

LINDA LINGLE  
GOVERNOR



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**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

**SENATE COMMITTEE ON HUMAN SERVICES & PUBLIC HOUSING**

February 2, 2008, 1:00 p.m.  
Room 016, Hawaii State Capitol

In consideration of  
**S.B. 3062**

**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.

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 did not have 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 are 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. A very preliminary draft is attached to give a general idea of what we think the accountants may report.

Lastly, HPHA has a plan to improve and stabilize operations so that the State will not be asked to provide such a large operating subsidy over the long-term. Some subsidy will be needed for

the foreseeable future, especially with state public housing units that receive no subsidy at all. This plan includes fixing and filling public housing units, and promptly collecting rent from residents. HPHA will do its part by inspiring staff to function at a higher performance level through better organization and management so that HPHA can become a fiscally responsible and high performing public housing authority. We are making improvements. Our unit turnaround time improved over the last 6 months from 191 days per unit to 131 days. Our lease up time decreased from 66 days per unit to 38 days. We have a long, long way to go. We ask for your support and understanding as we fix a broken system.

**HPHA STATEMENT OF PROPRIETARY FUNDS FOR REVENUES AND EXPENDITURES**

**SUMMARY STATEMENT**

*CONFIDENTIAL  
Preliminary draft*

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	Projected		Unaudited GL numbers			Audited		
	2009	2008	2007	2006	2005	2004	2003	2002
<b>ederal Low Income Public Housing</b>								
Revenues	34,729,754	35,495,844	26,562,742	27,890,332	34,169,461	24,843,831	34,473,261	18,087,584
Expenses	43,032,527	42,447,261	31,692,495	35,303,516	31,867,689	28,741,344	27,765,900	24,731,446
Change in Net Assets w/o deprn & cap subsidy	<u>(8,302,773)</u>	<u>(6,951,417)</u>	<u>(5,129,753)</u>	<u>(7,413,184)</u>	<u>2,301,772</u>	<u>(3,897,513)</u>	<u>6,707,361</u>	<u>(6,643,862)</u>
Unrestricted Fund Balance				<u>8,202,698</u>	<u>14,507,074</u>	<u>16,701,875</u>	<u>19,205,447</u>	<u>20,012,833</u>
<b>ate Family Public Housing</b>								
Revenues	1,033,137	806,702	768,876	891,962	852,722	826,603	0	0
Expenses	3,012,589	2,831,128	2,266,614	1,699,082	1,672,562	1,412,121	0	0
Change in Net Assets w/o deprn & cap subsidy	<u>(1,979,452)</u>	<u>(2,024,426)</u>	<u>(1,497,738)</u>	<u>(807,120)</u>	<u>(819,840)</u>	<u>(585,518)</u>	<u>0</u>	<u>0</u>
Unrestricted Fund Balance				<u>(1,466,887)</u>	<u>(942,045)</u>	<u>(399,352)</u>		
<b>ate Elderly Housing</b>								
Revenues	2,301,316	806,702	1,562,959	1,772,977	1,694,480	1,616,532	0	0
Expenses	0	2,910,751	3,137,232	1,889,255	1,648,595	1,556,252	0	0
Change in Net Assets w/o deprn & cap subsidy	<u>2,301,316</u>	<u>(2,104,049)</u>	<u>(1,574,273)</u>	<u>(116,278)</u>	<u>45,885</u>	<u>60,280</u>	<u>0</u>	<u>0</u>
Unrestricted Fund Balance				<u>2,228,846</u>	<u>2,258,651</u>	<u>2,148,357</u>		
<b>TOTAL NET CHANGE IN PROPRIETARY FUNDS</b>	<u>(7,980,909)</u>	<u>(11,079,892)</u>	<u>(8,201,764)</u>	<u>(8,336,582)</u>	<u>1,527,817</u>	<u>(4,422,751)</u>	<u>6,707,361</u>	<u>(6,643,862)</u>

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**FEDERAL LOW INCOME PUBLIC HOUSING  
STATEMENT OF REVENUES AND EXPENDITURES FISCAL YEARS 2002-2009**

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	Projected		Unaudited GL numbers	Audited Figures				
	2009	2008	2007	2006	2005	2004	2003	2002
<b>Federal Low Income Public Housing</b>								
<b>Revenues</b>								
Rental Income	16,633,447	15,367,689	14,759,063	13,841,036	13,127,474	13,531,582	12,800,726	12,739,863
Operating Subsidy	14,227,801	12,667,470	10,903,833	13,424,541	20,379,898	10,751,136	20,485,381	5,582,818
Federal Capital transfer	3,600,000	3,600,000	0	0	0	0	0	0
Other Income	268,506	3,860,685	899,846	624,755	662,089	561,113	1,187,154	(235,097)
<b>Total Revenues</b>	<b>34,729,754</b>	<b>35,495,844</b>	<b>26,562,742</b>	<b>27,890,332</b>	<b>34,169,461</b>	<b>24,843,831</b>	<b>34,473,261</b>	<b>18,087,564</b>
<b>Expenses</b>								
Project	8,739,295	8,403,168	5,743,768	6,960,997	7,888,007	5,209,581	5,014,073	0
Personal Services	14,594,049	13,888,137	11,536,971	12,522,104	11,230,180	10,801,148	10,262,023	9,108,070
Administration	2,351,993	2,351,993	1,001,096	3,858,313	1,854,775	2,447,535	2,250,835	2,699,402
Professional Services	227,723	227,723	140,285	270,018	197,153	258,069	266,297	234,518
Security	1,296,447	1,296,447	2,309,657	1,578,846	2,114,860	661,230	588,525	525,566
Insurance	218,498	218,498	201,473	177,237	333,930	262,232	134,847	201,270
Repairs and Maintenance	2,500,000	3,866,285	1,555,789	1,047,508	1,150,309	1,569,667	1,921,548	5,063,011
Utilities	9,346,314	8,817,277	7,896,905	8,064,168	6,232,801	6,429,131	6,098,517	5,764,622
Payments in Lieu of Taxes	0	0	0	574,114	730,443	813,252	938,729	1,012,714
Other Expenses	3,758,207.50 *	3,577,732.50 *	1,306,551 *	250,211	335,231	289,499	290,506	122,273
<b>Total Expenses</b>	<b>43,032,527</b>	<b>42,447,261</b>	<b>31,692,495</b>	<b>35,303,516</b>	<b>31,867,689</b>	<b>28,741,344</b>	<b>27,765,900</b>	<b>24,731,446</b>
Change in Net Assets	<b>(8,302,773)</b>	<b>(6,951,417)</b>	<b>(5,129,753)</b>	<b>(7,413,184)</b>	<b>2,301,772</b>	<b>(3,897,513)</b>	<b>6,707,361</b>	<b>(6,643,862)</b>
Capital Subsidy (Comp Grant)	12,120,831	12,120,831	12,120,831	12,277,613	13,019,859	14,190,759	14,588,287	15,619,921

Notes:

- \*Depreciation not included in total expenses because it is a non-cash expense
- \*Comp Grant (Capital Fund) not included in Operating subsidy because it is a non-operating fund.
- \*2007 Other expenses includes Payments in Lieu of Taxes
- \*2008-2009 Other expenses not segregated according to auditor expense format.

*Source for figures of 2002-2006 based on Financial Statements and Independent Auditor reports (Proprietary Funds statement of revenues and expenses)	----->	page 28/29 Auditor Report 6/30/2006	page 28 Auditor Report 6/30/2005	Page 29 Auditor Report 6/30/2004	Page 26 Auditor Report 6/30/2003	Page 27 Auditor Report 6/30/2002
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\*Source for figures of 2007 based on unaudited 2007 General Ledger figures

\*Source for figures 2008-2009 based on estimated projected amounts.

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**STATE FAMILY PUBLIC HOUSING  
STATEMENT OF REVENUES AND EXPENDITURES FISCAL YEARS 2002-2009**

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	<i>Projected</i>		<i>Unaudited</i>	<i>Audited Figures</i>				
	<i>2009</i>	<i>2008</i>	<i>GL numbers</i> <i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>
<b>State Family Public Housing</b>								
<b>Revenues</b>								
Rental Income	1,029,058	802,742	768,890	853,238	813,979	783,635		
Operating Subsidy	0	0	0	0	0	0	0	0
Other Income	4,079	3,960	(14)	38,724	38,743	42,968		
<b>Total Revenues</b>	<b>1,033,137</b>	<b>806,702</b>	<b>768,876</b>	<b>891,962</b>	<b>852,722</b>	<b>826,603</b>	<b>0</b>	<b>0</b>
<b>Expenses</b>								
Personal Services	1,601,852	1,523,068	1,287,692	838,195	802,481	753,813		
Administration				74,639	82,932	65,692		
Professional Services			29,403	48,666	38,004	28,674		
Security				520	440	429		
Insurance			10,480	9,180	8,785	6,250		
Repairs and Maintenance	231,131			201,405	174,173	155,508		
Utilities	497,970	468,783	416,463	432,089	385,173	354,562		
Other Expenses	681,636	838,277	522,575	94,388	180,574	47,193		
<b>Total Expenses</b>	<b>3,012,589</b>	<b>2,831,128</b>	<b>2,266,614</b>	<b>1,699,082</b>	<b>1,672,562</b>	<b>1,412,121</b>	<b>0</b>	<b>0</b>
<b>Change in Net Assets</b>	<b>(1,979,452)</b>	<b>(2,024,426)</b>	<b>(1,497,738)</b>	<b>(807,120)</b>	<b>(819,840)</b>	<b>(585,518)</b>	<b>0</b>	<b>0</b>
Depreciation				388,683	399,831	410,694		

Notes:

- \* Combining Statements of Revenues and expenses Non Major other Enterprise Funds
- \* Depreciation not included in total expenses because it is a non-cash expense

\*Source for figures of 2002-2006 based on Financial Statements and Independent Auditor reports (Proprietary Funds statement of revenues and expenses)

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\*Source for figures of 2007 based on unaudited 2007 General Ledger figures

\*Source for figures 2008-2009 based on estimated projected amounts.

\*Auditor Reports 2002-2003  
No supplemental schedules provided.

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**STATE ELDERLY HOUSING  
STATEMENT OF REVENUES AND EXPENDITURES FISCAL YEARS 2002-2009**

	<i>Projected</i>		<i>Unaudited</i>	<i>Audited Figures</i>				
	<i>2009</i>	<i>2008</i>	<i>GL numbers</i> <i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>
<b>State Elderly Housing</b>								
<b>Revenues</b>								
Rental Income	1,786,149	1,701,489	1,562,959	1,701,486	1,627,173	1,569,282		
Operating Subsidy	0	0	0	0	0	0	0	0
State Repair and Maintenance fund	500,000	394,091	0	0	0	0	0	0
Other Income	15,167	14,725		71,491	67,307	47,250		
<b>Total Revenues</b>	<b>2,301,316</b>	<b>2,110,305</b>	<b>1,562,959</b>	<b>1,772,977</b>	<b>1,694,480</b>	<b>1,618,532</b>	<b>0</b>	<b>0</b>
<b>Expenses</b>								
Personal Services	358,592	334,983		337,072	338,892	318,337		
Administration				138,872	158,674	162,499		
Professional Services				18,946	15,174	4,676		
Security				576	611	622		
Insurance				18,488	17,273	16,193		
Repairs and Maintenance	500,000	394,091		668,783	495,188	456,378		
Utilities	848,981	800,925	731,243	694,527	598,045	554,046		
Other Expenses	1,426,868	1,380,752	2,405,989	13,991	24,738	43,501		
<b>Total Expenses</b>	<b>0</b>	<b>2,910,751</b>	<b>3,137,232</b>	<b>1,889,255</b>	<b>1,648,595</b>	<b>1,556,252</b>	<b>0</b>	<b>0</b>
Change in Net Assets	<b>2,301,316</b>	<b>(800,446)</b>	<b>(1,574,273)</b>	<b>(116,278)</b>	<b>45,885</b>	<b>60,280</b>	<b>0</b>	<b>0</b>
Depreciation				1,386,307	1,386,789	1,386,823		

Notes:

\*Combining Statements of Revenues and expenses Non Major other Enterprise Funds  
 \* Depreciation not included in total expenses because it is a non-cash expense

\*Source for figures of 2002-2006 based on -----  
 Statements and Independent Auditor reports  
 (Proprietary Funds statement of revenues and expenses)

\*Source for figures of 2007 based on unaudited  
 2007 General Ledger figures

\*Source for figures 2008-2009 based on estimated  
 projected amounts.

\*Auditor Reports 2002-2003  
 No supplemental schedules provided.

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