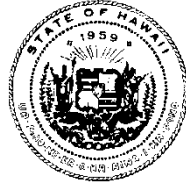


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Statement of  
**Hakim Ouansafi**  
Hawaii Public Housing Authority  
Before the

**HOUSE COMMITTEE ON HOUSING**

**Tuesday, January 31, 2017**  
**9:30AM**  
**Room 423, Hawaii State Capitol**

In consideration of  
**HB 868**  
**RELATING TO PUBLIC HOUSING**

Honorable Chair Brower and Members of the House Committee on Housing, thank you for the opportunity to provide **comments** regarding House Bill 868, relating to public housing.

The purposes of this measure are to: (Part II) establish trust accounts to provide matching funds to tenants; (Part III) specifies tenancy termination requirements; (Part IV) authorizes the issuance of general obligation bonds; and appropriates funds.

The HPHA agrees that multigenerational public housing is an issue that should be addressed and is one of the main reasons for long waiting lists. The HPHA appreciates the intent of Part II of this measure to assist us in achieving the goal of graduating tenants out of public housing, and to practice financial savings and planning. With that in mind, we are providing the following comments and seeking clarifications:

1. HRS section 356D-44, *Administration of state-low income housing projects and programs*, is very specific, and does not provide for broad HPHA powers. Rather, subsection (a) provides that HPHA "shall construct, develop, and administer property or housing for purpose of state-low income public housing projects and programs." HRS section 356D-41 defines "Administer" or "administration" as "the management, operation, maintenance, and regulation of any state low-income housing project. It also includes any and all undertakings necessary therefor." When read together, HRS sections 356D-41 and HRS 356D-44 do not clearly authorize HPHA to establish/maintain

tenant “trust accounts.” Also, what does “trust account” mean? This term needs to be defined.

2. As written, there are significant differences and areas of conflict between the proposed changes to the State Public Housing Program and the Federal Family Self-Sufficiency (FSS) program. The measure’s requirement that participants be in the FSS program should be deleted, as only Federal Public Housing and Section 8 tenants are eligible for the program.
3. There is currently no HPHA statute establishing an FSS-style/fund matching program for State Public Housing. There is only the Federal FSS program under 42 U.S.C. 1437u and 24 CFR Part 984, which is very different than what this bill proposes. The Federal FSS does not provide for matching, as this bill proposes. 24 CFR 984.305(a) also requires PHAs to deposit FSS tenants’ funds into a single depository account in one or more of the HUD-approved investments. This bill is concerning as it turns HPHA into a financial institution/bank for tenants, where HPHA holds the funds, unlike the FSS program. HPHA is not set up to act as a bank. Therefore, this measure should include a section providing the establishment of a “Family Self-Sufficiency Program for State Public Housing” that details the requirements of the program, how to participate in the program, termination, fund matching, etc.
4. As written, the measure states that “the authority shall require an eligible applicant who rents the dwelling unit” to establish a trust account and to participate in the Family Self-Sufficiency program. Does this mean that if an eligible applicant does not agree to the terms, they have forfeited their ability to receive public housing? This contrasts greatly with the Federal FSS program, which allows tenants to voluntarily opt-in rather than mandate participation.
5. The proposed bill does not provide a period allotment in which a tenant may participate in the trust account program. Does this mean that once a participant, a tenant household may receive trust fund benefits until tenancy termination under HRS section 356D-42(b) applies? Such a program would put severe strain on the HPHA’s abilities to be self-sustaining. Additionally, maintaining trust accounts for every family would increase the HPHA’s short term and long term liabilities thereby requiring permanent appropriation by the State to offset the debt on the HPHA’s Statement of Net Position.
6. As written, the proposed bill states that “the authority shall release to the tenant the moneys contained in the tenant’s trust account and shall require the tenant to spend all the moneys on purchases related to housing” once the tenant voluntarily vacates. If the amount earned in the trust account is never enough to be self-sustaining outside of public housing, would the tenant who vacated be allowed back into public housing, and would the money remain with the participant or need to be returned to the HPHA? If a tenant never leaves public housing, would the funds revert back to the HPHA upon the death of the tenant?
7. Currently, the HPHA’s contract with the City and County of Honolulu to run the FSS program has an annual budget of \$284,150, which covers a total of approximately 100 participants. Non elderly and disabled housing accounts for approximately 900

individuals in 288 units and hence there will be a yearly need for approximately \$2.6M to administer this requirement.

8. The proposed bill also states that “no tenant subject to this section who is evicted from the tenant’s unit for cause by the authority shall be eligible to receive any matching funds pursuant to subsection (e)”. Is the tenants account affected upon eviction? If so, how? Are there additional penalties for a tenant who is evicted, but has benefitted from the minimum rent during their tenancy?
9. Proposed new HRS subsection (d)(2) may conflict with existing HRS section 356D-43(a). Subsection (d)(2) states that the “minimum rent for the tenant shall remain the same during the entire period the tenant occupies the unit” whereas HRS section 356D-43(a) states that the HPHA shall fix rates that “will produce revenues that will be sufficient to pay all expenses of management, operation, and maintenance, including the cost of insurance, a proportionate share o the administrative expenses of the authority to be fixed by it, and the costs of repairs, equipment, and improvements, to the end that the state low-income housing projects shall be and always remain self-supporting.” The proposed set minimum rate for the entire period of occupancy will not be self-supporting for the State Public Housing Program.

The HPHA suggests that this section be amended from “shall remain the same” to “may remain the same” to avoid consequently having the elderly and disabled (who are not participating in the program) left to pay higher rent to cover the loss of rent revenue. Alternatively, the HPHA requests the Legislature fund a permanent operating subsidy for the State public housing programs.

10. In addition to the establishment of positions to manage the funds of the trust accounts, additional funding will be necessary for maintenance and repair of the units. An additional subsidy will also be necessary to provide the matching funds.

The HPHA appreciates and supports the intent of Part III of the measure to terminate the tenancy of the last original household member. However, the HPHA has concerns that the measure could have the unintended consequence of displacing an elderly family member who was not part of the original household. As an example, if an adult child is the only remaining household member adds his/her grandparent into the unit and subsequently passes on, the elderly grandparent would not be allowed to retain the unit.

The HPHA welcomes the opportunity to work with the Committee to address these questions and significant concerns to further develop the proposed program to achieve the best outcome to benefit the most vulnerable of our population.

The HPHA appreciates the opportunity to provide the House Committee on Housing with the HPHA’s comments regarding HB 868. We thank you very much for your dedicated support.