

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
1002 North School Street, Building E
Honolulu, Hawaii 96817**

**November 17, 2011
9:00 a.m.**

AGENDA

I. CALL TO ORDER/ROLL CALL

II. APPROVAL OF MINUTES

- A. Special Meeting Minutes, October 6, 2011 (Pgs. 001-006)
- B. Regular Meeting Minutes, October 20, 2011 (Pgs. 007-018)
- C. Executive Session, September 22, 2011
- D. Executive Session, October 20, 2011

III. PUBLIC TESTIMONY

Public testimony on any agenda item 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.

IV. FOR ACTION

- A. Motion: To Approve the Hawaii Public Housing Authority's Five Year Capital Plan for the Period July 2012 to June 2017 (Pgs 019-064)
- B. Motion: To Adopt the Hawaii Public Housing Authority's Policy on Internal Control (Pgs. 065-073)
- C. Motion: To Adopt Revisions to the Admissions and Continued Occupancy Policy to Ban Medical Use Marijuana in Federal Public Housing (Pgs. 074-111)

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

privileges, immunities, and liabilities as related to Revisions to the Admissions and Continued Occupancy Policy to Ban Medical Use Marijuana in Federal Public Housing.

- D. Motion: Requesting Approval to Amend the Section 8 Administrative Plan Requirements for Reinspection When the Landlord Documents That Required Repairs Were Completed (Pgs. 112-114)
- E. Motion: To Accept the HPHA's Public Housing Assessment System Score Issued by the U.S. Department of Housing and Urban Development for the Fiscal Year Ended June 30, 2010 (Pgs. 115-120)
- F. Motion: To Adopt Board Resolution No. 55 To Close the Oahu Federal Family Public Housing Waitlist for One (1) Year Starting January 1, 2012, and To Authorize the Executive Director to Extend the Closure of the Waitlist for up to an Additional 12 Months (Pgs. 121-124)

V. REPORTS

- A. Board Task Force Reports: Update from the Executive Director Search Task Force (Pg. 125)

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(2), to consider the hiring of an Executive Director, where consideration of matters affecting privacy will be involved.

- B. Executive Director's Report (Pgs. 126-168)

Accomplishments for the Month of October 2011 and Planned Activities for Month of November 2011 for Activities Related to Public Housing; to Section 8 Subsidy Programs; Construction Management Branch; Compliance Office; Planning & Evaluation Office: media inquiries, legislative; Fiscal Management Office; Contracts & Procurement; Information Technology Office; Personnel: turnover, recruitment, safety/workers compensation; and Hearing Office.

VI. FOR DISCUSSION/INFORMATION

- A. For Information: *Kolio, et al v. State of Hawaii, Hawaii Public Housing Authority; Denise Wise in her Official Capacity As Executive Director (Civil Case No. CV11-00266 and Civil No. 11-1-0795)* (Pg. 169)

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to *Kolio, et al v. State of Hawaii, Hawaii Public Housing Authority; Denise Wise in her Official Capacity As Executive Director (Civil Case No. CV11-00266 and Civil No. 11-1-0795)*

- B. For Information: Ameresco Presentation on Results of the Energy Audit and Energy Services Agreement (Pgs. 170-201)
- C. For Discussion: Report on HUD's Quality Assurance Review of the American Recovery and Reinvestment Act (ARRA) Capital Fund Program Grant and the Section 8 Housing Choice Voucher Program (Pgs. 202-206)
- D. For Discussion: Report on the Hawaii Public Housing Authority's Physical Sub-System Scores Based on Inspections Conducted by the Real Estate Assessment Center (Pgs. 207 – 211)
- E. For Discussion: Board Discussion on Issues Regarding Communication Between Management and Staff, Length of Residency in Public Housing, and Problems with Public Housing Visitors/Guests, Security, Illegal Parking and Drinking in Common Areas (Pgs. 212-213)
- F. For Information: Best Practices in Security Efforts (Pgs. 214-219)
- G. For Information: Update on Tenant Monitor Pilot Program (Pgs. 220-222)
- H. For Discussion: Volunteers Instilling Pride (VIP) Program and Volunteer Protocol (Pgs. 223-225)

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to HPHA utilizing volunteer services.

- I. For Discussion: Location of HPHA Board Meetings and Possible Alternate Sites or Rotation at Public Housing Complexes (Pgs. 226-231)

If any person requires special needs (i.e., large print, taped materials, sign language interpreter, etc.) please call Ms. Deesha Piiohia at (808) 832-4690 by close of business two days prior to the meeting date. Meals will be served to the Board and support staff as an integral part of the meeting.

HAWAII PUBLIC HOUSING AUTHORITY
MINUTES OF THE SPECIAL MEETING
HELD AT 1002 N. SCHOOL STREET, BUILDING E
HONOLULU, HAWAII 96817
ON THURSDAY, OCTOBER 6, 2011
IN THE COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority met for their Regular Board Meeting at 1002 N. School Street, on Thursday, October 6, 2011 at 9:07 a.m.

The meeting was called to order by Chairperson Gierlach at 9:07 a.m. and, on roll call, those present and absent were as follows:

PRESENT: Director David Gierlach, Chairperson
Director Jason Espero, Secretary
Director Roger Godfrey
Director Patricia McManaman
Director Debbie Shimizu
Director Travis Thompson
Director George Yokoyama

Executive Director, Denise Wise
Deputy Attorney General, Jennifer Sugita

EXCUSED: Director Desiree Kihano
Director Trevor Tokishi
Director Matilda Yoshioka, Vice-Chair

STAFF PRESENT: Barbara Arashiro, Executive Assistant
Shirley Befitel, Personnel Supervisor
Becky Choi, State Housing Development Administrator
Kiriko Oishi, Housing Compliance and Evaluation Specialist
Rick Sogawa, Contracts and Procurement Officer
Dionicia Piiohia, Secretary to the Board

OTHERS: Shaye Yamashiro, Kalihi Valley Homes Board member
Sandra Menzsa, Kalihi Valley Homes Board member

Proceedings

Chairperson Gierlach declared a quorum present and opened the floor for public testimony. There being none, Chairperson Gierlach moved to item III. For Action.

For Action

Motion: Establish Criteria and Procedures for the Hiring of a New Executive Director for the Hawaii Public Housing Authority and to Begin an Executive Director Search.

Motion: To go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(2), as related to personnel matters where consideration of matters affecting privacy will be involved.

Chairperson Gierlach called for a motion to go into Executive Session at 9:09 a.m.

Director Shimizu moved and Director Espero seconded.

The motion was unanimously carried.

The Board moved out of Executive Session and the meeting reconvened at 9:28 a.m.

Chairperson Gierlach reported that during the Executive Session there was a brief discussion about process in terms of the nature of the search whether it should be local or national, the types of media involved, and the general qualifications of an executive director.

Director Thompson asked about the role of the Hawaii Public Housing Authority's (HPHA) Personnel Office and the Department of Human Services (DHS) in the recruitment process. Ms. Denise Wise, Executive Director introduced Ms. Shirley Befitel, Personnel Supervisor, who documents outlining the previous process to hire an executive director, which included a list of recruitment postings, a description of the screening and interview process, and the task force that was put together by the Board.

Director McManaman requested the position description and qualifications for the Executive Director position. Ms. Befitel clarified that the handout includes the position description ("Position Description"), selection instrument and interview questions. Director McManaman asked whether it would be appropriate for the executive search committee to review the qualifications, and present the Board with recommended changes and a hiring timeline.

Director Thompson asked if the U.S. Department of Housing and Urban Development (HUD) has additional qualifications. Ms. Wise explained that the Corrective Action Order (CAO) requires HUD concurrence on the hiring, but does not require approval of the Position Description. Ms. Wise suggested keeping HUD informed of the recruitment process. Ms. Barbara Arashiro, Executive Assistant, added that HUD will likely interview the selected applicant.

Director McManaman recommended appointing three members to the executive director search task force to review the Position Description, establish a timeline, and to advise the Board. Ms. Jennifer Sugita, Deputy Attorney General, commented that if a task force was appointed to perform these duties, there would be a delay in the hiring process.. Under the Sunshine Law,

there must be at least three (3) meetings before the Board can take action. At the first Board meeting, the task force is created. At the second Board meeting, the task force presents its findings and recommendations to the Board, but the Board cannot discuss or take any action. At the third Board meeting, the Board may discuss and take action on the task force recommendations. As this may not accomplish what the Board needs in a timely manner, the other option would be for the Board to review, recommend changes, and approve the documents related to the Position Description, qualifications, hiring criteria and vacancy announcement during the Board meeting today. A task force could then be assigned to conduct the executive director search, hold interviews, and submit their recommendations to the Board.

Director McManaman requested to go over the Position Description, qualifications, management and development skills. Ms. Befitel added that a draft will be made and given to DHS Personnel to finalize and approve the Position Description.

Chairperson Gierlach called for a recess to allow the Board to review the documents related to the Position Description, Vacancy Announcement, and qualifications at 9:43 a.m. and the meeting reconvened at 9:52 a.m.

The Board continued the discussion to make changes to the Position Description.

Director Thompson asked Ms. Wise to describe the amount of time spent on managing public housing units versus the redevelopment of the Kuhio Park Terrace (KPT). Ms. Wise explained that she spent approximately 70 percent of her time maintaining and managing the properties and 30 percent on the KPT redevelopment, especially when making conference calls to the east coast due to the difference in time zones.

Director Yokoyama asked if the executive director supervises all the people on the list provided in the Position Description. Ms. Wise explained the positions, identified the staff occupying those positions, and updated the list. Director Yokoyama recommended that the executive director should supervise no more than 7-8 positions.

Director Shimizu, Chairperson Gierlach, and Director Yokoyama recommended several clarifications and housekeeping changes to the Position Description. The clarifications and changes to the Position Description are as follows:

- Page 1, Section II. 2nd paragraph, delete phrase “Teacher Housing Program”.
- Page 2, Section II A. 4. 2nd line from the bottom of the paragraph, insert the phrase “the Governor’s Office” after the word “with” and before the phrase “the Attorney General’s Office”.
- Page 2, Section II B. 4. Delete the phrase “for 400+ positions”
- Page 3, Under the title “Supervises:” delete Pos# and Title of Executive Assistant; change Secretary III to IV; remove delete Pos # and Title of Homeless Coordinator; change HCDCH to HPHA; delete “Special Assistant (to be redescribed)” and replace with “Personnel Supervisor/Special Assistant”; delete Pos# and Title of Homeless Programs Branch Administrator
- Page 3, Section III. First line, change “employee” to “Executive Director”.

- Page 3, Section III. A. 1. 2nd to the last line change “employee” to “Executive Director”.
- Page 4, Section III. B. 2. 1st line, change “employee” to “Executive Director”. 2nd line, delete phrase “know and”.
- Page 4, Section III. B. 1. Add the phrase “and applicable” after “Action Transmittals”.
- Page 4, Section V. A. Delete the phrase “housing, slum reclamation and the rehabilitation of blighted areas” and replace with “real estate or housing, and rehabilitation and renovation of housing developments”.
- Page 5 D. 1. In the third line, add the word “residential” before “housing” and add the phrase “or real estate development” after “operation,”. The sentence should read: “... residential housing project construction and operation, or real estate development, including such activities as:”
- Page 5, in the paragraph “Supervisory Experience:”, add the phrase “or real estate development” after the phrase “field of housing”.
- Page 5 D. 2. In the third line of the paragraph “Managerial Experience:”, replace the word “manpower” with “workforce”.

Director Thompson moved, and Director McManaman seconded to approve the revisions to the Position Description for the Executive Director.

The motion was unanimously carried.

Chairperson Gierlach asked that the Board review the HPHA Anticipated Vacancy notice/document. The Board proposed the following revisions:

- In the paragraph “Supervisory Experience”, 1st line, add the phrase “or real estate development” after “in the field of housing”.
- In the paragraph “Managerial Experience”, 2nd line, delete the phrase “a strong background in” and replace “familiar with”.
- In the first paragraph, last line, delete the phrase “State’s Public Housing Programs.” and replace with “federal and state public housing programs.”
- 2nd paragraph remove “dollars of state and federal funds” and add “...\$120 million in operating budget, 6102 units...”
- In the “Education Requirement” paragraph, strike the entire sentence and replace with “Graduation from an accredited college or university or its equivalent in work experience.”.
- 2nd paragraph, last line, delete the phrase “; and operates a statewide homeless assistance program”.
- Last paragraph, delete 2nd sentence: “Salary is commensurate with training and experience.”
- Second paragraph, 3rd line, after the phrase “Section 8”, add “Housing Choice Vouchers and Project Based”.
- Last paragraph, 3rd line, delete the sentence: “Continuous recruitment until need is met.” In the last sentence, after the phrase “Personnel Office at 832-1864” add “Interested applicants must submit a resume by close of business November 4, 2011 (Hawaii Standard Time) to the following:”

- Second to the last paragraph, after “general community”, continue sentence by adding the phrase “and must demonstrate compassion, sensitivity and fairness to tenants and low income.” Also add this phrase to the Position Description.
- Add an email address to submit resumes.
- In the heading of the notice, delete the word “Anticipated” before the word “Vacancy”.

Chairperson Gierlach called for a motion to approve the vacancy announcement as amended.

Director McManaman moved, and Director Shimizu seconded.

The motion was unanimously carried.

Chairperson Gierlach called for a motion to amend the previously approved Position Description of the Executive Director to include that the Executive Director “must demonstrate compassion, sensitivity and fairness to tenants and low income”.

Director McManaman moved, and Director Shimizu seconded.

The motion was unanimously carried.

Chairperson Gierlach commented on the geographic scope of the advertisement. Suggestions were to advertise locally, statewide, nationwide, in the Public Housing Authority Director’s Association (PHADA), Council of Large Public Housing Authorities (CLPHA), and other organizations that have public websites with no charge.

Chairperson Gierlach called for a motion to restrict the geographical reach to a statewide recruitment effort with the first advertisement.

Director Yokoyama moved, and Director McManaman seconded.

The motion was unanimously carried.

Chairperson Gierlach asked for volunteers or nominations to the task force. Director Yoshioka, Director Shimizu, and Director Espero were nominated.

Ms. Wise suggested that a tenant representative be on the task force. Director Shimizu commented that Director Kihano submitted a Letter of Resignation to the Governor.

Ms. Wise suggested that a senior HPHA management employee also be on the task force.

Ms. Sugita asked what the task force will be doing. Chairperson Gierlach clarified that the task force will receive and review resumes, review and revise the interview questions, conduct and have the authority to interview at their discretion, and recommend a short list of candidates to the Board.

For Discussion: Fulfilling Executive Director's function during position vacancy.

Chairperson Gierlach stated that Ms. Barbara Arashiro, Executive Assistant, would fill in during a vacancy in the Executive Director's position. Director Thompson inquired about the salary for the temporary appointment. Director McManaman requested that staff check as to whether the Board may increase the salary of the Executive Assistant to that of the Executive Director during the vacancy of the Executive Director position.

Chairperson Gierlach read a Proclamation for Ms. Wise expressing appreciation for her service.

Chairperson Gierlach called for a recess at 11:11 a.m. With no further business for the Board to conduct, the meeting adjourned at 11:13 a.m.

MINUTES CERTIFICATION

Minutes Prepared by:

Dionicia Piiohia
Secretary to the Board/Recording Secretary

Date

Approved by the HPHA Board of Directors at their Regular Meeting on November 17, 2011.

Jason Espero
Director/Board Secretary

Date



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
Honolulu, Hawaii 96817
FAX: (808) 832-4679

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

IN REPLY PLEASE REFER TO:

Proclamation

WHEREAS, Ms. Denise Wise served as the Executive Director for the Hawaii Public Housing Authority from March 1, 2010 to October 12, 2011; and

WHEREAS, Executive Director Wise brought with her a wealth of experience in the maintenance, modernization and financing of low income and affordable housing; and

WHEREAS, Executive Director Wise took positive steps to reinvigorate the agency working tirelessly with the Board and the staff to improve management and operations; and

WHEREAS, in her role as the Executive Director, Ms. Wise was passionate about improving the lives of the poor, the elderly, the immigrants and those we serve; and

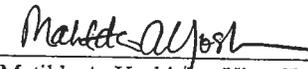
WHEREAS, the HPHA's Board of Directors hold Executive Director Wise in the highest personal regard.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the Hawaii Public Housing Authority wish Ms. Denise Wise the very best in her future endeavors and wish her a fond aloha on this 6th day of October 2011;

AND, BE IT FURTHER RESOLVED that a copy of this resolution be transmitted to Ms. Denise Wise reflecting sincere appreciation of the Board for her contributions to the Hawaii Public Housing Authority, and the citizens of the State of Hawaii.



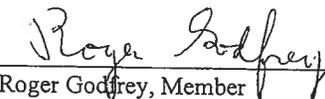
David Gierlach, Chairperson



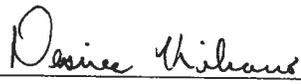
Matilda A. Yoshioka, Vice Chair



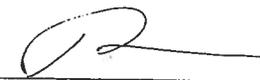
Jason Espero, Secretary



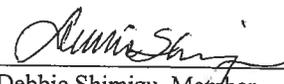
Roger Godfrey, Member



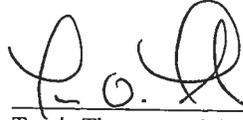
Desiree Kihano, Member



Patricia McManaman, Member



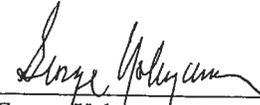
Debbie Shimizu, Member



Travis Thompson, Member



Trevor Tokishi, Member



George Yokoyama, Member

HAWAII PUBLIC HOUSING AUTHORITY
MINUTES OF THE REGULAR MEETING
HELD AT 1002 NORTH SCHOOL STREET, BUILDING E,
HONOLULU, HAWAII 96817
ON THURSDAY, OCTOBER 20, 2011
IN THE COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority met for their Regular Board Meeting at 1002 North School Street, on Thursday, October 20, 2011 at 9:01 a.m.

The meeting was called to order by Chairperson David Gierlach and on roll call, those present and excused were as follows:

PRESENT: Director David Gierlach, Chairperson
Director Matilda Yoshioka, Vice-Chair
Director Jason Espero, Secretary
Director Debbie Shimizu
Director Travis O. Thompson
Director Trevor Tokishi
Director George Yokoyama

Acting Executive Director, Barbara E. Arashiro
Deputy Attorney General, Jennifer Sugita
Deputy Attorney General Nalani Wilson-Ku
Deputy Attorney General John Wong

EXCUSED: Director Roger K. Godfrey
Director Desiree Kihano
Director Patricia McManaman

STAFF PRESENT: Clarence Allen, Fiscal Officer
Nicholas Birck, Housing Planner
Rick Sogawa, Contracts and Procurement Officer
Stephanie Fo, Property Management & Maintenance Services
Branch Chief
Becky Choi, State Housing Development Administrator
Kiriko Oishi, Housing Compliance and Evaluation Specialist
Shirley Befitel, Personnel Supervisor
Renee Blondin-Nip, Hearings Officer
Deidra Ahakuelo-Kepa, Recording Secretary

OTHERS: Fetu Kolio, Mayor Wright Homes Tenant
Pius Casiano, Puahala Homes Tenant
David Moakley, Ameresco

Ryan Okahara, U.S. Department of Housing and Urban Development
Michael Flores, U.S. Department of Housing and Urban Development
Marie Miguel-Cortez, U.S. Department of Housing and Urban
Development

Proceedings:

Chairperson Gierlach declared a quorum present.

The business of the Board proceeded with approval of the Regular Meeting Minutes of September 22, 2011. Director Yoshioka moved and Director Thompson seconded to approve the minutes.

The minutes were unanimously approved.

The approval of the Executive Session Minutes of September 22, 2011 and October 6, 2011 were deferred until later in the meeting.

Public Testimony

Mr. Fetu Kolio, Mayor Wright Homes tenant testified that residents continue to drink in common areas, make loud noises, and park in other tenants' stalls even with the 10:00 p.m. "quiet time" rule recently put in place. He explained that he witnessed this activity near his unit and also while doing community security patrol. He alleged that security guards allow unauthorized vehicles to enter the premises. He alleged that a security guard (withheld name due to privacy rules) congregates with troubled residents during his off-duty hours and has favoritism towards his friends. He stated that he brought his concerns to the security company, but was told that nothing can be done because this person has strong ties with Management. He feels that this security officer does not follow proper protocol when reporting incidents.

Director Yoshioka asked if he discussed his concerns with Management and if today's testimony is that Management is not doing anything for him.

Mr. Kolio responded that he addressed his concerns with the former Executive Director Denise Wise, and also at a meeting two weeks ago with the Managers. He feels that HPHA is well aware of the issues, and this individual continues to behave like he is "untouchable".

For Action:

Motion: To Authorize the Executive Director to Conduct Public Hearings on Proposed Revisions to Section 17-2021, Hawaii Administrative Rules, Removing State Housing Projects from the Federal Grievance Procedure for the Hawaii Public Housing Authority ("HPHA").

Director Yoshioka moved and Director Shimizu seconded.

Chairperson Gierlach requested to consolidate Agenda Item IV. A. with Agenda Item VI. C. For Discussion/Information: Medical Use of Marijuana in Federal and State Public Housing Projects.

Ms. Barbara E. Arashiro, Acting Executive Director explained that the For Action is mainly for housekeeping measures. The For Discussion/Information relating to Medical Use Marijuana is the clarification of definition in the Hawaii Administrative Rules (HAR) to include that drug related criminal activity includes the use of a controlled substance as defined in the Uniformed Controlled Substances Act.

Ms. Jennifer Sugita, Deputy Attorney General stated that the entire HAR as presented to the Board today has been reviewed by the Attorney General's office; however what was not reviewed or included is the definition of drug related criminal activity in relation to the use of medical marijuana in federal public housing. At the time of the review, the issue of the medical use of marijuana in public housing was not before the Board. She explained that if the Board decides to ban the use of medical marijuana, the Attorney General and the Hawaii Public Housing Authority are proposing to include the medical use of marijuana in the definition of "drug related criminal activity" in the HAR..

Director Yoshioka asked if it would be included as a prohibited act in both the State and Federal public housing.

Ms. Sugita responded affirmatively.

Director Shimizu stated that medical use marijuana is legal in the State of Hawaii, but if it could be separated because of the federal law.

Ms. Sugita clarified that this specific amendment to the HAR 17-2021-23 is for the federal projects.

Ms. Arashiro explained that the State public housing is governed by the Landlord-Tenant Code and that there is a clear distinction from the federal public housing. Federal public housing program goes through an administrative hearing process and not to the courts. She also clarified that we want to remove the State public housing from the federal grievance process.

Chairperson Gierlach stated that his understanding is that the HAR will continue to apply to the State public housing properties and that it will not provide the grievance process because the Landlord-Tenant Code applies to State properties.

Ms. Sugita mentioned that in February 2011 the U.S. Department of Housing and Urban Development (HUD) came out with guidelines for medical use marijuana for Federal public housing, requiring Public Housing Authorities (PHA) to create a policy regarding the medical use of marijuana. HUD ordered PHAs to not admit medical marijuana users and to make amendments to the Admissions and Continued Occupancy Policy (ACOP). Also with respect to

fair housing and discrimination issues, medical use marijuana is not a Reasonable Accommodation.

Director Thompson asked if the timeline would be affected if this item is tabled.

Mr. Nicholas Birck, Housing Planner explained that we could move forward with the draft and at a later date do a single amendment on the definition section once we have a policy on medical use marijuana. Tabled the For Action item would derail the amendment. Mr. Birck suggested we move forward with the draft and would be able to make definitional changes at a later date.

Ms. Arashiro mentioned that in addition to the amendment, we would also need to make changes to the ACOP, PHA Plan and possibly other administrative rules. It may also include notice to tenants, allow for public comment and Board approval.

The motion was unanimously carried.

For Action:

Motion: To Adopt Revisions to the HPHA's Policy on Communication

Director Thompson moved and Director Yoshioka seconded.

Ms. Arashiro explained that a revised Communication Policy was brought to the Board in July 2011 and the Board requested revisions to clarify that inquiries from the media should be channeled through the Office of the Executive Director; there are no other changes to the Policy.

Director Yokoyama mentioned that there may be miscommunication between top level and middle level management.

Chairperson Gierlach responded that this Policy is not relating to communication within the HPHA.

The motion was unanimously carried.

Reports:

Chairperson Gierlach requested that the Board Task Force Reports, Personnel Reports and Program Status Reports be deferred and discussed in Executive Session later in the meeting.

Executive Director's Report:

Ms. Arashiro explained that there was a format change listing: 1) accomplishments for the month; 2) activity that will undertake the following month; and 3) follow up responses to previous Board meetings.

Chairperson Gierlach requested to defer the Executive Director's Report and move to Agenda Item VI. B. Presentation/Training by the U.S. Department of Housing and Urban Development since officials from the U.S. Department of Housing and Urban Development (HUD) just arrived at the meeting.

Chairperson Gierlach called for a recess at 9:43 a.m. and reconvened at 9:50 a.m.

For Discussion/Information:

Discussion: Presentation/Training by the U.S. Department of Housing and Urban Development.

Chairperson Gierlach expressed his appreciation to the HUD officials for attending and providing the presentation.

Mr. Michael Flores, Director of the Office of Public and Indian Housing (PIH) stated that they appreciated the opportunity to speak with the Board about HUD's programs. He introduced Mr. Ryan Okahara, Honolulu Field Office Director and Ms. Marie Miguel-Cortez of the local HUD office.

Mr. Okahara thanked the Board for allowing them the opportunity to present an overview of their programs, and also thanked the Board for serving the Hawaii Public Housing Authority. Mr. Okahara and Mr. Flores presented the power point presentation (refer to handout) that covered an overview of HUD programs including the following:

- Objectives of the Briefing
- Current HUD Organization
- HUD's Mission
- HUD's Strategic Goals
- U.S. Housing Act of 1937
- Public Housing Authority
- HPHA Public Housing
- Asset Management
- Public Housing Objectives
- Public Housing Assessment System
- FY 2010 Scores
- Housing Choice Voucher
- Section 8 Management Assessment Program
- Board Oversight Priorities
- Redevelopment of Public Housing
- Rental Assistance Demonstration

Director Jason Espero entered the meeting at 10:01 a.m.

Mr. Flores mentioned based on the Public Housing Assessment System (PHAS) Score for FY 2010 that was reported on September 15, 2011, the HPHA is designated as a "troubled" PHA. The HPHA did not file an appeal that was due 30 days from receipt of report. HUD anticipates

receiving the list of Housing Authorities designated as troubled in January 2012 and will work with the PHAs and enter into a Recovery and Sustainability Agreement.

Mr. Flores summarized the Housing Choice Voucher program and explained that a voucher holder is able to rent a unit in the marketplace and would pay 30% of their income for rent, and the HPHA, as the administrator of the program, provides the owner with the Housing Assistance Payments. The optimal utilization of funding is the number one emphasis for this program. The HPHA is considered a high performer for the Section 8 program.

Asset Management Project (AMP) is critical for public housing as a result of the Quality Housing and Work Responsibility Act (QHWRA) 1998. It is a grouping of projects into developments and HUD funds the developments. The HPHA has not yet fully implemented Asset Management.

Mr. Flores presented a handout listing current data listing the number of days the units are vacant. HUD will be working with HPHA staff with a plan of action to address the vacant units.

Director Yoshioka asked if the units for demolition and modernization are included.

Mr. Flores responded negatively and mentioned that 26 are approved for non residential use, 16 are approved for modernization and 56 are approved for demolition.

Mr. Flores suggested that the Board should review the plan and determine if they would like to continue with the units that are approved for demolition.

Director Gierlach stated that it seems that there has been a break down when it comes to the kind of oversight and accountability, especially when reviewing the handout from HUD that listed vacant unit for over 2000 days. He further stated that he is not finding fault but would like to set up a system of accountability and assist the staff to resolve this.

Mr. Flores reported in regards to the Condition of Units and Projects, a re-count of the 16 AMPs for the 2011 Real Estate Assessment Center (REAC) scores, refer to handout. The Kekaha project score was adjusted to 61. He mentioned that three of 16 Developments failed which also means that 13 of the 16 passed of which eight scored 70 or better.

Mr. Flores mentioned in regards to the Capital Fund Program, the HPHA is given two years to obligate and four years to expend funds. Refer to handout for a current summary. The HPHA received a seven month extension. Depending on Congress, funding may be an issue for future programs.

The HOPE VI and Choice Neighborhood Initiatives have also been programs to transform public housing; however the programs may be affected due to limited funding in the future.

Mr. Flores mentioned in regards to Integrated Pest Management (IPM) in public housing projects, it is important and will require residents' involvement. Three ways in dealing with

pests: 1) remove the food source; 2) plug or patch the holes; and 3) use limited amount of pesticide.

Mr. Flores mentioned in regards to Rental Assistance Demonstration, this would allow HUD to use the operating subsidy and Capital Funds that are being provided to the public housing developments and transform that type of assistance into some voucher type or program. It would provide the power of Net Operating Income. Palolo Homes is an excellent example.

Ms. Kim Nash is HUD's regional counsel and has offered to do Ethics Training for the Board tentatively scheduled for the November Board meeting.

Mr. Flores and Mr. Okahara offered to attend future Board meetings and provide updates. The Board gladly accepted and suggested they attend every quarter. Ms. Arashiro will coordinate the schedule with HUD and include on future Board agendas.

Chairperson Gierlach called for a recess at 11:11 a.m. and reconvened at 11:37 a.m.

Chairperson Gierlach mentioned that the meeting would continue with Agenda Item V. B. Staff Reports, Executive Director' Report.

Executive Director's Report

Ms. Arashiro explained that Ms. Stephanie Fo is the Branch Chief for the Property Management and Maintenance Services Branch and also overseeing the Section 8 Subsidy Programs Branch, which are both major programs for the Authority.

Ms. Arashiro pointed out that the handout from HUD designating the HPHA as a troubled PHA is from the 2010 PHAS score for Fiscal Year ending June 30, 2010. The 2011 scores have not yet been issued.

Ms. Arashiro mentioned that staff is submitting database adjustments for the new physical report for FY 2011, that was handed out by HUD. The HPHA has 45 days to appeal after receipt of the actual score.

Chairperson Gierlach asked if we should have filed an appeal for the 2010 PHAS score.

Ms. Arashiro responded that the Authority just received the report in September 2011 and that eight of the 16 AMPs failed and although the Authority submitted database adjustments at that time, the scores still stand. She believed that an appeal will not have changed the scores a year and half later.

Ms. Arashiro mentioned that once the HPHA is under the Recovery and Sustainability Agreement with HUD, it will require a tremendous amount of staff time for meetings, reports, etc.

Director Thompson asked if we knew when the 2011 scores would be out and what would happen if we are not designated as troubled.

Ms. Arashiro responded that HUD did not provide the agency with that information. She also mentioned that they changed the PHAS criteria between 2010 and 2011, so PHAs are rated on different categories.

Ms. Arashiro explained that the difficulty for the staff is prioritizing and addressing the concerns. For example, they may be using all of their resources fixing the vacant units, but still fail REAC because as reported by HUD during their presentation one project failed due to site conditions. These are considerations for the Board Capital Planning Task Force to consider.

Director Yokoyama commented that there must be a waiting list for public housing.

Ms. Arashiro responded that the waitlist is estimated at 9,000 to 11,000 families.

Director Thompson commented that the issue is not the waitlist, but that the units are not ready for move-in.

Ms. Arashiro handed out the HPHA's report on Vacant Units.

Chairperson Gierlach mentioned that there is a community group called VIP that organizes and coordinates various volunteers to prepare (clean up or painting) units for occupancy.

Ms. Arashiro mentioned that they did some units for the privately management AMPs and that the maintenance staff completed the repairs for occupancy. The volunteers are limited in the type of work that they can perform. They are mainly used for privately-managed AMPs, rather than AMPs that employ government workers due to union issues that need to be resolved. Staff met with the United Public Workers union on those two events.

Director Espero asked if something could be done at the legislative level to create a law allowing volunteers to renovate units.

Ms. Arashiro responded that it may require civil service reform.

Ms. Stephanie Fo mentioned that the contract for the privately managed AMPs requires them to fix the vacant units, and that there are sanctions if they are not performing. In the past, the agency has withheld management fees and terminated agreements for non-compliance.

Chairperson Gierlach asked for clarification of vacant units from the handout from HUD versus the handout from the HPHA.

Ms. Arashiro stated that this is the first time that staff saw HUD's handout and that they don't believe the list included the Type C (require major renovation or repairs outside of the scope of the maintenance person) units assigned to the Construction Management Branch.

Director Yokoyama asked how long the private management contracts are.

Ms. Arashiro responded that the contracts are for two years with three one-year options to renew. The contract cannot exceed five years.

Discussion ensued regarding the vacant unit lists and that the numbers don't match the HUD report. Ms. Fo reported that the Property Management monitors go out to the properties and look at each vacant unit.

Director Tokishi suggested that staff should have the opportunity to respond and comment on each unit since this is the first time that they viewed the report. Staff will present a report at the November Board meeting. Chairperson Gierlach thanked the staff and mentioned that the Board would need to focus on this area.

Director Thompson asked for the status of the personnel vacancies and hiring.

Ms. Arashiro responded that there are an estimated 100 vacant positions agency-wide. However, there is a concern if the agency is able to sustain that with HUD's budget. She mentioned that another concern would be if the type of position is suited for the specific AMP.

Chairperson Gierlach stated that he is sympathetic to the personnel concerns and understands that there is a process, however he feels that the AMP Managers should notify upper level management on what their needs are and that it doesn't seem like that is happening. He also commented that he appreciated what staff is doing and that the Board just wants to get a handle on the organization and fix it.

Director Yoshioka commented that she received complaints from the general public about the condition of the public housing properties on Kauai, specifically Hui O Hanamaulu and Eleele Homes. There are abandoned vehicles on both properties. Property Management will follow up with these concerns.

Director Tokishi asked for clarification on the financials.

Mr. Clarence Allen, Fiscal Officer referred to the handout for July and August.

Director Tokishi noted a correction to page 70, Variance should be 8% and not .08%.

Ms. Arashiro referred to another handout about the possibility of HUD intending to recapture operating reserves from public housing authorities for the previous fiscal year.

Director Yoshioka asked if HUD provided guidance and if there is a cap on the reserves.

Ms. Arashiro responded that there is no cap and they generally look for the housing authority to have four months of operating reserves.

Director Shimizu asked for the status of the Board vacancies, in particular the Resident Board member.

Ms. Arashiro responded that the HPHA did not receive official word from the Office of the Board and Commissions on acceptance of Desiree Kihano's resignation. The Resident Advisory Board (RAB) would need to submit the nominations to the Governor for his consideration.

Director Shimizu asked if the Governor would be able to use the previous list, or if a new list would need to be submitted.

Ms. Sugita mentioned that the current statute requires five nominees from the RAB. Ms. Sugita stated that she would check, but she believed that the RAB needed to submit a new list containing five (5) names to the Governor, and could not use the previous list.

Director Shimizu requested an update on the Weed and Seed Program.

Ms. Arashiro mentioned that staff is working with the Department of Public Safety and that a draft of the lease is being reviewed by their Counsel and Union. She stated that the HPHA will still need to set up the selection process and submit a request to HUD to deprogram a unit for a police officer occupancy that will be done concurrently.

Director Shimizu asked for the status of the Memorandum of Understanding (MOU).

Ms. Arashiro responded that she requested for a sample copy from Ms. Maile Shimabukuro that was previously used at Mayor Wright Homes and is awaiting a response.

Director Shimizu asked for the status in regards to the seven month extension for the Capital Fund.

Ms. Arashiro responded that the rules require that we obligate 90% of the grant before the due date and we're currently at 93%, therefore we met the obligation. She further stated that the expenditure deadline is two years from now plus the additional seven months.

Director Yokoyama asked if we could contract the work out to fix the vacant units since the construction industry is slow.

Ms. Arashiro responded that the units that require major repairs and qualify for the Capital Fund Program or the Capital Improvement Program (CIP) are contracted out.

Director Tokishi asked if it could be contracted out for normal AMP repairs.

Ms. Arashiro responded that it would be a violation of the union's collective bargaining agreement for government AMPS with civil service employees.

Director Shimizu requested staff to update the Board regarding the meeting with the Department of Budget and Finance (B&F) and also the meeting with Representative Pono Chong.

Ms. Arashiro mentioned that staff met with Representative Chong to primarily discuss the status of the CIP expenditures and also the proposed conversion of the existing CIP appropriation to a

lump sum CIP during the next legislative session. Representative Chong mentioned that he didn't think the legislature would support it without B&F concurrence.

Mr. Birck reported that staff met with officials from B&F on September 26, 2011 and they are currently reviewing our proposal.

Ms. Arashiro mentioned the discussion with B&F were mainly about three major issues: 1) Request to use a portion of the State CIP monies to cover associated costs; 2) Request to convert the individual appropriations into a lump sum award which would allow us more flexibility; and 3) Hiring constraints.

Director Yoshioka requested to include the Hearing Office status report in the Executive Director's Report.

Motion: To go into Executive Session at 12:34 p.m. pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(2) and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to personnel to discuss:

1. **Personnel Task Force: Report on the Performance Evaluation of the Executive Director and Executive Assistant.**
2. **Staff Reports: Program Status Reports, including Vacant Unit Report.**
3. **Approval of Minutes Executive Session, September 22, 2011 and October 6, 2011.**

To go into Executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys or questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities as related to:

1. *Kolio, et al v State of Hawaii , Hawaii Public Housing Authority: Denise Wise in her Official Capacity As Executive Director (Civil Case No. CV 11-00266 and Civil No. 11-1-0795.)*
2. **For Discussion: Management Audit of the HPHA by the Office of the Auditor, State of Hawaii.**

Director Thompson moved and Director Yoshioka seconded.

The motion was unanimously carried.

The Board reconvened from Executive Session at 1:27 p.m.

Chairperson Gierlach explained that during the Executive Session the Board considered and approved personnel matters of adjusting the Acting Executive Director salary so that it matched the former Executive Director's salary.

Chairperson Gierlach requested to amend the Agenda to add the Salary Adjustment of the Acting Executive Director to the Agenda. All of the members agreed.

Ms. Sugita clarified that during Executive Session a motion to increase the salary was approved and unanimously carried.

Chairperson Gierlach deferred Item VI. F. For Discussion: Location of HPHA Board Meetings and Possible Alternate Sites or Rotation at Public Housing Complexes, to the November Board meeting,

The meeting adjourned at 1:29 p.m.

MINUTES CERTIFICATION

Minutes Prepared by:

Deidra L. Ahakuelo-Kepa
Recording Secretary

Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on _____.

Jason Espero
Director/Board Secretary

Date

FOR ACTION

MOTION: To Approve the Hawaii Public Housing Authority's Five Year Capital Plan for the Period July 2012 to June 2017

I. FACTS

- A. The Capital Fund Program provides funds annually to Public Housing Agencies (PHAs) for capital and management activities, including modernization and development of public housing.
- B. Use of the funds is subject to the completion of a Physical Needs Assessment (PNA) every five years, completion of the Environmental Review (ER) requirements, an approved Annual Plan (or Annual Statement) and approved Five-Year Action Plan.
- C. The funds may be used for the development, financing and modernization of public housing developments, capital planning activities, vacancy reduction, non-routine maintenance, addressing accessibility needs, security and safety measures, energy conserving measures, hazmat abatement and for management improvements.
- D. The funds may not be used for luxury improvements, direct social services, costs funded by other programs, and ineligible activities as determined by HUD on a case-by-case basis.
- E. For the past several years, the Capital Fund Program has provided the HPHA with approximately \$12M annually for capital improvements. However due to the current state of the economy, the 2011 budget was reduced to a little more than \$10M. Therefore, the HPHA is projecting the decreased annual amount forward for the next five years as well. In future years, if the amount of capital funds are reduced, the HPHA will submit revised capital fund budgets to HUD as appropriate.
- F. The FY 2012 – 2017 Five Year Capital Plan modifies and updates the projects identified in the Capital Plan portion of the 2009 – 2014 Five Year and Annual Plan as approved by the Board on April 16, 2009 and the modifications and updates as identified in the FY 2011 – 2012 Annual Public Housing Agency (PHA) Plan as approved by the Board on March 17, 2011.

II. DISCUSSION

- A. In order to determine the priority of projects to be budgeted with the Capital Fund Program, the HPHA holds several meetings with key staff members: the Executive Director, Executive Assistant, Property Management Branch Chief, Fiscal Officer, Budget Analyst, Planner, Procurement Officer, and the Construction Management Branch Chief.
- B. Additionally, prior to the Capital Fund Program planning meetings with key staff, the Construction Management Branch Chief also holds several meetings with the engineering and inspection staff who work closely with the AMP Managers regarding their capital needs.
- C. The HPHA key staff reviews the priorities as identified in the Physical Needs Assessment and Energy Audit (which is performed every five years and was last performed in 2007-2008), the CIP appropriations and the Capital Planning Spreadsheet, input from the Property Management Branch and input from the Construction Management Branch.
- D. Projects are prioritized by Health and Life Safety issues, conformance and compliance to codes and regulations (such as those imposed by the Environmental Protection Agency, the Hawaii Department of Health, the Americans with Disabilities Act, the Fire Department, State and Federal statutes, rules and regulations, etc.), legal settlement agreements, issues that impact the building structure (leaking roofs, concrete crack and spall repair, etc.), energy efficiency measures and the history of deferred maintenance at the various projects.
- E. Additionally, development opportunities (public-private partnerships, special funding availability, etc.), market trends, social-economic developments (Transit Oriented Development impacts) and various other situations or opportunities that may present themselves are considered.
- F. Finally, since emergencies are unforeseen, the PHA Plan also identifies that all projects are candidates for the use of Capital Funds.

III. STAFF RECOMMENDATION

That the HPHA Board of Directors approve the Hawaii Public Housing Authority's Five Year Capital Plan for the Period July 2012 to June 2017

- Attachment A: Five Year Capital Plan for the Period July 2012 to June 2017
- Attachment B: Executive Summary of the 2008 Physical Needs Assessment and Energy Audit
- Attachment C: Capital Planning Spreadsheet (which shows all funding sources)

Prepared by: Becky L. Choi, State Housing Development Administrator 

Adopted:

David Gierlach, Chair

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**FEDERAL
PLANNED GFP PROJECTS
(Included in HPHA's Five-Year Plan)**

Amp	SEN	HSE	Project Title	D/C/B	S/F/O	Status	722	723	724	725	726
30	20	42	Salt Lake Apartment and Elevator Renovation (1) Plus Install (1) New Elevat	C	F	Open	2,500,000				
30	18	36	Hale Lualima, Major Mod (Const)	C	F	Open		1,262,823			
30	18	36	Hale Lualima, Major Mod (Design)	D	F	Open		900,000			
30	18	36	Hale Lualima, Major Mod (Const)	C	F	Open			2,737,177		
31	14	30	Kalihi Valley Homes, Reconstruct Kalena Drive (Const)	C	F	Open		1,000,000			
32	12	28	Mayor Wright Homes, Modernization - Ph 1 (Const)	C	F	Open		404,478			
32	12	28	Mayor Wright Homes, Modernization - Ph 2 (Const)	C	F	Open					
32	12	28	Mayor Wright Homes, Modernization - Ph 2 (Const)	C	F	Open					
35	11	25	Pumehana, Makamae & Punchbowl Homes Interior & Exterior Repairs, Trasi	C	F	Open		300,000			1,144,000
38	7	15	Hui O Hanamaulu, Physical Improvements (Const)	C	F	Open	1,916,051				4,693,177
39	4	8	Piliani Homes, Physical Improvements (Const)	C	F	Open	1,400,000				
43	3	6	Hale Hookipa Physical Improvements to Exterior Repairs and Interior Modern	D	F	Open		300,000		3,000,000	
43	3	6	Hale Hookipa Physical Improvements to Exterior Repairs and Interior Modern	C	F	Open				100,000	
43	3	5	Nani Olu, Additional Parking (Design)	D	F	Open					
50	9	20	Palo Alto Valley Homes Physical Improvements Ph2 (Const)	C	F	Open	1,021,126				
50	9	20	Palo Alto Valley Homes Physical Improvements Ph3 (Const)	C	F	Open	1,500,000				
50	9	20	Palo Alto Valley Homes Physical Improvements Ph3 (Const)	C	F	Open		1,757,053			
50	9	20	Palo Alto Valley Homes Physical Improvements Ph4 (Const)	C	F	Open		1,580,124			
50	9	20	Palo Alto Valley Homes Physical Improvements Ph4 (Const)	C	F	Open			1,669,876		
PHA			PHA Wide CMS Support Services Technical Salaries (Const)	C	S/F	Open	300,000				
PHA			PHA Wide CMS Support Services Technical Salaries (Const)	C	S/F	Open		300,000			
PHA			PHA Wide CMS Support Services Technical Salaries (Const)	C	S/F	Open			300,000		
PHA			PHA Wide CMS Support Services Technical Salaries (Const)	C	S/F	Open				300,000	
PHA			PHA Wide CMS Support Services Technical Salaries (Const)	C	S/F	Open					300,000
BU 1406 Operators (may not exceed 20% of Grant) BU 1408 Management Improvements BU 1410 Administration (may not exceed 10% of Grant) BU 1411 Arohi BU 1495.1 Release of Cash BU 1562 Contingency (may not exceed 8% of Grant)											
							2,060,380	2,060,380	2,060,380	2,060,380	2,060,380
							259,090	259,090	259,090	259,090	259,090
							1,030,190	1,030,190	1,030,190	1,030,190	1,030,190
							823,472	823,462	823,502	823,472	823,492

722	723	724	725	726
10,301,898	10,301,898	10,301,898	10,301,898	10,301,898
680	690	650	680	700

Capital Fund Program—Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Expires 4/30/2011

Part I: Summary						
PHA: Hawaii Public Housing Authority/HI001						
Development Number and Name:		Locality: Honolulu/Hawaii		Original 5-Year Plan <input checked="" type="checkbox"/> Revision No: <input type="checkbox"/>		
A.	Hawaii Public Housing Authority HI001	Work Statement for Year 1 FFY 2012	Work Statement for Year 2 FFY 2013	Work Statement for Year 3 FFY 2014	Work Statement for Year 4 FFY 2015	Work Statement for Year 5 FFY 2016
B.	Physical Improvements Subtotal	Annual Statement 6,137,857	6,137,867 250,000	6,137,827 250,000	6,137,857 250,000	6,137,877 250,000
C.	Management Improvements	250,000				
D.	PHA-Wide Non-dwelling Structures and Equipment					
E.	Administration	1,030,190	1,030,190	1,030,190	1,030,190	1,030,190
F.	Other	823,472	823,462	823,502	823,472	823,452
G.	Operations	2,060,380	2,060,380	2,060,380	2,060,380	2,060,380
H.	Demolition					
I.	Development					
J.	Capital Fund Financing – Debt Service					
K.	Total CFP Funds	10,301,898	10,301,898	10,301,898	10,301,898	10,301,898
L.	Total Non-CFP Funds					
M.	Grand Total	10,301,898	10,301,898	10,301,898	10,301,898	10,301,898

Capital Fund Program—Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Expires 4/30/2011

Part I: Summary (Continuation)

PHA: Hawaii Public Housing Authority/HI001		Locality: Honolulu/Hawaii			Revision No:	
A.	Development Number and Name	Work Statement for Year 1 FFY 2012	Work Statement for Year 2 FFY 2013	Work Statement for Year 3 FFY 2014	Work Statement for Year 4 FFY 2015	Work Statement for Year 5 FFY 2016
		Annual Statement				
AMP 30						
1026	Puuwai Momi	10	10	10	10	10
1027	Hale Laulima	10	10	2,162,823	2,737,177	10
1038	Waipahu I	10	10	10	10	10
1039	Waipahu II	10	10	10	10	10
1066	Salt Lake	10	2,500,000	10	10	10
AMP 31						
1005	Kalithi Valley Homes	10	10	1,000,000	10	10
AMP 32						
1003	Mayor Wright Homes	10	10	404,478	10	5,837,177
AMP 33						
1009	Kaahumanu Homes	10	10	10	10	10
1099	Kamehameha Homes	10	10	10	10	10
AMP 34						
1012	Makua Alii	10	10	10	10	10
1036	Paoakalani	10	10	10	10	10
1062	Kalakaua Homes	10	10	10	10	10
AMP 35						
1011	Punchbowl Homes	10	10	10	10	10
1024	Kalanihua	10	10	10	10	10
1046	Makanae	10	10	10	10	10
1047	Pumehana	10	10	300,000	10	10
1073	Spencer House	10	10	10	10	10
AMP 37						
1004	Lanakila Homes I	10	10	10	10	10
1013	Lanakila Homes II	10	10	10	10	10
1014	Lanakila Homes III	10	10	10	10	10
1028	Punahale Homes	10	10	10	10	10
1029	Pomaikai Homes	10	10	10	10	10

Capital Fund Program—Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Expires 4/30/20011

Part I: Summary (Continuation)					
PHA: Hawaii Public Housing Authority/HI001					
A.	Development Number and Name	Locality: Honolulu/Hawaii		Revision No:	
		Work Statement for Year 1 FFY 2012	Work Statement for Year 2 FFY 2013	Work Statement for Year 3 FFY 2014	Work Statement for Year 4 FFY 2015
		Annual Statement			
1045	Pahala	10	10	10	10
1051	Hale Aloha O'Puna	10	10	10	10
1052	Hale Olaloa	10	10	10	10
1097	Kauhale O'Hanakahi	10	10	10	10
1104	Lanakila Homes IV	10	10	10	10
AMP 38					
1018	Kapaa	10	10	10	10
1019	Hale Hoolulu	10	10	10	10
1020	Eleele Homes	10	10	10	10
1021	Hui O'Hanamaulu	1,916,051	10	10	10
1022	Kalaheo	10	10	10	10
1023	Home Nani	10	10	10	10
1054	Hale Nana Kai O'Kea	10	10	10	10
1055	Hale Hoonanea	10	10	10	10
1064	Kekaha Haaheo	10	10	10	10
1086	Kawailehua - Federal	10	10	10	10
AMP 39					
1016	David Malo Circle	10	10	10	10
1017	Kahekili Terrace	10	10	10	10
1044	Piilani Homes	1,400,000	10	10	10
1088	Kahale Mua	10	10	10	10
1092	Makani Kai Hale	10	10	10	10
1097	Makani Kai Hale II	10	10	10	10
AMP 40					
1007	Kuhio Homes	10	10	10	10
1010	Kuhio Park Terrace	10	10	10	10
AMP 43					
1032	Kaimalino	10	10	10	10
1053	Hale Hookipa	10	300,000	3,000,000	10
1061	Ka Hale Kahaluu	10	10	10	10

Capital Fund Program—Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Expires 4/30/20011

Part I: Summary (Continuation)						
PHA: Hawaii Public Housing Authority/HI001		Locality: Honolulu/Hawaii		Original 5-Year Plan		Revision No:
A.	Development Number and Name	Work Statement for Year 1 FFY 2012	Work Statement for Year 2 FFY 2013	Work Statement for Year 3 FFY 2014	Work Statement for Year 4 FFY 2015	Work Statement for Year 5 FFY 2016
		Annual Statement				
1063	Nani Olu	10	10	10	100,000	10
1070	Kealakehe	10	10	10	10	10
AMP 44						
1033	Maile I	10	10	10	10	10
1035	Nanakuli Homes	10	10	10	10	10
1057	Waimaha Sunflower	10	10	10	10	10
1091	Kauioalani	10	10	10	10	10
1108	Maile II	10	10	10	10	10
AMP 45						
1025	Waimanalo Homes	10	10	10	10	10
1030	Koolau Village	10	10	10	10	10
1069	Kaneohe Apartments	10	10	10	10	10
1072	Hookipa Kahalu	10	10	10	10	10
1090	Kauhale O'Hana	10	10	10	10	10
1107	Waimanalo Homes II	10	10	10	10	10
AMP 46						
1031	Hale Hauoli	10	10	10	10	10
1071	Noelani I	10	10	10	10	10
1078	Noelani II	10	10	10	10	10
1097	Ke Kumu Ekolu	10	10	10	10	10
AMP 49						
1015	Wahiawa Terrace	10	10	10	10	10
1050	Kupuna O'Hana	10	10	10	10	10
1056	Kauhale Nani	10	10	10	10	10
AMP 50						
1008	Palolo Valley Homes	2,521,126	3,337,177	1,669,876	10	10
PHA WID						
	ADA Compliance	10	10	10	10	10
	Type C Units	10	10	10	10	10

Capital Fund Program—Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Expires 4/30/20011

Part I: Summary (Continuation)

PHA: Hawaii Public Housing Authority/HI001		Locality: Honolulu/Hawaii		<input checked="" type="checkbox"/> Original 5-Year Plan	<input type="checkbox"/> Revision No:	
A.	Development Number and Name	Work Statement for Year 1 FFY 2012	Work Statement for Year 2 FFY 2013	Work Statement for Year 3 FFY 2014	Work Statement for Year 4 FFY 2015	Work Statement for Year 5 FFY 2016
		Annual Statement				
	CMS Support Services Technical Salaries (Const)	300,000	300,000	300,000	300,000	300,000

Annual Statement/Performance and Evaluation Report		U.S. Department of Housing and Urban Development			
Capital Fund Program, Capital Fund Program Replacement Housing Factor and		Office of Public and Indian Housing			
Capital Fund Financing Program		OMB No. 2577-0226			
		Expires 4/30/2011			
Part I: Summary					
PHA Name: Hawaii Public Housing Authority		FFY of Grant: 2012			
Grant Type and Number		FFY of Grant Approval: 2012			
Capital Fund Program Grant No:					
Replacement Housing Factor Grant No:					
Date of CFFP:					
Type of Grant					
<input type="checkbox"/> Original Annual Statement		<input type="checkbox"/> Revised Annual Statement (revision no:)			
<input type="checkbox"/> Reserve for Disasters/Emergencies		<input type="checkbox"/> Final Performance and Evaluation Report			
Performance and Evaluation Report for Period Ending:					
Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost ¹	
		Original	Revised ²	Obligated	Expended
1	Total non-CFP Funds	0	0	0	0
2	1406 Operations (may not exceed 20% of line 21) ³	2,060,380	0	0	0
3	1408 Management Improvements	250,000	0	0	0
4	1410 Administration (may not exceed 10% of line 21)	1,030,190	0	0	0
5	1411 Audit	0	0	0	0
6	1415 Liquidated Damages	0	0	0	0
7	1430 Fees and Costs	0	0	0	0
8	1440 Site Acquisition	0	0	0	0
9	1450 Site Improvement	0	0	0	0
10	1460 Dwelling Structures	6,137,857	0	0	0
11	1465.1 Dwelling Equipment—Nonexpendable	0	0	0	0
12	1470 Non-dwelling Structures	0	0	0	0
13	1475 Non-dwelling Equipment	0	0	0	0
14	1485 Demolition	0	0	0	0
15	1492 Moving to Work Demonstration	0	0	0	0
16	1495.1 Relocation Costs	0	0	0	0
17	1499 Development Activities ⁴	0	0	0	0
18a	1501 Collateralization or Debt Service paid by the PHA	0	0	0	0
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment	0	0	0	0
19	1502 Contingency (may not exceed 8% of line 20)	823,472	0	0	0
20	Amount of Annual Grant: (sum of lines 2 - 19)	10,301,898	0	0	0
21	Amount of line 20 Related to LBP Activities	0	0	0	0

028

Annual Statement/Performance and Evaluation Report
 Capital Fund Program, Capital Fund Program Replacement Housing Factor and
 Capital Fund Financing Program
 U.S. Department of Housing and Urban Development
 Office of Public and Indian Housing
 OMB No. 2577-0226
 Expires 4/30/2011

Part I: Summary
 PHA Name: Hawaii Public Housing Authority
 Grant Type and Number
 Capital Fund Program Grant No:
 Replacement Housing Factor Grant No:
 Date of CFFP:
 FFY of Grant: 2012
 FFY of Grant Approval: 2012

<input type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/Emergencies <input type="checkbox"/> Revised Annual Statement (revision no:)		<input type="checkbox"/> Performance and Evaluation Report for Period Ending: <input type="checkbox"/> Final Performance and Evaluation Report			
Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost ¹	
		Original	Revised ²		Obligated
22	Amount of line 20 Related to Section 504 Activities	0	0	0	0
23	Amount of line 20 Related to Security - Soft Costs	0	0	0	0
24	Amount of line 20 Related to Security - Hard Costs	0	0	0	0
25	Amount of line 20 Related to Energy Conservation Measures	0	0	0	0

Signature of Executive Director _____
 Signature of Public Housing Director _____

¹ To be completed for the Performance and Evaluation Report.
² To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
³ PHAs with under 250 units in management may use 100% of CFP Grants for operations.
⁴ RHF funds shall be included here.

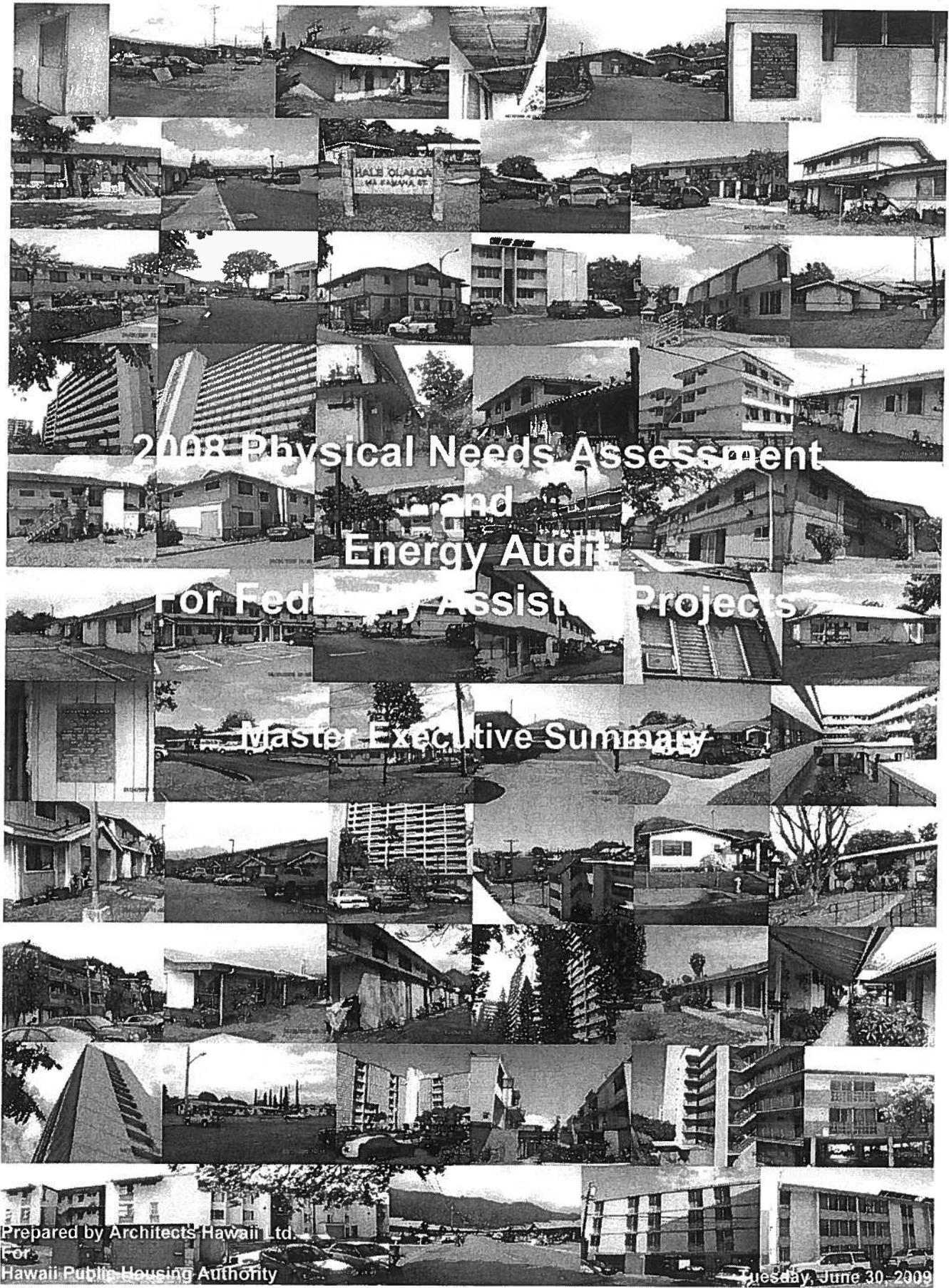
Part II: Supporting Pages		Federal FFY of Grant: 2012					
PHA Name: Hawaii Public Housing Authority		Grant Type and Number Capital Fund Program Grant No: CFPP (Yes/No): No		Replacement Housing Factor Grant No:		Status of Work	
Development Number Name/PHA-Wide Activities	General Description of Major Work Categories	Development Account No.	Quantity	Total Estimated Cost		Total Actual Cost	
				Original	Revised ¹	Funds Obligated ²	Funds Expended ²
38/1021 Hui O Hanamaulu (Federal) Physical Improvements (Const)	Site and Dwelling Improvements, ADA & 504 (Interior & Exterior) Exterior Repairs, Exterior Paint, Re- Roof, Hurricane Ties, Fall Protection, Gutters & Downspouts, Window Replacement, Interior Renovation & Paint, Kitchen & Bath Renovation, Parking Lot Work (Const)	1460		1,916,051			Planning
39/1044 Piilani Homes, Physical Improvements (Const)	Site and Building Improvements for ADA accessibility, hazmat abatement, Interior renovation, including kitchen and bath, replace waterline	1460		1,400,000			Planning
50/1008 Palolo Valley Homes Physical Improvements Ph2 (Const)	Comprehensive MOD including interior and exterior renovations, electrical, plumbing, baths, kitchens, windows, floors, ADA, site drainage, parking, sidewalks, landscaping, hazmat, etc. (Const)	1460		1,021,126			Planning
50/1008 Palolo Valley Homes Physical Improvements Ph3 (Const)	Comprehensive MOD including interior and exterior renovations, electrical, plumbing, baths, kitchens, windows, floors, ADA, site drainage, parking, sidewalks, landscaping, hazmat, etc. (Const)	1460		1,500,000			Planning
PHA-Wide	PHA Wide Funding Place Holder for Remaining AMP/Projects (Const/Design)	1460		660			Planning
PHA-Wide	PHA Wide ADA	1460		10			Planning
PHA-Wide	PHA Wide Type "C" Funding Place Holder	1460		10			Planning

Part II: Supporting Pages		Federal FFY of Grant: 2012					
PHA Name: Hawaii Public Housing Authority		Grant Type and Number Capital Fund Program Grant No: CFFP (Yes/No): No		Replacement Housing Factor Grant No:			
Development Number Name/PHA-Wide Activities	General Discription of Major Work Categories	Development Account No.	Quantity	Total Estimated Cost	Total Actual Cost	Status of Work	
				Original	Revised ¹	Funds Obligated ²	
				300,000		Funds Expended ²	
PHA-Wide	CMS Support Services Technical Salaries (Const)	1460					Planning

¹ To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

² To be completed for the Performance and Evaluation Report.

*Denotes non CFFP Funding (state funds)



2008 Physical Needs Assessment
and
Energy Audit
For Federally Assisted Projects
Master Executive Summary

Prepared by Architects Hawaii Ltd.
For
Hawaii Public Housing Authority

Tuesday, June 30, 2009

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INTRODUCTION & SYNOPSIS

Introduction:

This Master Executive Summary summarizes the analysis and describes the process used to gather, analyze, and report the Physical Needs Assessment (PNA) and Energy Audit data for 67 Federally Assisted projects for the Hawaii Public Housing Authority (HPHA). Architects Hawaii Ltd. (AHL), Honolulu, Hawaii was contracted in January of 2008 to conduct this PNA and Energy Audit. AHL's scope included surveying the projects, reporting the deficiencies, estimating the costs to repair the deficiencies, and estimating the capital costs to repair/replace major building elements over a twenty year period.

Synopsis:

General:

- In February, March and April of 2008, AHL surveyed all 67 projects.
- AHL inspected 555 units, or 10.55%, of the total 5,259 units.
- HPHA Federally Assisted Housing has aged.
- The housing stock has not been adequately maintained and repaired over the years.
- The oldest project is Mayor Wright Homes in Honolulu on Oahu, built in 1952.
- The newest project is Lanakila IV in Hilo on Hawaii, completely re-built from the ground up in 2005.

Deficiency Costs:

- The total estimated Deficiency Costs of \$70,737,426 is an average of \$127,454 for each of the inspected units, or 11.34 times the 2003 PNA estimated costs.
- When the unit Deficiency Costs are projected across the entire housing stock, the total Deficiency Costs are estimated to be \$91,354,347, or an average of \$17,371 per unit, or 8.33 times the 2003 PNA estimated costs.
- HPHA should address the Building Exterior and Building Systems Deficiency Costs as a first priority.

Capital Costs:

- The projected Capital Costs for 2010 are \$85,926,995.
- The Capital Costs have bunched up because of long deferred maintenance.
- HPHA's goal for the Capital Costs should be to address the most critical projects first, which will begin to spread the Capital Costs out more evenly across the future years.

Major Renovation:

- Our Priority Projects section recommends 9 of the 14 projects listed for total renovation. They include:
 - Kalihi Valley Homes
 - Kuhio Park Terrace
 - Palolo Valley Homes
 - Mayor Wright Homes
 - Hale Hookipa
 - Kalaheo
 - Kau'iokalani
 - Wahiawa Terrace
 - Pomaikai
- Renovation Costs frequently exceed both Deficiency Costs and Capital Costs, as project enhancements are added to the scope.

ASSESSMENT METHODOLOGY

General:

The previous PNA was performed by Building Inspection Service, Inc. (BISCO) for IBM in 2003. That Report utilized proprietary database software, InspectPro, owned by BISCO, created using Microsoft Access. HPHA did not receive a copy of the database in MS Access, only Adobe Acrobat copies of the reports, and MS Excel copies of some of the costing documents. HPHA requested that this 2008 PNA be entered into an MS Access database, and that the database application plus a licensed copy of MS Access be included in the deliverables.

AHL utilized the Table Relationships Chart and several Table/Field Data Description spreadsheets from the 2003 PNA to design the database for this 2008 PNA. MS Access 2003 was utilized, which creates an Access 2000 file format database by default. Our goal was to simplify the data entry in the field, so we designed data entry forms that utilized mostly drop-down lists for entry selections. One larger memo field allowed for a custom description entry by the Inspector.

AHL researched possible laptop computers, carrying cases, and digital cameras for this challenging property condition assessment. Based on a combination of factors, including size, weight, battery life, reliability, functionality, cost, and availability, the following items were selected and utilized:

- **Laptop:** HP Pavilion tx 1220 us Entertainment Notebook PC. This is a light (4.49 lbs) machine with 12.1" touch screen that rotates 180 degrees and folds flat into a tablet PC. Data entry can be by keyboard or stylus. Battery life is about 3 hours using the brightest screen setting (needed for exterior use), so we also utilized spare batteries, and carried AC and DC chargers.
- **Carrying Case:** Toshiba Fieldmate M200. This carrying case, combined with optional double shoulder straps, allowed hands-free use of the laptop keyboard while standing. When opened on the tablet side, the PC can be flipped without removing from the case or shoulder straps. Minor modifications had to be made to accommodate the HP Pavilion PC.
- **Digital Camera:** Canon PowerShot A550. This camera was chosen based on a combination of features, cost and availability. It has good features, including a 4X optical zoom and 7.1 mega pixels.

Survey Protocol:

AHL utilized two teams of two inspectors each to conduct the Physical Needs Assessment surveys of the projects. Scheduling issues with the availability of the inspectors to remain on the Neighbor Islands for up to one week at a time resulted in an overall schedule that performed Oahu project surveys concurrently with Neighbor Island project surveys. AHL carefully sequenced and scheduled all of the project surveys to obtain the most efficient use of the inspectors' time, while providing adequate time to obtain the necessary data and minimizing travel time and expenses. A complete copy of the 2003 PNA, including a Google Map and Google Earth photo, were provided to the inspection team for their reference and use during each project survey.

AHL believes strongly in the value of photo-documentation of deficiencies during this kind of property condition survey. For this reason, one of the inspectors photographed the project, while the second inspector entered the deficiency data into the database via the laptop computer. The photos were correlated to the deficiency by noting the camera's photo number in the database. Almost 7,400 photos were taken during the surveys.

The database design and the data entry forms follow the requirements of 24 CFR, Section 5.703. Copies of this document and HUD Handbook 7485.2, Appendix 3 were provided to the four inspectors for their guidance during the surveys. AHL also follows the ASTM E 2018-0001, "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process" for all property condition assessments. The data entry forms identify the project, date of inspection, and inspectors. There are "tabs" for the Site, Building, Building Systems, Common Areas, and Units. Under the Units "tab", are the possible areas, such as Living/Dining, Kitchen, Bathroom, and Bedroom. All of the data is synchronized to the project name. See the screen print example below.

Microsoft Access - [Inspections1] Type: question for help

File Edit View Insert Format Records Tools Window Help Adobe PDF

Tahoma

InspectionID: -1882130343 Project Name: Kuhio Park Terrace View

InspectionDate: 2/22/2008 InspectionTeam: Frank, Art

Site Inspections: Inspected Buildings Inspection Photos

InspectedBuildingID: 538680742 InspectionIDF: -1882130343

BuildingID: bldgB BuildingTypeIDF: High Rise StatusIDF: Occupied

Building Exterior Inspection Building Systems Inspection Common Area Inspection Inspected Units

InspUnitID: 173408490 InspBldgIDF: 538680742 UnitID: 1203 UnitTypeIDF: BR Status: Occupied

Entry: Living/Dining Kitchen Appliances Bedroom Closet Bathroom Porch Patio Balcony Stairs General Other

EntryItemListID: 1849563334 InspectedUnitIDF: -1734084904 RUL: 0

EntryItem: Door Deficiency: Other (Description) Remedy: Other (Description)

Urgency: Short Term Qty: 0 Measurement: 0 UoM:

Description: Frame rust, refinish, door closer-replace

Photo 1: 881 Photo 2: Photo 3: 0 Photo 4: 0 Photo 5: 0

Record: 14 of 15 1 > < > < of 1

Record: 14 of 15 5 > < > < of 31

Record: 14 of 15 1 > < > < of 1

Photo 1: 881 Photo 2: Photo 3: 0 Photo 4: 0 Photo 5: 0

Record: 14 of 15 1 > < > < of 120

Form View NUM

Start: Desktop Vision ... http://192.9.2... Novel GroupW... ASSESSMENT ... ASSESSMENT ... 2008 Federal P... Inspections1 7:21 AM

AHL surveyed the entire site, the accessible and visible exteriors of all buildings, and the interiors of at least 10% of all of the units. Each property manager was asked to select the units on a random basis when the survey schedule was finalized so they could notify the residents. Every effort was made to inspect a representative cross-section of units: occupied and vacant; all bedroom configurations; good condition and bad; ground floor and top floor.

Deficiency Prioritization:

AHL categorized all deficiencies utilizing the five Urgency categories in the 2003 PNA:

- Health and Safety (24 hours)
- Immediate (30 days)
- Urgent (6 months)
- Short Term (1 year)
- Long Term (more than year)

The reality is that once Health and Safety deficiencies have been corrected, all deficiencies are items that must be addressed quickly to avoid potential continued deterioration of the item and the elements adjacent. It is also important to note that the AHL property survey schedule had to be coordinated with the annual HUD REAC Inspections, which were running concurrently. Consequently, the property management staff accompanying the AHL inspectors were either making notes or calling maintenance staff immediately to correct items that would be marked negatively by HUD. This was especially true of the Health and Safety deficiencies.

COSTING METHODOLOGY

General:

AHL did not fully understand the relationship of all of the database tables and fields utilized in the IBM 2003 PNA database when we “reverse engineered” it for the 2008 PNA database. The deficiency categories needed to be a combination of the remedy (verb), the deficiency (adjective), and the item (noun). For example, “Repair broken fence”. However, the table for this kind of Deficiency Categories would have contained thousands of choices from which the inspectors would have had to choose during the survey. IBM’s Unit Cost list in their Appendix H contained approximately 1,500 items, many of which were never utilized. AHL chose to simplify the survey process by utilizing predetermined drop-down lists of items, deficiencies and remedies. These drop-down lists have a maximum of 12 to 15 choices each. This resulted in a need to create a list of Deficiency Categories for each project in order to cost the Deficiency. This was accomplished in MS Access via a “Make-Table Query” run for each project, each survey area such as Site, Building Exterior, etc. These tables were then printed to Adobe Acrobat for record and hard-copy printing. All costing for both Deficiencies and Capital expenditures was achieved in Microsoft Excel 2003 because of its’ ease of use and power.

Architects Hawaii has found from our experience that we are able to develop costing that is more accurate than that developed by Cost Consultants for the kind of remedial, repair, and replacement type of costing required for a property condition assessment like the PNA. All of the Deficiency Costing was developed by Richard Sullivan, AIA, CSI, Associate. He is AHL’s Chief Construction Administrator with over 43 years experience. The Unit Costs developed for the Deficiency Costing were also utilized to determine the Capital Costing for each project.

It is important to recognize that the both the Deficiency Costs and the Capital Costs provided in this report, although developed using assumed labor and materials detail based on our experience, are rough estimates to be used only for budgetary purposes. A property condition assessment performed to develop actual repair specifications and drawings would include a thorough analysis of the cause of the deficiency including detailed repair recommendations, providing more definitive information on which to base a more accurate repair estimate. The next level of information and accuracy would come with actual Bid Documents including drawings and specifications. The highest level of accuracy naturally would come with an actual Bid from a licensed Contractor competing on the open market.

Deficiency Costing:

The Deficiency Categories discussed in the General Section were first analyzed to derive Unit Costs, then quantified to cost each project. As new Deficiency Category Costs were needed on a project, the Master Unit Cost Basis was expanded. The revised Masters were then used in subsequent projects until all costing was completed. All Excel files are linked to provide a comprehensive costing tool, down to updating local labor rates and materials costs.

The listing of Deficiency Categories on each project, together with quantities input by the inspectors during the survey and the deficiency photos, were used to quantify the individual project deficiencies. The AHL database was not designed to count occurrences, so some of this had to be done manually. All of the Deficiency Costing utilizes a “confidence factor” of 1.5, providing both a contingency and a higher cost for accomplishing a small amount of work on a project-basis.

The Deficiencies observed in the units inspected were projected across all of the units, in each project, utilizing the Average Dwelling Interior Cost/Unit times the total number of units. Since the entire Site, all

the Building Exteriors, and all Common Areas were inspected and deficiencies noted, no projection was required for those Deficiency Costs.

Capital Costing:

AHL has little experience estimating Capital Costs and Useful Life. However, there were a number of things that did not seem to make sense in the 2003 IBM PNA. The first was that there were Capital Replacement Costs applied to elements of the buildings that, for the most part, could not be replaced without demolishing the buildings. For example, on Kalihi Valley Homes, there were costs applied for Foundations, Exterior Walls, Sewer and Water Distribution, Unit Ceilings and Unit Interior Walls. The total Capital Replacements Costs estimated for these elements amounted to \$29,679,416 or 42% of the total 20 years of Capital Costs estimated at \$70,885,515. Building life components should not be included in the Capital Costs.

Second, in one project PNA Report, we noted a bathroom cabinet that had exceeded its useful life, but the bathroom sink had a remaining useful life of several years. Capital Costs were included to replace the cabinet but leave the sink and faucet for several more years. This is obviously not a practical solution.

Third, the Capital Costs were not totaled on an annual basis. HPHA's need to submit both 5 Year Plans and Annual Plans points to the need to have these Costs totaled on an annual basis.

Our research into Capital Costing and Useful Life indicates that there are elements of a building whose Useful Life is considered "Life", or the life of the building. If they have to be replaced, then serious consideration must be given to total demolition. We also researched the practice of Reserve Studies required by many states (including Hawaii) for Condominiums. There are very strong similarities with the budgeting needs of HPHA. Three of the four tests to determine which components belong in a reserve study are directly applicable to HPHA properties:

1. The component must have a limited Useful Life. If the component has a "very extended life" (life of the property) or if it can function indefinitely with minor ongoing maintenance or repair, then there is no major capital expenditure for which to plan.
2. The component must have a predictable Remaining Life. A future expenditure needs to be reasonably anticipated to be defined and incorporated into a plan.
3. The expenditure must be above a minimum threshold cost. It is inappropriate to clutter the budget with anticipated expenses which are small enough that they should be handled in the ongoing operational budget. A range of ½% to 1% of the project annual budget was suggested as a guide.

AHL projected the Capital Costs for only major project components, using the three tests above as a guide. For some components, the Hawaii Useful Life (HUL) matches that included in the 2003 PNA. For some components, our experience performing many property condition assessments in Hawaii suggests a lower life span. It should also be noted that Useful Life is estimated based on the assumption that the component is going to be maintained. If that maintenance is deferred, as it has been on all HPHA properties, then the Useful Life is no longer valid. Conversely, if a component is properly, conscientiously maintained, then its Useful Life can often be extended past that normally predicted.

AHL also believes that the Capital Costs for Interior Dwelling renovation, except for Interior Painting and Appliances, should be part of a separate analysis. Individual items tend to be replaced/repared on a reported-failure basis, and therefore these components do not have as predictable a Remaining Life. Consequently, we have not included Interior Dwelling renovation in the Capital Costs projections. See Major Renovation under Recommendations for further discussion on this topic.

Many project components were long past their HUL, and we were unable to predict Remaining Useful Life. We have used the component age to determine the First Replacement Year. Also, the Capital Costs do not include the "Confidence Factor" of 1.5 because they are project wide.

REPORTING METHODOLOGY

General:

The 2003 IBM PNA Reports included many pages that contained little or no inspection data, because of the way the reports were formatted. AHL worked to reduce the Report size to that necessary to report the deficiencies. There are still some pages that are mostly blank, and maybe even some completely blank. This occurs when there are multiple incidents of sub-reports containing no data, but still taking up some space (about 1" each).

Microsoft Access combines design flexibility with severe limitations for these kinds of Reports. It is not friendly towards text-driven parts, like this Master Executive Summary. It is also not friendly toward the compilation of data from many tables into one Report, like the individual Project PNA Reports. Because there is no simple way to include footers for individual sections within a Report and to change the starting page number of a section, we had to utilize Sub-reports inserted in a main Report design. Because of the number of Sub-reports and the limitation of 22" maximum height on the main Report design, we had to utilize sub Sub-reports. Access allows 7 levels of nested sub-reports or sub-forms, so we were able to work within the limitations. The result is a process not unlike building a pyramid, from the top down.

The Deficiency Photo and Urgency Reports are based on queries of the data tables. The individual project PNA Reports also utilize inserted, linked MS Word files, such as the Table of Contents (for which Access has no built-in design tools) and the Executive Summary. Because the Report Combo Box containing these linked files must be sized to show the complete page, and Access has no way of recognizing a multiple-page file (such as the Executive Summary for Kuhio Park Terrace), we had to create a separate Report design for those situations that included a Second and Third Page Combo Box. We then had to break the Executive Summary Word file into three one-page files.

They also utilize inserted, linked MS Excel files, such as the Deficiency Cost Summary, and the Capital Cost Summary. By trial and error, we discovered that Access shows these files in a manner similar to the "Print Preview" in most Windows programs. However, for Excel, all of the cell grids show, even when they are turned off in the Page Setup in the Excel file. Also by trial and error, we discovered that we could "erase" the cell lines outside the desired rows and columns by deleting 6-8 empty rows and columns in Excel. For the Capital Cost Summary, we wanted an 11" x 17" format, but Access has no way of accommodating different page sizes in one report. We had to create 3 linked copies of the same Excel file, hiding or deleting the unwanted columns, and 3 separate Sub-Reports within the Project Capital Cost Summary Sub-Report.

The Priority Projects portion of this Master Executive Summary utilizes inserted, linked MS Word files, with inserted photos in the MS Word file. The Master Deficiency Cost Summary and Master Capital Cost Summary are Sub-reports created from Access tables that are linked to MS Excel files. This process allows the formatting and design of the Sub-report to match the rest of the Report, but places limitations on the design of the Excel file of having all column data be the same type in each column, and all row data be the same type in each row, except for one header row and one header column.

The individual project PNA Reports are created "on the fly". There is a small Form called "Project Names" that must be opened first, and a project selected by scrolling the records. Then the Master Project Report Format Report is selected and Access formats the individual PNA Report for viewing. This process can take up to 4 to 5 minutes for the larger projects, because of loading many photos. We found that Access does not like to then print these larger Reports from this "Print Preview" mode, because it attempts to again

load all of the referenced tables that it loaded for the preview, and an error message something like “cannot open any more tables” comes up. The work-around is to simply close the “Print Preview” and click “Print”.

Executive Summary:

The 2003 IBM PNA Report Executive Summaries contained bar charts that were intended to describe graphically the top 15 deficiencies by frequency of occurrence and remedial cost. The bars were then color coded to the 5 Urgency levels. Except for the Health and Safety Deficiencies as we noted in Deficiency Prioritization, we do not believe these charts to be very useful to HPHA, and have not included comparable graphic depictions in the Executive Summary.

We followed an organization similar to the 2003 Report. The General statement was written following the total costing effort, and summarizes the project size, type, age, Deficiency Costs, Capital Costs for 2010, and comments on the relationship between the two costs. The Site, Structure, and Units portion was written by the survey inspectors immediately following the survey, and edited when the General statement was written.

The MSWord files will be provided along with the database for HPHA’s use.

Deficiency Photo Report:

As mentioned previously, AHL believes strongly in the value of photo documentation in a property condition report such as the PNA. Even though insertion of photos is accommodated as OLE objects, Microsoft Access presents extreme challenges for database size limitations, and ability to view photos in either Forms (where we enter the data) or in these Reports. Through research, we found and purchased a small, third-party add-in program, DBPix, which eliminates these issues. We also had to obtain the services of a computer programmer with Blackbird, a subsidiary of HonBlue, to customize the Visual Basic code to work with our forms.

Not all deficiencies have accompanying photos, so the Deficiency Photo Report does not include all deficiencies. It is organized from the Site, to the Building Exterior, Building Systems, Common Areas, and finally the Unit. If there are no photographed deficiencies in one of these five areas, there is no area header. Within each area, the deficiencies are sorted according to their Urgency level, with the most urgent shown first. For all building related deficiencies, the Building number or letter is noted; for all unit related deficiencies, the Unit number or letter is also noted.

Deficiency Urgency Report:

This portion of the Report itemizes all deficiencies noted during the survey. Like the Deficiency Photo Report, it is organized from the Site, to the Building Exterior, Building Systems, Common Areas, and finally the Unit. If there are no deficiencies in one of these five areas, there is no area header. Within each area, the deficiencies are sorted according to their Urgency level, with the most urgent shown first. For all building related deficiencies, the Building number or letter is noted; for all unit related deficiencies, the Unit number or letter is also noted.

Deficiency Cost Summary:

This portion of the Report summarizes the cost of all deficiencies noted during the survey. The organization is similar to the Deficiency Photo and Urgency Reports, from Sitework, to the Dwelling Exterior, Dwelling Interior, Common Exterior, and Common Interior. The costs shown are for only the deficiencies noted; for

Dwelling Interior Deficiency Costs projected across the units that were not inspected see the Master Deficiency Cost Summary at the end of this Master Executive Summary. The supporting Excel files will be provided along with the database for HPHA's use, separate from the PNA Reports.

All of these costs are estimated in 2009 dollars.

Capital Cost Summary:

This portion of the Report projects the Capital Cost of the major project components as described in the Capital Costing section of Costing Methodology. The organization is similar to the Deficiency Cost Summary, from Sitework, to the Dwelling Exterior, Dwelling Interior, Common Exterior, and Common Interior. Based on the Hawaii Useful Life (HUL) and the age of the component, the spreadsheet calculates the First Replacement Year. The Unit Replacement Cost is linked to the Master Basis spreadsheets, rounded up to the next even dollar. Once the quantity is entered, the spreadsheet multiplies that number by the Unit Replacement Cost to derive the Capital Costs. This amount is inserted in the column that matches the First Replacement Year, and each age-incremental year after that. The Capital Costs are projected for the years 2010 through 2029, for a total of 20 years.

Please note that the Item Name, Hawaii Useful Life (HUL), and the Unit Replacement Cost are shown for all Items for all projects, because this is a template spreadsheet. If there is no Age included for an Item, the Item is not applicable to this project and there are no Capital Costs.

All of these costs are estimated in 2009 dollars, and are not adjusted for inflation to the year projected.

Energy Audit:

The Energy Audit report utilizes a method different from those described in General. This Report is based on a Form that we designed to input data into the Energy Audit Table.

This portion of the Report gathers information included in the 2003 IBM PNA. This information is qualitative, not quantitative. It indicates whether water saving plumbing fixtures and fittings are utilized, whether timers are utilized on common and site lighting, and on irrigation systems (if they exist), what type of lighting fixtures are used in the common and site areas, and what type of water heating system is utilized.

CONCLUSIONS & RECOMMENDATIONS

Deficiency Repairs:

We recommend the following priority for the Deficiency Repairs:

1. Building Exterior
2. Building Systems
3. Unit
4. Common Areas
5. Site

The reason for our recommendation is that once the Building Exteriors are repaired, all of the interior Unit repairs related to roof, wall, window and door leaks should be curtailed. The Building Systems also need to be repaired before the Units, again because some of the Unit Deficiencies are a result of leaks from the sewer or water system. The Building Exterior and Systems together constitute the Building infrastructure, and we believe that it is critical for the infrastructure to be sound to protect the overall investment of HPHA, and to protect the following investments in remedying the Unit Deficiencies. Note that \$37,324,220, or more that 52% of the Total Observed Deficiency Costs of \$70,737,426 are related to Building Exteriors. The Total Observed Deficiency Costs amount to an average of \$127,454 per observed unit.

The Common Area repairs should be accomplished simultaneously with the Unit repairs, as their use by the residents is on a daily basis. Most of the Site Deficiencies could be the last priority. There are a few exceptions, such as leaking sewer lines and hazardous walkways and stairs.

When the Unit interior Deficiency Costs for the 555 units surveyed are projected across all 5259 units in all 67 projects, the Total Projected Deficiency Cost increases to \$91,354,347, or an average of \$17,371 per unit.

Capital Maintenance and Replacement:

The projected Capital Costs for 2010 are \$85,926,995, or over 94% of the Total Projected Deficiency Costs. The reason that this number is so high is that so many projects' major elements have exceeded their useful life due to deferred maintenance. Some of the elements, such as site walkways and parking area pavement, could be minimally repaired to extend their life a few more years. However, roofing and exterior painting and doors should be addressed even if they have not deteriorated to a point of being costed as a Deficiency. That is the whole point of preventative maintenance – it must be accomplished on a regular basis, even if it looks like it could be deferred or patched. Otherwise, the building elements begin to deteriorate and progress at an ever increasing rate.

The ideal situation for HPHA would be to have the same identical dollar amount for every year of the 20 year spreadsheet. Because of the deferred maintenance on most of the projects, the resulting Capital Cost projections simulate all projects having been built the same year.

Our recommendations are to mitigate the projected 2010 Capital Costs for as many projects as possible by addressing the Deficiency Costs for those projects.

Major Renovation:

The 2003 IBM PNA did not address total project renovation conceptually, only to recommend consideration on a project-by-project basis. In our opinion, it is extremely important to address the Priority Projects listed in the next section. Our recommendations for these 14 projects include complete project renovation for 9

projects. It does not make sense to perform Deficiency repairs on project elements that really should be completely replaced. We do realize that there are limitations to the funds available to HPHA, however, and realize that portions of each project may have to be postponed. The priority of elements would then revert to our recommendations for Deficiency repairs listed previously.

PRIORITY PROJECTS

There are a number of HPHA projects that have exceeded their useful life, and are in a serious state of disrepair. We provide our recommended priority list of fourteen of the 67 Federally Assisted Projects. Nine of the fourteen projects are of an age or level of deterioration that our recommendation is to completely gut and renovate all of the units. Some of the projects also require major exterior wall repairs, reroofing, repainting and new windows and exterior doors. Many of the parking areas, walkways, landscaping and fencing also require major work.

Both HUD and HPHA have placed repairing and filling vacant units as one of, if not their highest priority. However, we believe that both HUD and HPHA should consider this to be a mid-term goal, not a short-term goal. Because there are so many units, 1,267 in the first four projects, that are in need of complete renovation, we recommend utilizing the current vacancies to expedite these major renovations. Kalihi Valley Homes has the highest number and percentage of vacancies, 122 and 32.7% from the 2003 IBM PNA Report. Since each of the 3 wings in the 2 high rise towers at KPT contains about 96 units; we recommend the goal of the renovation schedule for these four projects should be to maintain 96 renovated units in Kalihi Valley Home for the purpose of relocating and renovating an entire wing at one time. This will greatly facilitate the KPT renovation, and should result in lower costs to HPHA.

We recommend the following prioritization:

Priority: 1

Project Name: Kalihi Valley Homes

Complete the project renovation of the 171 units in 19 buildings remaining subsequent to Phase IV. This portion of the project is at least 54 years old with no major renovation work. Work includes complete gut and rehab, 2 story concrete/masonry townhouse units, new solar water, reroof, new paint interior & exterior; new doors, cabinets, plumbing, electrical, floor finishes, and windows. Also includes site work around buildings, including drainage, sidewalks, lighting, parking, landscaping.



Photo 1 - Site from Google Earth



Photo 2 - Building 19



Photo 3 - Building 20



Photo 4 - Building 20



Photo 5 - Building 21



Photo 6 - Parking Area



Photo 7 - Hole in Bath Wall - Unit 36H

Estimated Rough Probable Cost/Building:

\$1,738,000

Estimated Rough Probable Total Cost:

\$36,765,000

Priority: 2

Project Name: Kuhio Park Terrace

Concurrently with the KVH renovation work, it is imperative and extremely urgent that some major renovation work begin on KPT. This project is at least 43 years old, with some renovation in 1994. There are major Life Safety deficiencies: with the high rises' inoperable fire alarms, missing fire hoses, inoperable dry standpipe connections, and inoperable exit signs, the HPHA is in jeopardy of being cited and fined by the Fire Department/City and County of Honolulu, or worse, having the buildings condemned. We doubt that there are other HPHA facilities available to relocate over 500 low income families.

This work should be phased one wing at a time for the six wings, and includes, in recommended order of importance:

- a. Repair the fire alarm system and exit signs\$1,380,000
- b. Repair the standpipe connections\$600,000
- c. Replace the standpipes, install new fire hoses, replace fire hose cabinets\$1,500,000
- d. Replace the 4 passenger elevators, 2 each in the two high rises.....\$2,100,000
- e. Repair the sanitary sewer risers at the lower level.....\$500,000
- f. Repair the Solar water heating piping system on the A Bldg.....\$100,000
- g. Replace defective boiler on the B Bldg\$300,000
- h. Reroof the high rise towers.....\$670,000
- i. Repair the trash chutes.....\$480,000



Photo 1 - Site from Google Earth

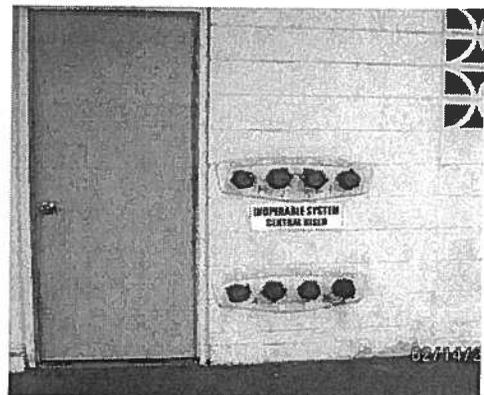


Photo 2 - Inoperable Standpipe

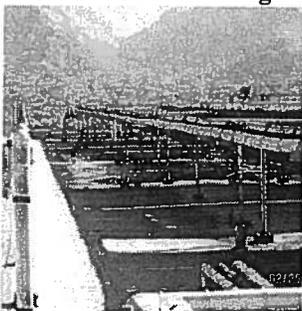


Photo 3 - Leaking Solar Pipes



Photo 4 - Defective Boiler



Photo 5 - Missing Fire Hose



Photo 6 - Defective Exit Sign

Estimated Rough Probable Cost/Building (6 high-rise wings):

\$1,271,667

Estimated Rough Probable Total Cost:

\$7,630,000

Priority: 3

Project Name: Kuhio Park Terrace

As renovated vacant units become available at KVH, begin vacating KPT, one wing at a time, beginning with the first wing to have the major infrastructure work in Item 2 completed (to prevent construction contract overlap). Completely renovate, continuing with the one wing at a time approach. Work to include major concrete spall repair and complete exterior repainting on high rises. Redo all electrical service. Gut and redo all units, including interior and exterior doors, cabinets, plumbing/fixtures, electrical/fixtures, floor finishes, interior wall and ceiling repair/repainting. Site work includes repair/replace sidewalks, parking area pavement, landscaping.



Photo 1 - Lanai Concrete Spall

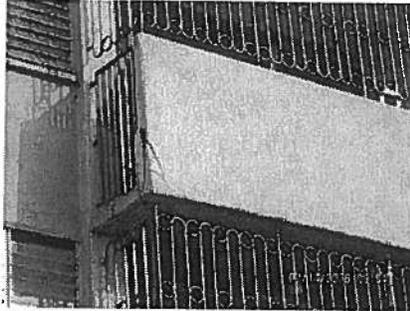


Photo 2 - Lanai Concrete Spall



Photo 3 - Parking Area



Photo 4 - Vegetation/Concrete Spall



Photo 5 - Concrete Spall

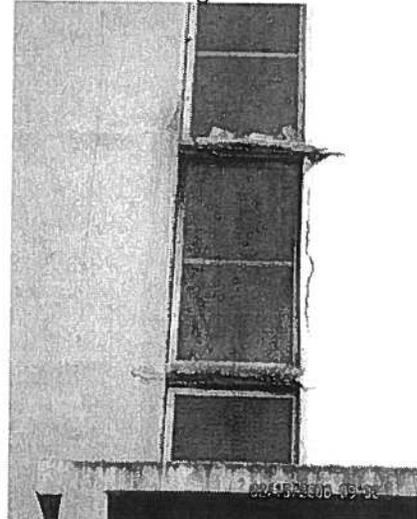


Photo 6 - Major Concrete Crack/Spall



Photo 7 - Outdated Kitchen



Photo 8 - Damaged Kitchen Cabinets



Photo 9 - Water Damaged Shelving

Estimated Rough Probable Cost/Building (6 high-rise wings):
Estimated Rough Probable Total Cost:

\$25,905,000
\$155,430,000

Priority: 4

Project Name: Palolo Valley Homes

Once KPT Infrastructure repairs are completed, begin renovation on PVH. This project is at least 51 years old, with no major renovations. This project renovation work is almost identical to KVH, and can be done in groups of 3 or more buildings at a time. In 2003, there were 17 vacancies, so it is possible to completely renovate 3 buildings with no or minimal resident relocations. Work includes major concrete spall repair, complete exterior repainting. Gut and redo, 2 story concrete/masonry townhouse units, new solar water, reroofing, new interior paint, doors, cabinets, plumbing, electrical, floor finishes, windows. Also includes site work around buildings, including drainage, sidewalks, lighting, parking, landscaping.



Photo 1 - Site from Google Earth



Photo 2 – Outdated/damaged Kitchen

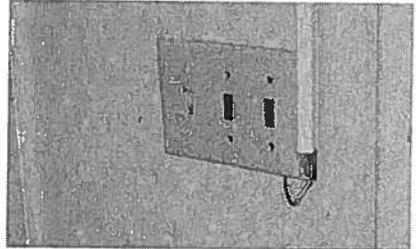


Photo 3 - Exposed Electrical Wiring



Photo 4 - Waste Piping Cracked



Photo 5 - Parking Area



Photo 6 - Severe Drainage Ponding



Photo 7 - Concrete Eyebrow Crack

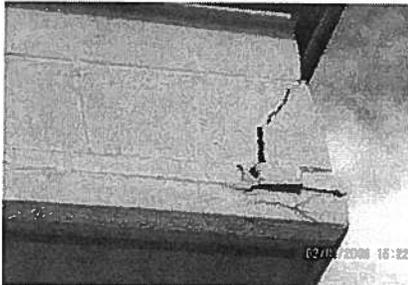


Photo 8 - Spall/Crack at Stairs



Photo 9 - Concrete Eyebrow Spalling

Estimated Rough Probable Cost/Building:
Estimated Rough Probable Total Cost:

\$1,550,000
\$31,000,000

Priority: 5

Project Name: Mayor Wright Homes

Concurrently with PVH, begin renovation on Mayor Wright Homes. This project is 55 years old, and was renovated in 1984. Again, this project can be done in groups of 3 or more buildings at a time. In 2003, there were 25 vacancies so it is possible to completely renovate 3 buildings with no or minimal resident relocations. Work includes major concrete spall repair and complete exterior repainting. Gut and redo, 3 story walkup and 2 story concrete/masonry townhouse units, new solar water, reroofing, new interior paint, new doors, cabinets, plumbing, electrical, floor finishes, and windows. Also includes site work around buildings, including drainage, sidewalks, lighting, parking, landscaping.



Photo 1 - Site From Google Earth



Photo 2 - Exterior Paint



Photo 3 - Crack/Spall in Railing Wall

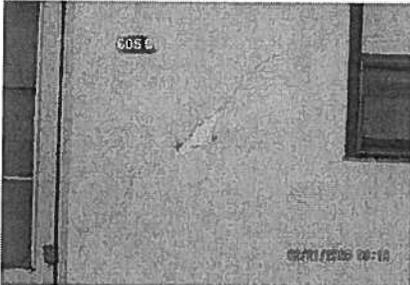


Photo 4 - Crack/Spall Concrete Wall

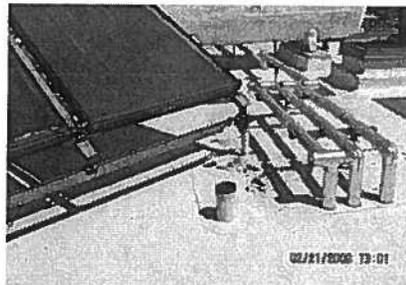


Photo 5 - Deteriorated Solar System



Photo 6 - Deteriorated Kitchen

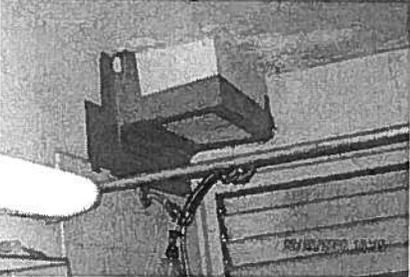


Photo 7 - Leak in Bathroom Ceiling

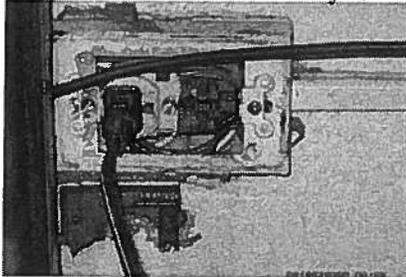


Photo 8 - Exposed Electrical Wiring



Photo 9 - Deteriorated Bathroom

Estimated Rough Probable Cost/Building:
Estimated Rough Probable Total Cost:

\$2,380,000
\$85,600,000

Priority: 6

Project Name: Hale Hookipa

This project is 32 years old and has not had any renovations. It requires major exterior roofing and gutter repairs that are causing leaks, mold and interior deterioration. The corrugated metal roofing needs to be completely replaced, making it impractical to allow the buildings to be occupied during repair. In 2003 there were 5 vacant units in the 7 buildings. Because these are elderly units and relocations may be more difficult, we recommend relocating within the project to complete renovation of one building at a time. Work includes major exterior wood siding and trim repair/replacement, complete metal reroof with solid sheathing, underlayment and standing seam roofing, gutter replacement. Gut and redo, 1 story wood frame, new paint interior & exterior; new interior & exterior doors, cabinets, plumbing fixtures, electrical fixtures, floor finishes. Landscaping/drainage to move roof downspout water away from buildings.

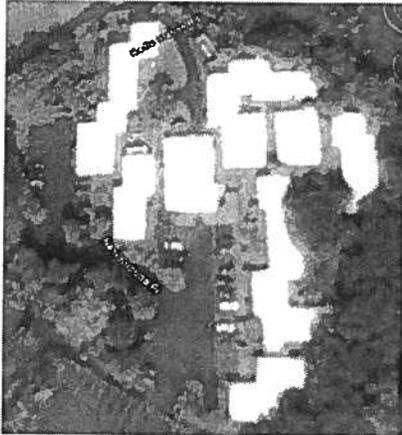


Photo 1 - Site From Google Earth

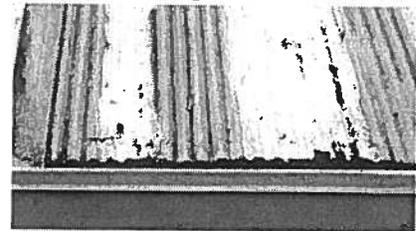


Photo 2 - Deteriorated Roofing

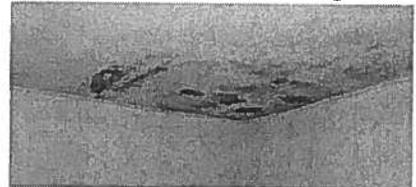


Photo 3 - Mold on Ceiling



Photo 4 - Deteriorated Bathroom



Photo 5 - Deteriorated Kitchen



Photo 6 - Mold on Wall



Photo 7 - Deteriorated Roofing

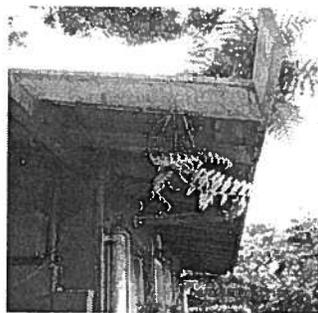


Photo 8 - Plants in Gutter



Photo 9 - Deteriorated Gutter



Photo 10 - Plants in Gutter

Estimated Rough Probable Cost/Building:

\$491,250

Estimated Rough Probable Total Cost:

\$3,930,000

Priority: 7

Project Name: Kalaheo

This project is 41 years old, and was renovated in 1994. It requires major exterior roofing and gutter repairs that are causing leaks and interior deterioration. The corrugated metal roofing needs to be completely replaced, making it impractical to allow the buildings to be occupied during repair. There is one building with 2 units vacant. We recommend beginning with this building 4, and then relocating within the project to complete renovation of one building at a time. Work includes major exterior wood siding and trim repair/replacement, complete metal reroof with solid sheathing, underlayment, standing seam roofing, gutter replacement and addition of gutters on entire lower roof. Gut and redo, 1 and 2 story wood frame, new paint interior & exterior; new interior and exterior doors, cabinets, plumbing fixtures, electrical fixtures, floor finishes. Landscaping/drainage to move roof downspout water away from buildings. Also includes walkway repairs/replacement, parking area and curb repairs/replacement.



Photo 1 - Site From Google Earth



Photo 2 - Overall View



Photo 3 - Parking Area

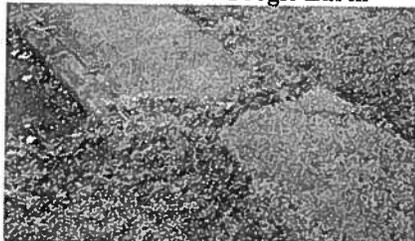


Photo 4 - Deteriorated Sidewalk



Photo 5 - Deteriorated Paving



Photo 6 - Collapsing Gutter



Photo 7 - Plants in Gutter



Photo 8 - Deteriorated Roofing

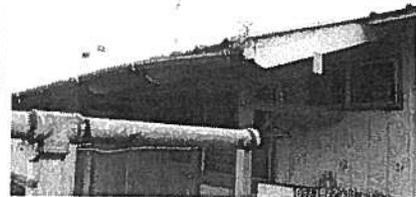


Photo 9 - Plants in Sagging Gutter

Estimated Rough Probable Cost/Building:

\$297,500

Estimated Rough Probable Total Cost:

\$1,190,000

Priority: 8

Project Name: Kau'iokalani

Although this project is only 13 years old, it has been abused and not maintained by HPHA on the interiors to the point that we recommend a complete interior gut and redo. This includes 2 story wood frame townhouse, interior gypsum board repairs, new paint interior & exterior; new doors exterior and interior, cabinets, plumbing fixtures, electrical fixtures, floor finishes. With an average of about 4 units per building, we recommend that the renovation be scheduled one building at a time until complete.

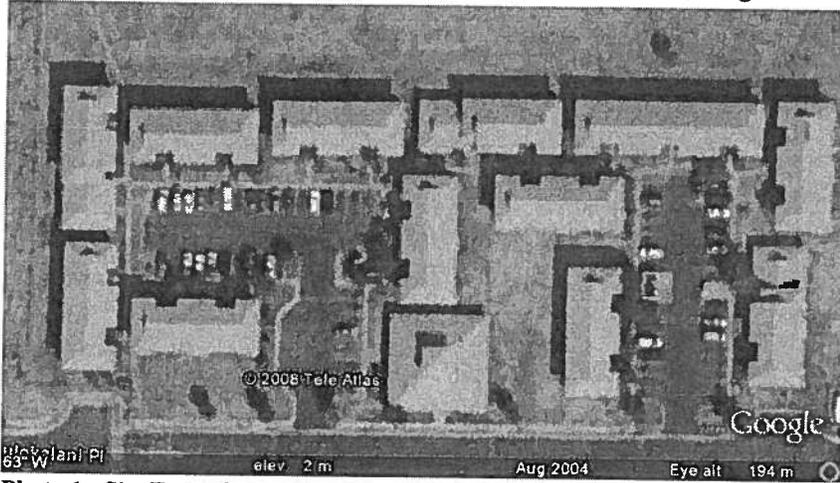


Photo 1 - Site From Google Earth

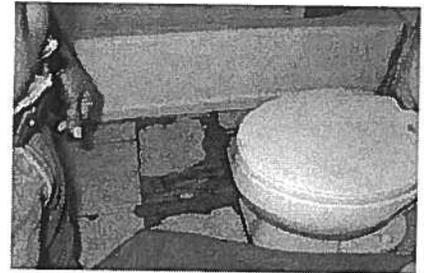


Photo 2 - Damaged Bathroom Flooring



Photo 3 - Exterior Fire Damaged



Photo 4 - Damaged Kitchen Cabinets



Photo 5 - Damaged Bath Cabinet



Photo 6 - Missing Outlet Cover Plate



Photo 7 - Damaged Bathroom Wall

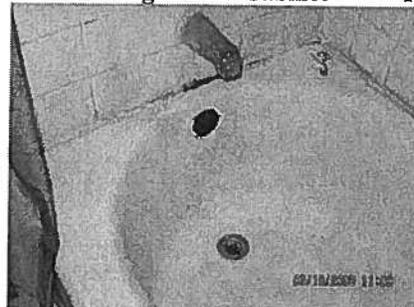


Photo 8 - Damaged Bathtub



Photo 9 - Badly damaged Wall

Estimated Rough Probable Cost/Building:
Estimated Rough Probable Total Cost:

\$760,000
\$9,880,000

Priority: 9

Project Name: Hale Nana Kai O'Kea

This project is badly deteriorated on the exterior concrete masonry and metal elements. The unit interiors are in relatively good condition, considering their age of 31 years. We recommend 1 story, major concrete masonry repair, repair exterior wood trim and siding, replace metal exterior wood framing anchors with stainless steel, exterior repainting with high performance coating, replace all window hardware, exterior doors including screen doors. Includes minor interior repairs related to exterior wall repair.



Photo 1 - Site From Google Earth



Photo 2 - Overall View

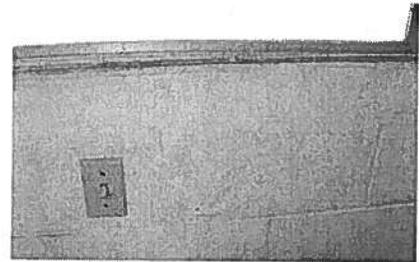


Photo 3 - Damaged Wall At Window



Photo 4 - Severely Damaged Sill

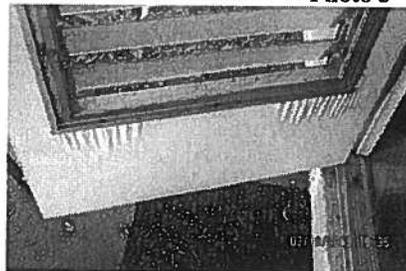


Photo 5 - Damaged Door At Jalousie



Photo 6 - Damaged WH Slab

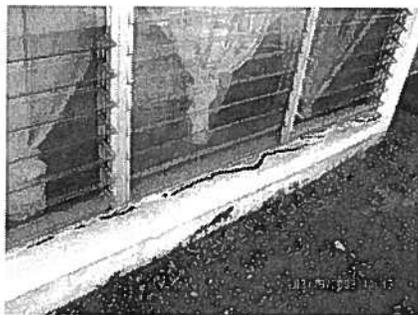


Photo 7 - Severely Damaged Sill

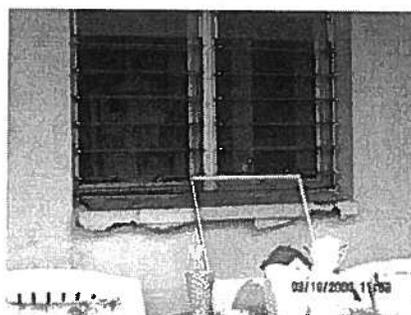


Photo 8 - Severely Damaged Sill



Photo 9 - Damaged Screen Door

**Estimated Rough Probable Cost/Building:
Estimated Rough Probable Total Cost:**

**\$17,850
\$357,000**

Priority: 10

Project Name: Wahiawa Terrace

This project's structure is in good condition considering its age of 43 years. However the roofs and consequently the interiors are in poor condition. There are 8 three story walkup residential buildings with a total of 60 units. In 2003, there were 7 vacancies. We recommend minor concrete epoxy injection repair and complete exterior repainting; prep and repainting of all metal railings with high performance coating. Complete reroofing with single ply sheet membrane, new gutters and downspouts. Gut and redo, 3 story walkup units, new interior paint, new exterior and interior doors, cabinets, plumbing fixtures, electrical fixtures, floor finishes, repair/replace window hardware. Work includes minor site work around buildings, including sidewalks, lighting, parking, landscaping. Phasing of the project will depend on available vacant units for relocation.



Photo 1 - Site From Google Earth



Photo 2 - Crack in Roof Slab



Photo 3 - Deteriorated Bathroom



Photo 4 - Deteriorated Wall



Photo 5 - Ceiling Leak



Photo 6 - Roof Patches

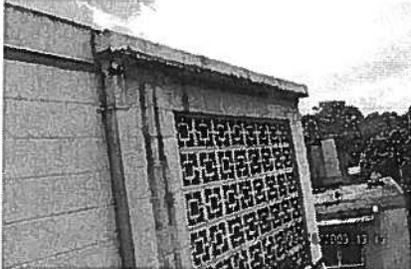


Photo 7 - Deteriorated Gutter

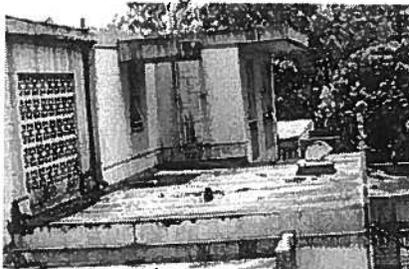


Photo 8 - Deteriorated Roof



Photo 9 - Exterior View

**Estimated Rough Probable Cost/Building:
Estimated Rough Probable Total Cost:**

**\$1,950,000
\$15,600,000**

Priority: 11

Project Name: Makani Hale I - Waiehu

Although only 12 years old, this project requires 1 and 2 story, major T-111 plywood siding repair/replacement, repainting of exterior with high performance coating including surface preparation of metal electrical boxes/conduit, replace all interior & exterior doors/hardware, replace all bathroom flooring. Replace kitchen range hoods. Replacement of gable end roof flashing may be required. Repair/replace entry door frames. We believe that it is possible to accomplish this work without vacating the units.



Photo 1 - Site From Google Earth

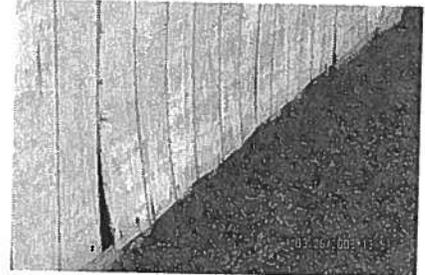


Photo 2 - Buckling Siding

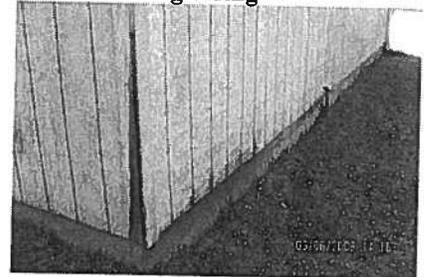


Photo 3 - Buckling Siding

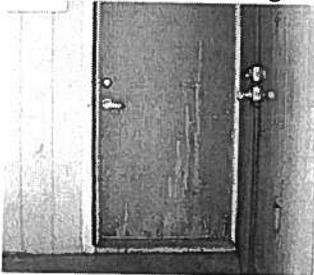


Photo 4 - Damaged Exterior Door



Photo 5 - Damaged Bathroom Flooring



Photo 6 - Damaged Range Hood



Photo 7 - Corroding Electrical Boxes



Photo 8 - Corroded Siding Nails



Photo 9 - Exterior View Requires Paint

Estimated Rough Probable Cost/Building:

\$35,000

Estimated Rough Probable Total Cost:

\$318,000

Priority: 12

Project Name: Hale Laulima

The exteriors of the 11 buildings are in relatively good condition considering their age of 21 years, with the exception of the roofing and the exterior wood stairs. The interiors have exceeded their useful life. We recommend a gut and redo, 2 story wood frame walkup units, new gas hot water, new paint interior & exterior; new exterior and interior doors, cabinets, plumbing, electrical, floor finishes. Replace exterior stair stringers, treads and railings with treated wood stringers on stainless steel supports, concrete treads and aluminum railings. Entire reroof, add gutters/downspouts on back side and ends of buildings. Work includes site work around buildings, including sidewalks, lighting, parking, landscaping.

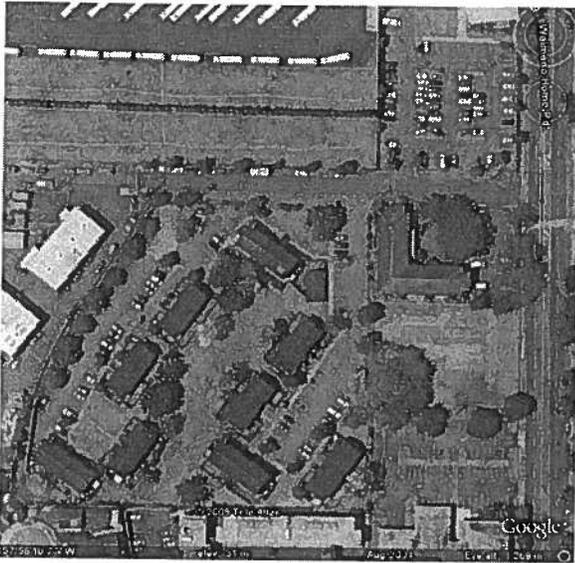


Photo 1 - Site From Google Earth

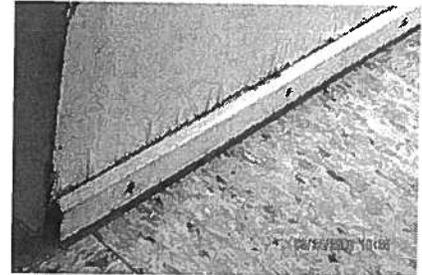


Photo 2 - Deteriorated Exterior Door

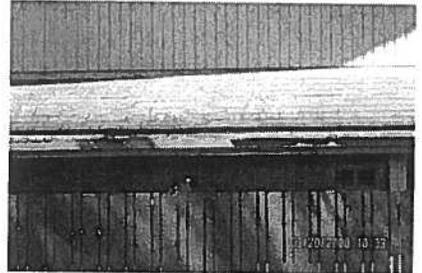


Photo 3 - Deteriorated Roofing

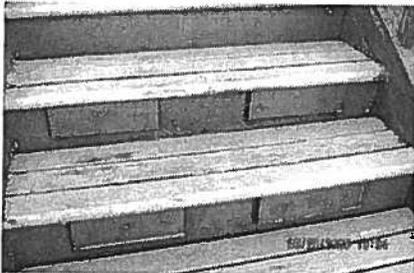


Photo 4 - Deteriorated Wood Stairs

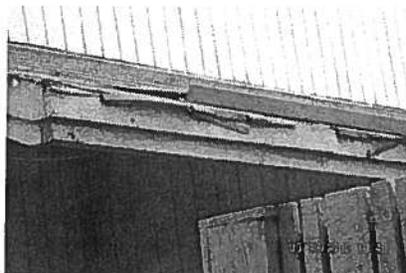


Photo 5 - Deteriorated Roofing



Photo 6 - Deteriorated Bathroom

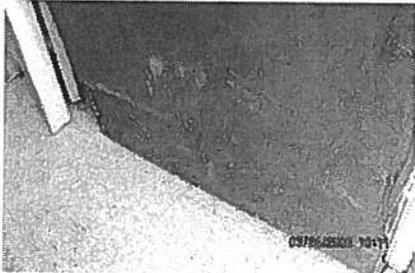


Photo 7 - Damaged Interior Door



Photo 8 - Deteriorated Kitchen Counter



Photo 9 - Deteriorated Bathroom

Estimated Rough Probable Cost/Building:

\$914,000

Estimated Rough Probable Total Cost:

\$9,140,000

Priority: 13

Project Name: Puuwai Momi

This project is in good condition with some major exceptions; it is 39 years old, rehabbed 10 years ago. The recommended scope of work includes repair/replacement of the non-operational portion of the solar water heating systems (about 50%); minor concrete/concrete masonry repair and complete exterior repainting; repair/replace/repaint all exterior guardrails/stair railings using high performance coating; replace all roof-mounted spotlights with wall-mounted lights, replace pole lights by Buildings 15/16/17 with wall-mounted lights; repair/repave all parking areas including curbs; repair eroded site areas around Buildings 8, 16/17 electrical vault, 23, 26, and 27; reroof electrical vault buildings, replace all electrical equipment in electrical vault buildings, replace all corroded vault metal doors; replace corroded roof hatches in buildings 25, 26 and 27; replace all wall mounted steel roof ladders with aluminum ladders with security covers and cages (required by OSHA for ladders over 20 high), add fall protection anchors on all buildings; replace corroded steel perimeter picket fence with prefinished aluminum; replace corroded heater room doors; replace all building main water valves; repair/replace inoperable casement windows/hardware; replace accessible unit bathtubs with roll-in shower; replace all unit entry screen doors with security screen doors.



Photo 1 - Site From Google Earth



Photo 2 - Corroded Vault Doors



Photo 3 - Exterior View - Paint

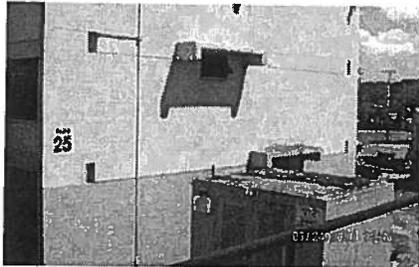


Photo 4 - Deteriorated Vault Roof

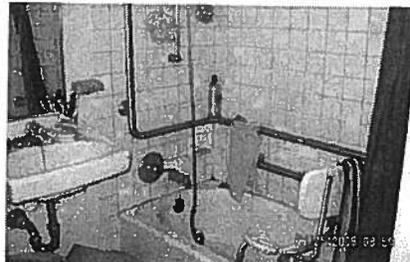


Photo 5 - Accessible Tub – Remove

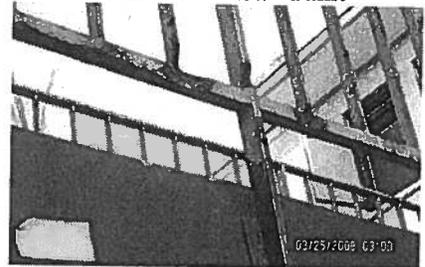


Photo 6 - Deteriorated Metal Railing



Photo 7 - CMU Spall

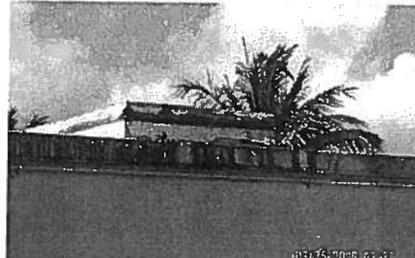


Photo 8 – Corroded Roof Hatch



Photo 9 - Deteriorated Metal Fence

Estimated Rough Probable Cost/Building:
Estimated Rough Probable Total Cost:

NA
\$4,156,000

Priority: 14

Project Name: Kahekili Terrace (A & B)

This project is split into two separate sites in Wailuku, Maui. Built in 1966, the interiors were rehabbed in 1993. Interior repairs are minimal, except for the office/community building, where roof leaks have caused ceiling and floor damage. We recommend complete reroofing, repair of concrete roof edges/eyebrow edges, roofing and edge flashing of all concrete eyebrows, complete window replacement because of deteriorated wood frames, new gutters, new solar water systems, concrete and cmu wall spall repairs, complete repainting including high performance coating on all metal electrical conduit and meter/service boxes, replacement of all exterior entry lighting and conduit, and replacement of insulated hot water piping supports. At the office/community building, we recommend complete reroofing, new gutters, isolated footing replacement at the 1 story wood frame portion, replacement of exterior doors including the inoperable overhead door, and complete exterior repainting. We also recommend site repairs including replacing heaving sidewalks, fence repairs/replacement, repairing leaking drinking fountain and fire hydrant, and replacing damaged mailboxes.



Photo 1 - Site A From Google Earth



Photo 2 - Site B From Google Earth



Photo 3 - Deteriorated Window Frame

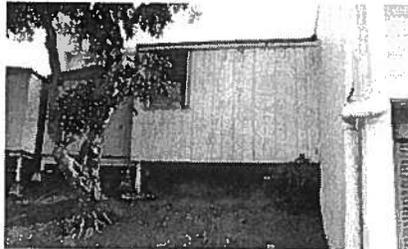


Photo 4 - Eroded Footings



Photo 5 - Exterior View - Paint

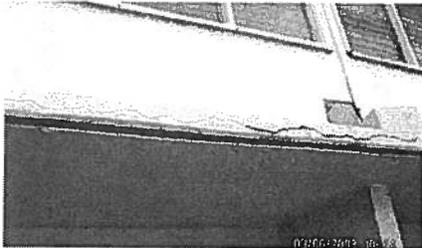


Photo 6 - Cracked Concrete Eyebrow



Photo 7 - Corroded Electrical Boxes

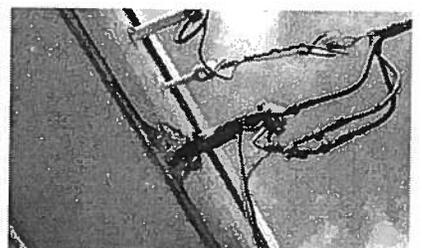


Photo 8 - Corroded Electrical Service

Estimated Rough Probable Cost/Building:
Estimated Rough Probable Total Cost:

NA
\$1,586,000

Priority: 15

Project Name: Pomaikai

At 41 years old without major renovation, this project requires major exterior roofing repairs that are causing leaks, mold and interior deterioration. Completely replace the corrugated metal roofing, this makes it impractical for the buildings to be occupied during repair. In 2003 there were 3 vacant units in the 2 buildings. Work includes major exterior wood trim repair/replacement, complete metal reroof with solid sheathing, underlayment and standing seam roofing. Roof all water heater enclosures with TPO and galvanized metal edge flashing. Remove and reinstall existing gutter. Gut and redo, 1 story wood frame, new paint interior & exterior including cmu lanai enclosure walls; new interior and exterior doors, cabinets, plumbing fixtures, electrical fixtures and wiring including gfi outlets in baths and kitchens, new floor finishes. Removal of existing floor finishes to be done under abatement conditions, as it contains asbestos. Exterior site work limited to resurfacing the asphalt paved parking areas.



Photo 1 - Site From Google Earth



Photo 2 - Weathered Door



Photo 3 - Water Heater Room



Photo 4 - Deteriorated Flooring



Photo 5 - Outdated Kitchen



Photo 6 - Roof Leak

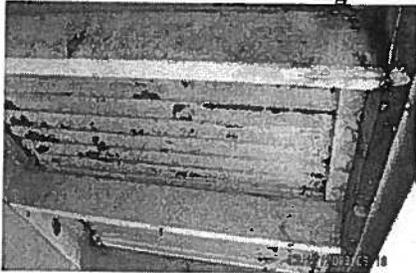


Photo 7 - Corroded Roofing



Photo 8 - Corroded Roofing

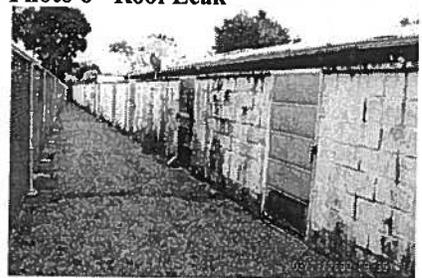


Photo 9 - CMU Fence w/ Mold

Estimated Rough Probable Cost/Building:

\$1,975,000

Estimated Rough Probable Total Cost:

\$3,950,000

Master Deficiency Cost Summary

Project	Island	Sitework	Dwelling Exterior	Dwelling Interior	Common Exterior	Common Interior	Total Observed Cost	No. Units Observed	Total No. Units	Av. Interior \$/Unit	Total \$ Unit Renov	Total Projected Cost	Systems Electrical	Systems Mechanical	Systems Plumbing
David Molo	Mau	\$ 13,251	\$ 6,094	\$ 7,019	\$ -	\$ -	\$ 26,364	1	18	\$ 7,019	\$ 126,344	\$ 145,690	\$ 24,666	\$ -	\$ 17,160
Etelee Homes	Kauai	\$ 79,548	\$ 73,809	\$ 6,570	\$ -	\$ -	\$ 159,927	3	24	\$ 2,190	\$ 52,560	\$ 205,917	\$ 14,115	\$ -	\$ 2,527
Hale Aloha O'Puna	Hawaii	\$ 5,205	\$ 136,495	\$ 4,506	\$ 3,605	\$ 6,813	\$ 156,624	3	30	\$ 1,502	\$ 45,057	\$ 197,175	\$ 5,412	\$ -	\$ -
Hale Hauoli	Hawaii	\$ 88,622	\$ 294,169	\$ 12,398	\$ -	\$ 58,086	\$ 453,278	8	40	\$ 1,550	\$ 61,991	\$ 502,870	\$ 8,109	\$ 712	\$ 5,546
Hale Hoopika	Hawaii	\$ 121,573	\$ 543,666	\$ 49,213	\$ 80,823	\$ 9,628	\$ 804,904	9	32	\$ 5,468	\$ 174,978	\$ 930,670	\$ 24,039	\$ 806	\$ 8,185
Hale Hoolulu	Kauai	\$ 25,306	\$ 544,998	\$ 1,664	\$ 2,527	\$ 1,664	\$ 576,159	2	12	\$ 832	\$ 9,984	\$ 584,479	\$ 11,940	\$ -	\$ -
Hale Hoopanaea	Kauai	\$ 62,614	\$ 58,708	\$ 1,807	\$ 2,884	\$ 3,817	\$ 129,830	5	40	\$ 361	\$ 14,457	\$ 142,480	\$ 7,074	\$ -	\$ -
Hale Laulima	Oahu	\$ 54,031	\$ 457,807	\$ 170,380	\$ 18,247	\$ -	\$ 700,465	36	38	\$ 34,076	\$ 1,226,739	\$ 1,756,823	\$ 79,709	\$ 5,128	\$ 29,530
Hale Nana Kai O'Kea	Kauai	\$ 88,379	\$ 48,532	\$ 1,087	\$ 1,895	\$ 2,311	\$ 142,215	4	38	\$ 274	\$ 10,422	\$ 151,540	\$ 3,947	\$ -	\$ 9,840
Hale Olaloa	Hawaii	\$ -	\$ 31,268	\$ 3,751	\$ 1,427	\$ -	\$ 36,446	5	50	\$ 750	\$ 37,513	\$ 70,208	\$ 35,728	\$ 7,122	\$ -
Home Nani	Kauai	\$ 7,395	\$ 23,411	\$ 902	\$ -	\$ -	\$ 31,709	2	14	\$ 451	\$ 6,316	\$ 37,122	\$ -	\$ -	\$ -
Hoopika Kahaluu	Oahu	\$ 138,899	\$ 64,090	\$ 30,399	\$ 22,606	\$ 2,374	\$ 258,368	6	56	\$ 5,066	\$ 283,721	\$ 511,691	\$ 47,254	\$ 21,702	\$ 26,691
Hui O'Hanansulu	Kauai	\$ 226,940	\$ 29,442	\$ 11,285	\$ -	\$ -	\$ 267,668	5	46	\$ 2,257	\$ 103,920	\$ 360,203	\$ 51,148	\$ -	\$ 10,686
Kaahumanu Homes	Oahu	\$ 937,324	\$ 108,119	\$ 51,514	\$ -	\$ -	\$ 1,096,957	18	152	\$ 2,862	\$ 435,009	\$ 1,480,452	\$ 95,373	\$ -	\$ 12,013
Kaahale Kahaluu	Hawaii	\$ 8,118	\$ -	\$ -	\$ -	\$ -	\$ 8,118	5	50	\$ -	\$ -	\$ 8,118	\$ -	\$ -	\$ -
Kaahale Mui (Federal)	Molokai	\$ 5,773	\$ 19,358	\$ 11,297	\$ 1,885	\$ 533	\$ 38,846	3	25	\$ 3,766	\$ 94,138	\$ 121,687	\$ 9,420	\$ -	\$ 51,008
Kahekihi Terrace	Mau	\$ 25,960	\$ 147,189	\$ 23,919	\$ 5,558	\$ 1,302	\$ 203,928	9	82	\$ 2,658	\$ 217,933	\$ 397,941	\$ 85,542	\$ 6,489	\$ 4,145
Kaimalino	Hawaii	\$ 474,957	\$ 522,439	\$ 67,450	\$ -	\$ -	\$ 1,064,845	4	80	\$ 16,862	\$ 674,495	\$ 1,671,991	\$ 92,591	\$ -	\$ -
Kalaheo	Kauai	\$ 47,912	\$ 1,781	\$ 10,973	\$ -	\$ -	\$ 60,666	1	8	\$ 10,973	\$ 87,781	\$ 137,474	\$ 23,825	\$ -	\$ -
Kaiaikua Homes	Oahu	\$ 32,141	\$ 3,108	\$ 15,792	\$ 529,974	\$ 5,415	\$ 586,430	22	221	\$ 718	\$ 158,637	\$ 729,275	\$ 66,198	\$ 7,155	\$ -
Kalaiahua	Oahu	\$ 12,323	\$ -	\$ 14,780	\$ 8,962	\$ 7,922	\$ 87,505	17	151	\$ 870	\$ 131,370	\$ 204,085	\$ 16,544	\$ -	\$ 27,263
Kalihi Valley Homes	Oahu	\$ 3,547,253	\$ 6,303,950	\$ 192,167	\$ 153,441	\$ 77,922	\$ 10,264,432	27	373	\$ 6,747	\$ 2,516,602	\$ 12,599,867	\$ 11,107	\$ -	\$ 57,335
Kamehameha Homes	Oahu	\$ 59,626	\$ 176,792	\$ 65,454	\$ 13,968	\$ 1,169	\$ 317,010	22	220	\$ 2,975	\$ 654,542	\$ 906,098	\$ 50,641	\$ 14,245	\$ 64,535
Kaneohe Apts I & II	Oahu	\$ 2,526	\$ 7,676	\$ 6,398	\$ 1,768	\$ 39	\$ 18,347	3	24	\$ 2,113	\$ 50,702	\$ 62,711	\$ 23,657	\$ -	\$ -
Kapa	Kauai	\$ 481,637	\$ 33,774	\$ 6,086	\$ 33,774	\$ 3,679	\$ 558,950	2	35	\$ 3,043	\$ 106,508	\$ 659,372	\$ 87,255	\$ -	\$ -
Kauhale Nani	Oahu	\$ 9,050	\$ 105,645	\$ -	\$ 729	\$ 12,461	\$ 127,866	7	50	\$ -	\$ -	\$ 127,866	\$ 1,684	\$ -	\$ -
Kauhale Ohana	Oahu	\$ 2,174	\$ 31,039	\$ 12,332	\$ 4,326	\$ -	\$ 49,871	4	25	\$ 3,083	\$ 77,076	\$ 114,615	\$ 17,304	\$ -	\$ 1,177
Kauriokalani	Oahu	\$ 16,391	\$ 275,408	\$ 172,225	\$ 8,308	\$ 2,360	\$ 476,693	8	50	\$ 21,528	\$ 1,076,408	\$ 1,380,876	\$ 58,101	\$ -	\$ 33,307
Kawaiahae (Federal)	Kauai	\$ 4,508	\$ 7,907	\$ 5,783	\$ -	\$ -	\$ 18,198	4	25	\$ 1,446	\$ 36,144	\$ 48,559	\$ 16,627	\$ -	\$ -
Ke Kumu Ekolu	Hawaii	\$ 17,944	\$ 86,459	\$ 47,135	\$ 4,964	\$ 4,225	\$ 160,727	2	20	\$ 23,568	\$ 471,352	\$ 584,944	\$ 13,054	\$ -	\$ 57,684
Kealahe	Hawaii	\$ 25,272	\$ 67,756	\$ 9,082	\$ 22,403	\$ -	\$ 532,059	5	48	\$ 13,304	\$ 638,589	\$ 1,104,128	\$ -	\$ -	\$ 44,176
Koohau Village	Kauai	\$ 29,473	\$ 143,585	\$ 22,736	\$ 4,889	\$ 1,904	\$ 202,588	8	80	\$ 2,842	\$ 227,358	\$ 407,210	\$ 99,120	\$ 806	\$ 14,551
Kuahaale O'Hanakahi	Hawaii	\$ 21,349	\$ 124,513	\$ 1,282	\$ 8,514	\$ 469	\$ 156,128	2	20	\$ 641	\$ 12,824	\$ 167,670	\$ 4,330	\$ -	\$ -
Kuhio Homes	Oahu	\$ 204,815	\$ 2,090,901	\$ 77,525	\$ -	\$ -	\$ 2,373,241	15	134	\$ 5,168	\$ 692,554	\$ 2,988,271	\$ 2,838	\$ -	\$ 14,208
Kuhio Park Terrace	Oahu	\$ 5,562,358	\$ 14,430,274	\$ 168,853	\$ 6,746,793	\$ 3,475,719	\$ 30,363,997	55	614	\$ 3,070	\$ 1,885,019	\$ 32,100,163	\$ 2,948,482	\$ -	\$ 1,082,846
Kupuna Home O'Waiialua	Oahu	\$ 44,821	\$ 288,515	\$ 35,896	\$ 5,126	\$ 4,366	\$ 388,724	8	40	\$ 4,487	\$ 179,479	\$ 532,308	\$ 25,267	\$ 8,085	\$ 6,340
Lanakila I	Hawaii	\$ 326	\$ 1,495	\$ 2,996	\$ -	\$ -	\$ 4,816	5	36	\$ 589	\$ 21,572	\$ 23,393	\$ 9,967	\$ -	\$ 1,607
Lanakila II	Hawaii	\$ -	\$ 12,723	\$ 12,826	\$ 36,649	\$ 10,099	\$ 71,797	4	44	\$ 3,082	\$ 135,591	\$ 195,062	\$ -	\$ -	\$ 12,942
Lanakila IV	Hawaii	\$ -	\$ 10,408	\$ 2,252	\$ -	\$ -	\$ 12,660	4	48	\$ 563	\$ 27,023	\$ 37,431	\$ 2,850	\$ -	\$ 11,440
Mali I	Oahu	\$ 12,359	\$ 2,239	\$ 1,177	\$ -	\$ -	\$ 15,774	1	20	\$ 1,177	\$ 23,530	\$ 38,127	\$ -	\$ -	\$ 23,530
Mali II	Oahu	\$ 14,144	\$ 55,350	\$ 1,925	\$ -	\$ -	\$ 71,319	2	18	\$ 913	\$ 16,428	\$ 85,922	\$ 2,137	\$ -	\$ 8,580
Makamae	Oahu	\$ 211,698	\$ 314,170	\$ 8,120	\$ 2,940	\$ 795	\$ 225,252	13	124	\$ 625	\$ 77,454	\$ 294,566	\$ 22,814	\$ -	\$ 697
Makani Kai Hale I	Mau	\$ 1,900	\$ 314,170	\$ 8,236	\$ 2,163	\$ 3,160	\$ 329,629	3	25	\$ 2,745	\$ 68,630	\$ 390,024	\$ 24,024	\$ 13,441	\$ -
Makani Kai Hale II	Mau	\$ -	\$ 36,388	\$ 2,035	\$ -	\$ -	\$ 38,422	1	4	\$ 2,035	\$ 8,199	\$ 44,527	\$ 5,970	\$ -	\$ -
Makua Alii	Oahu	\$ 149,215	\$ 1,266,922	\$ 8,598	\$ 971,407	\$ 360,218	\$ 2,755,361	20	210	\$ 430	\$ 90,282	\$ 2,837,045	\$ 161,409	\$ -	\$ 8,057

Tuesday, June 30, 2009
Master Executive Summary

Project	Island	Sitework	Dwelling Exterior	Dwelling Interior	Common Exterior	Common Interior	Total Observed Cost	No. Units Observed	Total No. Units	Av. Interior \$/Unit	Total \$ Unit Renov	Total Projected Cost	Systems Electrical	Systems Mechanical	Systems Plumbing
Mayor Wright Homes	Oahu	\$ 20,581	\$ 193,369	\$ 234,493	\$ 27,087	\$ 2,330	\$ 477,860	38	364	\$ 6,171	\$ 2,246,196	\$ 2,489,563	\$ 349,211	\$ -	\$ 307,868
Nanakuli Homes	Oahu	\$ 305,954	\$ 224,739	\$ 28,989	\$ 5,379	\$ -	\$ 565,060	8	35	\$ 3,624	\$ 126,827	\$ 662,898	\$ 80,828	\$ -	\$ 17,985
Nani Olu	Hawaii	\$ 9,705	\$ 175,835	\$ 45,017	\$ 30,776	\$ 15,594	\$ 276,927	4	32	\$ 11,254	\$ 360,137	\$ 592,047	\$ 24,747	\$ -	\$ 37,324
Noelani I	Hawaii	\$ 21,611	\$ 892	\$ 20,869	\$ 796	\$ 4,987	\$ 49,156	2	19	\$ 10,484	\$ 198,255	\$ 226,542	\$ 12,123	\$ -	\$ -
Noelani II	Hawaii	\$ 16,802	\$ 22,412	\$ 8,275	\$ 480	\$ 3,604	\$ 51,573	2	24	\$ 4,138	\$ 99,302	\$ 142,600	\$ 12,139	\$ -	\$ -
Pahala Elderly	Hawaii	\$ 31,830	\$ 41,227	\$ 1,789	\$ 7,924	\$ 3,405	\$ 86,175	3	24	\$ 596	\$ 14,309	\$ 98,686	\$ 9,542	\$ -	\$ -
Paloalo Valley Homes	Oahu	\$ 929,654	\$ 1,057,575	\$ 105,616	\$ 48,464	\$ 1,694	\$ 2,143,002	13	118	\$ 8,124	\$ 958,672	\$ 2,996,058	\$ 34,718	\$ -	\$ 108,380
Prakalani	Oahu	\$ 180,191	\$ 1,062,830	\$ 5,976	\$ 123,210	\$ 9,497	\$ 1,386,703	13	151	\$ 460	\$ 69,411	\$ 1,450,138	\$ 81,614	\$ -	\$ 791
Piliani Homes	Hawaii	\$ 41,059	\$ 2,813	\$ 11,061	\$ -	\$ 11,506	\$ 66,438	5	42	\$ 2,212	\$ 92,910	\$ 148,288	\$ 6,782	\$ -	\$ 14,426
Pomaikai Homes	Hawaii	\$ 496	\$ 407,554	\$ 17,733	\$ 37,448	\$ 748	\$ 463,978	2	20	\$ 8,866	\$ 177,326	\$ 623,572	\$ 8,887	\$ 8,065	\$ 41,435
Punahoa Homes	Oahu	\$ 2,372	\$ 2,941	\$ 1,996	\$ 2,525	\$ 4,602	\$ 12,064	14	139	\$ 143	\$ 19,814	\$ 29,882	\$ 12,670	\$ -	\$ -
Punchbowl Homes	Hawaii	\$ -	\$ 45,364	\$ 1,157	\$ 5,855	\$ -	\$ 54,747	3	30	\$ 386	\$ 11,568	\$ 65,159	\$ -	\$ -	\$ -
Puuwai Momi	Oahu	\$ 419,390	\$ 3,480	\$ 4,109	\$ 1,387,219	\$ 21,988	\$ 1,836,185	15	156	\$ 274	\$ 42,732	\$ 1,874,809	\$ 18,743	\$ -	\$ 2,405
Salt Lake	Oahu	\$ 760,746	\$ 2,491,738	\$ 238,068	\$ 40,050	\$ 3,450	\$ 3,534,052	22	260	\$ 10,821	\$ 2,813,534	\$ 6,109,517	\$ 762,936	\$ 42,087	\$ 293,475
Spencer House	Oahu	\$ 84,256	\$ 130,881	\$ 37,752	\$ 18,118	\$ 642	\$ 271,750	3	28	\$ 12,584	\$ 352,356	\$ 586,354	\$ 26,620	\$ -	\$ 10,452
Waialua Terrace	Oahu	\$ 1,051	\$ 3,008	\$ 20,005	\$ 122,809	\$ -	\$ 146,873	2	17	\$ 10,002	\$ 170,041	\$ 296,909	\$ 920	\$ -	\$ 1,601
Waimaha-Sunflower	Oahu	\$ 190,856	\$ 1,400,902	\$ 70,416	\$ 21,932	\$ -	\$ 1,684,106	8	60	\$ 8,802	\$ 528,123	\$ 2,141,812	\$ 109,855	\$ 5,342	\$ 14,857
Waimanalo Homes	Oahu	\$ 139,598	\$ 487,107	\$ 69,903	\$ 8,709	\$ 15,657	\$ 720,974	11	130	\$ 6,355	\$ 826,126	\$ 1,477,197	\$ 11,461	\$ 8,417	\$ 10,549
Waipahu I	Oahu	\$ 4,298	\$ 75,817	\$ 21,325	\$ -	\$ -	\$ 101,540	5	41	\$ 4,285	\$ 174,863	\$ 255,079	\$ 42,743	\$ 5,840	\$ 3,456
Waipahu II	Oahu	\$ 9,621	\$ 45,845	\$ 8,288	\$ 386	\$ 884	\$ 65,133	5	19	\$ 1,658	\$ 31,495	\$ 88,340	\$ -	\$ 10,826	\$ 619
TOTALS	Oahu	\$ 1,911	\$ 6,274	\$ 55,940	\$ 124,735	\$ 1,613	\$ 190,474	6	20	\$ 9,323	\$ 186,466	\$ 321,000	\$ 40,868	\$ 1,613	\$ 744
		\$16,049,684	\$37,324,220	\$2,432,481	\$10,767,802	\$4,163,238	\$70,737,428	555	5269	\$ 4,383	\$ 23,049,403	\$91,354,347	\$ 5,953,999	\$ 167,864	\$ 2,532,557

All of these costs are estimated in 2009 dollars.

Project	Island	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Lanai II	Hawaii	\$ 736,855	\$ -	\$ -	\$ 126,000	\$ -	\$ 635,618	\$ -	\$ -	\$ -	\$ -	\$ 635,618	\$ 443,338	\$ -	\$ -	\$ -	\$ 790,790	\$ -	\$ -	\$ -	\$ -	
Lanai III	Hawaii	\$ -	\$ 494,208	\$ -	\$ -	\$ -	\$ -	\$ 494,208	\$ -	\$ -	\$ -	\$ -	\$ 769,520	\$ -	\$ -	\$ -	\$ 176,282	\$ 937,546	\$ -	\$ -	\$ -	
Maui I	Oahu	\$ 233,893	\$ -	\$ -	\$ -	\$ -	\$ 233,893	\$ 102,088	\$ -	\$ -	\$ 67,500	\$ 233,893	\$ -	\$ -	\$ -	\$ 226,286	\$ 233,893	\$ -	\$ -	\$ -	\$ -	
Maui II	Oahu	\$ 275,466	\$ -	\$ -	\$ -	\$ -	\$ 485,292	\$ -	\$ -	\$ -	\$ 80,156	\$ 275,466	\$ -	\$ -	\$ -	\$ 202,264	\$ 311,478	\$ -	\$ -	\$ -	\$ 102,088	
Maui III	Oahu	\$ 1,533,494	\$ -	\$ -	\$ -	\$ -	\$ 90,156	\$ -	\$ -	\$ -	\$ 90,156	\$ 425,901	\$ 123,634	\$ 115,368	\$ -	\$ -	\$ 90,156	\$ 861,668	\$ -	\$ -	\$ -	
Makani Kai Hale I	Maui	\$ 873,637	\$ -	\$ -	\$ -	\$ -	\$ 320,927	\$ -	\$ -	\$ -	\$ -	\$ 362,538	\$ -	\$ 291,120	\$ -	\$ -	\$ 576,067	\$ -	\$ -	\$ -	\$ 90,156	
Makani Kai Hale II	Maui	\$ 200,453	\$ -	\$ -	\$ -	\$ -	\$ 162,053	\$ -	\$ -	\$ -	\$ -	\$ 162,053	\$ -	\$ 52,200	\$ -	\$ -	\$ 162,053	\$ -	\$ -	\$ -	\$ -	
Makua Hill	Oahu	\$ 3,025,230	\$ -	\$ -	\$ -	\$ -	\$ 1,555,630	\$ -	\$ -	\$ -	\$ -	\$ 1,690,230	\$ -	\$ 240,776	\$ -	\$ -	\$ 1,690,230	\$ -	\$ -	\$ -	\$ -	
Maui Wright	Oahu	\$ 5,997,767	\$ -	\$ -	\$ -	\$ -	\$ 2,844,221	\$ -	\$ -	\$ -	\$ 126,000	\$ 3,928,851	\$ -	\$ 1,044,176	\$ -	\$ 1,131,494	\$ 4,173,763	\$ -	\$ -	\$ -	\$ -	
Maui Wright Homes	Oahu	\$ 1,332,448	\$ -	\$ -	\$ -	\$ -	\$ 527,310	\$ -	\$ -	\$ 6,075	\$ -	\$ 527,310	\$ -	\$ 266,536	\$ -	\$ -	\$ 527,310	\$ -	\$ -	\$ -	\$ -	
Nani Olu	Hawaii	\$ 568,741	\$ -	\$ -	\$ -	\$ -	\$ 218,740	\$ -	\$ -	\$ -	\$ -	\$ 218,740	\$ -	\$ 46,552	\$ -	\$ -	\$ 351,553	\$ -	\$ -	\$ -	\$ 139,282	
Noelani I	Hawaii	\$ 185,989	\$ -	\$ -	\$ -	\$ -	\$ 112,048	\$ -	\$ -	\$ -	\$ 54,720	\$ 112,048	\$ 56,704	\$ -	\$ -	\$ 104,350	\$ 176,725	\$ -	\$ -	\$ -	\$ 121,472	
Noelani II	Hawaii	\$ 262,447	\$ -	\$ -	\$ -	\$ -	\$ 176,523	\$ -	\$ -	\$ -	\$ 84,648	\$ 176,523	\$ 56,704	\$ -	\$ -	\$ 81,910	\$ 243,576	\$ -	\$ -	\$ -	\$ 246,743	
Pohala Elderly	Hawaii	\$ 310,980	\$ -	\$ -	\$ -	\$ -	\$ 129,482	\$ -	\$ -	\$ -	\$ -	\$ 129,482	\$ -	\$ 200,976	\$ -	\$ -	\$ 212,962	\$ -	\$ -	\$ -	\$ -	
Pohala Valley	Hawaii	\$ 2,415,837	\$ -	\$ -	\$ -	\$ -	\$ 1,286,253	\$ -	\$ -	\$ -	\$ -	\$ 1,286,253	\$ -	\$ 331,888	\$ 416,934	\$ -	\$ 1,879,361	\$ -	\$ -	\$ -	\$ -	
Pohala Valley Homes	Hawaii	\$ 2,209,076	\$ 257,002	\$ -	\$ -	\$ -	\$ 1,144,472	\$ -	\$ -	\$ -	\$ -	\$ 1,144,472	\$ -	\$ 95,448	\$ -	\$ -	\$ 1,303,091	\$ 257,002	\$ -	\$ -	\$ -	
Pohala Valley Homes	Hawaii	\$ 634,002	\$ -	\$ 1,452	\$ -	\$ -	\$ 331,524	\$ -	\$ -	\$ 119,706	\$ -	\$ 1,194,872	\$ -	\$ 80,960	\$ -	\$ -	\$ 484,930	\$ -	\$ -	\$ -	\$ -	
Pohala Valley Homes	Hawaii	\$ 459,066	\$ -	\$ -	\$ -	\$ -	\$ 139,385	\$ -	\$ -	\$ -	\$ -	\$ 139,385	\$ -	\$ 13,760	\$ 52,106	\$ -	\$ 162,258	\$ -	\$ -	\$ -	\$ -	
Punahele Homes	Oahu	\$ 1,118,493	\$ -	\$ -	\$ -	\$ -	\$ 456,364	\$ -	\$ -	\$ -	\$ 115,040	\$ 456,364	\$ -	\$ 225,540	\$ -	\$ -	\$ 828,688	\$ -	\$ -	\$ -	\$ -	
Punahele Homes	Hawaii	\$ 539,562	\$ -	\$ -	\$ -	\$ -	\$ 312,516	\$ -	\$ -	\$ -	\$ -	\$ 314,700	\$ -	\$ 287,070	\$ -	\$ -	\$ 362,496	\$ -	\$ -	\$ -	\$ -	
Punahele Homes	Oahu	\$ 3,664,175	\$ -	\$ -	\$ -	\$ -	\$ 1,633,784	\$ -	\$ -	\$ -	\$ -	\$ 1,784,322	\$ -	\$ 286,208	\$ -	\$ -	\$ 2,195,204	\$ -	\$ -	\$ -	\$ -	
Punahele Homes	Oahu	\$ 5,552,505	\$ -	\$ -	\$ -	\$ -	\$ 3,016,416	\$ -	\$ -	\$ -	\$ -	\$ 444,222	\$ -	\$ 921,016	\$ -	\$ -	\$ 2,792,529	\$ -	\$ -	\$ -	\$ -	
Punahele Homes	Oahu	\$ 880,402	\$ -	\$ -	\$ -	\$ -	\$ 858	\$ -	\$ -	\$ -	\$ -	\$ 457,312	\$ -	\$ 93,720	\$ -	\$ -	\$ 506,277	\$ -	\$ -	\$ -	\$ 444,222	
Spencer House	Oahu	\$ 337,765	\$ 28,834	\$ 1,560	\$ -	\$ -	\$ 164,877	\$ -	\$ -	\$ -	\$ -	\$ 222,781	\$ -	\$ 87,840	\$ -	\$ -	\$ 187,287	\$ 28,934	\$ -	\$ -	\$ -	
Waialeale Homes	Oahu	\$ 2,170,729	\$ 206,880	\$ -	\$ -	\$ -	\$ 1,312,059	\$ -	\$ -	\$ -	\$ -	\$ 1,889,083	\$ -	\$ 186,168	\$ -	\$ -	\$ 1,321,964	\$ 189,140	\$ -	\$ -	\$ -	
Waialeale Homes	Oahu	\$ 1,193,763	\$ -	\$ -	\$ -	\$ -	\$ 1,565,043	\$ -	\$ -	\$ 263,376	\$ 477,422	\$ 1,183,763	\$ -	\$ 7,530	\$ -	\$ 5,219	\$ 1,193,763	\$ -	\$ -	\$ -	\$ -	
Waialeale Homes	Oahu	\$ 623,981	\$ -	\$ -	\$ -	\$ -	\$ 623,981	\$ -	\$ -	\$ -	\$ -	\$ 623,981	\$ -	\$ -	\$ -	\$ -	\$ 623,981	\$ 63,280	\$ -	\$ -	\$ 81,840	
Waialeale Homes	Oahu	\$ 286,639	\$ -	\$ -	\$ -	\$ -	\$ 162,416	\$ -	\$ -	\$ -	\$ -	\$ 252,361	\$ -	\$ -	\$ -	\$ -	\$ 194,754	\$ 50,040	\$ -	\$ -	\$ -	
Waialeale Homes	Oahu	\$ 327,370	\$ -	\$ -	\$ -	\$ -	\$ 229,842	\$ -	\$ -	\$ -	\$ -	\$ 263,154	\$ -	\$ -	\$ -	\$ -	\$ 263,154	\$ -	\$ -	\$ -	\$ -	
TOTALS		\$ 65,929,985	\$ 5,283,948	\$ 634,521	\$ 1,451,205	\$ 3,276,163	\$ 48,758,022	\$ 2,873,678	\$ 1,723,408	\$ 1,881,330	\$ 1,626,448	\$ 50,434,128	\$ 2,358,032	\$ 11,736,630	\$ 3,570,844	\$ 3,379,766	\$ 59,351,378	\$ 4,056,711	\$ 832,871	\$ 45,776	\$ -	\$ 1,594,765

All of these costs are estimated in 2009 dollars, and are not adjusted for inflation to the year projected.

FOR ACTION

SUBJECT: To Adopt the Hawaii Public Housing Authority's Policy on Internal Control

I. FACTS

- A. The Hawaii Public Housing Authority is responsible to adequately safeguard its assets and to assure that they are used solely for authorized purposes.

II. DISCUSSION

- A. The objective of the internal control policy is to establish effective controls and accountability for cash, real and personal property and other assets. These control procedures were developed to decrease the risk of errors, omissions, delay and/or fraud.
- B. The policy includes that the Board of Directors shall appoint a Finance Task Force to review annual audit reports, findings, budgets, and other related financial activity to provide oversight and governance for the HPHA, when necessary.
- C. The Chief Financial Management Advisor and the Fiscal Officer are responsible for the implementation of financial and accounting controls.
- D. Staff has received training from the Fiscal Officer and MDStrumm (HUD's technical assistance contractor) on the internal control policy.

III. REQUEST

That the Board of Directors Adopt the Internal Control Policy for the Hawaii Public Housing Authority.

Attachment: Internal Control Policy, HPHA's Fiscal Management Office Policies and Procedures

Prepared by: Clarence Allen, Acting CFMA 

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INTERNAL CONTROL

Policy:

The Hawaii Public Housing Authority recognizes its responsibility to adequately safeguard all of its assets and to assure that they are used solely for authorized purposes. In accordance with this responsibility, the authority will adopt and comply with its internal control policy. All employees of the Hawaii Public Housing Authority are responsible for managing internal controls of the agency.

Governing Authority:

The Internal Control Policy of the Hawaii Public Housing Authority is governed by:

- The Annual Contribution Contract
- 24 CFR 85.20 and other related CFRs
- PIH Guidebooks and Handbooks
- Hawaii State Laws and Regulations
- State of Hawaii Comptroller's Memorandum
- Generally Accepted Accounting Principles (GAAP)
- Federal Yellow Book, OMB Circular A-133, etc.

Objective:

It is the objective of the Hawaii Public Housing Authority to establish and adhere to written policies and systems to prevent fraud, waste, and mismanagement. The Hawaii Public Housing Authority will establish effective control and accountability for cash, real and personal property, and other assets. It is important in any system of internal control to determine both the need and the level of control. Therefore, a risk benefit assessment needs to be done before any internal control is established.

Risk is the probability that an event or action will adversely affect the organization. The primary categories of risk are errors, omissions, delay, and fraud. In order to achieve goals and objectives, management needs to effectively balance risks and controls. Therefore, control procedures need to be developed so that they decrease risk to a level where management can accept the exposure to that risk. By performing this balancing act "reasonable assurance" can be attained. As it relates to financial and compliance goals, being out of balance can cause the following problems:

Excessive Risks	Excessive Controls
Loss of Assets or Grants	Increased Bureaucracy
Poor Business Decisions	Reduced Productivity
Noncompliance	Increased Complexity
Increased Regulations	Increased Cycle Time
Public Scandals	Increase of No-Value Activities

Conditions:

- In order to achieve a balance between risk and controls, internal controls should be proactive, value-added, and cost-effective and address exposure to risk.
- Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - ♦ Effectiveness and efficiency of operations
 - ♦ Reliability of financial reporting
 - ♦ Compliance with applicable laws and regulations
 - ♦ Organization goals and policies are being followed
- Several key points should be made about this definition:

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- ◆ *People at every level of an organization affect internal control.* Internal control is, to some degree, everyone's responsibility. Within HPHA, employees at all levels are responsible for internal control in their areas.
- ◆ *Effective internal control helps an organization achieve its operations, financial reporting and compliance objectives.* Effective internal control is a built-in part of the management process (i.e. plan, organize, direct, and control). Internal control keeps an organization on course towards its objectives and the achievement of its mission, and minimizes surprises along the way. Internal control promotes effectiveness and efficiency of operations, reduces the risk of asset loss, and helps to ensure compliance with laws and regulations. Internal control also ensures reliability of financial reporting (i.e. all transactions are recorded and that all transactions are real, properly valued, recorded on a timely basis, properly classified, correctly summarized, and posted).
- ◆ *Internal control can provide only reasonable assurance - not absolute assurance - regarding the achievement of an organization's objectives.* Effective internal control helps an organization achieve its objectives; it does ensure success. There are several reasons why internal control cannot provide absolute assurance that objectives will be achieved: cost/benefit realities, collusion among employees, and external events beyond an organization's control.
 - Internal control consists of five interrelated components as follows:
 - ◆ Control (or Operating) Environment
 - ◆ Risk Assessment
 - ◆ Control Activities
 - ◆ Information and Communication
 - ◆ Monitoring
 - All five internal control components must be present to conclude that internal control is effective.

Board of Directors

The Board of Directors shall appoint a Finance Task Force to review annual audit reports, findings, budgets, and other related financial activity to provide oversight and governance for the HPHA, when necessary.

The first step in internal control is for the Board of Directors to provide oversight and governance for the authority. The ACC agreement is between HUD and the Board of Directors. The ACC Agreement requires that financial records are maintained in an auditable condition, proper documentation is maintained, and a system of internal control is established. State of Hawaii law requires among other items, that a level of ethics be maintained and meetings are open to the public.

Strategy for Internal Control:

The internal control system for HPHA shall be comprised of the following practices, methods, and procedures which will safeguard assets, produce accurate accounting data, contribute to efficient operations and encourage adherence to management policies, limitations and other regulations.

- I. Financial and Accounting Controls shall be implemented to ensure that transactions are properly recorded, financial reporting is accurate, and assets are safeguarded against loss from unauthorized use. *This is the responsibility of the Chief Financial Management Advisor and the Fiscal Officer for implementation.*
 - a. Detailed financial policies and procedures in accordance with governing authority shall be written and utilized by the Fiscal Management Office. If necessary, policies should be adopted by the Board of Directors.
 - b. Original copies necessary to create a chain of documentary evidence of each transaction shall be maintained.
 - i. Retention of records shall be in accordance with HUD and state regulations.

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- c. To the extent feasible, clearly established separation of duties and responsibilities shall be provided to each staff member.
 - i. Bank statements should be received unopened and reconciled each month. This reconciliation shall be reviewed and approved by a higher level employee not involved with the check preparation process.
 - ii. Employees who initiate transactions (i.e. acquisitions, custody or disposition of assets) shall have no responsibility for the accounting function related to the recording and posting of these transactions.
 - iii. Payroll shall be distributed by an employee who is not involved in the following:
 - 1. the preparation of payroll,
 - 2. supervision of employees,
 - 3. approval of time records, or
 - 4. signing paychecks.
 - iv. Petty cash shall be reconciled and counted by an employee that is not custodian of the fund.
 - v. Signatories to checks shall require at least two signatures with at least one being limited to persons who have no access to accounting records or to petty cash.
 - vi. Mailed checks shall not be allowed to return directly to the persons who prepared or initiated them.
 - vii. Mailed receipts of funds shall be opened and a record of the money received should be prepared by an employee independent of other financial duties.
 - viii. From time to time but no less frequently than yearly, inventories shall be verified by an employee other than the custodian of that inventory.
- d. Proofs, checks, and supervisory review shall insure employee discharge of duties and minimize opportunity for malfeasance.
 - i. Petty Cash
 - 1. An impress fund system shall be used for petty cash.
 - 2. The maximum amount of any individual disbursement shall be limited to \$50.00.
 - 3. The petty cash fund shall be counted and balanced by an independent employee. The reconciliation of petty cash shall have supervisory review on a monthly basis.
 - 4. The petty cash shall be locked at all times when not in use.
 - ii. Cash Disbursement
 - 1. Blank checks shall be properly controlled and kept in a secure place.
 - 2. Advance signing of blank checks is prohibited.
 - 3. Supporting documentation shall accompany checks when submitted for signature.
 - 4. Voided checks shall be properly mutilated and retained for subsequent examinations.
 - iii. Cash Receipts
 - 1. Receipts of cash shall be documented by the issuance of a computer-generated receipt or a pre-numbered cash receipt as appropriate.
 - 2. All cash receipts shall be immediately recorded upon the books and deposited in an account.
 - 3. Validated duplicate deposit tickets or slips shall be obtained for each deposit made.
 - 4. Daily deposits shall be reviewed by someone other than the employee responsible for collections.
 - 5. Employees are prohibited from having custody of any unrecorded cash or negotiable documents of the authority.
 - iv. Payrolls

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1. The payroll shall be checked at regular intervals against the personnel records.
 2. Clerical operations involved in the preparation of payroll checks shall be double-checked before the checks are printed and distributed.
 3. Payroll checks shall be prepared using approved time and attendance reports.
 4. An adequate current record is to be maintained of all personnel and pay rates.
- v. Purchases and Expenditures
1. All expenditures must be preceded by approved requisitions indicating source and use of funds.
 2. Purchase orders shall be pre-numbered (or controlled by computer application), and accounted for.
 3. Invoices shall be delivered directly to the accounting section and compared against purchase orders and receiving reports.
 4. Vouchers shall be examined by a responsible individual for completeness and required approvals.
 5. Purchases for employees are prohibited.
 6. Voided Purchase Orders are to be mutilated and retained for procurement policy.
 7. All purchases are to be made in accordance with the procurement policy.
- vi. Property and Equipment
1. A property ledger is to be maintained and balanced monthly against the general ledger.
 2. A complete physical inventory is to be made of all property and equipment at least annually.
 3. Disposition of property is to be authorized in accordance with policy and properly recorded.
- e. Budget Controls are to be established to set objectives and to allocate available resources for individual programs, and for the Hawaii Public Housing Authority as an organization. A consolidated budget shall be prepared however, individual budgets must be prepared for each HUD and state funded program area.
- i. Budgets are to be monitored on an ongoing basis.
 - ii. Any activity representing a departure from approved budget must be presented to the Executive Director and if appropriate to the Board of Commissioners for budget revision approval. Prior to commitment for expenditure.
- f. Investment controls are to be established to assist in the controlling of investments and preventing loss or misuse of any funds for with the Hawaii Public Housing Authority is custodian. The controls established shall ensure the following:
- i. Investment transactions are authorized by the Hawaii Public Housing Authority's Board of Directors and documented in the board minutes.
 - ii. Investment documents are kept in a safe fire-resistant locked file cabinet, safe deposit box, or held by an agent.
 - iii. Avoidance of Bearer-form securities.
 - iv. Separation of duties, for example CFMA shall not also be responsible for maintaining the accounting records of investments.
 - v. Investments will be maintained in a custodian or trust account.
 - vi. Investments will be in the name of the Hawaii Public Housing Authority.
 - vii. Investments will be recorded in detail in an investment ledger.
 - viii. Interest earned is collected and credited to the appropriate federal or state program using an appropriate allocation basis and is recorded in the accounting records timely.

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- ix. Investments are reconciled periodically to the investment ledger.
 - x. A system of cash forecasting is established to ensure that cash needs are adequately planned for and that excess cash balances are invested for periods that maximize returns.
 - xi. Instruct the Hawaii Public Housing Authority's external auditors to review investment activity to determine if it is in compliance with policies and procedures.
 - g. Financial Systems - the Hawaii Public Housing Authority manages its financial operation utilizing several automated systems for banking, recording transactions, receiving federal funds, etc.
 - i. Access to these systems should be restricted according to job responsibilities. Security levels should be established between the Chief Financial Management Advisor and the Information Technology Office.
 - ii. The accounting policies and practices instituted by the state comptroller will be the foundation of those established and implemented by the Fiscal Management Office
 - h. Account Reconciliations - routine reconciliations shall be completed on all accounts of the general ledger.
 - i. Reconciliations shall be completed on all accounts of the general ledger.
 - ii. Reconciliations shall be completed at least once monthly on cash, accounts receivable, accounts payable, inter-fund accounts, investments, and other accounts.
 - iii. Reconciliations will be prepared and signed by the Chief Accountant, Fiscal Officer, and/or Chief Financial Management Advisor.
 - i. State funds are recorded in FAMIS and maintained by the Hawaii State Comptroller.
 - i. State funds are also recorded in the Emphasys system, which is used as a subsidiary ledger for these programs and in the reporting of these funds in the Financial Data Schedule for the federal government.
 - j. Federal Funds are recorded only in the Emphasys system - which is the general ledger for these programs - and not in the state FAMIS system.
 - k. The Chart of Accounts is maintained by the Fiscal Officer.
 - i. The account structure allows for the various internal (i.e. Board of Directors, Senior and Line Management) and external (i.e. Financial Statements, Regulatory Requirements, Legislative Requirements, etc) reporting requirements.
 - l. The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period.
 - i. The Chief Financial Management Advisor and the Fiscal Officer will review and approve all accruals and accounting estimates in accordance with Generally Accepted Accounting Principles.
- II. Financial Audit
- a. The Hawaii Public Housing Authority prepares two financial reports to be audited by the external auditor.
 - i. The first audit report is the authority's portion of the Statewide Comprehensive Annual Financial Report (CAFR).
 - 1. This report is to be completed and submitted no later than November 30th for issuance of the report from the state by December 31st.
 - ii. The second report is the Single Audit Report, required by the federal government, which includes the financial statements, compliance, and internal control.
 - 1. This report is to be submitted no later than March 31st - 9 months after the June 30th year end.

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- b. It is the responsibility of the Chief Financial Management Advisor, Fiscal Officer, and Chief Accountant to have the financial reports completed and ready for the audit based upon an approved schedule between the Hawaii Public Housing Authority and the external auditor.
 - i. This schedule should be agreed upon prior to the start of field work.
- III. Selection of the external auditor is done by the State of Hawaii and not by the Hawaii Public Housing Authority.
 - a. The auditor selected must be qualified to perform an A-133 audit and must be selected utilizing a competitive procurement process.
 - i. *"It is PIH/REAC's position that auditor rotation is healthy for the organization. It helps preserve auditor independence and provides a fresh 'pair of eyes' to ensure objectivity in the performance of the audit."* (PROCURING AN AUDIT (GAAP Flyer #6) PIH/Real Estate Assessment Center)
- IV. Before budgeted funds can be expended; the Executive Director shall identify in writing the employees authorized to originate and approve specific business transactions.
 - a. Delegations shall be reviewed periodically and cancelled when no longer required.
 - b. A listing of employees authorized to approve and sign business transactions for the Hawaii Public Housing Authority shall be prepared by the Fiscal Management Office and distributed to each Branch/Section/AMP Manager as needed.
 - i. In addition, the Fiscal Management Office shall also maintain a Signature Authority Process grid showing the signatures required to approve various business process of the Hawaii Public Housing Authority.
- V. Accurate Records of the cost and accumulated depreciation of property, plant, and equipment shall be maintained by the Fiscal Management Office.
 - a. The acquisition of capital assets should be organized to ensure that no unauthorized acquisitions have been made and that records of each acquisition are accurate, complete, and recorded in the appropriate period.
 - i. This policy applies to all fixed assets purchased by the authority regardless of the source of funds.
 - b. Capital Assets are generally funded by the Capital Fund Program (CFP) (federal funding) and the Capital Improvement Program (CIP) (state funding).
 - c. The authority's fixed assets and expendable equipment may be disposed of only when they become obsolete, are beyond repair, or are too expensive to maintain.
 - i. The disposal of fixed assets and expendable equipment will occur only after proper authorization has been given.
 - ii. The Hawaii Public Housing Authority will maintain control over the disposition of property to preserve the accuracy of the records and to ensure that assets are safeguarded, improper disposal is avoided, and the best possible terms are received for disposal.
 - d. This policy shall apply to all assets acquired by the Hawaii Public Housing Authority regardless of the source of funding used to originally acquire the asset.
- VI. Prior to the implementation of Asset Management, funding was received by the Hawaii Public Housing Authority on an entity-wide basis. With the implementation of Asset Management, restrictions have been placed on how funds can be moved from AMP to AMP and AMP to the Central Office.
 - a. There is a phase in period for the implementation for the transfer of cash beginning July 1, 2008.
 - b. Excess cash represents non-restricted liquid or near liquid assets available after near term liabilities and normal project operation expenses are considered.
 - i. Excess cash is calculated using a balance sheet approach.
 - ii. HUD has developed policies and guidelines for PHAs using norms in the broader multi-family management industry as required under §990.255.

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- iii. Excess cash will be determined based upon the project based financial data in the FDS.
 - 1. For the Hawaii Public Housing Authority, this is the submission of the June 30, 2008 Single Audit Report, which includes the project based FDS.
 - 2. The following line items will be used to determine the amount of excess cash for each AMP.
 - 3. The final determination of excess cash will be based upon the submission and approval of the audited FDS submission.
 - 4. The Chief Financial Management Advisor shall certify to the Executive Director the amount of excess cash available to be transferred, by AMP prior to any such transfer.
- VII. The Executive Director is authorized by the Board of Directors to sign checks, drafts, or other orders for payment of money or initiate electronic transfers of fund against HPHA checking accounts.
 - a. The Executive Director is authorized to approve the use of facsimile signatures, and to direct banks or other depositories to honor the use of them.
 - b. The Executive Director shall be the representative of the Hawaii Public Housing Authority in, and is authorized to execute agreements in connection with, all matters relating to bank accounts and bank services; banking relationships; and financial and banking type services provided by entities other than banks.
 - c. The Executive Director may delegate these responsibilities in writing to the appropriate staff.
- VIII. It is the policy of the Hawaii Public Housing Authority to provide open access to all public information.
 - a. Records which are not considered public information will be protected to insure the safety of private information.
 - b. It is the policy of the Hawaii Public Housing Authority to classify, retain, and dispose of records as prescribed in the State of Hawaii's General Records Schedules (GRS) No. 1-11; Comptroller's Circular No. 2001-02, Policy and Guidelines Relating to Electronic Records Retention and Disposition; and HUD Handbook 7475.1, Rev. 1 (appendix on documents retention).
 - i. The minimum retention period for records is contained in the GRS.
 - 1. Notwithstanding the state retention period, should such retention periods conflict with federal requirements, the period of longer retention shall apply.
 - ii. A government record is defined as information, regardless of media or characteristics created, received, or maintained by an agency in the course of a business transaction and in pursuance of legal obligations.
 - 1. The authority's government records are typically generated pursuant to the operation of state and federally funded programs.
 - iii. Record retention periods prescribed in the GRS are considered to be the minimum necessary under normal conditions.
 - 1. As long as minimum retention requirements are met, records covered by the GRS may be destroyed without further concurrence from the Comptroller.
 - 2. If legal or audit questions involving scheduled records arise before the records reach their authorized disposal dates or before the records are destroyed, the records must be retained until legal and/or audit issues are settled.
- IX. Management Controls are to be established to monitor operations to ensure that programs are implemented in an efficient and economical manner.
 - a. The authority shall establish and maintain an organization chart delineating the chain of command for its management system.
 - b. Staff shall be provided with a clearly defined written statement of responsibilities and job accountability.

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- c. To the extent feasible, separation of duties shall be maintained so that no one staff person has complete control over any asset.
- d. The authority shall maintain a management information system that provides an internal flow of data for monitoring, forecasting, and policy decisions.
- e. The authority shall maintain an effective personnel selection policy to promote the hiring of competent staff.
- f. A supervisory review system shall be utilized to assure routine monitoring of employee/contractor compliance with procedures and timeliness/quality of completed work.
- g. Competitive procurement procedures shall be employed for all purchases.
- h. An accurate inventory system shall be maintained.
- i. The authority shall provide for the security of property and records.
- j. A well-planned, organized, and supervised maintenance program must be established.
- k. A timely, annual independent audit shall be performed.

Monitoring:

It is the responsibility of the Executive Director to ensure that internal controls are being followed and monitored. The Executive Director generally delegates the responsibility to senior management for following the internal control guidelines. Compliance or internal auditing will conduct operational audits to ensure that policy and procedures are being followed and bring to the attention of the Executive Director any deficiencies identified for corrective action.

Monitoring is the assessment of internal control performance over time; it is accomplished by ongoing monitoring activities and by separate evaluations of internal control such as self-assessments, peer reviews, and internal audits. The purpose of monitoring is to determine whether internal control is adequately designed, properly executed, and effective. Internal control is adequately designed and properly executed if all five internal control components (Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring) are present and functioning as designed. Internal control is effective if management and interested stakeholders have reasonable assurance that:

- They understand the extent to which operations objectives are being achieved.
- Published financial statements are being prepared reliably.
- Applicable laws and regulations are being complied with.

While internal control is a process, its effectiveness is an assessment of the condition of the process at one or more points in time.

Just as control activities help to ensure that actions to manage risks are carried out, monitoring helps to ensure that control activities and other planned actions to affect internal control are carried out properly and in a timely manner and that the end result is effective internal control. Ongoing monitoring activities include various management and supervisory activities that evaluate and improve the design, execution, and effectiveness of internal control. Separate evaluations, on the other hand, such as self-assessments and internal audits, are periodic evaluations of internal control components resulting in a formal report on internal control. Department employees perform self-assessments; internal auditors who provide an independent appraisal of internal control perform internal audits.

Management's role in the internal control system is critical to its effectiveness. Managers, like auditors, don't have to look at every single piece of information to determine that the controls are functioning and should focus their monitoring activities in high-risk areas. The use of spot checks on transactions or basic sampling techniques can provide a reasonable level of confidence in that the controls are functioning as intended.

November 17, 2011

FOR ACTION

SUBJECT: To Adopt Revisions to the Admissions and Continued Occupancy Policy to Ban Medical Use of Marijuana in Federal Public Housing

I. FACTS

- A. The Quality Housing and Work Responsibility Act of 1998 (42 U.S.C. §13661) (QHWRA) requires Public Housing Authorities (PHAs) to establish occupancy standards and lease provisions that will allow the PHA to terminate assistance for use of a controlled substance. The law does not compel PHAs to terminate assistance in such cases, and PHAs have discretion to determine continued occupancy policies that are most appropriate for their local communities.
- B. Part IX of the Uniform Controlled Substances Act (Sections 329-121 through 329-128, Hawaii Revised Statutes), permits the use of marijuana for specified medical conditions. The law removes state-level criminal penalties on the use, possession, and cultivation of marijuana by patients who possess a signed statement from their physician affirming that he or she suffers from a debilitating medical condition and that the "potential benefits of medical use of marijuana would likely outweigh the health risks."
- C. Patients diagnosed with the following illnesses are afforded legal protection under this Act: *cachexia; cancer, chronic pain; Crohn's disease; epilepsy and other disorders characterized by seizures; glaucoma; HIV or AIDS; multiple sclerosis and other disorders characterized by muscle spasticity; and nausea*. Other conditions are subject to approval by the Hawaii Department of Health.
- D. Patients (or their primary caregivers) may legally possess up to three (3) ounces of usable marijuana, and may cultivate no more than seven (7) marijuana plants, of which no more than three (3) may be mature. The law establishes a mandatory, confidential state-run patient registry that issues identification cards to qualifying patients.
- E. On February 10, 2011 the Assistant Secretary for Public and Indian Housing, U.S. Department of Housing and Urban Development (HUD) issued a

memorandum addressing the medical use of marijuana in public housing and housing choice voucher programs (Attachment A). The memorandum states that new admissions of medical marijuana users are prohibited into the public housing and housing choice voucher programs due to the preemption of state laws to the contrary by the Controlled Substances Act, which lists marijuana as a Schedule I drug,¹ as well as the QHWRA.

- F. The HUD memorandum further states that PHAs in states that have enacted laws legalizing the use of medical marijuana must establish a standard and adopt a written policy regarding whether or not to allow continued occupancy.

II. DISCUSSION

- A. In response to the memorandum received from HUD, HPHA staff has conducted research into the practices of PHAs in other states that have also legalized the medicinal use of marijuana. Currently, 16 states and the District of Columbia permit the use of marijuana for medical reasons.
- B. Staff developed an ad hoc methodology to conduct this research, which involved consultation with large PHA executive directors, legal counsel, planning officers, and compliance officers as well as the review of other Board actions and adopted ACOP language.
- C. Survey findings indicate that, prior to the release of the January 20, 2011 HUD Memo (Attachment B), most PHAs referred medical marijuana cases to Compliance Office staff for resolution under Reasonable Accommodation procedures. The HUD memo prohibited the continuation of such practices.
- D. Since the release of the two HUD Memos, surveyed PHAs have determined that in federal public housing, the federal Controlled Substances Act supersedes state laws decriminalizing the medical use of marijuana. Many indicated that they informally follow a "two strike" policy to prevent the hasty eviction of chronically ill tenants and to provide them an opportunity to seek alternate accommodations to continue their marijuana use.
- E. Most PHAs have further recognized that the February 10, 2011 HUD Memo in Attachment A allows for a potential double standard regarding medical marijuana users. The memo categorically prohibits PHAs to admit new tenants that are medical marijuana users, but gives PHAs discretion as to

¹ Schedule I drugs are substances with a very high potential for abuse and no accepted medical use in the United States.

whether to allow continued occupancy by current tenants that are medical marijuana users.

- F. HPHA staff has determined that a differential policy of such a nature that prohibits admission to medical marijuana users but allows continued occupancy would create conflicting, confusing, inconsistent policies toward a single class of tenants. This would be difficult for staff to enforce and create inequity between current and potential program beneficiaries.
- G. To adopt a policy that provides differential treatment could encourage fraud in the application process. Theoretically, a prospective tenant would be incentivized to conceal medical marijuana use until admitted to public housing since, once admitted, a permissive continued occupancy policy would authorize their marijuana use.
- H. A prohibition on medical marijuana use in public housing would protect the health, safety, and welfare of all tenants. Many HPHA tenants that would suffer from the conditions allowed under the medical marijuana program in Hawaii would be elderly or disabled. These population groups are the most vulnerable to victimization from acquaintances and youth who are either seeking high quality marijuana for personal consumption or engaged in illicit trafficking of potentially dangerous or ineffective types of marijuana.
- I. A prohibition on medical marijuana would further protect minor children currently residing in family public housing developments from exposure to a drug that remains classified as Schedule I under the Controlled Substances Act. This exposure could lead to abuse of the drug by users who are not diagnosed with one of the conditions specified under the Hawaii Revised Statutes and encourage an unhealthy pattern of abuse into adulthood.
- J. The HPHA allows the use of drugs that contain marijuana synthetics, such as Marinol (dronabinol) and Cesamet (nabilone), which have been approved by the Food and Drug Administration for medical use. These legal alternatives are said to be effective to treat nausea and vomiting associated with cancer chemotherapy and are available by mail order with a valid prescription.
- K. Currently, the relevant provisions of the HPHA's ACOP already refer to the federal Controlled Substances Act. Staff is proposing revisions that clarify the continued force of this policy that federal law supersede.
- L. As a result of the above referenced policy reviews and staff surveys of other large PHAs, staff has developed recommended draft amendments to the current Admissions and Continued Occupancy policy (Attachment C).

- M. The proposed amendment is currently under review by the Department of the Attorney General. Approval of the Attachment C draft amendment to the ACOP would be subject to the review and advice of counsel.

III. RECOMMENDATION

That the HPHA Board of Directors Adopt Revisions to the Admissions and Continued Occupancy Policy to Ban Medical Use of Marijuana in Federal Public Housing.

- Attachment A: Memorandum from HUD addressing medical marijuana dated February 10, 2011
- Attachment B: Memorandum from HUD prohibiting reasonable accommodation for medical marijuana use dated January 20, 2011
- Attachment C: Admissions and Continued Occupancy Policy (ACOP) Chapter 12 with recommended revision

Prepared by: Nicholas Birck, Chief Planner



David Gierlach
Chairperson

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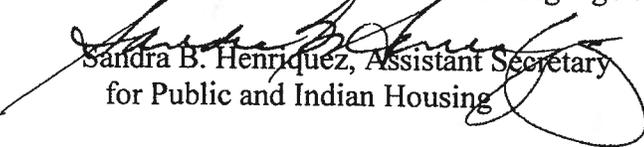


U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

February 10, 2011

MEMORANDUM FOR: All Field Offices and Public Housing Agencies (PHAs)

FROM: 
Sandra B. Henriquez, Assistant Secretary
for Public and Indian Housing

SUBJECT: Medical Marijuana Use In Public Housing
and Housing Choice Voucher Programs

Overview

The Department has recently received numerous inquiries regarding the use of medical marijuana¹ in the Public Housing (PH) and Housing Choice Voucher (HCV) programs². This memorandum intends to serve as guidance for field offices and PHAs on admissions, continued occupancy, and termination policies in states that have enacted laws that allow the use of medical marijuana. Currently fourteen states (Alaska, California, Colorado, Hawaii, Maine, Michigan, Montana, Nevada, New Jersey, New Mexico, Oregon, Rhode Island, Vermont, and Washington) and the District of Columbia have laws that legalize medical marijuana use.

New Admissions

Based on federal law, new admissions of medical marijuana users are prohibited into the PH and HCV programs. The Controlled Substances Act (CSA) lists marijuana as a Schedule I drug, a substance with a very high potential for abuse and no accepted medical use in the United States. The Quality Housing and Work Responsibility Act (QHWRA) of 1998 (42 U.S.C. §13661) requires that PHAs administering the Department's rental assistance programs establish standards and lease provisions that prohibit admission into the PH and HCV programs based on the illegal use of controlled substances, including state legalized medical marijuana. State laws that legalize medical marijuana directly conflict with the admission requirements set forth in QHWRA and are thus subject to federal preemption.

Current Residents

For existing residents, QHWRA requires PHAs to establish occupancy standards and lease provisions that will allow the PHA to terminate assistance for use of a controlled substance. However, the law does not compel such action and PHAs have discretion to determine continued occupancy policies that are most appropriate for their local communities. PHAs can also determine whether to deny assistance to or terminate individual medical marijuana users, rather than entire households, for both applicant and existing residents when appropriate. PHAs have discretion to determine, on a case-by-case basis, the appropriateness of program termination of existing residents for the use of medical marijuana.

¹ The Department defines medical marijuana as marijuana which, when prescribed by a physician to treat a serious illness such as AIDS, cancer, or glaucoma, is legal under State law.

² Housing Choice Voucher programs include tenant-based vouchers and project-based vouchers.

PHAs in states that have enacted laws legalizing the use of medical marijuana must therefore establish a standard and adopt written policy regarding whether or not to allow continued occupancy or assistance for residents who are medical marijuana users. The decision of whether or not to allow continued occupancy or assistance to medical marijuana users is the responsibility of PHAs, not of the Department.

Food and Drug Administration Approved Drugs

PHAs should also be aware that the Food and Drug Administration (FDA) has approved drugs for medical uses which are comprised of marijuana synthetics, such as Marinol and Cesamet. These drugs are not medical marijuana and are legal under federal laws. These products have been through the FDA's rigorous approval process and have been determined to be safe and effective for their indications. They are therefore allowed in the public housing and voucher programs.

Thank you for your partnership and participation in the Department's programs, and for your attention to this important issue in providing quality housing and communities for all residents of public housing and voucher programs. Questions regarding this memorandum may be directed to Ms. Diane Yentel at 202-402-6051 or Diane.E.Yentel@hud.gov.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-0500

JAN 20 2011

MEMORANDUM FOR: John Trasviña, Assistant Secretary for Fair Housing and Equal Opportunity

David Stevens, Assistant Secretary for Housing/ Federal Housing Commissioner

Sandra B. Henriquez, Assistant Secretary for Public and Indian Housing

FROM: Helen R. Kanovsky 

SUBJECT: Medical Use of Marijuana and Reasonable Accommodation in Federal Public and Assisted Housing.

I. Introduction

The Office of Fair Housing and Equal Opportunity (FHEO) requested our opinion as to whether Public Housing Agencies (PHAs) and owners of other federally assisted housing may grant current or prospective residents a reasonable accommodation under federal or state nondiscrimination laws for the use of medical marijuana.¹ Commensurate with the relatively recent upsurge of states passing medical marijuana laws, there has been a significant increase in the number of requests by residents of those states for exceptions to federal drug-free laws and policies to permit the use of medical marijuana as a reasonable accommodation for their disabilities. In 1999, this Office issued a Memorandum concluding that any state law purporting to legalize the use of medical marijuana in public or other assisted housing would conflict with the admission and termination standards found in the Quality Housing and Work and Responsibility Act of 1998 (QHWRA)² and be subject to preemption.³ With this Memorandum, we reaffirm the Laster Memorandum's conclusions, and we address those conclusions in the context of requests for reasonable accommodation under federal and state nondiscrimination laws.

As discussed below, federal and state nondiscrimination laws do not require PHAs and owners of other federally assisted housing to accommodate requests by current or prospective

¹ For purposes of this Memorandum, "medical marijuana" refers to marijuana authorized by state medical marijuana laws, and the "use" of medical marijuana encompasses the use, unlawful possession, manufacture, and distribution of marijuana, as prohibited by the Controlled Substances Act. *See infra* Section III.B.2.

² QHWRA amended the United States Housing Act of 1937, 42 U.S.C. § 1437. Two of QHWRA's provisions, codified at 42 U.S.C. §§ 13661 and 13662, cover admission and termination standards, respectively, in federally assisted housing.

³ *See* Sept. 24, 1999 Memorandum from Gail W. Laster, General Counsel, to William C. Apgar, Assistant Secretary, Office of Housing/Federal Housing Commissioner, and Harold Lucas, Assistant Secretary for Public and Indian Housing, on "Medical use of marijuana in public housing" [hereinafter Laster Memorandum] (attached).

residents with disabilities to use medical marijuana. In fact, PHAs and owners may not permit the use of medical marijuana as a reasonable accommodation because: 1) persons who are currently using illegal drugs, including medical marijuana, are categorically disqualified from protection under the disability definition provisions of Section 504 of the Rehabilitation Act and the Americans with Disabilities Act; and 2) such accommodations are not reasonable under the Fair Housing Act because they would constitute a fundamental alteration in the nature of a PHA or owner's operations. Accordingly, PHAs and owners may not grant requests by current or prospective residents to use medical marijuana as a reasonable accommodation for their disabilities, and FHEO investigators should not issue determinations of reasonable cause to believe a PHA or owner has violated the Fair Housing Act based solely on the denial of a request to use medical marijuana as a reasonable accommodation.

While PHAs and owners may not grant reasonable accommodations for medical marijuana use, they maintain the discretion either to evict or refrain from evicting current residents who engage in such use, as set forth in QWHRA. *See infra*, Section V.

II. *Background*

A. *Federal Drug Laws*

Marijuana is categorized as a Schedule I substance under the Controlled Substances Act (CSA). *See* 21 U.S.C. § 801 *et seq.* The manufacture, distribution, or possession of marijuana is a federal criminal offense, and it may not be legally prescribed by a physician for any reason. *See* 21 U.S.C. §§ 841(a)(1); 844(a); 812(b)(1)(A)-(C).

B. *State Medical Marijuana Laws*

Since 1996, fifteen states and the District of Columbia have enacted laws that allow certain medical uses of marijuana despite the federal prohibition against its use.⁴ Rather than permitting physicians to prescribe marijuana, these laws allow physicians to discuss the benefits and drawbacks of marijuana when determining whether to “recommend” it or “certify” that the patient qualifies for it under the medical conditions listed in the state statute. These state laws offer qualifying patients narrow exemptions from prosecution and/or arrest under state—but not federal—laws. The laws vary in how they protect medical marijuana users from state criminal laws, but all share the following features: 1) exemptions from arrest and/or prosecution for patients and caregivers who grow, possess, and use marijuana in conjunction with a doctor's “recommendation” or “certification”; 2) rules governing the caregiver's role in the procurement and administration of medical marijuana to the patient; 3) documentation requirements; and 4) quantitative limits on marijuana possession, cultivation, and usage.⁵

⁴ *See* Procon.org, “Medical Marijuana,” available at http://medicalmarijuana.procon.org/view_resource.php?resourceID=000881; *Arizona Becomes 15th State to Approve Medical Marijuana*, N.Y. TIMES, Nov. 14, 2010, available at <http://www.nytimes.com/2010/11/15/us/politics/15arizona.html>.

⁵ *See* MARIJUANA POLICY PROJECT, STATE-BY-STATE MEDICAL MARIJUANA LAWS 6-7 (2008), available at <http://www.mpp.org/.../state-by-state-medical-marijuana-laws.html>.

C. *Federal Admission and Termination Standards under QHWRA*

Section 576(b) of QHWRA addresses admissions standards related to current illegal drug use for all public housing and other federally assisted housing. Pursuant to that section, PHAs or owners

shall establish standards that prohibit admission to the program or admission to federally assisted housing for any household with a member – (A) who the public housing agency or owner determines is illegally using a controlled substance; or (B) with respect to whom the public housing agency or owner determines that it has reasonable cause to believe that such household member’s illegal use (or pattern of illegal use) of a controlled substance . . . may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.

42 U.S.C. § 13661(b)(1).

QHWRA therefore requires PHAs and owners to deny admission to those households with a member who the PHA or owner determines is, at the time of consideration for admission, illegally using a “controlled substance” as that term is defined by the CSA. *See* Laster Memorandum at 2-3 & n.4. The Laster Memorandum advised that to determine whether an applicant is using a controlled substance at the time of consideration for admission, the use of the drug must have occurred recently enough to warrant a reasonable belief that the use is ongoing. *See id* at 3-4. This requires a highly individualized, fact-specific examination of all relevant circumstances. *Id.* at 4.

In contrast, under QHWRA’s termination standards, PHAs and owners have the discretion to evict, or refrain from evicting, a current tenant who the PHA or owner determines is illegally using a controlled substance. PHAs or owners must establish standards or lease provisions that

allow the agency or owner (as applicable) to terminate the tenancy or assistance for any household with a member – (1) who the public housing agency or owner determines is illegally using a controlled substance; or (2) whose illegal use (or pattern of illegal use) of a controlled substance . . . is determined by the public housing agency or owner to interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.

42 U.S.C. § 13662(a).

Thus, while PHAs and owners may elect to terminate occupancy based on illegal drug use, they are not required to evict current tenants for such use. *See* Laster Memorandum at 6-7. Further, PHAs and owners may not establish lease provisions or policies that affirmatively permit occupancy by medical marijuana users because doing so would divest PHAs and owners of the very discretion which Congress intended for them to exercise. *See id.* at 6. As with admission standards, the use of the illegal controlled substance must have occurred recently enough to warrant a reasonable belief that the use is ongoing.

III. Federal nondiscrimination laws do not require PHAs and owners to allow marijuana use as a reasonable accommodation for disabilities.

The Fair Housing Act, Section 504 of the Rehabilitation Act (Section 504), and Title II of the Americans with Disabilities Act (ADA) prohibit, among other things, discrimination against persons with disabilities in public housing and other federally assisted housing. 42 U.S.C. § 3604 (f)(1)-(3); 29 U.S.C. § 794(a); 42 U.S.C. § 12132. One type of disability discrimination prohibited by all three statutes is the refusal to make reasonable accommodations in rules, policies, and practices when such accommodations are necessary to provide the person with disabilities with the full opportunity to enjoy a dwelling, service, program or activity.⁶

To establish discrimination for failure to accommodate a disability, a plaintiff must prove the following elements: 1) the plaintiff meets the statute's definition of "disability" or "handicap"; 2) the accommodation is necessary to afford him or her an equal opportunity to use and enjoy the dwelling (Fair Housing Act) or is necessary to avoid discrimination against him or her in the public service, activity, or program (Section 504 and ADA); 3) the plaintiff actually requests an accommodation; 4) the accommodation is reasonable; and 5) the defendant refused to make the required accommodation.⁷ The relevant elements for purposes of this Memorandum are the first and fourth: whether a medical marijuana user falls within the definition of "disability" or "handicap," and whether an accommodation allowing the use of medical marijuana is reasonable in the context of public housing or other federally assisted housing.

A. *Under Section 504 and the ADA, current illegal drug users, including medical marijuana users, are excluded from the definition of "individual with a disability" when the provider acts on the basis of the illegal drug use.*

An individual must be disabled to be entitled to a reasonable accommodation. Although medical marijuana users may meet this standard because of the underlying medical conditions for which they use or seek to use marijuana, Section 504 and the ADA categorically exempt current illegal drug users from their definitions of "disability" when the covered entity acts on the basis of such use:

[T]he term "individual with a disability" does not include an individual who is currently engaging in the illegal use of drugs, when the covered entity acts on the basis of such use.⁸

1. "Illegal" use of drugs

⁶ 42 U.S.C. § 3604 (f)(3)(B) ("discrimination includes . . . a refusal to make reasonable accommodations in rules, policies, practices, or services, when such accommodations may be necessary to afford such person equal opportunity to use and enjoy a dwelling"); 28 C.F.R. § 35.130(b)(7) ("[a] public entity shall make reasonable modifications in policies, practices, or procedures when the modifications are necessary to avoid discrimination on the basis of disability, unless the public entity can demonstrate that making the modifications would fundamentally alter the nature of the service, program, or activity"); *Alexander v. Choate*, 469 U.S. 287, 301 (1985) (Section 504 requires recipients of federal financial assistance to provide reasonable accommodations to disabled persons).

⁷ See, e.g., Joint Statement of HUD and the Department of Justice, "Reasonable Accommodations Under the Fair Housing Act," at question 12 [hereinafter "Joint Statement"].

⁸ 29 U.S.C. § 705(20)(C)(i); 42 U.S.C. § 12210(a).

Under Section 504 and the ADA, whether a given drug or usage is “illegal” is determined exclusively by reference to the CSA. *See* 29 U.S.C. § 705(10)(A)-(B); 42 U.S.C. § 12110(d)(1). Because the CSA prohibits all forms of marijuana use, the use of medical marijuana is “illegal” under federal law even if it is permitted under state law. *See* 21 U.S.C. §§ 841(a)(1); 844(a); 812(b)(1)(A)-(C).

While Section 504 and the ADA contain language providing a physician-supervision exemption to the “current illegal drug user” exclusionary provisions, this exemption does not apply to medical marijuana users. The ADA’s physician-exemption language, which mirrors Section 504, states:

The term ‘illegal use of drugs’ means the use of drugs, the possession or distribution of which is unlawful under the Controlled Substances Act Such term does not include the use of a drug taken under supervision by a licensed health care professional, or other uses authorized by the Controlled Substances Act . . . or other provisions of Federal law.⁹

Because the phrase “supervision by a licensed health care professional” is modified by the subsequent phrase “or other uses authorized by the Controlled Substances Act,” the exemption applies only to those uses that are sanctioned by the CSA. *See Barber v. Gonzales*, 2005 WL 1607189, at *1 (E.D. Wash. July 1, 2005); *James v. City of Costa Mesa*, 2010 WL 1848157, at *4 (C.D. Cal. April 30, 2010). Accordingly, because medical marijuana use violates the CSA, medical marijuana users are excluded from the definition of “individual with a disability” under Section 504 and the ADA, regardless of whether state laws authorize such use. *Barber*, 2005 WL 1607189, at *2.

2. Acting “on the basis of such use”

Section 504 and the ADA’s exclusion of “current illegal drug users” applies to current medical marijuana users only when the PHA or owner is acting on the basis of that current use: “[T]he term ‘individual with a disability’ does not include an individual who is currently engaging in the illegal use of drugs, *when the covered entity acts on the basis of such use.*” 29 U.S.C. § 705(20)(C)(i); 42 U.S.C. § 12210(a) (emphasis added); *see also* 28 C.F.R. § 35.131(a)(1) (“this part does not prohibit discrimination against an individual *based* on that individual’s current illegal use of drugs.”)(emphasis added).

A housing provider is acting on the basis of current drug use, when, for example, the provider evicts a tenant for violating the provider’s drug-free policies. In that context, the tenant, even if suffering from a serious impairment such as cancer or multiple sclerosis, would not be “disabled” under the ADA or Section 504 for purposes of filing a claim under those laws challenging the eviction as disability discrimination. *See, e.g., Blatch v. Hernandez*, 360 F. Supp.

⁹ 42 U.S.C. § 12210(d)(1); *see also* 29 U.S.C. § 705(10)(B) (Section 504). Similarly, the Fair Housing Act House Report states that the “current illegal drug user” exclusionary provision in that law “does not eliminate protection for individuals who take drugs defined in the Controlled Substances Act for a medical condition under the care of, or prescription from, a physician.” H.R. REP. NO. 100-711, at 22 (1988), *reprinted in* 1998 U.S.C.C.A.N. 2173, 2183.

2d 595, 634 (S.D.N.Y. 2005) (concluding that otherwise disabled public housing residents with mental illnesses are not considered disabled if a provider evicts them based on their current illegal drug use). A tenant who has a disabling impairment and is a current illegal drug user could, however, bring a claim under the ADA or Section 504 for disability discrimination where the housing provider evicted the tenant because the tenant asked to have grab bars installed in the shower. In that case, the provider would not have acted on the basis of the illegal drug use, but because the tenant requested grab bars.

For the same reason, an otherwise disabled tenant – a tenant with cancer, for example – is not “disabled” under the ADA or Section 504 for purposes of challenging a housing provider’s refusal to grant a tenant’s request for a reasonable accommodation to use medical marijuana as a cancer treatment. In denying the cancer patient’s request to use medical marijuana because it is an illegal drug, the housing provider would have been acting on the basis of current illegal drug use.¹⁰

Courts have specifically addressed this drug-use exclusion in medical marijuana cases, finding that otherwise disabled plaintiffs were excluded from protection under Section 504 and the ADA when housing entities took actions against them based on their use of medical marijuana. For example, one court rejected an ADA claim from a student with serious lower back problems who had requested an accommodation to use medical marijuana in a state university housing facility. *See Barber v. Gonzales*, 2005 WL 1607189, at *1 (E.D. Wash. July 1, 2005). The court noted that “a federal claim under the ADA *does not exist* because the term ‘individual with a disability’ does not include an individual who is currently engaging in the illegal use of drugs when the covered entity acted on the basis of such use.” *Id.* (emphasis added).

In another case, a medical marijuana user requested an accommodation to a PHA’s drug-free policy that would allow him to continue using and cultivating marijuana in his unit. *See Assenberg v. Anacortes Hous. Auth.*, 2006 WL 1515603, at *2 (W.D. Wash., May 25, 2006), *aff’d*, 268 Fed.Appx. 643 (9th Cir. 2008), *cert. denied*, 129 S.Ct. 104 (2008). The court concluded that although the tenant had a “debilitating” back injury, “because [he] was an illegal drug user, [the PHA] had no duty to accommodate him.” 2006 WL 1515603 at *2, *5. The court of appeals affirmed and — with no analysis — stated that the ADA and Section 504 “expressly exclude illegal drug use” and “[the PHA] did not have a duty to reasonably accommodate [the plaintiffs’] medical marijuana use.” *Assenberg*, 268 Fed. Appx. at 643; *see also Blatch v. Hernandez*, 360 F. Supp. 2d at 634 (finding that, in the context of general illegal drug use in public housing, under Section 504 and the ADA “the mentally disabled status of a current illegal drug user against whom action is taken based on that drug use . . . is [not] a viable basis for a claim that [the Housing Authority] is required to accommodate the disabled person by changing its generally-applicable rules.”).

Thus, persons seeking an accommodation to use medical marijuana are not “individuals with a disability” under Section 504 and the ADA and therefore do not qualify for reasonable accommodations that would allow for such use. Furthermore, because requests to use medical marijuana prospectively are tantamount to requests to become a “current illegal drug user,” PHAs are prohibited from granting such requests. However, current medical marijuana users are

¹⁰ We note that PHAs or owners that choose to exercise their discretion under QHwRA not to evict a current tenant for medical marijuana use may not later use this drug use as pretext for refusing to provide other, non-marijuana-related accommodations.

disqualified from protection under the ADA and Section 504 only when the housing provider takes actions based on that illegal drug use.

- B. *Though otherwise disabled medical marijuana users are not excluded from the Fair Housing Act's definition of "handicap," accommodations allowing for the use of medical marijuana in public housing or other federally assisted housing are not reasonable.*

The Fair Housing Act's illegal drug use exclusion is defined differently from the exclusion found in Section 504 and the ADA. Under the Fair Housing Act,

"Handicap" means, with respect to a person—

(1) a physical or mental impairment which substantially limits one or more of such person's major life activities . . .

. . .

But such *term* does not include current, illegal *use* of or addiction to a controlled substance (as defined in Section 802 of Title 21 [CSA]).¹¹

Unlike the language in Section 504 and the ADA, this provision does not categorically exclude individuals from protection under the Fair Housing Act. Rather, it prevents a current illegal drug user or addict from asserting that the drug use or addiction is itself the basis for claiming that he or she is disabled under the Act. Thus, if a person claims that medical marijuana use or addiction is the sole condition for which that person seeks a reasonable accommodation, that individual is not "handicapped" within the meaning of the Fair Housing Act, and no duty arises to accommodate such use. However, a person who is otherwise disabled (e.g., cancer, multiple sclerosis) is not disqualified from the definition of "handicap" under the Act merely because the person is also a current illegal user of marijuana. Because persons suffering from underlying disabling conditions not related to drug use are not disqualified from the Fair Housing Act's definition of "handicap" by virtue of their current medical marijuana use, we must examine whether accommodating such use is reasonable under the Act.¹²

1. Accommodations allowing the use of medical marijuana in public housing or other federally assisted housing are not reasonable under the Fair Housing Act.

Under the Fair Housing Act and other civil rights statutes protecting persons with disabilities, an accommodation may be denied as not reasonable if either: 1) granting the

¹¹ 42 U.S.C. § 3602(h) (emphasis added).

¹² In *Assenberg v. Anacortes Hous. Auth.*, the trial court, with no analysis, determined that because the tenant was an illegal drug user, the PHA had no duty to accommodate him under the Fair Housing Act, the ADA, or Section 504. *See* 2006 WL 1515603, at *5. The court of appeals affirmed, stating only that the Fair Housing Act, the ADA, and Section 504 "all expressly exclude illegal drug use, and [the PHA] did not have a duty to accommodate [the tenant's] medical marijuana use." 268 Fed. Appx. at 644. Although the district court and the court of appeals, in unpublished opinions, each cited to the exclusionary provisions in the three statutes to support this conclusion, both courts failed to recognize the distinction between the statutory language in the Fair Housing Act, on the one hand, and the language in Section 504 and the ADA, on the other. *See* 2006 WL 1515603, at *5; 268 Fed. Appx. at 644.

accommodation would require a *fundamental alteration in the nature* of the housing provider's operations; or 2) the requested accommodation imposes an *undue financial and administrative burden* on the housing provider. See, e.g., Joint Statement, *supra* note 7, at 3.

Accommodations that allow the use of medical marijuana would sanction violations of federal criminal law and thus constitute a fundamental alteration in the nature of the housing operation. Indeed, allowing such an accommodation would thwart a central programmatic goal of providing a safe living environment free from illegal drug use. Since the inception of the public housing program in 1937, Congress and HUD have consistently maintained that one of the primary concerns of public housing and other assisted housing programs is to provide "decent, safe, and sanitary dwellings for families of low income." United States Housing Act of 1937, Pub. L. No. 75-412, 50 Stat. 888 (1937); 42 U.S.C. § 1437a(a)(5)(C)(b)(1); see also 24 C.F.R. § 880.101 (same with respect to Section 8 program). Congress has made it clear that providing drug-free housing is integral to the government's responsibility in this regard: "[T]he Federal Government has a duty to provide public and other federally assisted low-income housing that is decent, safe, and free from illegal drugs." 42 U.S.C. § 11901(1) (emphasis added). Toward this end, Congress specifically vested PHAs and owners with the authority to take action against illegal drug use, including the use of medical marijuana. Illegal drug use renders the user ineligible for admission to public or other assisted housing,¹³ conflicts with drug-free standards that PHAs and owners are required to establish for current tenants,¹⁴ and would violate a user-tenant's lease obligation to refrain from engaging in any drug-related criminal activity on or off the premises.¹⁵

Although PHAs and owners are not charged with enforcing federal criminal laws, requiring them to condone violations of those laws would undermine a PHA or owner's operations. In the public housing context, courts considering accommodations requiring PHAs to alter their drug-free policies to allow tenants with disabilities to use medical marijuana have found them unreasonable because they would have the perverse effect of mandating that PHAs violate federal law. See *Assenberg*, 2006 WL 1515603, at * 5 ("Reasonable' accommodations do not include requiring [a PHA] to tolerate illegal drug use or risk losing its funding for doing so"); *Assenberg*, 268 Fed.Appx. at 643 ("Requiring public housing authorities to violate federal law would not be reasonable"). For similar reasons, courts have been unwilling even to require employers to modify their drug-testing and termination policies to allow *off-site* use of marijuana in states authorizing medical marijuana use. See, e.g., *Ross v. Ragingwire Telecommunications, Inc.*, 33 Cal. Rptr. 2d 803, 808 (Cal. Ct. App. 2005) (stating that "[i]t is not reasonable to require an employer to accommodate a disability by allowing an employee's drug use when such use is illegal."). Because they would require that

¹³ See 42 U.S.C. § 13661 (requiring PHAs or owners to establish admission standards that "prohibit admission to . . . federally assisted housing for any household with a member who the [PHA] or owner determines is illegally using a controlled substance . . ."); 24 C.F.R. § 5.854 (same as applied to federally assisted housing); 24 C.F.R. § 960.204 (same as applied to public housing).

¹⁴ See 42 U.S.C. § 13662 (requiring PHAs or owners to establish standards that "allow the agency or owner . . . to terminate the tenancy or assistance for any household with a member . . . who the [PHA] or owner determines is illegally using a controlled substance . . ."); 42 U.S.C. § 1437d(l)(6) (requiring public housing leases to state that "any drug-related criminal activity on or off such premises, engaged in by a public housing tenant, any member of the tenant's household, or any guest or other person under the tenant's control, shall be cause for termination of tenancy."); 24 C.F.R. § 966.4(l)(5)(i)(B) (same).

¹⁵ See 24 C.F.R. § 966.4(f)(12)(i)(B) (requiring lease to provide that tenant is obligated to assure that no tenant, member of the household, or guest engages in drug-related criminal activity on or off premises); 24 C.F.R. § 5.858 (same as applied to all federally assisted housing).

PHAs and owners condone illegal drug use and would undermine the long-standing programmatic goal of providing a safe living environment free from illegal drug use, accommodations allowing marijuana-related activity constitute a fundamental alteration in the nature of the PHA or owner's operations and are therefore not reasonable.

2. Other marijuana-related conduct that is not reasonable

The CSA prohibits not only the use of marijuana, but also its manufacture, possession, and distribution, regardless of state medical marijuana laws. *See* 21 U.S.C. §§ 841(a)(1); 844(a). The drug-free policy to which PHAs and owners must adhere, as expressed in the mandatory lease terms described above, requires that PHAs and owners have the discretion to evict tenants for "any drug-related criminal activity on or off such premises." *Supra* note 14. Tenants likewise must refrain from engaging in drug-related criminal activity. *Supra* note 15. As a result, mandatory drug-free policies prohibit all forms of "drug-related criminal activity," including the possession, cultivation, and distribution of marijuana. *See* 24 C.F.R. §§ 966.2 and 5.100 (defining "drug-related criminal activity" in relation to the CSA). Consequently, just as accommodations allowing the *use* of medical marijuana are not reasonable, accommodations allowing other marijuana-related conduct prohibited by the CSA are also not reasonable.

IV. *In the unlikely event that state nondiscrimination laws are construed so as to require PHAs and owners to permit medical marijuana use as a reasonable accommodation, those laws would be subject to preemption by federal law.*

Because PHAs and owners are also bound by the laws of the state in which they operate, medical marijuana users might attempt to avail themselves of the reasonable accommodation provisions found in state nondiscrimination laws. Some state nondiscrimination statutes do not have explicit provisions excluding current illegal drug users from their definitions of "disability." Furthermore, while some states do exclude current illegal drug users from protection, they may not consider behavior that complies with state law, such as the state-authorized use of medical marijuana, to be illegal drug use.

We nonetheless believe it is unlikely that state nondiscrimination laws would be interpreted to require PHAs and owners of federally assisted housing to permit the use of federally-prohibited drugs. For example, the Supreme Court of California held that an otherwise disabled plaintiff failed to state a cause of action under a state nondiscrimination law when he alleged that his employer had unlawfully discharged him because of his off-site medical marijuana use. *See Ross v. Ragingwire Telecommunications, Inc.*, 42 Cal. 4th 920, 924 (Cal. 2008). The court reasoned, in part, that because employers have a legitimate interest in considering the use of federally-illicit drugs when making employment decisions, the employer had no duty to accommodate the plaintiff's medical marijuana use: "[California law] does not require employers to accommodate the use of illegal drugs. The point is perhaps too obvious to have generated appellate litigation" *Id.* at 926.

If a state nondiscrimination law were construed to require accommodations allowing for the use of medical marijuana, such an interpretation would be subject to preemption by the federal laws

governing drug use in public housing and other federally assisted housing, and by the CSA. The CSA expressly preempts state laws that “positively conflict” with the CSA. *See* 21 U.S.C. § 903. A state law that would require accommodation of medical marijuana use “positively conflicts” with the CSA because it would mandate the very conduct the CSA proscribes. *See* 21 U.S.C. § 903; 21 U.S.C. 841(a)(1); 844(a) (criminalizing marijuana-related conduct); *United States v. Cannabis Cultivators Club*, 5 F. Supp. 2d 1086, 1100 (N.D. Cal. 1998) (interpreting the “positive conflict” language in the CSA to preempt state laws that “purport to make legal any conduct prohibited by federal law”); *see also Columbia v. Washburn Products, Inc.*, 134 P.3d 161, 166-67 (Or. 2006) (Kistler, J., concurring) (concluding, in state employment discrimination case involving the use of medical marijuana, that “the federal prohibition on possession is inconsistent with the state requirement that defendant accommodate its use The fact that the state may choose to exempt medical marijuana users from the reach of state criminal law does not mean that the state can affirmatively require employers to accommodate what federal law specifically prohibits.”).

Although federal laws governing public housing and federally assisted housing do not expressly state an intention to preempt state law, a state law interpreted to require accommodation of medical marijuana use would nonetheless be subject to preemption under the doctrine of implied conflict preemption. Implied conflict preemption arises where “compliance with both federal and state regulations is a physical impossibility,” or where state law “stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress.” *Gade v. Nat’l Solid Wastes Mgmt.*, 505 U.S. 88, 98 (1992) (internal citations and quotations omitted). State nondiscrimination laws requiring accommodation of medical marijuana use would be subject to preemption by federal laws governing drug use in public housing and other federally assisted housing because: 1) by requiring an accommodation when federal admissions standards mandate the exclusion of the applicant, they would render compliance with federal law impossible; and 2) by requiring an accommodation that divests PHAs and owners of the discretion to evict provided by QHwRA and HUD regulations, they would stand as an obstacle to the accomplishment and execution of federal law objectives. *See supra* Section II.C. and notes 13-14.

V. Conclusion

In sum, PHAs and owners may not grant reasonable accommodations that would allow tenants to grow, use, otherwise possess, or distribute medical marijuana, even if in doing so such tenants are complying with state laws authorizing medical marijuana-related conduct. Further, PHAs and owners must deny *admission* to those applicant households with individuals who are, at the time of consideration for admission, using medical marijuana. *See* 42 U.S.C. § 13661(b)(1)(A); Laster Memorandum at 2.

We note, however, that PHAs and owners have statutorily-authorized discretion with respect to evicting or refraining from evicting *current residents* on account of their use of medical marijuana. *See* 42 U.S.C. § 13662(a)(1); Laster Memorandum at 5-7. If a PHA or owner desires to allow a resident who is currently using medical marijuana to remain as an occupant, the PHA or owner may do so as an exercise of that discretion, but not as a reasonable accommodation. HUD regulations provide factors that PHAs and owners may consider when determining how to exercise their discretion to terminate tenancies because

of current illegal drug use. *See* 24 C.F.R. §§ 966.4(l)(5)(vii)(B) (factors for PHAs); 5.852 (factors for PHAs and owners operating other assisted housing programs).



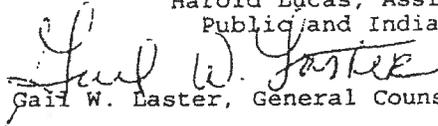
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-0500

OFFICE OF THE GENERAL COUNSEL

September 24, 1999

MEMORANDUM FOR: William C. Appgar, Assistant Secretary, Office of
Housing/Federal Housing Commissioner, H

Harold Lucas, Assistant Secretary, Office of
Public and Indian Housing, P

FROM: 
Gail W. Laster, General Counsel, G

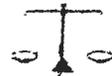
SUBJECT: Medical use of marijuana in public housing

The Office of Housing requested our opinion with respect to whether a section 8 tenant's use of medical marijuana¹ requires an owner to terminate the tenancy of the medical marijuana user. It further inquired whether the cost of medical marijuana is deductible for purposes of determining adjusted income under applicable section 8 regulations.² Several HUD Field Offices have also requested guidance on this matter. Because these issues are also relevant to the public housing program and the section 8 programs operated by the Office of Public and Indian Housing, this memorandum is also addressed to that office. As more fully articulated below, we conclude that State laws purporting to legalize medical marijuana directly conflict with the admission and occupancy requirements of the Quality Housing and Work Responsibility Act of 1998 ("Public Housing Reform Act") and are thus subject to preemption.³

¹ The term "medical marijuana" in this memorandum means marijuana which, when prescribed by a physician to treat a serious illness such as AIDS, cancer, or glaucoma, is legal under State law.

² These issues arose in the wake of Washington State's November 3, 1998 referendum in which voters approved the medical use of marijuana. According to the Office of National Drug Control Policy ("ONDCP"), the following States have enacted laws purporting to legalize medical marijuana to date: Alaska, Arizona, California, Connecticut, Massachusetts, New Hampshire, Nevada, Oregon, Vermont, Virginia, and Washington and, depending on the interpretation of the law in Louisiana, may also be legal there under certain circumstances. See ONDCP's web page, "Status of State Marijuana Initiatives" (copy attached).

³ The Public Housing Reform Act amended the United States Housing Act of 1937 ("Act"), 42 U.S.C. § 1437. As more fully discussed below, it also contains four freestanding sections, sections 576



I. Admissions Standards

Section 576(b)(1) of the Public Housing Reform Act requires public housing agencies ("PHAs") and owners to establish standards that:

prohibit admission to . . . federally assisted housing for any household with a member--
 (A) who the public housing agency or owner determines is illegally using a controlled substance; or
 (B) with respect to whom the public housing agency or owner determines that it has reasonable cause to believe that such a household member's illegal use (or pattern of illegal use) of a controlled substance . . . may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.

42 U.S.C. §13661(b)(1) (emphasis added). We interpret the word "prohibit" in this context to mean that the admission standards which the statute prescribes require that PHAs and owners *must* deny admission to the first class of households, i.e., those with a member who the PHA or owner determines is, at the time of consideration for admission, illegally using a controlled substance.* See 64 Fed. Reg. 40262, 40270 (1999) (to be

through 579, which apply across the board to all federally assisted housing. Three of these four sections, section 576 ("Screening of Applicants for Federally Assisted Housing"), section 577 ("Termination of Tenancy and Assistance for Illegal Drug Users and Alcohol Abusers in Federally Assisted Housing"), and section 579 ("Definitions"), govern the questions articulated above. They are codified in Chapter 135 ("Residency and Service Requirements in Federally Assisted Housing") of Title 42 of the United States Code, 42 U.S.C. §§ 13661, 13662, & 13664, rather than with the Act itself.

* None of the three applicable freestanding provisions identified in footnote 3 contains a definition of "controlled substance." Section 579(a)(1) of the Public Housing Reform Act, however, attributes the related phrase, "drug-related criminal activity," with the meaning specified in section 3(b) of the Act. 42 U.S.C. § 13664(a)(1). Section 3(b)(9) of the Act defines "drug-related criminal activity" as "the illegal manufacture, sale, distribution, use, or possession with intent to manufacture, sell, distribute, or use, of a controlled substance (as such term is identified in section 102 of the Controlled Substances Act.)" 42 U.S.C. § 1437b(9). The Controlled Substances Act in turn



codified at 24 C.F.R. §§ 5.853(a)(1)) (proposed July 23, 1999).
Id. at 40274 (to be codified at 24 C.F.R. § 882.519(a)(1)(1)).

With respect to the determination as to whether a person is illegally using a controlled substance, the Act does not indicate a minimum length of time that must have transpired since the last illegal use of a controlled substance for an applicant to be deemed eligible to receive Federal assistance. Legislative history to the Americans with Disabilities Act ("ADA"), which similarly excludes "current users of illegal drugs" from its protections, indicates that in excluding such persons from coverage, Congress intended to exclude persons "whose illegal use of drugs occurred recently enough to justify a reasonable belief that a person's drug use is current." H.R. Conf. Rep. No. 101-596, at 64, reprinted in 1990 U.S.C.C.A.N. 267, 573. See also, D'Amico v. City of New York, 955 F. Supp. 294, 298 (S.D. N.Y. 1997) (Rehabilitation Act's prohibition against current illegal use of controlled substances encompasses illegal uses occurring recently enough to justify reasonable belief that illegal drug use is current), aff'd 132 F.3d 145 (2d Cir.), cert. denied, 118 S.Ct. 2075 (1998). We thus interpret the Public Housing Reform Act's prohibitions against "current" illegal use of a controlled substance as encompassing uses occurring recently enough to warrant a reasonable belief that the use is ongoing.

The courts of appeal which have addressed this issue in cases brought under Federal civil rights statutes have reached different conclusions regarding the length of time that must have passed since the last instance of illegal use for a person not to be considered a "current" illegal user. Most agree, however, that the issue of whether or not a person is a "current" illegal user under Federal civil rights laws requires a highly individualized, fact-specific examination of all relevant circumstances. See, e.g., Shafer v. Preston Memorial Hospital, 107 F.3d 274, 278 (4th Cir. 1997) (employee whose last illegal use of drugs occurred three weeks prior to termination held to be "currently engaging in the illegal use of drugs" under ADA); Collins v. Longview Fibre Co., 63 F.3d 828, 833 (9th Cir. 1995) (passage of "months" between last illegal use of controlled

defines "controlled substance" as "a drug or other substance, or immediate precursor, included in schedule I, II, III, IV, or V of part B of this subchapter." 42 U.S.C. § 802(6). Schedule I includes marijuana. 21 U.S.C. § 812(c) (Schedule I) (c)(10). We therefore attribute the latter definition of "controlled substance" to that phrase, as used in sections 576 and 577 of the Public Housing Reform Act. Sullivan v. Strop, 496 U.S. 478, 484 (1990) ("identical words used in different parts of the same Act are intended to have the same meaning") (quoting Helvering v. Stockholms Enskilda Bank, 293 U.S. 84, 87 (1934)).



substance and termination held insufficient for employees to escape classification of current illegal users under ADA); United States v. Southern Management Corp., 955 F.2d 914, 918 (4th Cir. 1992) (persons drug-free for one year held not "current" users under Fair Housing Act). In any event, it is likely that when issues arise with respect to medical marijuana, the person in question will be currently using the controlled substance.

With respect to the second class of households addressed in section 576(b)(1)(B), i.e., those including a member for whom the PHA or owner determines that reasonable cause exists to believe that the member's pattern of illegal use of a controlled substance may interfere with other residents' health, safety, or right to peaceful enjoyment⁵, section 576(b)(2) of the Public Housing Reform Act affords PHAs and owners limited discretion to admit such households. That section provides as follows:

Consideration of Rehabilitation. -- In determining whether, pursuant to paragraph (1)(B), to deny admission to the program or federally assisted housing to any household based on a pattern of illegal use of a controlled substance or a pattern of abuse of alcohol by a household member, a public housing agency or an owner may consider whether such household member--

(A) has successfully completed a supervised drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable);

(B) has otherwise been rehabilitated successfully and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable); or

(C) is participating in a supervised drug or

⁵ Section 576(b)(1)(B) of the Public Housing Reform Act does not expressly limit the reasonable cause determination to *past* illegal use or a *past and noncontinuing* pattern of illegal use, of a controlled substance. But given section 576(b)(1)(A)'s prohibition against admitting any household with a member who the PHA or owner determines is illegally using a controlled substance, i.e., at the time of consideration for admission or recently enough to warrant a reasonable belief that a household member's illegal use is ongoing, we interpret section 576(b)(1)(B) to require PHAs and owners to deny admission to households based on a reasonable cause determination that the household member's *past* illegal use or *past and noncontinuing* pattern of illegal use of a controlled substance may interfere with other residents' health, safety, or right to peaceful enjoyment of the premises. 42 U.S.C. § 13661(b)(1)(B).



alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable).

42 U.S.C. § 13661(b)(2). A PHA or owner may admit such a household under this provision after having determined that both conditions in one of the three considerations enumerated above have been met, i.e., some evidence of drug rehabilitation and no current illegal use. See 64 Fed. Reg. at 40270 (to be codified at 24 C.F.R. § 5.860(a)). As with households including a member who the PHA or owner determines is illegally using a controlled substance, a PHA or owner may admit a household under section 576(b)(1)(B) on the condition that the household member for whom reasonable cause exists to believe that such person's past and noncontinuing illegal use may interfere with other residents' health, safety, or right to peaceful enjoyment, may not reside with the household or on the premises. 64 Fed. Reg. at 40270 (to be codified at 24 C.F.R. § 5.860(b)).

The law of preemption provides that "it is not necessary for a federal statute to provide explicitly that particular state laws are preempted." Hillsborough County v. Automated Medical Laboratories, Inc., 471 U.S. 707, 713 (1985). Moreover, a State statute "is invalid to the extent that it 'actually conflicts with a . . . federal statute.'" International Paper Co., v. Ouellette, 479 U.S. 481, 492 (1987) (quoting Ray v. Atlantic Richfield Co., 435 U.S. 151, 158 (1978)). "Such a conflict will be found when the state law 'stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress.'" Ouellette, 479 U.S. at 492 (quoting Hillsborough County, 471 U.S. at 713).

It is our opinion that State statutes which purport to legalize marijuana stand as such an obstacle to the accomplishment of the purpose of section 576(b)(1) of the Public Housing Reform Act, i.e., to require owners of federally assisted housing to "establish standards that prohibit admission to federally assisted housing" for the two categories of households identified in section 576(b)(1). To the degree that a PHA may look to these State laws for authorization to admit families with a member who is using medical marijuana on the grounds that under State law the use of medical marijuana is not the illegal use of a controlled substance, we believe that the PHA would not be in compliance with section 576. We therefore conclude, with regard to required standards prohibiting admission to federally assisted housing of households with members who are illegally using a controlled substance, that State medical marijuana statutes which purport to remove medical marijuana from classification as a controlled substance are preempted by section 576 of the Public Housing Reform Act.



II. Termination of Tenancy and Assistance

With regard to existing public housing tenants and program participants, section 577(a) of the Public Housing Reform Act requires that PHAs and owners:

establish standards or lease provisions for continued assistance or occupancy in federally assisted housing that allow the agency or owner . . . to terminate the tenancy or assistance for any household with a member--

- (1) who the public housing agency or owner determines is illegally using a controlled substance; or
- (2) whose illegal use (or pattern of illegal use) of a controlled substance . . . is determined by the [PHA] or owner to interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.

42 U.S.C. § 13662(a) (emphasis added). Unlike the prescribed admission standards, which "prohibit" admission of households identified in section 576(b)(1), the prescribed continued occupancy and assistance standards merely "allow" termination when a PHA or owner determines that a household member is illegally using a controlled substance or when a household member displays a past and noncontinuing pattern of illegal use which is determined by the PHA or owner to interfere with other residents' health, safety, or right to peaceful enjoyment. See 64 Fed. Reg. at 40274 (to be codified at 24 C.F.R. § 882.518(b)(1)(i)).

As discussed above, with respect to the classification of medical marijuana, Federal law preempts any discretion on the part of the PHA or owner from determining that medical marijuana is not a controlled substance. Therefore, an owner or PHA could not make a determination that use of medical marijuana per se is never grounds for termination of tenancy or assistance. And, consequently, could not establish standards or lease provisions that generally permit occupancy of Federally assisted housing by medical marijuana users.

That being said, the statute provides the PHA and the owner with the discretion to determine on a case-by-case basis when it is appropriate to terminate the tenancy or assistance of a household. The propriety of any decision to evict a household or to terminate assistance for past or current illegal use of a controlled substance, or for a stated or demonstrated intent by a resident prospectively to use medical marijuana, requires a highly individualized, fact-specific analysis that is tailored to the relevant circumstances of each case. See Southern Management Corp., 955 F.2d at 918; Forrisi v. Bowen, 794 F.2d 931, 933 (4th



Cir. 1986) (decided under Rehabilitation Act). It is therefore not practicable to articulate specific guidance which is relevant to all cases where a PHA is considering eviction or termination of assistance for past or current illegal use of a controlled substance or for a resident's stated or demonstrated intent prospectively to use medical marijuana.

In determining how to exercise the discretion which section 577 of the Public Housing Reform Act affords, however, PHAs and owners should be guided by the fact that historically, HUD has not extensively regulated the area of eviction and termination of assistance, leaving the ultimate determination of whether to evict or terminate assistance to their reasoned discretion. HUD intends that PHAs and owners utilize their discretion under section 577 to make consistent and reasoned determinations with respect to eviction and termination of assistance determinations. In cases where a household member states or demonstrates an intent prospectively to use medical marijuana, PHAs and owners should consider all relevant factors in determining whether to terminate the tenancy or assistance, including, but not necessarily limited to: (1) the physical condition of the medical marijuana user; (2) the extent to which the medical marijuana user has other housing alternatives, if evicted or if assistance were terminated; and (3) the extent to which the PHA or owner would benefit from enforcing lease provisions prohibiting the illegal use of controlled substances.

For households with a member who a PHA or owner determines to be illegally using a controlled substance or whose past and noncontinuing pattern of illegal use of a controlled substance is determined by the PHA or owner to interfere with other residents' health, safety, or right to peaceful enjoyment, the prescribed continued occupancy and assistance standards, like the prescribed admissions standards, must allow the PHA or owner to consider evidence of successful rehabilitation or current participation in a supervised drug rehabilitation program when determining whether to terminate tenancy or assistance to such a household. Section 577(b).

Again as discussed above with respect to section 576, State statutes which purport to legalize medical marijuana directly conflict with the quoted provisions of section 577 of the Public Housing Reform Act insofar as they purport to remove marijuana, when used pursuant to a physician's prescription, from the Controlled Substances Act's list of controlled substances. The limited discretion which section 577 affords PHAs and owners to refrain from terminating the tenancy of or assistance for illegal drug use, however, does not include any discretion to determine that marijuana is not a controlled substance within the meaning of the Controlled Substances Act, 21 U.S.C. § 812(b)(1)(c), even if a State statute purports to legalize its use for medical purposes.



If enforced, such laws would "stand[] as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress" in enacting section 577 of the Public Housing Reform Act, i.e., to require that PHAs and owners "establish standards which allow them to terminate the tenancy or assistance" for either class of households identified in section 577(a). Quellette, 479 U.S. at 492 (quoting Hillsborough County, 471 U.S. at 713). If given effect, such laws would operate to divest PHAs and owners of the discretion which Congress intended them to have regarding termination of tenancy or assistance for use of a controlled substance. We thus conclude that State medical marijuana statutes, insofar as they may be interpreted to mean that use of medical marijuana is not the illegal use of a controlled substance, are preempted by section 577 of the Public Housing Reform Act.

III. Conclusion

Based on this analysis, we conclude that PHAs and owners must establish standards that require denial of admission to households with a member whom the PHA or owner determines to be illegally using a controlled substance, or for whom it determines that reasonable cause exists to believe that a household member's pattern of illegal use of a controlled substance may interfere with other residents' health, safety, or right to peaceful enjoyment. Section 576(b). The Public Housing Reform Act affords PHAs and owners limited discretion to admit households with a member for whom such a reasonable cause determination is made in the face of evidence of rehabilitation. Section 576(b)(2). HUD's proposed rule would further allow a PHA or owner to impose as a condition to admission a requirement that "any household member who engaged in or is culpable for the drug use . . . may not reside with the household or on the premises." 64 Fed. Reg. at 40270 (to be codified at 24 C.F.R. § 5.860(b)). Because State medical marijuana laws, insofar as they may be interpreted to mean that use of medical marijuana is not the illegal use of a controlled substance, directly conflict with the objective of the Public Housing Reform Act's requirements regarding admissions, they are preempted.

We further conclude that PHAs and owners must establish standards or lease provisions for continued assistance or occupancy which allow termination of tenancy or assistance for any household with a member who the PHA or owners determines to be illegally using a controlled substance or whose past and noncontinuing pattern of illegal use of a controlled substance is determined by the PHA or owner to interfere with other residents' health, safety, or right to peaceful enjoyment. The Public Housing Reform Act affords PHAs and owners limited discretion to refrain from terminating the tenancy or assistance for any household with a member for whom such a determination is made in the face of evidence of rehabilitation. Section 577(b). HUD's



proposed rule would further allow a PHA or owner to impose as a condition for continued assistance a requirement that "any household member who engaged in or is culpable for the drug use . . . may not reside with the household or on the premises." 64 Fed. Reg. at 40270 (to be codified at 24 C.F.R. § 5.860(b)).

The standards which section 577 requires must also allow PHAs and owners to terminate the tenancy of or assistance to a household with a member who states or demonstrates an intent prospectively to use medical marijuana. In determining whether to exercise their discretion to evict or terminate assistance for such a household, PHAs and owners should consider all relevant factors particular to each case, including, but not necessarily limited to: (1) the physical condition of the medical marijuana user; (2) the extent to which the medical marijuana user has other housing alternatives, if evicted or if assistance were terminated; and (3) the extent to which the PHA or owner would benefit from enforcing lease provisions that prohibit illegal use of controlled substances.

With regard to the Office of Housing's question concerning the deductibility of the cost of medical marijuana, the Internal Revenue Service has already concluded, based on the premise that marijuana is a Federally controlled substance for which there are no legal uses, that the cost of medical marijuana is not a deductible medical expense. Rev. Ruling 97-9, 1997-9 I.R.B. 4, 1997 WL 61544 (I.R.S.). While for the purposes of HUD's assisted housing programs, PHAs and owners are not technically bound by the IRS Revenue Ruling, consistent with the conclusions in this memorandum, we believe that PHAs and owners should be advised that they may not allow the cost of medical marijuana to be considered a deductible medical expense.



Chapter 12
RENTAL AGREEMENT TERMINATIONS

[24 CFR 966.4]

INTRODUCTION

The PHA may terminate tenancy for a family because of the family's action or failure to act in accordance with HUD regulations [24 CFR 966.4 (1)(2)], and the terms of the rental agreement. This Chapter describes the PHA's policies for notification of rental agreement termination and provisions of the rental agreement.

A. TERMINATION BY TENANT

The tenant may terminate the rental agreement by providing the PHA with a written twenty-eight (28) day advance notice as defined in the rental agreement.

B. TERMINATION BY PHA

Termination of tenancy will be in accordance with the PHA's most current rental agreement.

The rental agreement may be terminated by the PHA at any time by giving written notice for serious or repeated violation of material terms of the rental agreement, including, but not limited to the following:

- Nonpayment of rent, repeated chronic late payment of rent, failure to pay rent in full when due, and/or nonpayment of other charges (i.e. excess utilities, maintenance and towing charges) due under the rental agreement, or;
- Failure to obtain prior written consent of Management, to allow members of the household to engage in legal profit making activities in the dwelling unit, where Management determines that such activities are incidental to primary use of the unit for residence by members of the household;
- Failure to report changes in family income, assets, and employment and household composition as required by Management to determine Tenant's rental rate and eligibility for continued occupancy; changes shall be reported within ten (10) business days or
 - (1) Discovery after admission of facts that made the tenant ineligible or
 - (2) Discovery of material false information, information withheld, willful misstatements, or fraud by the Tenant at the time of admission, reexamination, interim, or at any other time;
 - (3) Tenant is ineligible for continued occupancy;

- Permitting any person to occupy the dwelling unit other than persons listed on the most current household composition form(s), except that with prior written consent of Management, a foster child/adult or a live-in aide may reside in the unit;
- Failure to observe all applicable laws, rules, regulations, and ordinances of governmental authorities that pertain to and establish standards for residential occupants;
- Failure to abide by the Project Rules and all applicable rules, regulations, and supplemental agreements that shall be available at the Project Office and incorporated by reference in the Lease;
- Failure to pay for repair of all damages to the dwelling unit or to any appliances or equipment furnished by Management, in excess of ordinary wear and tear, and for any repairs to the Project buildings, facilities, or common areas, required because of the wrongful act or negligence of Tenant, Tenant's household, guests, or visitors;
- Committing or suffering any damage to the dwelling unit, any act that shall cause increase in the premiums for fire and other casualty insurance on the building, or any noise or nuisance to the disturbance of other Tenants of the Project;
- Making any alterations or additions to the dwelling unit, including the installation of any additional locks, bolts, screws or other fixtures, or any decorations therein which shall damage or deface the doors, windows, walls, or floors without obtaining Management's prior written consent;
- Assigning the rental agreement or subletting the dwelling unit;
- Failure to peaceably surrender the dwelling unit to Management in good order and condition, except for ordinary wear and tear, and return all keys thereto upon the termination of the tenancy for any cause;
- Failure to keep the dwelling unit and such other areas as may be assigned to Tenant for Tenant's exclusive use in a clean, sanitary and safe condition;
- Failure to dispose of all ashes, garbage, rubbish and other waste from the premises in a sanitary and safe manner;
- Failure to use only in a reasonable manner all electrical, plumbing, sanitary, ventilating, air conditioning and other facilities and appurtenances including

elevators;

- Failure to refrain from and cause Tenant household members and guests to refrain from destroying, defacing, damaging or removing any part of the premises or Project;
- Failure to agree to transfer to an appropriate size dwelling unit based on family composition, upon notice by Management that such a dwelling unit is available;
- Refusal to transfer or relocate for reasons including but not limited to, health & safety, repair, abatement, construction or renovation of the unit;
- Keeping or permitting to be kept any animal, as a pet or otherwise, in or about the dwelling unit, except as provided by law and, in all other housing, in accordance with the Pet Policy which is incorporated by reference in the rental agreement;
- Failure to refrain from storing any unlicensed, inoperable or abandoned vehicle on the Project premises; and if the vehicle is required to be towed by Management, upon billing, Tenant shall pay for any charges incurred by Management;
- Failure to comply with all obligations imposed upon Tenants by applicable provisions of building and housing requirements of applicable building codes, housing codes, health codes, materially affecting health and safety;
- Failure to comply with all HUD regulations pertaining to the requirement that all adult household members, unless exempt, participate for at least eight hours per month in community service or an economic self-sufficiency program; non-compliance will result in denial of rental agreement renewal; and
- Failure to be physically present and residing in the dwelling unit;
- Failure to accept Management's offer of a revision to the existing rental agreement. Such revision must be on a form adopted by the agency in accordance with regulations. Management must give Tenant written notice of the offer of revision at least sixty (60) calendar days before it is scheduled to take effect. The offer must specify a reasonable time limit within that period for acceptance by the Tenant;
- Failure to conduct himself and cause other persons who are on the premises with Tenant consent to conduct themselves in a manner which will not disturb Tenant neighbors' peaceful enjoyment of their accommodations and will be conducive to maintaining the Project in a decent, safe and sanitary condition, and not loiter or drink alcoholic beverages in the project's common areas as defined in the Project Rules;

- Failure to assure that Tenant, any member of the household, a guest or another person under Tenant control, shall not engage in:
 - (1) Any criminal activity or alcohol abuse that threatens the health, safety or right to peaceful enjoyment of Management's public housing premises by other public housing residents or neighboring residents or employees of Management,
 - (1)(a) "Alcohol abuse" means a tenant or any member of the tenant's household has engaged in abuse or a pattern of abuse of alcohol that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents, or furnished false or misleading information concerning illegal drug use, alcohol abuse, or rehabilitation of illegal drug users or alcohol abusers. The PHA will consider the alcohol abuse to be a *pattern* if there is more than one incident during the previous one (1) month.
 - (2) The illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with intent to manufacture, sell, distribute, or use the drug; or any drug-related criminal activity on or off such premises. Since public housing is a federally subsidized program, federal law regarding the use of controlled substances supersedes state law. Therefore, the "illegal use of a drug", "possession of a drug with intent to manufacture, sell, distribute, or use the drug", and "drug-related criminal activity" include the use of medical marijuana prescribed pursuant to Hawaii Revised Statute §§ 329-121 through 329-128.
 - (3) Any illegal activity that has as one of its elements the use, attempted use, or threatened use of physical force substantial enough to cause, or be reasonably likely to cause, serious bodily injury or property damage;

Management will immediately seek termination of the rental agreement if it determines that any member of the household has ever been convicted of drug-related criminal activity for the manufacture or production of methamphetamine on the premises of federally assisted housing. Any drug-related criminal activity in violation of this section shall be cause for termination of tenancy and for eviction from the unit. Management has the discretion to consider all the circumstances and effects of the violation.

A PHA may evict for criminal activity by administrative action if the PHA determines that the covered person has engaged in criminal activity, regardless of whether the person has been arrested or convicted of criminal activity and without satisfying the standard of proof used for a criminal conviction.

Note: For a criminal conviction the standard of proof is “beyond a reasonable doubt”, while for civil cases, such as evictions, the standard of proof is based on “the preponderance of the evidence”. Note that a PHA cannot simply allege that criminal activity has occurred, however. Some sort of evidence will be required. For example, if the PHA claims that drug-related criminal activity has occurred, proof that illegal drugs were involved will be needed (i.e., testimony of a police officer).

In evaluating evidence of negative behavior, the PHA will give fair consideration to the seriousness of the activity with respect to how it would affect other residents, and/or likelihood of favorable conduct in the future which could be supported by evidence of rehabilitation.

The PHA may waive the requirement regarding drug-related criminal activity if:

- The person demonstrates successful completion of a credible rehabilitation program approved by the PHA, or
- The individual involved in drug-related criminal activity is no longer in the household and/or has been removed as a household member because the person is incarcerated.

The PHA may permit continued occupancy provided the family accepts imposed conditions that the involved family member(s) does not reside in the unit. The PHA may consider evidence that the person is no longer in the household such as a divorce decree/incarceration/death/copy of a new lease for the person including the owner's telephone number and address or other substantiating evidence.

C. NOTIFICATION REQUIREMENTS

Notice of Violation of Rental Agreement

In case of any default by the Tenant in the payment of rental or the observance and performance of any covenant under the Rental Agreement, the PHA shall notify the Tenant of the default in writing and shall specify the time within which the default and noncompliance must be remedied and corrected. If the Tenant fails to remedy and correct the default and noncompliance within the time specified in the notice, the PHA may terminate the rental agreement; however, the PHA shall not terminate or refuse to renew the rental agreement other than for serious or repeated violation of material terms of the agreement such as failure to make payments due under the rental agreement or to fulfill Tenant's obligations set forth under the rental agreement or for other good cause.

After the Notice of Violation is sent, if the Manager extends the time to cure, the extension must be justified by documentation or verification in the tenants file.

Tenants shall be notified of specified time to remedy the violation as follows:

<u>TYPE OF VIOLATION</u>	<u>TIME TO REMEDY</u>
Any member of the household has ever been convicted of drug-related criminal activity for the manufacture or production of methamphetamine on the premises of federally assisted housing	0 Days
Any drug related criminal activity on or off the project premises	0 Days
Any member of the household has been convicted of a felony	0 Days
Where tenant has received notice from the United States Department of Housing and Urban Development that the tenant is no longer eligible to remain in the unit	0 Days
A history of chronic violations of any material term of the Rental Agreement (Chronic is defined as 3 notices of violation of the same provision of the Rental Agreement issued to the tenant within a 12 month period.)	0 Days
A history of chronic rent delinquency. (Chronic is defined as 3 notices of violation of the same provision of the rental agreement issued to the tenant within a 12 month period.)	0 Days
Any violation of any provision of the Rental Agreement that potentially threatens the health or safety of other residents or the Corporation's employees or their representatives (ex. Fire hazards, slip and falls, unsanitary conditions, vicious animals, etc.)	24 Hours
Non payment or failure to pay rent when due	14 Days
Any Other Violation	30 days in all other cases unless management can justify the deviation from the 30 days

D. NOTICE OF PROPOSED TERMINATION OF RENTAL AGREEMENT

The PHA must give written notice of proposed rental agreement termination. The notice to the tenant shall state specific grounds for termination, and shall inform the tenant of the tenant's right to make such reply as the tenant may wish. The notice shall also inform the tenant of the right (pursuant to Sec. 966.4 (m)) to examine PHA documents directly relevant to the termination or eviction. The notice shall also inform the tenant of the tenant's right to request a hearing in accordance with the PHA's grievance procedure. (See Chapter 13, Complaints, Grievances and Hearings.)

Notices of rental agreement termination shall be in writing and delivered to the tenant or adult member of the household or sent by first class mail properly addressed to the tenant. If the tenant is visually impaired, all notices must be in an accessible format, or put in accessible format if requested.

If the PHA proposes termination of the rental agreement, written notice must be given. (PHA may terminate the rental agreement as follows):

- The PHA will immediately proceed with termination of tenancy of persons convicted of manufacturing or producing methamphetamine on the premises of the assisted housing project in violation of any Federal or State law. "Premises" is defined as the building or complex in which the dwelling unit is located, including common areas and grounds.
- A reasonable time, defined in the lease as not to exceed thirty (30) days considering the seriousness of the situation: (1) If the health or safety of other residents, PHA employees, or persons residing in the immediate vicinity of the premises is threatened; (2) If any member of the household has engaged in any drug-related or violent criminal activity; or (3) If any member of the household has been convicted of a felony
- 14 calendar days in the case of failure to pay rent;
- Thirty days in all other cases.

Any violation under section 201G-52, HRS, shall constitute cause for the project managers within each county to initiate eviction proceedings.

E. EVICITION BASED ON DELINQUENT RENT ACCOUNTS

Before the management unit (MU) can send the eviction referral, the MU must meet the following statutory requirements.

1. **WRITTEN NOTICE** – SB331 (Act 227) requires that written notice be sent to Tenant no later than 45 days from the date of delinquency, (NOTE: the RENT COLLECTION POLICY REQUIRES MANAGEMENT TO SEND IT ON OR ABOUT THE 15TH DAY OF THE MONTH). This written notice should contain the following information and attachments:

1. Continued delinquency shall result in tenant's eviction
2. Tenant has a right to apply for interim adjustment in rent
3. Explain the steps of the grievance and eviction processes and how the processes protect the tenant
4. Sample letter for demanding a grievance hearing
5. Set forth location, date, and time of meeting which SHALL NOT BE SCHEDULED EARLIER THAN 14 DAYS FROM DATE OF THE WRITTEN NOTICE at which tenant may meet with corporation to discuss the delinquency in rent
6. Tenant shall either attend meeting or contact the corporation before the meeting to reschedule

2. **MEETING**

1. MU to discuss cause of Tenant's delinquency and may offer suggestions that are appropriate to address the cause(s) of tenant's delinquency
2. Consider whether a reasonable payment plan is appropriate for the tenant's situation – if appropriate. If a repayment plan offered to tenant, it cannot exceed **SIX (6) months** pursuant to Hawaii Administrative Rules (HAR) section 17-2020 (Eviction Rules). The repayment period should NOT extend beyond six months.
3. Inform tenant and explain that continued delinquency shall result in their eviction
4. Inform tenant and explain their right to apply for an interim adjustment in rent
5. Inform tenant and explain the grievance and eviction process and how the processes protect them

3. **CHECKLIST** – the corporation shall develop a checklist outlining the issues covered at the Meeting (i.e. cause of delinquency, suggestions from management, consideration of a

reasonable payment plan, consequence of continued delinquency, interim adjustment, grievance and eviction process)

1. Management AND tenant shall complete, sign and date the checklist to memorialize the meeting

<p>If tenant fails to attend or reschedule the Meeting</p> <ol style="list-style-type: none"> 1. MU sends tenant a SECOND WRITTEN NOTICE informing tenant that MU shall proceed to terminate the tenancy because of the outstanding rent delinquency and tenant's failure to respond to the written notice scheduling the Meeting 2. Tenant has 30 days from second written notice to request a grievance hearing 3. If tenant fails to request a grievance hearing within 30 days, MU has a right to proceed with the eviction hearing pursuant to section 201G-53, HRS 	<p>If tenant attends the Meeting</p> <ol style="list-style-type: none"> 1. MU decides what action is appropriate for tenant's case and NOTIFIES TENANT OF MU'S DECISION IN WRITING 2. If decision is to terminate the tenancy the written notice shall inform tenant that <ol style="list-style-type: none"> a. Tenant has 30 days from receipt of the notice to request a grievance hearing b. If tenant fails to request a grievance hearing within 30 days, the corporation has the right to proceed with eviction pursuant to section 201G-53, HRS
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F. EVICTION BASED ON NON-RENT VIOLATION

1. For non-rent violations received as a complaint, MU shall follow the HCDCH complaint procedure.
2. For non-rent violations observed by MU staff, MU shall conduct their investigation.
3. If the violation is not resolved after the investigation, the MU shall send the Tenant a written notice of the violation which shall include the following info:

- Specify the Rental Agreement provision violated
 - Detailed description of the violation
 - Time that Tenant should cure the violation, if applicable
 - Notification that continued violation or failure to correct violation by the deadline may result in termination of the rental agreement
4. If the non-rent violation is not resolved or corrected, or calls for immediate termination of the Rental Agreement, MU shall send Tenant a Written Notice of Violation and Proposed Termination of the Rental Agreement which shall contain the following information and attachments:
- Specify the Violation
 - Identify the Rental Agreement provision violated
 - Explain steps of the grievance procedure and eviction process
 - Attach sample letter for requesting grievance hearing
 - Inform Tenant that MU shall proceed to terminate tenancy because violation continuing or not corrected or because violation calls for immediate termination of the Rental Agreement
 - Tenant has 30 days to initiate Grievance Procedure
 - If Tenant fails to request Grievance Procedure within 30 days, MU has right to proceed to eviction hearing pursuant to 201G-53, HRS

G. REFERRAL TO THE EVICTION BOARD

Via interoffice memorandum (IOM)

1. Violation of SPECIFIC Provision of the Rental Agreement – should be consistent with all the written notices to tenant informing them of the violation
2. Identify the Tenant, Address and Household
3. Provide some background of Tenant
4. Cite the rental agreement provisions
5. Cite SPECIFIC info supporting your allegations that tenant violated the RA (i.e. on March 21, 2004, management received a complaint from another resident that you were pulling fire alarms off the wall). The more specific your information, the better for your case.
6. Identify the number of times with specific dates that management sent notices to tenant regarding the violation and attach the notices to the IOM in its entirety and in chronological order.
7. Identify the number of meetings or telephone contacts with specific dates you've had with tenant regarding the violation and attach your notes of the contacts to the IOM in chronological order.

8. Recommendation to the Board
9. Manager or Deputy Manager's signature on the IOM – the Originator of the IOM should be a Manager or Deputy Manager. You will be testifying at the hearing.

H. ORDER OF DOCUMENTS IN REFERRAL

RENT CASES:

1. IOM
2. Updated Summary of Rent Payment Sheet - Prepare a summary sheet for the board to reference. (SEE EXAMPLE) Information should include month, charges, payments/credits, balance, and notes.
3. All relevant correspondence with oldest dated letter on the top and most recent dated letter on the bottom.
4. RA (include Grievance Procedure, project rules, pet policy and any other documents referenced on the Rental Agreement)
5. Form 4057

NON-RENT CASES:

1. IOM
2. Correspondence in chronological order.
3. Other supporting notes, incident reports, etc., in chronological order.
4. RA
5. Form 4057

I. SERVICE OF DOCUMENTS (Notice of Hearing, Findings, Writs)

Service of the documents is set forth in the HAR section 17-2020 - they are very specific and we must follow them or service is not valid – which means the case cannot be heard and we'd have to reschedule the hearing to arrange for valid service.

The Notice of Hearing must be served on the Tenant AT LEAST FIVE days before the hearing. For neighbor islands, HRO sends the Notices out at least 3 weeks before the hearing in case a posting has to be requested. MU should monitor the service with the process server.

Posting must be approved in writing by the Eviction board before you can post. HAR also requires the document to be mailed via first class mail in addition to posting, which HRO completes.

J. WRIT ENFORCEMENT

Manager or Deputy Manager should ALWAYS be present at the enforcement to answer questions about the issues at the hearing, the rights on appeal or arrangements for storage or retrieval of their belongings. Maintenance staff may be present to assist with changing locks and inventory, but do not send them alone.

When the PHA evicts an individual or family for criminal activity, the PHA shall notify the Post Office that the individual or family is no longer residing in the unit.

K. RECORD KEEPING

A written record of every termination and/or eviction shall be maintained by the PHA at the development where the family was residing, and shall contain the following information:

- Name of resident, Social Security number, race and ethnicity and identification of unit occupied;
- Date of the Notice of Lease Termination and any other notices required by State or local law; these notices may be on the same form and will run concurrently;
- Specific reason(s) for the Notices, citing the lease section or provision that was violated, and other facts pertinent to the issuing of the Notices described in detail (other than the Criminal History Report);
- Date and method of notifying the resident;
- Summaries of any conferences held with the resident including dates, names of conference participants, and conclusions.

Records for persons whose leases were terminated for any reason will be kept by the PHA indefinitely.

November 17, 2011

FOR ACTION

SUBJECT: Requesting Approval to Amend the Section 8 Administrative Plan Requirements For Reinspection When the Landlord Documents That Required Repairs Were Completed

I. FACTS

- A. The Hawaii Public Housing Authority (HPHA) is required to conduct an annual inspection of each Housing Choice Voucher (HCV) unit under lease, to ensure that it continues to meet the Housing Quality Standards (HQS) set by the Section 8 Administrative Plan. The inspection covers conditions related to the health and safety of the residents, and conditions that should be addressed but do not necessarily present a danger to the residents.
- B. When a deficiency is found HPHA staff notify the property owner and the resident, and set a reasonable time period for remedying the deficiency. Current policy requires that staff reinspect the property after the repair is made. If the repair is not made as required by the end of the correction period, or any PHA approved extension, the unit is not eligible for participation in the HCV program and rent payments are abated.
- C. This same reinspection policy applies to all deficiencies, large and small, and whether or not related to the health and safety of the resident.

II. DISCUSSION

- A. Reinspections are appropriate for significant deficiencies, and for any conditions related to health and safety. However, it is an inefficient use of staff time to conduct a reinspection for minor repairs. The requested change in the Section 8 Administrative Plan would distinguish between minor conditions and those related to health and safety.
- B. When a unit fails inspection and repairs not related to health and safety are necessary, HPHA will not conduct a reinspection if the landlord provides documentation that the repairs were completed. Sufficient proof will need to show that a contractor or the landlord completed the repair. If a contractor completes the repair, for example, a bill describing the repair will suffice; if the landlord completes the repair, a receipt for parts will

suffice. If the repair does not require a contractor or the purchase of materials, a written statement from the landlord describing how the repairs were made will be accepted. At the next annual inspection, staff will verify that the repairs were made as claimed. If any deception is found, the property owner will no longer be allowed to document repairs, in addition to any other appropriate sanctions.

- C. The PHA will continue to conduct reinspections for all health and safety conditions. When the PHA decides to conduct reinspections the family and owner will be given reasonable notice of the reinspection appointment. If the deficiencies have not been corrected by the time of the reinspection, the PHA will send a notice of abatement to the owner, or in the case of family caused violations, a notice of termination to the family, in accordance with PHA policies. If the PHA is unable to gain entry to the unit in order to conduct the scheduled reinspection, the PHA will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance in accordance with Administrative Plan Chapter 12.

III. RECOMMENDATION

That the Hawaii Public Housing Authority Board of Directors approve the proposed changes to the Section 8 Administrative Plan, to not conduct a reinspection if the landlord provides documentation that the non-health and safety repairs were completed.

Attachment: Section 8 Administrative Plan, Page 8-16

Prepared by: Stephanie Fo, Acting Section 8 Subsidy Programs Branch Chief 

Attachment

Section 8 Administrative Plan, Page 8-16

(Attachment is forthcoming.)

FOR ACTION

MOTION: To Accept the HPHA's Public Housing Assessment System Score Issued by the U.S. Department of Housing and Urban Development for the Fiscal Year Ended June 30, 2010

I. FACTS

- A. The Public Housing Assessment System (PHAS) regulations codified in 24 CFR part 902 were established by a final rule published on September 1, 1998 (63 FR 46596). Prior to 1998, a public housing agency was evaluated by HUD with respect only to its management operations.

In 1998, the PHAS expanded assessment of a public housing agency to four key areas of a PHA's operations:

- (1) Physical Condition of the PHA's properties;
- (2) PHA's Financial Condition;
- (3) Management Operations; and
- (4) Residents' service and satisfaction assessment (through a resident survey conducted by HUD).

On the basis of these four indicators, a housing agency received a composite score that represents a single score for the housing agency's entire operation and a corresponding performance designation.

- B. On February 23, 2011, HUD issued changes to the PHAS under the Interim PHAS Rules. The Interim PHAS score for Fiscal Year (FY) 2010-2011 is comprised of assessments in four major operational areas – physical, financial, management, capital fund (formerly the resident survey).
- C. On September 15, 2011, the HPHA received a notice from Mr. Johnson Abraham, Program Manager, Integrated Assessment Subsystem from the US Department of Housing & Urban Development indicating that for the fiscal year ended June 30, 2010, the HPHA was rated as a "troubled PHA" under the old PHAS rating system with a score of 66. See attached.
- D. The HUD notification also included that HPHA could appeal its PHAS score pursuant to 24 CFR § 902.69 if an objectively verifiable and material error existed in the score of one or more of the PHAS indicators, which, if

corrected, would have result in a significant change in the PHAS score and designation.

II. DISCUSSION

- A. Based on the areas in the PHAS where HPHA was rated substandard, it was determined that HPHA would not submit an appeal of the score for the fiscal year ended June 30, 2010.
- B. Discussion with the local HUD office indicate that "HPHA will be on the troubled PHA list when the next report of troubled PHAs is released around the end of December. At that time, HUD will issue a letter to HPHA that explains what will happen. Part of what HUD will determine at that time is the level of attention it will provide to HPHA to develop the recovery and sustainability agreement."
- C. HUD will likely have an agreement for Board action in the February/March 2012 time frame.
- D. Attached for the Board's information are the HPHA's REAC inspection scores for the fiscal year ended June 30, 2011. A review of the scores indicate that HPHA showed an overall improvement under the Physical Assessment SubSystem of the PHAS. This increase in scores will help to improve HPHA's PHAS scores for the most recent fiscal year.
- E. A review of the PHAS score also indicates that HPHA need to improve on tenant receivables (i.e., rent collection). Additionally, the HPHA suffered audit penalties for receiving a qualified audit and for failing to submit the audited financial data submission on time.

As previously discussed with the Board, the HPHA received a qualified audit because the Department of Accounting and General Services (DAGS) did not issue the Other Post Employment Benefits (OPEB) expenses to State agencies on a timely basis. Since then DAGs has issued the OPEB expenses and HPHA has requested that the auditor reissue the audit with an unqualified opinion.

- F. Staff will continue to submit regular reports to the Board on areas of concern and/or improvement related to the PHAS.

III. STAFF RECOMMENDATION

That the HPHA Board of Directors to Accept the HPHA's Public Housing Assessment System Score Issued by the U.S. Department of Housing and Urban Development for the Fiscal Year Ended June 30, 2010

Attachments: Public Housing Assessment System (PHAS) Score Report for the Transition Year, Fiscal Year Ended June 30, 2010

REAC Scores for the HPHA for Fiscal Year Ended June 30, 2011

Prepared by: Stephanie Fo, PMMSB Chief_____

Adopted by the HPHA Board of Directors:

David Gierlach
Chair



U. S. Department of Housing and Urban Development
OFFICE OF PUBLIC AND INDIAN HOUSING
REAL ESTATE ASSESSMENT CENTER

Report Date: 9/15/2011

Public Housing Assessment System (PHAS) Score Report for the Transition Year

PHA Code:	HI001
PHA Name:	Hawaii Public Housing Authority
Fiscal Year End:	6/30/2010

PHAS Indicators	Score	Maximum Score
Physical	17	30
Financial	17	30
Management	23	30
Resident	9	10
PHAS Total Score	66	100
PHAS Designation	Troubled	

Initial PHAS score issued date: 8/31/2011

Financial Sub-Indicators	Score	Maximum Score
Submission Type: Audited/A-133		
1. Current Ratio	7.50	9.00
2. Months Expendable Funds Balance	7.50	9.00
3. Tenant Receivable Outstanding	0.00	4.50
4. Occupancy Loss	2.12	4.50
5. Net Income	1.50	1.50
6. Expense Management	1.50	1.50
Less: Audit Penalties	-2.92	
Total Financial Score	17.20	30.00

Notes:

1. The sum of the sub-indicator scores may not equal the overall score due to rounding.
2. PCNE adjustment will not display in REAC's on-line system.
3. REAC on-line system may display data which is more current than the data shown on this Score Report.



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REAL ESTATE ASSESSMENT CENTER
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

November 03, 2011

PHAS Physical Report for Fiscal Year 2010

PHA Information

PHA Code:	HI001	PHA Name:	Hawaii Public Housing Authority	Fiscal Year End:	06/30
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Physical Score
(rounded) N/A

Number of Projects: 16

Systemic Deficiencies

Inspection Complete Date	Project ID	Inspection Number	Unit Count	Property (Development)	Overall Score		Inspection Reason
					100 - Point Basis	30 - Point Basis	
02/01/2011	HI001000046	354090	101	AMP 46 COUNTY OF HAWAII	68c	20.4	Reinspection
01/04/2011	HI001000045	354089	225	AMP 45 KOOLAU VILLAGE	45c*	13.5	Reinspection
12/24/2010	HI001000044	354088	258	AMP 44 - WAIMAHA/SUNFLOWER	39c*	11.7	Reinspection
12/23/2010	HI001000035	354085	587	AMP 35 - PUNCHBOWL HOMES	43c*	12.9	Reinspection
12/21/2010	HI001000039	354087	196	KAHEKILI TERRACE	66c*	19.8	Reinspection
12/20/2010	HI001000038	354086	319	KEKAHA HAAHEO	53c	15.9	Reinspection
12/17/2010	HI001000049	354091	150	AMP 49 WAHIAWA TERRACE	49c*	14.7	Reinspection
09/03/2010	HI001000030	345886	362	PUUWAI MOMI	62c*	18.6	Rescore
09/03/2010	HI001000034	345890	580	KALAKAUA HOMES	75c	22.5	Rescore
07/26/2010	HI001000040	345895	744	KUHIO PARK TERRACE	40c*	12.0	Initial
07/23/2010	HI001000033	345889	371	KAMEHAMEHA HOMES	57c*	17.1	Initial
07/23/2010	HI001000032	345888	363	MAYOR WRIGHT HOMES	52c	15.6	Initial
07/22/2010	HI001000031	345887	373	KALIHI VALLEY HOMES	64b*	19.2	Initial
07/20/2010	HI001000037	345892	300	AMP 37 LANAKILA HOMES	77b*	23.1	Initial
07/19/2010	HI001000050	345901	115	PALOLO VALLEY HOMES	40c*	12.0	Initial
07/19/2010	HI001000043	345896	199	AMP 43 KA HALE KAHALUU	64c*	19.2	Initial

* Smoke detector violation.

The letter "a" is given if no health and safety deficiencies were observed other than for smoke detectors. The letter "b" is given if one or more non-life threatening H&S deficiencies, but no life threatening H&S deficiencies were observed other than for smoke detectors.

The letter "c" is given if there were one or more life threatening H&S deficiencies observed.

Comments or Questions? Contact the [REAC Technical Assistance Center](#).



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REAL ESTATE ASSESSMENT CENTER
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

November 03, 2011

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PHAS Physical Report for Fiscal Year 2011

PHA Information

PHA Code:	HI001	PHA Name:	Hawaii Public Housing Authority	Fiscal Year End:	06/30
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Physical Score *N/A* (rounded) Number of Projects: 16 Systemic Deficiencies(not available)

Inspection Complete Date	Project ID	Inspection Number	Unit Count	Property (Development)	Overall Score		Inspection Reason	Original Fiscal Year	Original Date of Inspection	Ideal Future Date(IFD)	IFD Update Date	IFD Comments
					100 - Point Basis	40 - Point Basis						
10/21/2011	HI001000038	363827	319	KEKAHA HAAHEO	61c	24.4	Rescore	2011	08/22/2011	06/30/2012	10/21/2011	Inspection Re-score updated IFD by 1 year
10/21/2011	HI001000032	363822	363	MAYOR WRIGHT HOMES	66b	26.4	Rescore	2011	07/26/2011	06/30/2012	10/21/2011	Inspection Re-score updated IFD by 1 year
10/13/2011	HI001000034	363824	580	KALAKAUA HOMES	76b	30.4	Rescore	2011	08/03/2011	06/30/2012	10/13/2011	Inspection Re-score updated IFD by 1 year
09/08/2011	HI001001105	364667	20	Lanakila Homes Phase IIIA	98b	39.2	Initial	2011	08/10/2011	06/30/2014		
09/07/2011	HI001000045	363832	225	AMP 45 KOOLAUI VILLAGE	58b	23.2	Initial	2011	08/31/2011	06/30/2012		
09/02/2011	HI001000050	363835	115	PALOLO VALLEY HOMES	66c	26.4	Initial	2011	08/02/2011	06/30/2012		
09/02/2011	HI001000035	363825	587	AMP 35 - PUNCHBOWL HOMES	80b	32.0	Initial	2011	08/01/2011	06/30/2013		
09/02/2011	HI001000046	363833	101	AMP 46 COUNTY OF HAWAII	78b	31.2	Initial	2011	08/25/2011	06/30/2012		
09/01/2011	HI001000044	363831	258	AMP 44 - WAIMAHA/SUNFLOWER	56b	22.4	Initial	2011	08/29/2011	06/30/2012		
08/23/2011	HI001000030	363820	362	PUUWAI MOMI	64b	25.6	Initial	2011	08/16/2011	06/30/2012		
08/22/2011	HI001000037	363826	300	AMP 37 LANAKILA HOMES	84b	33.6	Initial	2011	08/09/2011	06/30/2013		
08/18/2011	HI001000049	363834	150	AMP 49 WAHIWA TERRACE	65c	26.0	Initial	2011	08/15/2011	06/30/2012		
08/16/2011	HI001000043	363830	200	AMP 43 KA HALE KAHALU	75b	30.0	Initial	2011	08/08/2011	06/30/2012		
08/11/2011	HI001000033	363823	371	KAMEHAMEHA HOMES	74b	29.6	Initial	2011	07/29/2011	06/30/2012		
08/11/2011	HI001000040	363829	171	KUHIO PARK TERRACE	58c	23.2	Initial	2011	07/27/2011	06/30/2012		
07/29/2011	HI001000031	363821	373	KALIHI VALLEY HOMES	73b	29.2	Initial	2011	07/25/2011	06/30/2012		

* Smoke detector violation.
The letter "a" is given if no health and safety deficiencies were observed other than for smoke detectors. The letter "b" is given if one or more non-life threatening H&S deficiencies, but no life threatening H&S deficiencies were observed other than for smoke detectors.
The letter "c" is given if there were one or more life threatening H&S deficiencies observed.

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