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Statement of
Hakim Ouansafi, Executive Director
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Before the
HOUSE COMMITTEE ON FINANCE

2:00 p.m., January 16, 2025
Hawaii State Capitol
Room 308

In consideration of
INFORMATIONAL BRIEFING RELATING TO
THE EXECUTIVE BIENNIUM BUDGET

Honorable Chair Yamashita, Honorable Vice Chair Takenouchi, and members of the House Committee on Finance, thank you for the opportunity to provide comments regarding the Department of Human Services – Hawaii Public Housing Authority (HPHA) budget programs HMS 220, HMS 222, and HMS 229.

A. Provide your agency's mission statement, strategic objectives, goals, and performance metrics. How will the agency measure progress? What milestones will be tracked?

The HPHA is recognized by the U.S. Department of Housing and Urban Development (HUD) as one of the nation's largest and one of only three statewide public housing authorities. The agency was first established by the Territorial Legislature in 1935 with the mission of providing safe, decent, and sanitary housing for Hawaii's low-income residents. We are guided by an eleven-person Board of Directors appointed by the Governor and confirmed by the Legislature.

Mission Statement

The Hawaii Public Housing Authority is committed to providing adequate and affordable housing, economic opportunities, and suitable living environments to low-income families and individuals, free from discrimination.

HMS 220 – Rental Housing Services (Public Housing)

Under the Rental Housing Services program, the HPHA develops and manages affordable public housing properties, ensures tenant eligibility requirements and rental rates, processes applications, and maintains each rental property to HUD-standards. The HPHA currently manages 6,270 public housing dwelling units, of which 5,406 are federally assisted and 864 are State-owned and assisted.

HUD requires the HPHA to utilize an “Asset Management” business model whereby properties are grouped, operated, and evaluated as separate assets with their own independent financials. Federal resources are then allocated according to the needs of each asset. Each Asset Management Project (AMP) group (16 in total) must operate as a separate business entity. Each AMP generates its own operating revenues through rental income and must individually account their own financials separately.

Rental Housing Services staff are directly involved in day-to-day property management operations. They are also primarily responsible for maintaining the physical condition of each property.

There are multiple HUD Subsystems which monitor the performance of the HPHA’s federal public housing program. The Management Assessment Subsystem tracks the following metrics to ensure federal resources are utilized effectively:

1. Occupancy rates;
2. Tenant Accounts Receivable (TARs); and
3. Accounts Payable (AP).

The Physical Assessment Subsystem records a physical condition score for each property based on the following three elements:

1. Condition of five inspectable areas (e.g., site, exterior, systems, common areas, and dwelling units);
2. Inspectable items in each inspectable area; and
3. Observed deficiencies.

In FY 24, HUD launched a new inspection standards model called National Standards for the Physical Inspection of Real Estate (NSPIRE) which places greater emphasis on resident health, safety, and functional defects in a dwelling unit over appearance.

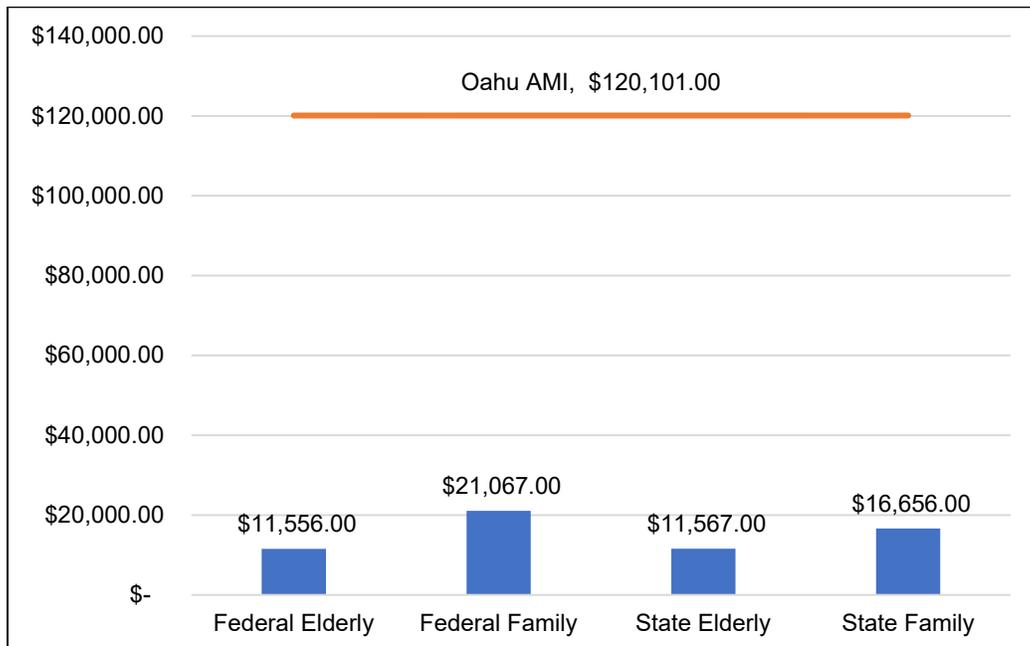
Area scores are calculated using the weighted average of several sub-area scores. The total score is the weighted average of each area score, with adjustments made against the scores for inspectable items and observed deficiencies.

Rental Housing Services program operations are also guided by Section III.G.1 of the State Consolidated Plan which describes how the HPHA will address public housing needs by:

1. Maximizing the number of affordable units within its housing inventory;
2. Facilitating an increase in the number of affordable housing units outside of its inventory;
3. Targeting assistance to families at or below 30% of the Area Median Income, elderly families, and disabled families.

The HPHA continues to pursue a more comprehensive approach to property management that also addresses our residents' growing need for additional supportive services and greater economic opportunity. Maintaining our aging public housing inventory remains a significant challenge which constrains available resources. In response, the HPHA has made it a priority to further explore the use and suitability of federal grants and other federal programs and funding sources to support its public housing programs, where applicable.

Public Housing - Median Income (as of 12/01/24)



HMS 222 – Rental Assistance Services (Section 8)

The Housing Choice Voucher (HCV) program, commonly known as the Section 8 program, is HUD's primary initiative to assist low-income families, the elderly, and persons with disabilities by providing subsidies to access housing units in the community. Participants are responsible for finding housing, provided the unit meets HUD's standards of being decent, safe, and sanitary. Households typically pay 30% of their income for rent and utilities directly to the landlord, with the remaining portion, the HCV subsidy, paid by the public housing agency (PHA) directly to the landlord.

Under the Rental Assistance Services program, the HPHA administers the Housing Choice Voucher Program for the island of Oahu. The HPHA also provides rental assistance through several Special Purpose Vouchers (SPV), such as:

1. Traditional Section 8 Vouchers;
2. Non-Elderly Disabled (NED) Vouchers;
3. Veterans Affairs Supportive Housing (VASH) Vouchers;
4. Foster Youth Initiative Vouchers;
5. Tenant Protection Vouchers (TPV);
6. Emergency Housing Vouchers;
7. Project-Based Vouchers (PBV); and
8. Performance Based Contract Administration (PBCA).

Each federal voucher program has its own unique set of eligibility criteria which makes management more complex.

Also administered under HMS 222 is the State-funded Rent Supplement Program (RSP), which operates in a similar manner to the HCV Program.

Each voucher program provides a tenant with rental assistance for a dwelling unit found in the private market. Tenants pay a portion of their rent based on their income to remain housed, while the remainder is covered by rental assistance payments made directly to participating landlords. Under HMS 222, the HPHA administers approximately 3,672 federally funded vouchers/project-based vouchers; 208 State Rent Supplement Program vouchers; and 3,196 PBCA units.

HUD uses the Section 8 Management Assessment Program (SEMAP) to measure the performance of the HCV program. There are 14 indicators HUD uses to evaluate the HPHA's administration:

1. Proper selection of applicants from the housing choice voucher waiting list;
2. Sound determination of reasonable rent for each unit leased;
3. Establishment of payment standards within the required range of fair market rent;
4. Accurate verification of family income;

5. Timely annual reexaminations of family income;
6. Correct calculation of the tenant share of the rent and the housing assistance payment;
7. Maintenance of a current schedule of allowances for tenant utility costs;
8. Unit compliance with the Housing Quality Standards before families enter into leases and the HPHA enters into housing assistance contracts;
9. Timely annual housing quality inspections;
10. Performing of quality control inspections to ensure housing quality;
11. Prompt correction of housing quality deficiencies;
12. Use of all available vouchers;
13. Expansion of housing choice outside areas of poverty or minority concentration; and
14. Family enrollment in the Family Self-Sufficiency (FSS) Program and increases in employment income for participants.

The HPHA has a score of 100%, making the Agency a “High Performer” designated by HUD, and shows that the Rental Assistance Services staff ensure that the HCV Program is operated in compliance with all federal regulations found at 24 C.F.R. Part 985. As mentioned earlier, HUD also established new inspection standards (NSPIRE) which will be implemented under the HCV Program.

Measurement of Voucher Utilization

PHAs are evaluated on their HCV program’s utilization under the Section 8 Management Assessment Program (SEMAP). SEMAP Indicator #13, the Leasing Utilization Indicator, measures a PHA’s performance based on:

1. The percentage of authorized vouchers leased, or
2. The percentage of available budget authority expended whichever is greater.

This dual measure acknowledges the funding limitations PHAs face and focuses on the effective use of allocated resources.

Administration of the HCV Program

HCVs are administered locally by PHAs, which receive funding from HUD to operate the voucher program. PHAs must adhere to federal program regulations and any local requirements outlined in their HCV Administrative Plan. Each PHA designs its HCV program to address the specific needs of its community, resulting in variations across programs. Key differences include:

- **Payment Standards:** PHAs have discretion to set payment standards, which determine the maximum rental assistance paid to landlords, based on local market conditions.
- **Target Populations:** PHAs can focus assistance on specific populations, such as individuals experiencing homelessness, veterans, or households with disabilities.
- **Unit Inspections:** PHAs are required to inspect rental units to ensure they meet HUD's minimum standards for health and safety.
- **Rent Comparability:** PHAs must confirm that contract rents are consistent with similar unsubsidized units in the area to avoid overpaying landlords.
- **Supportive Services:** PHAs may offer additional services, such as Family Self-Sufficiency (FSS) programs, to help households achieve economic stability and self-reliance.

Voucher Funding and Utilization

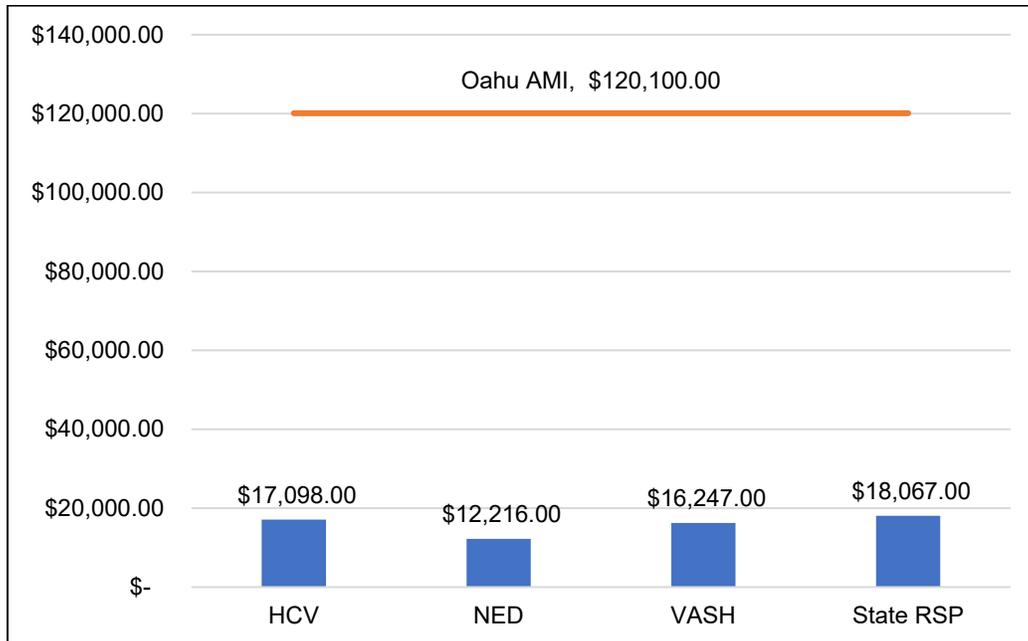
The HCV program is funded annually through the Congressional appropriations process. PHAs receive renewal funding each year based on the number and cost of vouchers utilized in the previous year, adjusted for inflation. If Congress allocates less renewal funding than is required nationwide, renewal amounts are proportionately reduced for all PHAs.

When new vouchers are awarded, HUD provides separate funding for those vouchers and administrative costs, distinct from renewal funding. Although PHAs are assigned a fixed number of vouchers they can operate, known as "authorized vouchers," their ability to lease these units is limited by the funding Congress provides.

This dynamic creates a fundamental tension in the program: **Most PHAs have more authorized vouchers than available funding.** As a result, lease-up is driven by the PHA's budget constraints rather than the number of vouchers issued. Rising housing costs and the Congressional funding formula exacerbate this challenge. PHAs often cannot issue all their authorized vouchers, despite significant demand, because their available budget cannot cover the required subsidies.

For a deeper understanding of voucher and budget utilization, visit the HUD website or explore the Center on Budget and Policy Priorities' (CBPP) comprehensive research on HCV program history and challenges.

Section 8 - Median Income (as of 12/01/24)



HMS 229 – HPHA Administration

The activities carried out under HMS 229 provide administrative direction to and support the primary responsibilities of all of the HPHA's programs. Included under HMS 229 are the Office of the Executive Director, Planning & Evaluation Office, Compliance Office, Fiscal Management Office, Information Technology Office, Human Resources Office, Contract & Procurement Office, Hearings Office, and the Development Office.

The HPHA Administration program also monitors for compliance issues in the other major programs (i.e., HMS 220 and HMS 222) and has fiscal authority over all operations.

Program tasks include, but are not limited to:

1. Providing guidance and expertise to other program areas;
2. Ensuring necessary training is provided for staff of all skill levels;
3. Ensuring the effective utilization of federal, state, and other resources;
4. Providing meaning management reports to branch administrators and supervisors;
5. Utilizing and testing new maintenance and management methods; and
6. Coordinating and conducting all short- and long-term planning efforts.

The financial condition of each federally assisted program is monitored by HUD's Financial Data System (FDS). Data is submitted by the HPHA and subsequently

reviewed by HUD using several metrics. HUD utilizes the following indicators to assess the Authority's overall financial condition:

1. Quick Ratio (QR);
2. Months Expendable Net Assets Ratio (MENAR); and
3. Debt Service Coverage Ratio.

There are two metrics used in evaluating the Capital Fund factor:

1. Timeliness of Fund Obligation; and
2. Occupancy Rate.

Deficiencies in any category are reviewed by HUD and require a corrective action plan to be developed to ensure improvements are made. Higher scores improve the HPHA's eligibility for additional funding, increase the likelihood of receiving other federal grants, and reduce administrative oversight from federal monitors.

B. Discuss how current state-wide conditions have affected agency operations and the ability to meet goals. Identify and discuss notable performance measures, expected outcomes, and recent results.

Affordable Housing Development Updates

Kuhio Park Low Rises & Kuhio Homes

The HPHA partnered 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 within eight new buildings. This first phase of development will provide 304 affordable housing units in four mid-rise buildings.

The HPHA's Board of Directors approved the Kuhio Homes and Kuhio Low-Rises (KPLR) pre-development budget in May 2024. The HPHA anticipates financial closing for Phase 1 of the project to take place in Q1 of CY 2025, with construction expected to begin shortly thereafter in Q2-Q3 of CY 2025.

The building permit set continues to advance through external agencies and other third-party review processes. The HPHA received third-party plan approval on the structural, building, electrical, and mechanical code reviews. As of July 2024, the City Department of Planning and Permitting's (DPP) Traffic Review Branch approved the traffic management plans for the redevelopment. The Honolulu Fire Department and Hawaii Department of Health (DOH) also completed their reviews of the project drawings. The HPHA received comments from DOH relating to the environmental site assessment and proposed soil sampling plan.

Albert C. Kobayashi, Inc., the general contractor, is completing final round of pricing based on the 100% construction set and value engineering process. The HPHA and TMO held its latest community update meeting on July 11, 2024, for all KPLR residents. TMO is also working with its consultant, Seneca, on the project's relocation plan. The HPHA received approval of its Section 18 application from the HUD Special Applications Center (SAC) in August 2024. The HPHA applied for and received 60 Tenant Protection Vouchers from HUD to go towards the relocation effort.

The project's 201H application has been executed by the HPHA and TMO and was submitted to the City DPP for final approval. The HPHA anticipates the 201H application will be approved in the near future.

School Street Elderly Affordable Housing

The HPHA partnered with Highridge Costa Development Company (HCDC) to redevelop its administrative campus located at 1002 North School Street on the island of Oahu. The project will deliver 800 affordable housing units for elderly families and individuals over the course of three development phases. The HPHA anticipates all phases will be completed over an eight- to 10-year development horizon.

In April 2024, the project received all permitting necessary to begin construction. The first phase of the project will provide 250 new affordable rental units designed specifically for elderly residents, ensuring long-term affordable housing options for the state's kūpuna. Construction financing closed successfully in May 2024, and site grading work began shortly thereafter. Construction completion is anticipated in-Mid 2026 with Lease-up later that year.

Ka Lei Momi

The **Ka Lei Momi** redevelopment initiative exemplifies a transformative approach to maximizing the value of public housing assets while addressing the critical affordable housing needs across the State of Hawai'i. By selecting the public housing site within the Ka Lei Momi portfolio, we achieve significant, multi-faceted benefits:

- 1. Preserving and Expanding Deeply Affordable Housing:** HUD regulations require that public housing units meet safety, decency, and sanitary standards. Rather than incurring high costs to renovate aging units—often necessitating ADA compliance and other expensive upgrades—we leverage redevelopment to replace and expand affordable housing. This ensures no loss of deeply affordable units while enabling the addition of new units, avoiding closures, and strengthening the housing inventory.
- 2. Leveraging Section 18 Disposition for Tenant Protection Vouchers (TPVs):** Through the Section 18 process, we gain Tenant Protection Vouchers for each unit, creating additional affordable housing beyond the original count. Each TPV represents an additional housing opportunity, significantly expanding our capacity to serve Hawai'i's residents.

3. **Maximizing Opportunities Through RAD Conversion:**
Following the issuance of TPVs, we retain an Annual Contributions Contract (ACC) unit that can be converted through the Rental Assistance Demonstration (RAD) program. This allows one subsidized unit to transform into three affordable housing opportunities: the ACC unit, the TPV unit, and the RAD-converted unit.
4. **Meeting Statewide Housing Demands:**
Redeveloping the HPHA portfolio will preserve existing affordable housing while delivering a minimum of **10,000 additional units** beyond replacement units. These urgently needed new rental and for-sale housing units will significantly impact the state's ability to address the critical demand for affordable housing.
5. **Improving Housing Conditions for Current Residents:**
The redevelopment will provide vastly improved housing conditions for HPHA's existing residents, ensuring they benefit from modern, safe, and sustainable living environments.
6. **Catalyzing Community Transformation:**
This redevelopment initiative is envisioned as a catalytic undertaking, repurposing state-owned, obsolete land assets into vibrant, mixed-income, mixed-use, transit-oriented communities. These developments are designed to integrate seamlessly into the surrounding neighborhoods, deconcentrating poverty and creating inclusive communities that reflect the diversity of Hawai'i.
7. **Enhancing Transit-Oriented Development (TOD):**
The selected sites are strategically located along the rail line, advancing TOD goals by promoting sustainable urban living, increasing transit ridership, and reducing reliance on personal vehicles.

By redeveloping the Ka Lei Momi portfolio, HPHA not only replaces one unit for one but multiplies affordable housing opportunities, addresses statewide housing shortages, and lays the foundation for inclusive, sustainable communities. This initiative is a bold step toward transforming Hawai'i's housing landscape, creating vibrant communities, and meeting the urgent housing needs of our residents.

HPHA and its Ka Lei Momi redevelopment partner Highridge Costa Development Company (HCDC) have been systematically advancing its development assessment and planning efforts for the Ka Lei Momi properties, aimed at supporting efficient management, securing partnerships, and ensuring thorough readiness for each site. This process began with onboarding, detailed review of existing due diligence materials, and setting management protocols, which involved third-party contracts for insurance, document ownership, equal employment, and federal compliance. HPHA and HCDC established a clear set of standards, engaged third-party consultants, and secured architectural, civil, and legal expertise to address infrastructure, zoning, and other regulatory requirements.

Site-specific assessments were carried out, including high-level development test-fits to determine unit mix, ingress/egress, and open space needs, as well as civil studies on

water, sewer, and gas infrastructure capacity. HPHA and HCDC also commissioned title reviews to identify potential issues, FAA, and State DOT studies to confirm building height limits, geotechnical studies for soil analysis, and archaeological reviews to assess the likelihood of encountering Iwi. Environmental transaction screens were conducted, with ongoing considerations for further Phase I or II assessments if hazardous materials are detected. Additionally, HPHA and HCDC engaged a relocation consultant to review resident relocation costs and logistics and developed financial modeling projections in collaboration with Novogradac & Co.

The initial assessment activities, costing approximately \$1.357 million, have led to a comprehensive assessment report that includes massing studies for density, parking, and access needs. HPHA and HCDC have also prioritized community engagement and Native Hawaiian outreach under Section 106, along with community charrettes to incorporate feedback and align planning with local interests. As part of the financing strategy, HPHA and HCDC continue to engage in legislative outreach, pursue DURF funding, and coordinate with the City and County bond programs. Moving forward, the phased master plan aims to address major infrastructure needs and secure financial resources, setting the foundation for prioritizing sites capable of supporting up to 10,000 new units statewide.

Mayor Wright Homes

In January 2024, Mayor Wright Homes (“MWH”) received entitlements for 2,448 units and the development team applied for Hula Mae Multifamily Private Activity Bonds, Low-Income Housing Tax Credits, and Rental Housing Revolving Fund financing for MWH Phase 1A (“MWH 1A”).

Working drawings have been kicked off, updated Schematic Drawings (“SD”) for MWH 1A’s building floor plans and unit plans were submitted to HUD for architectural and accessibility review and the architectural team is finalize the SD drawings based on HUD’s comments.

Final SD drawings will be completed by 11/8 and design documents are projected to be completed in Q1 2025, with construction documents finalized in late Q2 2025. The development team is on track to issue the building permit for MWH 1A in Q1 2026 and close on its construction financing in Q2 2026.

Please know that redevelopment of Mayor Wright Homes is desperately needed, as several buildings in the Mayor Wright Homes property are in such disrepair that HUD has deemed them to be Category 1 in need of reconstruction, and the families living in those buildings need to be relocated.

MWH Multi-Phase

Studies/Reports	Consultant	Status
Preliminary Site Planning/Massing Study	Lowney Architecture	Done
Geotechnical Area Review	NOVA	Done
Environmental TSA	Partner	Done
Phase I ESA	D3G	Done
Property Needs Assessment	D3G	Done
Initial Archaeological Analysis	Honua	Done
Traffic Impact Assessment Report	Fehr and Peers	Done
Conceptual Design Set	Lowney Architecture	Done
Conceptual Landscape Design	PBR Hawaii	Done
Preliminary Engineering Report	Bowers & Kubota	Done
Power Feasibility Study	Ron N. S. Ho & Associates	Done
Will Serve Letters/Commitments	Bowers & Kubota	Done
Community, Resident, & Town Hall Meetings	HPHA/Developer	Ongoing
Obtained Letters of Support	HPHA/Developer	Done
Preliminary Relocation Plan	Seneca Real Estate Services	Done
Market Study	Novogradac	Done
Third Party Cost Estimate	Hawaiian Dredging	Done/Ongoing
NEPA	PBR Hawaii	In Process
Section 106	Mason Architects	In Process
201H		
Receipt of full Entitlements	PBR Hawaii	Done
Reconfirm Existing EIS	PBR Hawaii	Done

MWH 1A

Financing Activities		
Submitted for LIHTC, RHRF 2024	HPHA/Developer	Awaiting Award
Construction Documents - Architecture	Lowney Architects	In process
Construction Documents – Civil	Bowers & Kubota	In process

Demolition Plan	Bowers & Kubota	In process
Traffic Management Plan	Fehr and Peers	In process
Construction Management Plan	Hawaiian Dredging	In process

MWH 1B

Financing Activities		
Submitted for LIHTC, RHRF 2024	HPHA/Developer	Awaiting Award
Construction Documents - Architecture	Lowney Architects	In process
Construction Documents – Civil	Bowers & Kubota	In process
Demolition Plan	Bowers & Kubota	In process
Traffic Management Plan	Fehr and Peers	In process
Construction Management Plan	Hawaiian Dredging	In process

Lanakila Homes

In 2023, Lanakila Homes was included in the Ka Lei Momi Project, and a new Master Plan was completed in the spring of 2024.

In June 2024, HPHA and HCDC submitted a revised Long-Term Environmental Hazardous Management Plan to the State Department of Health, Hazardous Evaluation and Emergency Response Division in response to the agency’s comments. The geotechnical fieldwork study for the contaminated soil has been completed and concept design refinement has commenced.

In September 2024, the HPHA and HCDC held a town hall meeting with residents and neighboring community members to discuss the upcoming development, and on November 7, 2024, the Hawaii County Council passed a resolution in support of the redevelopment project.

In November 2024, a 201H entitlement application has been submitted to HHFDC. The project is anticipated to proceed in HHFDC’s January Board Meeting, and it being transmitted to the Planning Department for approval thereafter.

Lanakila Homes Phase I

Studies/Reports	Consultant	Status
Preliminary Site Planning/Massing Study	DPI Architects	Done
Geotechnical Area Review	NOVA	Done
Environmental TSA	Partner Engineering	Done
Phase I ESA	D3G	Done

Geotechnical	Allision - Ide	Done
Environmental Services	TetraTech	Done
Initial Archaeological Analysis	Pacific Legacy	Done
Traffic Impact Assessment Report	SSFM	Done
Conceptual Design Set	DPI Architects	Done
Conceptual Landscape Design	PBR Hawaii	Done
Preliminary Engineering Report	B & K (Bills Engineering)	Done
Power Feasibility Study	Ron N. S. Ho & Associates	Done
Will Serve Letters/Commitments	B & K (Bills Engineering)	
Community, Resident, & Town Hall Meetings	HPHA/Developer	Ongoing
Obtained Letters of Support	HPHA/Developer	Done
Section 106	Pacific Legacy	In Process
NEPA	PBR Hawaii	In Process
201H & Financing Activities		
Submit for Entitlements	Munekiyo Hiraga	Done
Submit EA Exemption Request	Munekiyo Hiraga	Done
Submit for LIHTC, RHRF 2024	HPHA/Developer	Feb 2025

Kapaa Homes

In 2023, Kapa'a was included in the Ka Lei Momi Project, and in 2024, the HPHA's Board of Directors approved the project's budget, schedule, and predevelopment loan. The subcontractor list for design work has also been finalized and kick off for the working drawings will likely begin in Q3 of CY 2024.

The project's 201H entitlement application was approved in early 2024 by HHFDC. A LIHTC application was submitted also in early 2024 and pending approval in Q4 of CY 2024. The HPHA anticipates building permits submittal in Q4 of CY 2024 or Q1 of CY 2025. The HPHA and HCDC are considering use of Faircloth-to-RAD, PBVs, and TPVs at the project site. The County of Kauai is also considering use of PBVs at the project.

KAPAA HOMES

Studies/Reports	Consultant	Status
Preliminary Site Planning/Massing Study	RMA Architects	Done
Geotechnical Area Review	NOVA	Done
Environmental TSA	Partner Engineering	Done
Phase I ESA	D3G	Done
Property Needs Assessment	D3G	Done
Initial Archaeological Analysis	Pacific Legacy	Done

Traffic Impact Assessment Report	ATA Hawaii	Done
Conceptual Design Set	RMA Architects	Done
Conceptual Landscape Design	PBR Hawaii	Done
Preliminary Engineering Report	SSFM	Done
Power Feasibility Study	Ron N. S. Ho & Associates	Done
Will Serve Letters/Commitments	SSFM	Done
Community, Resident, & Town Hall Meetings	HPHA/Developer	Ongoing
Obtained Letters of Support	HPHA/Developer	Done
Preliminary Relocation Plan	Seneca Real Estate Services	Done
Market Study	Novogradac	Done
Third Party Cost Estimate	Hawaiian Dredging	Done/Ongoing
NEPA	PBR Hawaii	In Process
Section 106	Pacific Legacy	In Process
201H & Financing Activities		
Receipt of full Entitlements	Munekiyo Hiraga	Done
EA Exemption Request	Munekiyo Hiraga	Done
Submitted for LIHTC, RHRF 2024	HPHA/Developer	Awaiting Award
Working drawings	RMA Architects	In process

Moving to Work Demonstration Program

The HPHA was accepted into HUD’s Moving to Work (MTW) Demonstration Program in early 2022 as part of the Landlord Incentive Cohort. Phase 1 of the HPHA’s MTW designation focuses on the implementation of a Landlord Incentive Program. The HPHA is participating in a HUD-funded study which is meant to evaluate the effectiveness of incentive payments on landlord retention rates.

The HPHA submits an MTW Supplement to HUD on an annual basis. The MTW Supplement may include waiver requests which allows participating public housing agencies various programmatic flexibilities to accomplish the three statutory goals of the program: increasing housing choice, promoting family self-sufficiency, and improving the cost effectiveness of HUD programs. In its amended MTW Supplement for FY 25, the HPHA is requesting the ability to increase usage of Project-Based Vouchers beyond the current regulatory limits on a per project basis. In the MTW Supplement for FY 26, the HPHA will be requesting HUD approval to use some public housing and Section 8 funding for gap financing, tax credit partnerships, and other redevelopment purposes.

C. Identify programs that have lost or at risk of losing federal funds. Identify the source of these federal funds by federal award title and CFDA number. Discuss the impact to the public and your planned response, including efforts to supplant any federal fund reductions for the current year (FY23) and the upcoming fiscal year (FY24) with other funds.

N/A.

D. Provide a web link (URL) of the reports to the Legislature on non-general funds under your department pursuant to HRS 37-47.

The HPHA's latest Annual Report to the Legislature can be found on our website at: <https://hpha.hawaii.gov/plans-reports>.

E. Explain the process used to develop the agency's budget and prioritize requests for budget changes.

The Office of the Executive Director works closely with the HPHA's Chief Financial Officer and all branch chiefs in a series of regular meetings to discuss, plan, and formulate the agency's operating and Capital Improvement Program (CIP) budget requests. This collaborative process involves multiple steps to ensure that the budget aligns with both historical data and anticipated needs.

First, the chiefs analyze the previous year's expenditures, year-to-date financial performance, and any changes in funding allocations or program requirements. This comprehensive review forms the foundation for budget planning. Following this analysis, the chiefs meet with managers and supervisors from each property, Asset Management Project (AMP), and branch to draft preliminary budget proposals tailored to their specific operational and programmatic needs.

These first drafts are then consolidated and undergo further review by the Office of the Executive Director and the Chief Financial Officer. This step ensures that all budget requests are aligned with HPHA's primary goal of providing safe, decent, and sanitary affordable housing that is accessible to Hawaii's low-income families.

The HPHA Board of Directors has also established a Financial and Budget Taskforce which conducts reviews of all budget requests to ensure conformity with the Authority's mission and all applicable laws, rules, and regulations. The results of these reviews are submitted to the full Board for approval, along with any public comments received.

Faced with an aging public housing inventory and an unprecedented demand for services, the HPHA's current budgeting process is oriented towards the repair and preservation of

existing dwelling units to maintain high-occupancy rates and minimizing vacancy time between tenants. Capital improvement projects which receive the highest priority include those that remove hazardous materials, such as lead-based paint, asbestos, contaminated soils, etc., from in and around our properties; upgrade potentially dangerous or failing infrastructure and utility systems; maintain the structural integrity of aging structures; upgrade fire alarm and/or sprinkler systems as required under the State and county fire codes; and ensure living environments safe from criminal activity. The HPHA has also established partnerships with outside planning, architecture, and engineering firms to perform routine point-in-time physical needs assessments at all properties. Their findings help to inform the Authority’s prioritization of future capital improvement projects.

F. Identify and discuss significant adjustments contained in the budget request submitted to the legislature. Explain and quantify how significant requests for additional funds are expected to affect outcomes.

HMS 220 – Rental Housing Services (Public Housing)

Request ID	220RH-01
Description of Request	Request FTE 1.00 for permanent Electrician I position, with equipment (FTE Perm 1.00/W; \$62,790/W for FY 26; \$115,581/W for FY 27).
Reasons for Request	The position will assist with making repairs to electrical wiring, fixtures, and switches for public housing properties on the island of Kauai. This will reduce costs for Asset Management Project 38 by reducing reliance upon HPHA’s Multi-Skilled Worker Division which is located on Oahu.

Request ID	220RH-H26001
Description of Request	Ka Lei Momi Predevelopment Request Statewide \$12,000,000
Reasons for Request	Funding requested for Predevelopment planning to enable HPHA to continue to move forward with redevelopment plans to demolish functionally obsolete projects that have been marked for major redevelopment and expansion in an effort to develop and deliver urgently needed low-income and new affordable housing units to assist in meeting the goal of the Administration and Legislature for the creation of more affordable housing units.

Request ID	220RH-H26002
Description of Request	Ka Lei Momi Development Request Statewide \$56,000,000
Reasons for Request	Funding requested to include demolition of existing outdated public housing buildings at Mayor Wright Homes and construct 309 new affordable housing units to assist in meeting the goal of the Administration and Legislature for the creation of more affordable housing units.

Request ID	220RH-FF
Description of Request	Request to increase federal fund ceiling (\$10,342,944/N for FY 26; \$15,592,944/N for FY 27).
Reasons for Request	Additional federal funds are expected to be received during the next fiscal biennium.

HMS 222 – Rental Assistance Services (Section 8)

Request ID	222RA-01
Description of Request	Request additional general funds for the State Rent Supplement Program (\$250,000/A for FY 26; \$250,000/A for FY 27).
Reasons for Request	The requested funding will enable the HPHA to fund all State Rent Supplement vouchers at the current authorized reimbursement rate and assist applicants on the program’s waiting list. Rental assistance to participating families will need to be suspended if additional funding is not provided.

Request ID	222RA-02
Description of Request	Request additional general funds for the Landlord Incentive Program (\$250,000/A for FY 26; \$250,000/A for FY 27).
Reasons for Request	The requested funding will be used to provide monetary incentives and reimbursements to landlords who rent to voucher families. The program encourages new and existing landlords to participate in Section 8 by providing financial benefits. Because of the State’s competitive rental market, some landlords are reluctant to accept voucher holders because of perceived risks or concerns about potential financial burdens. By encouraging more landlords to participate, the program expands the pool of available rental units.

Request ID	222RA-FF
Description of Request	Request to increase federal fund ceiling (\$6,095,975/N for FY 26; \$9,766,700/N for FY 27).
Reasons for Request	Additional federal funds are expected to be received during the next fiscal biennium.

HMS 229 – HPHA Administration

Request ID	229HA-01
Description of Request	Request FTE 2.00 temporary, exempt positions for a Hearings Administrator, with equipment, and a Grievance Officer, with equipment (FTE Temp 2.00/W; \$160,478/W for FY 26; \$300,356/W for FY 27).
Reasons for Request	The HPHA is anticipating a higher number of evictions due to federal rental assistance funding being nearly exhausted. The Hearings Administrator will be tasked with overseeing the Hearings Officer and administering non-rent/complicated eviction cases which are related to drug-related or violent criminal activity. The Grievance Officer will be dedicated to administering grievance hearings for the Public Housing and Section 8 programs. Currently, staff for both programs are responsible for administering grievance hearings, taking them away from their primary responsibilities.

Request ID	229HA-02 (Companion to 229HA-03)
Description of Request	Request to convert MOF for FTE 62.00 permanent positions from Federal “N” to Revolving “W,” and restore 95687K 6-month delay in hiring (FTE Perm (62.00)/N; (\$6,197,294)/N for FY 26; (\$6,221,360)/N for FY 27).
Reasons for Request	This housekeeping change is being requested to reflect the current MOF for personnel.

Request ID	229HA-03 (Companion to 229HA-02)
Description of Request	Request to convert MOF for FTE 62.00 permanent positions from Federal “N” to Revolving “W” (FTE Perm 62.00/W; \$6,221,360/W for FY 26; \$6,221,360/W for FY 27).
Reasons for Request	This housekeeping change is being requested to reflect the current MOF for personnel.

Request ID	229HA-04 (Companion to 229HA-05)
Description of Request	Request to convert MOF for FTE 28.00 temporary positions from Federal "N" to Revolving "W" (FTE Temp (28.00)/N; (\$3,607,108)/N for FY 26; (\$3,607,108)/N for FY 27).
Reasons for Request	This housekeeping change is being requested to reflect the current MOF for personnel.

Request ID	229HA-05 (Companion to 229HA-04)
Description of Request	Request to convert MOF for FTE 28.00 temporary positions from Federal "N" to Revolving "W" (FTE Temp 28.00/W; \$3,607,108/W for FY 26; \$3,607,108/W for FY 27).
Reasons for Request	This housekeeping change is being requested to reflect the current MOF for personnel.

Request ID	229HA-06
Description of Request	Request to add \$85,864/W to increase salary for 1.00 FTE temporary position (95677K).
Reasons for Request	This change is being requested to reverse the six-month delay-in-hiring adjustment applied against 1.00 FTE temporary Housing Development Specialist (position 95677K) authorized under Act 230, SLH 2024.

Request ID	229HA-08
Description of Request	Request 1.00 FTE temporary positions for Housing Development Specialist I, with equipment, and 1.00 FTE permanent position for Public Housing Specialist, with equipment (FTE Temp 1.00/W and Perm 1.00/W; \$134,085/W for FY 26; \$253,970 for FY 27).
Reasons for Request	The Housing Development Specialist position is needed to provide support for the HPHA's Ka Lei Momi Redevelopment Project which encompasses nine targeted and seven alternate public housing properties in each county. The Public Housing Specialist I position is needed for housing development support.

Request ID	229HA-09
Description of Request	Request to convert MOF for other current expenses from Federal "N" to Revolving "W" ((\$27,503,020)/N and \$27,503,020/W for FY 26; (\$27,503,020)/N and \$27,503,020/N for FY 27).
Reasons for Request	This housekeeping change is being requested to reflect the current MOF for other expenses.