



**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**

April 10, 2008, 10:00 a.m.  
Room 329, Hawaii State Capitol

In consideration of  
**SCR 61**

The Hawaii Public Housing Authority (HPHA) appreciates the intent of SCR 61, which urges HPHA to issue a request for proposals to form a public/private partnership to renovate the State's public housing inventory, however must oppose the resolution at this time due to the following concerns:

HPHA acknowledges that public/private partnerships may help create new opportunities for HPHA to repair and renovate its public housing inventory, particularly during the present limitations of the state and federal economies. Please note that HPHA's lump sum capital improvement project (CIP) request in the Executive Supplemental Budget is \$20,000,000. House Draft 1 of H.B. 2500, Relating to the State Budget, reduced this funding to \$10,000,000 while the Senate Draft 1 appropriates \$12,000,000. Severe reductions in CIP funding will make it difficult for HPHA to address statewide public housing repair and maintenance needs.

HPHA also has concerns regarding its current ability to issue a request for proposal and proceed with renovation of the first housing project by the end of 2008, as urged by this resolution. Furthermore, HPHA must receive approval from the U.S. Department of Housing & Urban Development (HUD) before undertaking major projects at federal public housing. Due to these factors in conjunction with ongoing challenges such as an operating budget deficit for FY08 and FY09, HPHA requests that the Legislature allow it to stabilize operations over the next year before actively seeking requests for proposals for public/private partnerships.

Thank you for the opportunity to provide testimony.



S.C.R. 61

**Urging The Hawaii Public Housing Authority To Issue A Request  
For Proposals To Form A Public/Private Partnership to Renovate  
The State's Public Housing Inventory**

House Committee on Human Services and Housing  
Committee on Health

April 10, 2008  
329

10:00 am

Room

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The Office of Hawaiian Affairs supports the purpose and intent of SCR 61 (SSCR 3179).

We believe it is not government's sole responsibility to come up with all solutions needed to address the citizens of Hawai'i access to safe, decent, and sanitary housing. We, too, believe it is critical that the public/private partnership with the Hawai'i Public Housing Authority is vital to the success of meeting these housing needs with a "sense of urgency".

As stated above, the support of the purpose and intent of SCR 61(SSCR 3179) is within this testimony subject to a concern with the first "WHEREAS" on page 2 starting with line one. The State of Hawaii must find ways to partner with public/private partnerships to build public housing because we cannot view all our citizens in public housing will be able to transition out of public housing. Our citizens who are on fixed incomes will not be able to find affordable housing when affordable housing to meet their needs are not being built. HPA should not be ensuring what inventory there is as only transitional housing without research and statistics to prove that all tenants will be able to transition out to available affordable housing.

Therefore, the support of SCR NO 61(SSCR 3179) is with the deletion of the above mentioned "WHEREAS".

Mahalo nui loa for this opportunity to provide testimony.



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The Twenty-Fourth Legislature, State of Hawaii  
Hawaii State House of Representatives  
Committee on Human Services and Housing

Testimony by  
HGEA/AFSCME, Local 152, AFL-CIO  
April 10, 2008

S.C.R. 61 – URGING THE HAWAII PUBLIC HOUSING  
AUTHORITY TO ISSUE A REQUEST FOR PROPOSALS TO  
FORM A PUBLIC/PRIVATE PARTNERSHIP TO RENOVATE  
THE STATE'S PUBLIC HOUSING INVENTORY

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes S.C.R. 61 without certain amendments. We realize that neither the private sector nor the public sector can address the serious problem of affordable rental housing alone. Private developers, preferably non-profit organizations, can help to build affordable housing. Many of these are local community organizations that use a combination of rental income, private funding and government subsidies to build affordable housing developments that not only serve residents, but also are an asset to the larger community. Therefore, preference should be given to local non-profit organizations in issuing the request for proposals.

The other concern with S.C.R. 61 is that it does not define the types of public-private partnerships that could be used by the Hawaii Public Housing Authority. We oppose certain types of public-private partnerships and these should be excluded from consideration.

- Build-Own-Operate where the contractor constructs and operates a facility without transferring ownership to the public sector. Legal title to the facility rests with the private sector.
- Buy-Build-Operate where government sells an asset to the private sector, which then makes the improvements necessary to operate the facility in a profitable manner.
- Contract Services where a private partner is contracted to operate, maintain and manage a facility.
- Design-Build-Operate where a single contract is awarded for the design, construction and operation of a facility.

We can support the following types of public private partnerships, which preserve public sector oversight, accountability and transparency.

- Design-Build is a type of partnership that can reduce time, save money, provide stronger guarantees and allocate additional project risk to the private sector. It also reduces conflict by having a single entity responsible to the public owner for the design and construction. The public sector partner owns the assets and has the responsibility for its operation and maintenance once it is completed.

- Lease/Purchase where the private sector finances and builds a new facility, which it then leases to a public agency. The public agency makes scheduled lease payments to the private party. The public agency accrues equity in the facility with each payment. At the end of the lease term, the public agency owns the facility or purchases it at the cost of any remaining unpaid balance in the lease. However, under this arrangement we want to make sure that the public sector operates the facility from the time it opens.

Thank you for the opportunity to testify on S.C.R. 61 with these suggested amendments.

Respectfully submitted,

A handwritten signature in black ink that reads "Kevin Mulligan". The signature is written in a cursive style with a small dot above the 'i' in Mulligan.

Kevin Mulligan  
Public Policy Specialist