

# SB2269

Measure Title: RELATING TO PUBLIC HOUSING.

Report Title: Public Housing; Resident Managers

Description: Requires the Hawaii public housing authority to designate a resident manager at each federal public housing complex and state low-income public housing project. Effective 7/1/2015.

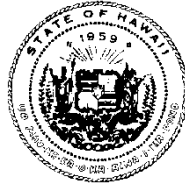
Companion:

Package: Housing and Homeless Legislative Package

Current Referral: HMS, WAM

Introducer(s): CHUN OAKLAND, Baker, Dela Cruz, Galuteria, Kidani, Taniguchi, L. Thielen

NEIL ABERCROMBIE  
GOVERNOR



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Statement of  
**Hakim Ouansafi**  
Hawaii Public Housing Authority  
Before the

**SENATE COMMITTEE ON HUMAN SERVICES**

January 25, 2014 10:00 A.M.  
Room 229, Hawaii State Capitol

In consideration of

**Senate Bill 2269**  
**Relating to Public Housing**

Honorable Chair Chun Oakland and Members of the Senate Committee on Human Services, thank you for the opportunity to provide you with comments regarding Senate Bill (S.B.) 2269, relating to public housing.

The Hawaii Public Housing Authority (HPHA) supports the intent of the measure, which would require the HPHA to designate a resident manager at each federal public housing complex and state low-income public housing project. However, we must respectfully oppose the enactment of this measure as written.

If the intent of the bill is to have HPHA hire a resident manager at each property, the estimated annual compensation at our 85 housing complexes would cost approximately \$6.5 million per year. This excludes costs associated with training time, funds for other associated costs, the staff that we will have to hire to oversee them, and other technical issues that this will be raised. Having said that, if these funds are available, then the Legislature needs to decide if these funds are better spent this way, or better spent providing additional housing for the people that are on the street.

Under the HUD Asset Management Project (AMP) system, each AMP must afford this extra expense and they are currently without the funds to support it. Thus, the HPHA will be put in a situation to decide what positions need to be cut to free up funds, and this will negatively affect our occupancy, the rating of the agency, and our scoring when attempting to apply for grants. Even if the HPHA had the funds, the agency will no doubt run into challenges with HUD for placing unqualified people into housing and

taking away 85 units from needy families because they are now housing resident managers.

Since the HPHA is unable to raise the rent in the federal program due to HUD rules, the agency will be forced to compensate these hires through the State low-income public housing program. The increase needed will be over \$600 per family and will without a doubt displace hundreds of families who will not be able to pay the rent and become unnecessarily evicted. If the HPHA were to hire people at minimum wage and without benefits, the increase in rent for the 864 State units will be over \$150 per unit.

However, if the intent of the bill is to have resident management at our federal low-income housing properties, it is already allowed under the Code of Federal Regulations (CFR). **24 CFR §964.15 U.S. Department of Housing and Urban Development (HUD) policy on resident management** states:

*It is HUD'S policy to encourage resident management. HUD encourages Housing Authorities (HAs), resident councils and resident management corporations to explore the various functions involved in management to identify appropriate opportunities for contracting with a resident management corporation. Potential benefits of resident-managed entities include improved quality of life, experiencing the dignity of meaningful work, enabling residents to choose where they want to live, and meaningful participation in the management of the housing development.*

With that being said, **24 CFR §964.120 Resident management corporation requirements** states:

*A resident management corporation must consist of residents residing in public housing and have each of the following characteristics in order to receive official recognition by the HA and HUD:*

- (a) It shall be a non-profit organization that is validly incorporated under the laws of the State in which it is located;*
- (b) It may be established by more than one resident council, so long as each such council:
  - (1) Approves the establishment of the corporation; and*
  - (2) Has representation on the Board of Directors of the corporation;**
- (c) It shall have an elected Board of Directors, and elections must be held at least once every three (3) years;*
- (d) Its by-laws shall require the Board of Directors to include resident representatives of each resident council involved in establishing the corporation; include qualifications to run for office, frequency of elections, procedures for recall, and term limits if desired.*
- (e) Its voting members shall be heads of households (any age) and other residents at least 18 years of age and whose name appears on the lease of a unit in the public housing represented by the resident management corporation;*
- (f) Where a resident council already exists for development, the resident management corporation shall be approved by the resident council board and a majority of the residents. If there is no resident council, a*

*majority of the residents of the public housing development it will represent must approve the establishment of such a corporation for the purposes of managing the project; and*  
(g) *It may serve as both the resident management corporation and the resident council, so long as the corporation meets the requirements of this part for a resident council.*

Due to the procedures that are already established under the CFRs, this measure is not needed. Even though HUD has cut HPHA funding, the HPHA will assist in the formation of resident associations, and work with any recognized resident management corporation.

The HPHA appreciates the opportunity to provide the Senate Committee on Human Services with the agency's position regarding S.B. 2269. We respectfully request the Committee to hold this measure, and we thank you very much for your dedicated support.