

JAN 25 2006

S.B. NO. 2903

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# A BILL FOR AN ACT

RELATING TO PUBLIC HOUSING.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The joint legislative housing and homeless task  
2 force, established pursuant to Act 196, Session of Hawaii 2005,  
3 has reported that seven hundred fifty federal public housing  
4 units and seventy-five state public housing units in Hawaii are  
5 vacant, in many instances for substantial periods of time up to  
6 six months. The vacant units represent thirteen per cent of the  
7 inventory of public housing units in Hawaii. Meanwhile, there  
8 are approximately six thousand homeless individuals in Hawaii,  
9 and the pent-up demand for affordable rental housing for the  
10 low-income and workforce population exceeds twenty thousand  
11 units.

12           A physical needs assessment of all sixty-five federal  
13 public housing properties in Hawaii, conducted for the housing  
14 and community development corporation of Hawaii in 2003,  
15 reported in detail on a number of problems and deficiencies  
16 resulting from poor design and deferred maintenance in Hawaii's  
17 public housing stock. The cost just to remedy the maintenance  
18 deficiencies in these properties was estimated at almost



1 \$11,000,000. In part as a result of this assessment, the  
2 corporation was designated as a "troubled" public housing agency  
3 by the United States Department of Housing and Urban Development  
4 in 2004, and was required to enter into a memorandum of  
5 agreement for the purpose of improving its score in a number of  
6 areas.

7 Although some progress has been made and the corporation  
8 has since been discharged from its obligations under the  
9 memorandum of agreement, much more remains to be done. Targets  
10 still outstanding include developing a strategy for reducing  
11 unit preparation time; generating work orders immediately after  
12 completion of unit inspections; correcting or abating emergency  
13 work orders within twenty-four hours; and increasing unit  
14 occupancy to ninety-five per cent in all projects.

15 A recent internal assessment by corporation staff indicates  
16 that nearly five hundred vacant federal units and substantially  
17 all of the vacant state units still require modernization or  
18 major to minor repairs. The total cost for this work is  
19 estimated at \$9,600,000.

20 While government continues to assess the State's long-term  
21 needs and available resources, immediate short-term solutions  
22 are needed to remedy the high vacancy rates and poor physical



1 condition of the public housing stock. Solutions for immediate  
2 relief will require unprecedented levels of cooperation between  
3 the State and private entities, and bold yet productive  
4 proposals for action.

5 The purpose of this Act is to establish a public housing  
6 rapid assessment team within the Hawaii public housing  
7 administration, and to appropriate funds for the expedited  
8 maintenance and repair of vacant public housing units within one  
9 year of the effective date of this Act.

10 SECTION 2. There is established a public housing rapid  
11 assessment team to be attached to the Hawaii public housing  
12 administration for administrative purposes. The rapid  
13 assessment team shall:

14 (1) Consist of individuals qualified in construction  
15 contracting, engineering, and building maintenance and  
16 repair who shall rapidly assess the condition of  
17 vacant federal and state public housing units  
18 administered and managed by the Hawaii public housing  
19 administration. The team shall be headed by a project  
20 leader appointed by the director of the  
21 administration. The individuals shall be chosen by

1 the project leader and shall be employed as three-  
2 month contract employees;

3 (2) Solicit, review, and award bids from licensed  
4 contractors to perform the necessary maintenance and  
5 repair work as determined by the rapid assessment  
6 team, with the approval of the director;

7 (3) Hire and supervise unlicensed persons and engage and  
8 supervise volunteers capable of performing basic  
9 repair and maintenance where a licensed contractor is  
10 not necessary; and

11 (4) Oversee and supervise the necessary maintenance and  
12 repair work.

13 SECTION 3. The Hawaii public housing administration shall:

14 (1) Together with the rapid assessment team, develop a  
15 program plan and a budget for the contract and  
16 administrative expenses of the maintenance and repair  
17 work;

18 (2) Work with public housing project managers to  
19 facilitate site inspections by the rapid assessment  
20 team;

1 (3) Prepare the necessary employment contracts to meet the  
2 objectives of the maintenance and repair program on an  
3 expedited basis;

4 (4) Submit review and assessment reports to the governor,  
5 the senate president, and the house speaker every  
6 sixty days for the duration of the program; and

7 (5) Undertake all other necessary activities for program  
8 development and implementation.

9 SECTION 4. There is appropriated out of the general  
10 revenues of the State of Hawaii the sum of \$10,000,000 or so  
11 much thereof as may be necessary for fiscal year 2006-2007 for  
12 the establishment of a public housing rapid assessment team to  
13 be administered by Hawaii public housing administration.

14 The sum appropriated shall be expended by Hawaii public  
15 housing administration for the purposes of this Act.

16 SECTION 5. Section 46-14.5, Hawaii Revised Statutes, is  
17 amended to read as follows:

18 "[~~§~~46-14.5] **Land use density; low-income rental units.**

19 (a) Notwithstanding any other law to the contrary, the counties  
20 are authorized to provide flexibility in land use density  
21 provisions to encourage the development of any rental housing  
22 project where at least a portion of the rental units are set

1 aside for persons and families with incomes at or below one  
2 hundred forty per cent of the area median family income, of  
3 which twenty per cent are set aside for persons and families  
4 with incomes at or below eighty per cent of the area median  
5 family income.

6 (b) Notwithstanding any other law to the contrary, any  
7 maintenance and repair work performed in public housing projects  
8 pursuant to this Act shall be exempt from any county permit  
9 requirements. The rapid assessment team shall perform all  
10 repair and maintenance work in conformity with all county  
11 building code regulations."

12 SECTION 6. Section 103D-102, Hawaii Revised Statutes, is  
13 amended by amending subsection (b) to read as follows:

14 "(b) Notwithstanding subsection (a), this chapter shall  
15 not apply to contracts by governmental bodies:

16 (1) Solicited or entered into before July 1, 1994, unless  
17 the parties agree to its application to a contract  
18 solicited or entered into prior to July 1, 1994;

19 (2) To disburse funds, irrespective of their source:

20 (A) For grants or subsidies as those terms are  
21 defined in section 42F-101, made by the State in  
22 accordance with standards provided by law as

1           required by article VII, section 4, of the State  
2           Constitution; or by the counties pursuant to  
3           their respective charters or ordinances;

4           (B) To make payments to or on behalf of public  
5           officers and employees for salaries, fringe  
6           benefits, professional fees, or reimbursements;

7           (C) To satisfy obligations that the State is required  
8           to pay by law, including paying fees, permanent  
9           settlements, subsidies, or other claims, making  
10          refunds, and returning funds held by the State as  
11          trustee, custodian, or bailee;

12          (D) For entitlement programs, including public  
13          assistance, unemployment, and workers'  
14          compensation programs, established by state or  
15          federal law;

16          (E) For dues and fees of organizations of which the  
17          State or its officers and employees are members,  
18          including the National Association of Governors,  
19          the National Association of State and County  
20          Governments, and the Multi-State Tax Commission;

- 1           (F) For deposit, investment, or safekeeping,
- 2                     including expenses related to their deposit,
- 3                     investment, or safekeeping;
- 4           (G) To governmental bodies of the State;
- 5           (H) As loans, under loan programs administered by a
- 6                     governmental body; and
- 7           (I) For contracts awarded in accordance with chapter
- 8                     103F[-];
- 9       (3) To procure goods, services, or construction from a
- 10                    governmental body other than the University of Hawaii
- 11                    bookstores, from the federal government, or from
- 12                    another state or its political subdivision;
- 13       (4) To procure the following goods or services which are
- 14                    available from multiple sources but for which
- 15                    procurement by competitive means is either not
- 16                    practicable or not advantageous to the State:
- 17            (A) Services of expert witnesses for potential and
- 18                    actual litigation of legal matters involving the
- 19                    State, its agencies, and its officers and
- 20                    employees, including administrative quasi-
- 21                    judicial proceedings;
- 22            (B) Works of art for museum or public display;



- 1 (C) Research and reference materials including books,  
2 maps, periodicals, and pamphlets, which are  
3 published in print, video, audio, magnetic, or  
4 electronic form;
- 5 (D) Meats and foodstuffs for the Kalaupapa  
6 settlement;
- 7 (E) Opponents for athletic contests;
- 8 (F) Utility services whose rates or prices are fixed  
9 by regulatory processes or agencies;
- 10 (G) Performances, including entertainment, speeches,  
11 and cultural and artistic presentations;
- 12 (H) Goods and services for commercial resale by the  
13 State;
- 14 (I) Services of printers, rating agencies, support  
15 facilities, fiscal and paying agents, and  
16 registrars for the issuance and sale of the  
17 State's or counties' bonds;
- 18 (J) Services of attorneys employed or retained to  
19 advise, represent, or provide any other legal  
20 service to the State or any of its agencies, on  
21 matters arising under laws of another state or  
22 foreign country, or in an action brought in

1 another state, federal, or foreign jurisdiction,  
 2 when substantially all legal services are  
 3 expected to be performed outside this State;

4 (K) Financing agreements under chapter 37D; [~~and~~]

5 (L) Any other goods or services which the policy  
 6 board determines by rules or the chief  
 7 procurement officer determines in writing is  
 8 available from multiple sources but for which  
 9 procurement by competitive means is either not  
 10 practicable or not advantageous to the State; and

11 (M) Goods and services for maintenance and repair  
 12 work for public housing projects under chapter  
 13 201G. This provision shall be repealed on  
 14 December 31, 2007; and

15 (5) Which are specific procurements expressly exempt from  
 16 any or all of the requirements of this chapter by:

17 (A) References in state or federal law to provisions  
 18 of this chapter or a section of this chapter, or  
 19 references to a particular requirement of this  
 20 chapter; and

21 (B) Trade agreements, including the Uruguay Round  
 22 General Agreement on Tariffs and Trade (GATT)

1                   which require certain non-construction and non-  
2                   software development procurements by the  
3                   comptroller to be conducted in accordance with  
4                   its terms."

5           SECTION 7. Section 104-2, Hawaii Revised Statutes, is  
6 amended by amending subsection (a) to read as follows:

7           "(a) This chapter shall apply to every contract in excess  
8 of \$2,000 for construction of a public work project to which a  
9 governmental contracting agency is a party; provided that this  
10 chapter shall not apply to experimental and demonstration  
11 housing developed pursuant to section 46-15, or housing  
12 developed pursuant to chapter 201G, including maintenance and  
13 repair work on public housing projects if the cost of the  
14 project or the work is less than \$500,000 and the eligible  
15 bidder or eligible developer is a private nonprofit corporation.

16           For the purposes of this subsection:

17           "Contract" includes but is not limited to any agreement,  
18 purchase order, or voucher in excess of \$2,000 for construction  
19 of a public work project.

20           "Governmental contracting agency" includes any person or  
21 entity that causes either directly or indirectly the building or  
22 development of a public work.

1 "Party" includes eligible bidders for and eligible  
2 developers of any public work and any housing under chapter  
3 201G; provided that this subsection shall not apply to any  
4 housing developed under section 46-15 or chapter 201G if the  
5 entire cost of the project is less than \$500,000 and the  
6 eligible bidder or eligible developer is a private nonprofit  
7 corporation.

8 "Public work" means any project, including development of  
9 any housing pursuant to section 46-15 or chapter 201G, and  
10 development, construction, renovation, and maintenance related  
11 to refurbishment of any real or personal property, where the  
12 funds or resources required to undertake the project are to any  
13 extent derived either directly or indirectly from public  
14 revenues of the State or any county, or from the sale of  
15 securities or bonds whose interest or dividends are exempt from  
16 state or federal taxes."

17 SECTION 8. Section 201G-133, Hawaii Revised Statutes, is  
18 amended to read as follows:

19 **"§201G-133 Rate of wages for laborers and mechanics.** The  
20 administration shall require an eligible bidder or eligible  
21 developer of a housing project developed under this subpart to  
22 comply with the requirements of section 104-2 for those laborers

1 and mechanics hired to work on that housing project; provided  
2 that this section shall not apply to:

3 (1) A housing project developed under this chapter if the  
4 entire cost of the project is less than \$500,000 and  
5 the eligible bidder or eligible developer is a private  
6 nonprofit corporation[-]; and

7 (2) Maintenance and repair work on public housing projects  
8 under chapter 201G."

9 SECTION 9. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 10. This Act shall take effect on July 2, 2006,  
12 and shall be repealed on December 31, 2007.

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**Report Title:**

Public Housing; Maintenance; Repairs; Private Contracting

**Description:**

Establishes a rapid assessment team for the maintenance, repair, and improvement of public housing units. Authorizes necessary exemptions from procurement and permitting requirements. Appropriates funds for the purposes of the Act.

