

Housing and Community Development Corporation of Hawaii

Public Housing Asset Management Statement

In January 2003, International Business Machine, Inc (IBM), Business Consulting Services was contracted by HUD and HCDCH to conduct a review and analysis of HCDCH's capabilities to effectively operate and manage its federal public housing stock. The contract specified that IBM develop an Independent Assessment (IA), a Physical Needs Assessment (PNA), and a long-range portfolio plan for HCDCH. The IA was completed in April 2003 and identified operational and management issues that needed to be addressed in order to improve the long-term viability of the housing agency and raised issues such as insufficient staffing; challenges of the State legislative process; leadership turnover; lack of clear policies and procedures, training, and internal controls; technology problems; and an aging housing stock.

From January through May 2003 IBM carried out the physical assessment of all federal public housing projects owned by HCDCH. The final PNA report and a "Recommended Approach to HCDCH Long-Range Portfolio Planning – Five, Ten and Twenty Year Plan" was submitted to HUD and HCDCH in September 2003.

The HCDCH is also taking steps to move to project-based budgeting and accounting by developing an implementation plan to meet HUD guidelines and schedules for execution.

HCDCH has executed a Memorandum of Agreement with the Pacific Division, Naval Facilities Engineering Command, which is responsible for the privatization of Navy housing. Through this MOA, Alvarez & Marshal prepared an "Evaluation of Portfolio Leveraging Opportunities" HCDCH Executive Report dated June 2005. The report described HCDCH holdings and developed recommendations for the restructuring of the HCDCH real estate portfolio presented to the board in November 2005.

In addition, the HCDCH is anticipating a Request for Proposal (RFP) in early 2006 to incorporate Energy Performance Contracting for Public and Indian Housing, the Energy Policy Act of 2005, and the State of Hawaii's HRS Section 36-41 which would allow State agencies to evaluate and identify for implementation energy efficiency retrofitting. The PNA Report conducted in 2003, HUD REAC Inspection Reports, and HUD Energy Audits will be used to identify energy consumption benchmarks as part of an overall asset management approach to consider each development in terms of its position in the marketplace, management responsibilities, operations, budgeting, tenancy, and long-range capital needs.