects on a three-year rotation. Kauai county has been able to effectively plan their projects based on this strategy for the HOME Program and the trust funds.

Executive Director Ouansafi stated that HPHA's focus is on what's best for the HPHA, its tenants and the State of Hawaii. For example, the HPHA is proposing the use of 4% LIHTC at its Mayor Wright Homes development to ensure availability of tax credits for other developments in the State. Since the School Street redevelopment is an elderly project, the developer is putting together proforma statements to compare various funding sources.

Director Hall commented that he looks forward to a workshop to learn more about the redevelopment projects.

Chairperson Shim confirmed that the HPHA will conduct an orientation(s) for all the new Board members.

Director Spindt asked for a progress report on the RAD conversion with KPT Towers and MWH.

Executive Director Ouansafi reported that HPHA received a HUD CHAP, which comes with specific deadlines. There is a lot of information that is still missing/not available for the conversion of MWH. HUD discussed the possibility of returning the CHAP until everything is ready. Although the RAD conversion with KPT Towers is running smoother, HPHA is looking to request for an extension to verify all the terms are accurate.

Director Spindt asked for the approximate amount of time that it takes from application to RAD approval and conversion.

Executive Director Ouansafi reported that it takes about a year.

Chairperson Shim recalled the approval of the executive session minutes (Item B and Item D) which were deferred earlier in the meeting.

Director De Mello moved,

The Board 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 related to the discussion of Executive Session minutes.

The Board entered Executive Session at approximately 10:20 a.m.

The Board reconvened at approximately 10:30 a.m.

Director Smith moved,

To Approve the Executive Session Meeting Minutes of December 13, 2018

The executive session minutes were unanimously approved as presented.

Director Darcy moved,

To Approve the Executive Session Meeting Minutes of February 21, 2019

The executive session minutes were unanimously approved as presented.

Finance Task Force:

Report on the Hawaii Public Housing Authority's Proposed Operating Budget for 2019-2020

Director Smith reported that the HPHA has begun the budgeting process for next fiscal year and met with the Board Finance Task Force. The Task Force reported the following:

- HPHA manages over 85 properties, which consists of 17 AMPs and 13 Branches/offices.
- Each AMP has various funds, which carry different eligibility rules for expenditures. The Finance Task Force acknowledged the complexity of the budget and commended HPHA for being able to organize the budget.
- The Finance Task Force reviewed significant items, such as budget worksheets, budget assumptions, HUD publications and notifications in order to prepare for Public Housing and Section 8.
- There will be payroll expenses and salary increases (for all positions in Bargaining Unit 1). HPHA has made some purchase adjustments, such as delaying equipment replacement and copier maintenance. The Central Office Cost Center (COCC) will often transfer funds at the end of the fiscal year as allowable, if necessary.
- Regarding the federal AMP budget, gross rent represents revenue if all units are occupied; this amount is reduced for vacancies, units in renovation/modernization, units used for security and supportive services and is expected to be approximately \$19.7 million.
- In general, there were increased costs for certain items, such as utilities due to increased rates. There were other increases in costs due to HPHA projecting to increase purchase of certain services, such as extermination services and security services. As an example, total security costs for FY 2019-2020 is \$3.6 million and utilities are at \$11.3 million. AMPs 31, 32, 34 and 35 will receive state funds specifically to cover security costs.
- HPHA is expecting to manage the Federal Housing Program which should break even, but this will depend on proration of the federal subsidy. HUD operating subsidy (issued annually) is estimated to issue a proration of 88.7%, which will leave the budget short. HPHA is having to establish the budget based on the federal projections, which shows a reduction to HPHA's operating budget of approximately

\$3 million. HPHA plans to incorporate about \$1.9 million in cash reserves into the budget to cover the proration.

- Regarding the State housing budget, the majority of the State housing projects consist mainly of elderly tenants making it difficult to raise the rents. HPHA staff work hard to keep rents affordable in order to keep families housed. The State provides approximate \$4.48 million for expenses, including security and maintenance repairs. HPHA is designating \$1.3 million for operations of public housing and supplementing \$1.2 million in cash reserves.
- HPHA has an agreement with the Department of Human Services (DHS) to make payment on the rent of the KPT Resource Center. Due to anticipation of a budget shortfall, HPHA will cover this expense using State funds.

Director De Mello reported the following on the Housing Choice Voucher (Section 8) Program on Oahu:

- The HPHA Section 8 program is administered on Oahu only. HPHA's goal is to increase the expenditures in small increments in order to grow the Section 8 program's budget authority. The budget is broken down into housing assistance payments and administrative expenses. If funds are not expended, they are recaptured.
- Under the PBCA, the HPHA will make adjustments to the budget to meet their goal of keeping the PBCA budget at a break even.
- The State Legislature appropriated additional funds for the State Rent Supplement Program, as such the HPHA will not have to terminate program participation for RSP families. During the government shutdown, HPHA was able to dip into their reserves, which allowed the program to supplement families' rent.
- Important to keep the COCC budget in the black so that we can retain funds for unforeseen conditions, predevelopment activities, unreimbursed expenses, etc. COCC is like a "general contractor" and it's important for COCC to be financially sound.

The Finance Task Force acknowledges HPHA's hard work in organizing a feasible budget for the upcoming fiscal year and commends HPHA's efforts to make budget cuts where they are able to in order to keep families housed making the agency one of the most improved agencies in the nation. Director De Mello acknowledged that the HPHA was a troubled agency a while back, but the staff have worked hard to make improvements.

Director Hall asked what is the rent supplement maximum subsidy, and how much does Section 8 earn in housing assistance.

Executive Director responded that maximum subsidy under the Rent Supplement program was increased to \$500. The Section 8 program earns approximately \$28M annually in HAP.

Director Hall asked how much the HPHA earns in administrative fees which can be spent on discretionary items.

Executive Director Ouansafi clarified that the administrative fees for the Section 8 program can only be expended on Section 8 expenses. Executive Director Ouansafi further explained that there are two terms to keep in mind in with regards to the Section 8 program, voucher authority and budget authority. The HPHA has voucher authority for approximately 3,700, but HPHA only has enough budget authority to issue approximately 2,400 vouchers.

The HPHA tries to maximize its earned HAP by increasing the amount of vouchers leased using some of the administrative fees each year. This allows the HPHA to increase lease up in small increments every year. To reduce expenses, the City & County of Honolulu has a caseload of approximately 250 families but the HPHA's caseload is closer to 450 families per specialist. When the administrative expenses are reduced, the savings are put towards housing assistance payments.

It's difficult to generate savings under the federal public housing program due to the federal proration.

Director Hall stated that Mr. Jesse Wu mentioned that HUD is shifting and encouraging public housing agencies to convert its public housing projects to the Section 8 voucher program.

Executive Director Ouansafi responded that HUD's goal is to eliminate the public housing program, but the HPHA's objective is to maintain the housing inventory with the best interest of the tenants in mind. Rather than relying on a developer to rent out units, by having HPHA in control of renting out units, the agency is able to keep the housing affordable. HPHA finds other means of funding as needed and doesn't increase rent. Also, due to an anti-privatization laws, HPHA isn't able to privatize positions that were historically civil service positions which would result in multiple layoffs.

Chairperson Shim thanked the Finance Task Force for their hard work and professionalism.

Executive Director's Report:

Executive Director Ouansafi reported the following:

- There was an article in Civil Beat regarding the implementation of the HPHA's new online electronic applicant portal. The report did not depict a complete and accurate picture and it's important for the HPHA to make clarifications. HPHA has invested in and implemented an electronic portal for housing applicants on the waitlist to update their information. The online electronic portal allows applicants to update their information online at their convenience. This was done to reduce burden of requiring applicants to come to the HPHA's office during business hours.

HPHA notified the housing applicants they had six weeks to establish an online account, while HUD only requires giving applicants one week to respond.

HPHA provided translators onsite at its offices and made computers available for those that don't have internet access at home or needed assistance with the process. Also, for those that are incarcerated, HPHA documented their file and their applications will not be cancelled.

The HPHA is preparing to send a follow-up letter with another six-week extension deadline (final deadline of June 15, 2019). Utilization of the electronic portal will give HPHA a cleaner applicant list, reduces keying errors, and saves approximately 6,000 hours of staff time each year. Approximately 4,000 families have already created their account online. This process has resulted in families who are no longer interested in housing notifying the HPHA to remove them from the list. Also, many families who were on multiple waiting lists were allowed to choose one waiting list.

- Under the public housing program, last month HPHA was able to move in 43 families and moved out 45 families. There were 19 eviction cases that were heard, 3 for non-rent/criminal activities and 16 for rent.
- HPHA continues to focus on addressing REAC deficiencies in its public housing program to keep the units safe and habitable. HUD inspects or sends a contractor to inspect the properties for deficiencies. There are approximately 150 vacant units under major modernization and construction renovations are estimated at \$250M. We anticipate that this will affect our occupancy, but we are committed to ensuring that occupied units and properties meet the REAC standards.
- HPHA contracted with a consultant to assess the housing properties to work on the ADA assessment (Section 504 Transition Plan) that requires 5% accessible and 2% for hearing impaired units. As previously reported, the HPHA continues to design and plan renovations to exceed the requirement of 5%/2% accessible units.
- Under the Section 8 program, the HPHA has budget authority, which allows the program to serve 2,434 total families (453 are veteran families). Unfortunately, there are many veterans and applicants still looking for housing, and HPHA is working on programs to incentivize landlords to participate in the program.
- By HUD rules, housing properties are divided amongst various Asset Management Projects (AMPs) that act as separate entities under their own budgets. Each AMP must be viable and operated on its own.
- 59% of the Section 8 unit inspections failed, so HPHA mandated certain corrections including those for health and safety. Landlords are required to confirm that corrections/repairs were made.

Director Kunz asked whether in addition to HUD's REAC inspections, does the HPHA staff conduct internal inspections.

Executive Director Ouansafi confirmed that HPHA does complete internal inspections, which are performed at least once a year.

Director De Mello added that HPHA does a thorough inspection separate from the HUD REAC inspections. He explained how the management staff will check in the cabinets, in the appliances, and will go through the entire unit.

Director Kunz asked for more information about the REAC inspections.

Executive Director Ouansafi reported that HPHA's REAC scores have been increasing since 2013 and 2014. He also added that the inspection standards have been changed to become more stringent. He explained that the REAC scores have been increasing, which is likely why HUD is sending their inspectors to verify the increase scores. HPHA expects the scores to "take a hit" due to the change in inspection standards. Executive Director Ouansafi read off REAC scores for the various AMPs which demonstrated the increase in scores.

Director Kunz asked whether the HPHA is also subject to the rule, which allows agencies to skip two years of inspection if the property scores are in the 90's.

Executive Director Ouansafi confirmed that HUD will inspect a property that scores in the 90's once every three years; properties in the 80's are inspected every other year; and properties in the 70's and below are inspected every year. He clarified that each AMP is given an individual REAC score and then the HPHA is given points based on the cumulative score.

- HUD extended the PBCA program until 2020. There was a legal challenge of HUD's issuance of the PBCA. HUD extended the existing program and hence the HPHA is able to continue to administer the program. If HUD issues a new NOFA or RFP, the HPHA will apply to continue to administer the program. However, HPHA could be at a disadvantage if there is no preference for local public housing agency or no consideration for the State's high cost of living (e.g., fringe benefits for State employees are approximately 50%).
- HPHA has approximately 315 staff, where only four full-time positions are paid using State funds. The other positions will be paid using Federal funds and business enterprise funds/programs.
- The security company for the public housing properties are hired based on a competitive procurement process. Executive Director Ouansafi has responded to complaints that have come in regarding the security by visiting the properties in unmarked vehicles at various times and verified that the security is working properly to refuse entry to noncompliant drivers or vehicles.
- The large majority of all positions at the HPHA positions are civil service. HPHA has HGEA and UPW positions in various bargaining units.

Chairperson Shim commented that much of this information will be presented at a Board Orientation. He stated that the HPHA has made marked improvements from a time where there were numerous findings to now. Over the last four years, the HPHA

has had no financial findings, much of which can be attributed to the HPHA's CFO Chong Gu and the improvements he made. Chairperson Shim recognized Chief Financial Officer Gu, Executive Director Ouansafi, Executive Assistant Arashiro and the HPHA staff.

(Director Hall left the meeting briefly at approximately 11:05 a.m. and returned at approximately 11:07 a.m.)

Director Hall commended HPHA on all of their hard work and professionalism.

Executive Director Ouansafi acknowledged and expressed his gratitude to all the HPHA staff. The HPHA have the heart to administer these programs even when it can seem like a thankless job. He also recognized Assistant Chief Financial Officer Bennett Liu, who took leadership on the budget and diligently worked with the HPHA staff during this budget cycle.

Director Spindt asked if the federal administration is moving towards converting public housing to project-based Section 8.

Executive Director Ouansafi confirmed that the federal administration wants to move in that direction of privatizing public housing, however, there isn't enough funding to move forward. Congress reauthorized the public housing, Section 8 and other programs for the low income, despite the administration's request to provide no funding for the public housing program and half the funds for Section 8. Congress is aware of their constituents and their needs. The administration, however, believes that low income housing is a state issue and that states should fund their programs. There are many public housing agencies which took advantage of conversion to privatize their public housing portfolios as it is easier to manage a Section 8 voucher. Executive Director Ouansafi believes that the program will stabilize and appropriations will become more "fair".

Executive Director Ouansafi discussed with HUD whether there was possibility to obtain ACC units from other housing authorities, so that HPHA can convert its state housing into public housing.

Director Katsuda asked about the schedule for the Board orientations.

Executive Director Ouansafi responded that the training will begin in July when the other new Board members start. Board meetings are held on the 3rd Thursday of each month unless the Board Chair calls a special meeting.

Director Hall commented that he looks forward to being on the HPHA Board of Directors and hopes to keep up the energy and continue all the great work that the past Board members have done over the years.

Executive Director Ouansafi expressed his gratitude to Director Smith and Director Espero for their service, as their term will end after the next Board meeting.

Director Darcy moved,

To Adjourn the Meeting

The motion was unanimously approved.

The meeting adjourned at 11:19 a.m.

MINUTES CERTIFICATION:

Minutes Prepared by:



JUN 20 2019

Jennifer K. Menor
Secretary to the Board

Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on June 20, 2019 [] As Presented [] As Amended



JUN 20 2019

Director Jason Espero
Board Secretary

Date