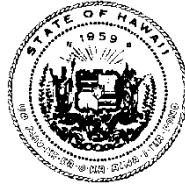


NEIL ABERCROMBIE
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

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

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

SENATE COMMITTEE ON WAYS AND MEANS

March 29, 2012 9:00 A.M.
Room 211, Hawaii State Capitol

In consideration of
House Bill 1398, House Draft 1
Relating to the Hawaii Public Housing Authority

Honorable Chairs and Members of the Senate Committee on Ways and Means, thank you for the opportunity to provide you with comments regarding House Bill 1398, as amended by House Draft 1, relating to the Hawaii Public Housing Authority (HPHA).

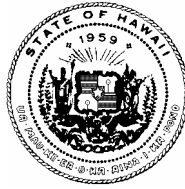
The HPHA supports enactment of the measure, which would add a section to Chapter 356D to explicitly authorize our agency to enter into public-private partnerships for the increased development of new public housing developments, as well as the improvement of existing public housing units. Please note that exemption from the relevant State Procurement Code would not exempt the HPHA from Federal procurement regulations, which are extremely stringent with respect to public-private partnerships that redevelop HUD public housing properties. Further, since 2002, every contract and procurement action of the HPHA has been carefully reviewed by local HUD officials in connection with a corrective action order, and the agency has demonstrated outstanding compliance with the applicable handbooks and regulations, such as HUD Handbook No. 7460.8 Rev. 2, 24 CFR 85.36, 24 CFR 941.606, and 24 CFR 95.36(i).

With over 30,000 individuals currently waiting for public housing in this State, and with a great number of units currently vacant within the HPHA's inventory, this measure would assist our agency in more quickly and efficiently providing homes to those who need us the most. The public-private partnership model for the improvement of public housing projects is currently being encouraged by the U.S. Department of Housing and Urban Development (HUD) and the HPHA has demonstrated success with this model. HUD provides a number of additional options for public-private partnerships and mixed finance redevelopment that the HPHA might be able to explore, such as Choice

Neighborhoods Initiative, Rental Assistance Demonstration program, and Capital Fund Financing Program (CFFP).

This measure proposes a statutory amendment that would provide the agency with greater flexibility and control over the process. It would offer certain limited exemptions from the procurement code and allow the exercise of rulemaking authority to go forward to other housing developments statewide and further reduce the capital needs of the HPHA. Such future projects would lessen HPHA reliance on diminishing Federal Capital Funds and State CIP funds while enabling our agency to improve our existing public housing stock and investigate the development of new affordable options statewide.

The HPHA appreciates the opportunity to provide the Senate Committee on Ways and Means with the agency's position regarding H.B. 1398, H.D. 1. We respectfully request the Committee to pass this measure favorably, and we thank you very much for your dedicated support.



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

March 29, 2012

TO: The Honorable David Y. Ige, Chair
Senate Committee on Ways and Means

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 1398, H.D. 1 – RELATING TO THE HAWAII PUBLIC HOUSING
AUTHORITY**

Hearing: Thursday, March 29, 2012; 9:00 a.m.
Conference Room 211, State Capitol

PURPOSE: The purpose of H.B. 1398, H.D. 1 is to encourage joint ventures between the Hawaii Public Housing Authority and private developers for the development of public housing in Hawaii.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of this bill to engage the private sector in a joint venture development agreement with the Hawaii Public Housing Authority (HPHA) on any public housing project under the jurisdiction of the HPHA. The HPHA currently has over 9,000 families on its waiting list for public housing. The average rental market price for a two bedroom unit in Honolulu is over \$1,400 a month and most low income families cannot afford this rent amount and the accompanying equal amount for advance deposit required under most rental agreements. The number of homeless families continues to increase over the past five years.

Increasing the housing inventory of the HPHA will have a significant and favorable impact to the low-income families in our community who are in need of affordable housing.

While the preamble of the bill includes the words “improvement” and “maintenance” of public housing facilities, it is not clear from the language of section 2 of the bill whether a development agreement with a private party includes renovation of existing public housing units. Or does the bill intend to address only the creation of new or additional public housing units? Either of these goals is laudable, although the DHS would prefer that additional language be included that any joint agreement between HPHA and a private developer must result in an increase of units for any particular HPHA property under consideration.

Given the urgency of meeting the housing need of our low-income families in Hawaii, we support a limited time period of exempting the HPHA from the procurement laws of Chapters 103 and 103D, Hawaii Revised Statutes, and suggest a sunset provision of three to five years. The HPHA remains accountable to the legislature for the status of all public housing projects being developed under a joint public-private partnership agreement by requiring the HPHA to submit annual report on all public-private partnership projects, thus ensuring that any agreement with a private party is in the interest of the public taxpayers.

Thank you for the opportunity to submit testimony on this measure.



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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**COMMENTS
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE**

**TO THE
SENATE COMMITTEE
ON
WAYS AND MEANS**

March 29, 2012

9:00 a.m.

HB 1398, HD1

RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY.

Chair Ige, Vice Chair Kidani, and committee members, thank you for the opportunity to comment on HB 1398, HD1 that authorizes the authority to develop a partnership or development agreement with a private party-exempt from public disclosure and open competition pursuant to HRS chapter 103D.

The State Procurement Office opposes the exemption language on page 2, subsection (b) of this bill. Any governmental agency with the authority to expend funds should be in compliance with HRS chapter 103D, which promotes the policy of fair and equitable treatment of all persons who deal with the procurement system; fosters effective broad-based competition and increases public confidence in public procurement. Developing another set of "*internal policies and procedures consistent with the goals of public accountability and public procurement practices.*" creates confusion as to which set of rules and procedures is applicable and can create the same situation for vendors, contractors, and service providers that is happening with the University of Hawaii's procurement exemption process. Agencies should not be allowed to create their own contract awards process that "basically follow procurement practices" that are self-enforced.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion or fraud in awarding of contracts.

There is no compelling reason to statutorily exempt the HPHA from the requirements of HRS chapter 103D. To legislate that any one agency should be exempt from compliance with HRS chapter 103D conveys a sense of disproportionate equality in the law's application. Thank you.