JOSH GREEN, M.D. GOVERNOR KE KIA'ĀINA



STATE OF HAWAII KA MOKUʻĀINA O HAWAIʻI

#### HAWAII PUBLIC HOUSING AUTHORITY

1002 NORTH SCHOOL STREET POST OFFICE BOX 17907 HONOLULU, HAWAII 96817 BARBARA E. ARASHIRO EXECUTIVE ASSISTANT

IN REPLY PLEASE REFER TO:

23:0ED/

December 28, 2023

The Honorable Ronald D. Kouchi, President and Members of the Senate Thirtieth State Legislature State Capitol, Room 409 Honolulu, Hawaii 96813 The Honorable Scott K. Saiki, Speaker and Members of the House of Representatives Thirtieth State Legislature State Capitol, Room 431 Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Hawaii Public Housing Authority Annual Report (2023), as required by Section 356D-20, Hawaii Revised Statutes. In accordance with Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at: <u>https://hpha.hawaii.gov/plans-reports#hphas-annual-reports</u>.

Sincere

Hakim Ouansafi Executive Director

Enclosures

# 2023 <sup>(i)</sup> Annual Report

Hawaiʻi

Housing Authority

Public



Hawaii Public Housing Authority 1002 North School Street Honolulu, Hawaii 96817

# **Purpose and Introduction**

This report is being submitted in accordance with section 93-16, Hawaii Revised Statutes. This report fulfills the reporting requirements and duties assigned to the Hawaii Public Housing Authority (HPHA) under Hawaii Revised Statutes (HRS) Section 356D-20(3), which states:

The authority shall submit an annual report to the Legislature on all program areas no later than twenty days prior to the convening of each regular session, that shall provide the following information on the status of its programs and finances:

- (A) A financial audit and report conducted on an annual basis by a certified public accounting firm; and
- (B) Recommendations with reference to any additional legislation or other action that may be necessary to carry out the purposes of this Chapter.

In compliance with HRS Section 356D-20(3), this Report provides the status of its major programs: Federal and State Low Income Public Housing, Section 8 Subsidy Programs, and Construction Management. Additionally, this Report includes the activities and accomplishments of the administrative offices—Property Management and Maintenance Services, Section 8 Subsidy Programs, Contract & Procurement, Development, Planning & Evaluation, Compliance, Hearings, Information Technology, and Human Resources—that work to support the HPHA's three major programs.

This Report includes financial data on the HPHA's funds, including non-general funds required under section 37-52.5, Hawaii Revised Statutes, and an auditor's report, and summarizes legislation proposed by the HPHA for the 2024 Legislative Session that will allow the HPHA to better serve its tenants, voucher holders, the communities they live in, and the State's very low-income populations.



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# Message from the Chair

Aloha Mai Kākou,

On behalf of the Hawaii Public Housing Authority's (HPHA) Board of Directors, I am pleased to join Executive Director Hakim Ouansafi in presenting the Hawaii State Legislature with our Annual Report for Fiscal Year 2023.

Over the past fiscal year, the Board continued to provide the agency with policy guidance, with a focus on improving the living conditions of the families and communities we serve.

The HPHA has a long and proud history as a provider of affordable housing and supportive services for low-income families. As we continue to carryout our mission, it is our sincerest hope that the work we do today increases and preserves affordable housing options for generations to come.

The Board would like to thank the Legislature for its continued support of the HPHA. Your investment in our programs and services has and continues to make a real difference to the lives of our residents and communities.

**Respectfully**,

**Robert Hall** 



**Chair of the Board** 

# Message from the Executive Director

#### Aloha Legislators,

On behalf of our dedicated public servants statewide, I am proud to present to you the Hawaii Public Housing Authority's (HPHA) Annual Report for Fiscal Year 2023. Over the last fiscal year, the HPHA made significant progress in advancing its mission of providing affordable housing and housing services to low-income families and approximately 45,000 people in Hawaii.

This year marked a significant milestone in our agency's goal to rehabilitate and redevelop its aging public housing inventory. In early 2023, the HPHA issued a Request for Qualifications for its Ka Lei Momi Project, to develop creation more than 10,000 affordable housing units at nine properties throughout the state. In June, the Highridge Costa Development Company was selected as the master developer for this project. We are excited to work in partnership with Highridge Costa, the Green Administration and the Legislature, to transform our existing, low-density public housing properties into modern, mixed-use, mixed-income communities. With Mayor Wright Homes and Kapaa Homes identified as priorities to be the first two Ka Lei Momi sites to begin redevelopment, proposed master plans are being developed with input from residents, community leaders and stakeholders, elected officials, government agencies, and service providers.

I would be remiss not to mention the deep sorrow all of us felt following the loss and tragedy that occurred in Lahaina earlier this year. Two HPHA properties, David Malo Circle and Piilani Homes, were destroyed by the wildfire. The unfortunate outcome led to two tenants passing away. Our heartfelt condolences and prayers go out to their loved ones and anyone else affected by this tragedy. We also partnered with other federal, State, and local agencies and various community organizations to identify and secure permanent housing for those tenants. In the coming months and years, the HPHA stands ready to support the people of Maui in any way it can.

As we look to the future, please know that the HPHA remains as committed as ever to providing safe and affordable housing opportunities to the people of Hawaii. We are grateful for the support of the Governor, Legislature, and collaboration with the counties, and partners, to empower our agency in accomplishing this mission.

Respectfully,

Hakim Ouansafi Executive Director



# **Historical Overview:**

87 Years of Service to the Peeople

- **1935** The Hawaii Housing Authority was established by the Territorial Legislature to offer safe and sanitary housing for low-income residents of Hawaii. Federal construction funds for public housing were later made available by the U.S. Housing Act of 1937.
- Following World War II, Hawaii experienced a surge in population and defense building programs. Post-war, the state faced a severe housing shortage, with affordable options being rare. In 1945, the average monthly rent of an HHA unit was \$14.03.
- 1951
- In the 1950s, Hawaii's largest rental agency, HHA, completed eight new developments that added 1,752 units for families due to the increasing urban development of Windward and Leeward neighborhoods and economic growth on Oahu.



The site of the former Territorial Normal School and Stevenson Intermediate was redeveloped in 1959 as Punchbowl Homes.



Aerial photo of Mayor Wright Homes shortly after construction was completed in 1952.

- In the 1960s, the Hawaiian Housing Authority (HHA) was placed under the Department of Social Services due to an executive order by Governor William Quinn. The HHA adapted to the changing demands of the housing market by opening housing projects for the special needs of Hawaii's senior and disabled citizens.
- **1970** In 1970, the HHA's duties were expanded through Act 105, which allowed the State to raise \$100 million to develop properties for low- and moderate-income households.
- In 1988, the HHA built 10,132 housing units under Act 105, including single-family homes, townhomes, duplexes, and apartments. The HFDC was also created in the same year to streamline affordable housing development programs, allowing the HHA to focus on Section 8 and Public Housing program management.

# **Historical Overview:**



87 Years of Service to the Peeople

- 1900's
- During the 1990s, the HHA expanded its role by adding the State's Homeless Programs and implementing initiatives for crime and drug prevention, education, and job readiness to improve resident self-sufficiency. The Family Investment Center was opened to provide a computer lab, classrooms, GED classes, and employment training.
- Act 350 merged the Hawaii Housing Authority (HHA) and the Hawaii Housing Finance and Development Corporation (HFDC) into one housing agency, the Housing and Community Development Corporation of Hawaii (HCDCH).
- In 2005, Governor Linda Lingle signed Act 196, dividing the Hawaii Community Development Corporation into two agencies: the Hawaii Public Housing Authority (HPHA) and the Hawaii Housing Finance and Development Corporation (HHFDC). The HPHA was responsible for managing federal and state public housing, Section 8, and senior housing programs.
- The Homeless Programs Section was moved from HPHA to the BESSD division of DHS due to Act 89.
- **2012** The HPHA enters into the first Public-Private-Partnership (P3) to redevelop the two towers at Kuhio Park Terrace with future plans to redevelop the Kuhio Homes and Kuhio Park Terrace Low-Rise properties.
- The HPHA achieved a 98% occupancy rate in its public housing programs and received a "High Performer" rating for its Section 8 Program. It was managing around \$150M in federal and state funds for the redevelopment of its aging housing inventory by 2014.
- The HPHA had closed the Section 8 Housing Choice Voucher waitlist after ten years due to the overwhelming number of applicants. The waitlist was re-opened and new residents are being assisted with their housing needs.

# **Historical Overview:**

87 Years of Service to the Peeople

- In 2017, the HPHA's independent auditors reported no financial or compliance issues 2017 related to internal controls over the HPHA's major programs. This was a significant accomplishment for the HPHA, who had made progress since 2012 in reducing and removing all audit findings of errors, noncompliance, and programmatic deficiencies.
- 2019 The HPHA has signed a Memorandum of Agreement with the University of Hawaii System to conduct research on its public housing programs. They have collaborated with various departments such as the Community Design Center, School of Architecture, and Department of Urban and Regional Planning, among others.
- 2020In 2020, HPHA took significant steps to address the pandemic and provide assistance to those in need. They organized outreach events, offered testing, and introduced an online Section 8 application and lottery system. Direct deposit was implemented for rent payment, and new public housing units were constructed while vacant units were repaired. HPHA played a crucial role in providing housing security and aid during a challenging year.
- Amidst the COVID-19 pandemic, the agency partnered with stakeholders to 2021coordinate various programs such as vaccination clinics, housing, and emergency feeding. Other achievements include successful projects and a revenue of over \$201M, with zero audit findings for four years in a row.
- 2022 The HPHA has expanded affordable housing by opening Kamaoku Village, a Kauhale housing project with 37 tiny home structures for formerly unsheltered people. It has also applied and received the only Moving To Work designation from HUD to increase funding and policy flexibilities through various programs, helping to address Hawaii's affordable housing shortage and promote self-sufficiency for lowincome families. Act 251 allows the HPHA to develop all forms of mixed-income and mixed-financed housing projects.
- 2023 The Ka Lei Momi Redevelopment Project in Hawaii has chosen Highridge Costa Development Company as the developer to construct over 10,000 additional affordable housing units for sale and rental across nine properties in the state.

# **Organizational Chart**



§356D-2 Hawaii public housing authority; establishment, staff. (a) There is established the Hawaii public housing authority to be placed within the department of human services for administrative purposes only. The authority shall be a public body and a body corporate and politic.

#### **HPHA Board of Directors**

Office of the **Excutive Director** 

**Excutive Director Executive Assistant** 

#### §356D-4 General powers of the authority.

Adopt bylaws and rules in accordance with chapter 91 for its organization, internal management, and to carry into effect its purposes, powers, and programs;

**Compliance** 

Office

**Contracts &** 

**Procurement** 

Office

Office

**Administrative Offices** 

#### **Major Programs Section 8 Subsidy Property Fiscal Management & Programs Branch** Management **Maintenance** • HCV Office **Services Branch** • PBCA • Federal PH • VASH • State PH • RSP Planning & Evaluation **Construction Management Branch** Office • Federal CFP • State CIP Information **Human Resources Technology Office Development Office** • Hale Laulima • **KPT** Nanakuli Homes School Street Lanakila Homes • MWH • Kahekili Terrance Pu'uwai Momi **Hearings Office** • Kapa'a Ka'auhmahu Homes Kamehameha Homes



# **HPHA Board of Directors**

THE HPHA IS GOVERNED BY AN ELEVEN MEMBER BOARD OF DIRECTORS. THE MEMBERS OF THE BOARD REPRESENT A CROSS SECTION OF PUBLIC AND PRIVATE ENTITIES AND INTERESTS. THE BOARD PROVIDES THE AGENCY WITH GUIDANCE AND RECOMMENDATIONS REGARDING POLICY MATTERS.



**ROBERT HALL CHAIR** OAHU MEMBER



**GEORGE DEMELLO VICE CHAIR** PUBLIC HOUSING RESIDENT MEMBER



**LEILANI PULMANO SECRETARY** MAUI MEMBER



**BETTY LOU LARSON** PERSONS WITH DISABILITIES ADVOCATE



**CATHY BETTS** EX-OFFICIO, DIRECTOR OF THE DEPARTMENT OF HUMAN SERVICES



CHRISTYL NAGAO KAUAI MEMBER



JOSEPH CAMPO II DEPUTY DIRECTOR OF THE DEPARTMENT OF HUMAN SERVICES



TODD TANIGUCHI AT-LARGE MEMBER



ROY KATSUDA SECRETARY LOW-INCOME/ HOMELESS ADVOCATE



SCOTT GLENN EX-OFFICIO, OFFICE OF THE GOVERNOR



**SUSAN KUNZ** HAWAII MEMBER

# Federal and State Public Housing Programs

Federal Public Housing is a U.S. Department of Housing and Urban Development (HUD) program first established in 1937 to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. The HPHA is the sole provider of Federal Public Housing statewide. The HPHA also administers State Public Housing which operates similar to, but independent of the federal program. Both programs combine to serve approximately 5,200 families, or approximately 13,000 individuals.

#### The HPHA's Public Housing Portfolio (as of June 30, 2023)

HPHA serves **Low-Income** families earning **80% Area Median Income (AMI) or less**:

- 80% of the AMI for the Honolulu Metropolitan Statistical Area in FY 23 was \$90,640.
- At least 40% of Federal family public housing units are restricted to Extremely Low-Income families that earn 30% of the AMI or less.

6,270 dwelling units across 85 properties:

- 5,406 Federal Units (HUD subsidized)
- 864 State Units (no federal subsidy)

Properties are organized into

#### 18 Asset Management Projects (AMP):

- 9 AMPs managed by State employees
- 9 AMPs managed by private contractors

#### Number of Families in FY 23

Federal Elderly	1087 families
Federal Family	3,336 families
State Elderly	528 families
State Family	249 families
TOTAL	5,200 families

#### Number of Individuals in FY 23

Federal Elderly	1,209 individuals
Federal Family	10,511 individuals
State Elderly	648 individuals
State Family	770 individuals
TOTAL	13,138 individuals



### Federal and State Public Housing Programs

Federal and State Public Housing Statistics for FY 23

#### Average Monthly Rent Payments



#### Public Housing Median Income





### Federal and State Public Housing Programs



#### **Farm Fresh Fridays**



The HPHA collaborated with Aloha Care, Hawaii Foodbank, Lanakila Pacific, CVS, Project Vision, Kapiolani Community College, and DHS to hold Farm Fresh Friday events at several elderly low-income public housing communities. These events provided elderly tenants with bags of fresh produce, COVID-19 vaccinations, SNAP, Med-Quest, digital literacy information, and vision screenings with the distribution of reading glasses.







# Section 8 Subsidy Programs Branch

The Housing Choice Voucher (HCV) Program, commonly referred to as "Section 8", is a HUD program established to provide rental subsidies for units that are chosen by the tenant in the private market. Assistance is provided through a tenant-based voucher. The HCV program is the largest of the HPHA's rental subsidy programs and is only administered on Oahu.

The HPHA also administers several Special-Purpose Vouchers; specifically Non-Elderly Disabled Vouchers (NED), Veteran's Affairs Supportive Housing Vouchers (VASH), Performance Based Contract Administration (PBCA), Tenant Protection Vouchers (TPV), Foster Youth Initiative Vouchers (FYI), and Section 8 Project-Based Vouchers (PBV). The State of Hawaii also provides the HPHA with funding to operate the Rent Supplement Program (RSP). The RSP is administered similarly to the HCV program and provides shallow rent subsidies for rental units statewide.

#### The HPHA's Section 8 Portfolio (as of June 30, 2023)

2,799 HCVs and Project-Based Vouchers (PBV):

Average HCV Housing Assistance Payment (HAP) is \$1,456 per month

 ${\bf 436} \quad {\tt Veterans} \, {\tt Affairs} \, {\tt Supportive} \, {\tt Housing} \, ({\tt VASH}) \, {\tt Vouchers};$ 

Average HAP is **\$1,056** per month

- 215 State Rent Supplement Program: Average HAP of \$419 per month
- 146 Non-Elderly Disabled (NED) Vouchers:

Average HAP is \$1,315 per month)

- 173 Emergency Housing Vouchers (EHV): Average HAP is **\$1,429** per month
- 14 Tenant Protection Vouchers (TPV):

Average HAP is **\$1,083** per month



## Section 8 Subsidy Programs Branch

Section 8 Branch Statistics for FY 23



#### Average Monthly Contract Rents

#### Section 8 Median Income



## Section 8 Subsidy Programs Branch

#### FAMILY SELF-SUFFICIENCY PROGRAM

The HPHA administers a Family Self-Sufficiency (FSS) Program which links participants to social services that help them gain economic independence from government assistance. Participants sign an FSS contract which sets goals to track their progress. The FSS Program also establishes an interest-bearing escrow account for each participating family. As a family's income grows, excess funds are deposited into their escrow account. A family is eligible to receive these funds at the completion of their FSS contract. In FY 23, the HPHA saw 12 participant families graduate from the FSS Program with over \$160,000 in savings.



**Dawn Merly** 



Macallen Quiban



**Bree Maumausolo** 



Zaneta Milovale

## **Construction Management Branch**



#### Funding Status as of June 30, 2023

As of June 30, 2023, the HPHA met State encumbrance and Federal obligation and expenditure funding deadlines. HPHA successfully reached 100% obligation of Federal CFP 2018 and 2019 funds, 81.5% of 2020 funds, and 99.83% of 2021 funds, but had no obligation for 2022 funds. In terms of expenditure, they reached 94.7% of 2018 funds, 45.8% of 2019 funds, 30.2% of 2020 funds, and 22.0% of 2021 funds, totaling 31.0% of all open Federal Capital Fund grants. Federal CFP 2021 funds were not yet released by June 30, 2023.

As of June 30, 2023, HPHA has encumbered \$29.7M of all open State CIP funds, with a deadline of June 30, 2024, to encumber FY21-22 and FY22-23 appropriations. HPHA has expended \$25.5M of all open State CIP funds, with varying percentages spent for each fiscal year.



#### FY 23 Funding (as of June 30, 2023)

#### <u>Budgeted</u>

(of all available funds for capital projects less associated costs):

\$174,877,441	Total Budgeted
	(FY17-18 - FY22-23)
	(Appropriated and Budgeted)
\$90,491,188	State CIP Funds
	(CFP 728 - 733)
	(Appropriated and Budgeted)
\$84,386,253	Federal CFP Funds

#### In Contract as of June 30, 2022:

\$51,987,745	Federal CFP Funds
	(Obligated)
	(CFP 728-733)
\$29,665,800	State CIP Funds
	(Encumbered)
	(CIP FY17-18-FY22-23)
\$81,644,545	Total In Contract

#### Expended (of all open funds):

\$26,121,291	Federal Funds, Construction
	(CFP 728-733)
\$25,464,495	State Funds, Operations
	(CIP FY17-18-FY22-23)
\$51,585,786	Total Expended

#### **Budget Balance**

\$58,264,962	Federal Funds,
	(CFP 728-733)
\$65,026,693	State Funds,
	(CIP FY 17-28-FY22-23)
\$123,291,655	Total Budget Balance



### **Construction Management Branch**

#### Fiscal Year 2022 – 2023 Summary

The Construction Management Branch (CMB) manages capital improvement projects for the HPHA, ensures timely use of State and Federal program funds, and administers design and construction contracts. CMB also inspects construction projects for compliance and performs renovations and redevelopment of existing structures. Health, safety, accessibility, and occupancy are current priorities, with a focus on mitigating hazardous materials, ensuring structural integrity, improving accessibility, and providing safe housing for low-income individuals. COVID caused significant delays in material and equipment deliveries, resulting in no capital construction projects being completed in the past fiscal year. The Construction Management Branch focused on executing construction contracts and repairing vacant public housing units to prevent homelessness.



#### Lead-Based Paint (LBP) Testing & Abatement

HPHA is actively removing lead-based paint (LBP) from all properties and is conducting a second round of LBP risk assessments of the 19 sites that tested positive for LBP and testing all sites that have been cleared to confirm that they are lead-free. HPHA has received CIP funds for Puahala Homes to remove lead-based paint and has requested construction funds for Kalihi Valley Homes and Hau'iki Homes. Although construction funds have been awarded for Kalihi Valley Homes, no design funds were given, so HPHA is seeking federal funds to replace deteriorated roofs while waiting for design funds. HPHA plans to encapsulate lead-based paint in sites where design contracts have not been initiated to ensure safety until complete removal is possible.

# **Construction Management Branch**

#### Infrastructure Upgrades

Several construction projects were initiated to upgrade the infrastructure of Public Housing sites. Gas lines, smoke and carbon monoxide detectors, and electrical upgrades were installed at Kahale Mua federal project on Molokai, while a similar upgrade is planned for the state project. The Lift Station at Wahiawa Terrace is under construction and expected to complete by fall 2024. Water heaters are being replaced at Ka'ahumanu Homes and Kamehameha Homes, and upgrades to generators at all towers have been awarded. Gas line replacement at Makani Kai Hale on Maui has gone out to bid, with the contract to be approximately awarded by the end of the year and construction to start next year.

#### **Structural Assessments and Repairs**

Many public housing buildings managed by HPHA are aging and in need of structural assessments and repairs to ensure safety, particularly for the tower buildings. Several buildings underwent repairs in the past fiscal year, with some projects taking several years to complete due to size and relocation needs. Waipahu I and II's structural repairs and LBP removal has a consultant that is working on addressing these issues to minimize cost increases.

#### Fire Alarms and Sprinklers

HPHA is upgrading fire alarms at several of its sites, including federal towers, Punchbowl Homes, Lai`ola, Pu'uwai Momi, and Waimaha-Sunflower. Consultants are being selected to address fire alarm upgrades and fire sprinklers at Pumehana and its 139 elderly units, which will require a major modernization and vacating units for installation in response to recent changes in the Fire Code.

#### Security upgrades

Includes the installation of security cameras and monitoring systems, upgrading keyed doors to electronic FOB-based technology, installing or strengthening fences, trimming vegetation for visibility, and upgrading site lighting, were completed at Kalanihuia and Pumehana this past fiscal year. Security upgrades are also in design and building permits have been submitted at Makua Ali`i, Paoakalani, and Kalakaua Homes, and will go out to bid once permits are secured.



# Planning & Evaluation Office

The Planning & Evaluation Office (PEO) performs planning, policy evaluation, and research activities for all HPHA programs and policies. PEO is also responsible for developing legislative proposals and reports, administering rule-making procedures, assisting with development efforts, and revising the agency's rules and bylaws.

#### **COLLABORATION AND LONG-RANGE PLANNING**

The HPHA works closely with its partnering agencies at every level of government. PEO staff regularly attend Housing Directors' meetings, Hawaii Interagency Council for Transit Oriented Development meetings, Neighborhood Board meetings, and policy meetings with legislators. PEO also updates the HPHA's short- and long-range functional plans (i.e., the Annual PHA Plan and the 5-Year PHA Plan) which describe the agency's objectives and how it will achieve various HUD programmatic requirements. These plans can be viewed online at: http://www.hpha.hawaii.gov/housingplans/index.htm.

#### PARTNERSHIP WITH HAWAII LITERACY

The HPHA has partnered with Hawaii Literacy, a local nonprofit, to provide educational and literacy services for families at Mayor Wright Homes and the Kuhio Park properties. These services help disadvantaged children prepare for and succeed in school and give adults a second chance to read and write. Hawaii Literacy provides books, mentors, literacy promotion, and the skills needed to break cycles of poverty and under-education.

Total of 170 learners served; currently 75 active learners

- 450+ classes held
- 29 learners received 1 on 1 tutoring
- 39 volunteers donated 1,250 hours of their time
- Learners from 30 different countries
- Learners speaking 24 different languages

#### **FLL Program:**

- 761 people (591 were children)
- 8456 visits
- 377 days of service
- 2150 summer meals
- 70 community events
- 1512 tutoring sessions
- 98 assessments (children)



Pictured: Participants learning how to read with our instructors.



# Planning & Evaluation Office

#### BROADBAND PILOT PROJECT WITH UNIVERSITY OF HAWAII

The HPHA has been working, and continues to work with federal and state departments and agencies, broadband internet service providers, and non-profit groups to provide free or low-cost broadband opportunities for federal and state low-income public housing tenants.

On April 27, 2023, the U.S. Department of the Treasury announced the approval of the University of Hawaii's grant application to obtain \$115.5 million dollars for high-speed internet projects in Hawaii under the American Rescue Plan's Capital Projects Fund to implement two broadband infrastructure programs that aim to provide reliable internet access to households across the state., with \$8 million dollars going towards the HPHA Connections Program to upgrade public housing facilities and broadband infrastructure to provide residents with access to affordable, high-speed internet in the near future.

#### **MOVING TO WORK DEMONSTRATION PROGRAM**

The HPHA accepted into the MTW Demonstration Program Expansion in January 2022 as part of HUD's Landlord Incentive Cohort. As part of Phase 1 of the HPHA's MTW designation, the agency has implemented three new incentives as part of the Section 8 Program to increase landlord participation:

#### **<u>1. Vacancy Loss Payments</u>**

- The HPHA will pay a landlord up to one month of contract rent as reimbursement for the time a unit spent vacant in between Section 8 participants.
- 2. Initial Inspection Flexibilities
  - The HPHA will waive the requirement for an initial inspection prior to the start of tenancy if the dwelling unit (1) is less than five years old, (2) passed an HQS or equivalent inspection in the last three years, or (3) is in a census tract with a poverty rate of ten percent or less.
- 3. Signing Bonus Payments
- The HPHA will provide a "signing bonus" of up to one month of contract rent to incentivize new landlords to join the Section 8 program.

As of November 1, 2023, the HPHA has offered 22 signing bonuses to newly recruited landlords, for a total of \$55,716. The HPHA has received no vacancy-loss claims. For more information on these and other upcoming Moving to Work initiatives, please visit: http://www.hpha.hawaii.gov/mtw.





Kuhio Park Low-Rises and Homes

The HPHA is partnering with the Michaels Development Corporation (MDC), an affordable housing developer, to redevelop Kuhio Park Low-Rise and Homes (KPLR) located between Linapuni and Ahonui Streets in the Kalihi neighborhood of Honolulu. The three-phase redevelopment will provide approximately 650 affordable housing units, including the one-for-one replacement of 174 public housing units, within eight new buildings. This first phase of development will provide 304 affordable housing units in four mid-rise buildings.

Continuing the community engagement approach taken in 2022, HPHA in coordination with MDC has had extensive communication with various community members throughout the year. In January 2023, the relocation consultant, Nelrod, completed its resident survey, which was a result of listening to existing residents who will be relocated during the initial phase of the KPLR redevelopment. In May, Nelrod hosted an event focused on providing information on the future relocation effort. In 2023 alone, there have been four different meetings held with the Department of Education to help determine and improve the redevelopment's impacts to the adjacent schools and the children who live in the KPLR community who attend those schools. MDC continues to provide periodic updates to the Kalihi-Palama Neighborhood Board and has helped facilitate several talk story sessions and community town hall meetings this year. The most recent town hall meeting, held on August 31st, 2023, offered the residents and surrounding community the opportunity to listen to updates from and ask questions of HPHA, area state and city legislators, the current property manager, and MDC.

The HPHA has finalized the environmental assessment needed to comply with historical preservation requirements set forth under Section 106 of the National Historic Preservation Act and related federal environmental review processes (i.e., NEPA). The HPHA is coordinating with the Governor's Office as they complete the finalize their review and acceptance.





#### Kuhio Park Low-Rises and Homes(cont'd)

MDC, in coordination with the HPHA, applied for LIHTC, HMMF Bonds, and RHRF financing to the HHFDC in February 2023. At the time of writing this report, the LIHTC and RHRF award is still pending. However, on October 12, 2023 the HHFDC Board of Directors approved it's agency to enter into an agreement that will provide MDC with a large portion of the City's allocation of private activity bonds specifically for KPLR. This approval is a major milestone toward financing the redevelopment.

We were awarded financing for this project, and MDC is actively preparing a relocation plan for residents who will be impacted by the first phase of construction. In addition, MDC is drafting a request for HUD's approval for the demolition and disposition of the existing public housing units, under Section 18 of the Housing Act of 1937. In November 2022, the City approved MDC's 201H application for entitlement, zoning and waivers. The permit drawings were submitted to the DPP and are currently going through a third-party approval process to help expedite the permit. The KPLR redevelopment is expected to break ground sometime in mid-to-late 2024, subject to financing, resident relocation, and building permit approval.





#### School Street Elderly Affordable Housing Project

The HPHA has partnered with Retirement Housing Foundation (RHF), a non-profit affordable housing developer, to redevelop its administrative campus located at 1002 N School Street. The project will deliver 800 affordable housing units for our kupuna over the course of three development phases. The HPHA anticipates the project will be completed over an 8 to 10-year development horizon.

On October 14, 2021, the HHFDC approved the financing application with the intent to issue \$71,500,000 in Hula Mae Multi-Family (HHMF) Tax-Exempt Revenue Bonds; reserve \$5,257,493 in annual Federal Low Income Housing Tax Credits (LIHTC) over a 10-year period, and \$5,257,493 in annual State LIHTC over a five-year period. The Rental Housing Revolving Fund (RHRF) Loan of \$40,000,000 was also approved by the HHFDC's Board of Directors under a separate For Action. Due to unforeseen delays resulting from the COVID-19 pandemic and other factors, RHF sought and later received approval from the HHFDC to extend the deadline to commence construction to August 25, 2023. On August 10, 2023, RHF was granted another financing extension allowing a delay in construction commencement to as late as May 5, 2024.

The redevelopment plans continue to advance through the City & County of Honolulu's Department of Planning and Permitting (DPP). The HPHA and RHF received a site subdivision approval creating a separate lot to accommodate Phase 1A. Applications for a super-structure permit and building permit were submitted to the DPP and have completed several rounds of comments and revisions. RHF anticipate final approval of the building permit in early 2024.



The Development Office leads all efforts related to the development and redevelopment of housing on properties within the HPHA's inventory.

#### The Ka Lei Momi Project

In January 2023, the HPHA issued a request for qualifications (RFQ) for a master developer to play a lead role in transforming a portion of the HPHA's portfolio of public housing properties. This effort includes master planning and redevelopment of several sites across the state, including Mayor Wright Homes. Through the RFQ process, HPHA selected a master developer, Highridge Costa Development Co., to begin evaluating and master planning the redevelopment of the following eight targeted sites: Mayor Wright Homes, Puuwai Momi, Kaahumanu Homes, Kamehameha Homes, Hale Laulima, Nanakuli Homes, Lanakila Homes, Kahekili Terrace, and Kapaa. All nine of these targeted sites, totaling nearly 80 acres of land, have significant potential to become mixed-income, mixed-use, transit-oriented developments. The redevelopment effort is targeting delivery of a minimum of 10,000 additional housing units in addition to the one-for-one replacement of public housing units.



Pictured: On July 3, 2023, the HPHA alongside Governor Josh Green, M.D. announced the selection of Highridge Costa Development Co. as the master developer of the Ka Lei Momi Project.

Meetings have been held at Mayor Wright Homes and a townhall in the area thus far. Kapaa has also had their first resident meeting. If the state allocates all the 9% allocation, we can provide 100 units in a year. Obtaining 2/3 of the federal tax-exempt bond cap would yield 900 units per year. There would also be one 501c3 transaction of around 350 units every other year, but this only applies to Oahu. Some challenges in building 10,000 units are infrastructure, bond and credit allocation, and availability of RHRF funding. This vision would average 3-4 projects per year, which is realistic for HighRidge Costa. Partnering with HPHA contributes to achieving this vision.

# **Compliance Office**

The Compliance Office performs activities to ensure the HPHA manages and operates programs in accordance with federal and state requirements, and agency policies and directives. Specifically, the Compliance Office covers fair housing, accessibility, reasonable accommodations, language access, the Violence Against Women's Act, Declarations of Trust, the Uniform Relocation Act, and responded to over 700 tenant requests for reasonable accommodation requests.



#### Section 504 Self-Evaluation and Transition Plan

The Compliance Office worked with EMG to address barriers to accessibility at HPHA properties. Site assessments for mobility and visual/hearing accessibility were completed at all HPHA federal and state public housing properties, management offices and administrative offices. HPHA's DRAFT Title II Transition Plan was approved by the HPHA Board of Directors, and a public hearing was held; on-site staff training re: ADA-compliance is temporarily on hold due to COVID-19 concerns, and we continue to work with consultant EMG to update the estimated costs and finalize the Section 504 Transition Plans. As of June 30, 2023, out of a total of 5,595 units, 380 units or 6.79% are accessible for mobility and 195 units or 3.49% are accessible for the visual/hearing impaired. With another 12 units for mobility and 16 units for the visual/hearing impaired currently under construction. With continued legislative support, HPHA will be achieve its goals of expanding housing accessibility for the most disadvantaged members of our community.

# **Hearings Office**



The Hearings Office manages the Federal Low Income Public Housing Evictions pursuant to Chapter 356D, HRS, and Chapter 17-2020, HAR. There are seven (7) Federal eviction boards, three (3) boards for the island of Oahu and one (1) board each for Kona, Hilo, Maui/Molokai and Kauai. There is one (1) State eviction board to hear and resolve State project lease violations.

For Fiscal Year 2023, the Hearings Office received 15 case referrals, 10 for cases relating to criminal activities, drug use, or misconduct. For this period, a total of 10 families were evicted statewide, no families were placed on conditions, no families were offered voluntary departure, and no cases are currently pending.

### **Contract & Procurement Office**

The HPHA receives federal and state funds for the procurement of a variety of goods, services, professional services and construction such as capital improvement projects, repair and maintenance services, security services, refuse collection and architectural/engineering services. The Contracts and Procurement Office is responsible to oversee all HPHA procurement activities. The Contract and Procurement Office's objective is to (1) provide a procurement system of quality and integrity; (2) provide for the fair and equitable treatment of all persons or firms involved in purchasing by the HPHA; (3) assure that all purchases of goods, services and construction are procured efficiently, effectively, and at the best value to the HPHA; (4) promote competition in contracting; and (5) assure that HPHA purchasing actions are in full compliance with applicable Federal standards, HUD regulations, and State and local laws.

During the fiscal year, the HPHA processed 2,525 individual small purchases via state procurement card (pCard) or purchase order. While most managers have delegated procurement authority for micro purchases, the Contracts & Procurement Office processed a little under \$6.0m in small purchases. Some of the major contracts include Ka Lei Momi Redevelopment Project, The Project Based Contract Administration (PBCA), and security.

# Information Technology Office

The Information Technology Office (ITO) provides technology solutions to support efficient operations and ensure staff can communicate effectively with each other, the public, applicants, tenants, landlords, vendors, contractors, and other stakeholders. ITO staff oversee the use, implementation, and maintenance of technology, computer applications, and operating systems at the HPHA. By ensuring a stable, reliable, and secure technology infrastructure, ITO enables staff uninterrupted access by staff to perform business requirements.



ITO maintained the operational processes during FY 2023 despite many obstacles such as shipping lines, lack of inventory and competition against market participants who were (and still are) in need of supplies ranging from printers, auxiliary devices, phone instruments to software licenses



We successfully sustained and supported processes with minimal disruptions by creatively reusing and repairing equipment, and by switching to other less known alternatives that provided appropriate support to meet the business needs of HPHA's staff.

# **Human Resources Office**

The Human Resources Office provides personnel staff support and advisory services to the Executive Director, managers and employees of the HPHA; and manages the personnel programs and activities for the agency. The HPHA currently employs over 300 Full-Time and Tenant Aides in various Civil Service and Exempt capacities statewide as of June 30, 2023. Pursuant to Section 356D-2 HRS, the HPHA provides the following on the employment of civil service positions.

#### STATE INCENTIVE AND SERVICE AWARD

The State Incentive and Service Awards Program, established by Section 78-29, Hawai`i Revised Statutes, is a statewide program that promotes the recognition of employees who contribute to the efficiency, economy, or other improvement of government operations or who perform exceptionally meritorious special acts or services in the public interest, and for their loyal and dedicated service.

The <u>Sustained Superior Performance Award</u> is recognizes a State employee for their (1) exceptional contributions to the attainment of program objectives; (2) significant improvements in the delivery of service or cost savings to the State; (3). sustained superior performance; (4) significant contributions to social, scientific or technological progress; (5) creative solutions to difficult government problems; and (6) distinctive participation in professional and community affairs.

This year, we are proud to announce that Barbara Arashiro, Executive Assistant was nominated and selected as the Sustained Superior Performance Awardee for her significant contributions to the HPHA's many successes over the past fiscal year.



From L to R: Karl Schiller, John Swift, Serena Deth, Emma De Leon, Barbara Arashiro, Farrant Kamahele, Sharon Zhou, Andrew Ramie-Loo





The Fiscal Management Office (FMO) provides fiscal oversight for all budgeting and accounting needs of the Hawaii Public Housing Authority (HPHA). The U.S. Department of Housing and Urban Development (HUD) requires all Public Housing Agencies (PHAs) with 250 or more units to develop and maintain a system of budgeting and accounting for each asset management project (AMP) in a manner that allows for analysis of the actual revenues and expenses associated with each property. Project-based budgeting and accounting are applied to all programs and revenue sources including the Operating Fund and Capital Fund Programs (CFP) that directly and indirectly support the operations of the AMPs. Under the asset management model, a Central Office Cost Center is established to account for non-project specific costs. Those costs are funded from the property-management fees including asset management fees received from each property and program.

To comply with the requirements, the HPHA uses fund accounting to report its financial position and results of operation with each program and project. Each program and project are designated as a fund. A fund is a separate accounting entity with a self-balancing set of accounts.Fund accounting is designed to demonstrate the legal compliance and to aid financial management by segregating transactions related to certain government functions.

During the Fiscal Year 2023, the HPHA accounted 42 funds in its accounting system. 25 out of the 42 funds were designated for major housing projects and programs. Operating budgets were developed for each major housing project and program and approved by the HPHA's Board of Directors before the beginning of the fiscal year.

All financial statements are generated in-house and are GAAP-compliant according to Federal and State Regulations. The HPHA has steadily improved in compliance with Generally Accepted Accounting Principles as well as federal and state requirements. The HPHA has had no audit findings for six consecutive fiscal years and has been qualified as a low-risk auditee since the Fiscal Year 2019. The FMO continues to improve, through staff training, strengthening quality control, and consistently implementing operational procedures to gain operational effectiveness and efficiency.



#### **Financial Data and Audited Financial Reports**

	PUBLIC HC					
	nsed Statem					
Jun	ie 30, 2023 an	· · ·				
	(In thousand	is of dollars)				
	Governi Activi		Business Activities		Tot	al
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	86,079	81,351	108,241	99,552	194,320	180,903
Capital assets	3,786	3,651	358,752	363,636	362,538	367,287
Other assets	0	0	7,178	7,015	7,178	7,015
Total Assets	89,864	85,002	474,172	470,203	564,036	555,205
Deferred Outflows of Resources	467	399	6,532	5,979	6,999	6,378
Total Assets & Deferred Outflows of Resources	90,331	85,401	480,704	476,182	571,036	561,583
Liabilities						
Current and other liabilities	6.217	4,872	8,774	9,763	14,990	14,634
Long-term liabilities	5,094	4.960	68,312	67.611	73,406	72,571
Total Liabilities	11,310	9,831	77,086	77,374	88,396	87,205
Deferred Inflows of Resources	708	808	9,276	10,257	9,984	11,065
Net position						
Investment in capital assets	3,786	3,651	358,752	363,636	362,538	367,287
Restricted	1,537	1,294	0	0	1,537	1,294
Unrestricted	72,990	69,816	35,590	24,915	108,579	94,732
Total Net Position	78,313	74,762	394,342	388,551	472,655	463,313
Total Liabilities, Deferred Inflows of Resources						
and Net Position	90,331	85,401	480,704	476,182	571,036	561,583



#### **Financial Data and Audited Financial Reports**

#### HA WAII PUBLIC HOUSING A UTHORITY Government-Wide Statements of Activities June 30, 2023 and June 30, 2022 (In thousands of dollars)

	Governm Activit		Business Activities		Eimina	tion	Tota	al
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues								
Program Revenues:								
Charges for services	154	669	28,838	26,930	(1,545)	(1,304)	26,295	24,095
Operating grants and contributions	110,717	99,048	37,556	35,732			134,780	119,138
Capital grants and contributions	0	0	7,335	3,915			3,915	5,863
Other income	1	1	499	53			55	207
General Revenues:								
State allotted appropriations, net of lapsed funds	19,403	22,335	-	0			22,335	27,908
Total revenues	130,275	122,053	74,228	66,630	(1,545)	(1,304)	187,379	177,211
Expenses								
Governmental Activities								
Rental housing assistance program	108,042	98,261			(1,545)	(1,304)	96,957	90,003
Business-type activities								
Federal low rent housing program			73,737	71,365			71,365	79,783
State and other housing program			11,569	10,849			10,849	11,272
Other program			2,793	2,597			2,597	5,032
Total government-wide expenses	108,042	98,261	88,099	84,811	(1,545)	(1,304)	181,768	186,090
Excess (deficiency) of revenues over (under) expenses	22,233	23,792	(13,871)	(18,181)	0	0	5,611	(8,879)
Capital contributions	(11,673)	(12,215)	11,673	12,215			0	0
Transfers	(7,091)	(3,717)	7,091	3,717			0	0
CHANGES IN NET POSITION	3,470	7,860	4,893	(2,249)	0	0	5,611	(8,879)
Net position, beginning of year	74,762	66,902	388,551	390,800			457,702	466,582
Prior fis cal year adjustment	0	0	-	0			0	0
Total net position, end of year	78,231	74,762	393,444	388,551	0	0	463,313	457,702



Pursuant to §37-52.5, Hawaii Revised Statutes, the HPHA shall submit on an annual basis an audit report of all non-general funds it administers. This includes a statement of all revenues, expenditures, encumbrances, and balance of each fund or account.

Copies of the HPHA's audit reports and financial statements can be found at: http://hpha.hawaii.gov/.

Fund Name	Cite of Law	Intended Purpose	Current Activities
Equipment Rental Revolving Fund	Administratively Established	The fund purchases equipment by its administrative office and rents to var- ious programs administered by the HPHA.	Purchasing and renting equipment
Housing for Elders Revolving Fund	356D-72, HRS	The fund supports the management, operation and maintenance of hous- ing for the elderly and the disabled.	Serving the housing needs for the elderly and the disabled
Payroll Clearing Trust Account	Administratively Established	The account is used as overdraft ac- count to support the payroll activities of the HPHA.	Whenever there is a balance due. HPHA clears it promptly
Public Housing Re- volving Fund	356D-28, HRS	The fund supports developing and administering public housing for low- to-moderate income families.	Serving the housing needs for low-to-mod- erate income families
State Low-income Housing Revolving Fund	356D-45, HRS	The fund supports developing and administering public housing for low- income families	Serving the housing needs for low-income families
Vehicle Rental Revolv- ing Fund	Administratively Established	The fund collects vehicle rental fees to purchase re- placement vehicles for HPHA administrative and area offices.	Purchasing and renting vehicles

#### List of HPHA Non-General Funds



The table below is an audited financial activity report for all administratively established funds or accounts. The report displays the revenues, expenditures, encumbrances, and ending balance for each fund or account.

#### Non-general Fund Report for FY Ended June 30, 2023 (in \$1,000)

Fund Number	Fund Name	Beginning Balance	Expenditure	Revenue	Encumbrance	Ending Balance
Number		06/30/22	FY22 -23	FY22 -23	06/30/23	06/30/23
308	State Low-income Housing Revolving Fund	986	1,640	1,838	256	1,184
332	Public Housing Revolving Fund	5,118	31,395	31,533		5,256
335	Vehicle Rental Revolving Fund	125	0	107		232
336	Equipment Rental Revolving Fund	805	3	13		815
337	Housing for Elderly Revolving Fund	3,870	3,434	1,930	326	2,365
912	Payroll Clearing Trust Account	0	24,462	24,462		0



# **Legislative Proposals**

#### 2023 ACTS

During the 2023 legislative session, the following bills were enacted which will positively impact the HPHA and its residents:

Title	Description	Bill No.	Act No.
RELATING TO THE STATE BUDGET	Appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal years 2023-2024 and 2024-2025.	HB1600	Act 164
RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY	Repeals the percentage requirements for the HPHA related to the ad- mission of applicants, with or without preferences, into federal and state low-income public housing units.	HB674	Act 99
RELATING TO KUPUNA HOUSING	Temporarily expands the State Rent Supplement Program specifically for qualified persons who are sixty-two years of age or older and are homeless or at imminent risk of becoming homeless. Requires the HPHA to submit annual reports to the Legislature. Appropriates funds. Sunsets 6/30/2026.	SB898	Act 98
RELATING TO SUP- PORTIVE HOUSING	Establishes a supportive housing pilot program in the Statewide Office on Homelessness and Housing Solutions. Appropriates funds. Declares that appropriations exceed general fund expenditure ceiling. Effective 7/1/2023. Sunsets 6/30/2025.	HB1397	Act 95

#### **2024 BILL PROPOSALS**

The HPHA will seek the enactment of the following legislative proposals during 2024 legislative session. This section of the report is required under Section 356D-20(3)(B), Hawaii Revised Statutes.

Title	Description	DHS No.
RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY	Establishes the position of a Housing Policy and Program Coordinator for the Hawaii Public Housing Authority, whose salary shall be set by the Executive Director.	HMS-08(24)
RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY	Makes housekeeping amendments to sections 356D-8, 356D-10, 356D-21, 356D-22, 356D-23, and 356D-24, HRS, to incorporate the definition of "housing project" in section 356D-11, HRS, to align with previous amendments to chapter 356D, HRS, under Act 251, SLH 2022.	HMS-09(24)



Hawaii Public Housing Authority

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