

HOUSE OF REPRESENTATIVES  
THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2016

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NOTICE OF INFORMATIONAL BRIEFING

DATE:            Monday, February 01, 2016  
TIME:            10:00 a.m.  
PLACE:           Conference Room 329  
                      State Capitol  
                      415 South Beretania Street

A G E N D A

The purpose of this informational briefing is to discuss the current status of Low-Income, Affordable, and Work Force Housing projects throughout the State.

**Invited Presenters:**

- Mr. Craig Hirai, Executive Director, Hawaii Housing Finance and Development Corporation
- Mr. Hakim Ouansafi, Executive Director, Hawaii Public Housing Authority
- Ms. Jobie Masagatani, Commission Chair, Department of Hawaiian Homelands
- Mr. Stanford Carr, President, Stanford Carr Development
- Ms. Christine Camp, President & CEO, Avalon Development
- Ms. Claudia Shay, Executive Director, Self Help Housing Corporation of Hawaii

**NO PUBLIC TESTIMONY WILL BE ACCEPTED**

For invited presenters, written testimony is encouraged to allow committee members to review the information presented. If you are bringing materials the day of the informational briefing, please provide 25 copies.

If you require special assistance or auxiliary aids and/or services to participate in the House public hearing process (i.e., sign or foreign language interpreter or wheelchair accessibility), please contact the Vice Chair's Office at 586-8460 to make a request for arrangements at least 24 hours prior to the hearing. Prompt requests submitted help to ensure the availability of qualified individuals and appropriate accommodations.

For further information, please call the Committee Clerk at 586-6510.

Selected meetings are broadcast live. Check the current legislative broadcast schedule on the "Capitol TV" website at [www.capitoltv.org](http://www.capitoltv.org) or call 536-2100.

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Senator Breene Harimoto  
Chair

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Rep. Mark J. Hashem  
Chair



Joint House and Senate Committees on Housing  
Informational Briefing  
Monday, February 1, 2016  
Conference Room 329

Agenda

- |                 |   |
|-----------------|---|
| 10:00am         | Mr. Craig Hirai, Executive Director<br>Hawaii Housing Finance & Development Corporation |
| 10:15am         | Mr. Hakim Ouansafi, Executive Director<br>Hawaii Public Housing Authority               |
| 10:30am         | Ms. Jobie Masagatani, Commission Chair<br>Department of Hawaiian Home Lands             |
| 10:45am         | Mr. Stanford Carr, President<br>Stanford Carr Development                               |
| 11:00am         | Ms. Christine Camp, President & CEO<br>Avalon Development                               |
| 11:15am         | Ms. Claudia Shay, Executive Director<br>Self-Help Housing Corporation of Hawaii         |
| 11:30 – 11:50am | Q & A   |

Due to time constraints, presenters have been encouraged to provide written testimony and touch upon the highlights of their testimony at the briefing.

**House & Senate Committees on Housing  
Informational Briefing**

Monday, February 1, 2016  
Conference Room 329

**Hawaii Housing Finance & Development Corporation**  
Mr. Craig Hirai, Executive Director



DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
Honolulu, Hawaii 96813  
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of  
**Craig K. Hirai**  
Hawaii Housing Finance and Development Corporation  
Before the

**HOUSE COMMITTEE ON HOUSING  
SENATE COMMITTEE ON HOUSING**

February 1, 2016 at 10:00 a.m.  
State Capitol, Room 329

In consideration of  
**INFORMATIONAL BRIEFING  
ON THE CURRENT STATUS OF LOW-INCOME, AFFORDABLE, AND WORK  
FORCE HOUSING PROJECTS THROUGHOUT THE STATE.**

Good morning, Chair Hashem, Vice Chair Jordan, Chair Harimoto, Vice Chair Galuteria, and members of the House and Senate Committees on Housing.

I am Craig Hirai, Executive Director of the Hawaii Housing Finance and Development Corporation (HHFDC). HHFDC's mission is to increase and preserve the supply of workforce and affordable housing statewide by providing leadership, tools, and resources to facilitate housing development. Since 2006, HHFDC has facilitated the development of 6,807 affordable rental and for-sale units statewide and has a production plan in place to add approximately 6,000 more units by Fiscal Year (FY) 2020.

Over the next three years, the HHFDC is focusing on leveraging state funds and reducing regulatory barriers within the State's control to increase the inventory of affordable housing. HHFDC is also helping to identify State lands near rail transit stations to participate in mixed-use transit-oriented development.

This morning, we are pleased to provide the Committees with an overview of our major financing resources, and our housing production over the past four years.



### Rental Housing Revolving Fund

The Rental Housing Revolving Fund (RHRF), formerly known as the Rental Housing Trust Fund, provides equity gap low-interest loans or grants to qualified owners and developers for the development, pre-development, construction, acquisition, or preservation of affordable rental housing. Preference is given to projects that meet certain statutory criteria. Included is a preference for projects that provide at least five percent of the total number of units for persons and families with incomes at or below 30 percent of the median family income. Another preference is projects that provide the maximum number of units for persons or families with incomes at or below 80 percent of the median family income.

Since 1992, the RHRF has made 71 awards of grants or loans providing 5673 rental housing units statewide. Over the past four years, HHFDC has received 24 applications requesting \$141,149,285 in RHRF loans, and awarded a total of \$93,133,286 to 17 projects comprising 1,123 units statewide. Approximately 72 percent, or 810 of these units were for families and the remaining 29 percent, or 326 units, were for seniors.

A detailed breakout of applicants and awardees by year, type, unit count, and location is provided at the end of our written comments.

Please note that HHFDC is currently reviewing 5 applications requesting \$29,704,322 in RHRF loans and has plans to make project awards in March 2016.

The Administration's Supplemental Budget request includes a CIP request of \$75 million for the RHRF to finance the development or acquisition/rehabilitation of rental housing. Based on a survey of housing developers, there is ample demand to support the infusion of funds for RHRF. Developers identified a need for approximately \$299 million to develop over 2,500 rental units. We have also proposed legislation, H.B. 2303/S.B. 2832, to lift the statutory cap on conveyance tax revenues dedicated to the RHRF.

### Dwelling Unit Revolving Fund

The Dwelling Unit Revolving Fund (DURF) was established in 1970 and funded by the issuance of \$125 million in General Obligation bonds to carry out the purposes of the Housing Development Program. DURF is primarily used for interim loans for the construction of affordable housing developments. DURF has also been used for such activities as bridge loans, land acquisition, infrastructure improvements, and the maintenance of land and improvements in Waiahole Valley.

As of September 30, 2015, DURF loans for major projects totaled \$86.7 million. Approximately 62 percent of outstanding loans were for for-sale projects totaling 2,333 units. The remaining 38 percent of outstanding loans were for rental projects totaling 2,037 units.

The Administration's Supplemental Budget request includes a CIP request of \$25 million for the DURF to finance, among other things, regional infrastructure improvements that will facilitate affordable housing development. The Lima Ola project being planned by the County of Kauai is an example of what could be accomplished if this proposal proceeds.

HHFDC has also proposed legislation, H.B. 2305/S.B. 2834, to enable HHFDC to assist state agencies, the Counties, and private developers with financing for regional infrastructure improvements in areas of planned growth. This will support affordable housing development by helping to remove a major impediment – the lack of infrastructure capacity.

Affordable Housing Production Plan

As of January 2016, the HHFDC plans to assist in the financing and development of approximately 6,000 workforce/affordable units over the five year period from FY 2016 through FY 2020.

A detailed breakout of planned projects by type of project, location, and projected delivery, is provided at the end of our written comments.

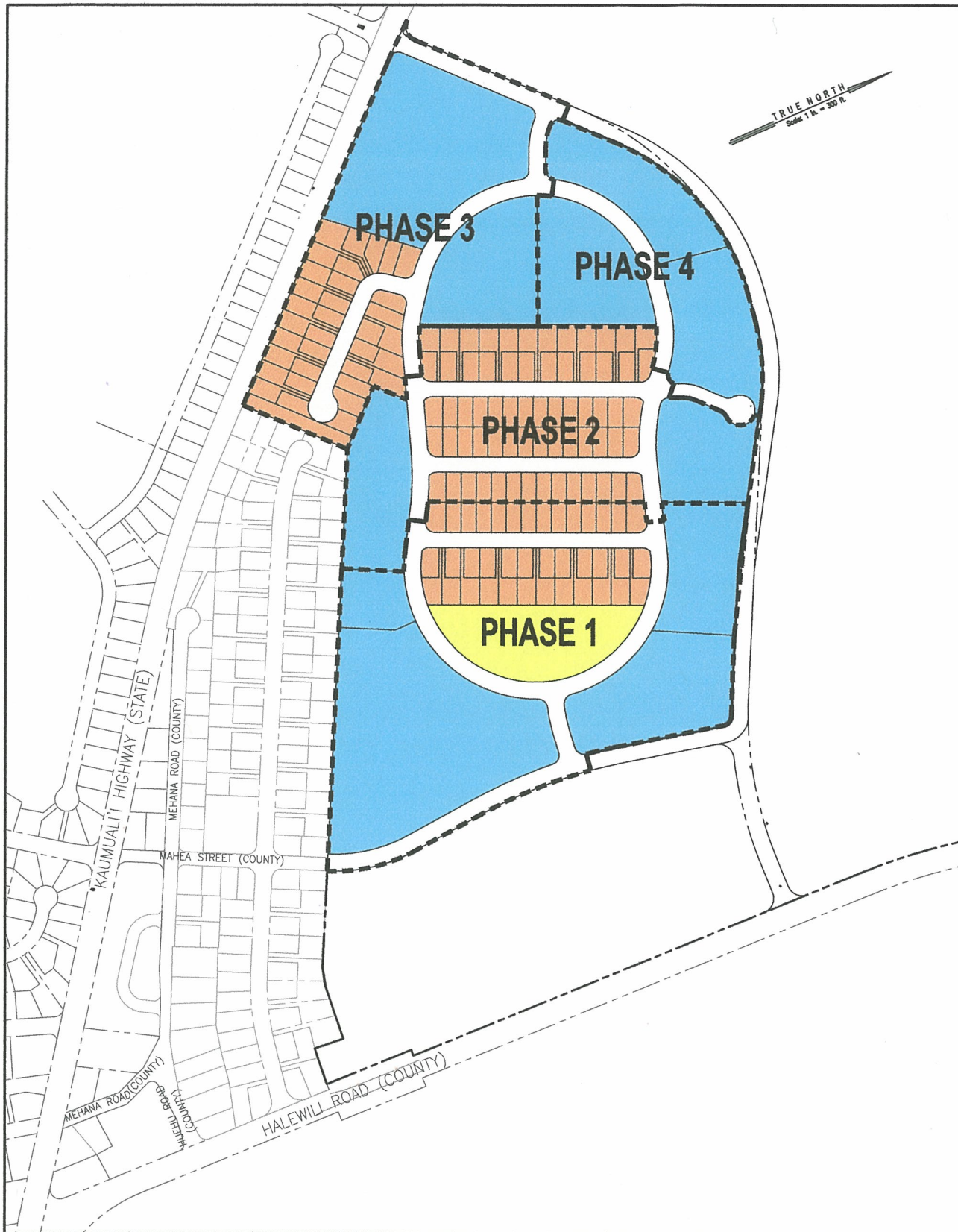
Thank you for the opportunity to testify.



**RENTAL HOUSING REVOLVING FUND APPLICANTS AND AWARDS  
2012 - 2015**

Year	Project Applicant	Project Type	Location	County	RHRF Request	RHRF Award	Units
2012	Ewa Villages Phase III	Family	Ewa Beach	Oahu	\$ 4,600,000	\$ -	52
2012	Halawa View Apartments Option 1(b)	Family	Aiea	Oahu	\$ 4,850,000	\$ 4,850,000	121
2012	Hale Mohalu II Family	Family	Pearl City	Oahu	\$ 5,000,000	\$ 5,000,000	84
2012	Kamakana Senior Phase I	Elderly	Kona	Hawaii	\$ 3,700,000	\$ -	30
2012	Kauhale Ohana	Family	Honolulu	Oahu	\$ 3,198,000	\$ -	26
2012	Kewalo Apartments - Option 1(b)	Family	Honolulu	Oahu	\$ 3,000,000	\$ 3,000,000	38
2012	Meheula Vista I	Elderly	Mililani	Oahu	\$ 6,400,000	\$ -	76
2012	Riverside Apartments	Family	Hilo	Hawaii	\$ 4,976,388	\$ 7,894,095	74
2012	Vineyard Apartments	Family	Wahiawa	Oahu	\$ 1,500,000	\$ -	46
	<b>2012 Awarded Subtotal</b>					<b>\$ 20,744,095</b>	<b>317</b>
2013	Ewa Villages Phase 3 (option a)	Family	Ewa	Oahu	\$ 5,420,295	\$ 5,685,197	52
2013	Ewa Villages Phase 3 (option b)	Family	Ewa	Oahu	\$ 2,629,072	\$ -	52
2013	Hale Mohalu II Family IV	Family	Pearl City	Oahu	\$ 6,500,000	\$ 6,500,000	84
2013	Kamakana Senior	Elderly	Kailua-Kona	Hawaii	\$ 7,321,450	\$ -	30
2013	Kamakana Vista	Family	Kailua-Kona	Hawaii	\$ 9,000,000	\$ -	64
2013	Kauluwela #1	Family	Honolulu	Oahu	\$ 500,000	\$ -	126
2013	Ko'oloa'ula Phase II	Family	Ewa Beach	Oahu	\$ 18,800,000	\$ 18,800,000	188
2013	Kulana Hale at Kapolei	Elderly	Kapolei	Oahu	\$ 10,464,049	\$ -	154
2013	Meheula Vista I	Elderly	Mililani	Oahu	\$ 6,400,000	\$ -	76
2013	Ocean View Apartments	Family	Wailuku	Maui	\$ 1,500,000	\$ -	12
2013	Ola Ka 'Ilima Artspace Lofts	Family	Honolulu	Oahu	\$ 4,500,000	\$ -	80
	<b>2013 Awarded Subtotal</b>					<b>\$ 30,985,197</b>	<b>324</b>
2014	Hale Mahaolu Ewalu	Elderly	Pukalani	Maui	\$ 3,000,000	\$ -	39
2014	Kulana Hale at Kapolei	Elderly	Kapolei	Oahu	\$ 10,684,322	\$ -	154
2014	Meheula Vista I HMMF (b)	Elderly	Mililani	Oahu	\$ 15,324,781	\$ -	61
2014	Meheula Vista I LIHTC (b)	Elderly	Mililani	Oahu	\$ 3,000,000	\$ 3,000,000	61
2014	Na Hale O Maui Kahoma Parcel 5	Family	Lahaina	Maui	\$ 10,000	\$ -	12
2014	Ola Ka 'Ilima Artspace Lofts - HMMF (b)	Family	Honolulu	Oahu	\$ 4,500,000	\$ -	84
2014	Ola Ka 'Ilima Artspace Lofts - LIHTC (b)	Family	Honolulu	Oahu	\$ 4,500,000	\$ 4,500,000	84
	<b>2014 Awarded Subtotal</b>					<b>\$ 7,500,000</b>	<b>145</b>
2015-1	Ainahau Vista II	Family	Honolulu	Oahu	\$ 8,000,000	\$ 8,000,000	62
2015-1	East Kapolei II LD2 - Family Ph. 1 (option a - 4% LIHTC/HMMF)	Family	Ewa Beach	Oahu	\$ 7,220,000	\$ -	75
2015-1	East Kapolei II LD2 - Family Ph. 1 (option b - 9% LIHTC)	Family	Ewa Beach	Oahu	\$ 13,000,000	\$ -	75
2015-1	Hale Kewalo	Family	Honolulu	Oahu	\$ 10,600,000	\$ -	128
2015-1	Hale Mahaolu Ewalu	Elderly	Pukalani	Maui	\$ 2,400,000	\$ -	39
2015-1	Kamakana Villages Family Ph. 1 (option a - 4% LIHTC/HMMF)	Family	Kailua-Kona	Hawaii	\$ 10,375,000	\$ -	85
2015-1	Kamakana Villages Family Ph. 1 (option b - 9% LIHTC)	Family	Kailua-Kona	Hawaii	\$ 15,618,240	\$ 15,618,240	85
2015-1	Kamakana Villages Senior	Elderly	Kailua-Kona	Hawaii	\$ 2,880,000	\$ 2,880,000	85
2015-1	Meheula Vista II	Elderly	Mililani	Oahu	\$ 7,000,000	\$ 7,000,000	75
2015-1	Meheula Vista III	Elderly	Mililani	Oahu	\$ 7,095,933	\$ -	75
2015-1	Mohouli Hgts Sr. Neighborhood Ph. 2 (option a - 4% LIHTC/HMMF)	Elderly	Hilo	Hawaii	\$ 10,079,027	\$ -	60
2015-1	Mohouli Hgts Sr. Neighborhood Ph. 2 (option b - 9% LIHTC)	Elderly	Hilo	Hawaii	\$ 405,754	\$ 405,754	30
2015-1	Na Lei Hulu Kupuna	Elderly	Honolulu	Oahu	\$ 3,739,085	\$ -	76
2015-2	East Kapolei II LDA 2 Family Phase 1	Family	Ewa Beach	Oahu	\$ 7,770,000	Round 2: not yet awarded	75
2015-2	Hale Kewalo	Family	Kapolei	Oahu	\$ 10,684,322	Round 2: not yet awarded	154
2015-2	Kenolio Apartments	Family	Kihei	Maui	\$ 6,500,000	Round 2: not yet awarded	186
2015-2	Na Lei Hulu Kupuna**	Elderly	Honolulu	Oahu	\$ 1,500,000	Round 2: not yet awarded	76
2015-2	Ola Ka 'Ilima Artspace Lofts**	Family	Honolulu	Oahu	\$ 3,250,000	Round 2: not yet awarded	84
	<b>2015 Awarded Subtotal as of December 31, 2015</b>					<b>\$ 33,903,994</b>	<b>337</b>
	<b>TOTAL RHRF AWARDS 2012 THRU DECEMBER 2015</b>					<b>\$ 93,133,286</b>	<b>1123</b>





ZONING LEGEND:

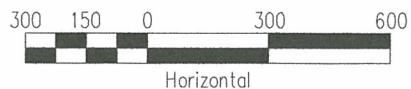
- ZONING R-1
- ZONING R-6
- PROJECT DISTRICT

SLUC: URBAN  
 FLOOD HAZARD ZONE: ZONE X

NOTE:

- PHASE 1: 38 SINGLE FAMILY HOMES  
166 RESIDENTIAL UNITS
- PHASE 2: 66 SINGLE FAMILY HOMES  
52 RESIDENTIAL UNITS
- PHASE 3: 34 SINGLE FAMILY HOMES  
100 RESIDENTIAL UNITS
- PHASE 4: 94 RESIDENTIAL UNITS
- TOTAL: 550 UNITS

**LIMA OLA SUBDIVISION  
 ZONING MAP**



**Hawaii Housing Finance and Development Corporation**  
**Housing Production Plan**  
**FY 2016 – FY 2020**  
**(as of January 2016)**

<b>County</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>5 Years</b>
<b>HAWAII</b>	62	90	170	100	100	522
Rent	62	90	170			322
For Sale				100	100	200
<b>KAUAI</b>	104	30				134
Rent	104	30				134
For Sale						
<b>MAUI</b>			200	100	50	350
Rent			100			100
For Sale			100	100	50	250
<b>HONOLULU</b>	777	1314	1316	500	346	4253
Rent	777	891	688	458	312	3126
For Sale		423	628	42	34	1127
<b>PLANNED</b>				400	400	800
Rent				300	300	600
For Sale				100	100	200
<b>STATE</b>	943	1434	1686	1100	896	6059
Rent	943	1011	958	758	612	4282
For Sale		423	728	342	284	1777



**House & Senate Committees on Housing  
Informational Briefing**

Monday, February 1, 2016  
Conference Room 329

**Hawaii Public Housing Authority**  
Mr. Hakim Ouansafi, Executive Director



DAVID Y. IGE  
GOVERNOR



HAKIM OUANSAFI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**  
DEPARTMENT OF HUMAN SERVICES  
HAWAII PUBLIC HOUSING AUTHORITY  
1002 NORTH SCHOOL STREET  
Honolulu, Hawaii 96817

BARBARA E. ARASHIRO  
EXECUTIVE ASSISTANT

Statement of  
**Hakim Ouansafi**  
Hawaii Public Housing Authority  
Before the  
**HOUSE COMMITTEE ON HOUSING**  
**AND**  
**SENATE COMMITTEE ON HOUSING**

February 1, 2016 10:00 A.M.  
Room 329, Hawaii State Capitol

In consideration of  
**INFORMATIONAL BRIEFING**  
**TO DISCUSS THE CURRENT STATUS OF LOW-INCOME, AFFORDABLE, AND WORK FORCE**  
**HOUSING PROJECTS THROUGHOUT THE STATE.**

Honorable Chair Hashem and Honorable Chair Harimoto, and Members of the House Committee on Housing and Senate Committee on Housing, thank you for the opportunity to provide testimony on the current status of low-income, affordable, and work force housing projects throughout the State.

The Hawaii Public Housing Authority (HPHA) presents the following information: an overview of the HPHA, highlights of the HPHA, the HPHA budget request, and responses to specific questions posed by the Joint Committee.

**OVERVIEW**

I. Mission Statement

The Hawaii Public Housing Authority (HPHA) is committed to providing adequate and affordable housing, economic opportunity and a suitable living environment free from discrimination.

## II. Current State-Wide Conditions Affecting HPHA

- Homelessness

Because HPHA is the sole statewide public housing agency for the State of Hawaii, established by the Territory of Hawai'i in 1935 to provide safe, decent, and sanitary housing for low-income residents, the State's homeless crisis has increased pressure on the HPHA to readily provide affordable housing units to very low-income applicants. In the last year, the HPHA has worked with homeless service providers and other state agencies to develop ways to provide housing to overcome the homeless crisis. For example, the HPHA has removed the restriction on applicants who have a prior eviction due to nonpayment of rent. This change will increase the pool of applicants for public housing by eliminating a restriction that may be considered excessive. Applicants will be required to pay back any outstanding payments to the HPHA, prior to acceptance.

- Aging Housing Inventory

The HPHA is required to maintain safe, decent and sanitary housing for our tenants, which requires not only renovations of vacant units, but continued repair and maintenance of occupied units. The age of our housing inventory makes this a challenging and expensive task. This issue highlighted the need for the appropriate skilled manpower, and funding for such projects. In response to the need, the HPHA partnered with the United Public Workers (UPW) and the Hawaii Government Employees Association (HGEA) to identify and develop a pilot project, and reorganize its current operations to establish Multi Skilled teams to assist not only in expediting the availability of vacant units, but to also assist in the repair and maintenance at the properties. This pilot program took effect on October 1, 2015.

- High Cost of Construction

The Department of Business, Economic Development and Tourism (DBEDT) reported that the indicators of Hawaii's construction industry were mostly positive in the third quarter of 2015, and the value of private building authorizations, construction jobs, and government contracts increased. The report further states that in the third quarter of 2015, private building authorizations in the state increased \$102.6 million or 13.0 percent, compared with the third quarter of 2014 and the first three quarters of 2015, private building authorizations for the state increased \$675.7 million or 28.7 percent compared with the same period of 2014. Pacific Business News reported an increase in cost of 13.3% over last year and our Construction Branch experienced an increase of 8% to 11% in construction costs as compared to the independent cost estimates.

- Long Waitlists

For many of the most vulnerable in our State, the HPHA is their last hope before homelessness. This reality prompted the HPHA to look into increasing its housing inventory. In addition to ongoing negotiations at Mayor Wright Homes and Kuhio Park Terrace, among the 26



solicitations that our procurement office issued from January 1, 2015 to December 31, 2015, the HPHA issued a "Request for Qualifications" (RFQ) to pursue a public/private partnership to redevelop the HPHA North School Street administrative offices with a mixed use/mixed income model that will allow the State to increase its low-income rental housing stock. The HPHA's Board of Directors approved the selection of Retirement Housing Foundation (RHF) as the top-ranked respondent. RHF's team qualifications included experience in affordable housing development and property management, local experience in office and retail space development and experience in utilizing a variety of funding sources including low income housing tax credits, tax-exempt bonds and HUD funding. A Development Agreement is currently being negotiated.

- Shortage of units for Families Assisted by the Housing Choice Voucher (HCV) and the Veteran Affairs Supportive Housing (VASH) programs.

The HCV (Section 8) program is the federal government's major program for assisting very low-income families, the elderly, and persons with disabilities to afford decent, safe, and sanitary housing in the private market. The HCV program currently provides rental assistance to about 2.2 million families nationwide. Based on data from HUD, of the families currently receiving HCV assistance, 76 percent are extremely low-income, with incomes at or below 30 percent of the area median income, 36 percent have a disabled head of household, and 24 percent are elderly.

The HCV program is administered by approximately 2,300 Public Housing Agencies (PHA) nationwide. A family who is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice provided the rental unit passes a Housing Quality Standards (HQS) inspection performed by the PHA. The PHA pays the housing subsidy directly to the owner of the unit on behalf of the participating family. The family is responsible for paying the difference between the gross rent of the unit and the amount subsidized by the program.

The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA). The VA provides these services for participating Veterans at VA medical centers (VAMCs) and community-based outreach clinics.

The HPHA played a major role in our State for these programs. Beginning in 2008 until April 2015, the HPHA was the sole administrator for the VASH program vouchers in Hawaii, with budget authority for 483 vouchers. Since then, we've served 704 veterans and we are currently housing 421 veterans. An additional 66 veterans with vouchers are currently searching for a suitable housing unit. For the HCV program, the HPHA is presently housing 2,200 families (over 5,500 individuals). In 2015 alone, the HPHA issued 447 (248 HCV 199 VASH) vouchers and housed 224 HCV families and 160 VASH. Some of the landlords' unwillingness to accept the vouchers resulted in severe delays in finding housing for the voucher holders. As of today, there are a total of 136 (84 HCV 52 VASH) voucher holders that have been actively looking for a home for many months.



## Federal Funds

In Fiscal Year 2014-2015, the HPHA received federal grants and subsidies of:

- \$33.41 million for Federal Low Rent program;
- \$26.15 million for Section 8 Housing Choice Voucher program; and
- \$31.45 million for Section 8 Contract Administration program; totaling \$90.91 million from federal sources.

In administering federal and state housing units, the HPHA received \$18.88 million of rental revenue, and \$8.63 million of other revenue.

## HIGHLIGHTS

Here are some of the highlights of the HPHA over the past year:

### **Board of Directors**

The HPHA ushered in a (mostly – 8 out of 11) new Board of Directors that is dedicated to HPHA’s mission. The HPHA is excited and inspired to work with the new Board and its members.

### **Provision of Public Housing**

For our public housing federal properties, the HPHA is presently housing 4,369 families and for the state public housing, the HPHA is presently housing 816 families totaling over 14,000 individuals. In 2015, we were able to provide 500 federal and 98 state public housing units for new families and transfers.

### **SEMAP**

On October 15, 2015, the Department of Housing and Urban Development (HUD) officially informed us that the HPHA’s final score for the Section 8 Management Assessment (SEMAP), year ending June 30, 2015, was 99 out of 100, thereby designating the HPHA a “high performer” program, even in the face of steep proration (79% proration for the previous year).

### **PHAS**

HUD has established mechanisms for assessing the performance of PHAs and its programs. The Public Housing Assessment System (PHAS) is used by HUD to assess a PHA’s performance in managing its federal awards programs. PHAS uses a 100-point scoring system based on four categories of indicators: PASS, FASS, MASS, CFP. Scores are generated for each AMP, are weighted by how many units are in the AMP, and then combined into the agency-wide score. In 2015, the HPHA scored 83 points, a solid increase over previous years.

### **HUD-Veterans Affairs Supportive Housing (VASH)**

The HPHA continues to lease up more VASH Vouchers than any other agency in the State, with a total of 199 vouchers issued in 2015 that help provide permanent housing for chronically homeless veterans. The HPHA was the sole administrator of this program since May 1, 2008.

In April 2015, the City and County lobbied for and received 80 vouchers (the HPHA holds 563) and leased its first voucher in August 2015. Since the program started, the HPHA has housed 704 veterans and currently houses 423. In addition, the HPHA provided another 67 veterans with vouchers currently looking for a suitable home.

### **Multi-skilled Worker Pilot Program**

In collaboration with the United Public Workers and the Hawaii Government Employees Association, on October 1, 2016, the HPHA established the Multi-Skilled Worker Pilot Program (MSWPP) to continue the good work of the Act 159 (2012) Special Teams. The MSWPP is working hard to repair and maintain public housing units across the State.

### **Redevelopment Projects**

The HPHA continues to work with its private partners on the redevelopment of projects in and around the Transit Oriented Development zone. (More info below).

## **BUDGET REQUEST**

### **I. HPHA Budget Process**

The HPHA Chiefs of each HPHA branch meet frequently throughout the year to discuss and formulate the CIP and Operating budget requests to be presented to the Executive Branch. With the HPHA's inventory averaging 50 years of age, unexpected situations occur throughout the year and change the agency's priority needs. The HPHA partners with a professional Architect/Engineering firm to determine point in time physical needs assessment of all HPHA properties to determine a plan of priority needs. The HPHA is extremely grateful for a lump sum of CIP funding that allows the Agency to meet immediate and urgent situations with flexibility. Proposals are vetted through the HPHA's Board of Directors.

### **II. Significant Adjustments to Budget Requests**

The HPHA respectfully requests the continued support of the Legislature as we strive to provide shelter to families and individuals on the verge of homelessness.

#### **A. Convert MOF for 29 positions to cover Section 8 administrative costs.**

The Housing Choice Voucher (HCV) program serves the most economically vulnerable families in the country, including disabled families, elderly families, formerly homeless veterans, and families with children. Funding for the HCV program consists of two main cost components: (1) Housing Assistance Payments (HAP) made to owners to cover the difference between a tenant's rent contribution and the unit rent, and (2) administrative fees paid to PHAs to cover the cost of administering the program.

The HPHA is requesting one year of A funds (general funds) to cover administrative costs to directly support housing additional families in alignment with the Governor's goal to house homeless families and expand the inventory of affordable housing throughout the State.



Currently, the budget authority assigned by the federal government to the HPHA is 3,000 vouchers. Due to many factors such as the high rent, the HPHA is leasing less than 2,200 leaving an additional 800 vouchers available to be funded. This appropriation will allow the HPHA to put the earned administrative fees into the program thereby increasing the amount of vouchers. The potential impact is to serve an additional 90 vouchers for one year which in turn would leverage federal funding toward Section 8 vouchers for the life of the program.

- B. Add 64 positions with funding to restore the vacant positions created by the borrowed multi-skilled worker program to expedite the renovation of HPHA housing units.

In collaboration with the Administration and the United Public Workers (UPW), the HPHA and the Hawaii Government Employees Association (HGEA) established a multi-skilled worker pilot program. HPHA must establish positions to maintain the multi-skilled worker program on a permanent basis to promptly address the units which become vacant on a regular basis. However, the HPHA is still required to maintain the property units as safe, decent and sanitary, which requires adequate staffing at the properties. Currently, civil service employees who volunteered for the program took their positions from the property to join the team, leaving the properties short of positions. Without new positions, current positions must revert back to the project the positions came from in order to maintain the aging inventory. This has the potential of leaving behind a backlog of unit repairs that could otherwise be readied for low-income families in need of housing. The prompt turnover of vacant units to house more families is in alignment with the Governor's priorities for housing.

These positions will primarily be responsible for the repair and maintenance of low-income public housing properties, which includes carpentry, electrical and plumbing work that will generate considerable benefits for the managed properties and are W funded.

A flexible Multi-Skilled workforce will best suit the needs of the agency to maintain multiple low-income properties, and focus on the safety and livability of resident units at our low-income public housing properties.

If this request is granted, the HPHA will work closely with the UPW and HGEA to move the public servants to the newly established positions and return the existing positions to the AMPs. The HPHA will further work with the UPW and HGEA on a complete reorganization of the Branch to incorporate the Multi-skilled labor model for all HPHA public servants. The reorganization will identify positions that will need to be eliminated.

- C. Lump sum for public housing development, improvements, and renovations statewide

Due to the age of our housing inventory and unforeseen issues that often arise, the HPHA requests a lump sum budget request (as appropriated in the past), which will provide the agency the flexibility to manage and expend capital funds in an expeditious manner. The current budget is for a \$25,000,000 lump sum CIP and \$6,000,000 repair and maintenance of vacant unit repairs. These appropriations will assist to expedite the repair and maintenance and remodeling of about 200 units. The construction projects including site improvements,



Americans With Disabilities Act (ADA) compliance, structural repairs, re-roofing, spall repairs and painting. It will also allow us to design projects which will impact 400 public housing units.

D. Add general funds to provide support for State low-income public housing

Hawaii Revised Statutes Chapter 356D mandates that the State low-income public housing program be self-supporting, but the rental income at the State housing facilities is insufficient. We thank you for past support and for providing us the funds last year. Without funds to supplement rental income, the agency will be forced to raise rents in both State family and State elderly housing.

State elderly housing represents 576 units out of a total of 864 units or approximately 80% of the total state units. This population is particularly vulnerable and unable to bear the cost of rent increases because their incomes are generally fixed. Any rent increase for the State's elderly population could prove devastating.

### **RESPONSE TO JOINT COMMITTEE QUESTIONS**

1. *Please provide the status of the redevelopment of Kuhio Park Terrace Phase II, North School Street and Mayor Wright Homes properties.*

A. Kuhio Park Terrace Phase II

With the completion of Kuhio Park Terrace (KPT) Phase 1, HPHA is currently negotiating Phase 2 – the redevelopment of the KPT low-rises – with Michaels Development Group. The negotiated project will increase the number of affordable housing units, include mixed-incomes and mixed uses and maximize the greatest use of the parcel. The HPHA and its consultants are ensuring that any proposed phase 2 development is fair and balanced for both the developer and the taxpayers.

B. North School Street Administrative Offices

The HPHA has teamed up with Retirement Housing Foundation (RHF) and its partners to redevelop the HPHA administrative offices located at 1002 N. School Street. The project will include new HPHA offices, affordable housing units and commercial uses that best serve the surrounding community.

We are working on a predevelopment loan agreement and other agreements with RHF that will take us into the next phase to start a robust plan to engage our neighbors and the community, as well as master planning and environmental assessments.

C. Mayor Wright Homes

The HPHA is working on finalizing a predevelopment loan agreement and other agreements with Hunt Development Group, which teamed up with McCormack Barron Salazar and the Vitus Group for the redevelopment of Mayor Wright Homes (MWH). The

vision for the redevelopment includes: one-for-one replacement of public housing units, mixed-income and mixed-uses. MWH is located within the Transit-Oriented Development (TOD) zone of the Honolulu Rail System, in close proximity to the proposed, and will increase density in the area with more affordable housing units and a balanced mix use component.

2. *What is the status of the encumbered CIP appropriations from the past 4 years? Of the \$166.5 million, how much has been spent and what was it for?*

As of December 31, 2105, below are the encumbrance and expenditure statuses over the past 4 years, totaling \$167,985,000 in appropriations.

	State GO Bond		% Encumbered Against Appropriation		% Expended Against Encumbrance	
	Appropriation	Encumbered		Expended		Balance
<b>11-12 CIP Totals</b>	\$31,120,000	\$31,120,000	100%	\$16,192,466	52.03%	\$14,927,534
<b>12-13 CIP Totals</b>	\$60,222,000	\$60,222,000	100%	\$19,772,155	32.83%	\$40,449,845
<b>13-14 Lump Sum</b>	\$45,643,000	\$45,643,000	100%	\$2,182,859	4.78%	\$43,460,141
<b>14-15 Lump Sum</b>	\$26,000,000	\$20,923,685	80%	\$1,151,932	4.43%	\$19,771,753
<b>15-16 Lump Sum</b>	\$4,150,000	\$0	0%	\$0	0.00%	\$0

Many of the projects encompass multiple funding years of appropriation depending on funding availability at the time of bid and any additional funds required due to unforeseen conditions arising during construction such as original construction was not built to code and contractors cut corners creating structurally unsound situations; contaminated soils and other hazardous materials are uncovered that require consultation with the Department of Health.

Examples of scope of work include:

Puahala HA 2202 – in construction

This project will modernize sixteen 4- and 5- bedroom dwelling units in 3 buildings and surrounding site work. The project involves creating 6 required ADA accessible units for mobility and hearing/sight impaired residents, stabilization of deteriorating rock cliff and erosion repairs for safety, repairs to drainage swales for health and safety, repair of fencing for safety, installation of solar hot water panels, energy saving light fixtures, low flow toilets, showers, etc., Energy Star appliances for energy efficiency, exterior painting and concrete crack and spalls repairs to extend the life of the building, and reroofing of leaky roofs to prevent vacant units, replacing worn out flooring, doors, kitchen cabinets and hardware.

Hale Laulima HA 1027 – in construction

The scope includes modernizing the entire building and surrounding site work, the project would involve renovating units to be ADA compliant throughout, installation of solar hot water panels and solar powered site lights for energy efficiency, repair of broken retaining walls and sidewalks that pose health and safety issues, reroofing of leaky roofs to prevent vacant units and installation of new underground utilities that are currently old and corroding.



Palolo Valley Homes HA 1008 – in construction

The scope of this project includes the complete modernization of the interior and exterior of seven buildings, adding ADA units to make the project fully ADA compliant, repair of deteriorating parking lots that may cause safety issues, repair of cracked sidewalks, crack and spall repair to extend the life of the building, reroofing of leaky roofs to prevent vacant units, and asbestos and lead removal and installation of new underground drain lines that are currently failing.

Kalihi Valley Homes HA 1005 – in construction

Along with modernizing two entire buildings and surrounding site work, this project will add ADA units sitewide, installation of solar hot water panels for energy efficiency, repair of broken retaining walls and sidewalks that pose health and safety issues, crack and spalls repairs to extend the life of the building, and reroofing of leaky roofs to prevent vacant units and installation of new underground utilities that are currently old and corroding.

Wahiawa Terrace HA 1015 – bid opening scheduled for March 2016

This project will modernize all buildings and the entire project site. The work will involve providing required ADA units, providing a lift for ADA access to the second floor meeting room, installing solar hot water heating systems for energy efficiency, repairing corroded handrails and railings for health and safety, repainting and repairing concrete spall to extend the life of the buildings, renovating the kitchens and bathrooms to current standards, and replacing old and deteriorated utilities per current codes.

Kauai`okalani HA 1091 – plan to go out to bid in March 2016

This project involves modernizing forty-six 3-bedroom dwelling units in 12 buildings, the community center and surrounding site work. The project involves required site improvements for ADA accessibility to ADA units and community facilities, erosion repairs for safety, repair of fencing for security, installation of solar hot water panels, energy saving light fixtures, low flow toilets, showers, etc., Energy Star appliances for energy efficiency, re-roofing, replacing deteriorated wood siding and trim, termite treatment, exterior painting and concrete crack and spalls repairs to extend the life of the building, replacing leaking bathroom floors to prevent vacant unit, and replacing worn out flooring, doors, kitchen cabinets and hardware.

Kahale Mua HA 1088 – plan to go out to bid in April 2016

This project will modernize the exterior of all buildings and surrounding site work. It involves renovating units to be ADA compliant, repair of sidewalks that pose health and safety issues, reroofing of leaky roofs to prevent vacant units, and installation of code compliant smoke detectors in all units for life safety.

3. *How many public housing applications have been received during the past 4 years? How many individuals were housed?*



Hawaii Public Housing Authority

February 1, 2016

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In the past 4 years, HPHA has received 15,162 applications for public housing, and during the same time, 5,963 individuals were housed. (These numbers do not include Section 8 applications or individuals housed.)

Thank you for this opportunity to provide testimony on the status of low-income, affordable and workforce housing projects throughout the State.

**House & Senate Committees on Housing  
Informational Briefing**

Monday, February 1, 2016  
Conference Room 329

**Department of Hawaiian Homelands**  
Mr. Jobie Masagatani, Commission Chair



**Department of Hawaiian  
Home Lands**

Legislative Housing  
Informational Briefing

February 1, 2016

Territorial Hawaii Delegate to Congress, 1902 - 1922:

Prince Jonah Kuhio Kalanianaʻole

**To Cover Today:**

- 1. Background on DHHL**
- 2. Low income units**
- 3. Rental projects / Rent with option  
to purchase**
- 4. Families assisted / A look  
ahead....**





## DHHL:

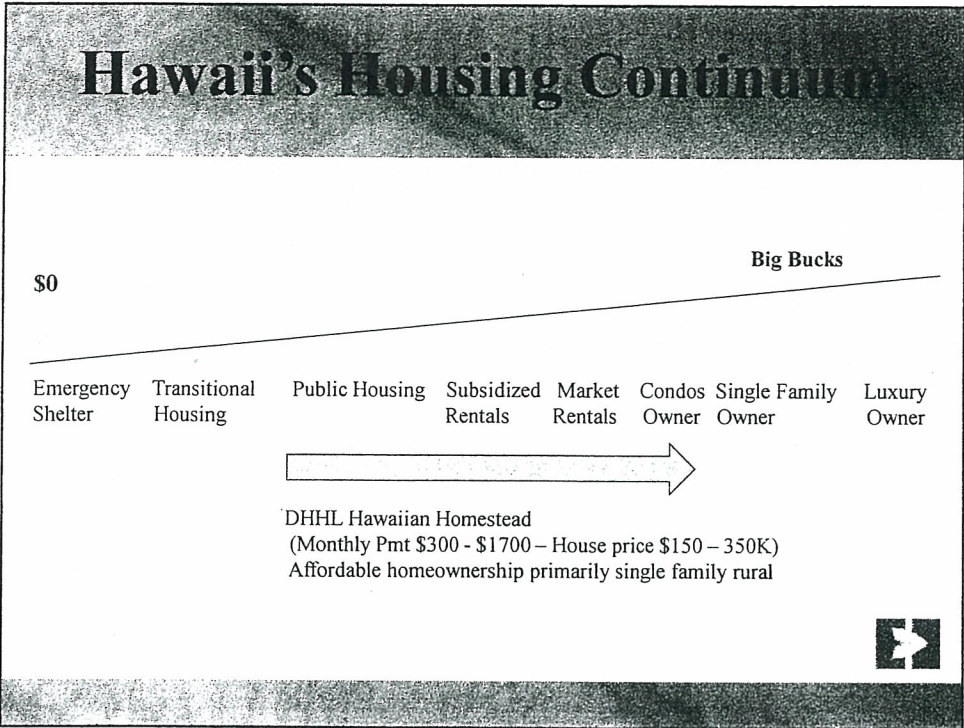
- Hawaiian Homes Commission Act (HHCA) federal act signed into law July 1921
  - Set aside 200,000+ acres of land for homestead (land) leases for native Hawaiians
  - 3 types – residential, agriculture, pastoral; 99 years for \$1/yr
- Admissions Act compact with the Federal Government to faithfully carry out HHCA
- **The only department under the State of Hawaii whose funding is mandated by the Hawaii State Constitution**
  - **1978 Constitutional Convention changed legislative funding wording from “may” to “shall”**



## DHHL cont:

- Individuals on waiting list are waiting for a lease to **land**
  - Rental projects provide shelter on home lands but does not take anyone off waiting list
- Mission to develop and deliver land to native Hawaiians
- Not a public housing authority
- Not a housing finance agency
- Not a tribal government





## DHHL's Housing Niche

- Only affordable single family homeownership program for native Hawaiians ; Develop where we have land. Neighbor island/rural
- NAHASDA loan products provide financing options for families with less resources (80% and below AMI)
- HALE Program provides financial literacy capacity (500 families to be assisted -- estimated)
- 45% of applicants NAHASDA qualified (80% and below AMI)
- 67% of applicants prefer single-family, turnkey; however, only 14% report they could qualify

Source: 2014 Applicant Data Study  
SMS Research



## **NAHASDA Package Home Financing**

- Developed to assist families with vacant lots that have not built
- Launched in Hilo and Molokai (Kalamaula) – oldest homesteads
- Mortgage payments as low as \$300 - \$400 for single family home
- Offered to 73 in Molokai and 34 in Hilo (Keakaha)
- 28% of families Molokai; 65% of families Hilo participating or building
- Expanded to Kawaihae, Hawaii; Anahola, Kauai; Hoolehua, Molokai (73 lots total)



## **NAHASDA Home Assistance Program (Repair and Replacement)**

- Developed to assist kupuna living in unsafe dilapidated structures
- Previous program administered by counties; brought back in house to DHHL; also includes non-profit partners (Nanakuli Housing Corp, West Hawaii Habitat, etc)
- Very low or no payment loans
- Focus on older homestead communities – Molokai; Hilo; Nanakuli/Waianae; Papakolea; Waimanalo
- 74 families being served or with pending agreements



## Rent with Option to Purchase

- Public/private partnership
- Developer leverages Low Income Housing Tax Credits
- DHHL beneficiaries eligible to purchase their home after 15 years
- 70 homes in Hoolimalima in Kapolei will convert at end of 2016
- RFP for vertical construction of 118 lots in Lai Opua (spring 2016)



## Rentals

- Public/private partnership
- Developer leverages Low Income Housing Tax Credits
- Target - Kupuna
- 2 sites: Bowl-a-Drome and Kapolei
- Environmental review started for Bowl-a-Drome; Feasibility/conceptual planning for Kapolei
- Units TBD





