

Hawaii Public Housing Authority



SENATE COMMITTEE ON HUMAN SERVICES INFORMATIONAL BRIEFING

December 14, 2011

2:30 PM

State Capitol, Conference Room 229

What is Public housing?



Public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities.

There are approximately 1.2 million households living in public housing units nationwide, managed by some 3,300 Housing Authorities.

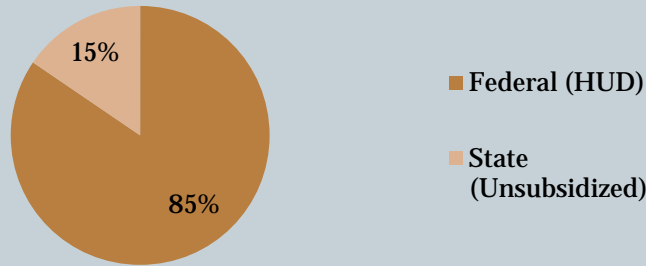
HPHA Overview



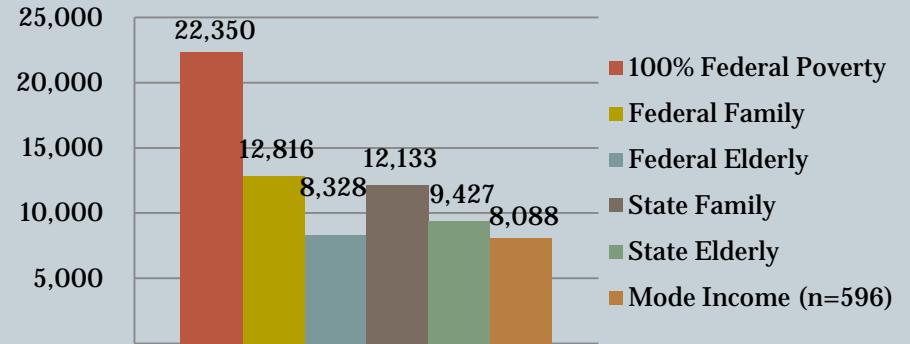
- 4,717 Federal Low Income Public Housing (LIPH) units
- 864 State LIPH units
- 1,773 Housing Choice Vouchers (HCV – also known as Section 8)
- \$1,700: Average HCV Housing Assistance Payment (HAP)
- 140 Veterans Affairs Supportive Housing (VASH) vouchers, Avg. HAP is \$800
- 300 households - State Rent Supplement Program
\$230 per household
- **8,388 Households are housed by HPHA**

HPHA Overview

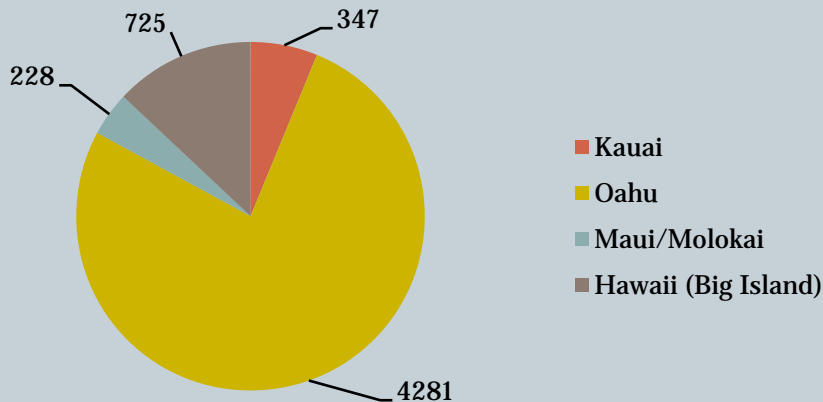
Public Housing Portfolio by Means of Funding



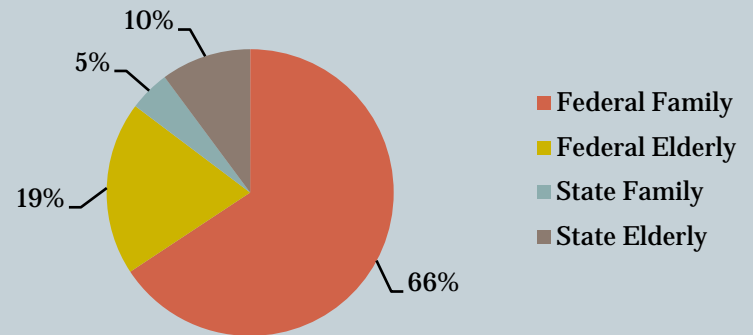
Program Beneficiary Median Income



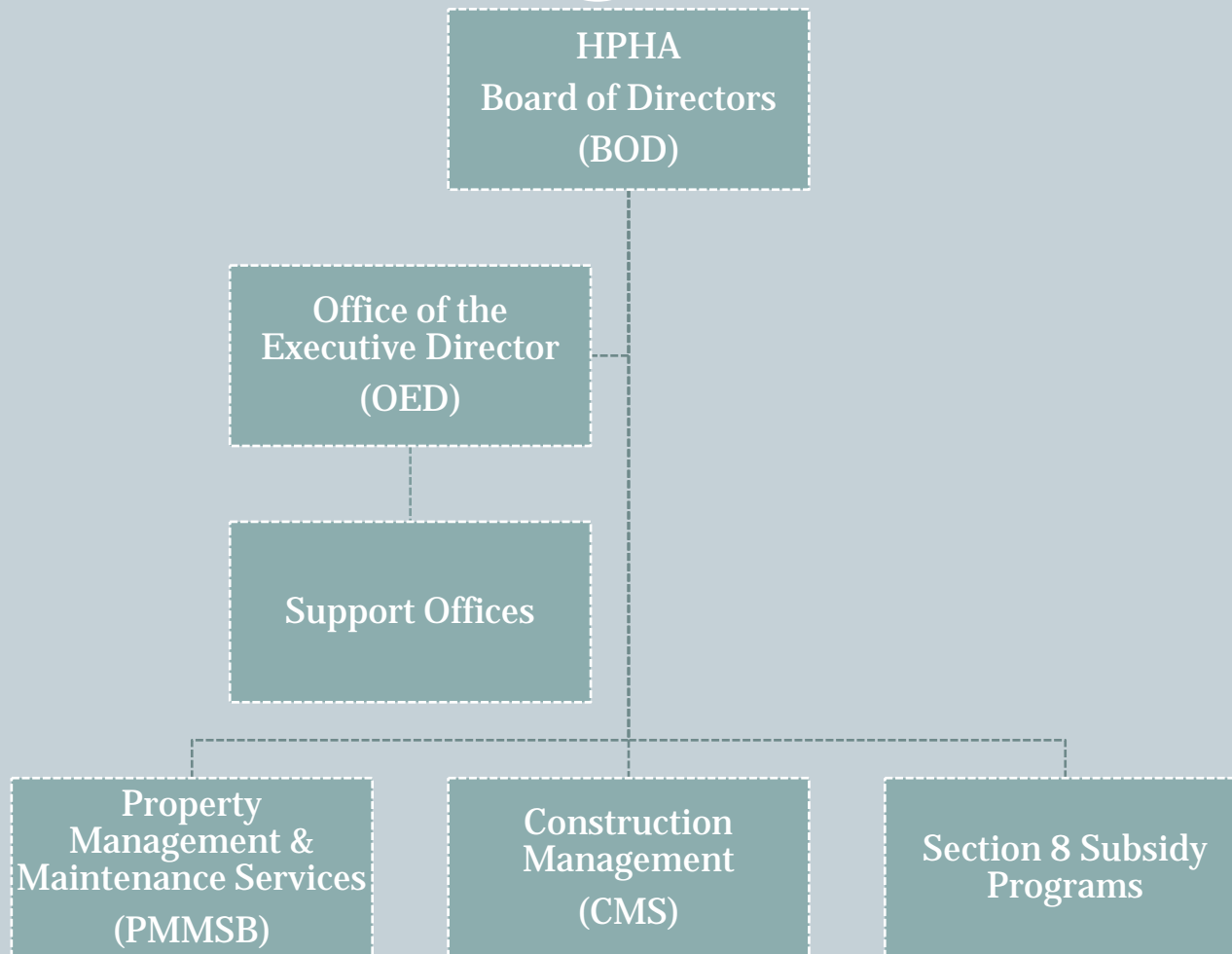
Units Per Island



Public Housing Program Beneficiaries



HPHA Organization



Scope of Management Audit



- 1. Assess and compare the HPHA's management of state and privately operated public housing projects in Hawaii.**
- 2. Assess the degree to which the authority has implemented the federally required asset management system.**
- 3. Make recommendations as appropriate.**

Audit Findings



- Audit period spanned from July 1, 2006 through June 30, 2010.
- Audit found that Property Management & Maintenance Services Branch (PMMSB) provided ineffective oversight of both state-run and privately managed properties.
- High backlog of repairs and maintenance at all AMPs, some of which are capital needs.
- Audit determined that HPHA was behind schedule on conversion to Asset Management.

Situation During Audit Period



- **Over 50% turnover agency-wide in personnel, including key management positions.**
- **Complicated personnel structure of over 270 employees statewide.**
- **Reductions in Force, Hiring Freezes, and Furloughs.**
- **Losses due to attrition.**

PMMSB Strengths Noted in Audit



- **Lift of hiring freeze permitted new hires by PMMSB.**
- **Contracts with private management firms protected the interests of the State, just needed increased enforcement.**
- **PMMSB retained skilled staff whose methods and experiences could be used to develop best practices, policies, and procedures agency-wide.**

PMMSB Developments Since Audit Period



- **Revitalization of AMP Monitoring Program with new PMMSB staff.**
- **PMMSB staff trained in contract administration by State Procurement Office to better enforce private management contracts.**
- **Monthly AMP Manager meetings at Administrative Offices to share institutional knowledge and best practices.**
- **Branch Chief has instituted tenant complaint protocols that provide accountability for managers through assigned monitors.**

Best Practices & Capital Improvements



Exhibit 2.9
Inventory at AMP 38, Kaua'i



Source: Office of the Auditor



CIP Appropriation



Project Title	FY 11/12	FY 12/13
Dry Standpipe, Raised Crosswalk and Site Improvements (Construction), Kuhio Park Terrace, Oahu	9,200,000	7,000,000
Remove Solar, Roof Replacement, Instant Hot Water System, Painting, Site Improvements (Design & Construction), Mayor Wright Homes, Oahu	5,600,000	0
Physical Improvements Ph 2 (Construction), Palolo Valley Homes, Oahu	5,000,000	0
Master Plan for remaining demo parcel, Hawaii	100,000	0
Renovation of Existing Buildings (Design & Construction), Lanakila Homes, Hawaii	750,000	7,500,000
Major modernization, incl. roof replacement. Extensive termite damage (Construction), Hale Laulima, Oahu	0	5,000,000
ADA Compliance for Various State and Federal Projects (Construction), Statewide	10,000,000	10,000,000
Phase IB Abatement and Modernization Buildings 4, 5, 6 (Design & Construction), Puahala Homes, Oahu	105,00	1,900,000
Site & Dwelling Improvements Phase IV (Design & Construction), Kalihi Valley Homes, Oahu	700,000	7,000,000
Site Work and roof repairs (Design & Construction), Hauki Homes, Oahu	65,000	600,000
Spall Repair and Painting for 19 Buildings, Site Improvements, Interior Renovations (Design & Construction), Kaahumanu Homes, Oahu	2,350,000	1,800,000
Major renovations: roof replacement, interior repairs, exterior and site improvements (Construction), Pomaikai, Hawaii	2,000,000	0
Exterior improvements Paint, Roof repairs, Site Work (Design & Construction), David Malo Circle, Maui	1,800,000	0
TOTALS	\$37,670,00	\$40,800,000

Nani Olu



Kealakehe & Kaimalino



Lanakila Homes



Lanakila Homes: New construction



Going Forward



- **Concerted effort by agency to turn vacant units and reduce turnaround time.**
- **Audit noted correct orientation of Board near the end of the audit period focusing on policy review and improvement.**
- **Investigating new initiatives based on nationwide best practices.**

About Asset Management



- Method of managing public housing properties, intended to improve operational efficiency and effectiveness by shifting accountability from centralized authority to individual AMP managers.
- HUD requirement for all PHAs of 250 or more units to convert to asset management, consistent with the norms in the broader multifamily management industry.

HUD Mandated Conversion



- **Project-based Funding by October 31, 2011**
- **Project-based Budgeting by July 1, 2011**
- **Project-based Accounting by August 31, 2010**
- **Project-based Management**
- **Project-based Oversight and Performance Assessment by February 23, 2011**

Asset Management Audit Findings



- Auditor claimed that HPHA was delayed in implementing several key components required under asset management, particularly Project-based Accounting.
- Noted progress in implementation toward the end of the audit period
- Noted managerial and Board awareness of delays and target completion date of June 2011.

Going Forward



- **Project-based Accounting and Project-based Budgeting have been achieved.**
- **The policies and procedures previously used are being developed by PMMSB to function at the asset management level.**
- **Exploring other avenues to achieve operational efficiencies and cost savings.**
- **Compliance with Asset Management will change the look of HPHA requests for state funding, especially CIP Appropriations.**

Needs for Continuing Success



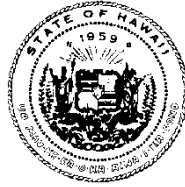
- **Continued legislative support for the Administration's Biennium Budget.**
- **Minimize General Fund reductions to HPHA, which support security services at our largest properties.**

HPHA Contact Information



- **1002 North School Street, Honolulu, HI 96817**
- **Office of the Executive Director: 832-4694**
- **Property Mgmt. Branch: 832-4696**
- **Legislative Inquiries: 832-4692**
- **Questions?**

NEIL ABERCROMBIE
GOVERNOR



BARBARA E. ARASHIRO
ACTING EXECUTIVE DIRECTOR

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

EXECUTIVE ASSISTANT

Statement of
Barbara E. Arashiro
Hawaii Public Housing Authority
Before the

SENATE COMMITTEE ON HUMAN SERVICES

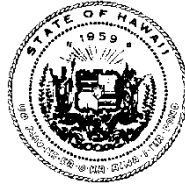
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In consideration of
**The Legislative Auditor's Management
Audit of the Hawaii Public Housing Authority**

Madam Chair and Members of the Senate Committee on Human Services, thank you for the opportunity to provide you with comments regarding the Management Audit of the Hawaii Public Housing Authority, submitted to the Governor and the Legislature in June 2011.

I currently serve as the Acting Executive Director of the Hawaii Public Housing Authority (HPHA). I was appointed to this position by the Board of Directors on October 12, 2011. I have served as the Executive Assistant since 2008. Assisting me today is the HPHA's Chief Planner, Nicholas Birck, who has been with the agency since December 1, 2010.

The HPHA appreciates the opportunity to provide the Senate Committee on Human Services with information relating to the HPHA's progress on the findings in the Management Audit. We will answer any questions following our presentation.



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

EXECUTIVE ASSISTANT

Statement of
David J. Gierlach
Hawaii Public Housing Authority
Before the

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I currently serve as the Chairperson of the Hawaii Public Housing Authority (HPHA) Board of Directors. I was appointed to the Board of Directors by Governor Abercrombie, confirmed by the Senate on April 20, 2011, and elected Chairperson in August, 2011.

I can assure you that the Board takes very seriously the findings of the audit and is working diligently to fix the problem areas discussed. The Board's highest priority is to work with the Office of the Executive Director to develop policy recommendations that will assist in ending the high vacancy rates, speeding repairs of unoccupied units, and developing new procedures which will hold middle management accountable for repairs/vacancies/enforcement of house rules and expeditious evictions of those who violate house rules.

To that end, the Board has selected a candidate for the vacant Executive Director position who we believe possesses the skill set, experience and thick skin needed to make HPHA a more effective servant of the community.

The HPHA Board of Directors appreciates the opportunity to provide the Senate Committee on Human Services with information relating to the HPHA's progress on the findings in the Management Audit. I will, to the extent that I am able, answer any questions you might have.