

**HAWAII PUBLIC HOUSING AUTHORITY  
NOTICE OF MEETING  
REGULAR BOARD OF DIRECTORS MEETING  
1002 North School Street, Building A Boardroom  
Honolulu, Hawaii 96817  
Thursday, November 21, 2019  
9:00 a.m.**

**AGENDA**

**I. CALL TO ORDER/ESTABLISHING QUORUM**

**II. PUBLIC TESTIMONY**

Public testimony on items III. and IV. 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**

Regular Meeting Minutes, September 19, 2019  
Regular Meeting Minutes, October 31, 2019

**IV. BOARD TRAINING**

- A. Training by the U.S. Department of Housing and Urban Development, Mr. Jesse Wu, Director of the Office of Public Housing, Hawaii Field Office (Approximately 9:30 am – 11:00 am)
- B. Training will be conducted by the Department of the Attorney General in executive session (Approximately 11:00 am – 12:00 noon)

The Board will go into executive session pursuant to Hawaii Revised Statutes (HRS) sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as to:

- 1. Approval of Execution Session minutes, August 15, 2019 (not for public distribution)
- 2. Approval of Execution Session minutes, September 19, 2019 (not for public distribution)

3. Approval of Execution Session minutes, October 31, 2019 (not for public distribution)
4. Board Orientation and Briefing on Legal Matters by the Department of the Attorney General on the Board's powers, responsibilities, duties, privileges, immunities, and liabilities relating to:
  - a. HPHA Laws
  - b. HPHA Organization
  - c. HRS Chapter 92 – Public Agency Meetings and Record: Sunshine Law
  - d. Board Meeting Agenda
  - e. Standards of Conduct; Ethics
  - f. Corrective Action Order 2002
  - g. Litigation:
    - Karsom, et al. v. State of Hawaii, et al. (Civil No. 1CC 17-1-0843-05 JCM, First Circuit Court);
    - Demarco v. State of Hawaii, et al. (Civil No. 18-00450 KJM-None, U.S. District Court) (previously Civil No. 18-1-1707-10, First Circuit Court);
    - Rodrigues v. Corbit K. Ahn, et al. (Civil No. 1CC 10-1-1411-06, First Circuit Court)
    - Andrew Samuel v. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority, HCRC No. RE-O-1216; HUD No. (Pending)
    - Kelly L. Head v. Paul Sopoaga, State of Hawaii, Hawaii Public Housing Authority, Hawaii Affordable Properties, Inc., Case No. HCRC No. RE-WH-1183; HUD No. 09-18-3384-8
    - Christine Marie Salvia and Frank Salvia Jr. v. Hawaii Affordable Properties, Inc.; Nua Vaovasa; Starnani P. Lynch; and State of Hawaii, Department of Human Services, Hawaii Public Housing Authority, Case No. HCRC No. RE-O-1206; HUD No. Pending

## **V. PUBLIC TESTIMONY (To begin at approximately 12:00 noon)**

Public testimony on any items listed below 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.

## **VI. DECISION MAKING**

- A. To Adopt Revisions to the Hawaii Public Housing Authority's Statement of Procurement Policy to Include the Applicable HUD Maintenance Wage Determination as it Relates to Maintenance Contracts

## **VII. BOARD TRAINING**

- A. Training: Part I: Board Orientation on the Hawaii Public Housing Authority. Presentations by the HPHA staff
- HPHA Resource Binder
  - HPHA Purpose, Mission, Structure, History, etc.
  - Roles of the Board & Executive Director
  - State and Federal Public Housing
  - Housing Choice Voucher - Section 8
  - Construction Management
  - Program Management
  - Financial Management
  - Procurement & Contracting Requirements
  - Ethics
  - Ongoing Programs, Projects & Challenges
- B. Training: Various Financing Options for the Redevelopment of Low Income and Affordable Housing; Presentation by HPHA

## **VIII. FOR DISCUSSION/INFORMATION**

(The Board may go into executive session during the presentation, consideration and deliberation of the redevelopment projects pursuant to Hawaii Revised Statutes sections 92-4, 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, HPHA's School Street Administrative Offices and potential projects listed below under items A, B, C, D)

- A. For Information & Discussion: Report, Update, and Overview of the Redevelopment of Hawaii Public Housing Authority's ("HPHA") Administrative Offices (the "Project") on Land Situated at Kalaepohaku and Kapalama, at 1002 North School Street, Honolulu, Oahu, TMK No. 1-6-009-003-0000 (the "Property")
- B. For Information & Discussion: Report, Update, and Overview on the Hawaii Public Housing Authority's Redevelopment Efforts at Mayor Wright Homes (Tax Map Key: 1-7-029-003-0000)

- C. For Information & Discussion: Report, Update, and Overview on the Hawaii Public Housing Authority's Redevelopment Efforts at 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)
- D. For Information: Report, Update, and Overview on Potential Redevelopment Efforts on Hawaii Island in Partnership with Hawaii County, Possible Redevelopment on Maui and Kauai, and Potential Redevelopment Effort at Kalaeloa in Partnership with the Lt. Governor's Office
- E. For Information: Background and Update on the Hawaii Public Housing Authority's Properties Located on Formerly Used Defense Sites (FUDS) in the Waikoloa Maneuver Area (WMA), Island of Hawai'i

## IX. REPORTS

### Executive Director's Report:

- Financial Report for the Month of September 2019 Financial Report is provided to the board in the monthly packet.
- Report on Contracts Executed During October 2019 and Planned Solicitations for November 2019 are provided to the Board in the monthly packet. No formal report is planned.
- Legislative Matters and Updates
- Public Housing Occupancy/Vacancy Report; Federal Public Housing; Eviction Hearings for the Month of October 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). Report on closed contracts.
- Section 8 Subsidy Programs Voucher: Voucher Lease-up and Pending Placements; Update on Rent Supplement Program.
- Human Resources

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 November 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, NOVEMBER 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, November 21, 2019. At approximately 9:12 a.m., Vice-Chairperson Hall called the meeting to order and declared a quorum present. Those present were as follows:

**PRESENT:** Director Robert Hall, Vice-Chairperson  
Director Lisa Darcy  
Director George De Mello  
Director Denise Iseri-Matsubara  
Director Roy Katsuda  
Director Susan Kunz  
Director Betty Lou Larson  
Director Todd Taniguchi  
  
Deputy Attorney General Klemen Urbanc

**EXCUSED:** Director Pono Shim, Secretary  
Director Pankaj Bhanot

**STAFF PRESENT:** Hakim Ouansafi, Executive Director  
Barbara Arashiro, Executive Assistant  
Chong Gu, Chief Financial Officer  
Kevin Auger, Redevelopment Officer  
Rick Sogawa, Contracts and Procurement Officer  
Katie Pierce, Section 8 Subsidy Program Branch Chief  
Becky Choi, State Housing Development Advisor  
Benjamin Park, Chief Planner  
Mary Jane (Pua) Hall-Ramiro, Acting Property Management and  
Maintenance Services Branch Chief  
Renee Blondin-Nip, Hearings Officer  
Nelson Lee, IT Supervisor  
Sarah Beamer, Compliance Specialist  
Gary Nakatsu, Program Specialist  
Jennifer Menor, Secretary to the Board

**OTHERS PRESENT (and signing in as):**  
Stacie Brach, Michaels Management  
Senator Stanley Chang

Ben Edger, Michaels Development Company  
Brandon Hegland, Michaels Management  
Desiree Kihano, Palolo Valley Homes  
Thomas Lee, Hunt Development  
Sara Lin, Office of the Governor  
Nani Medeiros, HomeAid Hawaii  
Andrew Nakoa, Sr., Mayor Wright Homes  
Milt Pratt, Michaels Development Company  
June Talia, Kuhio Homes  
Robin Vaughn, Hunt Development  
Jesse Wu, U.S. Department of Housing and Urban Development

Vice-Chairperson Robert Hall introduced himself, reviewed the agenda and announced that former Chairperson Milo Spindt resigned from the HPHA Board. Vice-Chairperson Hall stated according to the By-Laws, he assumes the responsibilities of the Chairperson. He also announced that Director Denise Iseri-Matsubara will be leaving the HPHA Board of Directors, and congratulated her on being appointed as the Hawaii Housing Finance and Development Corporation's (HHFDC) new Deputy Director.

### **Public Testimony**

Andrew Nakoa, Mayor Wright Homes resident, testified that he did not have a chance to complete his testimony last month. He again requested a community meeting and updates on the progress of the redevelopment. Mr. Nakoa asked whether the property would be redeveloped in phases and whether it would be safe to have tenants on the property during construction. He asked the HPHA to keep in mind that many tenants have children in area schools. Mr. Nakoa also continues to testify on issues with the security at MWH and with his next-door neighbors. He stated that he almost got into three altercations this year with his next-door neighbor. Mr. Nakoa stated that on March 23 he reported to security twice that children were playing volleyball near the building. He alleged that the security informed the neighbors that Mr. Nakoa called to complain, and as a result, the neighbor pounded on his door and accused him of discrimination against Micronesians. Although his son was killed by a Micronesian person 15 years ago, he stated that he does not hate Micronesians.

Mr. Nakoa also complained that his parking decal expired and his next-door neighbors allegedly called the towing company to tow his vehicle. Mr. Nakoa stated seeing the security visit his next-door neighbor and having lunch several times and is concerned about favoritism when issues arise. He reported issues with vehicles parking by the dumpsters shining their light into his unit, children playing ball from 1:00 to 7:00, and children skateboarding and riding mopeds on the sidewalk. He suggested installation of "No Parking" signs by the dumpsters and adding "no ball playing, skateboarding, and moped riding" on the "No Loitering" signs around MWH.

June Talia, Kuhio Homes tenant, testified being pleased with the current HPHA Board members and doesn't feel the need to continue returning to the Board meetings every month. Ms. Talia reported that she's been involved since 2006 and quit her job in 2009 to work full-time with the Resident Association. She expressed her love for the HPHA staff and the Board of Directors.

Director Darcy invited Ms. Talia to reconsider her position and welcomed any change.

Vice-Chairperson Hall thanked Ms. Talia for her service to the community.

### **Approval of Minutes**

**Director Larson moved,**

**To Approve the Regular Meeting Minutes of September 19, 2019**

**The minutes were unanimously approved as presented.**

**Director Larson moved,**

**To Approve the Regular Meeting Minutes of October 31, 2019**

**The minutes were unanimously approved as presented.**

### **Board Training**

**A. Training by the U.S. Department of Housing and Urban Development,  
Mr. Jesse Wu, Director of the Office of Public Housing, Hawaii Field Office**

Mr. Jesse Wu, Director of the Office of Public Housing, Hawaii Field Office introduced himself. He previously provided training at the July Board meeting on the overall responsibilities of the Board of Directors. Mr. Wu continued with the training with a focus on RAD and repositioning of the HPHA's assets.

Updated training handouts were distributed to the Board.

HUD's mission was updated by the new HUD Secretary approximately a year and a half ago, where the type of work remains the same but most of their programs serve existing families.

HUD is managed under HUD Secretary Ben Carson. Mr. Wu falls under the Assistant Secretary Hunter Kurtz for the Office of Public and Indian Housing. Two areas highlighted on were the Assistant Secretary for Community Planning and Development

(CPD) and the Assistant Deputy Secretary for Field Policy/Management. The Hawaii CPD programs are overseen by Field Office Director Mark Chandler and provide Community Development Block Grant (CDBG) and HOME funds. Field Office Director Ryan Okahara falls under the Assistant Deputy Secretary for Field Policy/Management, and his main responsibilities are related to customer service, policy issues and political relationships. While Mr. Okahara works with the Mayor and Governor, Mr. Wu and Mr. Chandler are regulators and work directly with the housing agencies.

The main funding for HUD falls within the Office of Public Housing (PIH). The Section 8 Housing Choice Voucher (HCV) program serves approximately 2.2M households, while the public housing program serves approximately 1.1M households. Across the country, most public housing units fall under the Section 8 program. In Hawaii, there are approximately 5,000 public housing units and approximately 12,000-13,000 units in Section 8 voucher program. Tenants in public housing and section 8 all pay 30% of their adjusted income. The FY20 Budget Chart illustrates funding for assisting 2.2M HCV households, which cost approximately \$22.5B. Assisting 1.1M public housing households cost approximately \$4.6B.

Mr. Wu discussed *Lead the Way*, a HUD resource where the Board is able to learn more about the HUD programs and better understand the Board's roles and responsibilities. Handouts on the online training program were distributed. (A copy of this presentation is on the HPHA website.) The key focus is on the roles of both the Board members and the agency's staff. The Board's role is mainly to focus on the overall direction and policies issued related to the organization, while the staff are responsible for the day-to-day operations and the implementation of established policies.

HUD's key roles are to monitor the agency's overall compliance, as well as working with agencies to address their priorities. Mr. Wu identified that some of HPHA's challenges are the housing portfolio and the physical challenges. As a result, a lot of current interest have been on providing flexibility.

Mr. Wu presented an overview of HPHA's portfolio of approximately 5,000 public housing units and 2,400 HCV units. HPHA receives approximately \$13M in capital fund, approximately \$28M in operating subsidy, and \$33M in housing assistance funding for Section 8.

Public housing operations are rated annually under the Public Housing Assessment System (PHAS), which is broken up into four categories: physical, financial, management and capital fund. HPHA's public housing program is currently scored as a "Standard Performer".

The 50058 public housing occupancy data is provided by the agency and entered into a Public Housing Dashboard. The data consists of who is living in the unit, how much they pay and what the occupancy is. While PHAS has a target occupancy goal of 94%

and HUD has a target occupancy goal of 96%, HPHA's priority goal occupancy rate was at 92% in July 2019, which affected the PHAS scoring.

Director Darcy asked if the occupancy is reviewed annually or monthly.

Mr. Wu reported that the occupancy data shown in the training is an illustration of the data when it was obtained in July 2019. He confirmed that the year-end rate will even out if the occupancy is low in the first several months and increases thereafter.

Based on the Development Detailed Report, HPHA currently has 418 uninhabited units, which includes 325 vacant units, 89 units under modification, and 1 casualty loss unit.

HUD provides a budget authority for the HCV program to each housing authority. Mr. Wu briefly described the funding process and stated the importance of utilizing the funds. The main goal being to issue as many vouchers to serve as many families as possible.

The HCV Utilization Two-Year Tool is used to assist housing authorities in calculating how many vouchers are needed to be issued in order to expend the entire budget authority. Mr. Wu explained that some agencies are able to expend over 100% of their budget by using their reserves from prior years. As an example, in January 2019, Maui County started the year leasing vouchers at approximately 110%.

Although HPHA is authorized a total of 3,785 vouchers, the total of vouchers leased is approximately 2,400. One of the challenges HUD has been working with all the housing authorities is to increase the overall voucher utilization. While HUD's overall office average is in the high 70% and the west coast agencies are in the 90%, HPHA's utilization is at 65%. HUD encourages agencies to use the HCV Utilization Two-Year Tool to understand their spending and the amount of families they are serving.

Vice-Chairperson Hall asked if it's accurate to state that the cost of living in Hawaii is more than the cost of living in California, so the concern on being able to issue the authorized 3,784 vouchers comes down to insufficient funds.

Mr. Wu acknowledged that this is a long-term challenge. He added that the funding for the upcoming year is based what was expended the previous year.

Vice-Chairperson Hall commented that the "High Performer" rating of the agency is not reflective of the expenditures and could still affect future funding.

Mr. Wu clarified that the HPHA is a "High Performer" agency. However, he added that funds are issued based on the previous year's expenditures and so if an agency expends 90% of 90% of 90% every year the award amount will eventually go down. HUD has funds to cover over expenditures of HAP for public housing agencies.

Director Larson asked about the difference of spending the funds versus issuing vouchers.

Director Larson stated that it doesn't match, where HPHA has overspent its funds but not all vouchers are issued. She recognized the inability to issue all the authorized vouchers due to the cost of living in Hawaii. Director Larson asked for clarification that the main objective is to utilize all of the funds.

Mr. Wu confirmed that the main goal for most agencies is spending the funds. Each year, HUD publishes two sets of data: 1) income limits and 2) fair market rents. In 2017, HPHA participated with the City and County in a rent study. Every year, HUD will draft the fair market rents in September, which become effective October 1<sup>st</sup>. Then, the housing authority will implement a payment standard. If the fair market rents increase over time, the amount of money spent previously won't cover the same amount of families. As a result, in the past few years, HUD has provided inflation adjustments related to the fair market rent. In 2019, HUD made the adjustment at a regional level versus taking the national average. After reviewing some preliminary inflation factors, for the City and County of Honolulu, HUD will issue an extra 4% to assist more families as the cost of living increases.

Mr. Wu explained how HUD obtains the data for the fair market rents through the Census Bureau. Agencies are able to participate in a rent study if the preliminary fair market rents don't reflect their community, following HUD's specific process. Each few years, HHFDC will do a housing study. Often times, at the monthly HHFDC Director's meeting, Mr. Wu would indicate that a survey consultant will be evaluating each County and ask if there is an interest for housing authorities to do a rent survey. Last year, Kauai did a rent study, which reflected that their fair market rents have increased by 20%, so Kauai will receive 20% more funds to assist the existing families and can issue out more vouchers.

Executive Director Ouansafi reported that there are two separate HUD allocations. One is the voucher authority which provides approximately 3,500 vouchers and the second is the budget authority which represents the amount of money received to serve families. The HPHA does not receive enough funds to cover all of the vouchers received.

Mr. Wu explained that the renewal of funds consists only of federal funds provided to the agency: the HAP (to pay landlords) and the admin fee (the money provided to the agency to run the program and be used for families).

Vice-Chairperson Hall recalled that the HPHA has a position to assist with marketing the Section 8 program to landlords.

Executive Director Ouansafi confirmed that HPHA has been putting funds aside in its reserves in the last few years, which will allow HPHA to issue more vouchers in 2020. The issue is largely that there are families who have vouchers and are still searching for

housing where landlords will accept Section 8. The position would help identify housing where the landlords are willing to accept the voucher.

Vice-Chairperson Hall confirmed that the HPHA is taking action to address the gap in the issuance of vouchers and the ability of voucher holders to find housing.

Director Larson asked for information on HPHA's spending in the past several years.

Mr. Wu reported that HPHA has been spending consistently without HUD recapturing funds. He added that HUD is only allowed to renew what Congress provides to them and is under a continued resolution account. For example, in reference to slide 6 of Mr. Wu's PowerPoint presentation: FY20 Budget Chart for Selected HUD and USDA Programs, if the overall voucher program is \$22 billion and the Congress only provides \$20 billion (approximately 95%), HUD is only able to renew up to 95% despite an agency spending 100%. Unlike HPHA, an agency in Guam underspent their funds, so HUD renewed that agency's HAP contract for \$2 million less the following year.

Director Katsuda asked how HUD calculates the amount of authorized vouchers.

Mr. Wu reported that an agency is allocated vouchers and funding based on historical performance. The authorized vouchers are calculated over time, which started based on demand.

Director Katsuda stated that HPHA's current authorized vouchers amount is at 3,784 and leasing out 2,401. It could take some time to build up enough leased vouchers to use all the vouchers.

Mr. Wu confirmed that it will take significant effort to lease all the vouchers, but there are ways to build the budget authority to cover all of the vouchers allotted. For instance, at fiscal-year end, moving funds into the admin fee reserves, which by HUD rules can then be transferred from operational staffing cost to funding families.

Vice-Chairperson Hall stated that it appears that HUD is moving in a direction of promoting Section 8 financially versus public housing, where issuing vouchers seem easier than managing public housing. He expressed the importance of building up the Section 8 program due to the potential increase in voucher allowances.

Mr. Wu explained that based on the budget worksheet, the number of voucher families are twice the number of public housing families and the funding is three to four times more. He discussed the challenges of operating public housing under regulatory requirements and agreed that Section 8 vouchers are more desirable because they don't come with the same restrictions. Although public housing has its benefits, the funding that is needed is insufficient.

In the early 1990's, the HOPE VI program was used to demolish vacant high-rise projects and reconstruct public housing as part of a community. The redevelopments

included public housing, affordable housing and market rate units. Congress was trying to change the paradigm under which public housing was modernized and the program changed to the Choice Neighborhood Program. Today, the Rental Assistance Demonstration (RAD) program is providing and loosening the rules to allow housing authorities to reposition properties. Mr. Wu discussed how Congressman Abercrombie and Senator Inouye supported the RAD program.

Under the RAD program, funding remains the same but it transfers the unit from public housing into the Section 8 program thereby eliminating the public housing restrictions. Mr. Wu discussed the challenges between the RAD conversion with KPT and Mayor Wright Homes (MWH). Although the RAD program does not provide additional funds and a redevelopment like MWH would require other means of financing, it removes the cumbersome requirements such as the REAC inspections and the Davis Bacon wage requirements.

Director Larson asked if there's a difference between RAD Section 8 and the regular Section 8 HCV program.

Mr. Wu confirmed that the RAD program doesn't provide additional funds. He added that the straight conversion doesn't work due to the amount of funds needed to rebuild a development like Mayor Wright Homes. Repositioning means public housing agencies can take advantage of the flexibility under the RAD program to facilitate the rehabilitation and new construction by releasing the rules and restrictions PHAs have. Mr. Wu encouraged agencies to evaluate the benefits of repositioning versus continuing to operate and maintain public housing. HPHA needs to determine whether a different paradigm will work for their communities.

Mr. Wu recognized that each community is different because needs and issues vary. He discussed the various options available, such as mixed-finance rehab and development (similar to the KPT model), Choice Neighborhoods Initiative (provides funding for modernization), operating fund and capital fund financing program, RAD (repositioning program), Section 18 demolition and disposition (used when public housing is obsolete), etc.

Director Larson requested clarification as she thought RAD provided a greater infusion of funds into the project and that the advantages of RAD was making it more financially stable. If it's only a matter of changing the rules, she questioned its benefits to the HPHA. Director Larson stated that financing and renovating are the biggest concerns.

Mr. Wu stated that he will address this further into his presentation.

Director Taniguchi asked for more information on the options available with the repositioning process, and how it would relate to the unit count and types of units. Mainly, he inquired how the program is used to serve more families and what rules are attached.

Mr. Wu stated that he will address this further into his presentation. He encouraged the agency to evaluate and determine its priorities and where its focus should be.

Mr. Wu reported that he was supervising a San Francisco office for several years. The San Francisco housing agency was a troubled agency where there were a lot of financial issues and poor program management. This is unlike the HPHA, as the HPHA is not a troubled agency. He stated that the San Francisco Housing Authority (SFHA) is similar in size to HPHA in regards to public housing, but their voucher program is much larger. The San Francisco Mayor decided that the goal was to reinvest in the community and reposition the properties. Like SFHA, most agencies are quasi-government agencies, where they don't have a direct connection to the government and operate only with the funds available.

Mr. Wu explained SFHA's portfolio summary and repositioning timeline. San Francisco has approximately 1,500 units at two properties and they decided to submit RAD applications for those properties and decided to get out of the public housing business. By partnering with the housing finance agency, they were able to navigate the requirements of financing the repositioning of their inventory.

To answer Director Larson's earlier question on how an agency is able to take public housing funds and make it work through the transition, Mr. Wu stated that SFHA blended project-based vouchers and tenant protection vouchers to boost up the rents and leverage the debt necessary to complete the needed renovations.

Mr. Wu stated that for 3,000 units, SFHA initially prepared a proforma which anticipated expenses totaling \$180M worth of renovations. Within nine months, the cost increased to \$500M. Once completed, the overall construction cost was approximately \$800M. Mr. Wu explained how the RAD conversion is able to bring in resources to address the challenges and discussed the process. HUD is now under its fourth iteration of the RAD program and has provided waivers and increasing flexibility to address capital needs.

Director Larson asked if Mr. Wu's discussion was on project-based vouchers.

Mr. Wu confirmed he was speaking in regards to project-based vouchers. He added that the 3,000 units were all renovations, and the housing cost in San Francisco is higher than Hawaii. The housing authority faced significant relocation costs. The completion of the 3,000 units (separated into two phases) took approximately two years.

The City of San Francisco created the HOPE SF program in 2007, increased property taxes locally and set aside funds to redevelop the remaining public housing properties. The first redevelopment they worked on was Hunter's View. In their redevelopments, the strategy included increasing overall density and adding market rate units. Parcels were sold at approximately \$3-4 million per acre to build apartments next to public housing.

Director Taniguchi asked for the number of units built with the previous example.

Mr. Wu clarified that there were no new units built. The 3,000 units discussed were repositions and taken out of public housing and moved into the Section 8 platform. He confirmed that it was one-for-one replacement. The remaining 1,500 units were redeveloped to increase density. There is no one solution that fits for all communities. It's important to determine what the community needs.

Director Katsuda asked what expectations were placed on the eight privatized developers, including expectations for maintaining affordable housing and for how long.

Mr. Wu reported that their intent is on long-term affordability which would be approximately 65 years under the San Francisco tax credit program. This period of affordability is longer than Hawaii requires.

Director Larson asked if the Project-Based voucher units are taking the existing Section 8 vouchers or adding more vouchers. She also asked about the funding that HPHA receives per unit.

Mr. Wu reported that most new units developed were tax credits units. Public housing is a one-for-one replacement and tenants continue to pay 30% of their income. Under the RAD conversion, there are project-based Section 8 units that are added on to the overall Section inventory. In his example, the units that converted to project-based vouchers would result in an increase in voucher count for the HPHA.

Director Larson asked if the money received from the RAD conversion is enough to sustain upkeep of a property. She expressed her concern regarding whether the RAD units would be sustainable over the years.

Mr. Wu reported that the conversion is for long-term affordability, where the agency was able to leverage additional funding to pay for the conversion and all the additional costs.

Executive Ouansafi rephrased his understanding of Director Larson's concern. RAD funding is traditionally less than Section 8 funds. He asked if the RAD funding is sufficient to sustain the project that's being renovated over time after the public housing units are converted into RAD Section 8.

Mr. Wu reported that an analysis is needed per project. He stated that theoretically all capital needs are managed and the funding provided by HUD should be sufficient to sustain operations over time. Larger projects, such as Mayor Wright Homes, may require the use of other funding resources.

Mr. Wu concluded his presentation by illustrating and discussing the funding that the City and County of San Francisco provided to SFHA. Mr. Wu offered to provide the Board with more information on the process and encouraged HPHA to evaluate the community's long-term focus and the agency's priorities. He expressed the importance of grasping an overall vision for the community.

Director Taniguchi suggested that Executive Director Ouansafi should start to share his perception on what's best for the agency and where HPHA is in the process with strategizing RAD or other options with the Board in future discussions.

Vice-Chairperson Hall thanked Mr. Wu for his presentation. In reference to Director Taniguchi's comment, he stated that a Board task force has been established to review policies as it pertains to development. Vice-Chairperson Hall expressed the importance of having a current discussion to review the funding provided by HUD and the Legislature, Hawaii's need for affordable housing, the cost of living, and various other factors. Vice-Chairperson Hall added that he recognizes the benefits of RAD for smaller projects and looks forward to collaborating on these efforts.

Vice-Chairperson Hall also acknowledged Senator Stanley Chang's presence at the meeting and thanked him for his attendance and his commitment to the community.

## **B. Training Conducted by the Department of the Attorney General**

(Director Larson left the room at approximately 10:51 a.m. and returned during executive session.)

**Director Katsuda moved,**

**The Board go into executive session pursuant to Hawaii Revised Statutes (HRS) sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as to:**

- 1. Approval of Execution Session minutes, August 15, 2019;**
- 2. Approval of Execution Session minutes, September 19, 2019;**
- 3. Approval of Execution Session minutes, October 31, 2019; and,**
- 4. Board Orientation and Briefing on Legal Matters by the Department of the Attorney General**

The Board entered Executive Session at approximately 10:52 a.m.

(Director Taniguchi left the meeting during executive session.)

The Board reconvened at approximately 1:20 p.m.

Vice-Chairperson Hall reported that the Board went into executive session pursuant to Hawaii Revised Statutes (HRS) 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.

## **Public Testimony**

Vice-Chairperson Hall stated that the Board would accept public testimony on any items below 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.

Nani Medeiros, Executive Director of HomeAid Hawaii, greeted the Board and briefly updated them on the Kauhale initiative at Kalaeloa. Since Lt. Governor Green's and Ms. Medeiros' presentation last month, their team continued to do predevelopment work with soil testing, testing of the existing building on site, and addressing infrastructure issues and needs (water, sewer and power). Discussions were held with U.S. Vets, who currently operate an existing homeless shelter project in the area, and are interested in the management operation of Kauhale.

The neighborhood board provided positive feedback and community members volunteered their services and expressed their support for the project. Ms. Medeiros stated that the second neighborhood Board meets on the first week of December, and the team will continue to do community outreach. Donations for the project include the donations of the tiny home units, landscaping, terrain, architecture, project management, general contractors, and HVAC services. Donations also included remediation services, if needed, for the existing building on site. Hawaii Gas will be donating propane tanks, and another company is interested in donating solar photovoltaic systems and batteries. The principal at Kapolei High School reached out and would like to involve his academy students (e.g., construction, engineering, and natural resources academies).

Vice-Chairperson Hall and Executive Director Ouansafi thanked Ms. Medeiros.

Milt Pratt, Executive Vice President at The Michaels Development Company (MDC) and co-lead of their affordable housing business, expressed his gratitude for the continued partnership with HPHA. Local staff in attendance included Ben Edger, Brandon Hegland, and Stacie Brach (who left prior to Mr. Pratt's public testimony to catch a flight). Mr. Pratt stated that his team is looking forward to moving forward with the redevelopment and has been pleased working with Executive Director Ouansafi and Redevelopment Officer Auger over the past year. Along with co-manager Ken Crawford and CEO John O'Donnell, Mr. Pratt visited Honolulu to orient the communities last month. Mr. Pratt stated that he and his team have been working with HPHA on the KPT Tower and RAD conversion, which has been successful. Also, MDC and HPHA have started to re-negotiate on the Development Agreement on the KPT Low-rise. He mentioned the significance of the services provided by their partner, Better Tomorrows. Mr. Pratt expressed that amongst their priorities one of their main goals is taking care of the residents and the property. He also stated that MDC is proud to continue offering scholarships to those on Oahu. Mr. Pratt was present to answer any questions.

Director Iseri-Matsubara thanked Mr. Pratt for his attendance at the meeting. She stated that when she first started at the Governor's office, she recognized that the KPT redevelopment project was at a standstill. Director Iseri-Matsubara is pleased to see that there's "new energy" and progress on the negotiations. She thanked Mr. Pratt for his service and involvement, and looks forward to the redevelopment.

Mr. Pratt introduced Ben Edger, who will be the primary project manager based in Hawaii. Mr. Edger's main focus will be to work with HPHA and Redevelopment Officer Auger.

Vice-Chairperson Hall thanked Mr. Pratt for his attendance and for his commitment to the KPT redevelopment project. Although there may have been issues on how to complete the project, the combined focus remains on creating affordable housing. He expressed appreciation for Mr. Pratt coming all the way to Hawaii to express their commitment to this effort.

Mr. Pratt stated that MDC has worked with numerous housing authorities across the country and recognized that part of his responsibility is to maintain those business relationships. He stated that he worked with two other housing authorities and was an original Administrator at HUD in Atlanta for a few years, so Mr. Pratt understands the challenges that housing authorities face in terms of running the core operations and acknowledged the huge commitment that the Board members have to the community. Mr. Pratt thanked the Board members for their service.

## **Decision Making**

**Director Darcy moved,**

### **To Adopt Revisions to the Hawaii Public Housing Authority's Statement of Procurement Policy to Include the Applicable HUD Maintenance Wage Determination as it Relates to Maintenance Contracts**

Executive Assistant Arashiro referred to page 85 of the Board packet.

Executive Director Ouansafi stated that HPHA shall maintain a system of contract administration designed to provide that contractors perform in accordance with their contracts. These systems shall provide for inspection of supplies, services, or construction, as well as monitoring contractor performance, status reporting on major projects including construction contracts, prevailing wage compliance and similar matters.

Executive Assistant Arashiro explained that the revision to the Statement of Procurement Policy is in the third paragraph (under Contract Administration) on page 85 which states "For maintenance service contracts, HUD form 52158 shall be included in the contract file in accordance with HUD Handbook. A multi-year contract for

maintenance services must incorporate any subsequent maintenance wage determination which may be issued to the HPHA.” Executive Assistant Arashiro stated that this is a HUD requirement, and HPHA would like to update the policy to reflect the requirement.

Vice-Chairperson Hall stated understanding the procurement process and asked if there is a vendor payment deadline. He also asked if HPHA makes payments by the deadline.

Executive Director Ouansafi reported that payments to vendors are due 30 days after receipt of an invoice or completed documents and confirmed that HPHA makes payments by said deadline.

**The motion was unanimously approved.**

### **Board Training**

**Training: Part I: Board Orientation on the Hawaii Public Housing Authority**

**Training: Various Financing Options for the Redevelopment of Low Income and Affordable Housing**

Vice-Chairperson deferred item VII on the agenda to the next Board meeting, as all Board members are not present and he'd like them all to benefit from the Board training.

### **For Discussion/Information**

Vice-Chairperson Hall stated that the Board may go into executive session during the presentation for consideration and deliberation of the redevelopment projects pursuant to Hawaii Revised Statutes sections 92-4, 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, HPHA's School Street Administrative Offices and potential projects listed below.

### **For Information & Discussion:**

**Report, Update, and Overview of the Redevelopment of Hawaii Public Housing Authority's ("HPHA") Administrative Offices (the "Project") on Land Situated at Kalaepohaku and Kapalama, at 1002 North School Street, Honolulu, Oahu, TMK No. 1-6-009-003-0000 (the "Property")**

Executive Director Ouansafi reported that the Master Development Agreement (MDA) was executed by HPHA and Retirement Housing Foundation (RHF) last week. He thanked the Board for approving the MDA with RHF on October 31, 2019. Since the last Board meeting, HPHA has received an approved sewer application, which was a concern in the past. RHF is excited to move forward and is moving expeditiously on this project.

#### **For Information & Discussion:**

##### **Report, Update, and Overview on the Hawaii Public Housing Authority's Redevelopment Efforts at Mayor Wright Homes (Tax Map Key: 1-7-029-003-0000)**

Executive Director Ouansafi reported that NEPA meetings have been scheduled. HPHA is pleased that Hunt has accepted to resume weekly meetings to discuss the outstanding issues surrounding the redevelopment at Mayor Wright Homes (MWH). Executive Director Ouansafi and staff look forward to continuing the progress.

Director Iseri-Matsubara stated that the Mayor Wright Homes redevelopment has been on the agenda for many months and yet the HPHA continues to wait on information from Hunt. She strongly encouraged Hunt to submit information needed and to respond to HPHA's questions.

Director Katsuda asked if HPHA received an updated schedule from Hunt.

Executive Director Ouansafi stated that HPHA hasn't received any updates from Hunt and is still waiting on specific information to move forward. He expressed that there is some positive movement and intent. Executive Director Ouansafi stated that he is hopeful that the needed information will be received. He reported that the project was at a standstill for approximately 11 months, so he is pleased that there is some progress. HPHA staff is on standby to act on any information that is received and looks forward to proceeding. When there are updates to report on, HPHA will schedule appropriate meetings to update the community.

Redevelopment Officer Auger reported that a final copy of the Section 106 Memorandum of Agreement (MOA) has been executed by all parties and delivered to the Governor.

Director Katsuda recognized a continued community concern on the lack of updates at past Board meetings.

Director Iseri-Matsubara asked if it's the agency's (HPHA's) or the developer's (Hunt's) responsibility to give the community updates.

Executive Director Ouansafi stated that the responsibility lies with the Developer to inform the community, specifically on any changes. HPHA provides updates at their quarterly meetings with their tenants, however, are only able to inform them that there are no new updates. Executive Director Ouansafi reported that its difficult for the tenants to understand why the project isn't moving forward. HPHA looks forward to meeting with Hunt on addressing their concerns.

Director Iseri-Matsubara continued to encourage Hunt to respond to HPHA's concerns.

Vice-Chairperson Hall is pleased that discussions are resuming and is looking forward to making progress on the MWH redevelopment. He stated that it would be helpful for the Board to understand the timeline/milestones and the execution of milestones as negotiations continue.

Executive Director Ouansafi expressed that he will have a better idea of Hunt's level of cooperation by the next Board meeting. He reported that many of the deadlines in the MDA have been missed. Overall, HPHA aims to review all that is provided expeditiously and give feedback to the developer. However, delays occur if the developer doesn't respond to corrections needed. Once a meeting is scheduled with Hunt, HPHA will request an updated timeline that can be presented to the Board.

#### **For Information & Discussion:**

##### **Report, Update, and Overview on the Hawaii Public Housing Authority's Redevelopment Efforts at 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)**

Executive Director Ouansafi concurred with Director Iseri-Matsubara's earlier comment about seeing an improvement with Michaels Development Company (MDC). A draft Restated and Amended Master Development Agreement (MDA) incorporating the revised terms that were outlined in the term sheet approved by the Board of Directors at its September 19, 2019 meeting has been prepared by HPHA's specialized legal counsel (Reno & Cavanaugh). Comments from MDC have been received and are being reviewed by HPHA, HPHA's specialized legal counsel and the Attorney General.

HPHA believes that the final MDA will be ready by January 2020. Executive Director Ouansafi is pleased with the renewed partnership with MDC.

#### **For Information:**

##### **Report, Update, and Overview on Potential Redevelopment Efforts on Hawaii Island in Partnership with Hawaii County, Possible Redevelopment on Maui and Kauai, and Potential Redevelopment Effort at Kalaeloa in Partnership with the Lt. Governor's Office**

Executive Director Ouansafi reported that HPHA met with the Mayor and the Kauai Legislators to discuss potential partnerships with the County to build 40-80 units there. A few days ago, HPHA staff met with members of the House Finance Committee on Kauai and gave a tour of potential properties.

HPHA's aim is to identify small properties for potential redevelopments in all counties. With the smaller properties, the HPHA may be able to perform redevelopment with existing staff.

Executive Director Ouansafi met with Hawaii County Representatives to discuss plans to move forward with the redevelopment of the vacant land at Lanakila Homes. HPHA is working with Hawaii County to identify potential funding. Once funding resources and Board approval are received, HPHA will begin working on building approximately 86 units.

HPHA's goal is to work with Maui, Kauai and Hawaii County to increase the number of affordable housing units, through smaller redevelopment efforts.

Vice-Chairperson Hall expressed his overall support for smaller projects as those are low hanging fruit. These smaller projects can likely be completed sooner and there is Board support for any increase in affordable housing.

In addition, Executive Director Ouansafi reported, as Ms. Medeiros discussed earlier, that Kalaeloa is undergoing much progress. HPHA has sought the Attorney General's opinions due to the use of the Emergency Declaration. Executive Director Ouansafi stated that the HPHA received several calls regarding Kalaeloa and clarified that HPHA is not taking over the DLNR land. HPHA is currently only collaborating on the land that is already owned by HPHA. HPHA has expressed a willingness to partner with the Lt. Governor's office on other projects, but the usual processes will need to be followed. Once clearance is received from the Attorney General's office, HPHA is willing to consider purchasing the units at a minimal cost. Executive Director Ouansafi reported that the whole process on how the project will be executed is still being discussed and negotiated. He added that the U.S. Vets expressed an interest in managing the Kalaeloa project. There are still questions regarding the clearing of the land and moving forward under the Governor's Emergency Proclamation. HPHA requested that the Lt. Governor's office discuss their proposals with the Attorney General's office.

Director Larson asked whether the HPHA needs to issue a ground lease and under what terms.

Executive Director Ouansafi stated that ideally, it would be a ground lease. He stated that HPHA most likely will buy the units and plan to enter into an agreement with U.S. Vets to manage the project. Executive Director Ouansafi reported that a lot of discussion with its legal counsel needs to take place. For instance, questions like "will

buying the units increase liability for the HPHA” need to be answered. Many questions are still pending answers before moving forward.

Vice-Chairperson Hall asked if there’s a maximum density on the property.

Executive Director Ouansafi stated that the property can hold approximately 40 tiny units at 100 sq. ft. each, including community bathroom/bathing facilities. He added that HPHA staff is willing to assist in any capacity.

#### **For Information:**

#### **Background and Update on the Hawaii Public Housing Authority’s Properties Located on Formerly Used Defense Sites (FUDS) in the Waikoloa Maneuver Area (WMA), Island of Hawai`i**

Executive Director Ouansafi requested to defer this agenda item to the next Board meeting.

#### **Executive Director’s Report**

- Executive Director Ouansafi added in regards to Mr. Jesse Wu’s training, on the Section 8 voucher, HPHA always uses their funds. Due to the economics, it will be difficult to issue all 3,784 authorized vouchers; however, HPHA’s goal is to increase their voucher issuance by 10-30 per year. Increased voucher issuance is a result of the HPHA using its administrative savings on housing assistance. In FY 2016, HPHA received \$30M. In FY 2017, HPHA received \$32M. In FY 2018, HPHA received \$33.5M. In FY 2019, HPHA received \$35.85M. Every year, funding gets increased.
- Executive Director Ouansafi reported that the HUD Secretary’s goal is to eliminate public housing. President Trump budget allotted zero dollars towards the management of public housing. Public housing agencies only received funding due to the U.S. Congress. As a result, there is a tremendous amount of pressure for public housing agencies to reposition their properties to voucher programs.
- REAC scoring standards have become stricter. Another standard called NSPIRE is also in the works. In the past, HPHA received 4-months’ notice, where it is now 2-weeks’ notice. Nationwide, there’s an average of 20-point loss due to the new system and decreased notification period.
- Executive Director Ouansafi expressed appreciation to UPW and its President Dayton Nakanelua for agreeing to work with the HPHA and allow the privatization of some of the work performed by public servants. HPHA has been working with Mr. Nakanelua and has discussed the option of outside contracting to assist with the

State work. A meeting took place two days ago and UPW expressed to the HPHA staff their willingness to come together.

Like Executive Director Ouansafi, Director Iseri-Matsubara and Vice-Chairperson Hall agreed that this was big news. Director Iseri-Matsubara asked if UPW's response is due to the current compliance issue and the understanding of the needs to get more housing.

Executive Director Ouansafi explained the importance of focusing on those that HPHA is currently housing and in providing safe, decent, sanitary housing. He stated that ensuring that people are living in safe units are more important than building more units. Executive Director Ouansafi stated that the units and the community HPHA serves is more important than the REAC score. HUD doesn't inspect units in construction. Executive Director added that HPHA is mainly federally funded, where of the 350 positions, less than 4 positions are stated funded. With the union's assistance and cooperation, HPHA will be able to continue work on the existing units, as well as the vacant units.

Director Iseri-Matsubara recognized the huge accomplishment and commended Executive Director Ouansafi and the HPHA staff for working with UPW to assist with the privatization.

Director Katsuda discussed the importance on communications and thanked Executive Director Ouansafi for his service and efforts.

Vice-Chairperson Hall recognized a lot of positive collaborations developing with: 1) MDC, 2) the efforts with the redevelopment of MWH, 3) movement for School Street, 4) Lt. Governor Green's initiative to address the homelessness, and 5) the collaboration with UPW. He concurred with Director Katsuda on the significance of continued communications. Vice-Chairperson Hall expressed that this is a turning point where HPHA and the Board has the opportunity to make a difference for Hawaii. He looks forward to hearing more about the HPHA's collaborative efforts.

Executive Director Ouansafi acknowledged the common goal and commitment to serve the most vulnerable population. He thanked Vice-Chairperson Hall.

Vice-Chairperson asked that the election of HPHA Chairperson be added to the next Board meeting scheduled for December 19, 2019.

Director Darcy acknowledged the importance of the efforts of HPHA and acknowledged that the agreement with the UPW is the result of the effort put forth over the years to build relationships/partnerships. She recognized the huge announcement on the collaboration with UPW and thanked Executive Director Ouansafi and staff for their hard work.

Director Iseri-Matsubara moved,

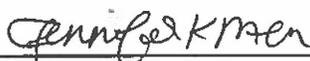
To Adjourn the Meeting

The motion was unanimously approved.

The meeting adjourned at 2:05 p.m.

**MINUTES CERTIFICATION:**

Minutes Prepared by:

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

DEC 19 2019

\_\_\_\_\_  
Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on December 19, 2019 [] As Presented [  ] As Amended

  
\_\_\_\_\_  
Pono Shim  
Board Secretary

DEC 19 2019

\_\_\_\_\_  
Date



# Hawaii Public Housing Authority Board of Directors

November 21, 2019

**PIH Office Field Operations**

Jesse Wu, Director, Office of Public Housing

## Agenda

- Introduction
- HUD's Organization, Mission and Goals
- Board and Executive Director's Roles
  - Lead the Way
- Public Housing Program and Housing Choice Voucher Overview
  - Program overview
  - Public Housing Repositioning
- Questions



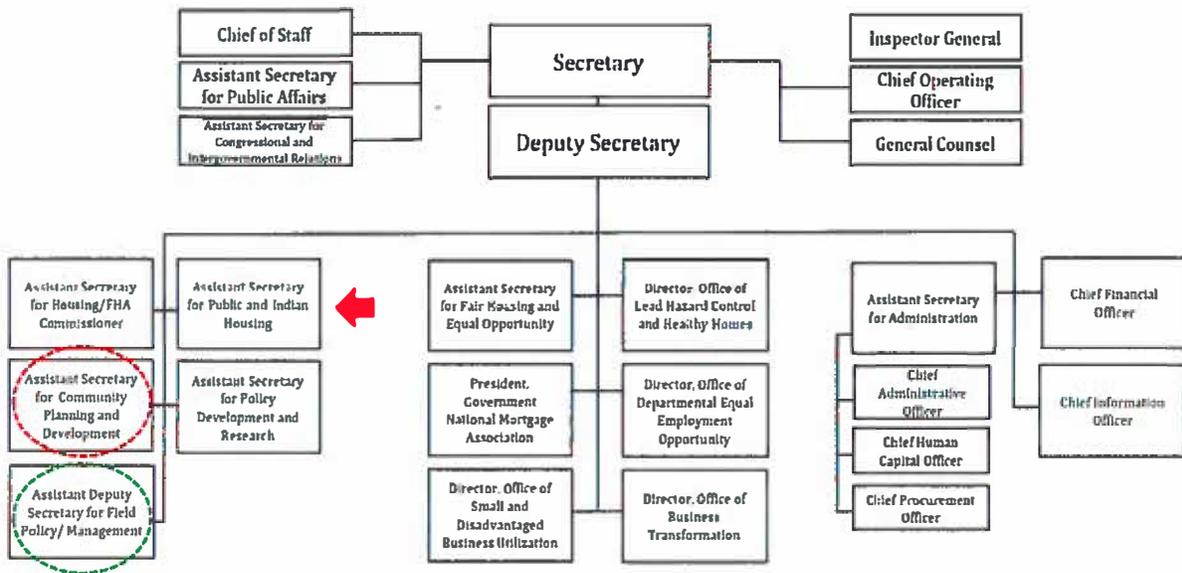
# HUD Mission



HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is working to strengthen the housing market to bolster the economy and protect consumers; meet the need for quality affordable rental homes; utilize housing as a platform for improving quality of life; build inclusive and sustainable communities free from discrimination, and transform the way HUD does business.

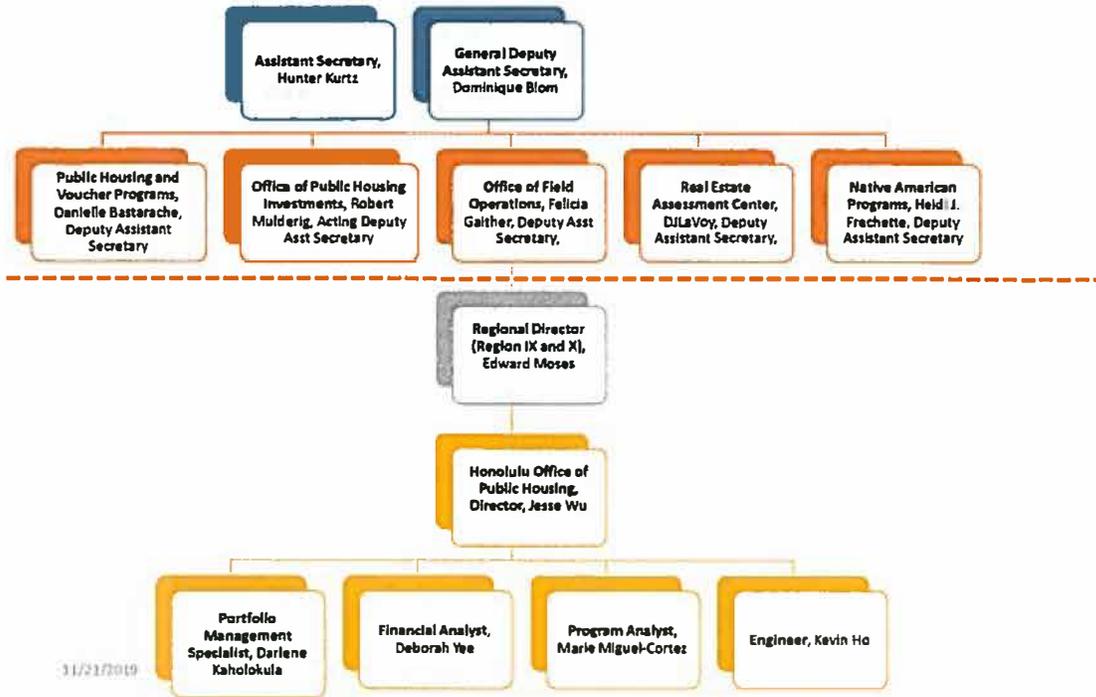
11/23/2019

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11/23/2019

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3/1/21/2019

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### FY20 Budget Chart for Selected HUD and USDA Programs



May 22, 2019

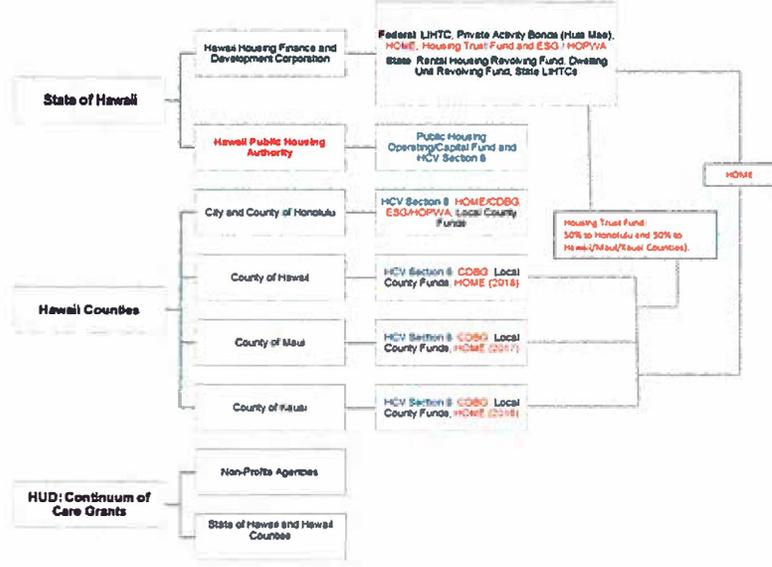
HUD Programs (and other assistance) (\$M)	FY19 Fiscal	FY20 President	FY20 House	FY19 Senate	FY20 Enacted
Tenant Based Rental Assistance	22,598	22,244	23,818		
Contract Renewal	20,373	20,116	21,420		
Tenant Protection Vouchers	63	130	150		
Administrative Fees	1,096	1,738	1,823		
Section 811 Homebased Vouchers	223	269	253		
Veterans Affairs Supportive Housing Vouchers	40	0	40		
Tribal Veterans Affairs Supportive Housing Vouchers	2	0	3		
Family Unification	20	0	40		
Mobility Demonstration	23		23		
Public Housing Capital Fund	2,779	0	2,863		
Emergency Shelter Grants	30	10	30		
Public Housing Operating Fund	4,663	2,863	4,753		
Choice Neighborhood Initiative	727	0	269		
Self-Sufficiency Programs					
Family Self-Sufficiency	80	73	80		
Jobs Plus Pilot	13	12	13		
Native Amer. Hsg. Block Grants	665	680	671		
Competitive Grants	100	0	100		
Native Amer. Hsg. Block Grants	7	0	7		
Reg. Dep. for Persons with DDPS	302	330	416		
Community Development Fund	3,365	0	3,999		
HOME Investment Partnerships	1,350	0	1,750		
Small Business Homeownership Opportunity Program	16	0	55		
Homeless Assistance Grants	3,634	2,399	2,899		
Rental Assistance Demonstration	5	98	0		
Project-Based Rental Assistance	11,747	12,821	13,569		
Hsg. for the Elderly (202)	678	644	663		
Hsg. for Persons w/ Disabilities (211)	184	152	259		
Homeless Counseling Assistance	38	43	60		
Policy Development & Research	96	87	96		
Fair Hsg. & Equal Opportunity	65	82	75		
Fair Housing Assistance Program	24	24	780		
Fair Housing Initiatives Program	39	38	780		
Healthy Homes & Lead Hazard	279	299	299		

Public Housing  
2.2 M HCV units  
1.1 M public housing units  
Office of Housing  
1.2 M housing units  
Community Planning and Development

3/1/21/2019

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# Summary of HUD Funding



11/21/2019

## Lead the Way: Board Training



**LEAD THE WAY** PHA GOVERNANCE AND FINANCIAL MANAGEMENT  
A Training for Board Members and Staff

A free new online resource for public housing agency (PHA) board members and staff.



**WHO IS THE TARGET AUDIENCE?**  
Lead the Way is designed for PHA board members/commissioners. New and experienced board members alike can benefit from the curriculum. Additionally, executive staff—CEOs, CFOs, finance teams, program managers—can use the tool to hone their skills and improve PHA operations. HUD also encourages appointing officials and community members to access the training to gain a better understanding of the roles and responsibilities of their local PHAs and commissioners.

[LTW overview video](#)

# Lead the Way: Board Training



## WHAT IS LEAD THE WAY?

In July 2015, HUD's Office of Public and Indian Housing launched *Lead the Way: PHA Governance and Financial Management*. This informational resource for PHA Board members and staff is designed to help them fulfill PHA roles and responsibilities, and integrates video stories from five PHAs across the country.

The first three sections cover PHA Foundations:

- **Fundamentals of Oversight** presents the history and context of public housing.
- **Roles and Responsibilities** addresses PHA board and staff functions.
- **Public Housing Basics** outlines key components of public housing.

*Lead the Way* then helps enhance skills in six key aspects of PHA governance and financial management:

- Asset Management
- Housing Choice Voucher Program
- Budgets
- Ethics
- Assessing Your PHA
- Know Your PHA

## HOW DOES IT WORK?

*Lead the Way* can be accessed anytime, day or night, individually or with other board members or staff. *Lead the Way* is easy to navigate so users can easily return to any section to find the information they need; and the curriculum keeps track of what they've completed. Features include:

- Video vignettes from real PHAs
- Audio case studies that offer opportunities to apply new knowledge and skills
- Text slides with in-depth information that allow users to focus on what is most important
- Quizzes to assess and reinforce learning
- Interactive worksheets

Check the HUD Exchange for information about upcoming virtual and live training opportunities.

## LEARN MORE:

Find *Lead the Way* at [www.hudexchange.info/public/housing](http://www.hudexchange.info/public/housing)



# PHA Roles and Duties Key



## The Board's role:

- Provide for proper management and oversight of PHA operations
- Securing management and staff for the PHA
- Authorize new contracts, budgets, payments, and Applications for Funding
- Develop the PHA's Mission, Goals, and Plan
- Establish local discretionary policy

[Effective Commissioner Video](#)

# PHA Roles and Duties Key



## **The Executive Director's role:**

- Manage day-to-day operations
- Hire, train, supervise/manage and terminate PHA staff;
- Procure of goods and services and oversight of all contract work;
- Prepare of PHA budgets, supervise cash management, and ensure bank reconciliation and audits are completed;
- Monitor and enforce program requirements;

[Relationship between Commissioners and ED's Video](#)

11/21/2019

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# PHA Roles and Duties Key



## **The Executive Director's role:**

- Monitor operations for fraud and abuse;
- Maintain overall compliance with Federal, State and local laws, as well as board-adopted policies and procedures;
- Keep the Commissioners informed of any problems such as audit concerns, legal issues, major resident issues, financial status, changes to laws, and other important issues.

11/21/2019

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# PHA Roles and Duties Key



Board of Commissioners	Executive Director
Management & Oversight	Day to day Operations
Authorize/Approve Contracts	Ensure contractual obligations are being met
Authorize/Approve Budget	Procure goods/services for PHA in accordance with APPROVED budget
Establish Mission, Goals, Plans, Policy	Manage PHA in accordance with established policy/plans/goals
Ensure ethical, legal, and effective work performance	Keep the Board Informed

11/21/2019

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# HUD's Role



- HUD provides guidance and oversees programs that it administers
  - Ensure fiscal integrity
  - Responsible for regulatory oversight
  
- HPHA's primary contacts = Honolulu Office of Public Housing
  - Jesse Wu, Director
    - JESSE.WU@hud.gov
    - (808) 457-4668
  - Darlene Kaholokula, Portfolio Management Specialist
    - DARLENE.L.KAHOLOKULA@hud.gov
    - (808) 457-4670

[HUD Oversight Video](#)

11/21/2019

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# Public Housing Portfolio Overview



## • Hawaii Public Housing Authority

- Public Housing 5,062 units
- Operating Subsidy \$28,368,930
- Capital Fund \$13,381,318
- PHAS score (FY2017): 86/100 Standard Performer
  
- HCV total authorized vouchers: 3,785 units
- HCV leased vouchers (April 2019): 2,441 units
- HCV Funding, Housing Assistance Payments (FY19): \$ 33,709,234
- HCV Funding, HCV Administrative Fees (FY19): \$ 2,803,638
- HCV Administrative Expenses: \$ 4,082,875
- SEMAP score (FY2018): 90/100 point High Performer

11/23/2019

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## Public Housing Assessment System (PHAS) Score Report for Interim Rule

Report Date: 10/04/2018

PHA Code:	HI001
PHA Name	Hawaii Public Housing Authority
Fiscal Year End	06/30/2017



PHAS Indicators	Score	Maximum Score
Physical	35	40
Financial	25	25
Management	19	25
Capital Fund	7	10
Late Penalty Points	0	
<b>PHAS Total Score</b>	<b>86</b>	<b>100</b>
<b>Designation Status:</b>	<b>Standard Performer</b>	

Published 10/04/2018

Initial published

12/28/2017

11/21/2019

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# Public Housing Dashboard

07/11/2019

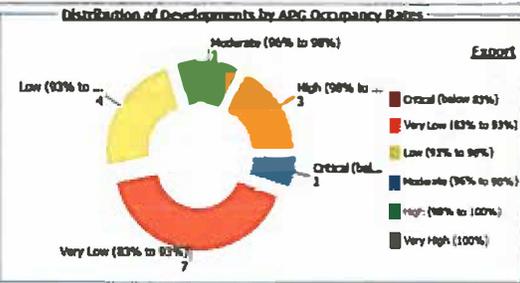
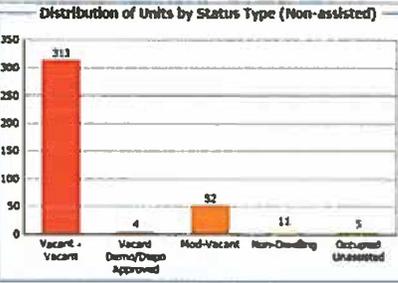


PHA Code: **H1001** PHA Name: **Hawaii Public Housing Authority** Public Housing Unit Data

ACC Units	5,052	Vacant - Vacant	313	Uninhabitable	4
APG Occupancy Rate Including RAD and Non-RAD Units	94.73%	Vacant - Vacant 60+ Days	256	Demos/Disps Approved	4
Assisted Tenants Occupied	4,626	Vacant - Vacant 180+ Days	135	Other Vacant HUD Approved (not Prod)	1
Unassisted Tenants Occupied	5	Vacant for Modernization	2	Non-Dwelling	11
APG Occupancy Rate Excluding RAD CHAP Units	92.25%	Vacant for Prod 730+ Days	1		

**PHAS Scores**

PIE	PHA Code	PHAS Designation & Detail Reports	Published DT	PHAS Submission Type	PHAS Score	PASS Score	PASS Score	PHAS Score	CYP Score
	H001	Standard Performance	10/4/2018	Audited/Single Audit	86	35	25	19	7
	H001	Standard Performance	8/8/2017	Audited/Single Audit	79	32	22	18	7
	H001	Standard Performance	7/29/2016	Audited/A-133	81	33	22	16	10



**PHAS: 94% minimum target occupancy**  
**HUD goal: 96% target occupancy**

Development	Development Name	5,812	5,777	3	2	229	89	1	3	4	1	7	5,730	418	4	97.8%	
		ACT Units	Occupied by Assisted Tenant Units	Occupied by Police Officer Units	Occupied by Employee Units	Vacant Units	Undergoing Modernization Units	Casualty Loss Units	Administrative Loss Units	Formal Disapproved Units	Special Use - APG - Camp/Grass Units	Reserve Units - Other (Not APG) Units (Not Assisted Units) (Not HUD from APG)	Special Use Units	APG Occupied Units	Current Total Uninhabitable Units	Current Total Inhabitable Units	APG Occupancy Rate
H1001000039	KANEKELI TERRACE	196	160	0	0	33	0	1	0	0	0	0	160	26	0	81.6%	
H1001000044	WAINAMA/SUNFLOWER	260	211	0	1	27	19	0	1	0	0	1	211	47	0	81.9%	
H1001000049	WAINAMA TERRACE	150	122	0	0	12	3	0	1	0	0	0	122	18	0	88.0%	
H1001000050	WALD VALLEY HOMES	118	103	0	1	8	3	0	1	0	0	1	104	14	0	88.1%	
H1001000057	KANAKA HOMES I	222	205	2	0	20	6	0	0	0	1	0	208	24	0	89.4%	
H1001000058	KESAKA HA' AHIO	221	208	0	0	26	7	0	0	0	0	0	208	32	0	89.7%	
H1001000059	PUUWAHOMI	263	239	1	0	22	0	0	0	0	0	1	231	32	0	91.2%	
H1001000062	KAMEHAMEHA HOMES	273	240	0	0	22	0	0	0	0	0	1	241	22	0	91.4%	
H1001000063	KALANI VALLEY HOMES	373	345	0	0	10	18	0	0	0	0	0	343	28	0	92.3%	
H1001000062	MAYOR WRIGHT HOMES	264	241	0	0	22	0	0	0	0	0	1	242	22	0	94.0%	
H1001000034	KALAKAMA HOMES	583	551	0	0	32	0	0	0	0	0	0	551	32	0	94.3%	
H1001000033	PUNCHBOWL HOMES *	587	557	0	0	17	13	0	0	0	0	0	557	20	0	94.9%	
H1001000040	LEIAND PARK TERRACE	174	161	0	0	8	0	0	0	4	0	1	162	9	4	93.2%	
H1001000043	KA MALE KAHALU	202	193	0	0	7	0	0	0	0	0	2	195	7	0	96.5%	
H1001000045	KOOLAU VILLAGE	226	219	0	0	7	0	0	0	0	0	0	219	7	0	96.9%	
H1001000052	KPT Towers I, LLC	247	243	0	0	4	0	0	0	0	0	0	243	4	0	98.8%	
H1001000046	COURTY OF HAWAII	103	103	0	0	0	0	0	0	0	0	0	103	0	0	100.0%	

11/2/2018 Development Detail Report

# Housing Choice Voucher Overview

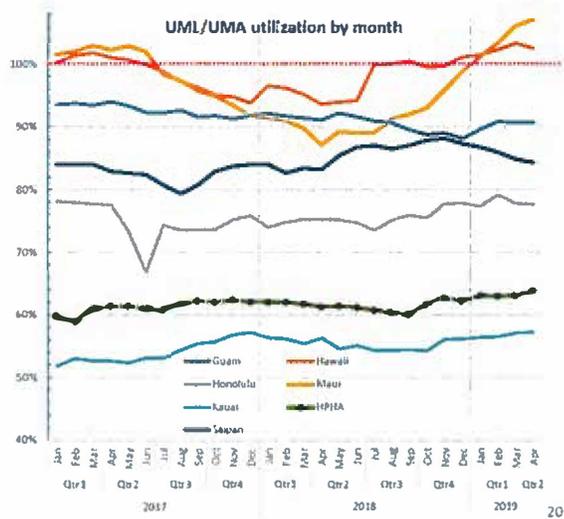
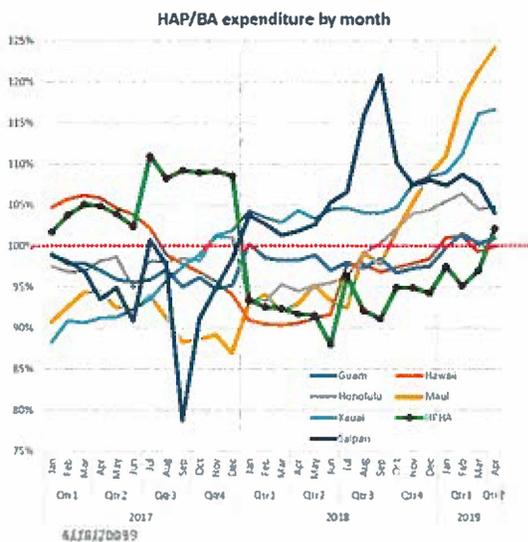


- The Housing Choice Voucher (HCV) program (aka Section 8 or tenant based rental assistance) is a major program for assisting very low-income families to afford decent, safe, and sanitary housing in the private market
- Provided that the unit meets the minimum health/safety standards, housing assistance is provided on behalf of the participant.
- Participants are able to find their own housing, including single-family homes, townhouses and apartments

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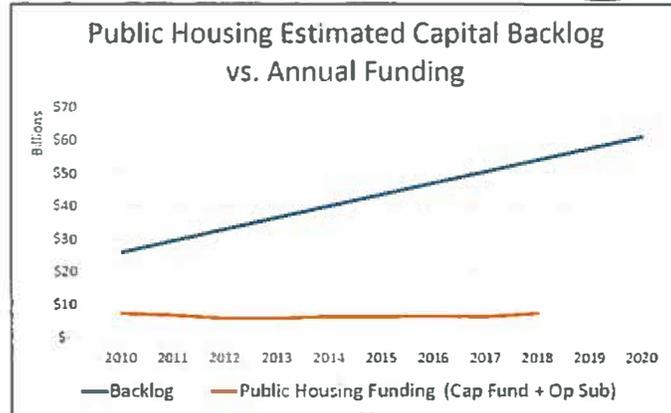
## HCV Utilization: Two-Year-Tool



# Public Housing Re-positioning



- Significant capital backlog
- Funding uncertainty
- High regulatory and bureaucratic constraints
- Limited access to private capital



11/13/2019

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# HUD Response



- Leverage repositioning success of Rental Assistance Demonstration (RAD)
- Utilize new program flexibilities in Section 18 Demolition & Disposition process
- Develop guidance on additional repositioning strategies



**GOAL:**  
**Reposition public housing units to a more financially sustainable platform**

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## What do we mean by “reposition”?

- Facilitate the rehabilitation or demolition and new construction of units by increasing access to financing to address capital needs.
- Preserve the availability of affordable housing assistance, either through a physical unit or voucher.

## Will there still be public housing?

- Yes. Many PHAs operate successful public housing programs with well-maintained units.
- PHAs operating public housing units will still have access to Capital Fund Financing, Operating Fund Financing, Energy Performance Contracts, etc.

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## What does this mean for residents?

- Units that are in better physical condition
- Continued availability of affordable housing and rental assistance in their local communities
- Additional flexibility to move to better housing and/or places of opportunity



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## Key Considerations

### Are your properties financially sustainable?

- What are the capital needs of the property?
- How much does it cost to operate?
- What does future HUD funding look like?
- What is the market demand?
- Does the property have existing debt or other obligations?



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## Key Considerations

### What is best for your community?

- What are the affordable housing needs in your area?
- Is the property in a good location for resident opportunities?
- What types of HUD programs do you want to administer?
- Could you replace units in other areas of opportunity and leverage the property's value?
- Who will own and manage the property?



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# What are my options?



## **Section 9 (Public Housing) Options**

- Mixed-Finance Rehab & Development
- Choice Neighborhoods
- Operating Fund Financing Program
- Capital Fund Financing Program
- Energy Performance Contracts
- Section 30 Mortgaging

## **Repositioning Options**

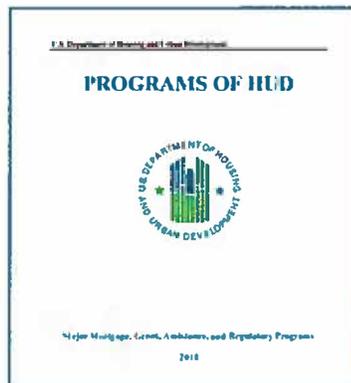
- Rental Assistance Demonstration (RAD)
- Section 18 Demolition & Disposition
- RAD/Section 18 Blends
- Voluntary Conversion

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# Conclusions

- Any questions?



<https://www.hud.gov/sites/dfiles/Main/documents/HUDPrograms2018.pdf>

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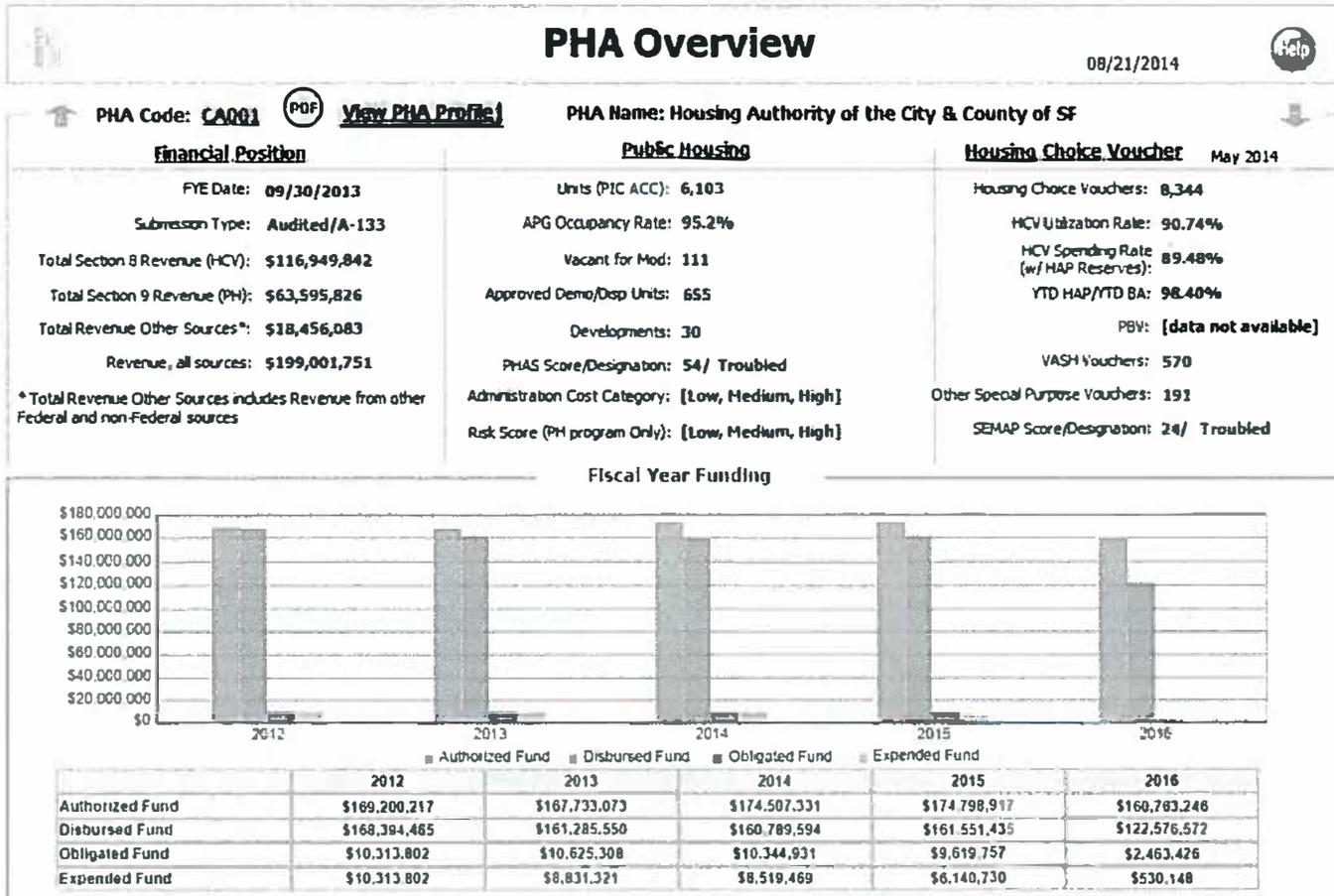
# San Francisco Housing Authority RAD Repositioning

**HUD San Francisco Regional Office**

**Office of Public Housing**

**September, 2016**

# SFHA Summary



**Blue: PIH Operating Subsidy and HCV HAP monies**  
**Orange/Green: PIH Capital Fund monies**

# SFHA Portfolio Summary

## San Francisco Housing Authority (CA001) - Portfolio summary

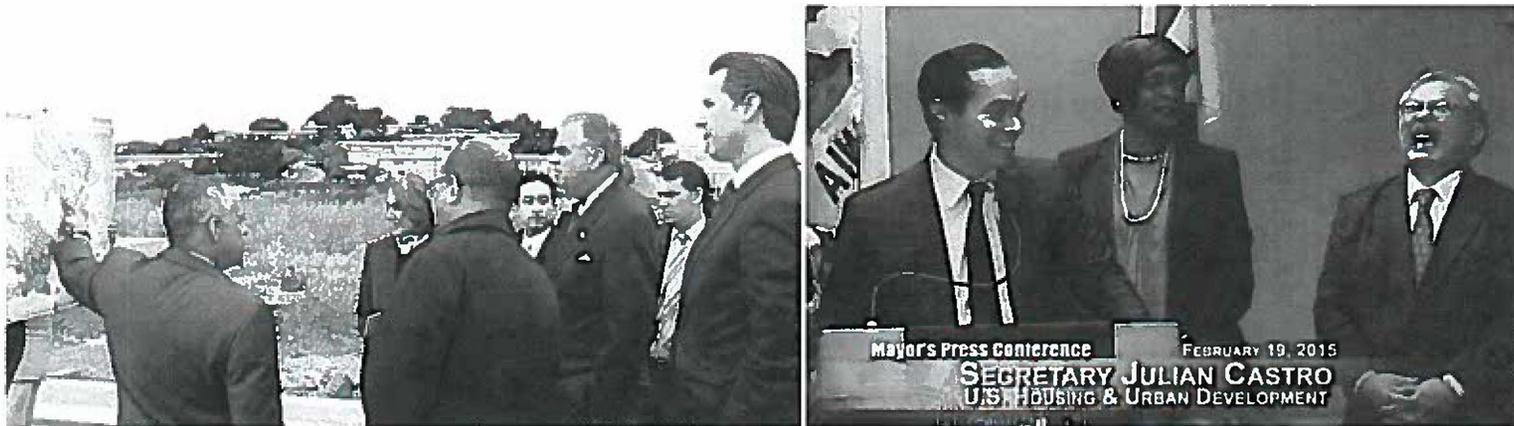
Sum of Planned Repositioned Units

Row Labels	RAD		RAD Total	HOPE SF CNI	SFHA Other	Grand Total
	Yes	No				
<b>1</b>						
• Bernal Heights	-	118	118	-	-	118
• California Corridor	-	257	257	-	-	257
• Chinatown	-	92	92	-	-	92
• Mission Castro	-	242	242	-	-	242
• Southeast	213	-	213	-	-	213
• Tenderloin SOMA	-	189	189	-	-	189
• Western Addition 1	-	203	203	-	-	203
• Western Addition 2	-	60	60	-	-	60
<b>1 Total</b>	<b>213</b>	<b>1,161</b>	<b>1,374</b>			<b>1,374</b>
<b>2</b>						
• Bernal Heights	158	-	158	-	-	158
• California Corridor	-	246	246	-	-	246
• Chinatown	434	51	485	-	-	485
• Mission Castro	-	199	199	-	-	199
• Southeast	226	-	226	-	-	226
• Tenderloin SOMA	96	276	372	-	-	372
• Western Addition 1	136	-	136	-	-	136
• Western Addition 2	198	97	295	-	-	295
<b>2 Total</b>	<b>1,248</b>	<b>869</b>	<b>2,117</b>			<b>2,117</b>
<b>3</b>						
• HOPE SF	-	334	334	-	-	334
• HOPE VI	-	756	756	-	-	756
<b>3 Total</b>		<b>1,090</b>	<b>1,090</b>			<b>1,090</b>
<b>N/A</b>						
• Other	-	-	-	-	90	90
• Potrero Annex	-	-	-	150	-	150
• Potrero Terrace	-	-	-	469	-	469
• Sunnydale	-	-	-	757	-	757
<b>N/A Total</b>				<b>1,376</b>	<b>90</b>	<b>1,466</b>
<b>Grand Total</b>	<b>1,461</b>	<b>3,120</b>	<b>4,581</b>	<b>1,376</b>	<b>90</b>	<b>6,047</b>



# SFHA Repositioning Timeline

- On December 12, 2012, SFHA was designated as Troubled
  - Lack of governance and oversight over operational and financial management, challenges: Ongoing operating deficits; Absence of adequate internal controls.
- January, 2013: Mayor Lee commences SFHA Re-Envisioning Process
  - New SFHA Board of Commissioners and Leadership Team transition
- June, 2013: HUD Technical Assistance (PIH)
  - Enterprise Community Partners provided technical assistance to improve overall financial management and operational capacity



# SFHA Repositioning Timeline

- **September 2013: Board Approved Recovery Agreements**
  - **Public Housing Agency Recovery and Sustainability Agreement (PHARS) and Stop-Loss Agreement**
- **October 2013: SFHA/MOH submit RAD Applications**
- **January 2014: RAD CHAPs for the RAD portfolio conversion**
- **February 2014: SFHA/MOH issue Developer RFP (8 teams selected)**
- **June 2014: HUD provides approval for Stop Loss transition funding.**
- **July 2014: SFHA/MOH issues RFP for Financing Team (lender/investor)**

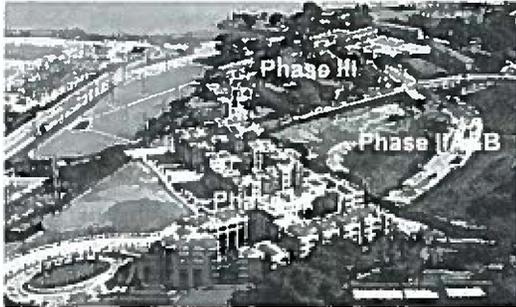


# SFHA RAD Conversion Timeline

- **February 2015: HUD issues SFHA RAD Waiver**
  - **SFHA permitted to exceed the 20% Project Basing Voucher Limit for RAD Placement Projects;**
  - **Waiver PIH Notice 2012-07, Section 10 for RAD Placement Projects, and;**
  - **Applicability of resident rights, whether RAD or RAD Placement Projects to comply with RAD Notice concerning relocation rights and benefits.**
- **November 2015: RAD Phase 1 closed**
  - **Started construction in November 2015**
- **September 2016: RAD Phase 2: Anticipated to Close and start construction in September 2016**



# City of San Francisco Support



- **San Francisco creates HOPE SF program in 2007**
  - **Continue public housing revitalization program at local level**
    - **Hunter's View and Alice Griffith public housing sites**
    - **Potrero, Sunnyside and Westside Courts public housing sites**
  - **Hunter's View revitalization project**
    - **Redevelopment planning commenced in 2008**
    - **Mayor's Office of Housing funding commitment of \$150MM**
    - **Phase 1A completed in 2013, Phase 2 under construction**
  - **Alice Griffith revitalization project**
    - **Redevelopment planning began in 2008**
    - **Mayor's Office of Housing funding commitment of \$100MM**
    - **HUD CNI Implementation Grant of \$30MM**
    - **Phase 1 under construction**

# City Support Expended and Projected

CITY AND COUNTY OF SAN FRANCISCO		
<b>CONTRIBUTIONS TO SFHA PROJECTS 2008-2016</b>		
<b>HOPE SF CAPITAL FUNDING (to date)</b>		
Hunters View	150,000,000	
Alice Griffith	100,000,000	
Potrero predevelopment	8,034,300	
Sunnydale predevelopment	11,250,000	
subtotal		<b>269,284,300</b>
<b>HOPE SF CAPITAL FUNDING (pending)</b>		
Potrero First Phase Vertical Gap (Parcel X)	14,200,000	
Sunnydale First Phase Vertical Gap (Parcel Q)	11,000,000	
subtotal		<b>25,200,000</b>
<b>HOPE SF SERVICES FUNDING (to date)</b>		
Hunters View	3,191,000	
Alice Griffith	270,557	
Potrero	3,000,000	
Sunnydale	3,000,000	
subtotal		<b>9,461,557</b>
<b>URGENT REPAIRS - Elevators and Vacant Units</b>		
2008 Scattered Sites Repair Grant	2,000,000	
2010 repairs grant (includes S433K Ping Yuen elevator)	2,000,000	
2013 RHF grant - Alemany/Potrero	600,000	
2013 Hunters View Rehab Grant	70,979	
2013 Holly Courts Gate Repair Grant	97,000	
2014 Elevator Repairs Loan	5,396,000	
2014 Urgent Repairs Grant	2,000,000	
2015 SFHA Staffing and Unit Turns Grant	1,043,067	
2016 Staffing, Consultants & Emergency Repairs Loan	3,950,000	
subtotal		<b>17,157,046</b>

2014-2015-2016 RAD PORTFOLIO		
2015 RAD Services	500,000	
2014-15 RAD Phase 1 Gap	40,495,660	
2015-2016 RAD Phase 2 Predev	22,200,000	
2016 Additional Pending RAD Phase 2 Gap	37,000,000	
subtotal		<b>100,195,660</b>
<b>GRAND TOTAL</b>		<b>421,298,563</b>

PENDING: SUNNYDALE & POTRERO TRANSFORMATION		
<b>Sunnydale Conversion</b>		
- 775 public housing units replaced; 126 LIHTC units		
- 754 market-rate units cross-subsidizing affordable		
- new infrastructure, parks & community facilities		
<b>TOTAL MOHCD GAP (Projected)</b>	<b>350,000,000</b>	
<b>Potrero Conversion</b>		
- 606 public housing units replace; 200 LIHTC units		
- 806 market-rate units cross-subsidizing affordable		
- new infrastructure, parks & community facilities		
<b>TOTAL MOHCD GAP (Projected)</b>	<b>200,000,000</b>	
subtotal, Sunnydale & Potrero		<b>550,000,000</b>

<b>TOTAL EXPENDED &amp; PROJECTED CITY FUNDING ON SFHA PROPERTIES, 2008-2016</b>	<b>971,298,563</b>
--	--------------------

# RAD Repositioning Effort

SFHA/MOH Proforma:

	Dec 2013	Aug 2014	Nov 2015	July 2016
	<i>Phase 1 &amp; 2</i>	<i>Phase 1 &amp; 2</i>	<i>Phase 1</i>	<i>Phase 2</i>
<b>Sources</b>				
LIHTC Equity	190,792,052	498,773,299	283,661,493	523,719,610
Seller Carry Back Financing	218,241,087	515,478,947	240,539,049	450,604,621
Deferred Developer Fee	26,951,251	12,371,240	7,000,000	32,419,921
Permanent Loan	140,669,431	198,841,115	84,268,000	228,247,000
Local Subsidy (MOH)	0	80,023,152	40,495,660	34,207,027
Local Subsidy (SFHA/GP/LP/other)	0	0	64,902,691	78,083,399
	<b>576,653,821</b>	<b>1,305,487,753</b>	<b>720,866,893</b>	<b>1,314,861,657</b>
<b>Uses</b>				
Acquisition	219,401,087	529,183,027	275,005,000	486,043,850
EPC Repayment	6,939,210	41,000,000	41,000,000	0
Construction	180,311,600	507,781,860	253,611,331	519,369,169
Soft Costs	170,001,924	227,522,863	151,250,562	309,448,638
	<b>576,653,821</b>	<b>1,305,487,750</b>	<b>720,866,893</b>	<b>1,314,861,657</b>



Project No.	Development Name	5,812 ACC Units	5,377 Occupied By Assisted Tenant Units	3 Occupied By Police Officer Units	2 Occupied By Employee Units	325 Vacant Units	89 Undergoing Modernization Units	1 Casualty Loss Units	3 Administrative Uses Units	4 Demolished/Approved Units	1 Special Use - Anti Drug/Crime Units	7 Special Use - Other Resident Activities Units	5 Current Total Occupied Non-Assisted Units (No HUD Form)	8 Special Use Units	5,390 APG Occupied Units	418 Current Total Uninhabited Units	4 Current Total Uninhabitable Units	92.84% APG Occupancy Rate
HI001000039	KAHEKILI TERRACE	196	160	0	0	35	0	1	0	0	0	0	0	0	160	36	0	81.6%
HI001000044	WAIMAHA/SUNFLOWER	260	211	0	1	27	19	0	1	0	0	1	1	1	213	47	0	81.9%
HI001000049	WAHIAWA TERRACE	150	132	0	0	12	5	0	1	0	0	0	0	0	132	18	0	88.0%
HI001000050	PALOLO VALLEY	118	103	0	1	8	5	0	1	0	0	0	1	0	104	14	0	88.1%
HI001000037	LANAKILA HOMES I	322	285	2	0	28	6	0	0	0	1	0	2	1	288	34	0	89.4%
HI001000038	KEKAHA HA AHEO	321	288	0	0	26	7	0	0	0	0	0	0	0	288	33	0	89.7%
HI001000030	PUUWAI MOMI	363	329	1	0	32	0	0	0	0	0	1	1	1	331	32	0	91.2%
HI001000033	KAMEHAMEHA HOMES	373	340	0	0	32	0	0	0	0	0	1	0	1	341	32	0	91.4%
HI001000031	KALIHI VALLEY HOMES	373	345	0	0	10	18	0	0	0	0	0	0	0	345	28	0	92.5%
HI001000032	MAYOR WRIGHT	364	341	0	0	22	0	0	0	0	0	1	0	1	342	22	0	94.0%
HI001000034	KALAKAUA HOMES	583	551	0	0	32	0	0	0	0	0	0	0	0	551	32	0	94.5%
HI001000035	PUNCHBOWL HOMES *	587	557	0	0	17	13	0	0	0	0	0	0	0	557	30	0	94.9%
HI001000040	KUHIO PARK TERRACE	174	161	0	0	8	0	0	0	4	0	1	0	1	162	8	4	95.3%
HI001000043	KA HALE KAHALUU	202	193	0	0	7	0	0	0	0	0	2	0	2	195	7	0	96.5%
HI001000045	KOOLAU VILLAGE	226	219	0	0	7	0	0	0	0	0	0	0	0	219	7	0	96.9%
HI001000052	KPT Towers I, LLC	347	343	0	0	4	0	0	0	0	0	0	0	0	343	4	0	98.8%
HI001000046	COUNTY OF HAWAII	103	103	0	0	0	0	0	0	0	0	0	0	0	103	0	0	100.0%

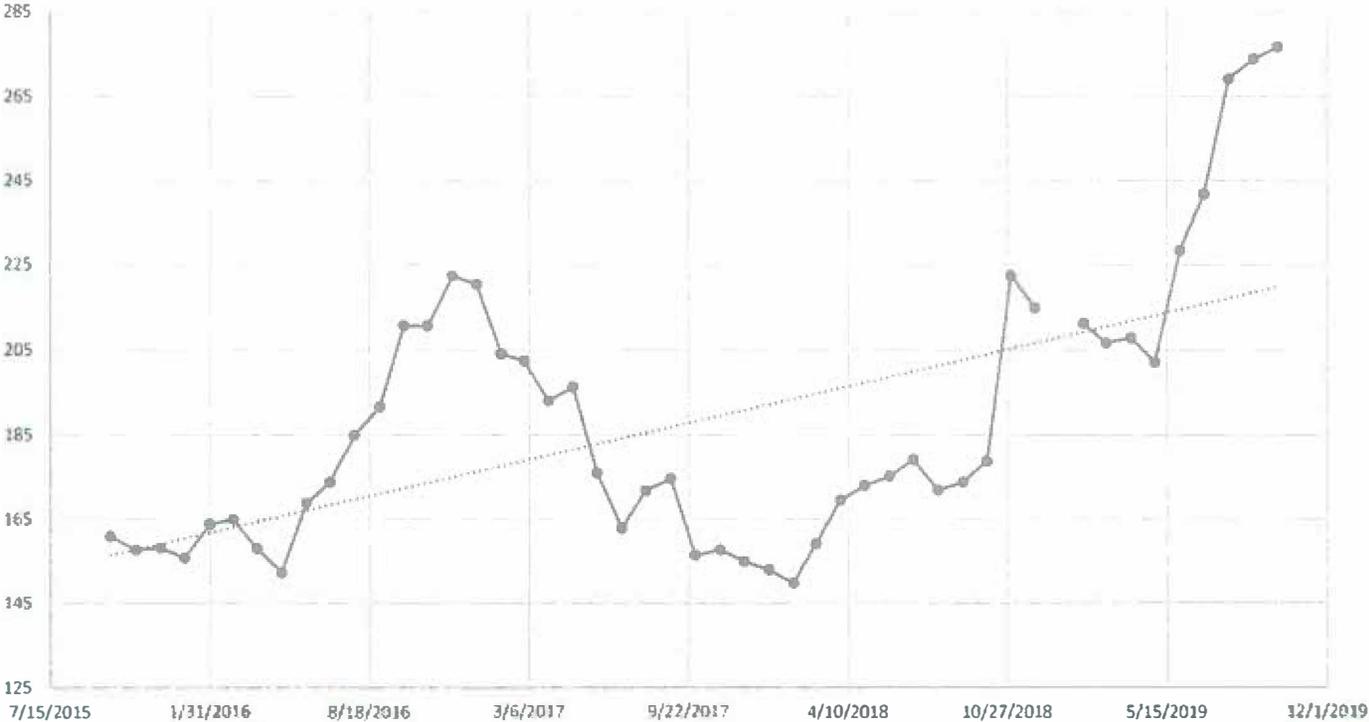
11/12/2019 Development Data Report

**Public Housing units (vacancies in excess of 100 days)**

	Vacant unit count	Average days vacant	Average months vacant	Average years vacant
<b>Development</b>				
Puuwai Momi/Salt Lake 1066	28	956	31.4	2.6
Kahekili Terrace/ Kahale Mua 1088	13	666	21.9	1.8
KPT/Kuhio Homes 1010	3	501	16.5	1.4
Kahekili Terrace/Makana Kai Hale II 1097C	1	491	16.1	1.3
Lanakila Homes/Hale Aloha O' Puna 1051	10	474	15.6	1.3
Kamehameha Homes/Kamehameha Homes 1095	19	429	14.1	1.2
Kahekili Terrace/ A & B 1017	8	427	14.0	1.2
Kahekili Terrace/Makana Kai Hale I 1092	2	419	13.8	1.1
Kahekili Terrace/David Malo Circle 1016	2	418	13.7	1.1
Punchbowl Homes 1011	2	412	13.5	1.1
Eleele Homes 1020	3	390	12.8	1.1
Waianae/Waimaha Sunflower 1057	16	356	11.7	1.0
Waianae/Kau'iohalani 1091	7	352	11.6	1.0
Kamehameha Homes/Kaahumanu Homes	10	349	11.5	1.0
Mayor Wright Homes	16	325	10.7	0.9
Kalakaua Homes/Paokalani 1036	4	314	10.3	0.9
Kalakaua Homes/ 1062	6	310	10.2	0.8
Kekaha Ha'aheo/Hale Hoonanea (Port Allen) 1051	2	309	10.1	0.8
Kekaha Ha'aheo/Kekaha Ha'aheo 1064	5	303	10.0	0.8
Lanakila Homes II 1013	1	297	9.8	0.8
Lanakila Homes/Pahala (E) 1045	10	288	9.5	0.8
Hale Nana Kai O' Kea 1054	2	279	9.2	0.8
Kekaha Ha'aheo/Kapaa 1018	5	276	9.1	0.8
Pumehana (E) 1047	1	276	9.1	0.8
Hui Hanamaulu 1021	2	273	9.0	0.7
Waianae/Maili I	2	255	8.4	0.7
Kalakaua Homes/Makua Ali 1012	9	246	8.1	0.7
Kalihi Valley Homes	3	245	8.1	0.7
Ka Hale Kahaluu/Kaimalino 1032	5	209	6.9	0.6
Windward/Koolau Village 1030	4	206	6.8	0.6
Palolo Valley Homes 1008	1	185	6.1	0.5
Waianae/Nanakuli Homes 1035	2	183	6.0	0.5
Wahiawa/Wahiawa Terrace 1015	6	182	6.0	0.5
Kahekili Terrace/Pilihi Homes (E) 1044	3	154	5.1	0.4
Makamae (E) 1046	2	137	4.5	0.4
<b>Grand Total</b>	<b>215</b>	<b>433</b>	<b>14.2</b>	<b>1.2</b>

10/31/2019

Average Turnaround (Days)





# LEAD THE WAY CURRICULUM: GOVERNANCE AND FINANCIAL MANAGEMENT

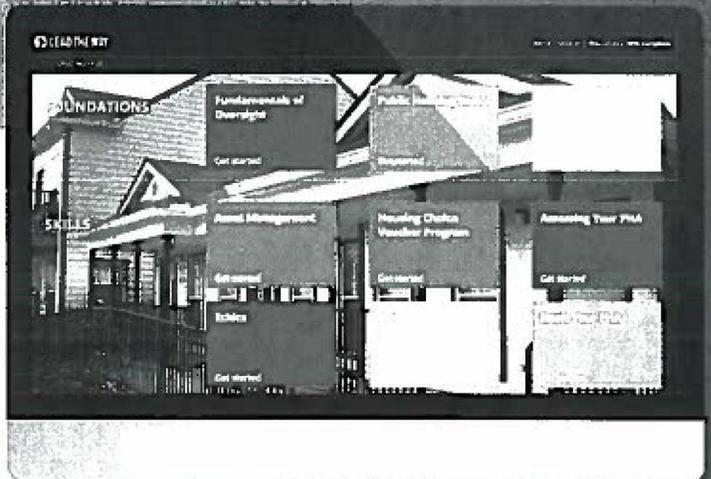
A Training for Board Members and Staff

What you need to know about public housing agency board and staff responsibilities is now in one place.

*Lead the Way* is a free new resource offered by HUD to support public housing agencies (PHAs). This dynamic online curriculum is designed for new or experienced PHA board members/ commissioners and executive staff.

It's a powerful learning tool that can be used in self-paced learning or instructor-led courses, individually or in groups.

With video vignettes, audio case studies, interactive worksheets, and online quizzes, *Lead the Way* reinforces learning with real PHA staff who speak to the everyday needs of PHA leaders.



Any way you use it, *Lead the Way* is a reliable, up-to-date reference that covers:

- ✓ FUNDAMENTAL OF OVERSIGHT
- ✓ PHA ROLES AND RESPONSIBILITIES
- ✓ PUBLIC HOUSING BASICS
- ✓ ESSENTIAL PHA SKILLS



Visit the HUD Exchange at [www.hudexchange.info/public-housing](http://www.hudexchange.info/public-housing) to create an account and access the curriculum.

## Board of Commissioners

Being named a commissioner is a great opportunity to serve your community, and with your appointment you have assumed significant responsibilities. The Board of Commissioners is the legally and financially responsible governing body of a PHA and the first line of accountability for the PHA's performance.

### What Boards of Commissioners Do

#### **Provide Leadership**

- Set and champion the mission of the PHA
- Make strategic decisions to ensure the financial solvency of the agency
- Speak up when concerns arise

#### **Provide Oversight**

- Monitor the agency's ability to meet statutory, regulatory, and contractual obligations
- Assure PHAs meet obligations on audit recommendations
- Approve internal controls to safeguard the agency's assets
- Safeguard the financial integrity of the PHA, preventing fraud, waste, mismanagement, and abuse
- Approve, review, and monitor budgets, contracts, and other financial documents
- Conduct monthly reviews of budgets with actual expenses and revenues
- Ensure ethical, legal, and effective work performance
- Keep informed of subsidized housing industry rules and regulations

#### **Actively Participate in Board Meetings**

- Conduct and maintain an accurate record of board proceedings
- Follow open meeting requirements

### What Commissioners Should Know

- The agency's history, mission, programs, financials, and strategic plan
- Agency policies and procedures
- Agency-owned developments and properties
- Board and committee meeting processes, including open meeting requirements and confidentiality
- Federal and state laws and regulations

## Executive Director and Executive Staff

The commissioner's role is governance – establishing policy and ensuring oversight. The executive director's role is management. Commissioners and executive directors need to be cognizant of one another's roles without overstepping or undermining the other. Specifically, the executive director:

- Keeps commissioners informed
- Develops, implements, and oversees the operating budgets
- Ensures compliance with all federal laws and HUD guidelines
- Manages the day-to-day operations of the PHA
- Hires, evaluates, trains, and terminates staff
- Executes board-approved policies

The executive team at an authority includes more than the executive director or chief executive officer. Depending on the size of the PHA, there may also be other executive staff. These staff members are hired by the executive director, and are concerned with the day-to-day management of the PHA.

### **RESIDENTS: AN ESSENTIAL VOICE**

**All PHAs must have a Resident Advisory Board (RAB) and Resident Commissioners. These voices can provide an important perspective on the most pressing issues facing the community of residents.**

**You should also get out, walk around these communities, and get to know the people you serve.**

## U.S. Department of Housing and Urban Development (HUD)

HUD interprets the laws handed down by Congress, developing regulations to guide PHAs. These regulations are distilled in the Annual Contributions Contract (ACC), a legally-binding contract between HUD and the PHA. HUD is a resource for PHAs. HUD guidebooks, notices, and handbooks are important tools to guide your oversight. The PHA may also contact the HUD Field Office, Regional Office, and Headquarters for resources and support.

# Foundations: Public Housing Basics

In 1937, the U.S. Housing Act established permanent public housing funded by the federal government. The following programs make up the backbone of public housing today:

- Low Rent Housing—Asset Management Projects (AMPs)
- Section 8 Housing Choice Voucher Program
- Choice Neighborhoods
- Rental Assistance Demonstration (RAD)

## Statutes and Regulations

Commissioners should know the federal, state, and local laws, as well as the federal regulations that guide public housing. These statutes and regulations are the foundation of the consolidated Annual Contributions Contract (ACC).

- The U.S. Housing Act of 1937 amendments
  - [The Section 8 Housing Choice Voucher \(HCV\) Program](#)
  - [Quality Housing and Work Responsibility Act of 1998](#)
- [Fair Housing Act and subsequent civil rights and disability laws](#)
- [Title 24 Code of Federal Regulations \(CFR\)](#)
- Annual appropriations law
- State laws and local ordinances

## Annual Contributions Contract (ACC)

The ACC is the mechanism through which the PHA receives funding, defines the agency's obligations, and outlines remedies for breaches of contract. Should there be a breach of contract, HUD will pursue remedial actions. Obligations under the ACC include but are not limited to:

- Cooperation agreements
- Operating budgets
- Depository Agreements and General Fund
- Pooling of funds
- Books of account, records, and government access
- Notices, defaults, and remedies
- Conflict of interest

## Declaration of Trust

Restricts the PHA from transferring, conveying, assigning, leasing, mortgaging, pledging, or otherwise encumbering the property without first getting HUD approval. It ensures the accuracy of HUD subsidy calculations and payments under the Operating and Capital Funds, and expedites HUD's processing and approvals of other Federal public housing programs, such as:

- Capital Fund Finance Program
- Operating Fund Financing Program
- Mixed-finance development
- Dispositions

# Public Housing Agency (PHA) Policies and Procedures

It is the responsibility of the board to be familiar with the following plans and policies:

- Admissions and Continued Occupancy Policy (ACOP)
- Section 8 Housing Choice Voucher Administrative Plan
- PHA Plan (Annual and 5-Year)
- Additional policies including capitalization, financial management and internal controls, maintenance, personnel, etc.

## Program Funding

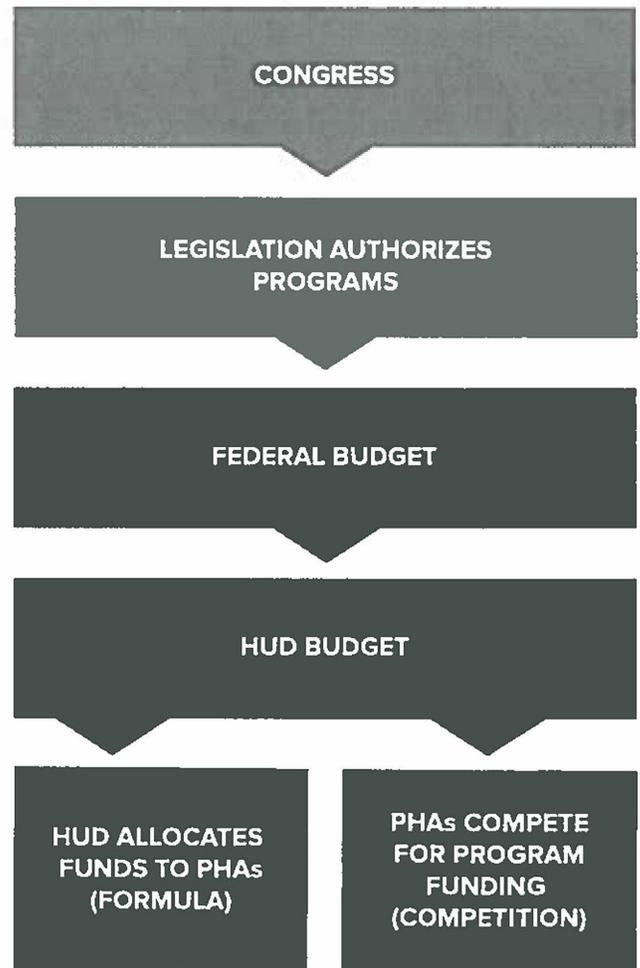
PHAs are funded through a number of different revenue streams. Federal sources of revenue are restricted and include:

- Full and open competition is key.
- Reasonable price must be determined by performing a price/cost analysis.
- Responsive and responsible bidders should be selected.
- Contract files must be documented.
- Contract compliance must be ensured.

## Revenue Streams

The following list provides examples of possible program-funded revenue streams:

- Operating Subsidy
- Capital Fund
- Housing Choice Voucher: Housing Assistance Payments
- Housing Choice Voucher Administrative Fees
- Resident Program Grants
- Planning Grants



## PHA Admissions Criteria

Under Federal laws and HUD regulations, there are certain policies for admission to a PHA's Housing Choice Voucher (HCV) or Public Housing (PH) program that are mandatory for all PHAs. They must prohibit admission if any household member is, or has been:

- A lifetime sex offender registrant
- Convicted for manufacture or production of Methamphetamine production in federally assisted housing.
- Evicted from federally assisted housing for drug-related crime within the last three years.

- Currently engaged in illegal drug use or threatening activity, where:
  - The PHA determines the member is currently engaging in illegal use of a drug.
  - The PHA determines that it has reasonable cause to believe that a household member's illegal drug use, pattern of illegal drug use, abuse of alcohol, or pattern of abuse of alcohol may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents.

A PHA's discretionary admissions policies can be amended regarding criminal activity and substance use/abuse to be more inclusive of vulnerable populations, including people who are homeless, who may have criminal backgrounds or histories of incarceration.

## Funding Facilities Maintenance

PHAs fund routine facility maintenance through their operating budget and fund facility modernization through capital funds. The board oversees the PHA's housing stock maintenance.

Maintenance is managed through work orders coming from tenant requests and through preventive maintenance. For example, PHAs may manage maintenance and inspections with these processes:

- A properly executed inspection of a representative sample of units, which would reveal systemic conditions and recurring maintenance needs that require intensive action by the project manager.
- An established risk hierarchy based on historical records. The board should concentrate on units that represent maintenance challenges and inspect these units more frequently than units that have historically presented fewer challenges.

The Physical Needs Assessment (PNA) is the basis for modernization activity, which is also part of the PHA Plan.

# Skills: Housing Choice Voucher Program



The Section 8 Housing Choice Voucher (HCV) Program allows low-income families to choose to lease or in some cases purchase safe, decent, and affordable privately-owned housing. HCV provides “tenant-based” rental assistance, so a family can move from one unit to another—the subsidy stays with the family.

## Concepts for HCV

### Housing Assistance Payment (HAP)

Under the HAP contract (the contract between the owner of the unit and the PHA), the family pays for a portion of the rent and utilities. The PHA provides the remainder to the landlord through the HAP.

### Portability

Eligible voucher holders may use their voucher to lease a unit anywhere in the United States where there is a housing agency operating an HCV program. If the receiving PHA decides to administer a voucher, they bill the initial PHA for the housing assistance payments. If the receiving PHA decides to absorb the voucher, the initial PHA is free to reissue the voucher.

### The Payment Standard

The Payment Standard sets the buying power of the voucher. It is set by a PHA, and is typically 90 – 110% of the HUD-published Fair Market Rent (FMR). It is a standard that reflects or is the amount of money generally needed to rent a moderately-priced unit dwelling in the local housing market.

### Rent Reasonableness

PHAs must have a rent reasonableness system and methodology for determining if the rent being requested by the owner is reasonable. They must ensure that it reflects the market—not too generous and not more restrictive than the actual local housing market.

### HCV Budgets

PHAs should have an HCV administrative budget. Revenue and expense reports should be reviewed each month by the board.

## KEY ACTIVITIES OF THE HCV PROGRAM

### Selecting Participants

- Taking applications
- Maintaining the wait-list
- Selecting applicants

### Leasing Vouchers

- Briefing participants
- Issuing vouchers
- Processing requests for tenancy approval

### Determining Tenant Rent

- Validating right income and deductions
- Annual and interim reexamination

### HQS Inspections

- Annual, new leases, special inspections
- Quality control inspections
- Enforcement: re-inspections, abatement

### Paying Landlords

- Maintaining HAP register
- Issuing checks or electronic payments

### Rent Reasonableness

- Determining market rent norms by neighborhood
- Assessing owner rent for individual units

## Strategies for Successful HCV Programs

Positive relationships with landlords participating in the HCV program are key. Strategies for **Landlord Outreach and Management** include:

- Reaching out to inform and recruit landlords by offering seminars or fairs, attending apartment association meetings, circulating a newsletter, etc.
- Enforcing acceptance of vouchers by Tax Credit properties.
- Establishing a HCV Program landlord group.
- Screening participants well so the PHA has a reputation for successful HCV placements.

Positive relationships with applicants and families participating in the HCV program are also very important. Strategies for **Applicant and Resident Outreach and Management** include:

- Updating your wait list periodically so that eligible families are prioritized quickly when vouchers become available;
- Informing and equipping families with information about how the program works through briefings;
- Providing strong case management and customer service to families;
- As appropriate, consider assistance programs to help with needs beyond their initial briefing to link applicants with landlords, transportation, support, and financial assistance.

The board is responsible for **Adopting Appropriate Policies and Plans** including:

- Admission and Continued Occupancy Policy
- PHA Plan
- HCV Administrative Plan, including policies on:
  - » Resident selection
  - » Rent reasonableness
  - » Unit inspection
  - » Approval processes

## HQS and SEMAP

HUD program regulations set forth basic housing quality standards (HQS) that all units must meet before assistance can be paid. HQS defines “standard housing” and establishes the minimum criteria necessary for the health and safety of residents. For a rental unit to qualify for HCV payments, the HQS measures must be met. HUD has a performance measurement tool, Section Eight Management Assessment Program (SEMAP), specifically for the HCV program. HQS measures are included in this assessment, among other indicators.



# UNDERSTANDING PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS)



**LEAD THE WAY**

**PHA GOVERNANCE AND FINANCIAL MANAGEMENT**

**A Training for Board Members and Staff**



## About PHAS

The Public Housing Assessment System, or PHAS, is the system that HUD uses to assess a PHA's performance in managing its low-rent public housing programs. HUD uses a centralized system to collect individual subsystem scores using various sub indicators and produces a composite PHAS score representing PHA's performance management. PHAS uses a 100-point scoring system based on four categories of indicators:

- PASS (Physical Assessment Subsystem) – 40 points
- FASS (Financial Assessment Subsystem) – 25 points
- MASS (Management Assessment Subsystem) – 25 points
- CFP (Capital Fund Program) – 10 points

Scores are generated for each development, or Asset Management Project (AMP). AMP scores are weighted by how many units are in the AMP and then combined into the agency-wide score. The total score is used to determine the PHA's designation under PHAS. Scores below 60 result in a troubled designation. Scores of 90 points or above result in a high performer designation. Scores below 90 but above 60 are designated as a standard performer. If your PHA scores below 60 in any one indicator, you will be designated as a substandard performer.

HUD/REAC (Real Estate Assessment Center) publishes the PHAS scores after any appeals by the PHA are addressed. A letter is sent to the PHA with the score for the Fiscal Year evaluated.

### Deregulation for Small Public Housing Agencies (*fewer than 250 units*)

- High performers receive PHAS assessments every three years
- Standard and substandard performers receive PHAS assessments every other year
- Troubled and Capital Fund-troubled PHAs will receive PHAS assessments every year
- All small PHAs must submit financial information (Financial Data Schedule, FDS) every year

## PASS (Physical Assessment Subsystem) – 40 points

### What is its Purpose?

The purpose of the PASS is to determine whether public housing units are decent, safe, sanitary and in good repair, and to determine the level to which the PHA is maintaining its public housing in accordance with housing condition standards.

### How is it Scored?

The PASS score is determined by an inspection conducted in accordance with HUD's Uniform

Physical Condition Standards (UPCS). An independent physical inspection performed and scored for each project/AMP. A statistically valid sample of the units within the AMP is selected, and project scores roll up to a composite PHA score.

### What is a Technical Review (TR)?

A technical review may be requested if, during the physical inspection, an objectively verifiable and material error occurred that, if corrected, would result in an improvement in the property's overall score. The three types of material errors are:

- **Building Data Errors** - The inspection includes the wrong building or a building that is not owned by the property.
- **Unit Count Errors** - The total number of units considered in scoring is incorrect as reported at the time of the inspection.
- **Non-Existent Deficiency Errors** - The inspection cites a deficiency that did not exist at the time of the inspection.

### WHAT IS UPCS?

HUD's Uniform Physical Condition Standards (UPCS) is the inspection protocol intended to assure there is uniformity and objectivity in the evaluation of the physical condition of HUD properties. Major inspection areas under UPCS are:

- Site
- Building Exterior
- Building Systems
- Common Areas
- Unit

UPCS Inspections take place every three years for AMPs with high a high performer status, every two years for AMPs with a score above 80 but less than 90, and annually for troubled performers.

Technical review requests must be received at REAC within 30 days from the physical inspection report release date.

### What is a Database Adjustment (DBA)?

A request for database adjustment initiates a review of the results of a physical inspection. A database adjustment may be requested for circumstances affecting the inspected property that are out of the ordinary, reflect an inconsistency with ownership, or are allowed by city/county/state codes. Circumstances that may be addressed by a database adjustment include:

- Local conditions and exceptions
- Ownership issues
- Adverse conditions beyond the owner's control
- Modernization work in progress

The PHA will have 45 days to submit from the physical inspection report release date.

### How can a PHA improve PASS?

#### Focus on the basics

- Understand and comply with Uniform Physical Condition Standards (UPCS)
- Inspect 100% of units annually using UPCS protocols
- Examine Capital Fund use and prioritization
- Compare maintenance to new development resources. Is maintenance underfunded?

- Maintain accurate building and unit inventory
- Perform routine maintenance on all properties, units, and systems throughout the year
- Repair health and safety deficiencies immediately

## MASS (Management Assessment Subsystem) – 25 points

### What is its Purpose?

The purpose of the management operations indicator is to assess the AMP's and PHA's management operations capabilities.

### How is it Scored?

MASS is determined by data reported to HUD by the PHA in the Financial Data Schedule (FDS). A score is calculated for each AMP. Scores roll up to a composite PHA score. The FDS is a required report that is sent by the PHA to HUD/REAC both 60 days after the end of the fiscal year for un-audited financial data and nine months after the end of the fiscal year with the audited data. The MASS scores can be generated from either submission, but if there is a discrepancy in data, the Audited submission data will be used. Scores are assigned by the following sub-indicators:

- **Occupancy:** Emphasizes and measures the AMP's performance in keeping available units occupied. The higher the occupancy rate, the higher the score. The maximum points assigned for this sub-indicator is 16 points.
- **Resident Accounts Receivable:** Measures the amount of resident accounts receivable against resident revenue (i.e. rent paid). The maximum points assigned for this sub-indicator is 5 points.
- **Accounts Payable:** Measures total vendor accounts payable, both current and past due against total monthly operating expenses. The lower the ratio, the higher the score. The maximum points assigned for this sub-indicator is 4 points.

AMPs may be eligible for a Physical Condition & Neighborhood Environment (PCNE) score adjustment. AMPs at least 28 years old are eligible for a 1-point adjustment. Additionally, AMPs located in neighborhoods with 40% or more families living below the poverty line are eligible for a 1-point adjustment.

### How can a PHA Improve MASS?

#### Focus on the Basics

- Increase number of occupied units/reduce vacancies
  - Maintain an updated waiting list
  - Turn vacant units around quickly
- Collect the rents on time
  - Enforce rent collection policies as much as possible
  - Increase revenue and lower Tenant Accounts Receivable (TAR) ratio
- Reduce accounts payable by paying bills on time

- Be knowledgeable about your physical conditions
- Review and understand your maintenance reports
- Know the amounts and status of your Capital Fund Program (CFP) grants
- Thoughtfully approve construction contracts

### Monitor Vacant Unit Turnaround

- Monitor resident move-out/turn-over rate, which indicates resident satisfaction, vacancy loss issues, waiting list sufficiency, marketing and outreach, and changes in local market.
- Monitor property turn-over/turn around time, which indicates the time it takes to reoccupy vacant units
- Track move-out date to re-occupancy date, which of three periods:
  - **Down time:** Down time starts on the move out date.
  - **Make ready time:** Make ready time starts when the housing manager tells the maintenance supervisor the tenant is gone and it's time to prepare the unit. Date is sometimes documented as the date on a move-out inspection form. The form the housing manager uses for security deposit purposes
  - **Lease-up time:** Lease-up time starts when the maintenance man tells the housing manager the unit is done, the paint is dry, and it's okay to move somebody in. Date is sometimes documented on a work order form or log.

## FASS (Financial Assessment Subsystem) – 25 points

### What is its Purpose?

The purpose of the financial condition indicator is to measure the financial condition of each public housing project.

### How is it Scored?

FASS is determined by data reported to HUD by the PHA in the Financial Data Schedule (FDS). Project financial performance will be scored for each project (AMP). The AMP scores will be averaged across the PHA, weighted according to unit count, and rolled up to a composite PHA score. The FDS is a required reporting that is sent by the PHA to HUD/REAC 60 days after the end of the Fiscal Year for the Unaudited Financial Data and 9 months after the end of the Fiscal Year with the Audited data. The FASS scores can be generated from either submission, but if there is a discrepancy in data the Audited submission data will be used. Late Penalty points and Late Pre-sumptive Failure (LPF) for these submissions do apply to FASS Indicator score.

## Late Penalty Points and Late Presumptive Failure (LPF)

Late penalty points are counted against the overall PHAS score if a PHA is late submitting their data in the Financial Data System (FDS). Each data set has a separate due date. To learn more about these schedules and penalties, visit the [HUD/REAC](#) site.

A Late Presumptive Failure (LPF) occurs when a PHA does not submit the required financial information and/or management certifications by the established regulatory submission dead lines. An automatic score of zero is assigned to the PHA for that indicator.

Late Penalty Points and Late Presumptive Failure can only be applied to the FASS indicator.

Scores are assigned by the following sub-indicators:

- **Quick Ratio (QR)** – Measures liquidity and current assets. The maximum points assigned for this sub-indicator is 12 points.
- **Months Expendable Net Ratio (MENAR)** – Measures the adequacy of the financial reserves by determine the number of months of operation using the net available resources. The maximum points assigned for this sub-indicator is 11 points.
- **Debt Service Coverage Ratio (DSCR)** – Measures capacity to cover debt obligations through the ability to meet regular debt obligations. The maximum points assigned for this sub-indicator is 2 points.

## How can a PHA Improve MASS?

### Focus on the Basics

- Maintain accurate financial records
- Submit financial reports to HUD on time
- Increase Quick Ratio by increasing cash available and reducing accounts payable
- Increase Months Expendable Net Assets ratio by increasing savings in the bank and reducing operating costs

## CFP (Capital Fund Program) – 10 points

### What is its Purpose?

The purpose of the Capital Fund program assessment is to examine the period of time it takes a PHA to obligate the funds provided to it from the Capital Fund program. Ultimately, the purpose is for PHAs to obligate 90% or more of these funds as quickly as possible, and no later than 2 years after funds become available. It is also to modernize and develop units and improve overall occupancy and to meet HUD's Strategic Plan goal to "Meet the Need for Quality Affordable Rental Homes."

## How is it Scored?

Uses information reported in eLOCCS for scoring.

Scores are assigned by the following sub-indicators:

- **Fund Obligation** – 5 points are assigned if the PHA obligated 90% or more of the CFP by the obligation end date with no sanctions.
- **Occupancy Rate** – Measures occupancy rate at fiscal year end after adjusting for HUD approved vacancies. A total of 5 points are assigned for a rate of 96% or greater. A total of 2 points are assigned for a rate of 93% but less than 96%. Zero points are assigned if the rate is less than 93%. If the PHA scored less than 5 points for Timeliness of Fund Obligation, the Occupancy Rate score is automatically zero.

The other PHAS indicators require 60% or above to pass. The Capital fund indicator pass rate is 50% or at least 5 points.

## How can a PHA Improve CFP?

### Focus on the Basics

- Timely obligation of Capital Program Funds
  - Plan for the PHA's use of Capital funds
  - Track obligations made and obligation end dates
  - Request monthly board reports
  - Evaluate PHA procurement/contracting timeliness and effectiveness
- Increase number of occupied units
- Have a well-planned program for vacancy reduction that matches available funding resources
- Reduce turnover vacancy time
- Have tenants ready to move in to units when the units are ready.

### Grant Management

- Observe and achieve obligation and expenditure deadlines
  - Sooner is better for your PHA
- Compare projected vs. actual budgets
- Issue several contracts per grant
- File grant close-out documents
- Be aware of the penalties for failure to meet deadlines, which include:
  - Fund recapture
  - Lower PHAS score, which could lead to substandard or troubled designation
- Adhere to the PHA procurement policy



# UNDERSTANDING SECTION EIGHT MANAGEMENT ASSESSMENT PROGRAM (SEMAP)



**LEAD THE WAY**

**PHA GOVERNANCE AND  
FINANCIAL MANAGEMENT**

*A Training for Board Members and Staff*



The Section Eight Management Assessment Program (SEMAP) is HUD's performance measurement tool for the Housing Choice Voucher Program. A PHA self-certifies to HUD 60 days after the end of the fiscal year. The Field Office will then issue a score within 120 days after the end of fiscal the year. High performers have a score above 90. Troubled performers have a score below 60.

## The Board's Role in SEMAP

Your PHA's SEMAP score is an important tool for the Board of Commissioners. Track SEMAP scores each month in board meetings. You can use the SEMAP indicators to guide the way you assess your PHA's performance. Focus your attention on weak performance areas to effectively and efficiently use scarce resources. Failing to meet SEMAP standards means a failure to ensure residents are living in quality housing. Consequences of failing performance can include required corrective actions and limits on new HUD funding awards. Keep your PHA on track.

## HUD's Role in SEMAP

HUD reviews and monitors PHA SEMAP scores. The SEMAP certification is analyzed by HUD Field Offices, and may also be confirmed on site. HUD staff will then provide recommendations for improving failing SEMAP indicators, and will assist in preparing a Corrective Action Plan (CAP).

## SEMAP Indicators

All SEMAP performance indicators set a standard for a key area of Housing Choice Voucher Program management. PHAs are assessed against these standards to show whether the PHA administers the program properly and effectively. The SEMAP certification that is submitted by PHAs addresses all of the following indicators:

### Self-Certified

#### Indicator 1 – Selection from Waiting List

The score for this indicator is based on whether the PHA has a written policy in its administrative plan for selecting applicants from the waiting list and whether it follows that policy. The certification must be based on the results of a quality control sample measuring the rate at which the PHA follows its selection policy.

**Score:** The PHA receives a score of 15 for this indicator if it certifies that it has a written policy and the sample shows that 98% of applicants selected from the waiting list were selected in a manner that conformed to the PHA's policy. If the PHA had no policy or less than 98% of selected applicants were selected in the manner the policy prescribes, the PHA receives zero points for this indicator.

Do you know your SEMAP score?

Are you a “high,” “standard,” or “troubled” performer?

### Indicator 2 – Rent Reasonableness

The score for this indicator is based on whether the PHA has a written policy for determining and documenting that the rent paid to owners is reasonable based on current rents for comparable unassisted units and whether it follows that policy. The PHA must conduct a quality control sample to determine whether the PHA is following its own policies for determining rent reasonableness.

**Score:** The PHA receives 20 points for this indicator if the PHA has a written policy that meets HUD’s requirements and the sample shows that the policy was followed at least 98% of the time. The PHA receives 15 points for this indicator if the sample shows that the PHA’s policy was followed at least 80% of the time. If the PHA had no policy that met HUD’s requirements or if the PHA’s policy was followed less than 80% of the time, the PHA receives zero points for this indicator.

### Indicator 3 – Determination of Adjusted Income

The score for this indicator is based on whether the PHA verifies and correctly determines adjusted annual income and utility allowances at each family’s admission and annual reexamination. The PHA must conduct a quality control sample to determine whether the PHA: 1) Obtains and uses third party verification of the factors that affect the determination of adjusted income or documents the reasons third party verification was not available, 2) Properly attributes and calculates medical, child care, and disability allowances; and 3) Uses the appropriate utility allowances.

**Score:** The PHA receives 20 points for this indicator if it certifies that it has verified and correctly determined adjusted annual income and utility allowances for at least 90% of families sampled. The PHA receives 15 points if the PHA correctly processed 80% to 89% of families sampled and zero points if less than 80% were correctly processed.

### Indicator 4 – Utility Allowance Schedule

For this indicator, the PHA is scored on whether the PHA maintains an up-to-date utility allowance schedule. A utility allowance schedule is “up-to-date” if the PHA reviewed utility rate data within the last 12 months and adjusted its utility allowance schedule if there has been a change of 10% or more in a utility rate since the last time the utility allowance schedule was revised.

**Score:** If the PHA certifies that it has updated its utility allowance schedule, it receives 5 points for this indicator. If the PHA has not done so, it receives zero points for this indicator.

### Indicator 5 – HQS Quality Control Inspections

This indicator measures whether the PHA has verified or re-inspected a sample of recently completed Housing Quality Standards (HQS) inspections representing a cross section of neighborhoods and a cross section of inspectors.

**Score:** A PHA receives 5 points for this indicator if it certifies that it has re-inspected a sample and zero points if it has not.

### Indicator 6 – HQS Enforcement

The score for this indicator is based on whether the PHA addressed deficiencies found during HQS inspections in a manner that conforms to HUD regulations. To correctly address deficiencies, the PHA must ensure that: 1) Any cited life-threatening HQS deficiencies are corrected within 24 hours from the inspection, 2) All other cited HQS deficiencies are corrected within no more than 30 calendar days from the inspection or any PHA-approved extension, 3) If HQS deficiencies are not corrected timely, the PHA stops (abates) housing assistance payments beginning no later than the first of the month following the specified correction period or terminates the HAP contract, and 4) For family-caused defects, the PHA takes prompt and vigorous action to enforce the family obligations. The PHA must conduct a quality control sample to determine whether the PHA has addressed deficiencies correctly.

**Score:** The PHA receives 10 points for this indicator if it certifies that the sample shows that all cited life-threatening HQS deficiencies were corrected within 24 hours and 98% of other HQS deficiencies were correctly addressed. Otherwise, the PHA receives zero points.

### Indicator 7 – Expanding Housing Opportunities

PHAs with jurisdiction in a metropolitan fair market rent (FMR) area will be scored under this indicator. The score is based on whether the PHA has adopted and implemented a written policy to encourage participation by owners of units located outside areas of poverty or minority concentration, as well as whether the PHA has researched and distributed information about areas of poverty or minority concentration to voucher holders.

**Score:** A PHA receives 5 points if it meets the following conditions. If the PHA does not meet these conditions, the PHA receives zero points.

1. The PHA has a written policy to encourage participation by owners of units located outside defined areas of poverty or minority concentration;
2. The PHA has followed its written policy;
3. The PHA has prepared maps of and information about areas that do not contain poverty or minority concentration, which the PHA uses when briefing rental voucher holders about the full range of areas where they may look for housing;
4. The PHA's information packet contains information about portability;
5. The PHA has analyzed whether rental voucher holders have experienced difficulties in finding housing outside areas of poverty or minority concentration and, if such difficul-

ties have been found, the PHA has considered seeking approval of exception payment standard amounts and has sought such approval when necessary.

### **Not Self-Certified (evidence of certification is required)**

#### **Indicator 8 – Payment Standards**

For this indicator, the PHA is scored on whether its payment standards do not exceed 110% and are not less than 90% of the current applicable published FMRs (unless a higher or lower payment standard amount is approved by HUD). The PHA submits the FMRs and payment standards in the SEMAP certification form.

**Score:** The PHA receives 5 points if the payment standards are between 90 and 110% of the FMRs, and zero points if they are not.

#### **Indicator 9 – Annual Reexaminations**

The score for this indicator is based on whether the PHA completes a reexamination for each participating family at least every 12 months.

**Score:** The PHA receives a score of 10 for this indicator if it certifies that it has completed a timely reexamination for over 95% of families, 5 points if it has completed a timely reexamination for between 90% and 95% of families, and zero points if it has completed a timely reexamination for less than 90% of families.

#### **Indicator 10 – Correct Tenant Rent Calculations**

The score for this indicator is based on whether the PHA correctly calculates tenant rent in the rental certificate program and the family's share of the rent to owner in the rental voucher program.

**Score:** The PHA receives 5 points if it certifies that 2% or fewer of PHA tenant rent and family's share of the rent to owner calculations are incorrect. The PHA receives zero points if more than 2% of these calculations are incorrect.

#### **Indicator 11 – Pre-Contract HQS Inspections**

The score for this indicator is based on the %age of newly leased units that pass HQS inspections.

**Score:** The PHA receives a score of 5 if it certifies that at least 98% of the newly leased units pass HQS inspections and zero points if less than 98% pass HQS inspections.

#### **Indicator 12 – Annual HQS Inspections**

The score for this indicator is based on whether the PHA inspects each unit under contract at least annually.

**Score:** The PHA receives a score of 10 for this indicator if it certifies that it has completed a timely inspection of over 95% of units, 5 points if it has completed a timely inspection of between 90% and 95% of units, and zero points if it has completed a timely inspection of less than 90% of units.

### **Indicator 13 – Lease-Up**

The score for this indicator is based on whether the PHA has entered HAP contracts for the number of units reserved under Annual Contributions Contract (ACC) for at least one year. Data is entered into SEMAP by the field office. The lease-up indicator is measured by the greater of the unit or budget authority percentages.

**Score:** The PHA receives 20 points for this indicator if the percent of units leased or the percent of allocated budget authority expended during the last PHA fiscal year was 98% or more. The PHA receives 15 points if the relevant percentage is 95-97% and zero points if the percentage is less than 95%.

### **Indicator 14 – Family Self-Sufficiency (FSS) Enrollment**

PHAs with mandatory FSS programs receive a score for this indicator based on whether the PHA has enrolled families in the FSS program as required and the percent of current FSS participants that have had increases in earned income that resulted in escrow account balances. The PHA provides this information as part of the SEMAP certification and the field office verifies it. If the certified mandatory minimum number of FSS units is different from the number listed in HUD records by a reasonable amount, this indicator will be scored based on the smaller number. If there is a large discrepancy between the two numbers, the field office must research the difference to determine the correct number to enter.

**Score:** The PHA can earn up to 10 points for this indicator.

### **Deconcentration Bonus Indicator**

PHAs that use a payment standard that exceeds 100% of the published FMR set at the 50th percentile rent in accordance with 24 CFR 888.113(c) must submit data for this indicator, while all other PHAs have the option of submitting deconcentration data.

**Score:** The PHA can earn 5 points for demonstrating that a high percent of its HCV families with children live in, or have moved during the PHA fiscal year to, low poverty census tracts in the PHA's principal operating area. PHAs will not be adversely affected if they get zero points on this indicator.

## Overview

Public housing has evolved to become a complex development of large-scale, mixed-use, and mixed-income developments, with stricter requirements than for commercial housing projects. This document gives an outline of the overall process and requirements for building, funding, and overseeing public housing development.

It includes:

- the construction of additional units of housing that will be brought under the PHA's Annual Contributions Contract (ACC) with HUD.
- rehabilitation and modernization of existing public housing units that are already under contract.

## Development Process for Housing Authorities

Regardless of the method of finance and construction, the HUD process for review and approval of development is basically the same:

1. Identify, determine if the site is vacant, one with an existing development, turnkey development, or to select a developer with a site.
2. Put the project on the Annual PHA Plan. If Capital Funds will be used, put the project in the 5-Year Action plan.
3. Consult with community members and residents who will be affected by the proposed development to ensure they are informed.
4. If acquiring vacant land, but not prepared to submit full development plan, prepare/submit Acquisition Proposal.
5. Submit a Development Proposal to HUD for review and approval.
6. Upon review and approval, housing authority and HUD Field Office establishes the project in PIC, including assigning a project number and target DOFA date.
7. Record Declaration of Trust, or for mixed-finance, a Declaration of Restrictive Covenant on the property.

## Site Selection and Amenities

The following criteria are essential when choosing a site for public housing development.

- **Housing choice opportunities**—PHAs should maximize housing opportunity choice in their communities, and projects should not be located intensively within one part of a community or region where possible, particularly in areas containing a high proportion of low-income persons.
- **Facilities and services**—Sites are accessible to social, recreational, educational, commercial, and health facilities and services.
- **Transportation Options (public and private)**—Sites should be located so that travel time and cost via public transportation or private automobile is not excessive.
- **Site geography**—Sites should be adequate in size, exposure, and contour to accommodate the number and type of units proposed.

8. On project completion, enter a Date of Full Availability or DOFA date into PIC to allow for the flow of operating subsidy including reporting and validation.
9. After one year, submit Actual Development Cost Certificate (ADCC), which is submitted like the Actual Modernization Cost Certificate (AMCC) and the Final Performance and Evaluation (P/E).

## Statutes and Regulations

PHAs should know federal, state and local laws as well as federal regulations that guide the development of public housing.

### National Environment Policy Act (NEPA) of 1969

- Federal agencies must consider environmental impact of proposed development
- Requires clearance for Operating Fund subsidy, Capital Fund grants, Section 8, energy performance contracting, RAD activities before initiation.
- RE assumes HUDs environmental responsibilities.

### Faircloth Limit

- PHAs may not use public housing funds to pay for the development of units that increases the number of units owned/operated by the PHA since October 1, 1999.
- The limit adjusts for PHA transfers of ACC units, consolidations, and RAD removals.
- Units that exceed posted Faircloth limits will not be funded.
- PHAs are responsible for reviewing Faircloth limits and notifying HUD if there are errors in the limits.

### Unit Demolition Removals

- Demolition/disposition authorized under Section 18 of the Housing Act of 1937
- Details and administrative steps outlined in 24 CFR 970

## Contents of the Development Proposal

The following elements are the same for all types of development.

- Project description
- Site information
- Participant description
- Development schedule
- Accessibility
- Project costs
- Local cooperation agreement and real estate taxes
- Environmental requirements
- Market analysis
- Program income and fees
  - » **TDC Workbook**—A TDC Workbook is available for mixed-finance projects that contains templates for the project budget and operating pro forma.

## Standard Development Options

### Conventional

- Usually consists of new construction or substantial rehabilitation where bids are sealed.
- Uses Capital Fund, Replacement Housing Factor (RHF), or other funding sources, such as Demolition or Disposition Transitional Funding (DDTF).

### Turnkey

- PHA advertises for and competitively selects a developer, who develops or renovates housing on property the developer owns, then sells the project to the housing agency.

### Acquisition

- PHA buys existing property, and turns it into public housing; may or may not require rehabilitation.
- Use the same methods as new construction, but must certify the property was not built with the intent of selling it to the housing agency, and all HUD requirements (i.e., Davis-Bacon, environmental review) were followed when it was built.

### Force Account or Materials

- Labor can be employed directly by the PHA permanently or temporarily based on physical work funded by the Capital Fund.
- PHA may use force account labor, on approval from the PHA Board of Commissioners and HUD, if the plan is included in the 5-Year Action plan.
- PHA can use cost-analysis to compare benefits of hiring and administering own labor or procuring work from an outside contractor.
- **NOTE:** Davis-Bacon and prevailing wage determinations apply to employees conducting force account work just as they would apply to a general contractor's employees.

## Other Development Resources

[Office of Capital Improvements Learning Tools](#)

## Common Tools to Finance Development

- [Capital Fund Program](#)
- [Low-Income Housing Tax Credits](#)
- [Rental Assistance Demonstration \(RAD\)](#)
- [Capital Fund Financing Program](#)
- **Federal Housing Administration**
  - » [Insured mortgage loans or mortgage insurance for properties needing extensive rehabilitation \(Section 221 \(d\)\(4\)\)](#)
  - » [Refinance of existing multifamily apartments \(Section 223 \(f\)\)](#)
  - » [Rental housing for elderly \(Section 231\)](#)
  - » [Supplemental loans for multifamily projects \(Section 241 \(a\)\)](#)
  - » [Supportive housing elderly—Special needs \(Section 202\)](#)
  - » [Supportive housing for persons with disabilities \(Section 811\)](#)
- [Federal Home Loan Bank](#)
- [Community Development Block Grant](#)
- [Operating Fund Financing Program](#)
- [Conventional Debt](#)