MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BLDG. E
ON THURSDAY, MAY 15, 2008,
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority met for their Regular Meeting at 1002 N. School Street, on Thursday, May 15, 2008 at 9:30 a.m.

ORDER/ ROLL CALL

The meeting was called to order by Chairperson Travis Thompson and, on roll call, those present and absent were as follows:

PRESENT:
Chairperson Travis Thompson
Designee Henry Oliva
Director Carol Ignacio
Director Clarissa Hosino
Director Eric Beaver
Director Kaulana Park
Director Linda Smith
Director Matilda Yoshioka
Director Rene Berthiaume
Director Sam Aiona
Director Sherrilee Dodson

Executive Director, Chad Taniguchi
Deputy Attorney General, Krislen Chun
Deputy Attorney General, Diane Taira

STAFF PRESENT:
Allan Sagayaga, Program Specialist
Barbara Arashiro, Chief Contracts & Procurement Officer
Derek Fujikami, State Housing Development Administrator
Derek Kimura, Property Management and Maintenance Services Branch Chief
Dexter Ching, Section 8 Subsidy Program Branch Chief
Douglas Pedro, Maintenance Supervisor
Estrilita Nazarchyk, Clerk Typist
Gary Fujiwara, Stores Clerk
Gary Ito, Purchasing Technician
Jonathan Kam, Contract Specialist
Leslie Suekuni, Clerk Typist
Mannix Tesoro, Building Maintenance Worker I
Phyllis Ono, Contract Specialist
Rick Sogawa, Contract Specialist
Sandra Miyoshi, Homeless Programs Administrator
Shirley Befitel, Personnel Supervisor
Stephanie Fo, Public Housing Supervisor VI
Wade Kau, Building Maintenance Worker II
Taryn Chikamori, Secretary to the Board

OTHERS:
Bernadette Young, private resident
Billy Timoto, private resident
Dalphne Nisa, Palolo Valley Homes
David Yaw, Resident Advisory Board (RAB)
Desiree Kihano, Palolo Valley Homes resident
Doran Porter, Affordable Housing Alliance
Edgar Auld, private resident
Frances Abaya, private resident
Francis Nishimura, private resident
Gregory Abaya, private resident

Ira Calkins, Punchbowl Homes resident
Jean Peters, Kalakaua Homes resident
Jolene Cruz, Puahala Homes resident
John Mizuno, State of Hawaii House Member
Juan Patterson, MD Strum
Juanito Torres, private resident
Kanani Bulawan, private resident
Lani Rivera, Puahala Homes Resident
Lusila Sefo, Palolo Valley Homes resident
Mary Vorsino, Honolulu Advertiser
Mataya Taetuna, private resident
Michael Ullman, U.S. Veterans
Rae Auld, private resident
Rob Shikina, Honolulu Star Bulletin
Rob Wilkes, MD Strum
Ross Tsukenjo, Senator Donna Kim's Office
Roy Matsunaga, private resident
Roy Nakamura, Kalakaua Homes resident
Russ Saito, Comptroller, Department of Accounting and General Services
Sharon Kekahu, Puahala Homes resident
Sinclair Quitugua, Puahala Homes resident
Suzanne Chun Oakland, State of Hawaii Senator Member
Suzanne Leha, private resident
Timothy Garry, private resident
Ui Kekahu, Puahala Homes resident
Utu Langi, H-5
Vickie Milo, Puahala Homes resident
Vito Talo Jr, private resident
Wayne Lesnde, private resident
Yuen Chee, Puahala Homes resident

QUORUM

Chairperson Thompson declared a quorum present.

Chairperson Thompson introduced new Board member Sam Aiona.

EMPLOYEE RECOGNITION

Chad Taniguchi, Executive Director, Hawaii Public Housing Authority (HPHA) recognized Mannix Tesoro, Building Maintenance Worker I Management Unit 3, for the high performing leader award. Mr. Tesoro completed 43 after hour emergency repairs which prevented circumvented $1.5 million of potential property damage at Mayor Wright, Ka`ahumanu and Kamehameha Homes, along with 254 work orders in FY 2008.

Mr. Taniguchi awarded the Together Everyone Achieves More (TEAM) award to Maui, Asset Management Project, which includes Ione Godsey, Milton Kekiwi, Richard McGurn, Armando Habon, Mark Redman, Rory Camara, Gregory Puaoi, Marianito Alavazo Sr., Paula Banks, Johnette Kaai, and Myra Awai. Responding to the Maui County Council call for improvements. The Maui staff did not make excuses, instead they worked hard to resolve management and maintenance problems and gain the confidence of residents.

Chairperson Thompson also acknowledged Mr. Taniguchi for leading the effort on Maui and communicating with the Council and community to get the job done.

Mr. Taniguchi also awarded the TEAM award to the Contract and Procurement Office (CPO) which includes Barbara Arashiro, Gary Ito, Gary Fujiwara, Estrilita Nazarchyk, Leslie Suekuni, Rick Sogawa, Michelle Kim, Jonathan Kam, and Phyllis Ono. There were many delays in processing the applications to dispose of bulky items, resulting in eyesores and health hazards. The CPO staff worked hard to process of disposal applications while remaining in compliance with the State

Procurement regulations, resulting in speedier disposals.

Chairperson Thompson called a recess at 9:42 a.m. and reconvened at 9:45 a.m.

RECESS RECONVENED

Chairperson Thompson introduced Senator Chun Oakland, Russ Saito, Comptroller Department of Accounting and General Services (DAGS) and Homeless Efforts Achieving Results Together (HEART) team leader, and Jon Gutzmann, St. Paul Housing Authority.

Chairperson Thompson asked for public comments on the minutes.

PUBLIC TESTIMONY ON MINUTES

Mr. Ira Calkins stated that the minutes do not show his question regarding what "OIP" (Office of Information Practices) stood for. Mr. Calkins stated that because the Board voted to limit the time on public testimony the Board violated the Sunshine law and the public can file a law suit and ask for Board members to be removed.

Director Dodson moved, Director Hosino seconded,

APPROVAL OF MINUTES REGULAR MEETING 04/10/08

> That the minutes of the Regular Meeting held on April 10, 2008 be approved as circulated.

Director Dodson stated she would like to amend page 7 where it states "Director Dodson stated General Plan Amendment Committee (GPAC);" it should be General Plan Advisory Committee.

The motion was unanimously carried as amended.

Designee Oliva moved, Director Hosino seconded,

> To move to approve the previous motion with the above amendments.

The motion was unanimously carried.

Chairperson Thompson called a recess at 9:45 a.m. and reconvened at 9:50 a.m.

RECESS RECONVENED

Mr. Saito stated that in 2006 Governor Linda Lingle declared an emergency proclamation which enabled response to the homeless problem. When the City cleaned up Ala Moana Beach Park the homeless were accommodated by the churches in the area. When the churches were no longer able to help the State created the Next Step Shelter which was built in 6 days with $54,000. Then because the City felt that the Ala Moana Beach clean up went well the City decided to do the same with the Leeward Coast. Governor Lingle declared another emergency proclamation which the state built Onelau`ena and Pai`olu Kai`āulu. The Kahikolu Ohana Hale O` Wai`anae Homeless shelters and transitional housing will open July 30, 2008, Building 36 will open in July/August 2008 and Villages of Ma`ili will open in September 2008.

PRESENTATION BY RUSS SAITO REGARDING HOMELESS INITIATIVES BEING PURSUED

The ongoing requirements of the emergency proclamation are 1) continuation of services to operate shelters/transitional housing, 2) replacement of the Next Step Shelter, and 3) closedown of Next Step Shelter.

Director Matilda Yoshioka arrived at 10:19 a.m.

The mid term requirements are 1) additional shelter/transitional housing –Oahu, 2) public housing, 3) transitional/special needs housing, and 4) affordable rental units. The long term solutions are 1) build more affordable rental units, 2) reduce rents on available private units, 3) "Boarding" houses 4) Ohana zoning 5) zero/low interest loans. As the HEART team understands it's the public housing policy is that once a family/person financially qualifies to move in public housing there are no future financial disqualifications. The HEART team is asking the Board to create policies that once the families make more then the qualifications the family/person has to move out of public housing. This would create more vacancies for families/persons who don't qualify for other housing.

The Next Step shelter is on a month to month lease with Hawaii Community Development Authority (HCDA) and is subject to exclusive negotiations between HCDA and Office of Hawaiian Affairs (OHA).

The Next Step shelter replacements search began in 2007, with 43 potential sites identified in September 2007. Interim arrangements were to use 14 units at Puahala Homes and the long term arrangements would be to require Capitol Improvement Program (CIP) funds appropriated by the legislature.

Director Hosino asked why the long term housing took so long knowing that the Next Step shelter was temporary. Mr. Saito stated because of funding.

Director Hosino asked what HPHA should do with all the people who have been on the waitlist for 10 years. Mr. Saito stated the families on waitlist would be accommodated by the units that HPHA had funds to fix.

Chairperson Thompson asked how many new units will be coming online on the leeward side that can handle families. Mr. Saito stated Villages of Ma`ili has 80 units and Kahikolu Ohana Hale O` Wai`anae has 72 units for families but the community wants these units to serve the people in their community.

Director Hosino asked how the Board can be sure that the Puahala Homes units will only be used for two years. Mr. Saito stated a contract will be signed.

Director Dodson asked is there a back up plan if the Next Step shelter is not allowed to use the Puahala Home units. Mr. Saito stated no.

Director Ignacio asked why are many of the public housing application intake dates 1 ½ years after the families where placed at the Next Step shelter. Mr. Saito stated because the families were not prepared to apply to public housing. Sandra Miyoshi, Homeless Programs Administrator, stated because many families owed the HPHA money and needed to pay HPHA back before they could apply for public housing.

PUBLIC TESTIMONY

Desiree Kihano, Palolo Valley Homes resident, stated that since the state took over management of Palolo Valley Homes, the project has many security problems. During 2002 – 2007 crime was down. There are now more druggies and crime on the property.

Chairperson Thompson asked who was managing the property before. Ms. Kihano stated there was private management before October 2007.

Director Smith asked did Palolo Valley Homes have a resident manager under the private management and does Palolo Valley Homes have a resident manager with state management. Ms. Kihano stated yes under private management and no for state management.

Sharon Kekahu stated she wants public housing to stay public housing not transitional shelter. Why can't they move the families that are on the waitlist at other shelters into the public housing units which in turn will create more spaces in other shelters for the Next Step families?

Roy Nakamura, Kalakaua Homes resident, stated people with drug problems should be moved to one building not a building with elderly. People have complained to management but management does not do anything.

Jean Peters, Kalakaua Homes resident, stated people at the housing are afraid to speak up and stand up. There are several problems at Kalakaua Homes 1) security – where does the reports go and what is done to resolve the report, and 2) there is no trust with management because the management is unfair.

Chairperson Thompson stated that Maui had the same problems but the management, police and staff need to have good communication and work together.

Kanani Bulawan, private resident, stated that the 14 units at Puahala was earmarked for public housing. HPHA will be isolating families. Families need to follow the pathway into housing which is as follows: 1) move into emergency shelters, in which services are provided 2) move into transitional housing which now has fees that are similar to rent and also has services 3) move into public housing with a 5-year plan to move families into home ownership and 4) home ownership or affordable housing.

Vickie Milo, Puahala Homes resident, wants the Board to rescind the October 2007 decision because 1) the families will not be isolated; they will be mixed with two different set of rules 2) should move people on the waitlist in and 3) the management and staff have many issues that need to be worked out.

Tim Garry, private resident, stated that HPHA is bypassing the waitlist and this is unfair. The lack of detailed plan to Legislature on where the transitional housing was being built was short sighted. The Board needs to better manage their assets.

Michael Ullman, U.S. Veterans, stated the services that are being provided for the Next Step shelter are lacking. They did not get many of the families to apply for public housing in a timely manner. Many only have one parent working; there are many programs that could be used where both parents would be able work. They did not look into spaces at other shelters because there are other shelters in the urban area that have spaces available. There is no need for the use of Puahala; there is a need to get rid of transitional shelters and turn them into permanent housing.

Roy Matsunaga, private resident, stated the Liliha Neighborhood Board and the Legislature have requested the Board rescind its decision. HPHA Board stated that the community should have compassion for the homeless families but the Board does not have compassion for the families who have been on the waiting list for years. There are spaces available at other shelters.

Director Beaver asked what the other shelter available are. Mr. Matsunaga stated Institute for Human Services (IHS) is one shelter that has space available.

Dalphne Nisa, Palolo Valley Homes resident, stated the crime rate is going up at Palolo Valley Homes since the state took over management and the management has done nothing to resolve the situation.

Director Berthiaume asked what the complaint process is. Mr. Taniguchi stated the residents should take the complaint to the manager, and then if the manager does not take care of the problem they should report the complaint to Stephanie Fo.

Ms. Nisa stated that they would like a manager that is willing to work with the residents whether it be private or state management.

Chairperson called a recess at 11:30 a.m. and reconvened at 11:40 a.m. RECESS RECONVENED

David Yaw, Resident Advisory Board (RAB), the program rules stated once evicted always evicted from public housing. Fair Housing Act will be a big concern when bypassing the wait list. If the Board puts the transitional families in Puahala Homes the Board is bypassing many other needy families that are on the waitlist that could be paying rent. How are the transitional families going to be moving out of the units at the end of the two years when they will need permanent housing?

Bernie Young, private resident, stated that she is against the transitional housing in Puahala Homes.

Lusilia Sefo, Palolo Valley Homes, stated that since the state took over management there have been more drugs and violence. The management is not doing anything about the complainants.

EXECUTIVE SESSION

Director Beaver moved, Director Dodson seconded,

> To go into Executive Session at 11:51 a.m. Sections 92-4 and 92-5 (a)(4), Hawaii Revised Statutes, to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities.

The motion was unanimously carried.

The Board reconvened from Executive Session at 12:02 p.m.

TO RESCIND THE BOARD'S PREVIOUS ACTION TAKEN ON OCTOBER 18, 2007, REMOVING 14 UNITS AT PUAHALA HOMES FROM THE STATE PUBLIC HOUSING INVENTORY FOR USE BY THE HOMELESS PROGRAMS BRANCH AS A TRANSITIONAL HOMELESS SHELTER FOR A PERIOD NOT TO EXCEED TWO YEARS.

Director Yoshioka moved, Director Ignacio seconded,

> To rescind the Board's previous action taken on October 18, 2007, removing 14 units at Puahala Homes from the State Public Housing inventory for use by the Homeless Programs Branch as a transitional homeless shelter for a period not to exceed two years.

Chairperson Thompson stated that the Board received a correspondence from State Legislators requesting reconsideration of the Board's previous action and a Resolution from the Liliha Neighborhood Board opposing the use of public housing as transitional shelter.

Director Park arrived at 12:04 p.m.

Director Beaver said Mr. Saito stated that HPHA had no resources to get the units repaired when the Board had initially made its decision; he asked did HEART come in and repair the units? Mr. Taniguchi stated in October when the decision was made the Legislature had already given HPHA $3 million to repair the units.

Director Beaver asked so who paid for the renovation. Mr. Taniguchi stated the inmates came to repair portions of the units (at no cost except lunch provided) and the final work including asbestos tile removal was done by contractors paid by HPHA.

Director Beaver asked if any of the funds came from the Homeless Branch's budget. Mr. Taniguchi stated no, public housing money was used to fix the units.

Director Smith asked who paid for the cleaning and painting supplies. Ms. Miyoshi stated the Homeless Branch paid for the inmate's lunches.

Director Beaver asked if anyone has talked to Office of Hawaiian Affairs (OHA)

to find out how long the Next Step shelter will be allowed to stay. Mr. Taniguchi stated that it has been confirmed by Mr. Saito that OHA will not be ready to use the facility for about 12 – 18 months.

Director Ignacio asked is it a fact that the families at Next Step do not want to move out of the urban area. Ms. Miyoshi stated that the urban shelters are full or if they have vacancies then there is a waitlist that the shelters are using to fill.

Chairperson Thompson called for a vote.

Aye: Director Eric Beaver
Director Sherrilee Dodson
Director Clarissa Hosino
Director Carol Ignacio
Director Matilda Yoshioka

Nay: Chairperson Travis Thompson
Director Rene Berthiaume
Director Linda Smith
Designee Henry Oliva
Director Kaulana Park
Director Sam Aiona

The motion was not carried.

Chairperson called a recess at 12:50 p.m. and reconvened at 1:07 p.m.

RECESS
RECONVENED

Chairperson called a recess at 1:08 p.m. to convene to HHA Wilikina Apartment Projects Inc. Board meeting and reconvened at 2:01 p.m.

RECESS
RECONVENED

Director Park moved, Director Beaver seconded,

EXECUTIVE SESSION

> To go into Executive Session at 2:02 p.m. pursuant to sections 92-4 and 92-5 (a)(4), Hawaii Revised Statutes, to discuss the Executive Assistant position description and ratification of the appointment of Barbara Arashiro.

The Board reconvened from Executive Session at 2:46 p.m.

Chairperson Thompson stated that the Board decided not to ratify the revised Executive Assistant position description. Therefore, the previous vote to approve Ms. Arashiro at the March 20, 2008 meeting still stands and hiring will commence. The position description will be changed in the future.

Director Beaver moved, Director Hosino seconded,

TO APPROVE STAFF TAKING ANY REQUIRED STEPS TO REVISE THE ADMISSION AND CONTINUED OCCUPANCY POLICY (ACOP), CHAPTER 7, VERIFICATION PROCEDURES

> To approve staff taking any required steps to revise the Admission and Continued Occupancy Policy (ACOP), Chapter 7, verification procedures to change the time period of verification from three weeks to five days.

Mr. Taniguchi stated the requirements take too long; change is needed to speed up the process of filling units. If the employer does not turn in the employment verification then HPHA can use the pay stubs and call the employer to verify information. Stephanie Fo, Public Housing Supervisor VI, stated they would also verify if the applicant is receiving tips, bonuses or overtime that may not be

reflected on the pay stubs.

TO CHANGE THE TIME PERIOD OF VERIFICATION FROM THREE WEEKS TO FIVE DAYS.

Chairperson Thompson asked what if any information is falsified then is the applicant denied. Ms. Fo stated yes but if it's a minor discrepancy then the rent would be increased to the correct amount.

Director Smith asked if the period of time an individual has to verify their income level is shortened from ten days to three days. Ms. Fo stated this is for third party verifications. If the employer, Social Security Administration, or bank has three days to verify the information, then HPHA would make a second attempt and then two more days after the second attempt and then HPHA would use the pay stub or letter. Once the applicant moves in then HPHA can use the automated information provided electronically and if there is a discrepancy then the rent amount can be changed with a thirty day notice.

Director Ignacio stated that HPHA needs to ensure that the applicants with a language barrier understand this process.

The motion was carried.

TO APPROVE THE SALE OF THE SECTION 8 NEW CONSTRUCTION AFFORDABLE RENTAL HOUSING PROJECT KNOWN AS BANYAN STREET MANOR, TMK 1-7-031-029, LOCATED IN HONOLULU, OAHU

Director Beaver moved, Director Hosino seconded,

> To approve the sale of the Section 8 new construction affordable rental housing project known as Banyan Street Manor, TMK 1-7-031-029, located in Honolulu, Oahu

Mr. Taniguchi stated that HPHA has received proposals on the sale of Banyan Street Manor. Alvarez & Marsal was the only valid bidder which was under $198,000.

The motion was carried.

REPORT ON BUDGET, FINANCIAL STATUS, REORGANIZATION AND PERSONNEL IN LIGHT OF ASSET BASED MANAGEMENT

Mr. Taniguchi stated HPHA has a preliminary budget and will have a budget for the Board's approval on the June 19, 2008 Board of Director's meeting. HPHA projects a $4.8 million shortfall for 2009. HPHA staff will be working with Rob Wilkes and MD Strum to reduce the shortfall.

Mr. Taniguchi stated the 2009 budget objectives are as follows 1) each program becomes self sufficient, 2) rent collection improve from 90% to 95%, 3) occupancy increases from 90% to 95%, 4) making all staff knowledgeable of the financial constraints, 5) holding property managers to performance goals, 6) aligning staff to reflect duties required, and 7) establishment of Central Office Cost Center (COCC).

Mr. Wilkes stated the assumptions made in the preparation of the budget are as follows 1) HPHA will receive a pro-ration rate of $.84 of every dollar of federal subsidy, 2) federal capital funds will still be transferred to the operating fund to cover the pro-ration shortfall, 3) the frozen rent income is at the 2004 rates, 5) the properties will be charged direct charges (such as legal, hearing officer, applications) 6) the properties will charged for centralized maintenance, and 7) state properties will be charged a management fee for the COCC. The COCC fees are based on the federal management fees per unit per month as follows: 1) $48.74 for a management fee, 2) $7.50 bookkeeping fee, 3) $2.00 information technology fee, and 4) $4.00 asset management conversion fee.

Mr. Taniguchi stated that HPHA contracted MD Strum to look at HPHA's

organization because of Asset Management. Juan Patterson, MD Strum, will discuss the reorganization proposal for Asset Management.

Mr. Patterson stated the U.S. Department of Housing and Urban Development (HUD) requires a new Public Housing Authority (PHA) business model. Some of the challenges HPHA has are 1) institutionalized inefficiency 2) current structure inhibits accountability, 3) budget shortfall, and 4) funding restrictions.

Mr. Patterson stated the reorganization objectives are 1) "right-sized" cost centers, 2) design for efficiency, 3) service delivery model configured in "best interests of the Asset Management Projects (AMPs), 4) clearly delineated responsibilities, and 5) foundation for reasonable fees-for-service.

Mr. Patterson stated the key changes are 1) central office cost center needs to be restructured, 2) project –based management affirmed, and 3) consolidation of selected functions, branches and offices.

Mr. Patterson stated the current Full Time Employees (FTEs) is 297. The proposed FTEs are 213. The current break down is 129.5 maintenance and 167.5 administrative FTEs. The distribution current is 161.5 project based FTEs, 31.5 other programs, and 104 at central office. The proposed FTEs are 81 maintenance and 132 administrative. The proposed distribution is 125 project-based, 28 other programs and 60 at central office FTEs. Other programs include Homeless Branch and Section 8 programs. There are also 71 FTEs reserved with 66 project-based and 5 at central office in case the private managed projects become state managed projects.

Chairperson Thompson asked how HPHA will justify laying off union employees and keeping the private firms. Mr. Taniguchi stated that because HPHA has already changed one privately managed project to public management and residents feel that it is not being operated well, in order to make more privately operated projects to publicly operated the publicly operated projects will need to prove that the project can run the same or better then the privately run projects.

Chairperson Thompson and Director Dodson left at 3:00 p.m.

Director Smith asked the staffing levels need to be changed but what about staffing types. Mr. Patterson stated the position classifications will have to be specific. The number of position classes will shrink.

Mr. Patterson stated implementation should be 1) fast tracked to maximize cost-savings, reduce loss of efficiency, shorten period of staff uncertainty and low morale, and limits period of operational instability, 2) staff lobbying should be prohibited, and 3) staff training needs to be part of implementation.

Director Aiona asked if HPHA will meet with unions. Mr. Taniguchi stated HPHA will meet with United Public Workers (UPW) on May 16, 2008 and Hawaii Government Employees Association (HGEA) on May 19, 2008.

ADJOURNMENT

There being no further items to be discussed,

Designee Oliva moved, Director Yoshioka seconded,

That the meeting be adjourned at 3:40 p.m.

MATILDA YOSHIOKA
Secretary

Approved