



STATE OF HAWAII

DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
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Statement of
Chad K. Taniguchi
Hawaii Public Housing Authority
Before the

HOUSE COMMITTEE ON HUMAN SERVICES & HOUSING

February 14, 2008, 9:25 a.m.
Room 329, Hawaii State Capitol

In consideration of

H.B. 3140

MAKING AN EMERGENCY APPROPRIATION TO THE HAWAII PUBLIC HOUSING AUTHORITY

The Hawaii Public Housing Authority (HPHA) strongly supports this administration-sponsored bill seeking an emergency appropriation of \$10,000,000 for HPHA to address a critical operating budget shortfall for the 2007-2008 fiscal year.

One contributing factor to HPHA's operating deficit is an inconsistent level of funding from the U.S. Department of Housing & Urban Development (HUD). For several years, HUD has funded less than 100 percent of operating subsidies to public housing authorities nationwide. For FFY 2007, the funding percentage was 83 percent of what HUD projected as necessary. For FFY 2008, HUD estimates the funding percentage to be 84 percent of what HUD projects as necessary. This reduced amount equals approximately \$3-4 million dollars per year shortfall for HPHA.

In addition, since the Housing and Community Development Corporation of Hawaii (HCDCH) split into the Hawaii Public Housing Authority and Hawaii Housing Finance and Development Corporation on July 1, 2006, HPHA was unsuccessful in hiring any managerial level accounting staff until June 2007. Consequently, HPHA has not been able to put together a general ledger for 18 months. This has severely impacted management of operations. Please also note that when HPHA was under HCDCH, operating costs were spread over a larger entity with significantly more funds than HPHA currently has available.

Presently, the Department of Accounting and General Services and a private CPA firm hired by HPHA is working to complete a general ledger for fiscal year 2006-2007 and the first half of fiscal year 2007-2008. Once that information becomes available on March 1, 2008, HPHA will submit details on HPHA's specific operating needs and how the emergency appropriation will be used to the Committee.

Lastly, HPHA has a plan to stabilize operations so that the State will not be asked to provide an operating subsidy over the long-term. This plan includes fixing and filling public housing units, and promptly collecting rent from residents. HPHA will do its part by monitoring staff to function

at a higher performance level, as well as better organizing and managing its work. HPHA will also be asking more of its residents and the community to become part of the solution so that through a combined effort Hawaii's public housing inventory will be something that staff, public housing residents, communities, and the State as a whole can be proud of.