

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF
BOARD OF DIRECTORS MEETING
1002 North School Street, Building A
Honolulu, Hawaii 96817
Thursday, May 16, 2024
9:00 a.m.**

AMENDED AGENDA

**THIS MEETING WILL BE HELD VIA ZOOM (INTERACTIVE AUDIO VISUAL
CONFERENCE TECHNOLOGY) OR TELECONFERENCE CALL (AUDIO-ONLY
COMMUNICATION) AND AT 1002 NORTH SCHOOL STREET, BUILDING A,
HONOLULU, HI 96817**

Viewing/Participating in the Meeting:

Zoom: The public may participate in the Board meeting as it happens via Zoom (a free video conferencing service to hold virtual meetings online) by clicking on this link: <https://zoom.us/j/81665510246?pwd=NHlyWkVKYkw1Y3puRlFOZzFmYTNXUT09>
When prompted, enter the Meeting ID: 816 6551 0246 and the Password: x71pPw

Alternatively, the public may also participate via telephone by calling: 1-669-900-6833. When prompted, callers should enter the Meeting ID: 816 6551 0246 and the Password: 771231. We request that meeting participants change the display on their device to show their first and last name to expedite rollcall. Please keep in mind that many devices will display your cellphone number if not changed.

If the Hawaii Public Housing Authority (HPHA) loses internet or Zoom connection during the meeting where audiovisual communication cannot be maintained with all participating Board members and quorum is lost, the meeting will automatically be recessed for 30 minutes to restore audiovisual communication. **Audio-Only Communication:** If the attempt to restore audiovisual communication is unsuccessful, all Board members, staff, the public may continue to participate in the Board meeting via teleconference call by calling 1-862-799-9759, whereby audio-only communication will be established for all participants and the meeting will continue. When prompted, callers outside of the United States should enter the Access Code: 8232649.

Physical Meeting Location:

The public may also attend the meeting at 1002 North School Street, Building A, Honolulu, HI 96817, which will be connected via Zoom to the remote meeting. At this time, no Board members are scheduled to be physically present at this location.

Providing/Submitting Testimony – Written, Oral, Audiovisual:

Interested persons can submit written testimony in advance of each meeting that will be distributed to the Board members prior to the meeting. Submit written testimony via email to rochelle.k.kepaa@hawaii.gov or via postal mail to the Hawaii Public Housing Authority at P.O. Box 17907, Honolulu, HI 96817. We request written testimony be submitted no later than 48 hours prior to the scheduled meeting to ensure that the testimony may be distributed to the Board prior to the meeting. Late written testimony will be distributed to the Board at the meeting and retained as part of the record and distributed to the Board members as soon as practicable, but we cannot ensure they will receive it with sufficient time for review prior to decision-making on the agenda item in question.

The Board will also consider public testimony given at the meeting on any item relevant to this agenda. Pursuant to Section 92-3, Hawaii Revised Statutes, and Section 17-2000-18, Hawaii Administrative Rules, the Board may limit public testimony to three minutes per agenda item.

Individuals may submit oral testimony during the meeting by sending an email request to rochelle.k.kepaa@hawaii.gov no later than Tuesday, May 14, 2024, or by using the “Raise Hand” feature in Zoom, or by simply announcing/identifying themselves and the item they want to testify about during the public testimony portion of the meeting. Individuals may also provide audiovisual oral testimony by using the “Raise Hand” feature in Zoom, clicking the “Unmute” icon to talk, and clicking the “Start Video” icon to turn camera on.

Executive Session: If or when the Board of Directors enter executive session, all non-Board members will be moved to the virtual waiting room by the HPHA. Individuals are welcome to wait in the virtual waiting room and will be readmitted to the meeting at the end of the executive session.

I. CALL TO ORDER/ESTABLISHING QUORUM

II. PUBLIC TESTIMONY

Public testimony on any item relevant to this agenda may be taken at this time, or a testifier may wait to testify at the time the agenda item is called for discussion. Pursuant to Section 92-3, Hawaii Revised Statutes, and Section 17-2000-18, Hawaii Administrative Rules, the Board may limit public testimony to three minutes per agenda item.

III. APPROVAL OF MINUTES

Regular Meeting Minutes, April 4, 2024

IV. DISCUSSION AND/OR DECISION MAKING

- A. To Approve Property Specific Utility Allowance Rates Provided by National Facility Consultants, Inc. for the Fiscal Year July 1, 2024 to June 30, 2025, for the Federal Low-Income Public Housing Program and to Authorize the Executive Director to Take All Actions Necessary, Including Accepting Resident Comments, to Implement the Utility Allowance Rates Effective July 1, 2024
- B. To Adopt the 2024 Utility Allowance Rates for the Hawaii Public Housing Authority's (HPHA) Section 8 Housing Choice Voucher Section 8 Program to Cover the Period from July 1, 2024 to June 30, 2025; and to Authorize the Executive Director to Undertake All Actions Necessary to Implement the Utility Allowance Rates Effective July 1, 2024
- C. To **(1)** Adopt Proposed Amendments to Chapter 8 of the Hawaii Public Housing Authority's Administrative Plan to (a) Reflect the Replacement of the Housing Quality Standards by the U.S. Department of Housing and Urban Development with the National Standards for the Physical Inspection of Real Estate (NSPIRE); (b) Revise the Inspection Performance Standards and the Procedures for Conducting Inspections Described in the Administrative Plan to Comply With NSPIRE; (c) Revise Any References to Chapter 8 or Housing Quality Standards Throughout the Administrative Plan to NSPIRE and **(2)** Authorize the Executive Director to Take All Actions Necessary to Implement the Proposed Amendments, Including Distributing Information to the Resident Advisory Board and All Residents and Landlords Participating in the Housing Choice Voucher Program
- D. Presentation by Highridge Costa Regarding a Status Update of the Predevelopment and Development Achievements Related to the Ka Lei Momi Redevelopment Project and the Redevelopment of the Hawaii Public Housing Authority's (HPHA) Public Housing Portfolio to Build an Additional 10,000 Housing Units at the Nine Targeted Properties (Six (6) on Oahu; one (1) on Hawaii; one (1) on Kauai; and one (1) on Maui)
- (The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this motion.)
- E. To Authorize the Executive Director to Undertake All Actions Necessary to Create Special Purpose Legal Entities for Hawaii Public Housing Authority (HPHA) to Participate in the Partnerships Associated with Redevelopments Located at the Following Sites: School Street Campus (TMK Nos. (1) 1-6-009:011; (1) 1-6-009:012); Kuhio Park Terrace Low Rise and Kuhio Homes (TMK Nos. (1) 1-3-039:008; (1) 1-3-039:006; (1) 1-

3-039:003); and All Ka Lei Momi Properties Including Mayor Wright Homes (TMK No. (1) 1-7-029:003), Puuwai Momi (TMK No. (1) 9-9-003:056), Kaahumanu Homes (TMK No. (1) 1-5-024:001), Kamehameha Homes (TMK No. (1) 1-5-001:001), Hale Laulima (TMK No. (1) 9-7-094:025), Nanakuli Homes (TMK No. (1) 1-8-7-034:004), Lanakila Homes (TMK No. (3) 2-4-028:007), Kahekili Terrace (TMK Nos. (2) 3-4-033:023; (2) 3-4-017:146), Kapaa (TMK Nos. (4) 4-5-015:007; (4) 4-5-015:038; (4) 4-5-015:042) (Together “Redevelopment Sites”)

(The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board’s attorneys on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities related to this motion.)

- F. To **(1)** Approve the Pre-Development Budget and Additional HPHA Redevelopment Funding Relating to Phase 1 of Kuhio Park Terrace Low Rise and Kuhio Homes (“KPT Homes”) (TMK Nos. 1-3-039:008; 1-3-039:006; 1-3-039:003); and **(2)** Authorize the Executive Director to Undertake All Actions Necessary to Implement a Loan to the Michaels Development Company for Pre-Closing Costs

(The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board’s attorneys on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities related to this motion.)

- G To **(1)** Approve the Pre-Development Budget and HPHA Funding Relating to Multi-Phase and Phase 1 Work for the Mayor Wright Homes Redevelopment (TMK No. 1-7-029:003); and **(2)** Authorize the Executive Director to Undertake All Actions Necessary to Implement Loans to HCDC Mayor Wright LLC, or its Affiliates, for Multi-Phase Costs and Phase-Related Predevelopment Costs

(The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board’s attorneys on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities related to this motion.)

V. REPORTS

- A. Executive Director’s Report:

Monthly reports are included in the Board packet. Meeting updates will include the following:

- 2024 legislative activities that affected the HPHA. This included HB 1800, HD1, SD1, CD1, and Highlights of the HPHA's Supplemental Budget includes the following \$25,800,000 for Capital Improvement Projects, \$10,500,000 to rehabilitate, remodel, renovate, and repair public housing units, and \$2,556,815 for the State Rent Supplement Program.
- Public Housing Occupancy and Program Updates
- Section 8 Subsidy Programs Lease-up Rates

The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities.

The Board agenda and packet materials for this meeting are available for inspection on the HPHA's website: <https://hpha.hawaii.gov/meeting-packets> and are available for in person review at the Board's office located at 1002 North School Street, Building E, Honolulu, HI 96817.

If you need an auxiliary aid/service or other accommodation due to a disability, contact Ms. Kanoe Kepaa by telephone at (808) 832-4694 or by email at rochelle.k.kepaa@hawaii.gov as soon as possible, preferably by close of business three days prior to the meeting date. Requests should be made as early as possible to have a greater likelihood of being fulfilled. If a response is received after Tuesday, May 14, 2024, we will try to obtain the auxiliary aid/service or accommodation, but we cannot guarantee that the request will be fulfilled. Upon request, this notice is available in alternate/accessible formats.

HAWAII PUBLIC HOUSING AUTHORITY
MINUTES OF THE REGULAR MEETING
HELD AT 1002 NORTH SCHOOL STREET, BUILDING A
HONOLULU, HAWAII 96817
ON THURSDAY, APRIL 4, 2024
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority held their Regular Board Meeting at 1002 North School Street, on Thursday, April 4, 2024. The Board meeting was conducted by video conference via Zoom.

The public was able to participate in the meeting via Zoom or telephone by calling in. The meeting was also open to the public for in person participation at 1002 N. School Street, Building A, Honolulu, HI 96817. No Board members were physically present at this location. It was announced that if the HPHA lost internet or Zoom connection during the meeting, the meeting would be recessed and reconvened pursuant to instructions in the posted agenda.

Chairperson Hall stated that Board would accept public testimony on any item relevant to the agenda during the public testimony portion of the meeting and at the time the agenda item is called for discussion.

At approximately 9:07 a.m., Chairperson Hall called the meeting to order, held a roll call, and declared a quorum present. Those present were as follows:

PRESENT: Director Robert Hall, Chairperson
(Via Zoom) Director George De Mello, Vice Chairperson
Director Leilani Pulmano
Director Scott Glenn
Designee Joseph Campos
Director Roy Katsuda
Director Betty Lou Larson
Director Christyl Nagao

Deputy Attorney General Linda Chow
Deputy Attorney General Chase Suzumoto

EXCUSED: Director Susan Kunz
Director Todd Taniguchi

STAFF PRESENT: Hakim Ouansafi, Executive Director
(Via Zoom) Benjamin Park, Chief Planner
Carson Schultz, Housing Development Specialist
Nicolas Ayabe, Housing Planner
Andrew Tang, Housing Planner

Bennett Liu, Chief Financial Officer
Rick Sogawa, Contracts and Procurement Officer
Ryan Akamine, Chief Compliance Officer
Shirley Befitel, Human Resources Supervisor
Gary Nakatsu, Section 8
Keng Wei Chang, Systems Analyst
Dallis Ontiveros, Housing Information Officer
Angela Nabua, Secretary
Kanoë Kepaa, Secretary

OTHERS PRESENT (via Zoom/teleconference):

Chico Figueiredo, Office of the Governor
Tami Whitney, Office of the Governor
Megan Glasheen, Reno & Cavanaugh Law Firm
Moe Mohanna, Highridge Costa
Monte Heaton, Highridge Costa
Brian Suess, Highridge Costa
Chris Deuchar, Highridge Costa
Scott Jepsen, EJP Consulting Group
Faith Quintua, Senator Stanley Chang's Office

Public Testimony

Individuals were allowed to submit written testimony no later than 48 hours prior to the scheduled meeting, which would be distributed to the Board members. The public was instructed to submit written testimony via email to rochelle.k.kepaa@hawaii.gov or by U.S. mail to P.O. Box 17907, Honolulu, HI 96817. The public was also allowed to participate via Zoom or teleconference by using the "Raise Hand" feature in Zoom, or by simply announcing/identifying themselves and the item they want to testify about during the public testimony portion of the meeting. Individuals were also allowed to provide audiovisual oral testimony by using the "Raise Hand" feature in Zoom, clicking the "Unmute" icon to talk, and clicking the "Start Video" icon to turn the camera on.

Chairperson Hall stated that the Board would accept public testimony on any item relevant to the agenda at this time or at the time the agenda item is called for discussion. Pursuant to section 92-3, Hawaii Revised Statutes, and section 17-2000-18, Hawaii Administrative Rules, the Board may limit public testimony to three minutes per agenda item.

There was no public testimony submitted or given.

Approval of Minutes

Director Campos moved,

To Approve the Regular Meeting Minutes of March 21, 2024

Chairperson Hall stated that the Board would accept public testimony on this item. No public testimony was given.

The minutes were approved as presented.

Discussion and Decision Making

Director Glenn moved,

(1) Approve the Disposition and Development Agreement, Ground Lease, Memorandum of Ground Lease, Purchase Option and Right of First Refusal, Subdevelopment Fee Agreement, Asset Management Fee Agreement, HPHA Property Management Fee Agreement and Performance and Completion Guaranty for the School Street Redevelopment Project Phase 1A located at 1002 North School Street, Honolulu, Hawai'i 96817, Tax Map Key No. (1) 1-6-009-003; (2) Authorize the Executive Director to Make Minimal or Ministerial Changes to the School Street Redevelopment Phase 1A Documents in Consultation with HPHA's Attorneys and Consultants and to Execute the Documents When Finalized; and (3) Authorize the Executive Director to Execute Other Related Documents Such as Title Affidavits and Estoppel Certificates in Consultation with HPHA's Attorneys and Consultants.

Chairperson Hall stated that the Board would accept public testimony on this item. No public testimony was given.

Executive Director Ouansafi reported that on November 15, 2019, Hawaii Public Housing Authority (HPHA) and RHF Foundation, Inc., entered into a Master Development Agreement to develop School Street, to accommodate (800) residential rental units, HPHA's offices and approximately ten thousand (10,000) square feet of commercial/retail space.

Exactly 4 years later, on November 16, 2023, the Board authorized the assignment of the Master Development Agreement (MDA) to Highridge Costa but refer to them as HCDC which calls for RHF to assign and HCDC to assume RHF rights and interests in, to and under the MDA (the "RHF Assignment").

This Project was awarded financing which pertains to the first phase consisting of 250 units.

1. \$ 85,152,621 Tax Exempt Issuance from Hula Mae Multi-Family (HMMF) Bond Program
2. \$ 6,131,601 in Federal LIHTC over a 10-year period and \$ 6,131,601 in State LIHTC over a 5-year period

3. \$ 67,860,277 Rental Housing Revolving Loan Fund (RHRF) loan

Executive Director Ouansafi explained that the For Action being presented contained many legal documents and requested that both Deputy Attorney General Linda Chow and Specialized Counsel Megan Glasheen from Washington, DC continue the discussion since they did the extensive work on these documents.

Ms. Glasheen began with an overview of all the documents. She explained that the Master Agreement serves as a “big picture” document for the entire redevelopment. The project is happening in phases and each phase will have a Disposition and Development Agreement.

The Disposition and Development Agreement (DDA) focuses on the specifics of the project and outlines the business terms. The document is similar to a Purchase and Sale Agreement and extinguishes at closing. Normally, the DDA would have been brought to the Board for approval sooner, but for a variety of reasons it wasn't.

Ms. Glasheen informed the Board that the legal team is working to create a set of documents with the same format that HPHA can use for all its redevelopment projects. The Board will see the business terms change, but the idea is to keep it as uniformed as possible for ease of review and implementation.

The Ground Lease is the long-term document between the HPHA and the owner. This document obligates the owner to operate the site as affordable housing. It requires the owner to comply with the tax credit convenience, and with the HPHA covenant which requires the property to be used for affordable housing. In the event of a foreclosure on the LIHTC side there is still protection that the property will be used for affordable housing purposes. It also requires the owner to keep the project up to certain standards.

The Memorandum of Ground Lease is a simple document that gets recorded and puts the public on notice that the lease exists. The lease itself does not get recorded. It summarizes key aspects of the lease for people researching the public records of the property.

The Purchase Option and Right of First Refusal Agreement is the agreement by which the HPHA has the right to at the end of the tax credit compliance period to either purchase the project or purchase the partnership interest in the project to maintain the affordability convenience and to have closer control of the property.

The Right of First Refusal is set at the statutory minimum. There is special provision in the tax credit code that allows non-profits and public agencies to exercise their right of first refusal and pay a more favorable amount for the property than someone else.

The Subdevelopment Fee Agreement relates to the HPHA's portion of developer fee. In this transaction HPHA and Highridge Costa have agreed to split the developer fee 50/50

and the HPHA receives its share of the developer fee at the same time as Highridge Costa.

The Asset Management Fee Agreement and the Property Management Fee Agreement have to do with operations and HPHA's role once the project is complete and operating. It also reflects the oversight that HPHA will be doing and fees the owner will pay HPHA for the oversight. Each of these documents have different fee structures. The Asset Management Fee Agreement is a hard amount, but if not paid it accrues over time and earns interest. The Property Management Fee Agreement is based on a percentage and does not accrue if unpaid. Highridge Costa has similar fees and the exact same features.

The Performance and Completion Guaranty is exactly what it sounds like. Highridge Costa creates a single asset entity to serve as the owner of these projects and there is a Performance and Completion Guaranty to the extent that if for some reason the partnership does not complete Highridge Costa would step in and complete the project.

Ms. Glasheen completed the overview of the documents and provided more detail for the Board Members.

Ms. Glasheen explained that the Disposition and Development Agreement (DDA) capsulizes the specifics around the transaction and outlines the broader business deal which then gets reflected in the other documents. The following are some of the main points covered in the DDA:

- 1) Number of Units – The project will have two hundred fifty (250) units. (249 affordable units and 1 manager's unit).
- 2) Parties' Responsibilities – For example, it obligates the developer to get all the required land entitlements necessary to develop the property, to obtain financing, and to bring in tax credit investors.
- 3) Budget – It requires HPHA and the developer to agree on a budget which cannot be changed unless approved by the HPHA.
- 4) Affordability Requirements – It states that the property is to be used for households with incomes of 60% AMI and lower. This is for the term of the ground lease.

Ms. Glasheen mentioned that the terms in the DDA and the Ground Lease need to be reconciled because the term of the Ground Lease was changed to 65 and not 75. That change was not revised in the documents sent to the Board Members.

- 5) Reimbursements – Both HPHA and Highridge Costa will be reimbursed for their share of predevelopment cost at closing including a percentage of legal and consulting costs.
- 6) Ground Lease Payments – There were two options proposed at the time this document was being developed, 1) Provide a note for the value of the

- property that would be paid back subject to cash flow (not the selected choice), or 2) annual rent which has not been determined but will be based on a fair market value appraisal (selected option).
- 7) Due Diligence – Provides the developer time to conduct due diligence.
 - 8) Financing Plan – Requires the developer to come up with a financing plan that the HPHA approves.
 - 9) Sustainability Plan – Requires the developer to come up with a sustainability plan that the HPHA approves.
 - 10) Outline of Documents Needed for Closing – Tax Credit Allocation, Environmental Reviews, etc.
 - 11) Conditions for Closing –
 - a. There cannot be any default or disagreement.
 - b. The HPHA would have had to have seen the construction contract and approved it.
 - c. All permits and approvals from government agencies need to be in place.
 - d. The developer would need to provide certifications to the HPHA that they designed the project in a way that is consistent with the Master Plan that they agreed to as part of the Master Development Agreement.
 - e. Provide evidence that they complied with accessibility requirements in the design of the project.
 - f. That they have financing commitments.
 - g. Agree to the recording order which is important to know who has what right with respect to the property.
 - h. That they have an equity investor.
 - i. Establish with other partners, what environmental measures need to be considered when operating the property.
 - j. The HPHA has approved the property management plan and property management agreement.
 - k. The developer has provided a guarantee to the HPHA.
 - l. That HPHA has approved the partnership agreement that the developer has with the tax credit investor.
 - m. That HPHA has received a purchase option and right of first refusal.
 - n. That the developer has complied with all laws and provides evidence of selection of third-party contractors in accordance with the Master Development Agreement.
 - o. Both parties have agreed to a ground lease payment.
 - 12) Predevelopment Cost Sharing – (Footnote) The HPHA has advanced 100% of the cost related to the relocation of Building M versus the 50/50 split of predevelopment cost as a general agreement and HPHA will be reimbursed at closing.
 - 13) Fee Interest – The HPHA at no point will subordinate its fee interest in the project to any lender or investor.

- 14) Developer Fee – 50/50 split between the HPHA and HCDC. The DDA sets the stage, but because it does not survive closing the Subdevelopment Fee Agreement is in place.
- 15) Asset Management Fee – Both the HPHA and HCDC are entitled to a \$7,500 annual asset management fee. This fee accrues interest if unpaid.
- 16) Property Management Oversight Fee – Both the HPHA and HCDC have a similar fee and they receive it on a 50/50 basis equal to 2% of the effective gross income.
- 17) Bonds – HPHA requires that the developer have 100% construction performance and payment bonds.
- 18) Non-Discrimination Requirements; Equal Opportunity; Prevailing Wages.
- 19) Hazardous Materials – Hazardous materials are not allowed on the site.
- 20) Operating Budgets – HPHA will be allowed to review operating budgets for the project which is important for its asset management responsibilities.
- 21) Sale or Refinancing – In the event of a sale or refinance, 45% of the net proceeds after priority payments like broker fees shall be allocated to the HPHA.
- 22) Termination Provisions; and Events of Default.

Ms. Glasheen stopped to answer any questions the Board Members had on the Disposition and Development Agreement.

Director Pulmano thanked Ms. Glasheen for her summary. She also stated that there was mention that in the Development Agreement, typically there would be some provisions that would be part of the Purchase and Sale Agreement. Going forward, will HPHA be seeing two (2) separate documents if the timing worked out.

Ms. Glasheen explained that it would only be the DDA. There were things that she skipped over in the DDA like the Condition of Title which you typically see in a Purchase and Sale Agreement, so things you normally see in a Purchase and Sale Agreement are in the DDA. Due to various circumstances, the approval is being done now versus say a year ago. Moving forward, the ideal would be to present the Board with the DDA prior to the closing document meeting.

Director Pulmano clarified that the closing document meeting would not include the approval of the DDA, but all the other corresponding documents.

Ms. Glasheen confirmed.

Director Pulmano asked if the rents were based on appraisal, how would that be calculated and when would that take place.

Executive Director Ouansafi reported that the idea is to use the fair market value of the land as a basis and try to collect whatever amount HPHA can to make sure the property has enough funds to run. Any unpaid amounts will accrue interest. In other words, an increase in equity. An appraised land value has been established, but it is still going

through the process with the lenders and investors. The value is agreeable to both HPHA and HCDC and it has been accounted for on an accrual basis.

Director Pulmano clarified that it's not based on fair market rents, but the appraised value that provides land value that will underwrite.

Ms. Glasheen stated that they were looking at it at two (2) different ways. The way Executive Director Ouansafi described or having an appraised value set at what an appraised rent would be for the property versus the overall value of the property or fee simple interest.

Director Pulmano asked if that was based on cash flow or market rents. Is the appraisal based on highest and best use or on the performance of the building.

Deputy Attorney General Chow stated it would generally be based on highest and best use.

Director Pulmano asked for an explanation of the Cash Flow Waterfall exhibit.

Mr. Jepsen reported that in any of these deals there are operating expenses and income and whatever is leftover is net operating income which first goes to pay debit. This project will have a bank loan or mortgage, so that is the first thing that comes out of net operating income or cash flow. After that, the remaining cash is referred to as "soft cash" and that's what the Waterfall addresses. Once the mortgage is paid, anything left gets distributed in the following order:

- 1) To the Federal and State LP in the amount of any unpaid LIHTC adjusters, LP loans or other amounts due the LP – The first is to any credit adjusters or limited partner loans due to the investor. If the investor puts more money into the project or the developer fails to perform on time, and they suffer any tax credit adjusters those get made up as a first priority in the Waterfall.

Director Pulmano asked if Mr. Jepsen was referring to a mezzanine loan.

Mr. Mohanna reported that it was not a mezzanine loan. He explained it by stating the following: In a tax credit partnership there are multiple reasons why sometimes a developer and/or limited partner(s) must put money in. If there are cost overruns beyond what the fixed allocations are, if there are operating deficits, or if there are tax credit adjusters. Any instance that money must be put in over and above to maintain the project completion, or the project operated and maintained at the required level for any reason (tax credit issues/adjusters) that becomes a loan that must be repaid out of cash flow. That allows project completion and allows operating deficit coverage. It's no different from an owner stepping in and saying the property is not performing we're putting in the money, but as a result we're getting it back from the cash flow. Call it a partner loan that must be repaid. It's not a mezzanine loan and it's not secured.

Director Pulmano wanted to clarify that the loan was unsecured.

Mr. Mohanna stated that it is secured to the partnership interest by default if the partner puts it in. It gets secured, but it's not a foreclosable loan. It's simply secured against the available cash flow.

Mr. Jepson continued:

- 2) To Pay Asset Management Fees to the Special LP – This relates to both the Federal and State Tax Credit Investors earning an asset management fee on an annual basis. The Federal Investor earns \$7,500/year with a 3% annual increase and the State Investor earns \$2,500/year with a 3% annual increase. Compensating the investor for doing the work they need to oversee the property on an annual basis.
- 3) To pay the Partnership Management Fee to the GP – Both HPHA and HCDC will also be earning an asset management fee. The fee will be \$7,500/year with a 3% annual increase. Each party gets paid pro rata.

Executive Director Ouansafi reported that the lenders and investors for this project is First Hawaiian Bank, RBC, and Citi.

Mr. Jepson continued:

- 4) To replenish the Operating Reserve up to original balance – There will be an Operating Reserve established to cushion any unexpected shortfalls. The mortgage and any expenses will still need to get paid. The reserve will have six (6) months of operating expenses. If any cash is withdrawn from this account, it is fourth in line to be reimbursed so that the funds are available, if needed.
- 5) To repay the Deferred Developer Fee until paid in full – There will be Deferred Developer Fees shared equally between HPHA and HCDC. This needs to be paid back by the end of the compliance period or by year fifteen (15), so that the investors do not suffer any tax consequences.
- 6) To pay a non-cumulative Property Management Oversight Fee to the GP and Authority – There will be a 2% Property Management Oversight Fee which will be split 50/50 between HPHA and HCDC.
- 7) To repay any GP or Developer Loans – If the property has any challenges operationally, cash flow, etc. and they must come out of pocket and put money into the project they would get reimbursed.
- 8) Of the remaining balance:
 - (a) 75% of any remaining cash flow will be used to repay the RHRF loan to HHFDC until paid in full, and then;
 - (b) 25% of the remaining cash flow after payment of 8)(a), to pay the current and accrued base rent due on the annual Ground Lease payment to HPHA.
- 9) Of the remaining balance:

- (i) 45% to the GP as Incentive Management Fee. Paid to HCDC.
- (ii) 45% to pay the current and accrued base rent due on the annual Ground Lease payment. Paid to HPHA.

Mr. Jepsen reported that there are actually two (2) opportunities where HPHA would be collecting on its ground lease payment, under number 8, the 25% of the remaining and number 9, the 45% of remaining.

- 10) Of the remaining balance:
 - (i) 0.01% to the GP
 - (ii) 0.001% to the Special LP
 - (iii) 1% to the State LP
 - (iv) 98.989% to the Federal LP

Mr. Jepsen stated that this is just distributing the final minutia of cash at the very bottom.

Mr. Jepsen informed Mr. Mohanna that a correction to (10)(ii) in the Cash Flow Waterfall exhibit needs to be changed from Special LP to LP.

Director Pulmano asked if there is any opportunity once you get to numbers 8, 9, and 10 does it underwrite where there would be cash flow that flows to numbers 9 and 10.

Mr. Jepsen reported that there is a sixty (60) year cash flow projection and assuming there are no GP or developer loans made and assuming there are no equity adjusters, or any loans made by the Federal or State LP, there is a cash flow projection amount that HPHA will potentially receive if we agree with these numbers. It is difficult to project 60 years out, but there is cash that trickles all the way to the bottom of this Waterfall.

Mr. Mohanna acknowledged that a lot of detail was presented to Board and wanted to summarize the information so that everyone could feel a little bit better about the first fifteen (15) years versus a trickled down effect. As it was explained, operating expenses, mortgage payment, and asset management fees are paid. Under HHFDC, 100% of cash is allowed to repay the deferred developer fee. The first 10-15 years the cash is being split between the HPHA and Highridge Costa. It is labeled under the Developer Fee, but at the end it is a significant portion of cash. Once that is addressed, to address any tax consequences because it must be paid within the first fifteen (15) years, then you start seeing 75% of that cash flow going to the State. Keeping in mind, 75% is a large percentage, giving us a very large loan at a very low interest rate, hence, making this possible. Then finally, going down to the lease payments, but at that time the Developer Fee has been paid, substantial cash flow came, you have an increase in rents over a 15-18-year period when everything is paid, so there is some substance coming in there, but that's how you balance it. You don't look at it from the cash flow at the beginning, but where you start sharing in the pockets.

Mr. Jepsen stated that Mr. Mohanna made a good point that right now because of the substantial amount of deferred fee we won't get passed number 5 in the Waterfall until year 16.

Executive Director Ouansafi stated that the idea is, as Director Pulmano stated earlier, by the time we get to those numbers 7 and 8 in the Waterfall there is not going to be a lot of money trickling down.

Mr. Mohanna commented on the earlier discussion of lease payments and land value by stating that the value is not in the land today. The value is that you created a development worth \$150 million and the ownership of that land by HPHA is not subordinated to anything. In his opinion, whether the value today is \$5 million or \$15 million, the value that HPHA receives is owning a property that ultimately reverts to HPHA worth a \$150 million the day it gets done and much, much more beyond that. That's the true value that the HPHA gets at the end of the lease. No other value is going to compare to that.

Director Pulmano asked Mr. Mohanna that in his opinion, in year fifteen (15) the rents are going to increase, what happens in year fifteen (15).

Mr. Mohanna explained that the rents increase every year as published by HUD. They remain affordable and restricted for the term of the lease. It shifts whatever published HUD income increases, in turn it's published by HHFDC for rent. Those are the allowed increases yearly, but there is no reversion to market rent at year 15. There is a land use regulatory agreement by the state for the tax credit that keeps it restricted for 55 or 60 years and then the agreement with the HPHA also keeps it restricted for 65 years. Only rent increases as published by the AMI, but the affordability levels remain effective.

Executive Director Ouansafi added that this was vacant land near HPHA offices and not like Ka Lei Momi properties where there is public housing and others using 30%. This is strictly a LIHTC transaction.

Director Pulmano asked if that was why there was a provision about relocating Building M.

Executive Director Ouansafi confirmed and reported that the relocation of Building M has already been completed, so construction can begin in that area.

Director Larson noticed that there was a Surrender Clause at the end of the sixty-five (65) year lease, so that the building and everything comes back (page 289). She questioned, would we want to buy or exercise that right of first refusal. It wasn't clear to her with debt, taxes, and fair market value, there were different ways that you could use that right of first refusal or the option to purchase.

Director Larson asked for an explanation on whether that would be something that HPHA would likely do or unlikely do. Of course, if there was a sale, then that would bring up the right of first refusal. Her concern was about making sure that the property stays affordable. She acknowledged the Ground Lease but wanted more information about this.

Ms. Glasheen reported that it is an option. Would HPHA want to do it, it depends. For some housing authorities it's very important to them. They know from day one (1) that they will exercise their purchase option as soon as they can because that is their goal. Others not so much. HPHA is preserving their option so that in fifteen (15) years they can decide. This is why we don't just provide an option for purchasing the actual improvements, but the interest in the partnership instead. Right now, there is an idea that HPHA would exercise its option, but that decision will be made when the time comes.

Mr. Mohanna reported that there are two (2) layers of agreements that restrict the affordability. The State regulatory agreement restricts affordability for fifty-five (55) years. Even if, HPHA sold the affordability at 100%, the AMI's remain for a minimum (55) year period from the date of completion. Executive Director Ouansafi is describing is what many affordable housing developers do. At year fifteen (15), the debt is paid down, and equity has been created, so they refinance to bring in funds to do a big refresh on the property, but the affordability period remains. There is a unique situation in some states where an acquisition rehab. This is where bonds are reissued and new federal credits are received, so there is additional money to put into the property and when that happens the State regulatory agreement renews for another fifty-five (55) year period. If that event happens in the second execution, it renews the entire affordability agreement again regardless of the housing affordability's lease.

Mr. Mohanna continued to state that for all intents and purposes, and for actual legal agreements, this property is basically affordable in perpetuity and no fifteen (15) year option is going to change that.

Director Larson stated that if there was a sale it would continue to be affordable and then at the end of the sixty-five (65) year lease everything, the building and the land would revert to HPHA and at that point they would own everything by surrender clause without owing anything. Of course, the hope is that the building is in good condition.

Mr. Mohanna stated that's the concept of the refinance is to bring in additional cash or this acquisition rehab which allows us to bring in state and federal credits to put even more money in. That's what HCDC does with our entire portfolio. At the end of the day, it is a lease and therefore under any circumstance the property reverts to the HPHA, but the affordability does not go away. You have two (2) agreements against the property that there is no way out of affordability.

Director Larson had an additional comment, she stated that when she started reading the document, she realized how much work went into it. She said it was an amazing

document and that she appreciated all the hard work. The legalese was a little difficult to understand, but she thanked everyone for the general explanation.

Mr. Mohanna agreed that it was also difficult for him too, so they were in good company.

Ms. Glasheen expressed her excitement to have the opportunity to do this work for HPHA. She said that this is an exciting project, and she was very happy about it.

Director Katsuda asked what would happen if HPHA chose not to receive the Developer Fees of \$7.5 million. Would that lower HPHA's development cost.

Mr. Jepsen explained that the Developer Fees are part basis that provide tax credits, so it would reduce the equity paid if we did not include a Developer Fee.

Mr. Mohanna clarified that Mr. Jepsen's comment on the eligible basis is correct, but when you receive eligible basis, and you defer your fee, as we are doing (50% of fee are being deferred), you actually use tax equity credit to reduce the need from any other state funds and at the same time you're not increasing cost because you're deferring it out of cash flow. It's a great way not to increase cost by deferring 50%.

Ms. Glasheen reported on the Ground Lease. As stated earlier, the legal team is trying to keep the documents consistent for HPHA, so it's the same basic format as the KPT Ground Lease. The idea is to keep everything as uniformed as possible. Despite its length it is very straightforward.

Ms. Glasheen reported on the main points of the Ground Lease:

- 1) HPHA is leasing the property to the owner.
- 2) HPHA is not required to provide services of any kind. Under this lease, it is the responsibility of the owner.
- 3) The construction of the improvements is the responsibility of the owner.
- 4) Restating what the project is: 250 units for people at 60% AMI and below.
- 5) The affordability covenant (discussed earlier)
- 6) Representations and Warranties
- 7) The term of 65 years
- 8) Base rent provision. Conceptually, the language is included and there is a blank for the number. If the base rent does not get paid, it accrues interest and is paid out of the Waterfall that was discussed earlier.
- 9) The owner is responsible for paying any taxes.
- 10) The owner must have insurance in place at all. It is a default if they do not.
- 11) The property is used consistently with the affordability requirements.
- 12) They comply with all laws.
- 13) They comply with all environmental laws, in particular.
- 14) They cannot sell the property without the permission of the HPHA.

- 15) There is an exception for the investor limited partner that they can transfer interest within itself because it is a basic financial mechanism needed to fund this project.
- 16) Gives the owner the right to mortgage the property, if the HPHA approves it.
- 17) HPHA will also be approving the mortgages being placed on the property as part of the financing.
- 18) HPHA also agrees, that if they issue any notices concerning violations or events of default that HPHA will also notify the leasehold mortgagees as well, so they can exercise any rights to protect their interest in the property.
- 19) Any leasehold mortgagee who would take the property would have to take the property subject to the affordability requirements.
- 20) Surrender provision – surrender at the HPHA’s option. In 65 years, if the property is not in a condition that is acceptable to HPHA, it would not be forced to do so.
- 21) There are provisions for what happens in the case of condemnation.
- 22) Events of default. The HPHA’s rights to terminate on events of default. Failure to comply with the Ground Lease.
- 23) Other types of standard provisions like bankruptcy filings.

Director Pulmano stated that in the Ground Lease it states that upon the sale, all the base rents shall be available. It states the earlier of, a) the sale of the project, or b) May. It should be a date, but it’s not clear what that date is.

After further discussion, Ms. Glasheen explained the blank would be the sixty-five (65) years and the date will be filled at closing.

Ms. Glasheen reported that the Memorandum of Ground Lease summarizes key aspects of the Ground Lease. It basically puts people on notice that this Ground Lease exists, so if someone was to research the record of the property, they will see that there is a lease.

Ms. Glasheen reported that the Purchase Option and Right of First Refusal Agreement provides HPHA the option to purchase the improvements and the building or the interest in the partnership, and the right of first refusal. The price under the option will be the debt plus taxes versus fair market value. It will be the great of the two options because the tax credit investor needs to be whole upon exiting the project.

Ms. Glasheen reported on the Subdevelopment Fee Agreement which brings forward the business agreement made in the DDA. The DDA does not exist anymore, so a document is needed to force the rights to a portion of the Development Agreement and that’s what this document does. It provides for HPHA to receive 50% of the developer fee along with HCDC. As mentioned earlier, part of it is deferred.

Ms. Glasheen reported on the Asset Management Fee Agreement which is needed to carry forward the \$7,500 annual asset management fee that was mentioned earlier.

Ms. Glasheen reported that the Property Management Agreement was the same as mentioned earlier.

Ms. Glasheen stated that in the Performance and Completion Guaranty the obligation is that the project is completed. As a Ground Lessor that is one of HPHA's interest. The owner is obligated to complete the project, but if for some reason they are unable to complete the project there is a provision that Highridge Costa will step in.

Director Pulmano asked when closing will take place.

Executive Director Ouansafi reported that the HHFDC confirmed that the information regarding the closing will be discussed at their Board meeting being held on May 9th.

Deputy Attorney General Chow clarified that May 9th is when the HHFDC Board will approve it and closing will be thereafter. The opinion is by the end of the month.

Chairperson Hall asked Executive Director Ouansafi if HHFDC is aware that all these documents are coming to them.

Executive Director Ouansafi confirmed that they are aware and have been involved with the discussions along with their attorneys. He also added that there are about fifty-five (55) participants, half of which are attorneys representing HPHA, HHFDC, Citi, First Hawaiian Bank, and RBC involved in weekly meetings.

Chairperson Hall stated that this process is somewhat unique to other type of state developments. Various agreements have been utilized before and some in combination with others to help HPHA keep the property affordable for the longest time possible. In the action itself, Parts (2) and (3), the Board grants the Executive Director authority to move forward, but Chairperson Hall would like to request (not as part of the For Action) that the Executive Director keep the Board informed in the ED Reports of specific things that are taking place as this transaction moves forward. Chairperson Hall believes it should be more about learning and understanding the process rather than just an approval.

Chairperson Hall acknowledged how the documents covered renovations and affordability. He thanked the whole team for their hard work on the redevelopment project.

Executive Director Ouansafi thanked the Development Team (Scott, Andrew, Carson), the amazing Megan Glasheen from Washington, D.C., Linda Chow, DAG, Klemen Urbanc, DAG, and Chase Suzumoto, DAG. He expressed that they did a tremendous amount of work, making sure that every single letter in the documents were reviewed and discussed with us and by us.

Executive Director Ouansafi thanked the Developers at Highridge Costa and their Partners. They also did a tremendous amount of work, but their direction has always

been one of how we can make this deal work, how can we execute on this, and how can we build it. That mindset made it easier to be able to come to a consensus on difficult questions and difficult decisions on both sides. He expressed that they have a fantastic team.

Chairperson Hall stated that Ka Lei Momi will put HPHA on a pedestal. HPHA will be watched, and we all realize that there may be things we are held accountable for but based on the Board's reaction...let's do this, let's get this done!

The motion was unanimously approved.

Director Larson moved,

To (1) Adopt Proposed Changes to the Hawaii Public Housing Authority's (HPHA) Administrative Plan, Chapters 4 and 11 to Align Them With the Proposed Amendments to Chapter 17-2031, Hawaii Administrative Rules (HAR), Which:

- (a) Eliminate the Local Preference Priority Tiers and Categories, but Retain the Local Preference for Persons Who Experienced or are Experiencing Homelessness; and**
- (b) Allow for the Admission of Families with Special Preferences, Without Consideration of the Waiting List Status and Provided There is Adequate Voucher Assistance Available. Families Qualifying for a Special Preference Include:**
 - (i) Federal Public Housing Families That Are Involuntarily Displaced for Reasons Such As (1) Public Housing Modernization Activities; or (2) an Emergency Where the Conditions of a Dwelling Unit, Building, or Project Pose an Immediate, Verifiable Threat to the Lives, Health, or Safety of the Family, and There Are No Public Housing Dwelling Units Available That Suit Their Needs;**
 - (ii) Federal Public Housing Families That Are Approved for a Transfer as a Reasonable Accommodation to a Dwelling Unit with Special Accessibility Features, but the Authority Does Not Have an Appropriate Dwelling Unit Within Its Inventory That Meets the Family's Needs, and the Family Has Waited Over One Year;**
 - (iii) Federal Public Housing Families That Include a Member Who Is a Victim of Domestic Violence, Dating Violence, Sexual Assault, Stalking, Reprisal, or a Hate Crime and Who Cannot Be Transferred Safely to Another Public Housing Dwelling Unit; and**
 - (iv) A Family That Was Previously Issued a Special Purpose Voucher and Experienced a Loss of Rental Assistance Because of Insufficient Funding or the Eligible Member of the**

**Family Exceeded the Maximum Allowable Age for the
Applicable Special Purpose Voucher; and
(2) Authorize the Executive Director to Take All Actions Necessary to
Implement the Proposed Amendments, Including Distributing Information
to the Resident Advisory Board and Residents Participating in the Housing
Choice Voucher Program**

Chairperson Hall stated that the Board would accept public testimony on this item. No public testimony was given.

Executive Director reported that the HPHA is proposing amendments to the HCV Program's Administrative Plan to align it with the proposed amendments to Chapter 17-2031, Hawaii Administrative Rules. The HAR amendments are detailed under Agenda Item c.

With the Chairperson's permission, Executive Director Ouansafi began to explain each item so it was clear how the next actions will help reduce the administrative burden and help HPHA provide more permanent housing to the most vulnerable people of our state.

The Board recently approved the Amended MTW Supplement for FY 2024 and the Annual PHA Plan for FY 2025. In the Amended MTW Supplement for FY 2024, the HPHA requested an MTW activity waiver to allow HPHA the option of performing reexaminations every two years. The HPHA received an approval letter from the United States Department of Housing and Urban Development (HUD) Honolulu Field Office for our Amended MTW Supplement on April 1, 2024. The proposed amendments to Chapter 11 of the Administrative Plan would change all references of "annual reexaminations" to "biennial reexaminations."

In the Annual PHA Plan for FY 2025, the HPHA notified HUD of its intent to amend its admission preference policies for the HCV Program. 24 CFR 982.207 permits public housing agencies to establish their own local preferences when providing rental assistance through their voucher programs.

Chapter 4 of the Administrative Plan is being amended to remove all local preference categories except for people who are experiencing or experienced homelessness within the last 12 months. With this proposal, HPHA is also following the lead of Governor Green's administration by prioritizing housing assistance for people who are most vulnerable to housing insecurity.

Executive Director Ouansafi also added that the last time the HCV wait list was opened, the HPHA only accepted applications from those who qualified for the homelessness preference, and we were able to completely fill the waiting list.

Although HPHA is simplifying this policy by removing applicant preferences for "*involuntary displaced families*" and "*VAWA victims*," the HPHA is not changing its definition of "*homelessness*" which is defined in the Administrative Plan as "the lack of a

fixed, regular, and adequate nighttime residence.” The HPHA has found that very often applicants that are involuntarily displaced or VAWA victims already meet the definition of homelessness and can qualify under the homelessness preference.

The second amendment to Chapter 4 will be to create special preferences that will allow the HPHA to admit certain families regardless of whether the waiting list is closed. Special preferences will be given to:

- (a) Federal public housing families that are involuntarily displaced for reasons such as relocation due to a modernization activity or an emergency where the conditions of the dwelling unit pose a threat to the family’s health and safety.
- (b) Federal public housing families approved for an RAR transfer, but the authority does not have an appropriate dwelling unit within its inventory, and the family has waited over one year.
- (c) Federal public housing families that include a VAWA victim and who cannot be transferred safely to another public housing dwelling unit;
- (d) Federal public housing families in an overcrowded unit, and the HPHA does not have an appropriately sized unit available; and
- (e) Families that previously had a special purpose voucher (SPV) but lost rental assistance because of insufficient funding or because the eligible family member exceeded the maximum age allowable for the SPV. Both the Family Unification Program (FUP) Vouchers and the Foster Youth to Independence (FYI) Vouchers have age limits of 24 years old. This would allow the HPHA to continue providing assistance to these families after they’re no longer eligible for the program they originally qualified for.

The Board may recall that the HPHA previously sought a Local, Non-Traditional MTW Waiver in its MTW Supplement for FY 2023 that would have allowed the HPHA to award vouchers to certain public housing families. However, in our subsequent meetings with the HUD MTW Office and the HUD Honolulu Field Office, we were informed that this could be done through Board-adopted policy. Other public housing agencies have adopted similar special preference policies.

Executive Director Ouansafi emphasize that these special preferences will allow vouchers to be immediately issued to our public housing families that become involuntarily displaced or have a VAWA victim. As such, we are not fully eliminating preferences for involuntarily displaced families or VAWA victims. We simply want to prioritize and have absolute certainty that families who we already assist and meet either of these criterium will be able to maintain housing stability for as long as we serve them.

Director Larson asked for an estimated number of special purpose vouchers being issued in a year and would that overwhelm the homeless. Her concern was who would receive the help first.

Executive Director Ouansafi reported that the number is very low. The example he provided was (5) special purpose vouchers were issued for the Foster Youth to Independence Program. He also stated, by providing these public housing tenants with Section 8 vouchers, they vacate that public housing unit that can be used by another family.

The motion was unanimously approved.

Director Katsuda moved,

To (1) Adopt Proposed Changes to the Hawaii Public Housing Authority's Chapter 17-2031, Hawaii Administrative Rules, Entitled "Section 8 – Housing Choice Voucher and Project Based Voucher Program," as follows:

- (a) Amend Section 17-2031-25 to:**
 - (i) Eliminate the Local Preference Tiers and Several Preference Categories; and**
 - (ii) Retain a Local Preference for Applicants Who Experienced Homelessness at Any Time Within the Last Twelve Months Preceding Their Application Date;**
- (b) Adopt Section 17-2031-30.1 to Allow for the Admission of Families with Special Preferences, Without Consideration of the Waiting List Status and Provided There is Adequate Voucher Assistance Available. Families Qualifying for a Special Preference Include:**
 - (i) Federal Public Housing Families That Are Involuntarily Displaced for Reasons Such As (1) Public Housing Modernization Activities; or (2) an Emergency Where the Conditions of a Dwelling Unit, Building, or Project Pose an Immediate, Verifiable Threat to the Lives, Health, or Safety of the Family, and There Are No Public Housing Dwelling Units Available That Suit Their Needs;**
 - (ii) Federal Public Housing Families That Are Approved for a Transfer as a Reasonable Accommodation to a Dwelling Unit with Special Accessibility Features, but the Authority Does Not Have an Appropriate Dwelling Unit Within Its Inventory That Meets the Family's Needs, and the Family Has Waited Over One Year;**
 - (iii) Federal Public Housing Families That Include a Member Who Is a Victim of Domestic Violence, Dating Violence, Sexual Assault, Stalking, Reprisal, or a Hate Crime and Who Cannot Be Transferred Safely to Another Public Housing Dwelling Unit; and**
 - (iv) A Family That Was Previously Issued a Special Purpose Voucher and Experienced a Loss of Rental Assistance Because of Insufficient Funding or the Eligible Member of the**

**Family Exceeded the Maximum Allowable Age for the
Applicable Special Purpose Voucher;**

- (c) Amend Section 17-2031-32 to Establish That the Authority May Perform Reexaminations of a Participant’s Income and Eligibility Biennially;**
 - (d) Amend Section 17-2031-3 to Make Technical, Non-Substantive Changes; and**
 - (e) Update Exhibit C to Include the Most Recent Income Limits for Admission to the Program Made Effective by HUD on May 15, 2023; and**
- (2) Authorize the Executive Director to Conduct a Public Hearing and Undertake All Other Actions Necessary Under Chapter 91, Hawaii Revised Statutes, and Administrative Directive No. 18-02 to Implement the Revision of Chapter 17-2031, Hawaii Administrative Rules, Entitled “Section 8 – Housing Choice Voucher and Project Based Voucher Program,” Including Making Non-Substantive Revisions to Formatting as May Be Required.**

Chairperson Hall stated that the Board would accept public testimony on this item. No public testimony was given.

Executive Director Ouansafi reported that the proposed amendments to the Hawaii Administrative Rules (HAR) Chapter 17-2031 under Agenda Item C correspond with the proposed changes to the Admin Plan in Agenda Item B.

The proposed amendments to the local preferences can be found in section 17-2031-25; the special preferences are found in a new section 17-2031-30.1; and the biennial reexaminations are added to section 17-2031-32. Also, there is a typo in 17-2031-3 that is being removed.

Executive Director Ouansafi also added that the list of preferences in section 17-2031-25 is more extensive than what’s in the Administrative Plan. These are the additional local preferences that are being eliminated from the HAR:

- Overcrowded public housing families and public housing families with approved RAR transfers, but the HPHA doesn’t have an appropriate unit.
- As mentioned previously, the HPHA is creating special preferences to be able to immediately issue a voucher to these families.
- Living in substandard housing.
- Paying more than 50% of income for rent.
- Regarding these two preferences, HUD already requires the HPHA to perform income-targeting of “extremely low-income families” which are families at 30% AMI for their family size. For context, according to HUD’s FY 2024 income limits, a family of four at 30% AMI makes \$41,750 a year. 75% of families admitted to the HCV Program are already extremely low-income and might otherwise qualify under these preferences.
- Families unable to work because of age or disability.

- The HPHA already offers Mainstream Vouchers and Non-Elderly Disabled Vouchers to assist these families.
- Veterans and veterans' spouses.
- The HPHA already offers HUD-VASH Vouchers to assist these families.
- Residents who live or work on Oahu.
- The overwhelming majority of applicants already live or work here on Oahu. Most families we assist that are from the mainland port into our jurisdiction.
- Victims of reprisals or hate crimes.
- The HPHA has not used this preference in quite some time, and we are easily able to fill the waiting list without reaching this lower priority preference.

Executive Director Ouansafi stated that in the past we found that having too many preferences created unnecessary administrative burdens for applicants and our staff. By eliminating unused or rarely used preferences, applicants who are already eligible don't need to provide additional documentation to prove they qualify for a preference.

Regarding the State public housing families in the special preferences:

- *The eligibility requirements between the two federal programs are near identical. Although the State public housing programs are modeled after the federal program, there may be some slight differences that would make the immediate issuance of a voucher difficult.*
- *The eligibility requirements for the HCV program and Federal Public Housing Program are changing with the upcoming implementation of HOTMA. HOTMA Sections 102 and 104 change the income and asset calculations which will further differentiate the federal programs from our State public housing programs.*

Executive Director Ouansafi expressed that this For Action compliments the other and shows where it is applicable to take care of our tenants immediately without going through the process of delays and without having to wait for the waitlist to open.

Chairperson Hall requested that the Board be provided a summary of the impact these administrative rules that have been moved, approved, and implemented are having by the June agenda which is the last agenda for the fiscal year. The Board would like to make sure that the focus is helping the neediest and how these rules will get us there.

The motion was unanimously approved.

Executive Director's Report

Chairperson Hall asked the Directors if they had any specific questions for Executive Director Ouansafi.

Executive Director Ouansafi reported that there has been a substantial amount of work done on the first For Action before the Board. He was also pleased to announce that KPT is moving forward as well. HPHA is still anticipating closing at the end of the year for the 309 units. HPHA continues to provide testimony at the legislative sessions.

Director Katsuda moved,

To Adjourn the Meeting

The motion was unanimously approved.

The meeting adjourned at 10:45 a.m.

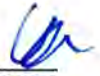
MINUTES CERTIFICATION:

Minutes Prepared by:

<i>R.Kanoë Kepaa</i>	05/16/2024
_____ Rochelle Kanoë Kepaa Secretary	_____ Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on May 16, 2024 [X] As Presented [] As Amended

<i>Leilani Pulmano</i>	May 16, 2024
_____ Director Leilani Pulmano Board Secretary	_____ Date



FOR ACTION

MOTION: To Approve Property Specific Utility Allowance Rates Provided by National Facility Consultants, Inc. for the Fiscal Year July 1, 2024 to June 30, 2025, for the Federal Low-Income Public Housing Program and to Authorize the Executive Director to Take All Actions Necessary, Including Accepting Resident Comments, to Implement the Utility Allowance Rates Effective July 1, 2024

I. FACTS

- A. Under the provisions of the U.S. Housing Act of 1937, to keep assisted housing affordable for lower-income households, federal housing law directs that the resident's share of rent in federally assisted public housing should equal 30 percent of the household's adjusted monthly income. In interpreting the federal housing law, the U.S. Department of Housing and Urban Development (HUD) has defined the total resident payment for "rent" to include both shelter and the costs for reasonable amounts of utilities. The amount that a Public Housing Agency (PHA) determines is necessary to cover the resident's reasonable utility costs is the "utility allowance".
- B. Pursuant to 24 C.F.R. § 965.502, the HPHA must establish allowances for PHA-furnished utilities for all check metered utilities and for resident-purchased utilities for all utilities purchased directly by residents from the utilities suppliers. HPHA is also required to maintain records that documents the basis on which allowances and scheduled surcharges are established and revised.
- C. The HPHA must annually review the basis on which utility allowances have been established and, if reasonably required to continue to comply with the federal regulation for utility allowances (24 C.F.R. § 965.505), the HPHA must establish revised allowances.
- D. Utility allowances are estimates of the expenses associated with different types of utilities and uses. The utilities for which allowances may be provided include electricity, natural gas, propane, fuel oil, wood or coal and water and sewage service as well as garbage collection. The end-uses covered by an allowance may include space heating, water heating, cooling, refrigeration, lighting, or appliances. Allowances are not provided for telephone services or cable per HUD regulations.

- E. Utility allowances can be small or large, and at various PHAs across the country, they range from less than \$50 to over \$400 for a resident household per month, depending on the number of utilities covered, their use, and the dwelling unit and/or household size.
- F. A utility allowance is also provided for medical equipment which include air conditioner (window type), oxygen concentrator, nebulizer, electric hospital bed, alternating pressure pad, low air-loss mattress, power wheelchair/scooter, feeding tube, CPAP machine, leg pump and portable dialysis machine.
- G. In 2023, the HPHA, through its Contract and Procurement Office, issued a solicitation to procure services to provide an annual update of site-specific utility allowance rates for its federal low-income public housing inventory of properties Statewide.
- H. In 2023, HPHA contracted with National Facility Consultants, Inc. (NFC) to provide up to two (2) annual updates for site-specific resident purchased utilities in accordance with the requirements set forth in 24 C.F.R. Part 965, Subpart E, Resident Allowances for Utilities utilizing the methodology previously employed by the HPHA regarding the application of rates and associated adjustments. The newly established allowances for each property as established and studied by NFC reflect the actual reasonable utility consumption for an energy conservative household, which may include energy saving lighting and fixtures and solar hot water with back-up gas heaters.
- I. NFC is a national professional firm providing consulting services in the areas of planning, operations, facilities, grants, and energy to affordable housing providers. NFC assisted the HPHA with the annual update of utility allowances for resident-purchased utilities, using the current utility rates.

II. DISCUSSION

- A. NFC worked with HPHA to obtain actual utility charges from the utility companies for each property to use in their calculations of the updated utility allowance rates. NFC determined the new utility allowance rate adjustment for each property in the different counties.
- B. Allowances were developed for lighting based upon the prevalent fixtures in place at the time of the original survey in 2019. The wattage of bulbs as supplied by HPHA on occupancy, was multiplied by an estimate of the daily usage and then converted to a monthly usage.

- C. Miscellaneous small appliances usage was estimated based upon the regulatory standard of an energy conservative household of modest circumstances. Allowances were provided for clocks, coffee makers, computers, computer monitors, fans, hair dryers, microwave ovens, radios, smoke detectors, telephones, and televisions and were adjusted as reasonably needed for the size of the unit and number of occupants.
- D. Usage for a refrigerator is provided as a non-Energy-Star, frost free model that utilizes a total of 600 kWh per year. Almost all of the refrigerators encountered were approximately 18 cubic feet in size. As refrigerators are replaced with energy star models, this will be incorporated in future updates.
- E. An allowance for cooking was established for efficiency to two-bedroom units and then for three-bedroom to five-bedroom units to adjust for extensive changes in numbers of occupants.
- F. An allowance for water heating was established for each unit size based upon the maximum number of occupants in a unit in accordance with the HPHA occupancy standards. In addition, a more accurate estimate of the inlet water temperature was utilized; therefore, there was a decrease in the consumption for this category.
- G. An allowance for solar water heating was established for each unit size based upon the number of occupants and, for electric backup, was unchanged from the previous updates.
- H. Rates were collected for each applicable utility at each property. All rate schedules were verified and any adjustments to rates were collected for the year period January 1, 2023 through December 31, 2023. This is consistent with the approach utilized by the HPHA since 2003 where adjustments that fluctuate every month are averaged over the preceding year.
- I. The attached table (by specific properties) shows that allowances have increased across the board due to significant higher monthly adjustments to the utility rate increases. Each island varies, with some showing bigger differences than others, but in general, the adjustments are up 50% to 300% and relative to the utility rates for each County.
- J. The sample-highlighted chart for one (1) site-specific property below shows that the utility allowance for a two-bedroom resident-paid electricity will remain the same as the previous year's allowance. As a result, the resident portion of their rent to HPHA will not change.

Project	Electric	kwh		Total		2024	2023
	Basic	Cooking	Ind HW	Electric	Total Utility	Allowances	Allowances
Puuwai Momi							
1 bdrm	63.04	30.81	34.51	\$128.36	\$128.36	\$128.00	\$128.00
2 bdrm	71.46	30.81	68.98	\$171.25	\$171.25	\$171.00	\$171.00
3 bdrm	80.07	37.79	103.49	\$221.35	\$221.35	\$221.00	\$222.00
4 bdrm	90.53	37.79	137.99	\$266.31	\$266.31	\$266.00	\$264.00

For example, a resident in the 2-bedroom whose total tenant payment (TTP) is determined to be \$250.00 per month will have this amount reduced by the allowable utility amount as shown:

Total Tenant Payment	\$250.00
Utility Allowance	<u>- 171.00</u>
Payment to HPHA	\$ 79.00

- K. Utility allowances are used to offset the resident portion of their rent and are rounded up or down to the nearest dollar.
- L. The HPHA will provide notification of the proposed changes in utility allowances to the residents through a letter, publication in the newspaper, and posted notices at the AMPs.
- M. Notice of the proposed utility allowances shall be posted and provided at least 60 days prior to the implementation date, during which time residents will have an opportunity to submit written or oral comments for 30 days before the proposed effective date of the allowances, per 24 C.F.R. § 955.502(c) and Hawaii Administrative Rule § 17-2028-7(d). Residents shall be informed of the availability of individual relief in cases of special need. For example, if a resident's household experiences higher than normal utility usage not within the control of the resident, the resident may request individual relief from surcharges for excess consumption.
- N. The regular annual implementation date for updated utility allowances is July 1. As there was a delay in the utility allowance update this year, the HPHA will implement allowances retroactively to ensure the effective date for all residents is July 1, 2024.
- O. PHAs are allowed to revise its allowances between annual reviews if there is a rate change (including fuel adjustments) and is required to do so if the change results in a change of 10 percent or more.

(End of the Section)

III. **RECOMMENDATION**

That the Board of Directors Approve Property Specific Utility Allowance Rates Provided by National Facility Consultants for the Fiscal Year July 1, 2024 to June 30, 2025, for the Federal Low-Income Public Housing Program and to Authorize the Executive Director to Take All Actions Necessary, Including Accepting Resident Comments, to Implement the Utility Allowance Rates Effective July 1, 2024

Attachment A: 2024 Utility Allowance Study Comparison

Prepared by: Beatrice Seguancia, Property Management Branch KS

Approved by the Board of Directors
on the date set forth above
[] As Presented [] As Amended



Robert J. Hall
Chairperson

AMP		Project	Customer Charge	Electric Basic	kwh Cooking	Solar			Total Electric	Customer Charge	SNG Cooking	Therms Indiv WH	LPN Cooking	Therms Indiv WH	Total GAS	Total Utility	2024 Allow	2023 Allow	Diff 2024 & 2023
						Ind WH	Ind Solar	Ind HP											
30	HI001026	Puuwai Momi																	
	48	1 bedroom	incl. basic	63.04	30.81	34.51			\$128.36						\$128.36	\$128	\$128	0	
	86	2 bedroom	incl. basic	71.46	30.81	68.98			\$171.25						\$171.25	\$171	\$171	0	
	88	3 bedroom	incl. basic	80.07	37.79	103.49			\$221.35						\$221.35	\$221	\$222	-1	
	38	4 bedroom	incl. basic	90.53	37.79	137.99			\$266.31						\$266.31	\$266	\$264	2	
	HI001027	Hale Laulima																	
	20	2 bedroom	incl. basic	80.14	30.81		18.66		\$129.61						\$129.61	\$130	\$129	1	
	16	3 bedroom	incl. basic	88.33	37.79		30.97		\$157.09						\$157.09	\$157	\$157	0	
	HI001038	Waipahu I																	
	13	2 bedroom	incl. basic	71.94	30.81				\$102.75						\$102.75	\$103	\$102	1	
	6	3 bedroom	incl. basic	80.86	37.79				\$118.65						\$118.65	\$119	\$118	1	
	HI001039	Waipahu II																	
	16	2 bedroom	incl. basic	75.23	30.81				\$106.04						\$106.04	\$106	\$105	1	
	4	3 bedroom	incl. basic	80.54	37.79				\$118.33						\$118.33	\$118	\$117	1	
	HI001066	Salt Lake																	
	28	2 bedroom	incl. basic	82.98	30.81	68.98			\$182.77						\$182.77	\$183	\$183	0	
31	HI001005	Kalihi Valley Homes																	
		Non-Mod Units																	
	24	1 bedroom	incl. basic	64.56	30.81	34.51			\$129.88						\$129.88	\$130	\$129	1	
	28	2 bedroom	incl. basic	74.24	30.81	68.98			\$174.03						\$174.03	\$174	\$174	0	
	55	3 bedroom	incl. basic	81.75	37.79	103.49			\$223.03						\$223.03	\$223	\$223	0	
	52	4 bedroom	incl. basic	91.43	37.79	137.99			\$267.21						\$267.21	\$267	\$268	-1	
	12	5 bedroom	incl. basic	92.63	37.79	172.47			\$302.89						\$302.89	\$303	\$304	-1	
		Mod Units																	
	28	1 bedroom	incl. basic	76.90	30.81		12.32		\$120.03						\$120.03	\$120	\$119	1	
	32	2 bedroom	incl. basic	86.90	30.81		18.66		\$136.37						\$136.37	\$136	\$136	0	
	68	3 bedroom	incl. basic	98.38	37.79		30.97		\$167.14						\$167.14	\$167	\$167	0	
	60	4 bedroom	incl. basic	114.21	37.79		43.48		\$195.48						\$195.48	\$195	\$196	-1	
	14	5 bedroom	incl. basic	115.56	37.79		55.98		\$209.33						\$209.33	\$209	\$210	-1	
32	HI001003	Mayor Wright Homes																	
	24	1 bedroom	incl. basic	67.81					\$67.81	incl cooking					\$67.81	\$68	\$66	2	
	114	2 bedroom	incl. basic	77.41					\$77.41	incl cooking					\$77.41	\$77	\$76	1	
	168	3 bedroom	incl. basic	86.46					\$86.46	incl cooking					\$86.46	\$86	\$85	1	
	50	4 bedroom	incl. basic	99.84					\$99.84	incl cooking					\$99.84	\$100	\$99	1	
	8	5 bedroom	incl. basic	100.42					\$100.42	incl cooking					\$100.42	\$100	\$99	1	
33	HI001009	Kaahumanu Homes																	
	116	2 bedroom	incl. basic	78.55					\$78.55	incl cooking	37.11	72.15		\$109.26	\$187.81	\$188	\$196	-8	
	36	3 bedroom	incl. basic	87.46					\$87.46	incl cooking	43.12	99.71		\$142.83	\$230.29	\$230	\$242	-12	
	HI001099	Kamehameha Homes																	
	62	1 bedroom	incl. basic	69.19					\$69.19	incl cooking	37.11	45.09		\$82.20	\$151.39	\$151	\$157	-6	
	123	2 bedroom	incl. basic	77.14					\$77.14	incl cooking	37.11	72.15		\$109.26	\$186.40	\$186	\$195	-9	
	36	3 bedroom	incl. basic	88.60					\$88.60	incl cooking	43.12	99.71		\$142.83	\$231.43	\$231	\$243	-12	
34	HI001062	Kalakaua Homes high rise																	
	123	1 bedroom	incl. basic	70.72	30.81				\$101.53						\$101.53	\$102	\$100	2	
	HI001062	Kalakaua Homes low rise																	

AMP		Project	Customer Charge	Electric Basic	kwh Cooking	Solar		Total Electric	Customer Charge	SNG Cooking	Therms Indiv WH	LPN Cooking	Therms Indiv WH	Total GAS	Total Utility	2024 Allow	2023 Allow	Diff 2024 & 2023
	4	1 bedroom	incl. basic	64.94	30.81			\$95.75							\$95.75	\$96	\$95	1
	58	2 bedroom	incl. basic	74.39	31.18			\$105.57							\$105.57	\$106	\$104	2
	36	3 bedroom	incl. basic	83.26	38.26			\$121.52							\$121.52	\$122	\$120	2
35	HI001073	Spencer House																
	1	2 bedroom	incl. basic	76.27				\$76.27	incl cooking						\$76.27	\$76	\$75	1
	16	3 bedroom	incl. basic	83.89				\$83.89	incl cooking						\$83.89	\$84	\$83	1
37	HI001004	Lanakila Homes I																
	6	1 bedroom	incl. basic	73.29				\$73.29	incl cooking			29.48	32.38	\$61.86	\$135.15	\$135	\$141	-6
	14	2 bedroom	incl. basic	84.35				\$84.35	incl cooking			29.48	51.80	\$81.28	\$165.63	\$166	\$173	-7
	18	3 bedroom	incl. basic	96.01				\$96.01	incl cooking			33.79	71.59	\$105.38	\$201.39	\$201	\$211	-10
	4	4 bedroom	incl. basic	108.45				\$108.45	incl cooking			33.79	91.01	\$124.80	\$233.25	\$233	\$245	-12
	HI001013	Lanakila Homes II																
	2	1 bedroom	incl. basic	74.61				\$74.61	incl cooking			29.48	32.38	\$61.86	\$136.47	\$136	\$142	-6
	18	2 bedroom	incl. basic	85.67				\$85.67	incl cooking			29.48	51.80	\$81.28	\$166.95	\$167	\$175	-8
	18	3 bedroom	incl. basic	97.33				\$97.33	incl cooking			33.79	71.59	\$105.38	\$202.71	\$203	\$213	-10
	6	4 bedroom	incl. basic	109.99				\$109.99	incl cooking			33.79	91.01	\$124.80	\$234.79	\$235	\$247	-12
	HI001028	Punahale Homes																
	30	2 bedroom	incl. basic	86.26				\$86.26	incl cooking			29.48	51.80	\$81.28	\$167.54	\$168	\$175	-7
	HI001097	Kauhale O Hanakahi																
	20	3 bedroom	incl. basic	96.18				\$96.18	incl cooking			33.79	71.59	\$105.38	\$201.56	\$202	\$211	-9
	HI001104	Lanakila Homes IV																
	2	1 bedroom	incl. basic	74.97				\$74.97	incl cooking			29.48	32.38	\$61.86	\$136.83	\$137	\$143	-6
	18	2 bedroom	incl. basic	86.03				\$86.03	incl cooking			29.48	51.80	\$81.28	\$167.31	\$167	\$175	-8
	20	3 bedroom	incl. basic	97.69				\$97.69	incl cooking			33.79	71.59	\$105.38	\$203.07	\$203	\$213	-10
	8	4 bedroom	incl. basic	110.13				\$110.13	incl cooking			33.79	91.01	\$124.80	\$234.93	\$235	\$247	-12
	HI001106	Lanakila Homes IIIA																
		ADA Units																
	4	1 bedroom (ADA units)	incl. basic	73.23	33.85			\$107.08					8.09	\$8.09	\$115.17	\$115	\$119	-4
	6	2 bedroom (ADA units)	incl. basic	84.21				\$84.21		29.48			12.95	\$42.43	\$126.64	\$127	\$136	-9
	4	3 bedroom (ADA units)	incl. basic	93.33				\$93.33		33.79			17.90	\$51.69	\$145.02	\$145	\$160	-15
		Lanakila Homes IIIA																
	6	2 bedroom	incl. basic	83.84				\$83.84	incl cooking			29.48	12.95	\$42.43	\$126.27	\$126	\$131	-5
37	HI001105	Lanakila Homes IIIB																
	4	1 bedroom (ADA units)	incl. basic	72.78	33.85			\$106.63			8.09			\$8.09	\$114.72	\$115	\$120	-5
	8	2 bedroom	incl. basic	83.84	33.85			\$117.69			12.95			\$12.95	\$130.64	\$131	\$132	-1
	4	3 bedroom	incl. basic	93.55	41.53			\$135.08			17.90			\$17.90	\$152.98	\$153	\$151	2
38	HI001018	Kapaa																
	6	1 bedroom	incl. basic	58.56				\$58.56	incl cooking						\$58.56	\$59	\$60	-1
	8	2 bedroom	incl. basic	67.69				\$67.69	incl cooking						\$67.69	\$68	\$70	-2
	12	3 bedroom	incl. basic	75.01				\$75.01	incl cooking						\$75.01	\$75	\$78	-3
	10	4 bedroom	incl. basic	89.45				\$89.45	incl cooking						\$89.45	\$89	\$93	-4
	HI001020	Eleele Homes																
	2	1 bedroom	incl. basic	58.15				\$58.15	incl cooking					\$0.00	\$58.15	\$58	\$60	-2
	6	2 bedroom	incl. basic	66.31				\$66.31	incl cooking					\$0.00	\$66.31	\$66	\$68	-2
	10	3 bedroom	incl. basic	74.05				\$74.05	incl cooking					\$0.00	\$74.05	\$74	\$77	-3
	6	4 bedroom	incl. basic	86.41				\$86.41	incl cooking					\$0.00	\$86.41	\$86	\$89	-3
	HI001021	Hui O Hanamaulu																

AMP		Project	Customer Charge	Electric Basic	kwh Cooking	Solar		Total Electric	Customer Charge	SNG Cooking	Therms Indiv WH	LPN Cooking	Therms Indiv WH	Total GAS	Total Utility	2024 Allow	2023 Allow	Diff 2024 & 2023
	6	1 bedroom	incl. basic	58.19				\$58.19	incl cooking					\$0.00	\$58.19	\$58	\$60	-2
	12	2 bedroom	incl. basic	67.19				\$67.19	incl cooking					\$0.00	\$67.19	\$67	\$69	-2
	16	3 bedroom	incl. basic	74.10				\$74.10	incl cooking					\$0.00	\$74.10	\$74	\$77	-3
	12	4 bedroom	incl. basic	83.81				\$83.81	incl cooking					\$0.00	\$83.81	\$84	\$87	-3
	HI001022	Kalaheo																
	2	2 bedroom	incl. basic	68.28				\$68.28	incl cooking						\$68.28	\$68	\$71	-3
	4	3 bedroom	incl. basic	74.63				\$74.63	incl cooking						\$74.63	\$75	\$77	-2
	2	4 bedroom	incl. basic	79.65				\$79.65	incl cooking						\$79.65	\$80	\$82	-2
	HI001064	Kekaha Ha'aheo																
	42	1 bedroom	incl. basic	59.67				\$59.67	incl cooking			29.48		\$29.48	\$89.15	\$89	\$92	-3
	12	2 bedroom	incl. basic	68.67				\$68.67	incl cooking			29.48		\$29.48	\$98.15	\$98	\$102	-4
	24	3 bedroom	incl. basic	77.60				\$77.60	incl cooking			33.79		\$33.79	\$111.39	\$111	\$116	-5
	HI001086	Kawailehua - Federal																
	25	3 bedroom	incl. basic	79.80				\$79.80	incl cooking			33.79	71.59	\$105.38	\$185.18	\$185	\$194	-9
39	HI001017	Kahekili Terrace																
	12	1 bedroom	incl. basic	70.29				\$70.29	incl cooking					\$0.00	\$70.29	\$70	\$69	1
	22	2 bedroom	incl. basic	82.86				\$82.86	incl cooking					\$0.00	\$82.86	\$83	\$81	2
	36	3 bedroom	incl. basic	93.02				\$93.02	incl cooking					\$0.00	\$93.02	\$93	\$92	1
	12	4 bedroom	incl. basic	102.78				\$102.78	incl cooking					\$0.00	\$102.78	\$103	\$101	2
	HI001088	Kahale Mua - Federal																
		Non-Mod Units																
	7	3 bedroom	incl. basic	96.79				\$96.79	incl cooking			33.74	71.42	\$105.16	\$201.95	\$202	\$209	-7
		Kahale Mua - Federal																
		Mod Units																
	18	3 bedroom	incl. basic	105.59				\$105.59	incl cooking			33.74	71.42	\$105.16	\$210.75	\$211	\$218	-7
	HI001092	Makani Kai Hale																
	25	3 bedroom	incl. basic	95.92				\$95.92	incl cooking						\$95.92	\$96	\$94	2
	HI001097	Makani Kai Hale II																
	4	3 bedroom	incl. basic	95.92				\$95.92	incl cooking						\$95.92	\$96	\$94	2
40	HI001007	Kuhio Homes																
	20	1 bedroom	incl. basic	62.73				\$62.73	incl cooking						\$62.73	\$63	\$61	2
	32	2 bedroom	incl. basic	72.41				\$72.41	incl cooking						\$72.41	\$72	\$71	1
	37	3 bedroom	incl. basic	80.07				\$80.07	incl cooking						\$80.07	\$80	\$79	1
	37	4 bedroom	incl. basic	90.85				\$90.85	incl cooking						\$90.85	\$91	\$90	1
	8	5 bedroom	incl. basic	93.15				\$93.15	incl cooking						\$93.15	\$93	\$92	1
43	HI001032	Kaimalino																
	10	1 bedroom	incl. basic	68.54				\$68.54	incl cooking						\$68.54	\$69	\$71	-2
	14	2 bedroom	incl. basic	79.86				\$79.86	incl cooking						\$79.86	\$80	\$83	-3
	14	3 bedroom	incl. basic	86.65				\$86.65	incl cooking						\$86.65	\$87	\$90	-3
	2	4 bedroom	incl. basic	95.09				\$95.09	incl cooking						\$95.09	\$95	\$99	-4
	HI001053	Hale Hookipa																
	20	0 bedroom	incl. basic	65.58	33.85			\$99.43							\$99.43	\$99	\$103	-4
	12	1 bedroom	incl. basic	65.64	33.85			\$99.49							\$99.49	\$99	\$103	-4
	HI001061	Ka Hale Kahaluu																
	8	1 bedroom	incl. basic	69.81	33.85			\$103.66							\$103.66	\$104	\$108	-4
	12	2 bedroom	incl. basic	80.10	33.85			\$113.95							\$113.95	\$114	\$119	-5
	22	3 bedroom	incl. basic	90.65	41.53			\$132.18							\$132.18	\$132	\$138	-6

AMP		Project	Customer Charge	Electric Basic	kwh Cooking	Solar		Total Electric	Customer Charge	SNG Cooking	Therms Indiv WH	LPN Cooking	Therms Indiv WH	Total GAS	Total Utility	2024 Allow	2023 Allow	Diff 2024 & 2023
	8	4 bedroom	incl. basic	100.94	41.53			\$142.47							\$142.47	\$142	\$149	-7
	HI001063	Nani Olu (E)																
	32	1 bedroom	incl. basic	67.73	33.85	37.92		\$139.50							\$139.50	\$140	\$146	-7
	HI001070	Kealakehe																
	16	1 bedroom	incl. basic	71.30	33.85			\$105.15							\$105.15	\$105	\$109	-4
	16	2 bedroom	incl. basic	81.76	33.85			\$115.61							\$115.61	\$116	\$120	-4
	16	3 bedroom	incl. basic	90.53	41.53			\$132.06							\$132.06	\$132	\$138	-6
44	HI001033	Maili I																
	7	2 bedroom	incl. basic	79.22	30.81		18.66	\$128.69							\$128.69	\$129	\$128	1
	13	3 bedroom	incl. basic	87.04	37.79		30.97	\$155.80							\$155.80	\$156	\$155	1
	HI001035	Nanakuli Homes																
	36	3 bedroom	incl. basic	98.35	37.79		30.97	\$167.11							\$167.11	\$167	\$167	0
44	HI001057	Waimaha-Sunflower A-E																
	12	1 bedroom	incl. basic	69.10	30.81		12.32	\$112.23							\$112.23	\$112	\$111	1
	24	2 bedroom	incl. basic	81.61	30.81		18.66	\$131.08							\$131.08	\$131	\$130	1
	24	3 bedroom	incl. basic	88.19	37.79		30.97	\$156.95							\$156.95	\$157	\$157	0
	HI001057	Waimaha-Sunflower F-G																
	8	1 bedroom	incl. basic	64.38	30.81	34.51		\$129.70							\$129.70	\$130	\$129	1
	6	2 bedroom	incl. basic	73.24	30.81	68.98		\$173.03							\$173.03	\$173	\$173	0
	8	3 bedroom	incl. basic	81.06	37.79	103.49		\$222.34							\$222.34	\$222	\$223	-1
	HI001057	Waimaha-Sunflower																
	32	1 bedroom	incl. basic	67.18	30.81		12.32	\$110.31							\$110.31	\$110	\$109	1
	16	2 bedroom	incl. basic	78.12	30.81		18.66	\$127.59							\$127.59	\$128	\$127	1
	HI001091	Kau'iokalani MOD Units																
	50	3 bedroom	incl. basic	88.87				\$88.87	incl cooking			43.12	14.96	\$58.08	\$146.95	\$147	\$150	-3
	HI001108	Maili II																
	12	2 bedroom	incl. basic	87.04	30.81		18.66	\$136.51							\$136.51	\$137	\$137	0
	12	4 bedroom	incl. basic	115.63	37.79		43.56	\$196.98							\$196.98	\$197	\$196	1
45	HI001025	Waimanalo Homes																
	6	2 bedroom	incl. basic	92.77				\$92.77	incl cooking			45.77	92.92	\$138.69	\$231.46	\$231	\$230	1
	10	3 bedroom	incl. basic	102.30				\$102.30	incl cooking			53.50	127.62	\$181.12	\$283.42	\$283	\$282	1
	3	4 bedroom	incl. basic	111.50				\$111.50	incl cooking			53.50	162.91	\$216.41	\$327.91	\$328	\$327	1
	HI001030	Koolau Village																
	8	1 bedroom	incl. basic	73.37				\$73.37	incl cooking			45.77	57.64	\$103.41	\$176.78	\$177	\$175	2
	24	2 bedroom	incl. basic	83.95				\$83.95	incl cooking			45.77	92.92	\$138.69	\$222.64	\$223	\$221	2
	36	3 bedroom	incl. basic	97.70				\$97.70	incl cooking			53.50	127.62	\$181.12	\$278.82	\$279	\$278	1
	12	4 bedroom	incl. basic	106.63				\$106.63	incl cooking			53.50	162.91	\$216.41	\$323.04	\$323	\$322	1
	HI001069	Kaneohe Apartments																
	5	1 bedroom	incl. basic	70.18	30.81	34.51		\$135.50							\$135.50	\$136	\$135	1
	19	2 bedroom	incl. basic	79.42	30.81	68.98		\$179.21							\$179.21	\$179	\$179	0
	HI001072	Hookipa Kahaluu Non-Mod Units																
	8	1 bedroom	incl. basic	66.08	30.81	34.51	12.32	\$143.72							\$143.72	\$144	\$143	1
	32	2 bedroom	incl. basic	72.84	30.81	68.98	18.66	\$191.29							\$191.29	\$191	\$191	0
	16	3 bedroom	incl. basic	83.58	37.79	103.49	30.97	\$255.83							\$255.83	\$256	\$257	-1

AMP		Project	Customer Charge	Electric Basic	kwh Cooking	Solar			Total Electric	Customer Charge	SNG Cooking	Therms Indiv WH	LPN Cooking	Therms Indiv WH	Total GAS	Total Utility	2024 Allow	2023 Allow	Diff 2024 & 2023
		Hookipa Kahaluu																	
		Mod Units																	
		1 bedroom	incl. basic	60.96	30.81	34.51	12.32		\$138.60						\$138.60	\$139	\$138	1	
		2 bedroom	incl. basic	69.87	30.81	68.98	18.66		\$188.32						\$188.32	\$188	\$188	0	
		3 bedroom	incl. basic	77.76	37.79	103.49	30.97		\$250.01						\$250.01	\$250	\$251	-1	
	HI001090	Kauhale 'Ohana																	
	25	3 bedroom	incl. basic	91.60					\$91.60	incl cooking		43.12	99.71	\$142.83	\$234.43	\$234	\$246	-12	
	HI001107	Waimanalo Homes II																	
	14	2 bedroom	incl. basic	92.77					\$92.77	incl cooking		45.77	92.92	\$138.69	\$231.46	\$231	\$230	1	
	7	3 bedroom	incl. basic	102.30					\$102.30	incl cooking		53.50	127.62	\$181.12	\$283.42	\$283	\$282	1	
	1	4 bedroom	incl. basic	111.50					\$111.50	incl cooking		53.50	162.91	\$216.41	\$327.91	\$328	\$327	1	
46	HI001071	Noelani I																	
	7	1 bedroom	incl. basic	69.64					\$69.64	incl cooking		29.48	8.09	\$37.57	\$107.21	\$107	\$111	-4	
	12	2 bedroom	incl. basic	80.10					\$80.10	incl cooking		29.48	12.95	\$42.43	\$122.53	\$123	\$127	-4	
	HI001078	Noelani II																	
	24	3 bedroom	incl. basic	90.94					\$90.94	incl cooking		33.79	10.74	\$44.53	\$135.47	\$135	\$141	-6	
	HI001097	Ke Kumu 'Ekolu																	
	20	3 bedroom	incl. basic	95.14					\$95.14	incl cooking		35.34	11.44	\$46.78	\$141.92	\$142	\$146	-4	
49	HI001015	Wahiawa Terrace																	
		Non-Mod Units																	
	9	1 bedroom	incl. basic	66.27					\$66.27	incl cooking		45.77		\$45.77	\$112.04	\$112	\$110	2	
	12	2 bedroom	incl. basic	76.33					\$76.33	incl cooking		45.77		\$45.77	\$122.10	\$122	\$121	1	
	18	3 bedroom	incl. basic	85.34					\$85.34	incl cooking		53.50		\$53.50	\$138.84	\$139	\$138	1	
	6	4 bedroom	incl. basic	93.72					\$93.72	incl cooking		53.50		\$53.50	\$147.22	\$147	\$146	1	
		Wahiawa Terrace																	
		Mod Units																	
	3	1 bedroom	incl. basic	74.95					\$74.95	incl cooking		45.77		\$45.77	\$120.72	\$121	\$119	2	
	5	2 bedroom	incl. basic	82.62					\$82.62	incl cooking		45.77		\$45.77	\$128.39	\$128	\$127	1	
	6	3 bedroom	incl. basic	98.24					\$98.24	incl cooking		53.50		\$53.50	\$151.74	\$152	\$151	1	
	1	4 bedroom	incl. basic	105.19					\$105.19	incl cooking		53.50		\$53.50	\$158.69	\$159	\$158	1	
	HI001056	Kauhale Nani																	
	14	1 bedroom	incl. basic	65.79					\$65.79	incl cooking		45.77	57.64	\$103.41	\$169.20	\$169	\$168	1	
	16	2 bedroom	incl. basic	76.26					\$76.26	incl cooking		45.77	92.92	\$138.69	\$214.95	\$215	\$214	1	
	20	3 bedroom	incl. basic	83.79					\$83.79	incl cooking		53.50	127.62	\$181.12	\$264.91	\$265	\$264	1	
50	HI001008	Palolo Homes																	
		Non-Mod Units																	
	8	1 bedroom	incl. basic	60.92		34.51			\$95.43	incl cooking	37.11			\$37.11	\$132.54	\$133	\$134	-1	
	26	2 bedroom	incl. basic	69.65		68.98			\$138.63	incl cooking	37.11			\$37.11	\$175.74	\$176	\$178	-2	
	34	3 bedroom	incl. basic	77.00		103.49			\$180.49	incl cooking	43.12			\$43.12	\$223.61	\$224	\$227	-3	
	26	4 bedroom	incl. basic	87.02		137.99			\$225.01	incl cooking	43.12			\$43.12	\$268.13	\$268	\$272	-4	
	4	5 bedroom	incl. basic	88.92		172.47			\$261.39	incl cooking	43.12			\$43.12	\$304.51	\$305	\$309	-4	
		Mod Units																	
	4	1 bedroom	incl. basic	63.23					\$63.23	incl cooking	37.11		45.09	\$82.20	\$145.43	\$145	\$151	-6	
	8	2 bedroom	incl. basic	72.44					\$72.44	incl cooking	37.11		72.15	\$109.26	\$181.70	\$182	\$190	-8	
	6	3 bedroom	incl. basic	81.22					\$81.22	incl cooking	43.12		99.71	\$142.83	\$224.05	\$224	\$235	-11	
	6	4 bedroom	incl. basic	92.20					\$92.20	incl cooking	43.12		126.76	\$169.88	\$262.08	\$262	\$276	-14	
	3	5 bedroom	incl. basic	93.53					\$93.53	incl cooking	43.12		154.32	\$197.44	\$290.97	\$291	\$308	-17	

FOR ACTION

MOTION: To Adopt the 2024 Utility Allowance Rates for the Hawaii Public Housing Authority's (HPHA) Section 8 Housing Choice Voucher Section 8 Program to Cover the Period from July 1, 2024 to June 30, 2025; and to Authorize the Executive Director to Undertake All Actions Necessary to Implement the Utility Allowance Rates Effective July 1, 2024

I. FACTS

- A. The U.S. Department of Housing and Urban Development (HUD) subsidizes both rent and utilities in the Housing Choice Voucher Program (HCVP). When HCVP participants pay some or all utilities directly to the utility providers, they receive an allowance for those utilities. The allowances are based on the cost of utilities paid by energy-conservative households that occupy housing of the same size and type in the same locality. HPHA is required to increase the allowances if the utility rate changes by 10% since the last revision of the schedule.
- B. The allowances were developed in accordance with the regulations set forth by 24 CFR 982.517, which require Public Housing Authorities (PHAs) to establish utility allowances that must be determined based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality. As a result, no allowance is provided for heat and air-conditioning, as these are not customary in the locality.
- C. Such allowances are estimates of the expenses associated with different types of utilities and their uses. The utilities for which allowances may be provided, include electricity, natural gas, propane, fuel oil, wood or coal, and water and sewage service, as well as garbage collection. The functions, or end-uses, covered by an allowance may include space heating, water heating, cooling, refrigeration, lighting, or appliances. Allowances are not provided for telephone service or cable.
- D. Whether a household receives an allowance for a given utility service depends on the actual services the voucher holder is responsible for. This is determined by the private landlord and is verified by staff.

II. DISCUSSION

- A. As required by the program regulations, the HPHA annually reviews the utility allowance schedule to determine whether the allowances are required to be adjusted for changes in local utility rates. HPHA is required to increase the allowances if the utility rate changes by 10% or more since the last revision of the schedule.
- B. HPHA last updated the schedule in 2023. The most recent report, provided by Atlas Technical Consultants LLC, shows (ATLAS) that rates did increase or decrease more than 10% in 2023, necessitating a change to the utility allowance schedule. Utility rates that did not change per bedroom size by 10% remained the same.
- C. Utility allowance payments decreased on average between 10% and 40% for all gas utilities, as well as for cooking electric, across all housing types. Water utilities increased between 10% and 23% across all housing types. Those utility allowance rates that decreased are reflective of pre-covid payments. All other utilities charges did not experience any significant variation to require a cost change. An additional electric charge of \$15 was assessed by ATLAS, to be added to the overall utility allowance when a participant is responsible for an electric payment.
- D. The chart below reflects the utility allowances for all electric charges by dwelling type and bedroom size for 2024 compared to the 2023 Utility Allowances.


2023 All Electric	Current 0 BR	Current 1 BR	Current 2 BR	Current 3 BR	Current 4 BR	Current 5 BR
Single Family House	\$170	\$197	\$272	\$337	\$405	\$474
Townhouse/Duplex	\$156	\$182	\$245	\$308	\$371	\$433
High-rise	\$130	\$151	\$203	\$254	\$306	\$357
Low-rise	\$153	\$178	\$240	\$302	\$363	\$424

2024 All Electric	New 0 BR	New 1 BR	New 2 BR	New 3 BR	New 4 BR	New 5 BR
Single Family House	\$172	\$201	\$272	\$342	\$410	\$480
Townhouse/Duplex	\$159	\$186	\$250	\$313	\$376	\$439
High-rise	\$133	\$153	\$208	\$260	\$311	\$363
Low-rise	\$156	\$182	\$245	\$307	\$368	\$430

III. RECOMMENDATION

That the Board of Directors Adopt the 2024 Utility Allowance Rates for the Hawaii Public Housing Authority's (HPHA) Section 8 Housing Choice Voucher Section 8 Program to Cover the Period from July 1, 2024 to June 30, 2025; and to Authorize the Executive Director to Undertake All Actions Necessary to Implement the Utility Allowance Rates Effective July 1, 2024

Attachment A: 2024 Proposed Utility Allowance
Attachment B: 2024 Atlas UA Study

Prepared by: Gary Nakatsu, Acting Section 8 Subsidy Programs Branch Chief 

Approved by the Board of Directors
on the date set forth above
[] As Presented [] As Amended



Robert J. Hall
Chairperson

Utility Allowance Schedule

See Public Reporting and Instructions on back.

U.S Department of Housing and Urban Development

Office of Public and Indian Housing

OMB Approval No. 2577-0169

exp. 04/30/2026

The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.

Locality/PHA		Unit Type					Date (mm/dd/yyyy)	
Hawaii Public Housing Authority		High Rise (5+ Floors)					07/01/2024	
Utility or Service	Fuel Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Heating	Natural Gas							
	Electric							
	Fuel Oil							
	Other							
Cooking	Natural Gas	12	15	21	28	34	41	
	Bottled Gas							
	Electric	18	21	32	42	51	61	
	Other							
Other Electric		64	74	105	135	165	195	
Air Conditioning								
Water Heating	Natural Gas	25	29	42	55	68	81	
	Bottled Gas							
	Electric	36	43	56	68	80	92	
	Electric – Solar	12	14	19	24	28	32	
	Fuel Oil							
Water		50	56	91	144	197	270	
Sewer		97	101	125	160	196	231	
Trash Collection								
Range/Microwave		20	20	20	20	20	20	
Refrigerator		21	21	21	21	21	21	
Natural Gas	Monthly Fee	10	10	10	10	10	10	
Electric	Monthly Fee	15	15	15	15	15	15	
Other – specify								
Actual Family Allowances – May be used by the family to compute allowance while searching for a unit.					Utility/Service/Appliance	Allowance		
					Heating			
Head of Household Name					Cooking			
					Other Electric			
					Air Conditioning			
Unit Address					Water Heating			
					Water			
					Sewer			
					Trash Collection			
Number of Bedrooms					Other			
					Range/Microwave			
					Refrigerator			
					Total			

Utility Allowance Schedule

See Public Reporting and Instructions on back.

U.S Department of Housing and Urban Development

Office of Public and Indian Housing

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The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.

Locality/PHA		Unit Type					Date (mm/dd/yyyy)	
Hawaii Public Housing Authority		High Rise (5+ Floors)					07/01/2024	
Utility or Service	Fuel Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Heating	Natural Gas							
	Electric							
	Fuel Oil							
	Other							
Cooking	Natural Gas	12	15	21	28	34	41	
	Bottled Gas							
	Electric	18	21	32	42	51	61	
	Other							
Other Electric		64	74	105	135	165	195	
Air Conditioning								
Water Heating	Natural Gas	25	29	42	55	68	81	
	Bottled Gas							
	Electric	36	43	56	68	80	92	
	Electric – Solar	12	14	19	24	28	32	
	Fuel Oil							
Water		50	56	91	144	197	270	
Sewer		97	101	125	160	196	231	
Trash Collection								
Range/Microwave		20	20	20	20	20	20	
Refrigerator		21	21	21	21	21	21	
Natural Gas	Monthly Fee	10	10	10	10	10	10	
Electric	Monthly Fee	15	15	15	15	15	15	
Other – specify								
Actual Family Allowances – May be used by the family to compute allowance while searching for a unit.					Utility/Service/Appliance	Allowance		
					Heating			
Head of Household Name					Cooking			
					Other Electric			
					Air Conditioning			
Unit Address					Water Heating			
					Water			
					Sewer			
					Trash Collection			
					Other			
Number of Bedrooms					Range/Microwave			
					Refrigerator			
					Total			

Utility Allowance Schedule

See Public Reporting and Instructions on back.

U.S Department of Housing and Urban Development

Office of Public and Indian Housing

OMB Approval No. 2577-0169

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The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.

Locality/PHA		Unit Type					Date (mm/dd/yyyy)	
Hawaii Public Housing Authority		High Rise (5+ Floors)					07/01/2024	
Utility or Service	Fuel Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Heating	Natural Gas							
	Electric							
	Fuel Oil							
	Other							
Cooking	Natural Gas	12	15	21	28	34	41	
	Bottled Gas							
	Electric	18	21	32	42	51	61	
	Other							
Other Electric		64	74	105	135	165	195	
Air Conditioning								
Water Heating	Natural Gas	25	29	42	55	68	81	
	Bottled Gas							
	Electric	36	43	56	68	80	92	
	Electric – Solar	12	14	19	24	28	32	
	Fuel Oil							
Water		50	56	91	144	197	270	
Sewer		97	101	125	160	196	231	
Trash Collection								
Range/Microwave		20	20	20	20	20	20	
Refrigerator		21	21	21	21	21	21	
Natural Gas	Monthly Fee	10	10	10	10	10	10	
Electric	Monthly Fee	15	15	15	15	15	15	
Other – specify								
Actual Family Allowances – May be used by the family to compute allowance while searching for a unit.					Utility/Service/Appliance	Allowance		
Head of Household Name					Heating			
					Cooking			
					Other Electric			
Unit Address					Air Conditioning			
					Water Heating			
					Water			
					Sewer			
					Trash Collection			
Number of Bedrooms					Other			
					Range/Microwave			
					Refrigerator			
					Total			

Utility Allowance Schedule

See Public Reporting and Instructions on back.

U.S Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0169
exp. 04/30/2026

The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.

Locality/PHA		Unit Type					Date (mm/dd/yyyy)	
Hawaii Public Housing Authority		High Rise (5+ Floors)					07/01/2024	
Utility or Service	Fuel Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Heating	Natural Gas							
	Electric							
	Fuel Oil							
	Other							
Cooking	Natural Gas	12	15	21	28	34	41	
	Bottled Gas							
	Electric	18	21	32	42	51	61	
	Other							
Other Electric		64	74	105	135	165	195	
Air Conditioning								
Water Heating	Natural Gas	25	29	42	55	68	81	
	Bottled Gas							
	Electric	36	43	56	68	80	92	
	Electric – Solar	12	14	19	24	28	32	
	Fuel Oil							
Water		50	56	91	144	197	270	
Sewer		97	101	125	160	196	231	
Trash Collection								
Range/Microwave		20	20	20	20	20	20	
Refrigerator		21	21	21	21	21	21	
Natural Gas	Monthly Fee	10	10	10	10	10	10	
Electric	Monthly Fee	15	15	15	15	15	15	
Other – specify								
Actual Family Allowances – May be used by the family to compute allowance while searching for a unit.					Utility/Service/Appliance	Allowance		
Head of Household Name					Heating			
					Cooking			
					Other Electric			
					Air Conditioning			
Unit Address					Water Heating			
					Water			
					Sewer			
					Trash Collection			
					Other			
Number of Bedrooms					Range/Microwave			
					Refrigerator			
					Total			



Allowances for Tenant-Furnished Utilities and Other Services
U.S. Department of Housing and Urban Development Office of Public and Indian Housing

Allowances prepared using the HUD Utility Schedule Model (HUSM). Report based on Form HUD-52667.

Locality		Green Discount		Unit Type			Date (mm/dd/yyyy)
Hawaii Public Housing Authority		None		Larger Apartment (5+ units)			7/1/2024
Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Space Heating	Natural Gas						
	Bottled Gas						
	Electric Resistance						
	Electric Heat Pump						
	Coal						
	Fuel Oil						
Cooking	Natural Gas	\$12	\$15	\$21	\$28	\$34	\$41
	Bottled Gas						
	Electric	\$18	\$21	\$32	\$42	\$51	\$61
	Other						
Other Electric		\$66	\$78	\$108	\$139	\$170	\$203
Air Conditioning							
Water Heating	Natural Gas	\$25	\$29	\$42	\$55	\$68	\$81
	Bottled Gas						
	Electric	\$37	\$44	\$59	\$72	\$85	\$98
	Solar	\$12	\$14	\$19	\$24	\$28	\$32
	Fuel Oil						
Water		\$50	\$56	\$91	\$144	\$197	\$270
Sewer		\$97	\$101	\$125	\$160	\$196	\$231
Trash Collection							
Range/Microwave		\$20	\$20	\$20	\$20	\$20	\$20
Refrigerator		\$22	\$22	\$22	\$22	\$22	\$22
Natural Gas Monthly Fee		\$10	\$10	\$10	\$10	\$10	\$10
Electric Monthly Fee		\$15	\$15	\$15	\$15	\$15	\$15

Actual Family Allowances – May be used by the family to compute allowance while searching for a unit.	Utility/Service/Appliance	Allowance
	Head of Household Name	Heating
Cooking		
Other Electric		
Air Conditioning		
Unit Address	Water Heating	
	Water	
	Sewer	
	Trash Collection	
	Other	
Number of Bedrooms	Range/Microwave	
	Refrigerator	
	Total	



Allowances for Tenant-Furnished Utilities and Other Services
U.S. Department of Housing and Urban Development Office of Public and Indian Housing

Allowances prepared using the HUD Utility Schedule Model (HUSM). Report based on Form HUD-52667.

Locality		Green Discount	Unit Type					Date (mm/dd/yyyy)
Hawaii Public Housing Authority		None	Lowrise Apartment (2-4 units)					7/1/2024
Utility or Service		Monthly Dollar Allowances						
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Space Heating	Natural Gas							
	Bottled Gas							
	Electric Resistance							
	Electric Heat Pump							
	Coal							
	Fuel Oil							
Cooking	Natural Gas	\$12	\$15	\$21	\$28	\$34	\$41	
	Bottled Gas							
	Electric	\$18	\$21	\$32	\$42	\$51	\$61	
	Other							
Other Electric		\$81	\$95	\$132	\$170	\$210	\$250	
Air Conditioning								
Water Heating	Natural Gas	\$31	\$36	\$52	\$69	\$85	\$101	
	Bottled Gas							
	Electric	\$47	\$57	\$74	\$91	\$107	\$123	
	Solar	\$16	\$19	\$25	\$30	\$35	\$41	
	Fuel Oil							
Water		\$50	\$56	\$91	\$144	\$197	\$270	
Sewer		\$97	\$101	\$125	\$160	\$196	\$231	
Trash Collection								
Range/Microwave		\$20	\$20	\$20	\$20	\$20	\$20	
Refrigerator		\$22	\$22	\$22	\$22	\$22	\$22	
Natural Gas Monthly Fee		\$10	\$10	\$10	\$10	\$10	\$10	
Electric Monthly Fee		\$15	\$15	\$15	\$15	\$15	\$15	

Actual Family Allowances – May be used by the family to compute allowance while searching for a unit.	Utility/Service/Appliance	Allowance
	Head of Household Name	Heating
Cooking		
Other Electric		
Air Conditioning		
Unit Address	Water Heating	
	Water	
	Sewer	
	Trash Collection	
	Other	
Number of Bedrooms	Range/Microwave	
	Refrigerator	
	Total	



Allowances for Tenant-Furnished Utilities and Other Services
U.S. Department of Housing and Urban Development Office of Public and Indian Housing

Allowances prepared using the HUD Utility Schedule Model (HUSM). Report based on Form HUD-52667.

Locality		Green Discount	Unit Type					Date (mm/dd/yyyy)
Hawaii Public Housing Authority		None	Single Family Attached					7/1/2024
Utility or Service		Monthly Dollar Allowances						
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Space Heating	Natural Gas							
	Bottled Gas							
	Electric Resistance							
	Electric Heat Pump							
	Coal							
	Fuel Oil							
Cooking	Natural Gas	\$12	\$15	\$21	\$28	\$34	\$41	
	Bottled Gas							
	Electric	\$18	\$21	\$32	\$42	\$51	\$61	
	Other							
Other Electric		\$84	\$98	\$137	\$177	\$218	\$259	
Air Conditioning								
Water Heating	Natural Gas	\$31	\$36	\$52	\$69	\$85	\$101	
	Bottled Gas							
	Electric	\$47	\$57	\$74	\$91	\$107	\$123	
	Solar	\$16	\$19	\$25	\$30	\$35	\$41	
	Fuel Oil							
Water		\$50	\$56	\$91	\$144	\$197	\$270	
Sewer		\$97	\$101	\$125	\$160	\$196	\$231	
Trash Collection								
Range/Microwave		\$20	\$20	\$20	\$20	\$20	\$20	
Refrigerator		\$22	\$22	\$22	\$22	\$22	\$22	
Natural Gas Monthly Fee		\$10	\$10	\$10	\$10	\$10	\$10	
Electric Monthly Fee		\$15	\$15	\$15	\$15	\$15	\$15	

Actual Family Allowances – May be used by the family to compute allowance while searching for a unit.	Utility/Service/Appliance	Allowance
	Head of Household Name	Heating
Cooking		
Other Electric		
Air Conditioning		
Unit Address	Water Heating	
	Water	
	Sewer	
	Trash Collection	
	Other	
Number of Bedrooms	Range/Microwave	
	Refrigerator	
	Total	



Allowances for Tenant-Furnished Utilities and Other Services
U.S. Department of Housing and Urban Development Office of Public and Indian Housing

Allowances prepared using the HUD Utility Schedule Model (HUSM). Report based on Form HUD-52667.

Locality		Green Discount	Unit Type					Date (mm/dd/yyyy)
Hawaii Public Housing Authority		None	Single Family House					7/1/2024
Utility or Service		Monthly Dollar Allowances						
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Space Heating	Natural Gas							
	Bottled Gas							
	Electric Resistance							
	Electric Heat Pump							
	Coal							
	Fuel Oil							
Cooking	Natural Gas	\$12	\$15	\$21	\$28	\$34	\$41	
	Bottled Gas							
	Electric	\$18	\$21	\$32	\$42	\$51	\$61	
	Other							
Other Electric		\$97	\$114	\$160	\$207	\$255	\$303	
Air Conditioning								
Water Heating	Natural Gas	\$31	\$36	\$52	\$69	\$85	\$101	
	Bottled Gas							
	Electric	\$47	\$57	\$74	\$91	\$107	\$123	
	Solar	\$16	\$19	\$25	\$30	\$35	\$41	
	Fuel Oil							
Water		\$50	\$56	\$91	\$144	\$197	\$270	
Sewer		\$97	\$101	\$125	\$160	\$196	\$231	
Trash Collection								
Range/Microwave		\$20	\$20	\$20	\$20	\$20	\$20	
Refrigerator		\$22	\$22	\$22	\$22	\$22	\$22	
Natural Gas Monthly Fee		\$10	\$10	\$10	\$10	\$10	\$10	
Electric Monthly Fee		\$15	\$15	\$15	\$15	\$15	\$15	

Actual Family Allowances – May be used by the family to compute allowance while searching for a unit.	Utility/Service/Appliance	Allowance
	Head of Household Name	Heating
Cooking		
Other Electric		
Air Conditioning		
Unit Address	Water Heating	
	Water	
	Sewer	
	Trash Collection	
	Other	
	Number of Bedrooms	Range/Microwave
Refrigerator		
Total		

FOR ACTION

MOTION: To **(1)** Adopt Proposed Amendments to Chapter 8 of the Hawaii Public Housing Authority's Administrative Plan to (a) Reflect the Replacement of the Housing Quality Standards by the U.S. Department of Housing and Urban Development with the National Standards for the Physical Inspection of Real Estate (NSPIRE); (b) Revise the Inspection Performance Standards and the Procedures for Conducting Inspections Described in the Administrative Plan to Comply With NSPIRE; (c) Revise Any References to Chapter 8 or Housing Quality Standards Throughout the Administrative Plan to NSPIRE and **(2)** Authorize the Executive Director to Take All Actions Necessary to Implement the Proposed Amendments, Including Distributing Information to the Resident Advisory Board and All Residents and Landlords Participating in the Housing Choice Voucher Program

I. FACTS

- A. The Hawaii Public Housing Authority's (HPHA) Housing Choice Voucher (HCV) Program is governed by a variety of federal, state, and agency statutes and rules, such as the United States Code; the Code of Federal Regulations (CFR); Chapter 356D, Hawaii Revised Statutes (HRS); and Chapter 17-2031, Hawaii Administrative Rules (HAR). The HCV Program is also governed by the Administrative Plan.
- B. On May 11, 2023, the U.S. Department of Housing and Urban Development published the "Economic Growth Regulatory Relief and Consumer Protection Act: Implementation of National Standards for the Physical Inspection of Real Estate (NSPIRE)" Final Rule in the Federal Register (Doc. Citation No. 88 FR 30442). With the implementation of NSPIRE, HUD is aligning and consolidating the inspection regulations used to evaluate all forms of HUD-assisted housing.
- C. In regard to the HCV Program, NSPIRE replaces the Housing Quality Standards (HQS) used in the dwelling unit inspection process. Many HQS items and provisions are encompassed in NSPIRE in some way. However, NSPIRE standards place a greater emphasis on the maintenance and condition of dwelling units and ensuring the health and safety of residents.

- D. On September 28, 2023, HUD published a notice in the Federal Register (Doc. Citation No. 88 FR 66882) which extended the deadline for all public housing agencies (PHA) to implement NSPIRE to October 1, 2024. PHAs are also required to amend their Administrative Plans by this deadline to include the NSPIRE standards and inspection procedures as well as any discretionary policies allowed for under the Final Rule.

II. DISCUSSION

- A. The specific amendments proposed to Chapter 8 of the Administrative Plan are as follows:
 - 1. Amend the chapter title to “National Standards for the Physical Inspection of Real Estate and Rent Reasonableness Determinations.”
 - 2. Replace references throughout the chapter to the HQS regulations found in 24 CFR 982 Subpart I, and replace them with the appropriate references to the NSPIRE regulations found in 24 CFR 5 Subpart G.
 - 3. Remove references throughout the chapter to the HCV Guidebook, HUD Housing Inspection Manual for Section 8 Housing, and Forms HUD-52580 and HUD-52580-A, which are all superseded by Notice PIH 2023-28.
 - 4. Introduction: State that pursuant to 24 CFR 982.401, all references to “HQS” throughout the Administrative Plan shall have the same meaning as “NSPIRE.”
 - 5. Section 8-I.A.: Establish that the inspectable areas for NSPIRE inspections shall include the “inside,” “outside,” and “unit,” as set forth in 24 CFR 5.703(b)-(d). Each inspectable area has a set of affirmative requirements that must be met if a dwelling unit is to pass inspection. Under HQS, inspections standards were based upon thirteen performance and acceptability criteria for key aspects of housing quality.
 - 6. Section 8-I.B.: Replace the “HUD Performance and Acceptability Standards” previously established in 24 CFR 982.401 with the “Affirmative Habitability Requirements” set forth in 24 CFR 5.703(b)-(d).

7. Section 8-I.D.: Clarify that the HPHA has not implemented or requested HUD's approval of any variations to the NSPIRE standards.
 8. Section 8-I.E.: Include all life-threatening deficiencies included in the NSPIRE Final Rule. Prior to the implementation of NSPIRE, PHAs were required to define life-threatening deficiencies in their Administrative Plan.
 9. Section 8-I.G.: Clarify that lead-based paint hazards are considered a violation of NSPIRE standards as set forth in 24 CFR 5.703(e). Further clarify that NSPIRE does not alter any of the lead-based paint requirements set forth in 24 CFR Part 35 related to lead-based paint in dwelling units and common areas where a child under six resides or is expected to reside.
 10. Section 8-I.I.: Include the dwelling unit space standards set forth in 24 CFR 5.703(d)(5). The dwelling unit space standards under NSPIRE are identical to the space standards under HQS. However, prior to this amendment, the space standards were not specified in the Administrative Plan.
 11. Section 8-II.C.: Revise the PHA Policy to state that periodic dwelling unit inspections may be conducted biennially (i.e., within 24 months) of the last full inspection.
 12. Sections 8-II.D. and 8-II.F.: Include the inspection repair deadlines set forth in 24 CFR 982.405(g). The inspection repair deadlines under NSPIRE are identical to the inspection repair deadlines under HQS. However, prior to this amendment, the inspection repair deadlines were not specified in the Administrative Plan.
 13. Replace Exhibit 8-1, which originally provided an overview of HQS, with an overview of the "NSPIRE Affirmative Habitability Requirements" set forth in 24 CFR 5 Subpart G.
 14. Delete Exhibit 8-2.
 15. Make technical, non-substantive amendments for the purposes of clarity, consistency, and style.
- B. In preparation for the implementation of the NSPIRE standards, the HPHA sent all participating tenants and landlords a letter on May 10, 2024, notifying them of the pending changes to HCV inspection standards and process.

- C. The HPHA will hold an informational meeting on NSPIRE on May 31, 2024, via Zoom. The informational meeting will be recorded and made publicly available on the HPHA's website.
- D. HPHA's inspectors have participated in training on the new inspection standard and will receive refresher training prior to implementation on October 1, 2024.

III. RECOMMENDATION

That the Board of Directors **(1)** Adopt Proposed Amendments to Chapter 8 of the Hawaii Public Housing Authority's Administrative Plan to (a) Reflect the Replacement of the Housing Quality Standards by the U.S. Department of Housing and Urban Development with the National Standards for the Physical Inspection of Real Estate (NSPIRE); (b) Revise the Inspection Performance Standards and the Procedures for Conducting Inspections Described in the Administrative Plan to Comply With NSPIRE; (c) Revise Any References to Chapter 8 or Housing Quality Standards Throughout the Administrative Plan to NSPIRE and **(2)** Authorize the Executive Director to Take All Actions Necessary to Implement the Proposed Amendments, Including Distributing Information to the Resident Advisory Board and All Residents and Landlords Participating in the Housing Choice Voucher Program

Attachment A: Chapter 8, Administrative Plan (Clean)
 Attachment B: Chapter 8, Administrative Plan (Redline)

Prepared by: Gary Nakatsu, Branch Chief 

Approved by the Board of Directors
 on the date set forth above
 As Presented [] As Amended



Robert J. Hall, Chairperson

Chapter 8

NATIONAL STANDARDS FOR THE PHYSICAL INSPECTION OF REAL ESTATE AND RENT REASONABLENESS DETERMINATIONS

[24 CFR 5 Subpart G and Notice PIH 2023-28]

INTRODUCTION

HUD requires that all units occupied by families receiving Housing Choice Voucher (HCV) and Project-Based Voucher (PBV) assistance meet HUD's National Standards for the Physical Inspection of Real Estate (NSPIRE) regulations and standards no later than October 1, 2024. The inspection performance standards and procedures for conducting NSPIRE inspections must be included in the administrative plan [Notice PIH 2023-28]

All units must pass an NSPIRE inspection prior to the approval of a lease (with some exceptions) at least once every 24 months during the term of the HAP contract, and at other times as needed to determine that the unit meets NSPIRE standards. HUD also requires PHAs to determine that units rented by families assisted under the HCV program have rents that are reasonable when compared to comparable unassisted units in the market area.

Provided they meet certain requirements, HUD permits PHAs to establish some local requirements in their administrative plans. However, compliance with state and local codes is not part of the determination of whether a unit passes the NSPIRE standards.

The use of the term *NSPIRE* in this plan refers to the combination of both HUD and PHA-established requirements. Pursuant to 24 CFR 982.401 as amended by HUD on May 11, 2023, any reference to the term *Housing Quality Standards* or *HQS* in this administrative plan shall have the same meaning as *NSPIRE*.

This chapter explains HUD and PHA requirements related to physical inspections and rent reasonableness as follows:

Part I. Physical Standards. This part discusses NSPIRE standards required of units occupied by HCV- and PBV-assisted families. It also identifies affirmative habitability requirements for all units and life-threatening conditions that must be corrected in 24 hours.

Part II. The Inspection Process. This part describes the types of inspections the PHA will make and the steps that will be taken when units do not meet NSPIRE standards.

Part III. Rent Reasonableness Determinations. This part discusses the policies the PHA will use to make rent reasonableness determinations.

Special NSPIRE requirements for homeownership, manufactured homes, and other special housing types are discussed in Chapter 15 to the extent that they apply in this jurisdiction. Special requirements for the PBV program are discussed in Chapter 17.

PART I: NSPIRE STANDARDS

NSPIRE standards are published on HUD's NSPIRE website as well as in the NSPIRE Final Rule [FR Notice 5/1/2023].

8-I.A. INSPECTABLE AREAS [24 CFR 5.703(a)(1) and 24 CFR 5.705(a)(2)]

NSPIRE defines the inspectable areas for inspection under the standards as inside, outside, and unit. However, the inspection requirement for the HCV program only applies to units occupied or to be occupied by HCV participants, common areas, and exterior areas which either service or are associated with such units.

8-I.B. AFFIRMATIVE HABITABILITY REQUIREMENTS [24 CFR 5.703(b), (c), and (d)]

NSPIRE provides for minimum or affirmative habitability requirements for each area (inside, outside, unit). These areas must meet these habitability requirements, which are listed in Exhibit 8-1.

The inside, outside, and unit must be free of health and safety hazards that pose a danger to residents. Types of health and safety concerns include, but are not limited to carbon monoxide, electrical hazards, extreme temperature, flammable materials or other fire hazards, garbage and debris, handrail hazards, infestation, lead-based paint, mold, and structural soundness [24 CFR 5.703(e)].

The NSPIRE Smoke Alarm Standard does not require that smoke alarms have a sealed battery; however, upon the effective date of the Public and Federally Assisted Housing Fire Safety Act of 2022 on December 29, 2024, sealed batteries *will* be required.

8-I.C. MODIFICATIONS TO PROVIDE ACCESSIBILITY [24 CFR 100.203; Notice 2003-31; and Notice PIH 2014-02]

Under the Fair Housing Act of 1988 an owner must not refuse the request of a family that contains a person with a disability to make necessary and reasonable modifications to the unit. Such modifications are at the family's expense. The owner may require restoration of the unit to its original condition if the modification would interfere with the owner or next occupant's full enjoyment of the premises. The owner may not increase a customarily required security deposit. However, the landlord may negotiate a restoration agreement that requires the family to restore the unit and, if necessary to ensure the likelihood of restoration, may require the tenant to pay a reasonable amount into an interest-bearing escrow account over a reasonable period of time. The interest in any such account accrues to the benefit of the tenant. The owner may also require reasonable assurances that the quality of the work will be acceptable and that any required building permits will be obtained.[24 CFR 100.203; Notice 2003-31].

Modifications to units to provide access for a person with a disability must meet all applicable NSPIRE requirements and conform to the design, construction, or alteration of facilities contained in the UFAS and the ADA Accessibility Guidelines (ADAAG) [28 CFR 35.151(c) and Notice 2003-31]. See Chapter 2 of this plan for additional information on reasonable accommodations for persons with disabilities.

PHA Policy

Any owner that intends to negotiate a restoration agreement or require an escrow account must submit the agreement(s) to the PHA for review.

8-I.D. ADDITIONAL LOCAL REQUIREMENTS

The PHA may impose variations to the NSPIRE standards as long as the additional criteria are not likely to adversely affect the health or safety of participant families or severely restrict housing choice. HUD approval is required for variations to NSPIRE standards and approved variations must be added to the administrative plan.

HUD may approve inspection criteria variations if the variations apply standards in local housing codes or other codes adopted by the PHA or because of local climatic or geographic conditions. Acceptability criteria variations may only be approved by HUD if such variations either meet or exceed the performance requirements or significantly expand affordable housing opportunities for families assisted under the program.

PHA Policy

The PHA has not requested any HUD-approved variations to NSPIRE standards as of the date of publication for this administrative plan.

8-I.E. LIFE-THREATENING DEFICIENCIES [Notice PIH 2023-28]

HUD previously required the PHA to define life threatening conditions in the administrative plan. The NSPIRE standards now describe those conditions which are considered life-threatening and must be corrected within 24 hours.

The following is a list of all life-threatening deficiencies under NSPIRE:

Inspectable Item	Life-Threatening Deficiency
Call-for-Aid System	<ul style="list-style-type: none"> • System is blocked, or pull cord is higher than 6 inches off the floor. • System does not function properly.
Carbon Monoxide Alarm	<ul style="list-style-type: none"> • Carbon monoxide alarm is missing, not installed, or not installed in a proper location. • Carbon monoxide alarm is obstructed. • Carbon monoxide alarm does not produce an audio or visual alarm when tested.

Clothes Dryer Exhaust Ventilation	<ul style="list-style-type: none"> • Electric dryer transition duct is detached or missing. • Gas dryer transition duct is detached or missing. • Electric dryer exhaust ventilation system has restricted airflow. • Dryer transition duct is constructed of unsuitable material. • Gas dryer exhaust ventilation system has restricted airflow.
Door – Entry	<ul style="list-style-type: none"> • Entry door is missing.
Door – Fire Labeled	<ul style="list-style-type: none"> • Fire labeled door is missing.
Egress	<ul style="list-style-type: none"> • Obstructed means of egress. • Sleeping room is located on the third floor or below and has an obstructed rescue opening. • Fire escape is obstructed.
Electrical – Conductor, Outlet, and Switch	<ul style="list-style-type: none"> • Outlet or switch is damaged. • Exposed electrical conductor. • Water is currently in contact with an electrical conductor.
Electrical – Service Panel	<ul style="list-style-type: none"> • The overcurrent protection device is damaged.
Exit Sign	<ul style="list-style-type: none"> • Exit sign is damaged, missing, obstructed, or not adequately illuminated.
Fire Extinguisher.	<ul style="list-style-type: none"> • Fire extinguisher is damaged or missing. • Fire extinguisher pressure gauge reads over or under-charged. • Fire extinguisher service tag is missing, illegible, or expired. • Fire extinguisher is damaged or missing.
Guardrail	<ul style="list-style-type: none"> • Guardrail is missing or not installed. • Guardrail is not functionally adequate.

Heating, Ventilation, and Air Conditioning (HVAC)	<ul style="list-style-type: none"> • The inspection date is on or between October 1 and March 31 and the permanently installed heating source is not working or the permanently installed heating source is working and the interior temperature is below 64 degrees Fahrenheit. • Unvented space heater that burns gas, oil, or kerosene is present. • Combustion chamber cover or gas shutoff valve is missing from a fuel burning heating appliance. • Fuel burning heating system or device exhaust vent is misaligned, blocked, disconnected, improperly connected, damaged, or missing.
Leak – Gas or Oil	<ul style="list-style-type: none"> • Natural gas, propane, or oil leak.
Mold-like Substance.	<ul style="list-style-type: none"> • Presence of mold-like substance at extremely high levels is observed visually.
Smoke Alarm	<ul style="list-style-type: none"> • Smoke alarm is not installed where required. • Smoke alarm is obstructed. • Smoke alarm does not produce an audio or visual alarm when tested.
Sprinkler Assembly	<ul style="list-style-type: none"> • Sprinkler head assembly is encased or obstructed by an item or object that is within 18 inches of the sprinkler head. • Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance. • Sprinkler assembly has evidence of corrosion. • Sprinkler assembly has evidence of foreign material that is detrimental to performance.
Structural System	<ul style="list-style-type: none"> • Structural system exhibits signs of serious failure.
Toilet	<ul style="list-style-type: none"> • Only one (1) was installed, and it is missing.
Water Heater	<ul style="list-style-type: none"> • Chimney or flue piping is blocked, misaligned, or missing. • Gas shutoff valve is damaged, missing, or not installed.

The PHA may add additional deficiencies which the PHA considers life-threatening provided they are described in the administrative plan.

PHA Policy

In addition to the deficiencies identified under NSPIRE standards, the HPHA shall also consider the following conditions as life-threatening deficiencies:

- Utilities not in service, including no running hot water.

8-I.F. OWNER AND FAMILY RESPONSIBILITIES [24 CFR 982.404]

Family Responsibilities

The family is responsible for correcting the following deficiencies:

- Tenant-paid utilities not in service;
- Failure to provide or maintain family-supplied appliances;
- Damage to the unit or premises caused by a household member or guest beyond normal wear and tear. "Normal wear and tear" is defined as items which could not be charged against the tenant's security deposit under state law or court practice.

Owner Responsibilities

The owner is responsible for all NSPIRE violations not listed as a family responsibility above, even if the violation is caused by the family's living habits (e.g., vermin infestation). However, if the family's actions constitute a serious or repeated lease violation, the owner may take legal action to evict the family.

8-I.G. LEAD BASED PAINT

PHAs and owners must comply with the requirements and timelines in 24 CFR Part 35 Subpart M – Tenant-Based Rental Assistance and Subpart H – Project-Based Assistance. Deteriorated paint in HUD-assisted housing, or other lead-based paint hazards identified through a lead-based paint risk assessment or lead-based paint inspection is considered a violation of NSPIRE standards.

For the HCV program, Subpart M applies to units where a child under six resides or is expected to reside, common areas that service that unit, and exterior painted surfaces associated with that unit or common areas. For project-based programs, Subpart H applies to assisted units and common areas of the property regardless of whether a child under age six resides or is expected to reside in the project. NSPIRE does not alter any of the lead-based paint requirements in Part 35 for these programs.

8-I.H. SPECIAL REQUIREMENTS FOR CHILDREN WITH ENVIRONMENTAL INTERVENTION BLOOD LEAD LEVEL [24 CFR 35.1225, FR Notice 1/13/17; Notice PIH 2017-13]

If a PHA is notified by a public health department or other medical health care provider, or verifies information from a source other than a public health department or medical health care provider, that a child of less than 6 years of age, living in an HCV- or PBV-assisted unit has been identified as having an environmental intervention blood lead level, the PHA must complete a risk assessment of the dwelling unit. The risk assessment must be completed in accordance with program requirements, and the result of the risk assessment must be immediately provided to the owner of the dwelling unit. In cases where the public health department has already completed an evaluation of the unit, this information must be provided to the owner.

Within 30 days after receiving the risk assessment report from the PHA, or the evaluation from the public health department, the owner is required to complete the reduction of identified lead- based paint hazards in

accordance with the lead-based paint regulations [24 CFR 35.1325 and 35.1330]. If the owner does not complete the “hazard reduction” as required, the dwelling unit is in violation of HQS and the PHA will take action in accordance with Section 8-II.G.

PHA reporting requirements, and data collection and record keeping responsibilities related to children with an environmental intervention blood lead level are discussed in Chapter 16.

8-II.I. VIOLATION OF SPACE STANDARDS [24 CFR 5.703(d)(5)]

Units assisted under the HCV program must have at least one bedroom or living/sleeping room for each two persons. Each habitable room must have two working outlets or one working outlet and a permanent light.

A unit that does not meet these space requirements is defined as *overcrowded*.

If the PHA determines that a unit is overcrowded because of an increase in family size or a change in family composition, the PHA must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the PHA must terminate the HAP contract in accordance with its terms.

PART II: THE INSPECTION PROCESS

8-II.A. OVERVIEW [24 CFR 982.405]

Types of Inspections

The PHA conducts the following types of inspections as needed. Each type of inspection is discussed in the paragraphs that follow.

- *Initial Inspections.* The PHA conducts initial inspections in response to a request from the family to approve a unit for participation in the HCV program. The unit must pass the HQS inspection before the effective date of the HAP Contract.
- *Periodic Inspections.* HUD requires the PHA to inspect each unit under lease at least annually or biennially, depending on PHA policy, to confirm that the unit still meets NSPIRE standards.
- *Special Inspections.* A special inspection may be requested by the owner, the family, or a third party as a result of problems identified with a unit between annual inspections.
- *Quality Control Inspections.* HUD requires that a sample of units be reinspected by a supervisor or other qualified individual to ensure that NSPIRE standards are being enforced correctly and uniformly by all inspectors.

Inspection of PHA-owned Units [24 CFR 982.352(b)]

The PHA must obtain the services of an independent entity to perform all NSPIRE inspections in cases where an HCV family is receiving assistance in a PHA-owned unit. A *PHA-owned unit* is defined as a unit that is owned by the PHA that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the PHA). The independent agency must communicate the results of each inspection to the family and the PHA. The independent agency must be approved by HUD, and may be the unit of general local government for the PHA jurisdiction (unless the PHA is itself the unit of general local government or an agency of such government).

Inspection Costs

The PHA may not charge the family or owner for unit inspections [24 CFR 982.405(e)]. In the case of inspections of PHA-owned units, the PHA may compensate the independent agency from ongoing administrative fee for inspections performed. The PHA and the independent agency may not charge the family any fee or charge for the inspection [24 CFR.982.352(b)].

Notice and Scheduling

The family must allow the PHA to inspect the unit at reasonable times with reasonable notice [24 CFR 982.551(d)].

PHA Policy

Both the family and the owner will be given reasonable notice of all inspections. Except in the case of a life-threatening emergency, reasonable notice is considered to be not less than 48 hours. Inspections may be scheduled between 6:00 a.m. and 6:00 p.m. Generally, inspections will be conducted on business days only. In the case of a life-threatening emergency, the PHA will give as

much notice as possible, given the nature of the emergency.

Owner and Family Inspection Attendance

HUD permits the PHA to set policy regarding family and owner presence at the time of inspection [HCV GB p. 10-27].

PHA Policy

When a family occupies the unit at the time of inspection an adult representative must be present for the inspection. The presence of the owner or the owner's representative is encouraged but is not required.

At initial inspection of a vacant unit, the PHA will inspect the unit in the presence of an adult family member, the owner or owner's representative.

8-ILB. INITIAL INSPECTION

Timing of Initial Inspections

HUD requires PHAs with fewer than 1,250 budgeted units to complete the initial inspection, determine whether the unit satisfies NSPIRE standards, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA). For PHAs with 1,250 or more budgeted units, to the extent practicable such inspection and determination must be completed within 15 days. The 15-day period is suspended for any period during which the unit is not available for inspection [982.305(b)(2)].

PHA Policy

The PHA will complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA).

Inspection Results and Reinspections

All life-threatening deficiencies must be resolved before a HAP contract is executed and a family moves into a dwelling unit.

PHA Policy

If any deficiencies are identified, the owner will be notified of the deficiencies and be given a time frame to correct them. If requested by the owner, the time frame for correcting the deficiencies may be extended by the PHA for good cause. The PHA will reinspect the unit within 5 business days of the date the owner notifies the PHA that the required corrections have been made.

If the time period for correcting the deficiencies (or any PHA-approved extension) has elapsed, or the unit fails at the time of the reinspection, the PHA will notify the owner and the family that the unit has been rejected and that the family must search for another unit. The PHA may agree to conduct a second reinspection, for good cause, at the request of the family and owner.

Following a failed reinspection, the family may submit a new Request for Tenancy Approval for the same unit if the family has not found another unit by the time the owner completes all repairs, and the family continues to wish to live in the unit.

Utilities

Generally, at initial lease-up the owner is responsible for demonstrating that all utilities are in working order including those utilities that the family will be responsible for paying.

PHA Policy

Utility service must be available for testing at the time of the initial inspection.

Appliances

PHA Policy

If the family is responsible for supplying the stove and/or refrigerator, the PHA will not allow the stove and refrigerator to be placed in the unit after the unit has met all other NSPIRE requirements. The required appliances must be in place before the HAP contract is executed by the PHA. The PHA will execute the HAP contract based upon a certification from the family that the appliances have been installed and are working.

8-II.C. PERIODIC INSPECTIONS [24 CFR 982.405(a)]

HUD requires the PHA to inspect each unit under a HAP contract at least biennially to confirm that the unit still meets NSPIRE standards.

PHA Policy

The PHA will inspect each unit under a HAP contract within 24 months of the last full inspections. The PHA reserves the right to require annual inspections of any unit or owner at any time.

Scheduling the Inspection

PHA Policy

If an adult representative cannot be present on the scheduled date, the family should request that the PHA reschedule the inspection. The PHA and family will agree on a new inspection date that generally should take place within 5 business days of the originally- scheduled date. The PHA may schedule an inspection more than 5 business days after the original date for good cause.

If the family misses the first scheduled appointment without requesting a new inspection date, the PHA will automatically schedule a second inspection. If the family misses two scheduled inspections without PHA approval, the PHA will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance in accordance with Chapter 12.

8-II.D. SPECIAL INSPECTIONS [24 CFR 982.405(g)]

If a participant family or government official reports a life-threatening condition which the owner would be required to repair within 24 hours, the PHA must inspect the unit within 24 hours of notification. If the reported conditions is not life threatening, the PHA must inspect the unit within 15 days of notification.

PHA Policy

During a special inspection, the PHA generally will inspect only those deficiencies that were reported. However, the inspector will record any additional HQS deficiencies that are observed and will require the responsible party to make the necessary repairs.

If the annual inspection has been scheduled or is due within 90 days of the date the special inspection is scheduled the PHA may elect to conduct a full biennial inspection.

8-II.E. QUALITY CONTROL INSPECTIONS [24 CFR 982.405(b), HCV GB p. 10-32]

HUD requires a PHA supervisor or other qualified person to conduct quality control inspections of a sample of units to ensure that each inspector is conducting accurate and complete inspections and that there is consistency in the application of the NSPIRE standards.

The unit sample must include only units that have been inspected within the preceding 3 months. The selected sample will include (1) each type of inspection (initial, annual, and special), (2) inspections completed by each inspector, and (3) units from a cross-section of neighborhoods.

8-II.F. INSPECTION RESULTS AND REINSPECTIONS FOR UNITS UNDER HAP CONTRACT

Correction Timeframes

Each deficiency is identified in the NSPIRE standards as either life-threatening, severe, moderate, or low.

For units under a HAP contract, life-threatening deficiencies must be corrected within 24 hours after notice has been provided. All other non-life-threatening deficiencies (i.e., severe, moderate) must be corrected within 30 days (or a PHA-approved extension) after notice has been provided. If low deficiencies are present in a unit, these deficiencies result in a pass and would only be noted by the inspector for informational purposes.

Notification of Corrective Actions

The owner and the family will be notified in writing of the results of all inspections. When an inspection identifies deficiencies, the PHA will determine (1) whether or not the failure is a life-threatening condition and (2) whether the family or owner is responsible.

PHA Policy

When life-threatening conditions are identified, the PHA will immediately notify both parties by telephone, facsimile, or email. The notice will specify who is responsible for correcting the

violation. The corrective actions must be taken within 24 hours of the PHA's notice.

When severe or moderate deficiencies are identified, the PHA will send the owner and the family a written notification of the inspection results within 5 business days of the inspection. The written notice will specify who is responsible for correcting the violation, and the time frame within which the failure must be corrected. Generally, not more than 30 days will be allowed for the correction.

The notice of inspection results will inform the owner that if life threatening conditions are not corrected within 24 hours, and non-life-threatening conditions are not corrected within the specified time frame (or any PHA-approved extension), the owner's HAP will be abated in accordance with PHA policy (see 8-II.G.). Likewise, in the case of family caused deficiencies, the notice will inform the family that if corrections are not made within the specified time frame (or any PHA-approved extension, if applicable) the family's assistance will be terminated in accordance with PHA policy (see Chapter 12).

Extensions

For life-threatening deficiencies, the PHA cannot grant an extension to the 24-hour corrective action period. For severe or moderate deficiencies, the PHA may grant an exception to the required time frames for correcting the violation, if the PHA determines that an extension is appropriate.

PHA Policy

Extensions will be granted in cases where the PHA has determined that the owner has made a good faith effort to correct the deficiencies and is unable to for reasons beyond the owner's control. Reasons may include, but are not limited to:

- A repair cannot be completed because required parts or services are not available;
- A repair cannot be completed because of weather conditions; or
- A reasonable accommodation is needed because the family includes a person with disabilities.

The length of the extension will be determined on a case-by-case basis, but will generally not exceed 60 days, except in the case of delays caused by weather conditions or other emergencies deemed by the PHA to be prohibitive to the completion of repairs. In the case of weather conditions, extensions may be continued until the weather has improved sufficiently to make repairs possible. The necessary repairs must be made within 15 calendar days once the weather conditions have subsided.

Reinspections

PHA Policy

The PHA will conduct a reinspection immediately following the end of the corrective period, or any PHA approved extension.

The family and owner will be given reasonable notice of the reinspection appointment. If the deficiencies have not been corrected by the time of the reinspection, the PHA will send a notice of abatement to the owner, or in the case of family caused violations, a notice of termination to the family, in accordance with PHA policies. If the PHA is unable to gain entry to the unit in order to

conduct the scheduled reinspection, the PHA will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance in accordance with Chapter 12.

8-II.G. ENFORCING OWNER COMPLIANCE

If the owner fails to maintain the dwelling unit in accordance with NSPIRE standards, the PHA must take prompt and vigorous action to enforce the owner obligations.

HAP Abatement

If an owner fails to correct HQS deficiencies by the time specified by the PHA, HUD requires the PHA to abate housing assistance payments no later than the first of the month following the specified correction period (including any approved extension) [24 CFR 985.3(f)]. No retroactive payments will be made to the owner for the period of time the rent was abated. Owner rents are not abated as a result of deficiencies that are the family's responsibility.

PHA Policy

The PHA will make all HAP abatements effective the first of the month following the expiration of the PHA specified correction period (including any extension).

The PHA will inspect abated units within 5 business days of the owner's notification that the work has been completed. Payment will resume effective on the day the unit passes inspection.

During any abatement period the family continues to be responsible for its share of the rent. The owner must not seek payment from the family for abated amounts and may not use the abatement as cause for eviction.

HAP Contract Termination

The PHA must decide how long any abatement period will continue before the HAP contract will be terminated. The PHA should not terminate the contract until the family finds another unit, provided the family does so in a reasonable time [HCV GB p. 10-29] and must give the owner reasonable notice of the termination. The PHA will issue a voucher to permit the family to move to another unit as described in Chapter 10.

PHA Policy

The maximum length of time that a HAP may be abated is 90 days. However, if the owner completes corrections and notifies the PHA before the termination date of the HAP contract, the PHA may rescind the termination notice if (1) the family still resides in the unit and wishes to remain in the unit and (2) the unit passes inspection.

Reasonable notice of HAP contract termination by the PHA is 30 days.

8-II.H. ENFORCING FAMILY COMPLIANCE [24 CFR 982.404(b)]

Families are responsible for correcting any deficiencies listed in paragraph 8-I.D. If the family fails to correct a violation within the period allowed by the PHA (and any extensions), the PHA will terminate the

family's assistance, according to the policies described in Chapter 12.

If the owner carries out a repair for which the family is responsible under the lease, the owner may bill the family for the cost of the repair.

PART III: RENT REASONABLENESS [24 CFR 982.507]

8-III.A. OVERVIEW

No HAP contract can be approved until the PHA has determined that the rent for the unit is reasonable. The purpose of the rent reasonableness test is to ensure that a fair rent is paid for each unit rented under the HCV program.

HUD regulations define a reasonable rent as one that does not exceed the rent charged for comparable, unassisted units in the same market area. HUD also requires that owners not charge more for assisted units than for comparable units on the premises. This part explains the method used to determine whether a unit's rent is reasonable.

PHA-owned Units [24 CFR 982.352(b)]

In cases where an HCV family is receiving assistance in a PHA-owned unit, the PHA must obtain the services of an independent entity to determine rent reasonableness in accordance with program requirements, and to assist the family in negotiating the contract rent when the family requests assistance. A PHA-owned unit is defined as a unit that is owned by the PHA that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the PHA). The independent agency must communicate the results of the rent reasonableness determination to the family and the PHA. The independent agency must be approved by HUD, and may be the unit of general local government for the PHA jurisdiction (unless the PHA is itself the unit of general local government or an agency of such government).

8-III.B. WHEN RENT REASONABLENESS DETERMINATIONS ARE REQUIRED

Owner-initiated Rent Determinations

The PHA must make a rent reasonableness determination at initial occupancy and whenever the owner requests a rent adjustment.

The owner and family first negotiate the rent for a unit. The PHA (or independent agency in the case of PHA-owned units) will assist the family with the negotiations upon request. At initial occupancy the PHA must determine whether the proposed rent is reasonable before a HAP Contract is signed. The owner must not change the rent during the initial lease term. Subsequent requests for rent adjustments must be consistent with the lease between the owner and the family. Rent increases will not be approved unless any failed items identified by the most recent HQS inspection have been corrected.

PHA Policy

After the initial occupancy period, the owner may request a rent adjustment in accordance with the owner's lease. For rent increase requests after initial lease-up, the PHA may request owners to provide information about the rents charged for other units on the premises, if the premises include more than 4 units. In evaluating the proposed rents in comparison to other units on the premises the PHA will consider unit size and length of tenancy in the other units.

The PHA will determine whether the requested increase is reasonable within 10 business days of receiving the request from the owner. The owner will be notified of the determination in writing.

All rents adjustments will be effective the first of the month following 60 days after the PHA's receipt of the owner's request or on the date specified by the owner, whichever is later.

PHA- and HUD-Initiated Rent Reasonableness Determinations

HUD requires the PHA to make a determination of rent reasonableness (even if the owner has not requested a change) if there is a 5 percent decrease in the Fair Market Rent that goes into effect at least 60 days before the contract anniversary date. HUD also may direct the PHA to make a determination at any other time. The PHA may decide that a new determination of rent reasonableness is needed at any time.

PHA Policy

In addition to the instances described above, the PHA will make a determination of rent reasonableness at any time after the initial occupancy period if: (1) the PHA determines that the initial rent reasonableness determination was in error or (2) the PHA determines that the information provided by the owner about the unit or other units on the same premises was incorrect.

8-III.C. HOW COMPARABILITY IS ESTABLISHED

Factors to Consider

HUD requires PHAs to take into consideration the factors listed below when determining rent comparability. The PHA may use these factors to make upward or downward adjustments to the rents of comparison units when the units are not identical to the HCV-assisted unit:

- Location and age;
- Unit size including the number of rooms and square footage of rooms;
- The type of unit including construction type (e.g., single family, duplex, garden, low-rise, high-rise);
- The quality of the units including the quality of the original construction, maintenance and improvements made; and
- Amenities, services, and utilities included in the rent.

Units that Must Not be Used as Comparables

Comparable units must represent unrestricted market rents. Therefore, units that receive some form of federal, state, or local assistance that imposes rent restrictions cannot be considered comparable units. These include units assisted by HUD through any of the following programs: Section 8 project-based assistance, Section 236 and Section 221(d)(3) Below Market Interest Rate (BMIR) projects, HOME or Community Development Block Grant (CDBG) program- assisted units in which the rents are subsidized; units subsidized through federal, state, or local tax credits; units subsidized by the Department of Agriculture rural housing programs, and units that are rent-controlled by local ordinance.

Rents Charged for Other Units on the Premises

The Request for Tenancy Approval (HUD-52517) requires owners to provide information, on the form itself, about the rent charged for other unassisted comparable units on the premises if the premises include

more than 4 units.

By accepting the PHA payment each month the owner certifies that the rent is not more than the rent charged for comparable unassisted units on the premises. If asked to do so, the owner must give the PHA information regarding rents charged for other units on the premises.

8-III.D. PHA RENT REASONABLENESS METHODOLOGY

How Market Data is Collected

PHA Policy

The PHA will collect and maintain data on market rents in the PHA's jurisdiction. Information sources include newspapers, realtors, market surveys, inquiries of owners and other available sources. The data will be maintained by bedroom size and market areas. Market areas may be defined by zip codes, census tract, neighborhood, and identifiable natural or man-made boundaries. The data will be updated on an ongoing basis and rent information that is more than 12 months old will be eliminated from the database.

How Rents are Determined

PHA Policy

The rent for a unit proposed for HCV assistance will be compared to the rent charged for comparable units in the same market area. The PHA will develop a range of prices for comparable units by bedroom size within defined market areas. Units proposed for HCV assistance will be compared to the units within this rent range. At least three comparable units will be used for each rent determination and of which at least two must have a gross rent that exceeds the subject gross contract rent, and the total average gross rent of the comparable units exceeds the subject gross rent. Because units may be similar, but not exactly like the unit proposed for HCV assistance, the PHA may make adjustments to the range of prices to account for these differences. In certain cases where rent comparable unit data is unavailable in the immediate district and/or zip code area, the agency will expand its search into the next adjacent district(s). The inspector will document on its Rent Reasonableness Certification form that "Due to unavailable rent comparables in the immediate district, rent comparables from other areas used."

The adjustment must reflect the local market. Not all differences in units require adjustments (e.g., the presence or absence of a garbage disposal may not affect the rent in some market areas).

Adjustments may vary by unit type (e.g., a second bathroom may be more valuable in a three-bedroom unit than in a two-bedroom).

The adjustment must reflect the rental value of the difference – not its construction costs (e.g., it might cost \$20,000 to put on a new roof, but the new roof might not make any difference in what a tenant would be willing to pay because rents units are presumed to have functioning roofs).

When a comparable project offers rent concessions (e.g., first month rent-free, or reduced rent) reported monthly rents will be adjusted accordingly. For example, if a comparable project reports rents of \$500/month but new tenants receive the first month's rent free, the actual rent for the unit

would be calculated as follows: $\$500 \times 11 \text{ months} = 5500/12 \text{ months} = \text{actual monthly rent of } \$488.$

The PHA will notify the owner of the rent the PHA can approve based upon its analysis of rents for comparable units. The owner may submit information about other comparable units in the market area. The PHA will confirm the accuracy of the information provided and consider this additional information when making rent determinations. The owner must submit any additional information within 5 business days of the PHA's request for information or the owner's request to submit information.

EXHIBIT 8-1: AFFIRMATIVE HABITABILITY REQUIREMENTS

Affirmative Habitability Requirements: Inside

- Must include at least one (1) battery-operated or hard-wired smoke detector, in proper working condition, on each level of the property.
- Must meet or exceed the carbon monoxide detection standards set by the Secretary through *Federal Register* notification.
- Any outlet installed within six (6) feet of a water source must be GFCI-protected.
- Must have a guardrail when there is an elevated walking surface with a drop off of 30 inches or greater measured vertically.
- Must have permanently mounted light fixtures in any kitchens and each bathroom.
- May not contain unvented space heaters that burn gas, oil, or kerosene.

Affirmative Habitability Requirements: Outside

- Any outlet installed within six (6) feet of a water source must be GFCI-protected.
- Must have a guardrail when there is an elevated walking surface with a drop off of 30 inches or greater measured vertically.

Affirmative Habitability Requirements: Unit

- Must have hot and cold running water in the bathroom and kitchen, including an adequate source of safe drinking water in the bathroom and kitchen.
- Must include its own bathroom or sanitary facility that is in proper operating condition and usable in privacy. It must contain a sink, a bathtub or shower, and an interior flushable toilet.
- Must have at least one battery-operated or hard-wired smoke detector, in proper working condition, in the following locations:
 - On each level of the unit;
 - Inside each bedroom or sleeping area;
 - Within 21 feet of any door to a bedroom measured along a path of travel; and
 - Where a smoke detector is installed outside a bedroom that is separated from an adjacent living area by a door, the smoke detector must also be installed in the living area side of the door.
- If the unit is occupied by a hearing-impaired person, the smoke detectors must have an alarm system designed for hearing-impaired persons.
- Must have a living room and a kitchen area with a sink, cooking appliance, refrigerator, food preparation area, and food storage area.

- Must have two working outlets or one working outlet and one permanent light fixture within all habitable rooms.
- Must have a permanently mounted light fixture in the kitchen and each bathroom.
- Outlets within six (6) feet of a water source must be GFCI-protected.
- No units may contain unvented space heaters that burn gas, oil, or kerosene.
- Must have a guardrail when there is an elevated walking surface with a drop off of 30 inches or greater measured vertically.
- Must have at least one bedroom or living/sleeping room for each two persons.

Chapter 8

HOUSING QUALITY NATIONAL STANDARDS FOR THE PHYSICAL INSPECTION OF REAL ESTATE AND RENT REASONABLENESS DETERMINATIONS

[24 CFR ~~982 Subpart I~~ and 24 CFR 982.5075 Subpart G and Notice PIH 2023-28]

INTRODUCTION

HUD requires that all units occupied by families receiving Housing Choice Voucher (HCV) and Project-Based Voucher (PBV) assistance meet HUD's ~~Housing Quality Standards (HQS)~~ and permits the PHA to establish additional requirements. The use of the term "HQS" in this plan refers to the combination of both HUD and PHA established requirements. ~~HQS inspections are required before the Housing Assistance Payments (HAP) Contract is signed and at least annually during the term of the contract~~ National Standards for the Physical Inspection of Real Estate (NSPIRE) regulations and standards no later than October 1, 2024. The inspection performance standards and procedures for conducting NSPIRE inspections must be included in the administrative plan [Notice PIH 2023-28]

All units must pass an NSPIRE inspection prior to the approval of a lease (with some exceptions) at least once every 24 months during the term of the HAP contract, and at other times as needed to determine that the unit meets NSPIRE standards. HUD also requires PHAs to determine that units rented by families assisted under the HCV program have rents that are reasonable when compared to comparable unassisted units in the market area.

Provided they meet certain requirements, HUD permits PHAs to establish some local requirements in their administrative plans. However, compliance with state and local codes is not part of the determination of whether a unit passes the NSPIRE standards.

The use of the term NSPIRE in this plan refers to the combination of both HUD and PHA-established requirements. Pursuant to 24 CFR 982.401 as amended by HUD on May 11, 2023, any reference to the term Housing Quality Standards or HQS in this administrative plan shall have the same meaning as NSPIRE.

This chapter explains HUD and PHA requirements related to ~~housing quality~~ physical inspections and rent reasonableness as follows:

Part I. Physical Standards. This part discusses ~~the physical~~ NSPIRE standards required of units occupied by HCV- and PBV-assisted families ~~and identifies decisions about the acceptability of the unit that may be made by the family based upon the family's preference.~~ It also identifies affirmative habitability requirements for all units and life-threatening conditions that must be ~~addressed on an expedited basis~~ corrected in 24 hours.

Part II. The Inspection Process. This part describes the types of inspections the PHA will make and the steps that will be taken when units do not meet NSPIRE standards ~~HQS~~.

Part III. Rent Reasonableness Determinations. This part discusses the policies the PHA will use to make rent reasonableness determinations.

Special ~~HQS~~ NSPIRE requirements for homeownership, manufactured homes, and other special housing types are discussed in Chapter 15 to the extent that they apply in this jurisdiction. Special requirements for the PBV program are discussed in Chapter 17.

PART I: ~~PHYSICAL~~ NSPIRE STANDARDS

NSPIRE standards are published on HUD's NSPIRE website as well as in the NSPIRE Final Rule [FR Notice 5/1/2023].

~~8-I.A. GENERAL HUD REQUIREMENTS INSPECTABLE AREAS [24 CFR 5.703(a)(1) and 24 CFR 5.705(a)(2)]~~

NSPIRE defines the inspectable areas for inspection under the standards as inside, outside, and unit. However, the inspection requirement for the HCV program only applies to units occupied or to be occupied by HCV participants, common areas, and exterior areas which either service or are associated with such units.

~~8-I.B. AFFIRMATIVE HABITABILITY REQUIREMENTS [24 CFR 5.703(b), (c), and (d)]~~ HUD Performance and Acceptability Standards

NSPIRE provides for minimum or affirmative habitability requirements for each area (inside, outside, unit). These areas must meet these habitability requirements, which are listed in Exhibit 8-1.

The inside, outside, and unit must be free of health and safety hazards that pose a danger to residents. Types of health and safety concerns include, but are not limited to carbon monoxide, electrical hazards, extreme temperature, flammable materials or other fire hazards, garbage and debris, handrail hazards, infestation, lead-based paint, mold, and structural soundness [24 CFR 5.703(e)].

The NSPIRE Smoke Alarm Standard does not require that smoke alarms have a sealed battery; however, upon the effective date of the Public and Federally Assisted Housing Fire Safety Act of 2022 on December 29, 2024, sealed batteries *will* be required.
~~HUD's performance and acceptability standards for HCV-assisted housing are provided in 24 CFR 982.401. These standards cover the following areas:~~

- ~~• Sanitary facilities~~
- ~~• Food preparation and refuse disposal~~
- ~~• Space and Security~~
- ~~• Thermal Environment~~
- ~~• Illumination and electricity~~
- ~~• Structure and materials~~
- ~~• Interior Air Quality~~
- ~~• Water Supply~~
- ~~• Lead-based paint~~
- ~~• Access~~

- ~~Site and neighborhood~~
- ~~Sanitary condition~~
- ~~Smoke Detectors~~

~~A summary of HUD performance criteria is provided in Attachment 8-1. Additional guidance on these requirements is found in the following HUD resources:~~

- ~~Housing Choice Voucher Guidebook, Chapter 10.~~
- ~~HUD Housing Inspection Manual for Section 8 Housing~~
- ~~HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)~~
- ~~HUD Notice 2003-31, Accessibility Notice: Section 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Architectural Barriers Act of 1968 and the Fair Housing Act of 1988.~~

Tenant Preference Items

~~HUD requires the PHA to enforce minimum HQS but also requires that certain judgments about acceptability be left to the family. For example, the PHA must ensure that the unit contains the required sanitary facilities, but the family decides whether the cosmetic condition of the facilities is acceptable. Attachment 8-2 summarizes those items that are considered tenant preferences.~~

8-I.C. MODIFICATIONS TO PROVIDE ACCESSIBILITY [24 CFR 100.203; Notice 2003-31; and Notice PIH 2014-02]

Under the Fair Housing Act of 1988 an owner must not refuse the request of a family that contains a person with a disability to make necessary and reasonable modifications to the unit. Such modifications are at the family's expense. The owner may require restoration of the unit to its original condition if the modification would interfere with the owner or next occupant's full enjoyment of the premises. The owner may not increase a customarily required security deposit. However, the landlord may negotiate a restoration agreement that requires the family to restore the unit and, if necessary to ensure the likelihood of restoration, may require the tenant to pay a reasonable amount into an interest-bearing escrow account over a reasonable period of time. The interest in any such account accrues to the benefit of the tenant. The owner may also require reasonable assurances that the quality of the work will be acceptable and that any required building permits will be obtained.[24 CFR 100.203; Notice 2003-31].

Modifications to units to provide access for a person with a disability must meet all applicable HQS/NSPIRE requirements and conform to the design, construction, or alteration of facilities contained in the UFAS and the ADA Accessibility Guidelines (ADAAG) [28 CFR 35.151(c) and Notice 2003-31]. See Chapter 2 of this plan for additional information on reasonable accommodations for persons with disabilities.

PHA Policy

Any owner that intends to negotiate a restoration agreement or require an escrow account must submit the agreement(s) to the PHA for review.

8-I.BD. -ADDITIONAL LOCAL REQUIREMENTS

The PHA may impose ~~additional quality variations to the NSPIRE~~ standards as long as the additional criteria are not likely to adversely affect the health or safety of participant families or severely restrict housing choice. HUD approval is required ~~if more stringent standards are imposed. HUD approval is not required if the PHA additions are clarifications of HUD's acceptability criteria or performance standards [24 CFR 982.401(a)(4)]~~ for variations to NSPIRE standards and approved variations must be added to the administrative plan.

HUD may approve inspection criteria variations if the variations apply standards in local housing codes or other codes adopted by the PHA or because of local climatic or geographic conditions. Acceptability criteria variations may only be approved by HUD if such variations either meet or exceed the performance requirements or significantly expand affordable housing opportunities for families assisted under the program.

PHA Policy

The PHA has not requested any HUD-approved variations to NSPIRE standards as of the date of publication for this administrative plan.

Thermal Environment [HCV GB p.10-7]

~~The PHA must define a “healthy living environment” for the local climate. This may be done by establishing a temperature that the heating system must be capable of maintaining, that is appropriate for the local climate.~~

PHA Policy

~~The built in heating system must be capable of maintaining an interior temperature of 65 degrees Fahrenheit between October 1 and May 1.~~

Clarifications of HUD Requirements

PHA Policy

As permitted by HUD, the PHA has adopted the following specific requirements that elaborate on HUD standards.

Walls

In areas where plaster or drywall is sagging, severely cracked, or otherwise damaged, it must be repaired or replaced.

Windows

Window sashes must be in good condition, solid and intact, and properly fitted to the window frame. Damaged or deteriorated sashes must be replaced. Windows must be weather stripped as needed to ensure a weather tight seal. Window screens must be in good condition (applies only if screens are present).

Doors

All exterior doors must be somewhat weather tight to avoid any air or water infiltration from normal weather, be lockable, have no holes, have all trim intact, and have a threshold or squeegee type blocker. All interior doors must have no holes, have all trim intact, and be openable without the use of a key.

Floors

All wood floors must be sanded to a smooth surface and sealed. Any loose or warped boards must be resecured and made level. If they cannot be leveled, they must be replaced. All floors must be in a finished state. Raw wood or unsealed concrete is not permitted. All floors should have some type of baseshoe, trim, or sealing for a "finished look." Vinyl baseshoe is permitted.

Sinks

All sinks and commode water lines must have shut off valves, unless faucets are wall mounted. All worn or cracked toilet seats and tank lids must be replaced, and the toilet tank lid must fit properly. Must have at least two sinks for a one or greater bedroom or if studio, one sink will be allowed.

Security

If window security bars or security screens are present on emergency exit windows, they must be equipped with a quick release system. The owner is responsible for ensuring that the family is instructed on the use of the quick release system.

Smoke Detector or Alarms

Must meet the National Fire Protection Association (NFPA) National Fire Alarm Code 72, 2002 Edition or its predecessor. All detectors or alarms must be working condition.

Refrigerators

The refrigerator must be of adequate size for the family and capable of maintaining a temperature low enough to keep food from spoiling. The PHA may reject the size of the refrigerator only if it clearly cannot serve the needs of the family.

Policy

~~Of adequate size will be meant to mean that the tenant and owner agree that the appliance will provide the needs of the family.~~

~~***Stove/Oven/Microwave/Convection Oven***~~

~~A microwave/convection oven can replace an otherwise non-working stove/oven provided that the microwave/convection oven is supplied by the owner/landlord and is agreeable upon by the tenant. A working microwave oven can co-exist with a non-working stove/oven provide that the power to the stove/oven is turned off.~~

~~Policy~~

~~A working microwave and its size will be meant to mean that the tenant and owner agree that the appliance will provide the needs of the family.~~

8-I.CE. -LIFE--THREATENING CONDITIONS [24 CFR 982.404(a)] DEFICIENCIES [Notice PIH 2023-28]

HUD ~~previously requires~~required the PHA to define life threatening conditions ~~and to notify the owner or the family (whichever is responsible) of the corrections required. The responsible party must correct life-threatening conditions within 24 hours of PHA notification, in the administrative plan.~~ The NSPIRE standards now describe those conditions which are considered life-threatening and must be corrected within 24 hours.

The following is a list of all life-threatening deficiencies under NSPIRE:

<u>Inspectable Item</u>	<u>Life-Threatening Deficiency</u>
<u>Call-for-Aid System</u>	<ul style="list-style-type: none"> • <u>System is blocked, or pull cord is higher than 6 inches off the floor.</u> • <u>System does not function properly.</u>
<u>Carbon Monoxide Alarm</u>	<ul style="list-style-type: none"> • <u>Carbon monoxide alarm is missing, not installed, or not installed in a proper location.</u> • <u>Carbon monoxide alarm is obstructed.</u> • <u>Carbon monoxide alarm does not produce an audio or visual alarm when tested.</u>

<u>Clothes Dryer Exhaust Ventilation</u>	<ul style="list-style-type: none"> • <u>Electric dryer transition duct is detached or missing.</u> • <u>Gas dryer transition duct is detached or missing.</u> • <u>Electric dryer exhaust ventilation system has restricted airflow.</u> • <u>Dryer transition duct is constructed of unsuitable material.</u> • <u>Gas dryer exhaust ventilation system has restricted airflow.</u>
<u>Door – Entry</u>	<ul style="list-style-type: none"> • <u>Entry door is missing.</u>
<u>Door – Fire Labeled</u>	<ul style="list-style-type: none"> • <u>Fire labeled door is missing.</u>
<u>Egress</u>	<ul style="list-style-type: none"> • <u>Obstructed means of egress.</u> • <u>Sleeping room is located on the third floor or below and has an obstructed rescue opening.</u> • <u>Fire escape is obstructed.</u>
<u>Electrical – Conductor, Outlet, and Switch</u>	<ul style="list-style-type: none"> • <u>Outlet or switch is damaged.</u> • <u>Exposed electrical conductor.</u> • <u>Water is currently in contact with an electrical conductor.</u>
<u>Electrical – Service Panel</u>	<ul style="list-style-type: none"> • <u>The overcurrent protection device is damaged.</u>
<u>Exit Sign</u>	<ul style="list-style-type: none"> • <u>Exit sign is damaged, missing, obstructed, or not adequately illuminated.</u>
<u>Fire Extinguisher.</u>	<ul style="list-style-type: none"> • <u>Fire extinguisher is damaged or missing.</u> • <u>Fire extinguisher pressure gauge reads over or under-charged.</u> • <u>Fire extinguisher service tag is missing, illegible, or expired.</u> • <u>Fire extinguisher is damaged or missing.</u>
<u>Guardrail</u>	<ul style="list-style-type: none"> • <u>Guardrail is missing or not installed.</u> • <u>Guardrail is not functionally adequate.</u>

<u>Heating, Ventilation, and Air Conditioning (HVAC)</u>	<ul style="list-style-type: none"> • <u>The inspection date is on or between October 1 and March 31 and the permanently installed heating source is not working or the permanently installed heating source is working and the interior temperature is below 64 degrees Fahrenheit.</u> • <u>Unvented space heater that burns gas, oil, or kerosene is present.</u> • <u>Combustion chamber cover or gas shutoff valve is missing from a fuel burning heating appliance.</u> • <u>Fuel burning heating system or device exhaust vent is misaligned, blocked, disconnected, improperly connected, damaged, or missing.</u>
<u>Leak – Gas or Oil</u>	<ul style="list-style-type: none"> • <u>Natural gas, propane, or oil leak.</u>
<u>Mold-like Substance.</u>	<ul style="list-style-type: none"> • <u>Presence of mold-like substance at extremely high levels is observed visually.</u>
<u>Smoke Alarm</u>	<ul style="list-style-type: none"> • <u>Smoke alarm is not installed where required.</u> • <u>Smoke alarm is obstructed.</u> • <u>Smoke alarm does not produce an audio or visual alarm when tested.</u>
<u>Sprinkler Assembly</u>	<ul style="list-style-type: none"> • <u>Sprinkler head assembly is encased or obstructed by an item or object that is within 18 inches of the sprinkler head.</u> • <u>Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance.</u> • <u>Sprinkler assembly has evidence of corrosion.</u> • <u>Sprinkler assembly has evidence of foreign material that is detrimental to performance.</u>
<u>Structural System</u>	<ul style="list-style-type: none"> • <u>Structural system exhibits signs of serious failure.</u>
<u>Toilet</u>	<ul style="list-style-type: none"> • <u>Only one (1) was installed, and it is missing.</u>
<u>Water Heater</u>	<ul style="list-style-type: none"> • <u>Chimney or flue piping is blocked, misaligned, or missing.</u> • <u>Gas shutoff valve is damaged, missing, or not installed.</u>

The PHA may add additional deficiencies which the PHA considers life-threatening provided they are described in the administrative plan.

PHA Policy

In addition to the deficiencies identified under NSPIRE standards, the HPHA shall also consider the following conditions as life-threatening deficiencies:

- ~~Utilities not in service, including no running hot water.~~
- PHA Policy

~~The following are considered life threatening conditions:~~

- ~~Any condition that jeopardizes the security of the unit;~~
- ~~Major plumbing leaks or flooding, waterlogged ceiling, or floor in imminent danger of falling;~~
- ~~Natural or LP gas or fuel oil leaks;~~
- ~~Any electrical problem or condition that could result in shock or fire;~~
- ~~Absence of a working heating system when outside temperature is below 60 degrees Fahrenheit;~~
- ~~Utilities not in service, including no running hot water;~~
- ~~Conditions that present the imminent possibility of injury;~~
- ~~Obstacles that prevent safe entrance or exit from the unit;~~
- ~~Absence of a functioning toilet in the unit;~~
- ~~Inoperable smoke detectors~~

~~If an owner fails to correct life threatening conditions as required by the PHA, the housing assistance payment will be abated, and the HAP contract will be terminated. See 8 II G.~~

~~If a family fails to correct a family caused life threatening condition as required by the PHA, the PHA may terminate the family's assistance. See 8 II.H.~~

~~The owner will be required to repair an inoperable smoke detector unless the PHA determines that the family has intentionally disconnected it (by removing batteries or other means). In this case, the family will be required to repair the smoke detector within 24 hours.~~

8-I.D.F. OWNER AND FAMILY RESPONSIBILITIES [24 CFR 982.404]

Family Responsibilities

The family is responsible for correcting the following ~~HQS~~ deficiencies:

- Tenant-paid utilities not in service;
- Failure to provide or maintain family-supplied appliances;
- Damage to the unit or premises caused by a household member or guest beyond normal wear and tear. "Normal wear and tear" is defined as items which could not be charged against the tenant's security deposit under state law or court practice.

Owner Responsibilities

The owner is responsible for all ~~HQS-NSPIRE~~ violations not listed as a family responsibility above, even if the violation is caused by the family's living habits (e.g., vermin infestation). However, if the family's actions constitute a serious or repeated lease violation, the owner may take legal action to evict the family.

8-I.G. LEAD BASED PAINT

PHAs and owners must comply with the requirements and timelines in 24 CFR Part 35 Subpart M – Tenant-Based Rental Assistance and Subpart H – Project-Based Assistance. Deteriorated paint in HUD-assisted housing, or other lead-based paint hazards identified through a lead-based paint risk assessment or lead-based paint inspection is considered a violation of NSPIRE standards.

For the HCV program, Subpart M applies to units where a child under six resides or is expected to reside, common areas that service that unit, and exterior painted surfaces associated with that unit or common areas. For project-based programs, Subpart H applies to assisted units and common areas of the property regardless of whether a child under age six resides or is expected to reside in the project. NSPIRE does not alter any of the lead-based paint requirements in Part 35 for these programs.

8-I-~~EH~~. -SPECIAL REQUIREMENTS FOR CHILDREN WITH ENVIRONMENTAL INTERVENTION BLOOD LEAD LEVEL [24 CFR 35.1225, FR Notice 1/13/17; Notice PIH 2017-13]

If a PHA is notified by a public health department or other medical health care provider, or verifies information from a source other than a public health department or medical health care provider, that a child of less than 6 years of age, living in an HCV-or PBV-assisted unit has been identified as having an environmental intervention blood lead level, the PHA must complete a risk assessment of the dwelling unit. The risk assessment must be completed in accordance with program requirements, and the result of the risk assessment must be immediately provided to the owner of the dwelling unit. In cases where the public health department has already completed an evaluation of the unit, this information must be provided to the owner.

Within 30 days after receiving the risk assessment report from the PHA, or the evaluation from the public health department, the owner is required to complete the reduction of identified lead- based paint hazards in accordance with the lead-based paint regulations [24 CFR 35.1325 and 35.1330]. If the owner does not complete the “hazard reduction” as required, the dwelling unit is in violation of HQS and the PHA will take action in accordance with Section 8-II.G.

PHA reporting requirements, and data collection and record keeping responsibilities related to children with an environmental intervention blood lead level are discussed in Chapter 16.

8-I-~~FI~~. -VIOLATION OF HQS-SPACE STANDARDS [24 CFR ~~982.4035.703(d)(5)~~]

Units assisted under the HCV program must have at least one bedroom or living/sleeping room for each two persons. Each habitable room must have two working outlets or one working outlet and a permanent light.

A unit that does not meet these space requirements is defined as *overcrowded*.

If the PHA determines that a unit ~~does not meet the HQS-space standards~~is overcrowded because of an increase in family size or a change in family composition, the PHA must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the PHA must terminate the HAP contract in accordance with its terms.

PART II: THE INSPECTION PROCESS

8-II.A. -OVERVIEW [24 CFR 982.405]

Types of Inspections

The PHA conducts the following types of inspections as needed. Each type of inspection is discussed in the paragraphs that follow.

- *Initial Inspections.* The PHA conducts initial inspections in response to a request from the family to approve a unit for participation in the HCV program. The unit must pass the HQS inspection before the effective date of the HAP Contract.
- *Annual/Periodic Inspections.* HUD requires the PHA to inspect each unit under lease at least annually or biennially, depending on PHA policy, to confirm that the unit still meets HQS-NSPIRE standards. ~~The inspection may be conducted in conjunction with the family's annual reexamination but also may be conducted separately.~~
- *Special Inspections.* A special inspection may be requested by the owner, the family, or a third party as a result of problems identified with a unit between annual inspections.
- *Quality Control Inspections.* HUD requires that a sample of units be reinspected by a supervisor or other qualified individual to ensure that HQS-NSPIRE standards are being enforced correctly and uniformly by all inspectors.

Inspection of PHA-owned Units [24 CFR 982.352(b)]

The PHA must obtain the services of an independent entity to perform all HQS-NSPIRE inspections in cases where an HCV family is receiving assistance in a PHA-owned unit. A *PHA-owned unit* is defined as a unit that is owned by the PHA that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the PHA). The independent agency must communicate the results of each inspection to the family and the PHA. The independent agency must be approved by HUD, and may be the unit of general local government for the PHA jurisdiction (unless the PHA is itself the unit of general local government or an agency of such government).

Inspection Costs

The PHA may not charge the family or owner for unit inspections [24 CFR 982.405(e)]. In the case of inspections of PHA-owned units, the PHA may compensate the independent agency from ongoing administrative fee for inspections performed. The PHA and the independent agency may not charge the family any fee or charge for the inspection [24 CFR.982.352(b)].

Notice and Scheduling

The family must allow the PHA to inspect the unit at reasonable times with reasonable notice [24 CFR 982.551(d)].

PHA Policy

Both the family and the owner will be given reasonable notice of all inspections. Except in the case of a ~~life-threatening~~ emergency, reasonable notice is considered to be not less than 48 hours. Inspections may be scheduled between 6:00 a.m. and 6:00 p.m. ~~Generally~~ inspections will be conducted on business days only. In the case of a ~~life-threatening~~ emergency, the PHA will give as much notice as possible, given the nature of the emergency.

Owner and Family Inspection Attendance

HUD permits the PHA to set policy regarding family and owner presence at the time of inspection [HCV GB p. 10-27].

PHA Policy

When a family occupies the unit at the time of inspection an adult representative must be present for the inspection. The presence of the owner or the owner's representative is encouraged but is not required.

At initial inspection of a vacant unit, the PHA will inspect the unit in the presence of an adult family member, the owner or owner's representative.

8-II.B. INITIAL ~~HQS~~ INSPECTION ~~[24 CFR 982.401(a)]~~

Timing of Initial Inspections

~~HUD requires the unit to pass HQS before the effective date of the lease and HAP Contract.~~ HUD requires PHAs with fewer than 1,250 budgeted units to complete the initial inspection, determine whether the unit satisfies HQS NSPIRE standards, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA). For PHAs with 1,250 or more budgeted units, to the extent practicable such inspection and determination must be completed within 15 days. The 15-day period is suspended for any period during which the unit is not available for inspection [982.305(b)(2)].

PHA Policy

The PHA will complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA).

Inspection Results and Reinspections

All life-threatening deficiencies must be resolved before a HAP contract is executed and a family moves into a dwelling unit.

PHA Policy

If any ~~HQS violations~~deficiencies are identified, the owner will be notified of the deficiencies and be given a time frame to correct them. If requested by the owner, the time frame for correcting the deficiencies may be extended by the PHA for good cause. The PHA will reinspect the unit within 5 business days of the date the owner notifies the PHA that the required corrections have been made.

If the time period for correcting the deficiencies (or any PHA-approved extension) has elapsed, or the unit fails ~~HQS~~ at the time of the reinspection, the PHA will notify the owner and the family that the unit has been rejected and that the family must search for another unit. The PHA may agree to conduct a second reinspection, for good cause, at the request of the family and owner.

Following a failed reinspection, the family may submit a new Request for Tenancy Approval for the same unit if the family has not found another unit by the time the owner completes all ~~repairs~~repairs, and the family continues to wish to live in the unit.

Utilities

Generally, at initial lease-up the owner is responsible for demonstrating that all utilities are in working order including those utilities that the family will be responsible for paying.

PHA Policy

Utility service must be available for testing at the time of the initial inspection.

Appliances

PHA Policy

If the family is responsible for supplying the stove and/or refrigerator, the PHA will not allow the stove and refrigerator to be placed in the unit after the unit has met all other ~~NSPIREHQ~~ requirements. The required appliances must be in place before the HAP contract is executed by the PHA. The PHA will execute the HAP contract based upon a certification from the family that the appliances have been installed and are working.

8-II.C. ~~ANNUAL HQS~~PERIODIC INSPECTIONS [24 CFR 982.405(a)]

HUD requires the PHA to inspect each unit under a HAP contract at least biennially to confirm that the unit still meets NSPIRE standards.

PHA Policy

The PHA will inspect each unit under a HAP contract within 24 months of the last full inspections. The PHA reserves the right to require annual inspections of any unit or owner at any time.

Scheduling the Inspection

~~Each unit under HAP contract must have an annual inspection no more than 12 months after the most recent inspection.~~

PHA Policy

If an adult representative cannot be present on the scheduled date, the family should request that the PHA reschedule the inspection. The PHA and family will agree on a new inspection date that generally should take place within 5 business days of the originally- scheduled date. The PHA may schedule an inspection more than 5 business days after the original date for good cause.

If the family misses the first scheduled appointment without requesting a new inspection date, the PHA will automatically schedule a second inspection. If the family misses two scheduled inspections without PHA approval, the PHA will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance in accordance with Chapter 12.

8-II.D. ~~SPECIAL~~ INSPECTIONS [~~HCV GB p. 10-30~~24 CFR 982.405(g)]

The PHA will conduct a special inspection if the owner, family, or another source reports HQS violations in the unit. If a participant family or government official reports a life-threatening condition which the owner would be required to repair within 24 hours, the PHA must inspect the unit within 24 hours of notification. If the reported conditions is not life threatening, the PHA must inspect the unit within 15 days of notification.

PHA Policy

During a special inspection, the PHA generally will inspect only those deficiencies that were reported. However, the inspector will record any additional HQS deficiencies that are observed and will require the responsible party to make the necessary repairs.

If the annual inspection has been scheduled or is due within 90 days of the date the special inspection is scheduled the PHA may elect to conduct a full ~~annual~~biennial inspection.

8-II.E. QUALITY CONTROL INSPECTIONS [24 CFR 982.405(b), HCV GB p. 10-32]

HUD requires a PHA supervisor or other qualified person to conduct quality control inspections of a sample

of units to ensure that each inspector is conducting accurate and complete inspections and that there is consistency in the application of the HQSN SPIRE standards.

The unit sample must include only units that have been inspected within the preceding 3 months. The selected sample will include (1) each type of inspection (initial, annual, and special), (2) inspections completed by each inspector, and (3) units from a cross-section of neighborhoods.

8-II.F.

INSPECTION RESULTS AND REINSPECTIONS FOR UNITS UNDER HAP CONTRACT

Correction Timeframes

Each deficiency is identified in the NSPIRE standards as either life-threatening, severe, moderate, or low.

For units under a HAP contract, life-threatening deficiencies must be corrected within 24 hours after notice has been provided. All other non-life-threatening deficiencies (i.e., severe, moderate) must be corrected within 30 days (or a PHA-approved extension) after notice has been provided. If low deficiencies are present in a unit, these deficiencies result in a pass and would only be noted by the inspector for informational purposes.

Notification of Corrective Actions

The owner and the family will be notified in writing of the results of all inspections. When an inspection identifies ~~HQS failures~~deficiencies, the PHA will determine (1) whether or not the failure is a life-threatening condition and (2) whether the family or owner is responsible.

PHA Policy

When life-threatening conditions are identified, the PHA will immediately notify both parties by telephone, facsimile, or email. The notice will specify who is responsible for correcting the violation. The corrective actions must be taken within 24 hours of the PHA's notice.

When severe or moderate failures~~deficiencies that are not life threatening~~ are identified, the PHA will send the owner and the family a written notification of the inspection results within 5 business days of the inspection. The written notice will specify who is responsible for correcting the violation, and the time frame within which the failure must be corrected. Generally, not more than 30 days will be allowed for the correction.

The notice of inspection results will inform the owner that if life threatening conditions are not corrected within 24 hours, and non-life-threatening conditions are not corrected within the specified time frame (or any PHA-approved extension), the owner's HAP will be abated in accordance with PHA policy (see 8-II.G.). Likewise, in the case of family caused deficiencies, the notice will inform the family that if corrections are not made within the specified time frame (or any PHA-approved extension, if applicable) the family's assistance will be terminated in accordance with PHA policy (see Chapter 12).

Extensions

For ~~conditions that are~~ life-threatening deficiencies, the PHA cannot grant an extension to the 24-hour corrective action period. For ~~conditions that are not life-threatening~~ severe or moderate deficiencies, the PHA may grant an exception to the required time frames for correcting the violation, if the PHA determines that an extension is appropriate ~~[24 CFR 982.404]~~.

PHA Policy

Extensions will be granted in cases where the PHA has determined that the owner has made a good faith effort to correct the deficiencies and is unable to for reasons beyond the owner's control. Reasons may include, but are not limited to:

- A repair cannot be completed because required parts or services are not available;
- A repair cannot be completed because of weather conditions; or
- A reasonable accommodation is needed because the family includes a person with disabilities.

The length of the extension will be determined on a case-by-case basis, but will generally not exceed 60 days, except in the case of delays caused by weather conditions or other emergencies deemed by the PHA to be prohibitive to the completion of repairs. In the case of weather conditions, extensions may be continued until the weather has improved sufficiently to make repairs possible. The necessary repairs must be made within 15 calendar days; once the weather conditions have subsided.

Reinspections

PHA Policy

The PHA will conduct a reinspection immediately following the end of the corrective period, or any PHA approved extension.

The family and owner will be given reasonable notice of the reinspection appointment. If the deficiencies have not been corrected by the time of the reinspection, the PHA will send a notice of abatement to the owner, or in the case of family caused violations, a notice of termination to the family, in accordance with PHA policies. If the PHA is unable to gain entry to the unit in order to conduct the scheduled reinspection, the PHA will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance in accordance with Chapter 12.

8-II.G. -ENFORCING OWNER COMPLIANCE

If the owner fails to maintain the dwelling unit in accordance with HQS NSPIRE standards, the PHA must take prompt and vigorous action to enforce the owner obligations.

HAP Abatement

If an owner fails to correct HQS deficiencies by the time specified by the PHA, HUD requires the PHA to abate housing assistance payments no later than the first of the month following the specified correction period (including any approved extension) [24 CFR 985.3(f)]. No retroactive payments will be made to the owner for the period of time the rent was abated. Owner rents are not abated as a result of ~~HQS failures~~deficiencies that are the family's responsibility.

PHA Policy

The PHA will make all HAP abatements effective the first of the month following the expiration of the PHA specified correction period (including any extension).

The PHA will inspect abated units within 5 business days of the owner's notification that the work has been completed. Payment will resume effective on the day the unit passes inspection.

During any abatement period the family continues to be responsible for its share of the rent. The owner must not seek payment from the family for abated amounts and may not use the abatement as cause for eviction.

HAP Contract Termination

The PHA must decide how long any abatement period will continue before the HAP contract will be terminated. The PHA should not terminate the contract until the family finds another unit, provided the family does so in a reasonable time [HCV GB p. 10-29] and must give the owner reasonable notice of the termination. The PHA will issue a voucher to permit the family to move to another unit as described in Chapter 10.

PHA Policy

The maximum length of time that a HAP may be abated is 90 days. However, if the owner completes corrections and notifies the PHA before the termination date of the HAP contract, the PHA may rescind the termination notice if (1) the family still resides in the unit and wishes to remain in the unit and (2) the unit passes inspection.

Reasonable notice of HAP contract termination by the PHA is 30 days.

8-II.H. ENFORCING FAMILY COMPLIANCE ~~WITH HQS~~ [24 CFR 982.404(b)]

Families are responsible for correcting any ~~HQS violations~~deficiencies listed in paragraph 8-I.D. If the family fails to correct a violation within the period allowed by the PHA (and any extensions), the PHA will terminate the family's assistance, according to the policies described in Chapter 12.

If the owner carries out a repair for which the family is responsible under the lease, the owner may bill the family for the cost of the repair.



PART III: RENT REASONABLENESS [24 CFR 982.507]

8-III.A. OVERVIEW

No HAP contract can be approved until the PHA has determined that the rent for the unit is reasonable. The purpose of the rent reasonableness test is to ensure that a fair rent is paid for each unit rented under the HCV program.

HUD regulations define a reasonable rent as one that does not exceed the rent charged for comparable, unassisted units in the same market area. HUD also requires that owners not charge more for assisted units than for comparable units on the premises. This part explains the method used to determine whether a unit's rent is reasonable.

PHA-owned Units [24 CFR 982.352(b)]

In cases where an HCV family is receiving assistance in a PHA-owned unit, the PHA must obtain the services of an independent entity to determine rent reasonableness in accordance with program requirements, and to assist the family in negotiating the contract rent when the family requests assistance. A PHA-owned unit is defined as a unit that is owned by the PHA that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the PHA). The independent agency must communicate the results of the rent reasonableness determination to the family and the PHA. The independent agency must be approved by HUD, and may be the unit of general local government for the PHA jurisdiction (unless the PHA is itself the unit of general local government or an agency of such government).

8-III.B. WHEN RENT REASONABLENESS DETERMINATIONS ARE REQUIRED

Owner-initiated Rent Determinations

The PHA must make a rent reasonableness determination at initial occupancy and whenever the owner requests a rent adjustment.

The owner and family first negotiate the rent for a unit. The PHA (or independent agency in the case of PHA-owned units) will assist the family with the negotiations upon request. At initial occupancy the PHA must determine whether the proposed rent is reasonable before a HAP Contract is signed. The owner must not change the rent during the initial lease term. Subsequent requests for rent adjustments must be consistent with the lease between the owner and the family. Rent increases will not be approved unless any failed items identified by the most recent HQS inspection have been corrected.

PHA Policy

After the initial occupancy period, the owner may request a rent adjustment in accordance with the owner's lease. For rent increase requests after initial lease-up, the PHA may request owners to provide information about the rents charged for other units on the premises, if the premises include more than 4 units. In evaluating the proposed rents in comparison to other units on the premises the PHA will consider unit size and length of tenancy in the other units.

The PHA will determine whether the requested increase is reasonable within 10 business days of receiving the request from the owner. The owner will be notified of the determination in writing.

All rents adjustments will be effective the first of the month following 60 days after the PHA's receipt of the owner's request or on the date specified by the owner, whichever is later.

PHA- and HUD-Initiated Rent Reasonableness Determinations

HUD requires the PHA to make a determination of rent reasonableness (even if the owner has not requested a change) if there is a 5 percent decrease in the Fair Market Rent that goes into effect at least 60 days before the contract anniversary date. HUD also may direct the PHA to make a determination at any other time. The PHA may decide that a new determination of rent reasonableness is needed at any time.

PHA Policy

In addition to the instances described above, the PHA will make a determination of rent reasonableness at any time after the initial occupancy period if: (1) the PHA determines that the initial rent reasonableness determination was in error or (2) the PHA determines that the information provided by the owner about the unit or other units on the same premises was incorrect.

8-III.C. HOW COMPARABILITY IS ESTABLISHED

Factors to Consider

HUD requires PHAs to take into consideration the factors listed below when determining rent comparability. The PHA may use these factors to make upward or downward adjustments to the rents of comparison units when the units are not identical to the HCV-assisted unit:

- Location and age;
- Unit size including the number of rooms and square footage of rooms;
- The type of unit including construction type (e.g., single family, duplex, garden, low-rise, high-rise);
- The quality of the units including the quality of the original construction, maintenance and improvements made; and-
- Amenities, services, and utilities included in the rent.

Units that Must Not be Used as Comparables

Comparable units must represent unrestricted market rents. Therefore, units that receive some form of federal, state, or local assistance that imposes rent restrictions cannot be considered comparable units. These include units assisted by HUD through any of the following programs: Section 8 project-based assistance, Section 236 and Section 221(d)(3) Below Market Interest Rate (BMIR) projects, HOME or Community Development Block Grant (CDBG) program- assisted units in which the rents are subsidized; units subsidized through federal, state, or local tax credits; units subsidized by the Department of Agriculture rural housing programs, and units that are rent-controlled by local ordinance.

Rents Charged for Other Units on the Premises

The Request for Tenancy Approval (HUD-52517) requires owners to provide information, on the form itself, about the rent charged for other unassisted comparable units on the premises if the premises include more than 4 units.

By accepting the PHA payment each month the owner certifies that the rent is not more than the rent charged for comparable unassisted units on the premises. If asked to do so, the owner must give the PHA information regarding rents charged for other units on the premises.

8-III.D. PHA RENT REASONABLENESS METHODOLOGY

How Market Data is Collected

PHA Policy

The PHA will collect and maintain data on market rents in the PHA's jurisdiction. Information sources include newspapers, realtors, market surveys, inquiries of owners and other available sources. The data will be maintained by bedroom size and market areas. Market areas may be defined by zip codes, census tract, neighborhood, and identifiable natural or man-made boundaries. The data will be updated on an ongoing basis and rent information that is more than 12 months old will be eliminated from the database.

How Rents are Determined

PHA Policy

The rent for a unit proposed for HCV assistance will be compared to the rent charged for comparable units in the same market area. The PHA will develop a range of prices for comparable units by bedroom size within defined market areas. Units proposed for HCV assistance will be compared to the units within this rent range. At least three comparable units will be used for each rent determination and of which at least two must have a gross rent that exceeds the subject gross contract rent, and the total average gross rent of the comparable units exceeds the subject gross rent. Because units may be similar, but not exactly like the unit proposed for HCV assistance, the PHA may make adjustments to the range of prices to account for these differences. In certain cases where rent comparable unit data is unavailable in the immediate district and/or zip code area, the agency will expand its search into the next adjacent district(s). The inspector will document on its Rent Reasonableness Certification form that "Due to unavailable rent comparables in the immediate district, rent comparables from other areas used."

The adjustment must reflect the local market. Not all differences in units require adjustments (e.g., the presence or absence of a garbage disposal may not affect the rent in some market areas).

Adjustments may vary by unit type (e.g., a second bathroom may be more valuable in a three-bedroom unit than in a two-bedroom).

The adjustment must reflect the rental value of the difference – not its construction costs (e.g., it might cost \$20,000 to put on a new roof, but the new roof might not make any difference in what a tenant would be willing to pay because rents units are presumed to have functioning roofs).

When a comparable project offers rent concessions (e.g., first month rent-free, or reduced rent) reported monthly rents will be adjusted accordingly. For example, if a comparable project reports rents of \$500/month but new tenants receive the first month's rent free, the actual rent for the unit would be calculated as follows: $\$500 \times 11 \text{ months} = 5500 / 12 \text{ months} = \text{actual monthly rent of } \488 .

The PHA will notify the owner of the rent the PHA can approve based upon its analysis of rents for comparable units. The owner may submit information about other comparable units in the market area. The PHA will confirm the accuracy of the information provided and consider this additional information when making rent determinations. The owner must submit any additional information within 5 business days of the PHA's request for information or the owner's request to submit

information.



EXHIBIT 8-1: ~~OVERVIEW OF HUD HOUSING QUALITY~~

Note: This document provides an overview of HQS. For more detailed information see the following documents:

- ~~24 CFR 982.401, Housing Quality Standards (HQS)~~
- ~~Housing Choice Voucher Guidebook, Chapter 10.~~
- ~~HUD Housing Inspection Manual for Section 8 Housing~~
- ~~HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)~~

Sanitary Facilities

~~The dwelling unit must include sanitary facilities within the unit. The sanitary facilities must be usable in privacy and must be in proper operating condition and adequate for personal cleanliness and disposal of human waste.~~

Food Preparation and Refuse Disposal

~~The dwelling unit must have space and equipment suitable for the family to store, prepare, and serve food in a sanitary manner.~~

Space and Security

~~The dwelling unit must provide adequate space and security for the family. This includes having at least one bedroom or living/sleeping room for each two persons.~~

Thermal Environment

~~The unit must have a safe system for heating the dwelling unit. Air conditioning is not required but if provided must be in proper operating condition. The dwelling unit must not contain unvented room heaters that burn gas, oil, or kerosene. Portable electric room heaters or kitchen stoves with built-in heating units are not acceptable as a primary source of heat for units located in climatic areas where permanent heat systems are required.~~

Illumination and Electricity

~~Each room must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants. The dwelling unit must have sufficient electrical sources so occupants can use essential electrical appliances. Minimum standards are set for different types of rooms. Once the minimum standards are met, the number, type and location of electrical sources are a matter of tenant preference.~~

Structure and Materials

~~The dwelling unit must be structurally sound. Handrails are required when four or more steps (risers) are present, and protective railings are required when porches, balconies, and stoops are thirty inches or more~~

~~off the ground. The elevator servicing the unit must be working [if there is one]. Manufactured homes must have proper tie-down devices capable of surviving wind loads common to the area.~~

~~Interior Air Quality~~

~~The dwelling unit must be free of air pollutant levels that threaten the occupants' health. There must be adequate air circulation in the dwelling unit. Bathroom areas must have one openable window or other adequate ventilation. Any sleeping room must have at least one window. If a window was designed to be opened, it must be in proper working order.~~

~~Water Supply~~

~~The dwelling unit must be served by an approved public or private water supply that is sanitary and free from contamination. Plumbing fixtures and pipes must be free of leaks and threats to health and safety.~~

~~Lead-Based Paint~~

~~Lead-based paint requirements apply to dwelling units built prior to 1978 that are occupied or can be occupied by families with children under six years of age, excluding zero-bedroom dwellings. Owners must:~~

- ~~• Disclose known lead-based paint hazards to prospective tenants before the lease is signed,~~
- ~~• provide all prospective families with "Protect Your Family from Lead in Your Home",~~
- ~~• Stabilize deteriorated painted surfaces and conduct hazard reduction activities when identified by the PHA~~
- ~~• Notify tenants each time such an activity is performed~~
- ~~• Conduct all work in accordance with HUD safe practices~~
- ~~• As part of ongoing maintenance ask each family to report deteriorated paint.~~

~~For units occupied by environmental intervention blood lead level (lead poisoned) children under six years of age, a risk assessment must be conducted (paid for by the PHA). If lead hazards are identified during the risk assessment, the owner must complete hazard reduction activities.~~

~~See HCV-GB p. 10-15 for a detailed description of these requirements. For additional information on lead-based paint requirements see 24 CFR 35, Subparts A, B, M, and R.
Access~~

~~Use and maintenance of the unit must be possible without unauthorized use of other private properties. The building must provide an alternate means of exit in case of fire.~~

~~Site and Neighborhood~~

~~The site and neighborhood must be reasonably free from disturbing noises and reverberations, excessive trash or vermin, or other dangers to the health, safety, and general welfare of the occupants.~~

Sanitary Condition

~~The dwelling unit and its equipment must be in sanitary condition and free of vermin and rodent infestation. The unit must have adequate barriers to prevent infestation.~~

Smoke Detectors

~~Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standard (NFPA) 74 (or its successor standards). If the dwelling unit is occupied by any person with a hearing impairment, smoke detectors must have an appropriate alarm system as specified in NFPA 74 (or successor standards).~~

Hazards and Health/Safety

~~The unit, interior and exterior common areas accessible to the family, the site, and the surrounding neighborhood must be free of hazards to the family's health and safety.~~

EXHIBIT 8-2: SUMMARY OF TENANT PREFERENCE AREAS RELATED TO HOUSING QUALITY

Note: This document provides an overview of unit and site characteristics and conditions for which the family determines acceptability. For more detailed information see the following documents:

- ~~Housing Choice Voucher Guidebook, Chapter 10.~~
- ~~HUD Housing Inspection Manual for Section 8 Housing~~
- ~~HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)~~

Provided the minimum housing quality standards have been met, HUD permits the family to determine whether the unit is acceptable with regard to the following characteristics:

- ~~*Sanitary Facilities.* The family may determine the adequacy of the cosmetic condition and quality of the sanitary facilities, including the size of the lavatory, tub, or shower; the location of the sanitary facilities within the unit; and the adequacy of the water heater.~~
- ~~*Food Preparation and Refuse Disposal.* The family selects size and type of equipment it finds acceptable. When the family is responsible for supplying cooking appliances, the family may choose to use a microwave oven in place of a conventional oven, stove, or range. When the owner is responsible for providing cooking appliances, the owner may offer a microwave oven in place of an oven, stove, or range only if other subsidized and unsubsidized units on the premises are furnished with microwave ovens only. The adequacy of the amount and type of storage space, the cosmetic conditions of all equipment, and the size and location of the kitchen are all determined by the family.~~
- ~~*Space and Security.* The family may determine the adequacy of room sizes and room locations. The family is also responsible for deciding the acceptability of the type of door and window locks.~~
- ~~*Energy conservation items.* The family may determine whether the amount of insulation, presence of absence of storm doors and windows and other energy conservation items are acceptable.~~
- ~~*Illumination and Electricity.* The family may determine whether the location and the number of outlets and fixtures (over and above those required to meet HQS standards) are acceptable or if the amount of electrical service is adequate for the use of appliances, computers, or stereo equipment.~~

~~(6) *Structure and Materials.* Families may determine whether minor defects, such as lack of paint, or worn flooring or carpeting will affect the livability of the unit.~~

~~(7) *Indoor Air.* Families may determine whether window and door screens, filters, fans, or other devices for proper ventilation are adequate to meet the family's needs. However, if screens are present they must be in good condition.~~

~~(8) *Sanitary Conditions.* The family determines whether the sanitary conditions in the unit, including minor infestations, are acceptable.~~

~~(9) *Neighborhood conditions.* Families may determine whether neighborhood conditions such as the presence of drug activity, commercial enterprises, and convenience to shopping will affect the livability of the unit.~~

~~Families have no discretion with respect to lead-based paint standards and smoke detectors.~~

Affirmative Habitability Requirements: Inside

- Must include at least one (1) battery-operated or hard-wired smoke detector, in proper working condition, on each level of the property.
- Must meet or exceed the carbon monoxide detection standards set by the Secretary through *Federal Register* notification.
- Any outlet installed within six (6) feet of a water source must be GFCI-protected.
- Must have a guardrail when there is an elevated walking surface with a drop off of 30 inches or greater measured vertically.
- Must have permanently mounted light fixtures in any kitchens and each bathroom.
- May not contain unvented space heaters that burn gas, oil, or kerosene.

Affirmative Habitability Requirements: Outside

- Any outlet installed within six (6) feet of a water source must be GFCI-protected.
- Must have a guardrail when there is an elevated walking surface with a drop off of 30 inches or greater measured vertically.

Affirmative Habitability Requirements: Unit

- Must have hot and cold running water in the bathroom and kitchen, including an adequate source of safe drinking water in the bathroom and kitchen.
- Must include its own bathroom or sanitary facility that is in proper operating condition and usable in privacy. It must contain a sink, a bathtub or shower, and an interior flushable toilet.
- Must have at least one battery-operated or hard-wired smoke detector, in proper working condition, in the following locations:
 - On each level of the unit;

- Inside each bedroom or sleeping area;
- Within 21 feet of any door to a bedroom measured along a path of travel; and
- Where a smoke detector is installed outside a bedroom that is separated from an adjacent living area by a door, the smoke detector must also be installed in the living area side of the door.
- If the unit is occupied by a hearing-impaired person, the smoke detectors must have an alarm system designed for hearing-impaired persons.
- Must have a living room and a kitchen area with a sink, cooking appliance, refrigerator, food preparation area, and food storage area.
- Must have two working outlets or one working outlet and one permanent light fixture within all habitable rooms.
- Must have a permanently mounted light fixture in the kitchen and each bathroom.
- Outlets within six (6) feet of a water source must be GFCI-protected.
- No units may contain unvented space heaters that burn gas, oil, or kerosene.
- Must have a guardrail when there is an elevated walking surface with a drop off of 30 inches or greater measured vertically.
- Must have at least one bedroom or living/sleeping room for each two persons.

FOR INFORMATION

SUBJECT: Presentation by Highridge Costa Regarding a Status Update of the Predevelopment and Development Achievements Related to the Ka Lei Momi Redevelopment Project and the Redevelopment of the Hawaii Public Housing Authority's (HPHA) Public Housing Portfolio to Build an Additional 10,000 Housing Units at the Nine Targeted Properties (Six (6) on Oahu; one (1) on Hawaii; one (1) on Kauai; and one (1) on Maui)

(The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this motion.)

I. FACTS

- A. The redevelopment of the HPHA's portfolio is a major strategic initiative by the HPHA to enter into a public-private partnership to redevelop underutilized State land assets within its public housing inventory.
- B. The HPHA intends to leverage its capital resources through a public/private partnership and by utilizing Transit Oriented Development and other available entitlement incentives to deliver a minimum of 10,000 housing units in addition to the one-for-one replacement of low-income housing units, over the next 10 years while creating more livable, healthy, vibrant, and integrated communities for Hawaii residents.
- C. The HPHA entered into a Master Planning and Predevelopment Agreement (MPPA) which provides for a period of assessment, master planning, and predevelopment work to ascertain the suitability of the Targeted Portfolio Sites for the planned housing construction, to assess the current conditions and development options for each Targeted Portfolio Site, and to plan the approach for the development of each site. It would also allow the Master Developer to determine if at least 10,000 units, in addition to required replacement units, can be constructed at the Targeted Portfolio Sites.
- D. Highridge Costa is a limited liability company registered to do business in Hawaii and would act as the Master Developer for the Ka Lei Momi project.

II. DISCUSSION

A. Highridge Costa will provide updated status on its planning efforts.

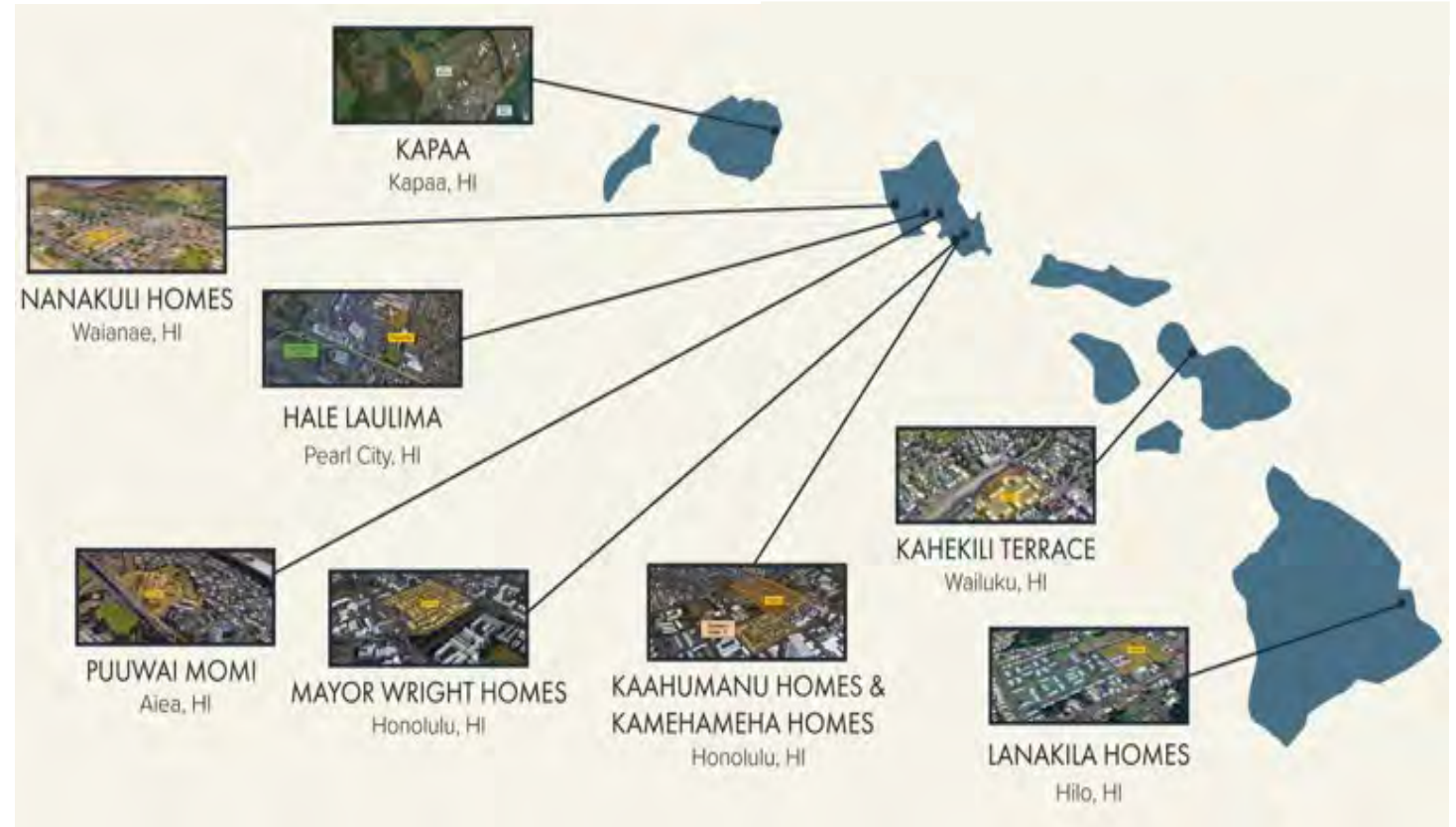
Attachment A: 2024 Q1 KLM Quarterly Report

Prepared by: Carson Schultz, Housing Development Specialist CJS

KA LEI MOMI

QUARTERLY REPORT

Q1 2024



CHANGING LIVES FOR GENERATIONS OF KAMA'ĀINA



KA LEI MOMI EXECUTIVE SUMMARY

ACHIEVEMENTS & MILESTONES

- Kapa'a Homes received full County Council approval on 1/31/24.
- HECO confirmed infrastructure capacity at MWH for Phases 1A and 1B on 1/31/24.
- Mayor Wright Homes (MWH) received entitlements on 2/8/24.
- HHFDC approved an Environmental Assessment waiver application for Kapa'a Homes on 2/8/24.
- Kapa'a Homes received entitlements on 2/12/24.
- Financing applications were submitted to HHFDC for MWH and Kapa'a Homes on 2/16/24.

RISKS

- Infrastructure capacity for some project areas and future phases remain unknown.
 - Puuwai Momi (sewer)
 - MWH, Kaahumanu & Kamehameha Homes (electrical)
 - Lanakila (water)
- Massing across nine sites are currently projecting less than 10,000 new units. New sites or additional density is required.

NEXT QUARTER ACTION ITEMS

- Commence entitlements for Kaahumanu Homes and Lanakila Homes.
- Kickoff working drawings for MWH Phase 1A, 1B and Kapa'a Homes.
- Finalize Section 18 application for HPHA and HUD approval for MWH and Kapa'a Homes.
- Launch Faircloth-to-RAD conversion work.
- Update/refresh the 2020 NEPA for MWH and begin work on the Kapa'a Homes NEPA.



KHON2 coverage on Mayor Wright Homes entitlement approval



KHON2 coverage on Kapa'a Homes entitlement approval

O'AHU - MAYOR WRIGHT HOMES

MILESTONES

- HHFDC Board approval on 1/11/24 and DPP approval on 2/8/24.
- SCA for Phase I (916 units) approved on 1/29/24.
- HECO confirmed it could support up to 650 units for Phase I (A&B) in a letter dated 2/12/24.
- Section 18 kickoff meeting with D3G on 2/29/24.

RISKS

- Requires regional electrical upgrades to support construction beyond 650 units that could delay phase 1C and future phases
- Availability of Tier 2 financing is subject to legislative allocation or direct appropriation
- Direct appropriations for the construction of Building C (For-Sale) is subject to HPHA and legislative action
- Uncertainty of LIHTC award

NEXT STEPS

- Select engineering consultants and finalize A&E budget;
- Proceed with working drawings and permit set
- Finalize ground lease boundaries and prepare subdivision/CPR map
- Finalize demolition areas
- Finalize resident relocation plan
- Amend MOA counterparties to include HCDC Mayor Wright LLC
- Arrange a design review meeting with HHF and SHPD per MOA provisions
- Finalize Section 18 application for HPHA and HUD approval



Phase I - Corner of Pua Ln and Vineyard Blvd



Phase I outlined in orange

O'AHU - MAYOR WRIGHT HOMES

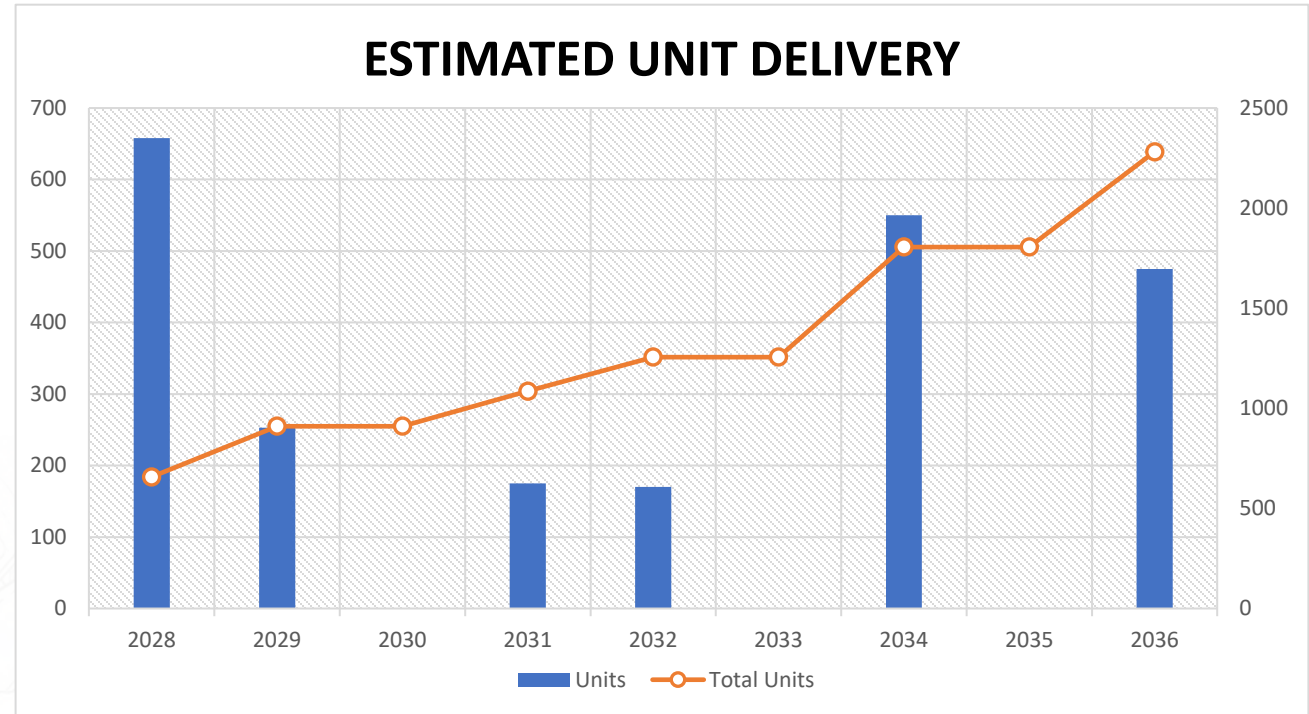
ESTIMATED CONSTRUCTION STARTS

Construction	Units	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Phase 1A	309	x									
Phase 1B	354	x									
Phase 1C	253			x							
Phase 2D	175			x							
Phase 2E	168					x					
Phase 2F	153						x				
Phase 3G	200								x		
Phase 3H	352								x		
Phase 4I	126										x
Phase 4J	358										x

SCHEDULE (Phase 1A & 1B)

Phase 1A & 1B	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	1H 2025	2H 2025	1H2026	2H 2026	2027	2028
Due Diligence	x	x										
Entitlements		x	x									
Working Drawings			x	x	x							
Allocation Award					x							
Permitting						x	x	x				
Demo, Construction								x	x	x	x	
Certificate of Occupancy												x

ESTIMATED UNIT DELIVERY



KAUAI – KAPA‘A

MILESTONES

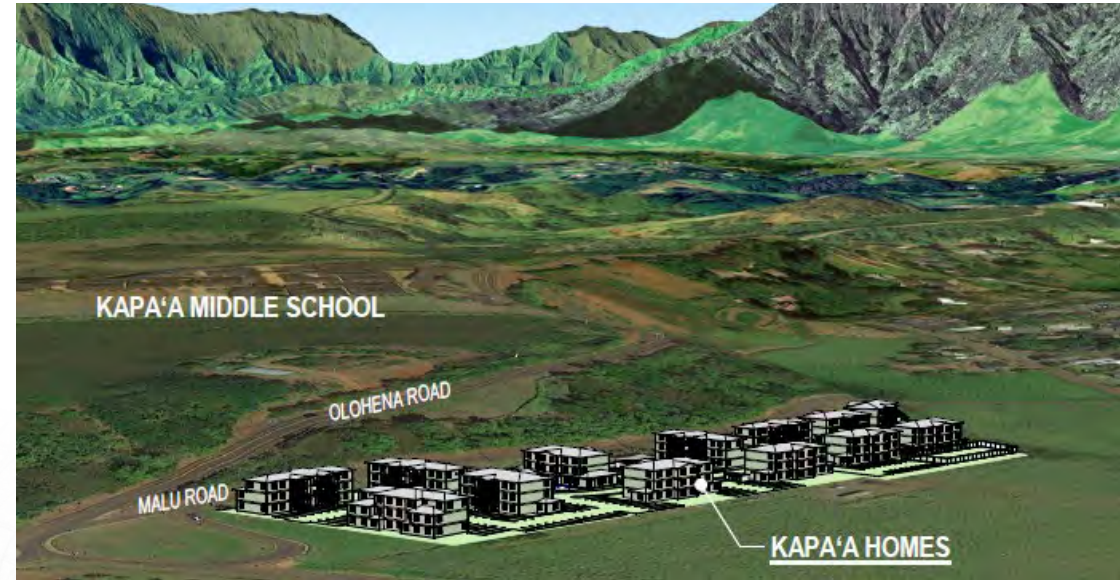
- Kapa‘a Homes received full County Council approval on 1/31/24.
- HHFDC approved an Environmental Assessment waiver application for Kapa‘a Homes on 2/8/24
- Kapa‘a Homes received entitlements on 2/12/24.
- Confirmed electrical, wastewater and water infrastructure capacity.
- HHFDC financing applications were submitted to HHFDC on 2/16/24.

RISKS

- Uncertainty of LIHTC award.
- Lengthy/difficult relocation process due to lack of housing supply in the area.

NEXT STEPS

- Proceed with working drawings for a single-phased development.
- Submit NEPA application to Responsible Entity (Governor’s Office).
- Submit Section 18 application to HUD.
- Finalize resident relocation plan.
- Determine future location of HPHA maintenance facility/yard



KAUAI – KAPA‘A

SCHEDULE

Kapa'a Homes	Q3 2023	Q4 2024	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	1H 2028
Due Diligence	X	X									
Entitlements		X	X								
Working Drawings			X	X	X						
Allocation Award					X						
Permitting						X	X	X	X		
Closing										X	
Start Construction										X	
End Construction											X

O'AHU – KAAHUMANU HOMES

MILESTONES

- Completed due diligence and massing studies for a 5-building 1,553-unit Master Plan with connection to neighboring Kamehameha Homes site.
- Received will-serve letters from HECO, BWS, DPP-WWB, Spectrum, Hawaii Telcom, and Gas.

RISKS

- Although HECO will-serve letter was received, further development of the Master Plan and a HECO service request submission (and fee) is required to validate the electrical capacity and/or the cost of any upgrades required.

NEXT STEPS

- Continue due diligence to determine required infrastructure upgrades to serve the region.
- Refine Master Plan.
- Finalize Predevelopment and Development Budget.
- Commence entitlements and technical reports.
- **Update progress to the HPHA Board (anticipated in June, July and August Board Meetings).**



Concept Plan Elevation View



Regional Context View



Concept Plan Aerial View

O'AHU – HALE LAULIMA

MILESTONES

- Completed due diligence and massing studies for a 3-building 705-unit Master Plan.
- Received will-serve letters from HECO, BWS, DPP-WWB, Spectrum, Hawaii Telcom, and Gas.

RISKS

- Although HECO will-serve letter was received, further development of the Master Plan and a HECO service request submission (and fee) is required to validate the electrical capacity and/or the cost of any upgrades required.

NEXT STEPS

- Continue due diligence to determine required infrastructure upgrades to serve the region.
- Develop an entitlement strategy and timeline
- Develop a Predevelopment and Development Budget



Concept Plan Elevation View



Concept Plan Aerial View

O'AHU – PUUWAI MOMI

MILESTONES

- Completed due diligence and massing studies for a 2,170-unit Master Plan.
- An SCA for 1,000 units was submitted to DPP-WWB.
- Received preliminary utility approvals from HECO, BWS, Gas, Spectrum, and Telcom.
- Received confirmation from ENV that there is no sewer capacity at Puuwai Momi
- 1:1 Replacement of existing units is possible

RISKS

- A TOD grant was initially denied due to insufficient water/sewer capacity, although a TOD grant has since been awarded with the caveat that such infrastructure may not exist for 15 years.
- DPP-WWB has informally indicated that the project should coordinate with the future stadium project, suggesting ongoing capacity issues.
- Although HECO will-serve letter was received, further development of the Master Plan and a HECO service request submission (and fee) is required to validate the electrical capacity and/or the cost of any upgrades required.

NEXT STEPS

- An SCA for 2,168 units was submitted to DPP-WWB so that they can complete their regional models for full project buildout.
- Continue dialog with ENV regrading sewer upgrade schedule and adjust development timeline accordingly



O'AHU – KAMEHAMEHA HOMES

MILESTONES

- Completed due diligence and massing studies for a 10-building 2,950-unit Master Plan with connection to neighboring Kaahumanu Homes site.
- Received will-serve letters from HECO, BWS, DPP-WWB, Spectrum, Hawaii Telcom, and Gas.

RISKS

- Although HECO will-serve letter was received, further development of the Master Plan and a HECO service request submission (and fee) is required to validate the electrical capacity and/or the cost of any upgrades required.

NEXT STEPS

- Obtain a termite report for the site.
- Continue due diligence to determine HECO upgrades to serve the project/region.
- Develop an entitlement strategy and timeline
- Develop a Predevelopment and Development Budget



UPDATE

- Project was placed on hold due to Lahaina fires.
- HPHA/HCDC concerned about relocating tenants during redevelopment efforts stemming from the Maui fires.
- HPHA/HCDC currently looking for alternative sites on Maui to develop first as potential relocation housing for existing Kahekili tenants (working on a site with MLP among others)



UPDATE

- Accounts for 500 units in Ka Lei Momi.
- Initial planning of three-story typologies yielded 110 units.
- HPHA & HCDC are currently working with the design team on a 3-5 story typology to achieve additional units.
- Site is likely to yield less than 500 total units.
- Nearby additional sites are being explored.



KA LEI MOMI EXECUTION STRATEGY

- Subject to financing awards, KLM execution is projected over the next 14 years with 44 deal closings for a total of 10,508 units.
 - Years represent dates of financing application submission. Closing/construction commencement expected the following year.

Priority	Project	Deals	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
1	MWH	10															
	LIHTC	6	1		1	1		1	1		1						
	501c3	3	1						1		1						
	For Sale	1		1*													
2	Kapaa LIHTC	1															
	LIHTC	1	1														
3	Lanakila LIHTC	1															
	LIHTC	1		1													
4	Kaahumanu	6															
	LIHTC	4		1					1	1			1				
	501c3	1			1												
	For Sale	1										1					
5	Maui Replacement Units	2															
	LIHTC	2			1				1								
6	Kahekili LIHTC	1															
	LIHTC	1				1											
7	Hale Laulima	3															
	LIHTC	2								1		1					
	501c3	1												1			
8	Puuwai Momi	9															
	LIHTC	5				1		1			1	1				1	
	501c3	2					1										1
	For Sale	2						1					1				
9	Kamehameha	10															
	LIHTC	6								1		1	1	1	1	1	
	501c3	3										1			1		1
	For Sale	1								1							
10	Nanakuli	1															
	LIHTC	1					1										
	Total	44	3	3	3	3	2	3	4	4	3	4	4	2	2	2	2

*The MWH For-Sale project was moved from 2024 to 2025 to align with HECO's proposed power upgrade.

KA LEI MOMI SUMMARY

- To reach 10,000 new units prescribed in the RFP, alternative sites must be included in KLM.
- Current massing studies yield 10,508 Master Plan (MP) units in KLM. Subtract existing unit count (1,187) from the 10,000 new unit goal, and 9,321 new units are produced.

No.	Ka Lei Momi Site	Location	Existing Units	Master Plan (MP) Units	New Units (MP - Existing Units)
1	Mayor Wright	Honolulu, O'ahu	364	2,448	2,084
2	Kapa'a Homes	Kapa'a, Kaua'i	36	124	88
3	Lanakila Homes	Hilo, Hawai'i	-	250	250
4	Kaahumanu Homes	Honolulu, O'ahu	152	1,553	1,401
5	Hale Laulima	Pearl City, O'ahu	36	705	669
6	Puuwai Momi	A'eia, O'ahu	260	2,168	1,908
7	Kahekili Terrace	Wailuku, Mau'i	82	200	118
8	Kamehameha Homes	Honolulu, O'ahu	221	2,950	2,729
9	Nanakuli Homes	Waianae, O'ahu	36	110	74
TOTAL			1,187	10,508	9,321

- Nanakuli currently reflects 110 MP units based on recent massing studies, however, further density is being explored.








ALTERNATIVE SITES

UPDATE

- If five of the seven alternative sites are considered for redevelopment (excludes Ko'olau Village and Palolo Valley Homes) an additional 1,055 units would be generated yielding a total of approx 10,376 units. This assumes 28 units per acre like Kapa'a Homes.
- Ko'olau Village and Palolo Valley Homes require in-depth density studies to determine potential yields above the 10,376 units outlined above.

NEXT STEPS

- Begin evaluation of alternative KLM sites

No.	Image	Site	Location	Existing Units	Prelim Obsolence Desk Review Test	Approximate Potential Yield ¹	Notes
1		Kekaha Haaheo	Kekaha, Kaua'i	29	N/A	260	Needs Prelim Obsolence Desk Review Test and additional due diligence
2		Hale Nana Kai O'Kea Kapaa	Kapa'a, Kaua'i	38	PASS	100	Property is landlocked and requires cross use access driveway agreement.
3		Lokahi	Hilo, Hawai'i	30	N/A	400	Needs Prelim Obsolence Desk Review Test and additional due diligence
4		Hale Olaloa	Hilo, Hawai'i	50	N/A	180	Needs Prelim Obsolence Desk Review Test and additional due diligence
5		Ko'olau Village	Kāne'ohe, O'ahu	80	FAIL	TBD	Generally in good condition; regulatory floodway and Zone A flood hazard could limit future redevelopment.
6		Palolo Valley Homes	Honolulu, O'ahu	118	50% PASS/ 50% FAIL	TBD	11 out of 20 of the buildings were rehabilitated. Redevelopment opportunity on a portion of the property Northwest of Ahe Street.
7		Kau'iokalani	Waianae, O'ahu	50	FAIL	115	Termite inspection may justify obsolence.
Estimated New Units from Alternative Sites						1,055	
Total Estimated Units from Ka Lei Momi Massing Studies						9,321	
Projected Units from Ka Lei Momi + Alternative Sites						10,376	

¹ Approximate unit yield based on 28 units/acre like Kapa'a Homes three-story garden style apartments

FOR ACTION

MOTION: To Authorize the Executive Director to Undertake All Actions Necessary to Create Special Purpose Legal Entities for Hawaii Public Housing Authority (HPHA) to Participate in the Partnerships Associated with Redevelopments Located at the Following Sites: School Street Campus (TMK Nos. (1) 1-6-009:011; (1) 1-6-009:012); Kuhio Park Terrace Low Rise and Kuhio Homes (TMK Nos. (1) 1-3-039:008; (1) 1-3-039:006; (1) 1-3-039:003); and All Ka Lei Momi Properties Including Mayor Wright Homes (TMK No. (1) 1-7-029:003), Puuwai Momi (TMK No. (1) 9-9-003:056), Kaahumanu Homes (TMK No. (1) 1-5-024:001), Kamehameha Homes (TMK No. (1) 1-5-001:001), Hale Laulima (TMK No. (1) 9-7-094:025), Nanakuli Homes (TMK No. (1) 1-8-7-034:004), Lanakila Homes (TMK No. (3) 2-4-028:007), Kahekili Terrace (TMK Nos. (2) 3-4-033:023; (2) 3-4-017:146), Kapaa (TMK Nos. (4) 4-5-015:007; (4) 4-5-015:038; (4) 4-5-015:042) (Together "Redevelopment Sites")

(The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this motion.)

I. FACTS

- A. The Hawaii Public Housing Authority ("HPHA") is working to redevelop several of its properties across the State in an effort to replace aging buildings and re-establish the properties as mixed-income, neighborhood-integrated communities.
- B. The HPHA has engaged private development partners to assist in improving the various Redevelopment Sites. In 2011, the HPHA entered into a public-private housing partnership with the Michaels Development Company ("Michaels") to redevelop Kuhio Park Terrace Low Rise and Kuhio Homes. In 2023, HPHA approved Highridge Costa Development Company ("HCDC") to redevelop the Ka Lei Momi properties and the School Street Campus.
- C. In its separate development agreements with both Michaels and HCDC, the HPHA, or an affiliate of the HPHA, has the option to act as an administrative general partner, administrative managing member, or

special limited partner (in any instance, the “HPHA Partner”) in the Ownership¹ of each Development Phase.

- D. HPHA has the power to form a corporation to carry out its duties pursuant to §356D-10, Hawaii Revised Statutes, which is provided below,

[§356D-10] Agents, including corporations. The authority may exercise any or all of the powers conferred upon it, either generally or with respect to any specific public housing project through an agent that it may designate, including any corporation that is formed under the laws of this State, and for those purposes the authority may cause one or more corporations to be formed under the laws of this State or may acquire the capital stock of any corporation. Any corporate agent, all of the stock of which shall be owned by the authority or its nominee, may to the extent permitted by law, exercise any of the powers conferred upon the authority in this chapter. [L 2006, c 180, pt of §2]

II. DISCUSSION

- A. As pre-development progress is made and the HPHA and its development partners near financial closing on the first phase of several of the HPHA Redevelopment Sites, the HPHA intends to participate as a partner in these transactions. To do so, the HPHA must create a special purpose legal entity. An example ownership structure that may be used is provided in the organizational chart in Attachment A.
- B. As a part of the ownership, HPHA will be provided with greater opportunities to participate in cashflow distributions and have the opportunity to receive unencumbered proceeds in the event of a capital event.
- C. Creating an HPHA wholly owned legal entity to participate in the partnerships for the Redevelopment Sites will provide a level of separation between HPHA and the partnership to limit the agency’s liability associated with the redevelopment and is a consistent practice in real estate development and by public housing and redevelopment authorities nationwide.

(End of the Section)

¹ An Owner of a development generally consists of a partnership made up of one or more general partners and special limited partners. The partnership itself is referred to as the “Owner” of the development.

III. RECOMMENDATION

That the Board of Directors Authorize the Executive Director to Undertake All Actions Necessary to Create Special Purpose Legal Entities for Hawaii Public Housing Authority (HPHA) to Participate in the Partnerships Associated with Redevelopments Located at the Following Sites: School Street Campus (TMK Nos. (1) 1-6-009:011; (1) 1-6-009:012); Kuhio Park Terrace Low Rise and Kuhio Homes (TMK Nos. (1) 1-3-039:008; (1) 1-3-039:006; (1) 1-3-039:003); and All Ka Lei Momi Properties Including Mayor Wright Homes (TMK No. (1) 1-7-029:003), Puuwai Momi (TMK No. (1) 9-9-003:056), Kaahumanu Homes (TMK No. (1) 1-5-024:001), Kamehameha Homes (TMK No. (1) 1-5-001:001), Hale Laulima (TMK No. (1) 9-7-094:025), Nanakuli Homes (TMK No. (1) 1-8-7-034:004), Lanakila Homes (TMK No. (3) 2-4-028:007), Kahekili Terrace (TMK Nos. (2) 3-4-033:023; (2) 3-4-017:146), Kapaa (TMK Nos. (4) 4-5-015:007; (4) 4-5-015:038; (4) 4-5-015:042) (Together "Redevelopment Sites")

Attachment A: Example Organizational Chart

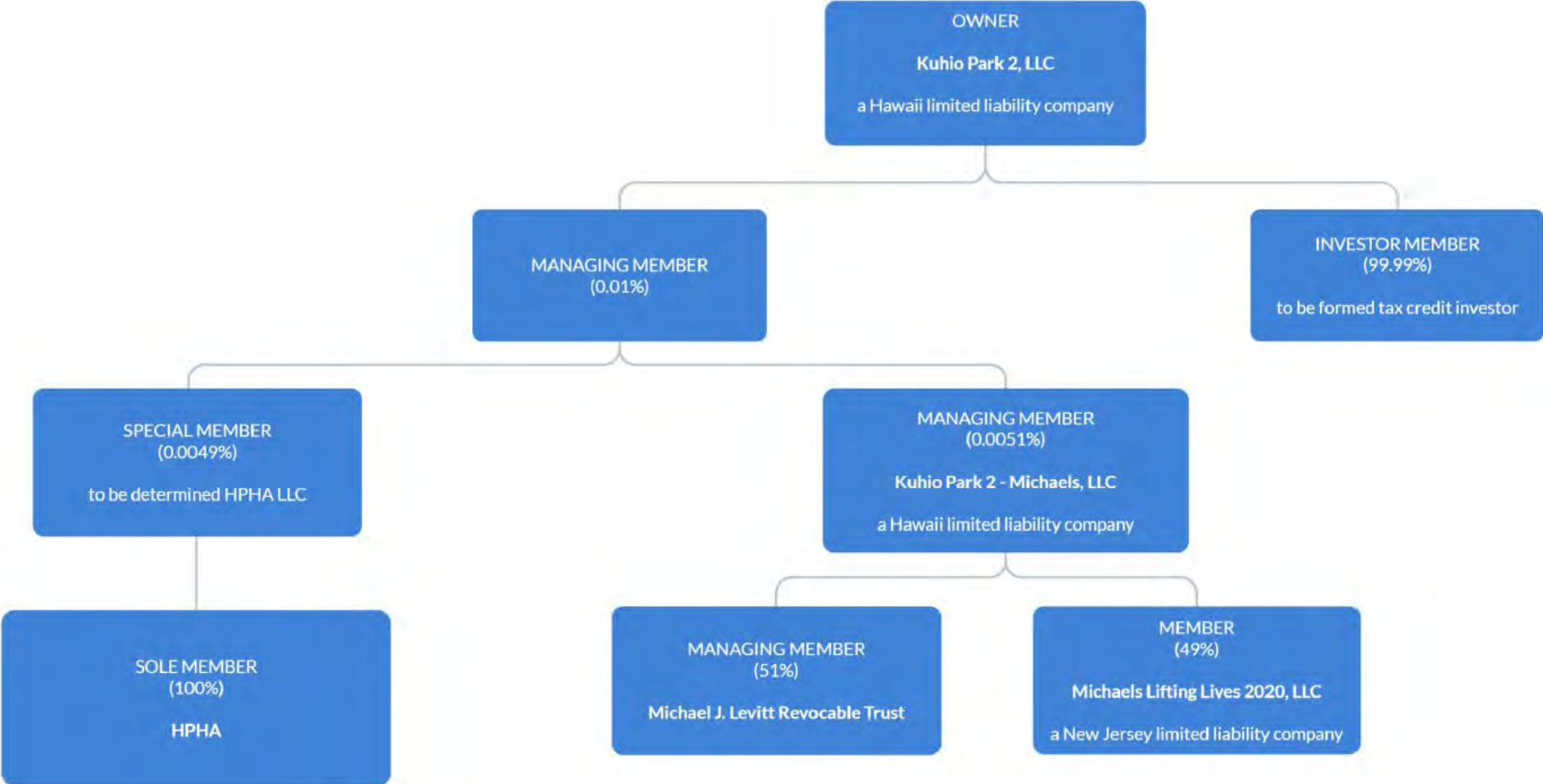
Prepared by: Carson Schultz, Housing Development Specialist *CJS*

Approved by the Board of Directors
on the date set forth above
 As Presented [] As Amended



Robert J. Hall
Chairperson

Attachment A



FOR ACTION

MOTION: To **(1)** Approve the Pre-Development Budget and Additional HPHA Redevelopment Funding Relating to Phase 1 of Kuhio Park Terrace Low Rise and Kuhio Homes (“KPT Homes”) (TMK Nos. 1-3-039:008; 1-3-039:006; 1-3-039:003); and **(2)** Authorize the Executive Director to Undertake All Actions Necessary to Implement a Loan to the Michaels Development Company for Pre-Closing Costs

(The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board’s attorneys on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities related to this motion.)

I. FACTS

- A. On April 1, 2009, the Hawaii Public Housing Authority (HPHA) issued “RFP OED-2009-15 Request for Proposals to Revitalize and Redevelop the Towers at Kuhio Park Terrace (“KPT Towers”) and KPT Homes (the “Properties”) located in the City and County of Honolulu (“City”), Hawaii. Combined, KPT Towers and KPT Homes occupy a land area totaling 28 acres.
- B. In 2011, HPHA entered a public-private housing partnership with the Michaels Development Company (“Michaels” or the “Developer”), executing a Master Development Agreement for the Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes (the “Original MDA”).
- C. Under the Original MDA, Michaels and the HPHA undertook the first phase of the redevelopment completing a \$125 million update and revitalization of KPT Towers, a 555-unit housing development consisting of two 16-story high-rise buildings.
- D. The HPHA and Michaels applied for and received a \$300,000 Choice Neighborhoods Initiative (CNI) planning grant from the US Department of Housing and Urban Development (HUD) to undertake a master planning study for KPT Homes in March 2013.
- E. Utilizing the proceeds of the CNI, significant master planning activities occurred under the Original MDA, which resulted in the Kuhio Park Choice

Neighborhoods Transformation Plan (“CNI Plan”) that was completed in 2014.

- F. On June 25, 2020, the HPHA Board of Directors (“HPHA Board”) (1) approved an Amended and Restated Master Development Agreement (“Amended MDA”) between the HPHA and the Michaels; (2) approved predevelopment expenditures and loans as described in the Amended MDA; (3) authorized the Executive Director to Enter into the Amended MDA; and undertake all actions necessary to implement the Amended MDA.
- G. The Amended MDA provides that HPHA and the Developer will each be responsible for fifty percent (50%) of the predevelopment expenditures relating to the redevelopment of the Properties and that HPHA’s portion of the funding will be provided to the Developer through a combination of multi-phase and phase specific loans. The Amended MDA further provides that any and all funding obligations of the HPHA are subject to funding availability, allotment and appropriation of State funds, HUD funds and/or other federal funds, if any.
- H. According to the Amended MDA, Predevelopment costs fall into three (3) broad categories:
 - i. Costs related to the refinement of the master plan, including master plan architectural costs;
 - ii. Costs related to planning, design, legal, demolition and remediation plans (but excluding the costs of implementing such plans and oversight of such implementation); and
 - iii. Environmental testing, community engagement and similar costs agreed to by the HPHA and the Developer.
- I. HPHA has the right to review and approve the predevelopment budget and expenditures associated with the KPT Homes redevelopment. When HPHA provides funds for its 50% predevelopment loan to the Developer, the Developer is required to pay all eligible predevelopment costs upfront and may submit draw requests to the HPHA for reimbursement.
- J. On March 18, 2021, the HPHA Board approved a master planning budget for the multi-phase portion of the planned redevelopment in an amount of \$3.5 million and authorized the Executive Director to undertake all actions necessary to implement a multi-phase loan to Michaels for HPHA’s fifty percent (50%) share of such approved costs equaling \$1,750,000. The master planning budget approved on March 18, 2021 is provided as Attachment A.
- K. At its March 16, 2023 meeting, the HPHA Board approved an initial pre-closing budget specific to Phase 1 of the KPT Homes redevelopment and

authorized the Executive Director to undertake all actions necessary to implement a phase specific loan to Michaels for HPHA's share of the pre-closing costs associated with the initial phase of KPT Homes. The Phase 1 pre-closing budget approved on March 16, 2023 is provided as Attachment B.

II. DISCUSSION

- A. Following the HPHA Board approval of the pre-closing budget on March 16, 2023, Michaels, in coordination with HPHA staff, has made progress on the first phase of the KPT Homes redevelopment especially during the last few months under the new team.
- B. In August 2023, Michaels submitted building plans specific for Phase I of KPT Homes to initiate permit review. Michaels is using a third-party consultant that will provide an expedited review and approval of the building permit.
- C. On October 23, 2023, Michaels received a notice of award from the City providing up to \$92,995,000 in Private Activity Bonds for Phase I of the redevelopment. In early 2024, Michaels received awards of its requested Low Income Housing Tax Credits (\$83,841,580 in Federal; \$41,920,790 in State) and Rental Housing Revolving Funds (\$48,556,752) from the Hawaii Housing Finance and Development Corporation (HHFDC).
- D. The National Environmental Policy Act (NEPA) environmental assessment for the redevelopment is fully prepared and was accepted by the Governor's Office as the Responsible Entity in early 2024. Following that acceptance, HUD authorized HPHA with the Authority to Use Grant Funds (AUGF) for the redevelopment, which completes the environmental review process.
- E. In March 2024, the disposition application was submitted to HUD's Special Applications Center ("SAC") for its approval under Section 18 of the United States Housing Act of 1937 ("Section 18"). A relocation consultant has met with nearly all sixty (60) families that will be impacted by Phase 1 to update them on the redevelopment status and the anticipated relocation schedule.
- F. As Michaels and HPHA staff have made clear progress on Phase 1 of KPT Homes, there has also been an increase in anticipated predevelopment costs.
- G. Michaels' revised predevelopment budget for Phase 1 is \$6,950,000. This is an increase of \$2,221,872 from the previously approved Phase 1


budget of \$4,728,127. The redevelopment has seen cost increases across the board, but the major increases in costs from the previously approved budget include: HHFDC Loan Fees, anticipated relocation costs, and consultant services. However, the revised budget is now primarily based on fee proposals or quotes received from vendors and, as a result, the Developer and HPHA staff do not anticipate any additional predevelopment fees prior to closing.

- H. Consistent with the Amended MDA, HPHA's fifty percent (50%) share of the approved costs for the revised Phase 1 Predevelopment Budget would be \$3,475,000.
- I. The funds would be considered a loan to the Developer and, if approved, would be repaid at the financial closing, which is anticipated to be in December 2024. The KPT Homes Phase 1 predevelopment schedule is provided as Attachment D.

III. RECOMMENDATION

That the HPHA Board of Directors: **(1)** Approve the Pre-Development Budget and Additional HPHA Redevelopment Funding Relating to Phase 1 of Kuhio Park Terrace Low Rise and Kuhio Homes ("KPT Homes") (TMK Nos. 1-3-039:008; 1-3-039:006; 1-3-039:003); and **(2)** Authorize the Executive Director to Undertake All Actions Necessary to Implement a Loan to the Michaels Development Company for Pre-Closing Costs.

Attachment A: Master Plan Predevelopment Budget approved on March 18, 2021
Attachment B: Phase 1 Predevelopment Budget approved on March 16, 2023
Attachment C: Revised and Proposed Phase 1 Predevelopment Budget
Attachment D: Phase 1 Predevelopment Schedule

Prepared by: Carson Schultz, Housing Development Specialist 

Approved by the Board of Directors
on the date set forth above
 As Presented [] As Amended



Robert J. Hall
Chairperson

Approved Predevelopment Budget Update

Discipline/Scope	Consultant	Total Contract Amount (Incl GET)	Budget Allocated per MDA	Remaining Balance
Architectural Design / Community Engagement:				
Master Plan Revisions	Lowney	\$ 62,827.20		
Conceptual Design	Lowney	\$ 157,068.00		
Community Engagement	Lowney	\$ 31,465.96		
Schematic Design and 201H Support	Lowney	\$ 219,895.20		
Landscape - Conceptual Design	Lowney - Sub-WKM	\$ 30,104.70		
Landscape - SD Document / 201H	Lowney - Sub-WKM	\$ 18,062.82		
Community Outreach	DTL	\$ 40,314.12		
LEED Consultant	Lowney - Sub-GAIA	\$ 15,706.80		
Contingency (15%)				
Total Architectural Design		\$ 575,444.80	\$ 707,204.00	\$ 131,759.20
Engineering:				
Due Diligence and Preliminary Engineering	GHN	\$ 217,732.90		
Supportive Service for Master Plan / Entitlements	GHN	\$ 145,119.13		
Electrical Subconsultant	Ron Ho & Assoc.	\$ 109,999.96		
Contingency (15%)				
Total Engineering Design		\$ 472,851.99	\$ 543,950.00	\$ 71,098.01
Environmental Planning:				
HRS Chapter 343 EA & Econ / Fiscal Impact Analysis	PBR	\$ 78,515.15		
NEPA EA	PBR	\$ 31,837.68		
Section 106 and MOA - Architectural	AHL	\$ 23,500.00		
Section 106 and MOA - Archaeological	Keala Pono	\$ 7,899.47		
Section 106 Consultation/Chapter 6E Review	PBR	\$ 22,617.79		
Cultural Impact Assessment (CIA)	Keala Pono	\$ 13,483.76		
Archaeological Impact Survey (AIS)	Keala Pono	\$ 23,762.29		
Reimbursables and Other	Keala Pono	\$ 2,250.00		
Contingency (15%)				
Total Environmental Planning		\$ 203,866.16	\$ 691,250.00	\$ 487,383.84
Entitlement Reports:				
Traffic Analysis Reports	AECOM	\$ 66,235.00		
HRS 201H Application	PBR	\$ 153,188.42		
Noise Study	TAHA	\$ 14,052.35		
Consultations	PBR	\$ 52,356.00		
Biological Survey (Flora and Fauna Survey)	AECOM	\$ 10,000.00		
Pedestrian Wind Study	TBD	\$ -		
Air Quality Study and Odor Impact	TAHA	\$ 14,052.35		
NELROD Relocation Plan	Nelrod	\$ 18,822.24		
Contingency (15%)				
Total Entitlement Reports		\$ 328,706.36	\$ 313,950.00	\$ (14,756.36)
Due Diligence/ Other Reports:				
Phase I ESA	Ford & Assoc.	\$ 6,073.30		
Preliminary Geotech Report	Geolabs	\$ 38,146.58		
Topographic Survey	KN Surveying	\$ 143,629.15		
ALTA Survey	KN Surveying	\$ 7,181.46		
Market Study & RCS	Cassidy	\$ 11,000.00		
Contingency - Due Diligence and Other				
Total Due Diligence/ Other Reports		\$ 206,030.49	\$ 1,243,646.00	\$ 1,037,615.51
Total Budget		\$ 1,786,899.79		
Additional Services				
Community Meetings	Lowney	\$ 66,720.39		
Unit Type and Ground Plane Study	Lowney	\$ 59,162.28		
Project Naming	DTL	\$ 18,848.16		
Fall Community Event	DTL	\$ 10,471.20		
Community Outreach / Communications	DTL	\$ 15,706.80		
NELROD Site Visit Charrette	Nelrod	\$ 94,430.33		
Condominium Vs. Subdivision Opinion	Settle Meyer Law	\$ 5,235.60		
Title Reports	Title Guaranty	\$ 3,141.36		
TOTAL ADDITIONAL SERVICES NOT IN THE MDA		\$ 273,716.12	\$ -	\$ (273,716.12)
Total Budget + Additional Services		\$ 2,060,615.91	\$ 3,500,000.00	\$ 1,439,384.09
HPHA 50%		\$ 1,030,307.96		

Phase 1 Pre-Closing Development Costs

Discipline/Scope	Consultant	
Civil Engineering	Sato	\$ 229,700.00
Architecture & Engineering (Detailed Design)	Lowney	\$ 1,142,407.92
Architecture & Engineering (Construction Documents)	Lowney	\$ 1,780,104.00
Legal Costs - CPR Documentation	Settle Meyer Law	\$ 73,298.40
Construction Bid and Contract Review	Mixed Team	\$ 523,560.00
HHDCF LIHTC & Loan Fees	Mixed Team + HHFDC	\$ 560,209.20
Other (Permitting, Fire Review, Elevator Fee, Consultants)	All other items / needs	\$ 418,848.00
Total Budget Pre-Closing	Total	\$ 4,728,127.52
	Less PreDev Budget Surplus	\$ 1,439,384.09
	Balance	\$ 3,288,743.43
	Contingency	\$ 211,256.57
	Total	\$ 3,500,000.00
	HPHA Share (50%)	\$ 1,750,000.00

ATTACHMENT C

Kuhio Park Low Rise and Homes Phase 1 Predevelopment Budget

Architect		
Total Architectural Design	\$	3,034,795
Civil Engineer		
Total Engineering Design	\$	215,393
Financing		
Loan Fees & Bond Counsel		
HHFDC Loan Fees	\$	1,163,416
Financing Due Diligence	\$	100,000
TMO Counsel	\$	120,000
Total Loan Fees & Bond Counsel	\$	1,383,416
Relocation		
Relocation of Residents		
Moving Expenses	\$	120,600
Relocation Reserve	\$	18,090
Consultant Fee	\$	261,325
Consultant Travel	\$	60,760
Previous Moving Estimate	\$	345,250
Total Relocation Costs	\$	806,025
Reports & Fees		
Due Diligence Studies		
Hazardous Materials Assessment Survey	\$	46,775
Geotechnical Infiltration Testing	\$	38,148
Appraisal	\$	17,500
MOA Implementation	\$	45,000
EVE & C-EHMP	\$	10,471
Phase 1 Environmental Update	\$	5,000
Historic Architecture	\$	17,500
Utility Allowance Study	\$	1,950
OpEx Utility Study	\$	10,000
Survey/Title	\$	50,000
Planning Consultants	\$	100,000
Total Due Diligence Studies	\$	342,344
Fees		
Pre-Construction Fee	\$	40,000
DCAB Review Fee	\$	29,123
Construction Management	\$	78,000
Playground Consultant	\$	36,100
LEED Consultant	\$	21,700
Translation Services	\$	5,000
Printing Services	\$	1,000
Permits/Tap Fees	\$	800,000
Total Fees	\$	1,010,923
Total Reports & Fees	\$	1,353,266
Contingency (2.26%)	\$	157,104
Total Phase 1 Predevelopment Budget	\$	6,950,000
HPHA's Share (50%)	\$	3,475,000

TARGET MILESTONE SCHEDULE
KUHIO PARK PHASE I

ID	Task Name	Start	Finish	Qtr 1, 2024												Qtr 2, 2024												Qtr 3, 2024												Qtr 4, 2024											
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	KUHIO PARK LOW RISE - PHASE I																																																		
2	Predevelopment Work	Thu 12/1/22	Mon 9/2/24	[Gantt bar from Jan 2024 to Sep 2024]																																															
3	201H Entitlement & Exemptions	Thu 12/1/22	Wed 1/11/23																																																
4	Tax Credit Application	Wed 2/15/23	Wed 2/15/23																																																
5	HHFDC Award	Thu 1/11/24	Thu 1/11/24	◆ 1/11																																															
6	National EPA Environmental Assessment (NEPA EA)	Tue 3/21/23	Fri 2/1/30																																																
7	Section 106	Tue 3/21/23	Fri 2/1/30																																																
16	MOA Mitigation Commitments	Fri 12/29/23	Sat 12/29/29																																																
17	Archaeological Inventory Survey & Archaeological Monitoring Plan	Fri 1/26/24	Mon 9/30/24	[Gantt bar from Jan 2024 to Sep 2024]																																															
18	Environmental Assessment	Mon 8/28/23	Sun 3/31/24																																																
31	Permitting	Fri 8/4/23	Fri 11/1/24																																																
32	Civil Engineering	Fri 8/4/23	Mon 9/30/24																																																
47	Building Permit	Wed 8/30/23	Fri 11/1/24																																																
76	Design Refinement	Thu 2/1/24	Fri 5/31/24	[Gantt bar from Feb 2024 to May 2024]																																															
81	Permit Amendments	Mon 6/3/24	Fri 11/1/24	[Gantt bar from Jun 2024 to Nov 2024]																																															
82	Tenant Relocation Planning	Wed 2/1/23	Mon 2/26/24																																																
95	Disposition	Mon 2/26/24	Fri 5/31/24	[Gantt bar from Feb 2024 to May 2024]																																															
96	Section 18 Application (60-90 days from submittal)	Mon 2/26/24	Fri 5/31/24	[Gantt bar from Feb 2024 to May 2024]																																															
97	Relocation (8 months)	Wed 2/21/24	Thu 10/31/24	[Gantt bar from Feb 2024 to Oct 2024]																																															
98	Letter to Residents	Mon 2/26/24	Mon 3/18/24	[Gantt bar from Feb 2024 to Mar 2024]																																															
102	On-Site Relocation Survey	Mon 3/18/24	Fri 3/22/24	[Gantt bar from Mar 2024 to Mar 2024]																																															
103	Finalize Relocation Plan for all 64 households	Mon 3/25/24	Fri 5/3/24	[Gantt bar from Mar 2024 to May 2024]																																															
104	Apply for TPVs & Relocation Notices to Tenants	Sat 6/1/24	Tue 8/13/24	[Gantt bar from Jun 2024 to Aug 2024]																																															
105	Applies for TPVs (30-60 days before relocation start)	Mon 6/3/24	Fri 8/2/24	[Gantt bar from Jun 2024 to Aug 2024]																																															
106	Issues 90 Day Relocation Notice to Tenants	Fri 6/14/24	Fri 6/14/24	◆ 6/14																																															
107	Issues 30 Day Relocation Notice to Tenants	Tue 8/13/24	Tue 8/13/24	◆ 8/13																																															
108	Tenants Moving	Fri 9/13/24	Sun 12/1/24	[Gantt bar from Sep 2024 to Dec 2024]																																															
111	Construction Contract	Fri 3/1/24	Wed 5/1/24	[Gantt bar from Mar 2024 to May 2024]																																															
112	Draft AIA Construction Contract	Fri 3/1/24	Mon 4/1/24	[Gantt bar from Mar 2024 to Apr 2024]																																															
113	Finalize Draft AIA Construction Contract	Mon 4/1/24	Wed 5/1/24	[Gantt bar from Apr 2024 to May 2024]																																															
114	Condominium Documents	Thu 2/1/24	Wed 5/1/24	[Gantt bar from Feb 2024 to May 2024]																																															
115	Complete Draft Condo Docs	Thu 2/1/24	Fri 3/15/24	[Gantt bar from Feb 2024 to Mar 2024]																																															
116	Finalize Draft Condo Docs	Mon 3/18/24	Wed 5/1/24	[Gantt bar from Mar 2024 to May 2024]																																															
117	Financing	Thu 1/11/24	Mon 12/2/24	[Gantt bar from Jan 2024 to Dec 2024]																																															
118	Reservation Deposit and Commitment for Awarded LIHTC & RHRF	Thu 1/11/24	Wed 3/6/24	[Gantt bar from Jan 2024 to Mar 2024]																																															
119	Solicit Additional Funding (as needed)	Thu 2/1/24	Wed 5/1/24	[Gantt bar from Feb 2024 to May 2024]																																															
120	Complete Financial Model & Documents	Thu 1/11/24	Wed 5/1/24	[Gantt bar from Jan 2024 to May 2024]																																															
121	Start Lender & Investor Review Underwriting	Thu 5/2/24	Thu 5/2/24	◆ 5/2																																															
122	Solicit, Evaluate and Select Prospective Lenders & Investors	Thu 5/2/24	Mon 6/3/24	[Gantt bar from May 2024 to Jun 2024]																																															
123	Lender & Investor LOI's	Mon 6/3/24	Mon 6/3/24	◆ 6/3																																															
124	Plan / Cost Review	Mon 7/1/24	Tue 10/1/24	[Gantt bar from Jul 2024 to Oct 2024]																																															
125	HUD Subsidy Layering (60 days prior to closing)	Thu 8/15/24	Tue 10/1/24	[Gantt bar from Aug 2024 to Oct 2024]																																															
128	City Council Approval Prior to Closing	Wed 9/4/24	Wed 9/4/24	[Gantt bar from Sep 2024 to Sep 2024]																																															
129	HPHA Approval Prior to Closing	Thu 9/19/24	Thu 9/19/24	[Gantt bar from Sep 2024 to Sep 2024]																																															
130	HHFDC Approval Prior to Closing	Thu 10/10/24	Thu 10/10/24	◆ 10/10																																															
131	Closing Draw (30-45 days)	Fri 11/1/24	Fri 11/1/24	◆ 11/1																																															
132	Close (on gap coverage) and Fund	Mon 12/2/24	Mon 12/2/24	◆ 12/2																																															
133	Recording	Mon 12/2/24	Mon 12/2/24	◆ 12/2																																															
134																																																			
135	<i>Post-Closing Schedule (for information only)</i>																																																		
136	Construction	Tue 12/3/24	Mon 1/3/28	[Gantt bar from Dec 2024 to Jan 2028]																																															
144	Operations	Mon 2/1/27	Mon 1/3/28	[Gantt bar from Feb 2028 to Jan 2028]																																															
145	Return Relocation	Mon 2/1/27	Fri 4/23/27	[Gantt bar from Feb 2028 to Apr 2027]																																															
146	Lease Up	Mon 2/1/27	Fri 12/31/27	[Gantt bar from Feb 2028 to Dec 2027]																																															
148	Conversion	Fri 6/30/28	Fri 6/30/28	[Gantt bar from Jun 2028 to Jun 2028]																																															

FOR ACTION

MOTION: To **(1)** Approve the Pre-Development Budget and HPHA Funding Relating to Multi-Phase and Phase 1 Work for the Mayor Wright Homes Redevelopment (TMK No. 1-7-029:003); and **(2)** Authorize the Executive Director to Undertake All Actions Necessary to Implement Loans to HCDC Mayor Wright LLC, or its Affiliates, for Multi-Phase Costs and Phase-Related Predevelopment Costs

(The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this motion.)

I. FACTS

- A. On January 23, 2023, the Hawaii Public Housing Authority ("HPHA" or "the Authority") issued "RFQ DEV-2023-03 Project: Ka Lei Momi ("KLM") Request for Qualifications for Master Developer" (the "RFQ"). The RFQ sought proposals from a single development entity that could implement redevelopment activities at several identified HPHA owned properties, including the public housing development currently known as Mayor Wright Homes ("MWH"), which consists of 14.8 acres of land in the City and County of Honolulu, Hawaii with 364 existing residential units.
- B. The Authority determined that HCDC Hawaii Development LLC and its affiliate HCDC Mayor Wright LLC's (the "Developer") proposal best met the needs of the Authority. The Authority selected the Developer to serve as the Master Developer for the revitalization of the Redevelopment Site and entered into Ka Lei Momi Master Planning and Predevelopment Agreement ("MPPA") and a Master Development Agreement ("MDA") for the redevelopment of MWH, both dated as of June 28, 2023.
- C. In accordance with the MDA, the redevelopment will be undertaken in phases under the terms of phase-specific development and disposition agreements ("DDAs") that will be entered into upon receipt of allocations of financings for each phase.

- D. In accordance with the MPPA and MDA, HPHA and the Developer agreed to share predevelopment costs and acknowledged that these costs fall into three (3) broad categories:
- i. Costs related to the refinement of the KLM master plan, including master plan architectural costs (“Master Plan Revision Costs”),
 - ii. Costs related to planning, design, legal, demolition and remediation plans (but excluding the costs of implementing such plans and oversight of such implementation), environmental testing, re-engagement of community engagement and similar costs agreed to by the Parties and as detailed on the Master Planning and Site Readiness Predevelopment Budget (“Master Site Readiness Costs”), and
 - iii. Costs of the vertical development that need to be incurred prior to financial closing but are part of the pre-development budget for a specific Development Phase (“Phase-Related Predevelopment Costs”).

Together, Master Plan Revision Costs and Master Site Readiness Costs are referred to as “Multi-Phase Costs.”

- E. Within the MDA, it was further agreed that the Authority will provide the Developer with loans to cover fifty percent (50%) (or more, subject to the Authority’s discretion) of eligible third-party Multi-Phase Costs and Phase-Related Predevelopment Costs for MWH redevelopment. HPHA has the right to review and approve the predevelopment budget and schedule prior to executing any loan agreement.
- F. It is acknowledged in the MDA that the Authority’s obligation to make any loan related payments is contingent upon sufficient appropriations and authorization by the State.

II. DISCUSSION

- A. Following the execution of the MDA, the Developer has worked expeditiously to advance the redevelopment effort diligently working to secure entitlements and financing commitments. In February 2024, the Developer, in coordination with HPHA staff, received entitlement approval and submitted the consolidated financing application to Hawaii Housing Finance and Development Corporation (“HHFDC”) for a portion of the first phase of MWH redevelopment.
- B. As a part of the initial planning process, the Developer has established a phasing plan for the redevelopment of MWH. The plan, provided as Attachment A, includes 4 development phases, with Phase 1 being

separated out to include three distinct towers that are represented as Phase 1A, 1B, and 1C.

- C. The Developer has also taken the time to work with consultants and HPHA staff to prepare a pre-closing budget and schedule for Phase 1 of MWH. The predevelopment budget is provided within as Attachment B and the schedule is provided as Attachment C.
- D. The predevelopment budget is broken out into four parts:
 - i. Multiphase Costs totaling \$1,861,699;
 - ii. Phase 1A Costs totaling \$8,088,802;
 - iii. Phase 1B Costs totaling \$9,469,296; and
 - iv. Phase 1C Costs totaling: \$10,026,000.

The total Phase 1 predevelopment costs are budgeted to be \$29,445,797. Costs increases in excess of ten percent (10%) of the approved budget shall require additional HPHA Board approval.

- E. In 2022, the Hawaii State Legislature appropriated \$10,000,000 in Capital Improvement Project (“CIP”) funds to HPHA to use for MWH redevelopment. The intent is to use these CIP funds to fund the predevelopment loans for MWH redevelopment. The CIP funds would be used as a revolving fund to pay for MWH Phase 1 expenses, meaning that when portions of the expended CIP funds are reimbursed to HPHA at closing one of the Phase 1 towers that the reimbursed CIP funds could be allocated to fund predevelopment costs for another of the Phase 1 towers. However, the total amount allocated toward Phase 1 loans at any given time shall not exceed \$10,000,000.
- F. The predevelopment schedule shows construction of Phase 1 of MWH starting in the second half of 2025 with the first set of residential units coming online to rent in early 2028.

(End of Section)

III. RECOMMENDATION

That the Board of Directors **(1)** Approve the Pre-Development Budget and HPHA Funding Relating to Multi-Phase and Phase 1 Work for the Mayor Wright Homes Redevelopment (TMK Nos. 1-7-029:003); and **(2)** Authorize the Executive Director to Undertake All Actions Necessary to Implement Loans to HCDC Mayor Wright LLC, or its Affiliates, for Multi-Phase Costs and Phase-Related Predevelopment Costs

Attachment A: MWH Redevelopment Phasing Site Plan
Attachment B: Proposed Phase 1 Predevelopment Budget
Attachment C: Proposed Phase 1 Predevelopment Schedule

Prepared by: Carson Schultz, Housing Development Specialist CJS

Approved by the Board of Directors
on the date set forth above
 As Presented [] As Amended



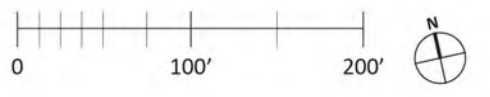
Robert J. Hall
Chairperson

ATTACHMENT A



DEMOLITION LEGEND

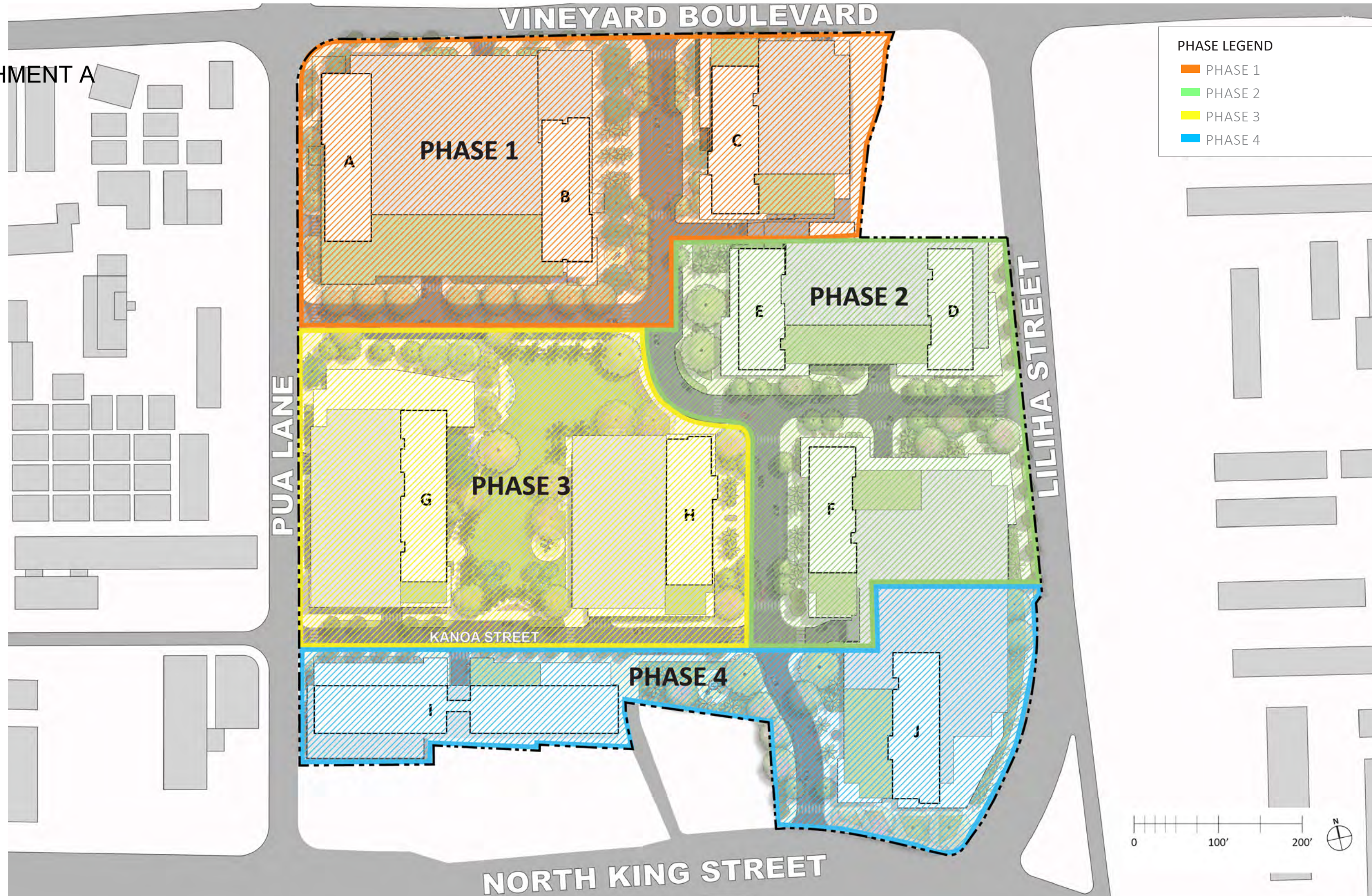
- PHASE 1 DEMOLITION
- PHASE 2 DEMOLITION
- PHASE 3 DEMOLITION
- PHASE 4 DEMOLITION



Hawaii Public Housing Authority

PROPOSED DEMOLITION SITE PLAN (SUBJECT TO CHANGE)
MAYOR WRIGHT HOMES MASTER PLAN ENTITLEMENT PACKAGE - 11.17.2023





ATTACHMENT A



**KA LEI MOMI - MAYOR WRIGHT HOMES
PHASE 1 PRE-DEVELOPMENT BUDGET
PREPARED (UPDATED) APRIL 24, 2024**

Note: 4.712% G.E.T. will be added to all expenses through December 31, 2024.

HPHA MWH MASTER PLANNING & ENTITLEMENT BUDGET

Due Diligence and MP Refining

Architectural - Lowney Architecture	50,000
Civil Engineer - Bills Engineering	16,000
Entitlement Review - PBR	1,000
Market Study - Zonda	5,000
HUD Due Diligence - D3G	12,000
Phase I Review - Partner	2,200
Geotechnical Area Review - NOVA	2,000
Relocation - TranSystems	3,375
FAA Consultant - Williams Aviation	9,375
Media/Public Relations - Bennett Group	20,000
Retail Market Demand Study - Colliers	16,230
Title - Title Guarantee	790
HECO Pre-Service Request	5,000
Electrical Engineer - Ron Ho Electric	10,131
Legal Review - Title	350
TOTAL MASTER PLANNING EXPENSES	153,451

All Phase Entitlement (Emergency Proclamation)

Architectural	
All Phase SD (3 towers)	300,000
Renderings	0
Phase I	10,000
Phase II	25,000
Survey updates (Prior to construction loan closing)	50,000
Landscaping Plan (PBR)	29,900
Archaeological Monitoring Plan (AMP)	10,000
Website Development	12,000
Traffic Update (Prior to Permitting)	90,000
Entitlement Planner	88,000
Section 106 MOA, AMP Consultants	50,000
NEPA Planner	30,366
NEPA Archaeological Consultant	20,000
Land Court Deregistration/Survey Map	30,000
Media/PR	45,000
Tenant Meeting #1	11,000
Tenant Meeting #2	7,500
Town Hall Meeting	4,000
Legal - Pre-Development loan agreement	75,000
Legal - KLM/HCDC Misc. (Deferred to Cons. Loan Closing)	370,000
Legal - KLM/HPHA Misc. (Deferred to Cons. Loan Closing)	370,000
TOTAL ALL-PHASE ENTITLEMENT EXPENSES	1,627,766
General Excise Tax thru Dec. 31, 2024	80,482
NET MULTIPHASE PREDEVELOPMENT BUDGET	1,861,699

Phase 1A - 300 Unit LIHTC

Market Study	10,000
HUD Consultant	25,260
HUD Appraisal	6,000
LIHTC Application Fees	12,000
LIHTC Performance Deposit	900,000
DD, CD Working Drawings	3,590,000
Interpretive Art/Documentation (SHPD MOA)	50,000
Community Outreach	30,000
Environmental Testing	200,000
Geotechnical/Soils	75,000
Permitting/Third-party Review	0
Phase 1 Update	5,000
Impact Fees - Water only	1,200,000
Building Permits	0
Legal - Loan Closing	0
Legal - Lender	100,000
Legal - Issuer	0
Legal - Borrower	650,000
Legal - Bond Counsel	150,000
Administrative Relocation Fees	500,000
Physical Relocation Costs	250,000
HPHA - Admin, Legal	200,000
General Excise Tax thru Dec. 31, 2024	135,542
NET TOTAL PHASE 1 A PREDEVELOPMENT BUDGET	8,088,802

Phase 1B - 350 Unit 501c3 "Missing Middle"

DD, CD Working Drawings	3,680,000
Interpretive Art/Documentation (SHPD MOA)	50,000
Permitting/Third-party Review	0
HUD Consultant	25,000
Market Study	25,000
Greystar Predevelopment Consultant	30,000
HUD Appraisal	6,000
Building Permits	0
Phase 1 Update	5,000
Impact Fees (Wastewater only for units above 60% AMI)	3,252,480
HPHA - Admin, Legal	300,000
Community Outreach	30,000
Environmental Testing	200,000
Geotechnical/Soils	75,000
Legal - Loan Closing	0
Legal - Lender	100,000
Legal - Issuer	0
Legal - Borrower	650,000
Legal - Bond Counsel	150,000
Administrative Relocation Fees	500,000
Physical Relocation Costs	250,000
General Excise Tax thru Dec. 31, 2024	140,816
Total Phase 1B Soft Costs	9,469,296

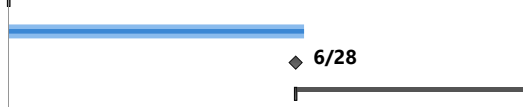
Phase 1C - 250 Unit For-Sale Condominium

Market Study	30,000
Community Outreach	30,000
DD, CD Working Drawings	3,500,000
Permitting/Third-party Review	100,000
Branding/Marketing Consultant	50,000
Marketing (Web, Collateral, Model Unit FF&E)	350,000
Sales Office Design, Permit, Buildout	500,000
Marketing Events	25,000
Legal - Condo docs	100,000
HUD Appraisal	6,000
Lender Appraisal	35,000
Legal - Financing	250,000
DURF Loan Fee	300,000
Impact Fees	3,500,000
Environmental Testing	200,000
Geotechnical/Soils	75,000
Legal-Loan Closing, Subdivision, CPR	150,000
Sales Office Lease and Overhead	100,000
Promotional Material	50,000
Accounting	25,000
Building Permits	650,000
General Excise Tax thru Dec. 31, 2024	0
Total Phase 1C Soft Costs	10,026,000
NET PHASE 1 PREDEVELOPMENT BUDGET	29,445,797

Costs increases in excess of ten percent (10%) of the budget shall require additional HPHA Board approval.

HPHA's loan amount is not to exceed \$10,000,000 at any given time. If funds are repaid at closing and are still available for HPHA's use, then the executive director may re-circulate funds into other loans to support Phase 1 redevelopment of MWH.

ID	Task	Task Name	Duration	Start	Finish	Predecessors	Successors	April 2023	May 2023	June 2023	July 2023
1		MAYOR WRIGHT HOMES DEVELOPMENT SCHEDULE	1874 days	Mon 5/22/23	Fri 8/23/30						
2		Mayor Wright Homes (MDA)	650 days	Mon 5/22/23	Mon 12/15/25						
3	✓	Negotiate MPA/MDA	1.25 mons	Mon 5/22/23	Wed 6/28/23						
4	✓	Sign MDA	0 mons	Wed 6/28/23	Wed 6/28/23		6				
5	✓	Onboarding	30 days	Wed 6/28/23	Wed 8/9/23						
9	✓	DUE DILIGENCE	76 days	Thu 8/10/23	Thu 11/30/23						
47		PREDEVELOPMENT LOAN	23 days	Mon 4/15/24	Thu 5/16/24						
48		Prepare Phase 1 Schedule and Budget	10 days	Mon 4/15/24	Fri 4/26/24		49				
49		Draft for Action	5 days	Mon 4/29/24	Fri 5/3/24	48					
50		HPHA Board Meeting	0 days	Thu 5/16/24	Thu 5/16/24		51				
51		Execute Loan	0 days	Thu 5/16/24	Thu 5/16/24	50					
52	✓	MASTER PLAN REFINEMENT	99 days	Thu 8/10/23	Wed 1/3/24						
66	✓	HPHA BOARD MEETING UPDATES	8 days	Fri 12/1/23	Wed 12/13/23						
67	✓	Submit Materials for HPHA Board Meeting Agenda	0 days	Fri 12/1/23	Fri 12/1/23						
68	✓	HPHA Board Meeting	0 days	Wed 12/13/23	Wed 12/13/23						
69	✓	TENANT/COMMUNITY OUTREACH	92 days	Tue 8/1/23	Thu 12/14/23						
75	✓	MDA MILESTONE: MASTER DEVELOPMENT ASSESSMENT ACTIVITIES SCHEDULE & BUDGET (10/26/23)	5 days	Thu 10/26/23	Wed 11/1/23						
79	✓	ENTITLEMENT (EMERGENCY PROCLAMATION)	82 days	Thu 10/12/23	Thu 2/8/24						
114		RESIDENT RELOCATION PLAN	60 days	Fri 5/10/24	Tue 8/6/24						
115		Draft Relocation Plan	40 days	Fri 5/10/24	Tue 7/9/24		116				
116		HPHA Review of Relocation Plan	10 days	Wed 7/10/24	Tue 7/23/24	115	117				
117		Relocation Plan Revision	10 days	Wed 7/24/24	Tue 8/6/24	116	118				
118		HPHA Relocation Plan Approval	0 days	Tue 8/6/24	Tue 8/6/24	117					
119		LIHTC & TIER 2 RHRF APPLICATION & AWARD	286 days	Thu 11/2/23	Tue 12/24/24						
127		SUBDIVISION & CPR	603 days	Tue 8/1/23	Mon 12/15/25						
128		Land Court Deregistration	110 days	Wed 5/15/24	Mon 10/21/24						
129		Prepare survey map and descriptions	30 days	Wed 5/15/24	Thu 6/27/24		130,133,134,139F				
130		Prepare/Submit Land Court Deregistration Application	20 days	Fri 6/28/24	Fri 7/26/24	129	131				
131		Acceptance/Recordation at the BoC	12 wks	Mon 7/29/24	Mon 10/21/24	130					
132		Phase 1A/1B Subdivision/JDA	65 days	Fri 6/28/24	Mon 9/30/24						
133		Prepare Phase 1A,/1B Subdivision Map	5 days	Fri 6/28/24	Fri 7/5/24	129					
134		Prepare Master Use Application	5 days	Fri 6/28/24	Fri 7/5/24	129	135				
135		DPP Conditional Approval	30 edays	Fri 7/5/24	Sun 8/4/24	134	136				
136		Submit Final Subdivision Map	10 days	Mon 8/5/24	Fri 8/16/24	135	137				
137		Final Approval and Recordation	45 edays	Fri 8/16/24	Mon 9/30/24	136					
138		Phase 1 CPR Documents	341 days	Mon 7/22/24	Fri 11/14/25						
139		CPR Declaration 1A	45 days	Mon 7/22/24	Mon 9/23/24	129FS+15 days					
140		Condo Map 1A	45 days	Mon 7/22/24	Mon 9/23/24	129FS+15 days					
141		CPR Declaration 1B	45 days	Mon 7/22/24	Mon 9/23/24	129FS+15 days					
142		Condo Map 1B	45 days	Mon 7/22/24	Mon 9/23/24	129FS+15 days					
143		CPR Declaration 1C	45 days	Mon 9/15/25	Fri 11/14/25	316SS					
144		Condo Map 1C	45 days	Mon 9/15/25	Fri 11/14/25	316SS					
145		Phase 1 C Subdivision	66 days	Mon 9/15/25	Mon 12/15/25						
146		Prepare Phase C Subdivision Map	5 days	Mon 9/15/25	Fri 9/19/25	316SS	147				
147		Prepare Master Use Application	5 days	Mon 9/22/25	Fri 9/26/25	146	148				
148		DPP Conditional Approval	30 edays	Fri 9/26/25	Sun 10/26/25	147	149				
149		Submit Final Subdivision Map	5 days	Mon 10/27/25	Fri 10/31/25	148	150				
150		Final Approval and Recordation	45 edays	Fri 10/31/25	Mon 12/15/25	149					
151		Phase 2 Subdivision	100 days	Tue 8/1/23	Sat 12/23/23						
152		Phase 3 Subdivision	100 days	Tue 8/1/23	Sat 12/23/23						
153		Phase 4 Subdivision	100 days	Tue 8/1/23	Sat 12/23/23						
154		LAND & DEVELOPMENT AGREEMENTS	60 days	Tue 9/3/24	Tue 11/26/24						
155		DLURC	40 days	Tue 9/3/24	Mon 10/28/24	125	156				
156		Dept of Taxation Certificate of Exemption	20 days	Tue 10/29/24	Tue 11/26/24	155					
157		Development Agreement Phase 1A & 1B	60 days	Tue 9/3/24	Tue 11/26/24	125					



Project: Mayor Wright Homes
Date: Tue 4/30/24

Task		Summary		Inactive Milestone		Duration-only		Start-only		External Milestone		Manual Progress	
Split		Project Summary		Inactive Summary		Manual Summary Rollup		Finish-only		Deadline			
Milestone		Inactive Task		Manual Task		Manual Summary		External Tasks		Progress			

ID	Task	Task Name	Duration	Start	Finish	Predecessors	Successors	April 2023	May 2023	June 2023	July 2023
158		Development Agreement Phase 1C	60 days	Tue 9/3/24	Tue 11/26/24	125					
159		NEPA UPDATE	1426 days	Wed 4/24/24	Fri 10/19/29						
160	✓	Accepting Authority (Governor's Office) Initial Meeting	0 days	Wed 4/24/24	Wed 4/24/24		161				
161		Reassign back to HCD on HEROS (if possible)	2 wks	Wed 4/24/24	Tue 5/7/24	160	163SS,164SS,165S				
162		Update NEPA EA FONSI with dollar amounts (if necessary)	2 mons	Wed 5/8/24	Fri 7/5/24	161					
163		Initial HUD Meeting - Update on all KLM Projects	2 wks	Wed 4/24/24	Tue 5/7/24	161SS					
164		Initial SHPD Meeting - Review all KLM Sites	1 mon	Wed 4/24/24	Tue 5/21/24	161SS					
165		Section 7 Endangered Species Act	6 mons	Wed 4/24/24	Mon 10/14/24	161SS					
166		Noise and Vibration Control Plan	6 mons	Wed 4/24/24	Mon 10/14/24	161SS					
167		FAIRCLOTH/RAD CONVERSION (Public housing to Section 8)	1411 days	Wed 5/15/24	Fri 10/19/29						
168		Predevelopment	95 days	Wed 5/15/24	Mon 9/30/24						
169		Request Notice of Anticipated RAD Rents (NARR)	15 days	Wed 5/15/24	Wed 6/5/24		170,171				
170		Portfolio-wide RAD Application (all-KLM)	40 days	Thu 6/6/24	Fri 8/2/24	169					
171		Issue NARR	0 days	Wed 6/5/24	Wed 6/5/24	169	172,173				
172		Request preliminary conversion call through RAD Resource Desk	0 days	Wed 6/5/24	Wed 6/5/24	171					
173		RAD Financing Plan - RAD Resource Desk Update	20 days	Thu 6/6/24	Fri 7/5/24	171	174				
174		Submit Mixed Finance Development Proposal (MFDP)	10 days	Mon 7/8/24	Fri 7/19/24	173	176,175				
175		HUD Architectural Review	10 days	Mon 7/22/24	Fri 8/2/24	174	176				
176		Approve MFDP	20 days	Mon 8/5/24	Fri 8/30/24	174,175	177,223				
177		Issue Mixed Finance Conversion Conditional Approval	20 days	Tue 9/3/24	Mon 9/30/24	176	178				
178		Mixed Finance Construction Closing (if applicable)	0 days	Mon 9/30/24	Mon 9/30/24	177					
179		Construction	140 days	Mon 11/22/27	Fri 6/2/28						
180		Notify HUD of Nearing Construction Completion	20 days	Mon 11/22/27	Fri 12/17/27	260FS-6 mons					
181		Submit Construction Completion Update to confirm accuracy of RCCA	20 days	Mon 12/20/27	Fri 1/14/28						
182		Begin Uploading RAD Closing Documents	20 days	Mon 1/17/28	Fri 2/11/28						
183		Units entered into PIC	20 days	Mon 5/8/28	Fri 6/2/28	260					
184		Conversion to Permanent Financing	360 days	Mon 6/5/28	Fri 10/19/29						
185		Commitment to Enter into a Housing Assistance Payments Contract (CHAP)& RAD Conversion Commitment(RCC)	18 mons	Mon 6/5/28	Fri 10/19/29	261	186				
186		RAD Closing	0 days	Fri 10/19/29	Fri 10/19/29	185					
187		SECTION 18 APPLICATION	478 days	Fri 2/16/24	Tue 12/30/25						
188	✓	Scoping and Planning	40 days	Fri 2/16/24	Tue 4/16/24	121	189,190,196,191,				
189		Prepare Section 18 Application	60 days	Wed 4/17/24	Fri 7/12/24	188	196				
190		Appraisal	40 days	Wed 4/17/24	Thu 6/13/24	188	196,217				
191		Survey, Legal Description	40 days	Wed 4/17/24	Thu 6/13/24	188	196,194				
192		Resident Offer of Sale	20 days	Wed 4/17/24	Tue 5/14/24	188					
193		Request HUD family highrise tower	5 days	Wed 6/12/24	Tue 6/18/24	229FS-5 wks					
194		Evidence of Consultation with Mayor	10 days	Fri 6/14/24	Thu 6/27/24	191	195				
195		Letter of Support from Mayor	0 days	Thu 6/27/24	Thu 6/27/24	194					
196		HPHA Approval	25 days	Mon 7/15/24	Fri 8/16/24	189,188,190,19198					
197		Submit Section 18 Application	60 days	Mon 8/19/24	Tue 11/12/24						
198		NEPA is published	20 days	Mon 8/19/24	Mon 9/16/24	196	199				
199		HUD 60-day review period	8 wks	Tue 9/17/24	Tue 11/12/24	198	200				
200		Section 18 Approved	0 days	Tue 11/12/24	Tue 11/12/24	199	202,201				
201		TPV Application	40 days	Wed 11/13/24	Thu 1/9/25	200					
202		90-day notice to tenants to apply for TPV	12 wks	Wed 11/13/24	Thu 2/6/25	200	203FS-20 days				
203		Issue 30-day notice for relocation	20 days	Fri 1/10/25	Thu 2/6/25	202FS-20 days	204				
204		Relocation Start	0 days	Thu 2/6/25	Thu 2/6/25	203					
205		HISTORIC PRESERVATION (HRS§106) - MOA	398 days	Fri 6/14/24	Tue 12/30/25						
206		MOA Second Amendment Executed	0 days	Fri 6/14/24	Fri 6/14/24		207FS+5 days				
207		Kickoff Meeting	0 days	Thu 6/20/24	Thu 6/20/24	206FS+5 days	208				
208		MWH Documentation (Mason Architecture)	40 days	Fri 6/21/24	Fri 8/16/24	207	209				
209		Project Design Review w/SHPD	0 days	Fri 8/16/24	Fri 8/16/24	208	210				
210		SHPD Review and Comment	40 days	Mon 8/19/24	Mon 10/14/24	209	211,212				
211		Documentary Film Production Scoping	120 days	Tue 10/15/24	Thu 4/3/25	210					
212		Community Education Scoping	120 days	Tue 10/15/24	Thu 4/3/25	210					

Project: Mayor Wright Homes
Date: Tue 4/30/24

Task		Summary		Inactive Milestone		Duration-only		Start-only		External Milestone		Manual Progress	
Split		Project Summary		Inactive Summary		Manual Summary Rollup		Finish-only		Deadline			
Milestone		Inactive Task		Manual Task		Manual Summary		External Tasks		Progress			

ID	Task	Task Name	Duration	Start	Finish	Predecessors	Successors	April 2023	May 2023	June 2023	July 2023
213		Inspection Survey	20 days	Wed 12/3/25	Tue 12/30/25	256					
214		Noise and Vibration Control Plan	20 days	Wed 12/3/25	Tue 12/30/25	256					
215		Archaeological Monitoring Plan (AMP)	20 days	Wed 12/3/25	Tue 12/30/25	256					
216		Mayor Wright Homes Phase 1 DDA	75 days	Thu 6/13/24	Mon 9/30/24						
217		Appraisal	0 days	Thu 6/13/24	Thu 6/13/24	190	224				
218		Property Management and Re-Occupancy Plan	20 days	Mon 7/22/24	Fri 8/16/24	125SS-30 days	224				
219		Resident and Local Hiring Plan	20 days	Mon 7/22/24	Fri 8/16/24	125SS-30 days	224				
220		Section 3 Clause	20 days	Mon 7/22/24	Fri 8/16/24	125SS-30 days	224				
221		Sustainability Plan	20 days	Mon 7/22/24	Fri 8/16/24	125SS-30 days	224				
222		Environmental (Federal Part 58 and State EIS)	20 days	Mon 7/22/24	Fri 8/16/24	125SS-30 days	224				
223		Negotiate Full Phase 1 DDA	4 wks	Tue 9/3/24	Mon 9/30/24	125SS-30 days,	224				
224		Execute DDA	0 days	Mon 9/30/24	Mon 9/30/24	223,217,218,21					
225		PHASE IA & 1B A&E WORKPLAN	458 days	Fri 2/16/24	Tue 12/2/25						
226	✓	A&E RFP's (Lowney+subs)	28 days	Fri 2/16/24	Thu 3/28/24	123	227				
227	✓	Award and Selection	19 days	Mon 3/18/24	Mon 4/15/24	226	228				
228		Contracting	24 days	Tue 4/16/24	Fri 5/17/24	227	229				
229		Schematic Design	8 wks	Mon 5/20/24	Wed 7/17/24	228	231,193FS-5 wks				
230		Design Development	85 days	Thu 7/18/24	Fri 11/15/24						
231		50% DD (Demo/Grading Permit Submittal)	7 wks	Thu 7/18/24	Thu 9/5/24	229	232,233				
232		50% DD Cost Estimate (Hawaiian Dredging)	1 wk	Fri 9/6/24	Thu 9/12/24	231	234				
233		50% DD HUD Architectural Review	2 wks	Fri 11/1/24	Fri 11/15/24	231,234					
234		100% DD	7 wks	Fri 9/13/24	Thu 10/31/24	232	236,249,250,233				
235		Construction Documents	280 days	Fri 11/1/24	Tue 12/2/25						
236		30% CD	7 wks	Fri 11/1/24	Mon 12/23/24	234	239,237				
237		30% CD Budget Update	1 wk	Tue 12/24/24	Tue 12/31/24	236					
238		60% CD	40 days	Tue 12/24/24	Tue 2/18/25						
239		60% CD	7 wks	Tue 12/24/24	Tue 2/11/25	236	240,242,258SS				
240		60% CD Cost Estimate Update	1 wk	Wed 2/12/25	Tue 2/18/25	239					
241		90% CD (Complete Permit Submittal)	45 days	Wed 2/12/25	Tue 4/15/25						
242		90% CD	6 wks	Wed 2/12/25	Tue 3/25/25	239	243,251				
243		Subcontractor bids	2 wks	Wed 3/26/25	Tue 4/8/25	242	244				
244		Subcontractor selection	1 wk	Wed 4/9/25	Tue 4/15/25	243	245				
245		Pre-Final Budget (Hawaiian Dredging)	0 days	Tue 4/15/25	Tue 4/15/25	244	247				
246		100% CD	10 days	Wed 4/16/25	Tue 4/29/25						
247		Final Updates	2 wks	Wed 4/16/25	Tue 4/29/25	245	254,286				
248		PHASE 1A & 1B PERMITTING	280 days	Fri 11/1/24	Tue 12/2/25						
249		Demo/Grading	4 mons	Fri 11/1/24	Tue 2/25/25	234	255,287,257SS,28				
250		Civil Drawings (Site Development Branch)	14 mons	Fri 11/1/24	Tue 12/2/25	234					
251		Complete Building Permit Set	9 mons	Wed 3/26/25	Tue 12/2/25	242	252				
252		Full Permit Set	0 days	Tue 12/2/25	Tue 12/2/25	251	256,288				
253		Phase 1A Financing, Construction, Lease-up (LIHTC) - 309 Units	823 days	Fri 11/1/24	Fri 12/31/27						
254		Working Drawings Complete	0 mons	Tue 4/29/25	Tue 4/29/25	247					
255		Receive Demo Permit	0 days	Tue 2/25/25	Tue 2/25/25	249					
256		Receive Full Permit Set	0 mons	Tue 12/2/25	Tue 12/2/25	252	213,214,215				
257		Draft and Submit Construction Management Plan	40 days	Fri 11/1/24	Tue 12/31/24	249SS					
258		Draft and submit Traffic Management Plan	40 days	Tue 12/24/24	Tue 2/18/25	239SS					
259		Demolition and Abatement	5 mons	Mon 8/18/25	Fri 1/2/26	276	260				
260		Grading and Vertical Construction	26 mons	Mon 1/5/26	Fri 12/31/27	259	261,278FS-80 day				
261		Certificate of Occupancy	0 days	Fri 12/31/27	Fri 12/31/27	260	279,185				
262		Phase 1A Construction Loan Closing	100 days	Mon 3/31/25	Fri 8/15/25						
263		Update Construction Pricing	20 days	Mon 3/31/25	Fri 4/25/25	276FS-100 days					
264		Appraisal	40 days	Mon 4/28/25	Fri 6/20/25	276FS-80 days					
265		Hard Cost Review	20 days	Mon 5/26/25	Fri 6/20/25	276FS-60 days					
266		Lender/Investor Calls (Bank)	60 days	Mon 5/12/25	Fri 8/1/25	276SS-70 days					
267		Insurance Applications	40 days	Mon 5/26/25	Fri 7/18/25	276FS-60 days					

Project: Mayor Wright Homes
Date: Tue 4/30/24

Task		Summary		Inactive Milestone		Duration-only		Start-only		External Milestone		Manual Progress	
Split		Project Summary		Inactive Summary		Manual Summary Rollup		Finish-only		Deadline			
Milestone		Inactive Task		Manual Task		Manual Summary		External Tasks		Progress			

ID	Task	Task Name	Duration	Start	Finish	Predecessors	Successors	April 2023	May 2023	June 2023	July 2023
268		Update Reports (as required)	30 days	Mon 5/26/25	Fri 7/4/25	276FS-60 days					
269		Schedule kickoff calls with HHFDC	60 days	Mon 4/28/25	Fri 7/18/25	276SS-80 days					
270		Order Certificates of Good Standing and required searches	10 days	Mon 7/28/25	Fri 8/8/25	276SS-15 days					
271		Finalize ALTA survey	10 days	Mon 7/28/25	Fri 8/8/25	276SS-15 days					
272		Finalize ALTA pro forma title insurance	15 days	Mon 7/14/25	Fri 8/1/25	276SS-25 days	273				
273		Finalize Loan Documents	5 days	Mon 8/4/25	Fri 8/8/25	272	274				
274		Circulate Settlement Statements & Escrow Instructions	3 days	Mon 8/11/25	Wed 8/13/25	273					
275		HPHA Board Resolution	0 days	Thu 8/14/25	Thu 8/14/25		276FS+2 days				
276		Loan Close	0 days	Fri 8/15/25	Fri 8/15/25	275FS+2 days	259,263FS-100 da				
277		Lease-up, Stabilization and Conversion (309 Units)	770 days	Mon 9/13/27	Fri 8/23/30						
278		Initiate Pre-leasing Calls	40 days	Mon 9/13/27	Fri 11/5/27	260FS-80 days					
279		Leasing Period	18 mons	Mon 1/3/28	Fri 5/18/29	261	280				
280		Stabilization Period	80 days	Mon 5/21/29	Fri 9/7/29	279	281				
281		Perm Loan Conversion	0 days	Fri 9/7/29	Fri 9/7/29	280	282FF+20 days				
282		Submit Placed In Service ("PIS") Package	5 days	Mon 10/1/29	Fri 10/5/29	281FF+20 days	283FF+220 days				
283		Receive 8609's	5 days	Mon 8/5/30	Fri 8/9/30	282FF+220 days	284FF+10 days				
284		Record Tax Credit Regulatory Agreements	0 days	Fri 8/23/30	Fri 8/23/30	283FF+10 days					
285		Phase 1B Financing, Construction, Lease-up (501c3) - 354 Units	823 days	Fri 11/1/24	Fri 12/31/27						
286		Working Drawings Complete	0 mons	Tue 4/29/25	Tue 4/29/25	247					
287		Receive Demo Permit	0 days	Tue 2/25/25	Tue 2/25/25	249					
288		Receive Full Permit Set	0 mons	Tue 12/2/25	Tue 12/2/25	252					
289		Draft and Submit Construction Management Plan	40 days	Fri 11/1/24	Tue 12/31/24	249SS					
290		Draft and submit Traffic Management Plan	40 days	Fri 11/1/24	Tue 12/31/24	249SS					
291		Demolition and Abatement	5 mons	Mon 8/18/25	Fri 1/2/26	308	292				
292		Grading and Vertical Construction	26 mons	Mon 1/5/26	Fri 12/31/27	291	293,310FS-80 day				
293		Certificate of Occupancy	0 days	Fri 12/31/27	Fri 12/31/27	292	311				
294		Phase 1B Construction Loan Closing	230 days	Mon 3/31/25	Fri 2/13/26						
295		Update Construction Pricing	20 days	Mon 3/31/25	Fri 4/25/25	308FS-100 days					
296		Appraisal	40 days	Mon 12/22/25	Fri 2/13/26	308FS-80 days					
297		Hard Cost Review	20 days	Mon 1/19/26	Fri 2/13/26	308FS-60 days					
298		Lender Calls	40 days	Mon 5/12/25	Fri 7/4/25	308FS-70 days					
299		Insurance Applications	40 days	Mon 5/26/25	Fri 7/18/25	308FS-60 days					
300		Update Reports (as required)	30 days	Mon 5/26/25	Fri 7/4/25	308FS-60 days					
301		Schedule kickoff calls with HHFDC	60 days	Mon 4/28/25	Fri 7/18/25	308SS-80 days					
302		Order Certificates of Good Standing and required searches	10 days	Mon 7/28/25	Fri 8/8/25	308SS-15 days					
303		Finalize ALTA survey	10 days	Mon 7/28/25	Fri 8/8/25	308SS-15 days					
304		Finalize ALTA pro forma title insurance	15 days	Mon 7/14/25	Fri 8/1/25	308SS-25 days	305				
305		Finalize Loan Documents	5 days	Mon 8/4/25	Fri 8/8/25	304	306				
306		Circulate Settlement Statements and Escrow Instruction	3 days	Mon 8/11/25	Wed 8/13/25	305					
307		HPHA Board Resolution	0 days	Thu 8/14/25	Thu 8/14/25		308FS+2 days				
308		Loan Close	0 days	Fri 8/15/25	Fri 8/15/25	307FS+2 days	295FS-100 days,2				
309		Lease-up, Stabilization and Conversion (354 Units)	560 days	Mon 9/13/27	Fri 11/2/29						
310		Initiate Pre-leasing Calls	40 days	Mon 9/13/27	Fri 11/5/27	292FS-80 days					
311		Leasing Period	20 mons	Mon 1/3/28	Fri 7/13/29	293	312				
312		Stabilization Period	80 days	Mon 7/16/29	Fri 11/2/29	311	313				
313		Perm Loan Conversion	0 days	Fri 11/2/29	Fri 11/2/29	312	326				
314		Phase 1C Design, Construction, For-Sale - 253 Units	1688 days	Thu 10/12/23	Fri 4/19/30						
315		A&E - Concept, SD Drawings	80 days	Thu 10/12/23	Tue 2/6/24						
316		DD, CD Working Drawings	12 mons	Mon 9/15/25	Fri 8/14/26		317,318,146SS,14				
317		DPP Plan Submittal	0 days	Fri 8/14/26	Fri 8/14/26	316					
318		Permitting	14 mons	Mon 8/17/26	Fri 9/10/27	316	319,320,321SS				
319		Draft and Submit Construction Management Plan	40 days	Mon 9/13/27	Fri 11/5/27	318					
320		Draft and submit Traffic Management Plan	40 days	Mon 9/13/27	Fri 11/5/27	318					
321		Sales Begin	30 mons	Mon 8/17/26	Fri 12/1/28	318SS	322SS				
322		70% Sales Target Reached	18 mons	Mon 8/17/26	Fri 12/31/27	321SS	323				

Project: Mayor Wright Homes
Date: Tue 4/30/24

Task		Summary		Inactive Milestone		Start-only		External Milestone		Manual Progress
Split		Project Summary		Inactive Summary		Finish-only		Deadline		Progress
Milestone		Inactive Task		Manual Task		External Tasks		Progress		Progress

ID	Task	Task Name	Duration	Start	Finish	Predecessors	Successors	April 2023	May 2023	June 2023	July 2023
323		Demo, Remediation, Construction	30 mons	Mon 1/3/28	Fri 4/19/30	322	324				
324		Closing (253 Units)	0 days	Fri 4/19/30	Fri 4/19/30	323	325				
325		Multimodal Transportation Assessment Update - Phase 1	60 days	Mon 4/22/30	Fri 7/12/30	324					
326		END PHASE 1 - 911 UNITS	0 days	Fri 11/2/29	Fri 11/2/29	313					

Project: Mayor Wright Homes
Date: Tue 4/30/24

Task	Summary	Inactive Milestone	Duration-only	Start-only	External Milestone	Manual Progress
Split	Project Summary	Inactive Summary	Manual Summary Rollup	Finish-only	Deadline	Progress
Milestone	Inactive Task	Manual Task	Manual Summary	External Tasks	Progress	Progress

Hawaii Public Housing Authority Report for the Month of May

I. Planning and Evaluation

A. 2024 Legislative Session Activities

- “Adjournment Sine Die” is May 3, 2024, and is the last day of the 2024 Legislative Session, which indicates a suspension of business of the Legislature indefinitely.
- HB 1800, HD1, SD1, CD1, RELATING TO THE STATE BUDGET: Adjusts and requests appropriations for fiscal biennium 2023-2025 funding requirements for operations and capital improvement projects of Executive Branch agencies and programs.
- Highlights of the HPHA’s Supplemental Budget includes the following:
 - \$25,800,000 for Capital Improvement Projects;
 - \$10,500,000 to rehabilitate, remodel, renovate, and repair public housing units;
 - \$2,556,815 for the State Rent Supplement Program; and
 - \$5,000,000 for plans and due diligence for the acquisition and conversion of three (3) downtown parcels.

B. Hawaii Housing Planning Study

- On April 4, 2024, the HPHA met with state and county housing agencies, including the Hawaii Housing Finance & Development Corporation; the Department of Hawaiian Homelands; the Department of Human Services; the City and County of Honolulu Department of Community Services; the County of Hawaii Office of Housing and Community Development; the County of Kauai Housing Agency; and the County of Maui Department of Housing and Human Concerns to discuss the 2023 Hawaii Housing Planning Study Draft Report.

C. Hawaii Steel Alliance

- On April 17, 2024, HPHA spoke at the Hawaii Steel Alliance 27th Annual Installation event.
- HPHA presented information regarding ongoing redevelopment projects and initiatives of the HPHA, including the School Street Elderly Affordable Housing Project, Kuhio Park Terrace, and Ka

Lei Momi, and requested future collaboration in support of HPHA’s endeavors to combat Hawaii’s housing crisis.

II. Fiscal Management

A. Variance Report for March 2024

1. Revenue for the Month of March 2024

CFP Grant Income: \$2,988,062 lower than budget

The Public Housing Capital Fund Program (“CFP”) is granted by the U.S. Department of Housing and Urban Development (HUD) for capital and management activities including modernization and development of public housing. CFP drawdowns for the expenditures that are not capitalized are reported on this line as operating income. The amount of capitalized CFP expenditures is reported in the Balance Sheet under construction in progress.

CFP allows up to 25% of each grant to be used for federal housing project operations. The unfavorable variance of \$2,988,062 was due to timing difference between the anticipated and actual drawdown. The obligation date of the CFP grant to be drawn down for housing project operations was delayed, and thus the budget amount was not drawn down as anticipated.

Grant Income \$3,672,967 higher than budget

The favorable variance of \$3,672,967 was because unbudgeted ARPA funding was received and used for vacant unit repairs.

Other Income: \$277,443 lower than budget

The unfavorable variance of \$277,443 was because the front-line service fees generated by COCC programs and branches including Multi-Skilled Workers Pilot Program were lower than the amount budgeted.

2. Expenses for the Month of March 2024

Administrative: \$234,855 lower than budget

The favorable variance of \$234,855 was due to:

- \$285,930 lower HPHA administrative payroll expenses,

- \$13,963 lower private management company's administrative payroll expenses,
- \$29,780 higher audit fee billed and paid during the month,
- \$51,872 less front-line service fees charged by the Application, Hearings, and Compliance offices,
- \$107,655 higher legal service expenses,
- \$9,275 lower travel expenses,
- \$10,578 lower management agent fees,
- \$5,222 lower consultant and other professional service expenses,
- \$19,805 lower expenses on office supplies, and
- \$24,353 higher expenses of the items not specified above (training, computer software, automobile, RSP contract administrative fees, etc.).

Tenant Services: \$42,673 lower than budget

The favorable variance of \$42,673 was because:

- \$2,084 budgeted for relocation cost was not incurred.
- \$5,850 budget for tenant participation did not occur.
- \$29,167 budget for tenant services of Emergency Housing Voucher Program was not incurred.
- All other tenant services were \$5,572 lower than budget.

Utilities: \$146,002 lower than budget

The favorable variance of \$146,002 was because the utility costs were overall lower than budget. The costs of electricity, gas, water, and sewer were lower by \$71,122, \$17,176, \$10,842, and \$46,863, respectively.

Maintenance: \$263,543 lower than budget

The favorable variance of \$263,543 was due to:

- \$170,419 lower salaries and fringe benefits for HPHA maintenance employees,
- \$20,605 lower expenses of wages and benefits paid to maintenance employees of the private management company,
- \$88,332 higher expenses on furniture, appliances, and equipment,
- \$32,826 higher expenses on materials and supplies used for building, ground, safety, painting, electrical, janitorial maintenance, etc.,
- \$234,889 lower front-line service fees billed by the Multi-Skilled Workers Pilot Program team,
- \$90,247 higher expenses on extraordinary vacant unit repairs, and

- \$49,035 less expenses paid for contracted repairs and services including refuse collection, sewer system repair, plumbing repair, pest control service, building and unit repair, tree trimming service, vehicle and equipment rental, janitorial service, elevator maintenance, fire extinguisher service, appliance repair, electrical repair, HVAC repair, etc.

Insurance: \$37,611 higher than budget

The unfavorable variance of \$37,611 was because a much higher property insurance premium was paid for FY 2024. The insurance policies and premiums are administered by the State Risk Management Office.

Bad Debt Expense: \$130,102 higher than budget

The unfavorable variance of \$130,102 was the result of month-end reconciliation of tenant accounts receivable and adjustments of allowances for doubtful accounts.

General Expenses: \$123,576 higher than budget

The unfavorable variance of \$123,576 was due to:

- \$14,538 of undistributed Pcard purchase amounts. Any amount of Pcard purchases which has not been identified and distributed to related projects and programs is temporarily accounted for on this line,
- \$22,518 paid for admin fees of port-out vouchers,
- \$101,169 charged by Section 8 late annual certification, and
- \$14,649 lower on other general expenses.

3. Revenue year-to-date

CFP Grant Income: \$2,883,736 lower than budget

CFP drawdowns for expenditures that are not capitalized are reported on this line as operating income. The unfavorable variance of \$2,883,736 was because the amounts for federal housing project operations were not drawn down as anticipated due to the delay of CFP grant obligation date.

State CIP Fund: \$213,210 higher than budget

The State of Hawaii appropriates the Capital Improvement Project fund (CIP). An expenditure of the CIP fund on capital project below the capitalization threshold of \$100,000 is recognized as operation income under this line, whereas the amount equal to or exceeding the threshold is

capitalized and reported in the Balance Sheet under construction in progress.

Out of the CIP expenditures year to date, \$213,210 was not capitalized and was reported as income on this line.

Grant Income: \$5,545,071 higher than budget

The favorable variance of \$5,545,071 was because of unbudgeted funding received for vacant unit repairs.

Other Income: \$1,959,015 lower than budget

The unfavorable variance of \$1,959,015 was because the front-line service fees generated by the Multi-Skilled Workers Pilot Program and other COCC branches were much lower than the amount budgeted.

4. Expenses year to date

Administrative: \$4,748,597 lower than budget

The favorable variance of \$4,748,597 was due to:

- \$3,121,285 lower payroll expenses of HPHA administrative employees,
- \$73,899 higher administrative payroll expenses of the private management company,
- \$34,046 less audit fees paid,
- \$586,610 lower front-line service fees charged by the Application Services Unit, Hearings and Compliance offices,
- \$13,410 less legal service expenses,
- \$70,043 lower travel expenses,
- \$27,237 higher management agent fees,
- \$30,569 lower consultant and other professional service expenses,
- \$119,488 lower expenses on office supplies, and
- \$874,281 lower expenses of the items not specified above including training, computer software, automobile, RSP contract administrative fees, etc.

Utilities \$1,209,249 lower than budget

The favorable variance of \$1,209,249 was because utility costs were overall lower than budget.

- Electricity cost lower by \$678,851,
- Gas expense lower by \$190,795,
- Water cost \$124,170 lower, and

- \$215,433 lower on sewer.

Insurance: \$338,499 higher than budget

The unfavorable variance of \$338,499 was because property insurance premium paid for FY 2024 was much higher. The insurance policies and premiums are administrated by the State Risk Management Office.

Bad Debt Expense: \$1,629,112 higher than budget

The unfavorable variance of \$1,629,112 was the result of the reconciliation of accounts receivable and adjustments of allowances for bad debt.

General Expenses: \$615,018 higher than budget

The unfavorable variance of \$615,018 was due to:

- \$459,354 of undistributed Pcard purchase amounts. Any amount of Pcard purchases which has not been identified and distributed to related projects and programs is temporarily accounted for on this line,
- \$75,372 paid for admin fees of port-out vouchers,
- \$184,384 charged by Section 8 late annual certification, and
- \$104,094 lower on other general expenses.

HAWAII PUBLIC HOUSING AUTHORITY
Agency Total
Actual vs Budget Comparison
For the Month of March 2024, and the 9 Months ended March 31, 2024
(Amounts in Full Dollars)

Month of March 2024				Year To Date ended March 31, 2024								
Actual	Budget	Variance			Actual	Budget	Variance		Prior Year	Variance		
		Amount	%				Amount	%		Amount	%	
REVENUES												
2,218,243	2,132,523	85,720	4%	Dwelling Rental Income	20,792,263	19,184,837	1,607,426	8%	18,944,291	1,847,972	10%	
12,853,409	12,178,388	675,021	6%	HUD Operating Grants	110,048,516	109,596,927	451,589	0%	102,513,377	7,535,139	7%	
1,394,847	4,382,909	(2,988,062)	-68%	CFP Grant Income	1,499,173	4,382,909	(2,883,736)	-66%	7,122,706	(5,623,532)	-79%	
1,887,889	1,967,617	(79,728)	-4%	COCC Fee Income	6,048,137	6,616,679	(568,542)	-9%	6,027,883	20,254	0%	
-	-	-	0%	State CIP Fund	213,210	-	213,210	100%	63,106	150,104	>100%	
4,718,674	1,045,707	3,672,967	>100%	Grant Income	14,956,434	9,411,363	5,545,071	59%	4,372,464	10,583,970	>100%	
269,622	547,065	(277,443)	-51%	Other Income	2,887,650	4,846,665	(1,959,015)	-40%	3,038,495	(150,844)	-5%	
\$ 23,342,685	22,254,209	1,088,476	5%	Total Revenues	\$ 156,445,383	154,039,380	2,406,003	2%	142,082,321	14,363,062	10%	
EXPENSES												
2,204,528	2,439,383	(234,855)	-10%	Administrative	17,433,025	22,181,621	(4,748,597)	-21%	17,043,121	389,903	2%	
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%	
1,820,686	1,897,252	(76,566)	-4%	Management Fees	5,437,822	5,983,568	(545,746)	-9%	5,414,134	23,688	0%	
67,203	70,375	(3,172)	-5%	Bookkeeping Fees	610,315	633,191	(22,876)	-4%	613,749	(3,433)	-1%	
9,308,320	9,166,121	142,199	2%	Housing Assistance Payments	82,343,078	82,486,524	(143,446)	0%	76,163,523	6,179,555	8%	
4,420	47,093	(42,673)	-91%	Tenant Services	396,456	418,004	(21,548)	-5%	361,241	35,215	10%	
1,171,659	1,317,661	(146,002)	-11%	Utilities	10,649,700	11,858,949	(1,209,249)	-10%	11,002,043	(352,343)	-3%	
2,234,638	2,498,181	(263,543)	-11%	Maintenance	22,195,208	22,746,649	(551,441)	-2%	18,211,426	3,983,783	22%	
347,875	342,444	5,431	2%	Protective Services	2,918,724	3,081,996	(163,272)	-5%	2,589,214	329,510	13%	
98,237	60,626	37,611	62%	Insurance	884,133	545,634	338,499	62%	559,525	324,608	58%	
1,901,043	1,901,043	-	0%	Depreciation Expense	17,232,279	17,232,279	-	0%	17,846,852	(614,573)	-3%	
159,545	29,443	130,102	>100%	Bad Debt Expense	1,894,099	264,987	1,629,112	>100%	961,649	932,450	97%	
138,225	14,649	123,576	>100%	General Expenses	746,859	131,841	615,018	>100%	235,017	511,842	>100%	
19,456,380	19,784,271	(327,891)	-2%	Total Expenses	162,741,698	167,565,243	(4,823,545)	3%	151,001,493	11,740,205	8%	
\$ 3,886,304	2,469,938	1,416,366	57%	Net Income(Loss)	\$ (6,296,315)	(13,525,863)	7,229,548	53%	(8,919,172)	2,622,858	29%	
CASH BASIS												
3,886,304	2,469,938	1,416,366	57%	Net Income(loss) per Above	(6,296,315)	(13,525,863)	7,229,548	53%	(8,919,172)	2,622,858	29%	
				Add back non cash items:								
1,901,043	-	1,901,043	n/a	Depreciation Expense	17,232,279	-	17,232,279	n/a	17,846,852	(614,573)	-3%	
159,545	29,443	130,102	>100%	Bad Debt Expense	1,894,099	264,987	1,629,112	>100%	961,649	932,450	97%	
\$ 5,946,892	2,499,381	3,447,511	>100%	TOTAL CASH BASIS	\$ 12,830,063	(13,260,876)	26,090,939	>100%	9,889,328	2,940,735	30%	

HAWAII PUBLIC HOUSING AUTHORITY
Consolidated Balance Sheet
Agency Total
As of March 31, 2024 and February 29, 2024

	<u>As of March 31, 2024</u>	<u>As of February 29, 2024</u>	<u>Increase (Decrease)</u>
ASSETS:			
Cash	201,270,187	195,575,104	5,695,083
Receivables:			
Tenant Receivables	8,638,645	8,492,537	146,108
Other	945,180	1,352,954	(407,774)
Less Allowance for Doubtful Accounts	(7,824,238)	(7,660,936)	(163,302)
Accounts receivable (net of allowance)	1,759,587	2,184,555	(424,969)
Accrued Interest	343,430	440,383	(96,953)
Prepaid Expenses	300,074	389,684	(89,610)
Inventories	744,178	743,332	845
Total Current Assets	<u>204,417,456</u>	<u>199,333,059</u>	<u>5,084,397</u>
Property, Plant & Equipment:			
Land	25,518,054	25,518,054	-
Buildings	805,784,162	805,784,162	-
Furniture & Equipment	8,846,284	8,846,284	-
Motor vehicles	5,429,726	5,429,726	-
Construction in Progress	66,777,097	66,032,564	744,532
Less: Accumulated Depreciation	(556,664,099)	(554,763,056)	(1,901,043)
Notes, Loans & Mortgage Receivable-Non Current	7,452,009	7,452,009	-
Other Long Term Assets	-	-	-
Deferred Outflows of Resources	6,999,222	6,999,222	-
Total Assets & Deferred Outflow of Resources	<u>\$ 574,559,911</u>	<u>\$ 570,632,025</u>	<u>3,927,886</u>
LIABILITIES AND NET POSITION			
Accounts Payable	9,595,268	4,112,941	5,482,327
Accrued Salaries & Wages	987,550	987,550	-
Tenant Security Deposits	1,615,524	1,616,111	(587)
Other Liabilities & Deferred Income	711,538	6,181,989	(5,470,451)
Total Current Liabilities	<u>12,909,880</u>	<u>12,898,591</u>	<u>11,289</u>
Net Pension Liability	37,965,808	37,965,808	-
Net OPEB Liability	33,424,214	33,424,214	-
Other Long Term Liabilities	2,031,962	2,028,114	3,848
Deferred Inflows of Resources	9,984,253	9,984,253	-
Net Assets			
Investment in capital assets	355,691,224	356,847,735	(1,156,511)
Restricted Net Assets	1,537,373	1,537,373	-
Unrestricted Net Assets	127,311,511	126,128,555	1,182,955
Net Income Year to Date	(6,296,315)	(10,182,619)	3,886,304
Total Net Assets	<u>478,243,794</u>	<u>474,331,045</u>	<u>3,912,749</u>
Total Liabilities, Deferred Inflow of Resources & Net Position	<u>\$ 574,559,911</u>	<u>570,632,025</u>	<u>3,927,886</u>

HAWAII PUBLIC HOUSING AUTHORITY
Federal Low Rent Program

Actual vs Budget Comparison

For the Month of March 2024, and the 9 Months ended March 31, 2024

(Amounts in Full Dollars)

Month of March 2024				Year To Date ended March 31, 2024							
Actual	Budget	Variance		Actual	Budget	Variance		Prior Year	Variance		
		Amount	%			Amount	%		Amount	%	
REVENUES											
1,860,616	1,805,169	55,447	3%	Dwelling Rental Income	17,502,463	16,241,739	1,260,724	8%	15,771,792	1,730,671	11%
2,888,432	2,811,131	77,301	3%	HUD Operating Grants	23,073,239	25,300,179	(2,226,940)	-9%	22,311,088	762,151	3%
1,394,847	4,382,909	(2,988,062)	-68%	CFP Grant Income	1,499,173	4,382,909	(2,883,736)	-66%	7,122,706	(5,623,532)	-79%
-	-	-	0%	COCC Fee Income	-	-	-	0%	-	-	0%
-	-	-	0%	State CIP Fund	191,291	-	191,291	100%	63,106	128,185	>100%
230,069	-	230,069	100%	Grant Income	5,013,859	-	5,013,859	100%	1,041,402	3,972,457	>100%
87,482	52,135	35,347	68%	Other Income	589,369	469,215	120,154	26%	539,650	49,718	9%
\$ 6,461,445	9,051,344	(2,589,899)	-29%	Total Revenues	47,869,394	46,394,042	1,475,352	3%	46,849,744	1,019,651	2%
EXPENSES											
881,369	895,939	(14,570)	-2%	Administrative	6,905,606	8,213,838	(1,308,232)	-16%	6,694,212	211,395	3%
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%
1,693,595	1,726,801	(33,206)	-2%	Management Fees	4,175,981	4,450,309	(274,328)	-6%	4,198,595	(22,615)	-1%
33,120	35,274	(2,154)	-6%	Bookkeeping Fees	300,293	317,402	(17,110)	-5%	302,760	(2,468)	-1%
697	232	465	>100%	Housing Assistance Payments	6,273	2,088	4,185	>100%	15,683	(9,410)	-60%
4,420	14,662	(10,242)	-70%	Tenant Services	326,200	133,125	193,075	>100%	49,270	276,930	>100%
956,584	1,054,367	(97,783)	-9%	Utilities	8,730,029	9,489,303	(759,274)	-8%	8,877,309	(147,280)	-2%
1,751,855	1,919,813	(167,958)	-9%	Maintenance	17,913,328	17,459,496	453,832	3%	14,048,416	3,864,911	28%
330,854	325,870	4,984	2%	Protective Services	2,780,182	2,932,830	(152,648)	-5%	2,572,683	207,499	8%
78,788	47,056	31,732	67%	Insurance	709,189	423,504	285,685	67%	437,847	271,342	62%
1,557,953	-	1,557,953	100%	Depreciation Expense	14,146,210	-	14,146,210	100%	14,799,706	(653,496)	-4%
143,990	26,950	117,040	>100%	Bad Debt Expense	1,772,056	242,550	1,529,506	>100%	906,254	865,802	96%
45,343	110	45,233	>100%	General Expenses	418,918	990	417,928	>100%	104,645	314,273	>100%
7,478,568	6,047,074	1,431,494	24%	Total Expenses	58,184,264	43,665,435	14,518,829	-33%	53,007,380	5,176,884	10%
\$ (1,017,122)	3,004,270	(4,021,392)	<-100%	Net Income(Loss)	(10,314,870)	2,728,607	(13,043,477)	<-100%	(6,157,636)	(4,157,234)	-68%
CASH BASIS:											
(1,017,122)	3,004,270	(4,021,392)	<-100%	Net Income(loss) per Above	(10,314,870)	2,728,607	(13,043,477)	<-100%	(6,157,636)	(4,157,234)	-68%
1,557,953	-	1,557,953	100%	Add back non cash items:							
143,990	26,950	117,040	>100%	Depreciation Expense	14,146,210	-	14,146,210	100%	14,799,706	(653,496)	-4%
				Bad Debt Expense	1,772,056	242,550	1,529,506	>100%	906,254	865,802	96%
\$ 684,821	3,031,220	(2,346,399)	-77%		5,603,397	2,971,157	2,632,240	89%	9,548,324	(3,944,928)	-41%

HAWAII PUBLIC HOUSING AUTHORITY
Federal Low Rent Program

Actual vs Budget Comparison

For the Month of March 2024, and the 9 Months ended March 31, 2024

(Amounts in Full Dollars)

Month of March 2024				ACCRUAL BASIS	Year To Date ended March 31, 2024						
Actual	Budget	Variance			Actual	Budget	Variance		Prior Year	Variance	
		Amount	%			Amount	%		Amount	%	
				REVENUES							
459,851	1,909,675	(1,449,824)	-76%	Asset Management Project - 30	3,502,224	4,742,783	(1,240,559)	-26%	3,308,524	193,699	6%
515,072	472,378	42,694	9%	Asset Management Project - 31	4,751,701	4,023,090	728,611	18%	4,145,908	605,793	15%
500,474	547,674	(47,200)	-9%	Asset Management Project - 32	6,157,914	4,140,754	2,017,160	49%	3,975,514	2,182,400	55%
426,121	381,381	44,740	12%	Asset Management Project - 33	3,194,606	3,204,117	(9,511)	0%	3,225,984	(31,378)	-1%
893,567	1,017,887	(124,320)	-12%	Asset Management Project - 34	5,550,449	5,132,663	417,786	8%	6,397,201	(846,752)	-13%
871,761	1,344,671	(472,910)	-35%	Asset Management Project - 35	5,102,606	5,553,727	(451,121)	-8%	5,699,887	(597,281)	-10%
393,948	562,926	(168,978)	-30%	Asset Management Project - 37	2,562,996	2,598,022	(35,026)	-1%	2,695,120	(132,124)	-5%
641,867	407,996	233,871	57%	Asset Management Project - 38	4,651,218	2,763,652	1,887,566	68%	3,207,089	1,444,129	45%
320,960	559,042	(238,082)	-43%	Asset Management Project - 39	1,930,840	2,080,942	(150,102)	-7%	3,634,831	(1,703,991)	-47%
281,667	434,314	(152,647)	-35%	Asset Management Project - 40	2,213,950	2,402,466	(188,516)	-8%	2,301,271	(87,321)	-4%
218,482	221,494	(3,012)	-1%	Asset Management Project - 43	1,863,354	1,766,232	97,122	5%	1,812,294	51,060	3%
269,817	293,174	(23,357)	-8%	Asset Management Project - 44	2,445,480	2,410,254	35,226	1%	2,152,256	293,224	14%
238,257	237,658	599	0%	Asset Management Project - 45	2,130,691	1,910,610	220,081	12%	1,786,773	343,917	19%
106,945	251,258	(144,313)	-57%	Asset Management Project - 46	868,945	993,010	(124,065)	-12%	1,221,445	(352,500)	-29%
209,967	251,943	(41,976)	-17%	Asset Management Project - 49	1,461,056	1,479,175	(18,119)	-1%	1,645,463	(184,408)	-11%
139,134	157,873	(18,739)	-12%	Asset Management Project - 50	1,200,468	1,192,545	7,923	1%	2,460,761	(1,260,292)	-51%
-	-	-	0%	Asset Management Project - 52	-	-	-	0%	-	-	0%
\$ 6,487,890	9,051,344	(2,563,454)	-28%	Total Revenues	\$ 49,588,495	46,394,042	3,194,453	7%	49,670,321	(81,826)	0%
				NET INCOME(LOSS)							
(27,430)	161,179	(188,609)	<-100%	Asset Management Project - 30	(850,304)	86,611	(936,915)	<-100%	(308,413)	(541,890)	<-100%
(159,459)	25,388	(184,847)	<-100%	Asset Management Project - 31	(1,484,253)	50,938	(1,535,191)	<-100%	(1,494,267)	10,013	1%
(16,857)	110,679	(127,536)	<-100%	Asset Management Project - 32	214,743	74,667	140,076	>100%	150,188	64,554	43%
(3,768)	55,990	(59,758)	<-100%	Asset Management Project - 33	(354,080)	122,349	(476,429)	<-100%	(26,592)	(327,488)	<-100%
(1,514)	450,467	(451,981)	<-100%	Asset Management Project - 34	(152,342)	190,036	(342,378)	<-100%	1,289,417	(1,441,754)	<-100%
(83,063)	760,106	(843,169)	<-100%	Asset Management Project - 35	(1,092,364)	279,448	(1,371,812)	<-100%	(129,217)	(963,147)	<-100%
(228,584)	290,928	(519,512)	<-100%	Asset Management Project - 37	(1,732,595)	132,657	(1,865,252)	<-100%	(1,338,189)	(394,406)	-29%
(79,429)	113,176	(192,605)	<-100%	Asset Management Project - 38	(18,342)	88,839	(107,181)	<-100%	(516,008)	497,666	96%
(124,959)	354,306	(479,265)	<-100%	Asset Management Project - 39	(692,449)	158,963	(851,412)	<-100%	891,345	(1,583,795)	<-100%
14,370	178,335	(163,965)	-92%	Asset Management Project - 40	(288,243)	86,813	(375,056)	<-100%	(216,214)	(72,029)	-33%
(41,537)	53,705	(95,242)	<-100%	Asset Management Project - 43	(329,896)	243,208	(573,104)	<-100%	(98,880)	(231,016)	<-100%
(66,831)	93,344	(160,175)	<-100%	Asset Management Project - 44	(220,981)	604,536	(825,517)	<-100%	(266,855)	45,873	17%
(14,130)	65,343	(79,473)	<-100%	Asset Management Project - 45	67,806	314,241	(246,435)	-78%	(257,023)	324,829	>100%
(57,048)	149,885	(206,933)	<-100%	Asset Management Project - 46	(597,164)	74,968	(672,132)	<-100%	(172,585)	(424,580)	<-100%
(22,199)	101,024	(123,223)	<-100%	Asset Management Project - 49	(400,395)	113,283	(513,678)	<-100%	(138,882)	(261,514)	<-100%
(78,240)	40,415	(118,655)	<-100%	Asset Management Project - 50	(664,908)	107,050	(771,958)	<-100%	(704,882)	39,974	6%
-	-	-	0%	Asset Management Project - 52	-	-	-	0%	-	-	0%
\$ (990,678)	3,004,270	(3,994,948)	<-100%	Total Net Income(Loss)	\$ (8,595,769)	2,728,607	(11,324,376)	<-100%	(3,337,059)	(5,258,710)	<-100%

HAWAII PUBLIC HOUSING AUTHORITY
Federal Low Rent Program

Actual vs Budget Comparison

For the Month of March 2024, and the 9 Months ended March 31, 2024

(Amounts in Full Dollars)

Month of March 2024				CASH BASIS	Year To Date ended March 31, 2024						
Actual	Budget	Variance			Actual	Budget	Variance		Prior Year	Variance	
		Amount	%			Amount	%		Amount	%	
REVENUES											
459,851	1,909,675	(1,449,824)	-76%	Asset Management Project - 30	3,502,224	4,742,783	(1,240,559)	-26%	3,308,524	193,699	6%
515,072	472,378	42,694	9%	Asset Management Project - 31	4,751,701	4,023,090	728,611	18%	4,145,908	605,793	15%
500,474	547,674	(47,200)	-9%	Asset Management Project - 32	6,157,914	4,140,754	2,017,160	49%	3,975,514	2,182,400	55%
426,121	381,381	44,740	12%	Asset Management Project - 33	3,194,606	3,204,117	(9,511)	0%	3,225,984	(31,378)	-1%
893,567	1,017,887	(124,320)	-12%	Asset Management Project - 34	5,550,449	5,132,663	417,786	8%	6,397,201	(846,752)	-13%
871,761	1,344,671	(472,910)	-35%	Asset Management Project - 35	5,102,606	5,553,727	(451,121)	-8%	5,699,887	(597,281)	-10%
393,948	562,926	(168,978)	-30%	Asset Management Project - 37	2,562,996	2,598,022	(35,026)	-1%	2,695,120	(132,124)	-5%
641,867	407,996	233,871	57%	Asset Management Project - 38	4,651,218	2,763,652	1,887,566	68%	3,207,089	1,444,129	45%
320,960	559,042	(238,082)	-43%	Asset Management Project - 39	1,930,840	2,080,942	(150,102)	-7%	3,634,831	(1,703,991)	-47%
281,667	434,314	(152,647)	-35%	Asset Management Project - 40	2,213,950	2,402,466	(188,516)	-8%	2,301,271	(87,321)	-4%
218,482	221,494	(3,012)	-1%	Asset Management Project - 43	1,863,354	1,766,232	97,122	5%	1,812,294	51,060	3%
269,817	293,174	(23,357)	-8%	Asset Management Project - 44	2,445,480	2,410,254	35,226	1%	2,152,256	293,224	14%
238,257	237,658	599	0%	Asset Management Project - 45	2,130,691	1,910,610	220,081	12%	1,786,773	343,917	19%
106,945	251,258	(144,313)	-57%	Asset Management Project - 46	868,945	993,010	(124,065)	-12%	1,221,445	(352,500)	-29%
209,967	251,943	(41,976)	-17%	Asset Management Project - 49	1,461,056	1,479,175	(18,119)	-1%	1,645,463	(184,408)	-11%
139,134	157,873	(18,739)	-12%	Asset Management Project - 50	1,200,468	1,192,545	7,923	1%	2,460,761	(1,260,292)	-51%
-	-	-	0%	Asset Management Project - 52	-	-	-	0%	-	-	0%
\$ 6,487,890	9,051,344	(2,563,454)	-28%	Total Revenues	\$ 49,588,495	46,394,042	3,194,453	7%	49,670,321	(81,826)	0%
NET INCOME(LOSS)											
88,310	164,689	(76,379)	-46%	Asset Management Project - 30	216,101	118,201	97,900	83%	719,002	(502,901)	-70%
55,697	27,055	28,642	>100%	Asset Management Project - 31	628,676	65,941	562,735	>100%	554,304	74,373	13%
40,721	112,346	(71,625)	-64%	Asset Management Project - 32	765,085	89,670	675,415	>100%	715,860	49,225	7%
101,210	57,240	43,970	77%	Asset Management Project - 33	621,001	133,599	487,402	>100%	894,468	(273,467)	-31%
104,181	452,134	(347,953)	-77%	Asset Management Project - 34	800,518	205,039	595,479	>100%	2,462,072	(1,661,555)	-67%
52,076	761,881	(709,805)	-93%	Asset Management Project - 35	109,607	295,423	(185,816)	-63%	1,104,724	(995,117)	-90%
(11,820)	294,679	(306,499)	<-100%	Asset Management Project - 37	333,451	166,416	167,035	>100%	683,919	(350,468)	-51%
75,846	114,844	(38,998)	-34%	Asset Management Project - 38	1,438,340	103,851	1,334,489	>100%	873,948	564,392	65%
(12,587)	355,973	(368,560)	<-100%	Asset Management Project - 39	336,532	173,966	162,566	93%	1,963,070	(1,626,537)	-83%
36,341	179,115	(142,774)	-80%	Asset Management Project - 40	(32,100)	93,833	(125,933)	<-100%	(17,971)	(14,129)	-79%
26,306	57,846	(31,540)	-55%	Asset Management Project - 43	295,969	280,477	15,492	6%	465,011	(169,042)	-36%
37,607	93,761	(56,154)	-60%	Asset Management Project - 44	721,268	608,289	112,979	19%	584,275	136,993	23%
47,614	65,759	(18,145)	-28%	Asset Management Project - 45	709,343	317,985	391,358	>100%	441,615	267,728	61%
14,135	150,884	(136,749)	-91%	Asset Management Project - 46	92,088	83,959	8,129	10%	445,241	(353,153)	-79%
34,339	102,149	(67,810)	-66%	Asset Management Project - 49	71,800	123,408	(51,608)	-42%	306,304	(234,503)	-77%
21,289	40,865	(19,576)	-48%	Asset Management Project - 50	214,817	111,100	103,717	93%	173,060	41,758	24%
-	-	-	0%	Asset Management Project - 52	-	-	-	0%	-	-	0%
\$ 711,265	3,031,220	(2,319,955)	-77%	Total Net Income(Loss)	\$ 7,322,497	2,971,157	4,351,340	>100%	12,368,901	(5,046,404)	-41%

HAWAII PUBLIC HOUSING AUTHORITY
Housing Assistance Voucher Programs

Actual vs Budget Comparison

For the Month of March 2024, and the 9 Months ended March 31, 2024

(Amounts in Full Dollars)

Month of March 2024				Year To Date ended March 31, 2024							
Actual	Budget	Variance		Actual	Budget	Variance		Prior Year	Variance		
		Amount	%			Amount	%		Amount	%	
-	-	-	0%								
5,804,223	5,606,298	197,925	4%								
(0)	-	(0)	-100%								
-	-	-	0%								
-	-	-	0%								
-	-	-	0%								
5,065	6,873	(1,808)	-26%								
\$ 5,809,288	5,613,171	196,117	3%								
				REVENUES							
200,164	262,120	(61,956)	-24%	Dwelling Rental Income	-	-	0%	-	-	0%	
-	-	-	0%	HUD Operating Grants	49,869,637	50,448,117	(578,480)	-1%	46,151,161	3,718,476	8%
93,180	116,190	(23,010)	-20%	CFP Grant Income	0	-	0	100%	0	(0)	-59%
27,743	28,388	(646)	-2%	COCC Fee Income	-	-	-	0%	-	-	0%
5,202,129	5,024,374	177,755	4%	State CIP Fund	-	-	-	0%	-	-	0%
-	29,723	(29,723)	-100%	Grant Income	-	-	-	0%	-	-	0%
2,788	2,479	309	12%	Other Income	43,512	61,857	(18,345)	-30%	122,686	(79,174)	-65%
2,171	775	1,396	>100%	Total Revenues	49,913,149	50,509,974	(596,825)	-1%	46,273,846	3,639,302	8%
734	216	518	>100%								
1,437	1,340	97	7%	EXPENSES							
4,783	-	4,783	100%	Administrative	1,643,618	2,403,954	(760,336)	-32%	1,662,221	(18,603)	-1%
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%
123,687	14,379	109,308	>100%	Management Fees	959,400	1,045,710	(86,310)	-8%	894,390	65,010	7%
5,658,816	5,479,984	178,832	3%	Bookkeeping Fees	253,163	255,447	(2,285)	-1%	253,509	(347)	0%
\$ 150,472	133,187	17,285	13%	Housing Assistance Payments	45,731,386	45,210,801	520,585	1%	42,592,831	3,138,555	7%
				Tenant Services	56,430	267,507	(211,077)	-79%	303,425	(246,995)	-81%
				Utilities	29,803	22,311	7,492	34%	19,590	10,213	52%
				Maintenance	16,898	6,975	9,923	>100%	8,658	8,240	95%
				Protective Services	6,760	1,944	4,816	>100%	1,701	5,059	>100%
				Insurance	12,936	12,060	876	7%	12,064	872	7%
				Depreciation Expense	43,047	-	43,047	100%	22,487	20,560	91%
				Bad Debt Expense	-	-	-	0%	-	-	0%
				General Expenses	286,802	129,411	157,391	>100%	129,782	157,020	>100%
				Total Expenses	49,040,242	49,356,120	(315,878)	1%	45,900,656	3,139,585	7%
				Net Income(Loss)	872,907	1,153,854	(280,947)	-24%	373,190	499,717	>100%
				CASH BASIS:							
				Net Income(loss) per Above	872,907	1,153,854	(280,947)	-24%	373,190	499,717	>100%
				Add back non cash items:							
				Depreciation Expense	43,047	-	43,047	100%	22,487	20,560	91%
				Bad Debt Expense	-	-	-	0%	-	-	0%
\$ 155,255	133,187	22,068	17%	Total	915,954	1,153,854	(237,900)	-21%	395,677	520,277	>100%

HAWAII PUBLIC HOUSING AUTHORITY

State Low Rent

Actual vs Budget Comparison

For the Month of March 2024, and the 9 Months ended March 31, 2024

(Amounts in Full Dollars)

Month of March 2024					Year To Date ended March 31, 2024							
Actual	Budget	Variance			Actual	Budget	Variance		Prior Year	Variance		
		Amount	%	%			Amount	%		Amount	%	
REVENUES												
124,415	111,259	13,156	12%	Dwelling Rental Income	1,064,870	998,243	66,627	7%	1,014,245	50,625	5%	
-	-	-	0%	HUD Operating Grants	-	-	-	0%	-	-	0%	
-	-	-	0%	CFP Grant Income	-	-	-	0%	-	-	0%	
-	-	-	0%	COCC Fee Income	-	-	-	0%	-	-	0%	
-	-	-	0%	State CIP Fund	7,306	-	7,306	100%	-	7,306	100%	
-	107,166	(107,166)	-100%	Grant Income	628,117	964,494	(336,377)	-35%	1,264,470	(636,353)	-50%	
15,089	3,785	11,304	>100%	Other Income	72,458	33,057	39,401	>100%	41,579	30,879	74%	
\$ 139,504	222,210	(82,706)	-37%	Total Revenues	1,772,751	1,995,794	(223,043)	-11%	2,320,294	(547,543)	-24%	
EXPENSES												
48,693	49,768	(1,075)	-2%	Administrative	386,571	481,456	(94,885)	-20%	351,188	35,383	10%	
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%	
19,095	21,238	(2,143)	-10%	Management Fees	174,729	190,342	(15,613)	-8%	179,161	(4,432)	-2%	
1,890	1,995	(105)	-5%	Bookkeeping Fees	17,280	17,880	(600)	-3%	17,655	(375)	-2%	
-	-	-	0%	Housing Assistance Payments	-	-	-	0%	-	-	0%	
-	1,043	(1,043)	-100%	Tenant Services	4,400	2,387	2,013	84%	568	3,832	>100%	
66,273	79,189	(12,916)	-16%	Utilities	580,866	712,701	(131,835)	-18%	640,690	(59,824)	-9%	
99,612	131,974	(32,362)	-25%	Maintenance	971,354	1,273,488	(302,134)	-24%	798,913	172,442	22%	
11,206	15,000	(3,794)	-25%	Protective Services	97,383	135,000	(37,617)	-28%	3,279	94,104	>100%	
4,637	2,967	1,670	56%	Insurance	41,700	26,703	14,997	56%	25,889	15,811	61%	
106,337	-	106,337	100%	Depreciation Expense	957,046	-	957,046	100%	957,048	(2)	0%	
15,407	2,302	13,105	>100%	Bad Debt Expense	114,322	20,718	93,604	>100%	53,437	60,885	>100%	
-	-	-	0%	General Expenses	-	-	-	0%	-	-	0%	
373,150	305,476	67,674	22%	Total Expenses	3,345,651	2,860,675	484,976	-17%	3,027,827	317,824	10%	
\$ (233,647)	(83,266)	(150,381)	<-100%	Net Income(Loss)	(1,572,900)	(864,881)	(708,019)	-82%	(707,532)	(865,367)	<-100%	
CASH BASIS:												
(233,647)	(83,266)	(150,381)	<-100%	Net Income(loss) per Above	(1,572,900)	(864,881)	(708,019)	-82%	(707,532)	(865,367)	<-100%	
Add back non cash items:												
106,337	-	106,337	100%	Depreciation Expense	957,046	-	957,046	100%	957,048	(2)	0%	
15,407	2,302	13,105	>100%	Bad Debt Expense	114,322	20,718	93,604	>100%	53,437	60,885	>100%	
\$ (111,902)	(80,964)	(30,938)	-38%	Total	(501,531)	(844,163)	342,632	41%	302,953	(804,484)	<-100%	

HAWAII PUBLIC HOUSING AUTHORITY
State Elderly Program
Actual vs Budget Comparison
For the Month of March 2024, and the 9 Months ended March 31, 2024

(Amounts in Full Dollars)

Month of March 2024					Year To Date ended March 31, 2024							
Actual	Budget	Variance		%		Actual	Budget	Variance		Prior Year	Variance	
		Amount	%					Amount	%		Amount	%
REVENUES												
193,551	184,660	8,891	5%		Dwelling Rental Income	1,704,331	1,661,940	42,391	3%	1,593,811	110,520	7%
-	-	-	0%		HUD Operating Grants	-	-	-	0%	-	-	0%
-	-	-	0%		CFP Grant Income	-	-	-	0%	-	-	0%
-	-	-	0%		COCC Fee Income	-	-	-	0%	-	-	0%
-	-	-	0%		State CIP Fund	14,612	-	14,612	100%	-	14,612	100%
-	272,922	(272,922)	-100%		Grant Income	1,051,167	2,456,298	(1,405,131)	-57%	-	1,051,167	100%
33,474	4,892	28,582	>100%		Other Income	129,578	44,028	85,550	>100%	36,974	92,604	>100%
\$ 227,025	462,474	(235,449)	-51%		Total Revenues	2,899,688	4,162,266	(1,262,578)	-30%	1,630,784	1,268,904	78%
EXPENSES												
65,384	88,721	(23,337)	-26%		Administrative	581,827	815,265	(233,438)	-29%	604,388	(22,561)	-4%
-	-	-	0%		Asset Management Fees	-	-	-	0%	-	-	0%
14,262	16,577	(2,315)	-14%		Management Fees	122,609	149,193	(26,584)	-18%	136,723	(14,114)	-10%
4,103	4,321	(219)	-5%		Bookkeeping Fees	36,383	38,889	(2,507)	-6%	36,525	(143)	0%
-	-	-	0%		Housing Assistance Payments	-	-	-	0%	-	-	0%
-	1,240	(1,240)	-100%		Tenant Services	7,008	11,160	(4,152)	-37%	2,142	4,866	>100%
123,919	145,570	(21,651)	-15%		Utilities	1,080,097	1,310,130	(230,033)	-18%	1,182,158	(102,061)	-9%
82,757	158,866	(76,109)	-48%		Maintenance	909,803	1,393,794	(483,991)	-35%	910,012	(210)	0%
3,028	336	2,692	>100%		Protective Services	6,995	3,024	3,971	>100%	2,690	4,305	>100%
7,575	4,778	2,797	59%		Insurance	68,177	43,002	25,175	59%	42,643	25,534	60%
151,432	-	151,432	100%		Depreciation Expense	1,362,870	-	1,362,870	100%	1,362,870	-	0%
148	191	(43)	-23%		Bad Debt Expense	7,720	1,719	6,001	>100%	1,957	5,763	>100%
-	-	-	0%		General Expenses	-	-	-	0%	-	-	0%
452,608	420,600	32,008	8%		Total Expenses	4,183,488	3,766,176	417,312	-11%	4,282,109	(98,621)	-2%
\$ (225,583)	41,874	(267,457)	<-100%		Net Income(Loss)	(1,283,800)	396,090	(1,679,890)	<-100%	(2,651,325)	1,367,525	52%
CASH BASIS:												
(225,583)	41,874	(267,457)	<-100%		Net Income(loss) per Above	(1,283,800)	396,090	(1,679,890)	<-100%	(2,651,325)	1,367,525	52%
Add back non cash items:												
151,432	-	151,432	100%		Depreciation Expense	1,362,870	-	1,362,870	100%	1,362,870	-	0%
148	191	(43)	-23%		Bad Debt Expense	7,720	1,719	6,001	>100%	1,957	5,763	>100%
\$ (74,003)	42,065	(116,068)	<-100%			86,790	397,809	(311,019)	-78%	(1,286,498)	1,373,288	>100%

HAWAII PUBLIC HOUSING AUTHORITY
Section 8 Contract Administration
Actual vs Budget Comparison

For the Month of March 2024, and the 9 Months ended March 31, 2024

(Amounts in Full Dollars)

Month of March 2024					Year To Date ended March 31, 2024										
Actual	Budget	Variance		%		Actual	Budget	Variance		Prior Year	Variance		%		
		Amount						Amount	%		Amount	%			
-	-	-		0%	REVENUES										
4,160,754	3,760,959	399,795		11%	Dwelling Rental Income	-	-	-		0%	-	-		0%	
-	-	-		0%	HUD Operating Grants	37,105,640	33,848,631	3,257,009		10%	34,051,128	3,054,511		9%	
-	-	-		0%	CFP Grant Income	-	-	-		0%	-	-		0%	
-	-	-		0%	COCC Fee Income	-	-	-		0%	-	-		0%	
-	-	-		0%	State CIP Fund	-	-	-		0%	-	-		0%	
-	-	-		0%	Grant Income	-	-	-		0%	-	-		0%	
42	35	7		21%	Other Income	362	315	47		15%	319	43		14%	
\$ 4,160,797	3,760,994	399,803		11%	Total Revenues	37,106,002	33,848,946	3,257,056		10%	34,051,447	3,054,555		9%	
					EXPENSES										
86,027	94,938	(8,911)		-9%	Administrative	829,812	886,398	(56,586)		-6%	909,797	(79,985)		-9%	
-	-	-		0%	Asset Management Fees	-	-	-		0%	-	-		0%	
-	-	-		0%	Management Fees	-	-	-		0%	-	-		0%	
-	-	-		0%	Bookkeeping Fees	-	-	-		0%	-	-		0%	
4,022,804	3,616,467	406,337		11%	Housing Assistance Payments	35,851,158	32,548,203	3,302,955		10%	32,769,874	3,081,284		9%	
-	-	-		0%	Tenant Services	-	-	-		0%	-	-		0%	
-	-	-		0%	Utilities	-	-	-		0%	-	-		0%	
-	-	-		0%	Maintenance	-	-	-		0%	-	-		0%	
-	-	-		0%	Protective Services	-	-	-		0%	-	-		0%	
1,037	604	433		72%	Insurance	9,336	5,436	3,900		72%	5,434	3,902		72%	
-	-	-		0%	Depreciation Expense	-	-	-		0%	-	-		0%	
-	-	-		0%	Bad Debt Expense	-	-	-		0%	-	-		0%	
-	-	-		0%	General Expenses	-	-	-		0%	-	-		0%	
4,109,868	3,712,009	397,859		11%	Total Expenses	36,690,307	33,440,037	3,250,270		-10%	33,685,106	3,005,201		9%	
\$ 50,929	48,985	1,944		4%	Net Income(Loss)	415,695	408,909	6,786		2%	366,341	49,354		13%	
					CASH BASIS:										
50,929	48,985	1,944		4%	Net Income(loss) per Above	415,695	408,909	6,786		2%	366,341	49,354		13%	
-	-	-		0%	Add back non cash items:										
-	-	-		0%	Depreciation Expense	-	-	-		0%	-	-		0%	
					Bad Debt Expense	-	-	-		0%	-	-		0%	
\$ 50,929	48,985	1,944		4%											

HAWAII PUBLIC HOUSING AUTHORITY
Central Office Cost Center
Actual vs Budget Comparison
For the Month of March 2024, and the 9 Months ended March 31, 2024
(Amounts in Full Dollars)

Month of March 2024			
Actual	Budget	Variance Amount	%
-	-	-	0%
-	-	-	0%
-	-	-	0%
1,887,889	1,967,617	(79,728)	-4%
-	-	-	0%
30,580	36,362	(5,782)	-16%
110,101	468,703	(358,602)	-77%
\$ 2,028,570	2,472,682	(444,112)	-18%
892,673	943,559	(50,886)	-5%
-	-	-	0%
-	-	-	0%
-	-	-	0%
-	-	-	0%
-	425	(425)	-100%
9,946	18,218	(8,272)	-45%
289,772	281,169	8,603	3%
2,023	1,015	1,008	99%
3,101	2,924	177	6%
15,247	-	15,247	100%
-	-	-	0%
(30,806)	160	(30,966)	<-100%
1,181,956	1,247,470	(65,514)	-5%
\$ 846,614	1,225,212	(378,598)	-31%
846,614	1,225,212	(378,598)	-31%
15,247	-	15,247	100%
-	-	-	0%
\$ 861,861	1,225,212	(363,351)	-30%

Year To Date ended March 31, 2024							
Actual	Budget	Variance Amount	%	Prior Year	Variance Amount	%	
REVENUES							
Dwelling Rental Income	-	-	0%	-	-	0%	
HUD Operating Grants	-	-	0%	-	-	0%	
CFP Grant Income	-	-	0%	-	-	0%	
COCC Fee Income	6,048,137	6,616,679	(568,542)	-9%	6,027,883	20,254	0%
State CIP Fund	-	-	-	0%	-	-	0%
Grant Income	238,796	327,258	(88,462)	-27%	4,895	233,900	>100%
Other Income	1,931,668	4,142,415	(2,210,747)	-53%	2,209,644	(277,976)	-13%
Total Revenues	8,218,601	11,086,352	(2,867,751)	-26%	8,242,422	(23,821)	0%
EXPENSES							
Administrative	6,774,535	8,420,740	(1,646,205)	-20%	6,361,601	412,934	6%
Asset Management Fees	-	-	-	0%	-	-	0%
Management Fees	-	-	-	0%	-	-	0%
Bookkeeping Fees	-	-	-	0%	-	-	0%
Housing Assistance Payments	-	-	-	0%	-	-	0%
Tenant Services	2,351	3,825	(1,474)	-39%	5,837	(3,486)	-60%
Utilities	111,508	163,962	(52,454)	-32%	141,563	(30,055)	-21%
Maintenance	2,303,714	2,543,954	(240,240)	-9%	2,352,560	(48,846)	-2%
Protective Services	27,132	9,135	17,997	>100%	8,791	18,341	>100%
Insurance	27,910	26,316	1,594	6%	26,432	1,478	6%
Depreciation Expense	135,463	-	135,463	100%	114,766	20,697	18%
Bad Debt Expense	-	-	-	0%	-	-	0%
General Expenses	41,139	1,440	39,699	>100%	590	40,549	>100%
Total Expenses	9,423,753	11,169,372	(1,745,619)	16%	9,012,141	411,612	5%
Net Income(Loss)	(1,205,152)	(83,020)	(1,122,132)	<-100%	(769,719)	(435,433)	-57%
CASH BASIS:							
Net Income(loss) per Above	(1,205,152)	(83,020)	(1,122,132)	<-100%	(769,719)	(435,433)	-57%
Add back non cash items:							
Depreciation Expense	135,463	-	135,463	100%	114,766	20,697	18%
Bad Debt Expense	-	-	-	0%	-	-	0%
	(1,069,689)	(83,020)	(986,669)	<-100%	(654,953)	(414,736)	-63%

Hawaii Public Housing Authority
 Summary of Capital Projects
 Report As Of 03/31/24

FEDERAL BUDGET/OBLIGATION: Capital Fund Program (CFP) (Operations, Admin, Mgt Improv)

	Total CFP Appropriation	Budget Construction Activities (BLI 1480)	Budget Operations (BLI 1406)	Budget Management Improvements (BLI 1408)	Budget Administration (BLI 1410)	Moving to Work Demo (BLI 1492)	Budget Contingency (BLI 1502)	CFP Obligated	% Obligated	Unobligated Balance	Obligation Deadline	Notes
CFP 728	\$13,501,112	9,250,778	2,700,222	200,000	1,350,111	-	-	13,501,112	100.00%	-	5/28/22	LOCCS created 05-22-18
CFP 729	\$13,394,883	9,376,418	2,678,977	-	1,339,488	-	-	13,394,883	100.00%	0	4/15/23	LOCCS created 04-11-19
CFP 730	\$13,799,958	9,639,195	2,759,992	-	1,379,996	-	20,776	12,730,805	92.25%	1,069,153	3/25/24	LOCCS created 04-06-20
CFP 731	\$13,862,820	3,351,930	3,478,009	-	1,391,204	-	194,754	13,435,962	96.92%	426,858	2/22/24	LOCCS created 02-23-21
CFP 732	\$14,983,151	1,184,156	-	-	1,503,716	3,759,291	953,931	-	0.00%	14,983,151	5/11/24	LOCCS created 05-12-22
CFP 733	\$14,844,329	9,232,453	-	-	1,489,105	2,978,211	1,191,284	-	0.00%	14,844,329	2/16/25	LOCCS created 02-17-23
CFP Budget Totals	\$84,386,253	42,034,930	11,617,200	200,000	8,453,621	6,737,501	2,360,744	53,062,763	62.88%	31,323,490		TOTALS FOR ALL ACTIVE CFP GRANTS

FEDERAL EXPENDITURE: Capital Fund Program (CFP) (Operations, Admin, Mgt Improv)

	Total CFP Appropriation	Expended Construction Activities (BLI 1480)	Expended Operations (BLI 1406)	Expended Management Improvements (BLI 1408)	Expended Administration (BLI 1410)	Moving to Work Demo (BLI 1492)	Expended Contingency (BLI 1502)	Expended to Date Total Funds	% Expended	Unexpended Balance	Expenditure Deadline	Notes
CFP 728	\$13,501,112	9,250,778	2,676,264	200,000	1,338,132	-	-	13,465,174	99.73%	35,938	5/8/24	LOCCS created 05-22-18
CFP 729	\$13,394,883	3,011,270	2,665,614	-	1,332,807	-	-	7,009,691	52.33%	6,385,192	4/15/25	LOCCS created 04-11-19
CFP 730	\$13,799,958	637,767	2,744,698	-	1,372,349	-	-	4,754,814	34.46%	9,045,144	3/25/26	LOCCS created 04-06-20
CFP 731	\$13,862,820	1,511,551	2,772,564	-	1,386,282	-	-	6,001,355	43.29%	7,861,465	2/22/26	LOCCS created 02-23-21
CFP 732	\$14,983,151	-	-	-	-	-	-	-	0.00%	14,983,151	5/11/26	LOCCS created 05-12-22
CFP 733	\$14,844,329	-	-	-	-	-	-	-	0.00%	14,844,329	2/16/27	LOCCS created 02-17-23
CFP Expenditure Totals	\$84,386,253	14,411,367	10,859,139	200,000	5,429,570	-	-	31,231,033	37.01%	53,155,220		TOTALS FOR ALL ACTIVE CFP GRANTS

STATE: Capital Improvement Program (CIP)

	State Appropriation	HPHA Budget	HPHA Encumbered	HPHA Expended	HPHA % Expended/Budget	MOF	HPHA Balance Expended/Budget	CIP Contract Encumbrance Deadline	Notes	ACT/SLH
FY 22-23 Hale Poi Modernization	500,000	500,000	279,845.00	55,385.45	11.08%	C	444,614.55	6/30/24	Allotment Granted	ACT 88/2021 as amended by ACT 248/2022
FY 22-23 Lump Sum	10,000,000	10,000,000	-	-	0.00%	C	10,000,000.00	6/30/24		ACT 88/2021 as amended by ACT 248/2022
FY 22-23 Palolo Valley Homes	3,970,000	3,970,000	-	-	0.00%	C	3,970,000.00	6/30/24	Allotment Granted	ACT 88/2021 as amended by ACT 248/2022
FY 22-23 Kahale Mua	650,000	650,000	-	-	0.00%	C	650,000.00	6/30/24	Allotment Granted	ACT 88/2021 as amended by ACT 248/2022
FY 22-23 Puahala Homes	600,000	600,000	-	-	0.00%	C	600,000.00	6/30/24	Allotment Granted	ACT 88/2021 as amended by ACT 248/2022
FY 22-23 Kahaekili Terrace	4,280,000	4,280,000	4,199,700.00	-	0.00%	C	4,280,000.00	6/30/24	Allotment Granted	ACT 88/2021 as amended by ACT 248/2022
FY 22-23 TOD Statewide	350,000	350,000	-	-	0.00%	C	350,000.00	6/30/24	Allotment Granted	ACT 88/2021 as amended by ACT 248/2022
FY 22-23 ACT 253 Vacant Units (Cash)	5,000,000	5,000,000	5,000,000.00	4,632,741.15	92.65%	A	367,258.85	6/30/23	Allotment Granted	ACT 253/2022
FY 23-24 Lump Sum CIP	5,000,000	5,000,000	-	-	0.00%	C	5,000,000.00	6/30/26		ACT 164/2023
FY 23-24 Lump Sum CIP (Cash)	5,000,000	5,000,000	-	-	0.00%	A	5,000,000.00	6/30/26		ACT 164/2023
FY 23-24 Kalihi Valley Homes (Cash)	400,000	400,000	-	-	0.00%	A	400,000.00	6/30/26		ACT 164/2023
FY 23-24 Kalihi Valley Homes	4,400,000	4,400,000	-	-	0.00%	C	4,400,000.00	6/30/26		ACT 164/2023
FY 23-24 Kapaa	2,000,000	2,000,000	-	-	0.00%	C	2,000,000.00	6/30/26		ACT 164/2023
FY 23-24 Coronavirus State and Local Fiscal	7,000,000	7,000,000	6,622,540.22	386,165.82	5.52%	V	6,613,834.18	6/30/26		SLFRP0134 (FAIN)
FY 24-25 Lump Sum CIP	5,000,000	5,000,000	-	-	0.00%	C	5,000,000.00	6/30/26		ACT 164/2023
FY 24-25 Lump Sum CIP (Cash)	5,000,000	5,000,000	#REF!	#REF!	#REF!	A	#REF!	6/30/26		ACT 164/2023
FY 24-25 Kalihi Valley Homes (Cash)	800,000	800,000	-	-	0.00%	A	800,000.00	6/30/26		ACT 164/2023
STATE CIP TOTALS	362,747,000	352,388,290.56	319,227,298.93	278,627,104.51	79.07%		73,761,186.05			TOTAL ACTIVE STATE CIP APPROPRIATIONS

K E Y	1406 - Operations
	1408 - Management Improvements
	1410 - Administration
	1480 - General Capital Activity
	1492 - Moving to Work Demo
	1501 - Collateral Exp/Debt Srv
	1502 - Contingency
	1503 - RAD-CFP
	1504 - RAD Investment Activity
	1505 - RAD-CPT
1509 - Preparing for, Preventing and Responding to Coronavirus	

Federal Capital Fund Program Budget

These are HPHA CFP budget numbers a/o the upper left corner date. The rows reflect the CFP fund grant, the columns represent the manner in which the funds are currently budgeted. The obligation deadline indicates the date by which these funds must be at least 92% obligated.

Federal Capital Fund Program Actual

These are HPHA CFP actual expenditures a/o the upper left corner date. The rows reflect the CFP fund grant, the columns represent the manner in which these funds are currently being expended. The expenditure deadline indicates the date by which these funds must be expended.

State Capital Improvement Program Budget and Expenditure

These are HPHA CIP budget and actual expenditures a/o the upper left corner date. The rows reflect the CIP fund appropriation, the columns represent budget, encumbrance and expenditures. The encumbrance deadline indicates the date by which the funds must be encumbered.

Hawaii Public Housing Authority

Report to the Board of Directors

March 21, 2024



A Hawaii Limited Liability Partnership

March 21, 2024

Board of Directors
Hawaii Public Housing Authority
1002 North School Street
Honolulu, Hawaii 96817

We are pleased to present this report related to our audit of the basic financial statements of the Hawaii Public Housing Authority (the Authority) as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Authority.

KMH LLP

KMH LLP

Honolulu, Hawaii

REQUIRED COMMUNICATIONS

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement and Compliance Audit

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our engagement letter dated April 22, 2021. Our audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated August 23, 2023 regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The Authority did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. Estimates significant to

the financial statements are the allowance for doubtful accounts for accounts receivable and the liabilities of other post employee benefits and pension. Management may wish to monitor throughout the year the process used to compute and record the accounting estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed with or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities for Independence

Independence is a **joint responsibility** and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and *Government Accountability Office* (GAO) independence rules. For KMH LLP (KMH) to fulfill its professional responsibility to maintain and monitor independence, management, the Board of Directors, and KMH each play an important role.

Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. KMH is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

Your Responsibilities

- Timely inform KMH, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, or officers.
 - Changes in the organizational structure or the reporting entity impacting affiliates such as partnerships, related entities, investments, joint ventures, component units.
 - Change in corporate structure impacting affiliates such as add-on acquisitions or exits.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Authority and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with KMH.
- Not entering into arrangements of nonaudit services resulting in KMH being involved in making management decisions on behalf of the Authority.
- Not entering into relationships resulting in close family members of KMH covered persons, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting or compliance oversight role at the Authority.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Authority, including the representation letter provided to us by management, are attached as Exhibit A.

EXHIBIT A

Significant Written Communications Between Management and Our Firm

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
HAWAII PUBLIC HOUSING AUTHORITY

1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

IN REPLY PLEASE REFER TO:

23:FMO/034

December 13, 2023

KMH LLP
1003 Bishop Street, Suite 2400
Honolulu, HI 96813

This representation letter is provided in connection with your audit of the basic financial statements of Hawaii Public Housing Authority (the Authority), a component unit of the State of Hawaii, as of and for the year ended June 30, 2023 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm to the best of our knowledge and belief, that as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated April 22, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. The methods, data, and significant assumptions used by use in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about

conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:

- a. To reduce receivables to their estimated net collectable amounts.
 - b. For pension obligations, post-retirement benefits other than pensions, and deferred compensation agreements attributable to employee services as measured through June 30, 2022.
6. Related-party transactions and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
 7. The financial statements properly classify all funds and activities in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
 8. The Authority followed either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or is following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting.
 9. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
 10. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
 11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
 12. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
 13. Provisions for uncollectible receivables have been properly identified and recorded.
 14. Management has followed applicable laws and regulations in adopting, approving, and amending budgets.
 15. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
 16. The government properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unusual lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

17. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (non-spendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
18. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
19. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
20. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
21. The Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
22. The Authority disclosed the names of entities with which it has a tax abatement agreement, the total gross amount of taxes abated during the period, the specific taxes that were abated and whether any commitments other than to reduce taxes were made as part of any tax abatement agreement as required by GASB Statement No. 77, *Tax Abatement Disclosures*.
23. The Authority disclosed tax abatements entered into by other governments that affect its revenues, including the names of the governments that entered into the agreements, the specified taxes being abated, and the gross dollar amount of taxes abated during the period, as required by GASB Statement No. 77.
24. We have no direct or indirect, legal, or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statements.
25. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
26. We have reviewed GASB Statements effective for the fiscal year ended June 30, 2023, and concluded the implementation of GASB Statements did not have a material impact on the basic financial statements.
 - a. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
 - b. GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
27. We have no knowledge of any uncorrected misstatements in the financial statements.
28. We have requested an unsecured electronic copy of the auditor's report and agree that the auditor's report will not be modified in any manner.

Information Provided

29. We are a component unit of the State of Hawaii as this term is defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.
30. We have identified for you all of our funds, governmental functions, and identifiable business-type activities, including all appropriations and allotments of the Authority.
31. We have properly determined and reported the major governmental and enterprise funds based on the required quantitative criteria. We have determined the following funds to be major for public interest reasons: General Fund, Capital Projects Fund, Housing Assistance Voucher MTW Program Fund, Section 8 Contract Administration Fund, Federal Low Rent Program Fund, Central Office Cost Center, Housing Revolving Fund and Housing for Elders Revolving Fund. We believe that all judgmentally determined major funds are particularly important to the financial statement users.
32. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
33. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
34. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
35. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
36. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's basic financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.

37. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's basic financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
38. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
39. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
40. We have disclosed to you the identity of the Authority's related parties and all the related-party relationships and transactions of which we are aware.
41. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Authority's ability to record, process, summarize, and report financial data.
42. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
43. It is our responsibility to inform you of all current and potential affiliates of the Authority as defined by the "State and Local Government Client Affiliates" interpretation (ET sec. 1.224.020). Financial interests in, and other relationships with, affiliates of the Authority may create threats to independence. We have:
 - a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.
 - b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving (i) changes in the determination of the materiality of an entity to the Authority's financial statements as a whole, (ii) the level of influence the Authority has over an entity's financial reporting process or (iii) the level of control or influence the Authority or a potential or current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable the Authority and KMH LLP to identify and eliminate potential impermissible services and relationships between KMH LLP or its associated entities and those potential affiliates, prior to the effective dates.
 - c. Made you aware, to the best of our knowledge and belief, of any non-audit services that the Authority or any of our affiliates has engagement KMH LLP or any of its associated entities to perform.

Supplementary Information

44. With respect to supplementary information presented in relation to the basic financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.

- b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP, regulatory or contractual requirements, management's, criteria, or other requirements.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
45. With respect to the Management's Discussion and Analysis, Budgetary Comparison schedules and Schedule of the Authority's Proportionate Share of the Net Pension Liability, Schedule of the Authority's Pension Contributions, Schedule of the Authority's Proportionate Share of the Changes in Net Other Post-Employment Benefits (OPEB) Liability and Related Ratios, and Schedule of the Authority's OPEB Contributions presented as required by U.S. GAAP to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
46. In relation to the sale of the Kuhio Park Terrace Towers in 2011, as of June 30, 2014, the Authority loaned the full \$3,900,000 of state and federal capital funds to the 3rd party developer. Payment of principal is deferred until the maturity date, whereupon all principal is due, subject to the availability of surplus cash, as defined in the note agreement. The note does not bear interest unless the borrower defaults upon the maturity date of May 2051.
47. In June 2020, the Authority entered into a Restated and Amended Master Development Agreement (MDA) with a third-party developer to redevelop Kuhio Park Terrace and Kuhio Homes. Pursuant to the MDA, the Authority intends to lend up to \$1,750,000 to the developer to cover up to 50 percent of Multiphase Predevelopment Costs, as defined, incurred by the developer. Payment of principal will be repaid on a pro rata basis at the closing of each Development Phase, as defined. The note does not bear interest unless the borrower defaults upon the maturity date of July 8, 2030. As of June 30, 2023, the Authority loaned approximately \$593,000 to the developer.
48. In conjunction with the sale of Kuhio Park Terrace Towers in 2011, the Authority entered into a consulting agreement with the developer to provide the developer with certain consulting services related to the rehabilitation of the Project. The consulting fee is 19.7 percent of the total development fee charged to the buyer by the developer, or \$3,176,488. As part of the initial sale agreement, the buyer is to receive state tax credits upon payment or release. If the buyer, in accordance with terms defined in the sale agreement, determines that unpaid state tax credits should be released, the Authority would be obligated to pay the buyer for these state tax credits up to its portion of the consulting fees earned and received. The Authority would be able to recover

amounts paid to the buyer upon payment/release of the previously unpaid tax credits by the State.

In accordance with the consulting agreement, the amount paid to the Authority of approximately \$2,297,000 is being held in an approved escrow account.

49. In June 2023, the Authority entered into a Master Planning and Predevelopment Agreement (the Agreement) with HCDC Hawaii Development LLC, a third-party master developer to play a lead role in transforming a portion of the Authority's public housing portfolio of properties to preserve or replace existing public housing units on a one-for-one basis and to add at least 10,000 additional housing units by redeveloping under-utilized Authority assets (the Ka Lei Momi Redevelopment). The Ka Lei Momi Redevelopment is expected to be completed in multiple phases estimated at roughly two years per phase over a total period of at least 10 years, although this timeline is contingent upon permit approvals, market forces, funding, and the availability of financing. It is anticipated that a Master Plan for all the Targeted Portfolio Sites, as defined in the Agreement, will be created by the Master Developer and delivered to the Authority within two years of the Effective Date of entering into the Agreement.

In relation to the Ka Lei Momi Redevelopment, the Authority entered into a Master Development Agreement with HCDC Mayor Wright LLC, a third-party developer, for the revitalization and redevelopment of Mayor Wright Homes within a ten-year period, subject to extension, as defined.

50. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.



Hakim Ouansafi
Executive Director



Bennett Liu
Chief Financial Officer

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
HAWAII PUBLIC HOUSING AUTHORITY

1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

IN REPLY PLEASE REFER TO:

24:FMO/008

March 21, 2024

KMH LLP
1003 Bishop Street, Suite 2400
Honolulu, HI 96813

In connection with your audit of the basic financial statements of the Hawaii Public Housing Authority (the Authority), a component unit of the State of Hawaii as of and for the year ended June 30, 2023 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of changes in financial position, and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), you were previously provided with a representation letter under date of December 13, 2023. No information has come to our attention that would cause us to believe that any of those previous representations should be modified.

To the best of our knowledge and belief, no events have occurred subsequent to June 30, 2023 and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

1. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
2. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the Authority.
3. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
4. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

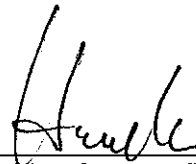
5. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
6. Has a process to track the status of audit findings and recommendations.
7. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.
8. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
9. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

10. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
11. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
12. Management is responsible for the design, implementation, and maintenance of, and has designed, implemented and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the Authority is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.
13. Management is responsible for the preparation of the schedule of expenditures of federal awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes has been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.
14. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.

15. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
16. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
17. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was not such noncompliance.
18. Management believes that the Authority has complied with the direct and material compliance requirements.
19. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
20. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
21. Management is aware of no communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
22. There are no findings and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
23. Management is responsible for taking corrective action on audit findings of the compliance audit that meets the requirements of the Uniform Guidance.
24. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
25. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.
26. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect the Authority's system of internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.

27. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
28. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
29. Management has charged costs to federal awards in accordance with applicable cost principles.
30. The reporting package does not contain protected personally identifiable information.
31. Management has accurately completed the appropriate sections of the data collection form.
32. The projects that were charged a prorated cost of centralized applications front-line costs lacked the on-site human resources to perform the applications function.
33. CARES Act Operating Funds and CARES Act HAP funds and CARES Act Administrative Fees received were used, accounted for, and reported in accordance with program requirements.



Hakim Ouansafi
Executive Director



Bennett Liu
Chief Executive Officer

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



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STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

IN REPLY PLEASE REFER TO:

24:FMO/009

March 22, 2024

KMH LLP
1003 Bishop Street, Suite 2400
Honolulu, HI 96813

In connection with your engagement to apply agreed-upon procedures to the REAC electronic submission and related hard copy documents of the Hawaii Public Housing Authority, a component unit of the State of Hawaii, as of and for the year ended June 30, 2023, we confirm, to the best of our knowledge and belief, the following representations made to you during your engagement.

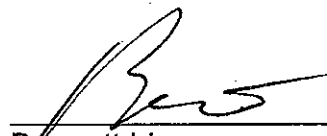
1. We are responsible for the electronic submission of required annual financial data to U.S. Department of Housing Urban Development's (HUD) Real Estate Assessment Center and for ensuring that it is complete, accurate, and timely filed, in accordance with our regulatory and contractual obligations to HUD.

UFRS Rule Information	Hard Copy Documents
1. Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule (FDS), all CFDA's
2. Footnotes (data element G5000-010)	Footnotes to audited basic financial statements
3. Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS
4. Audit findings narrative (data element G5200-010)	Schedules of Findings and Questioned Costs
5. General information (data element series G2000, G2100, G2200, G9000, G9100)	Uniform Guidance Data Collection Form
6. Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs, Part 1 and Uniform Guidance Data Collection Form
7. Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs, Part 1 and Uniform Guidance Data Collection Form
8. Type of compliance requirement (data element G4200-020 and G4000-030)	Uniform Guidance Data Collection Form
9. Basic financial statements and auditor reports required to be submitted electronically	Basic Financial Statements (inclusive of Auditor's Reports)

2. We have disclosed to you all information of which we are aware that may contradict the completeness or accuracy of the electronic submission and related hard copy documents, and we have disclosed to you all communications from regulatory agencies affecting the electronic submission and related hard copy documents.
3. We have made available to you all information that we believe is relevant to the electronic submission and related hard copy documents.
4. We have responded fully to all inquiries made to us by you during the engagement.
5. No events have occurred subsequent to June 30, 2023, that would require adjustment to or modification of the electronic submission or related hard copy documents.
6. Your report is intended solely for the information and use of the Hawaii Public Housing Authority's management, REAC and HUD, and is not intended to be and should not be used by anyone other than those specified parties.



Hakim Ouansafi
Executive Director



Bennett Liu
Chief Executive Officer

III. Procurement

A. Solicitation(s) Issued in April 2024:

Title	Due Date
Solicitation No. IFB-PMB-16-2024 Furnish Fence Repair Services at Kahekili Terrace under Asset Management Project 39 on Maui	April 26, 2024
Solicitation No. RFQ-PMB-18-2024 Furnish Labor, Material, and Equipment for Fire Hydrant Replacement at Kalihi Valley Homes Under Asset Management Project 31 on Oahu	May 3, 2024
Solicitation No. RFQ-PMB-20-2024 Furnish Pest Control Services for Various Federal Low-Income Public Housing Properties under Asset Management Project 35 on Oahu	May 6, 2024
Solicitation No. RFP-PMB-09-2024 Furnish Property Management, Maintenance and Resident Services at Asset Management Projects 40, 44, 45, 49, 50, and Management Unit 42 on Oahu, and Asset Management Projects 43, 46 and Ke Kumu Ekahi on Hawaii Island	May 28, 2024

B. Contract(s) Executed in April 2024:

RMA Architects, Inc. Contract No.: CMS 24-14
Provide Design and Consultant Services for Modernization of Palolo Valley Homes, Phase 5 (AMP 50) on Oahu

End Date: 1,230 Calendar Days from Notice to Proceed
Total Amount: \$700,456.56

RMA Architects, Inc. Contract No.: CMS 18-16-SC04
No-Cost Time Extension of 180 Calendar Days to Continue to Provide Design and Consultant Services for Modernization of Palolo Valley Homes, Phase 4 (AMP 50) on Oahu

End Date: July 5, 2024
Suppl Amount: n/a
Total Amount: \$1,098,784.50

The Limtiaco Consulting Group Contract No.: CMS 20-16-SC01
Provide Additional Design and Consultant Services for Installation of New Sewage Pump Station at Wahiawa Terrace (AMP 49) on Oahu

End Date: October 1, 2025
Suppl Amount: \$9,681.00
Total Amount: \$252,749.78

Du & Associates, Inc. Contract No.: CO 20-02-SC06
Continue the Provision of Section 8 Performance Based Contract Administration Services

End Date: July 31, 2024
Suppl Amount: \$606,004.00
Total Amount: \$5,972,627.55

Alert Holdings Group, LLC Contract No.: PMB 24-03
Furnish Fire Alarm Monitoring Services for Salt Lake (AMP 30), Kalakaua Homes, Makua Alii, Paoakalani (AMP 34), Kalanihua, Punchbowl Homes, Spencer House, Makamae (AMP 35), Kaneohe Apartments (AMP 45), and Halia Hale (MU 42) on Oahu

End Date: December 31, 2024
Total Amount: \$8,285.76

Kauai Remodeling, Inc. Contract No.: PMB 24-02
Provision of Vacant Unit Repair Services for 1 Vacant Unit at Kapaa (AMP 38) on Kauai

Completion Date: 21 Days from Notice to Proceed
Total Amount: \$50,890.03

Alii Security Systems, Inc. Contract No.: PMB 23-01-SC01
Continue to Provide Security Services at Puahala Homes (AMP 31) and the HPHA Administrative Offices on Oahu

End Date: April 1, 2025
Suppl Amount: \$168,268.00
Total Amount: \$336,536.00

Alii Security Systems, Inc. Contract No.: PMB 22-02-SC03
Continue to Provide Security Services at Kalihi Valley Homes (AMP 31),

Mayor Wright Homes (AMP 32), Punchbowl Homes, Kalanihua, Makamae and Pumehana (AMP 35) on Oahu

End Date: April 30, 2025
Suppl Amount: \$2,707,588.80
Total Amount: \$7,992,642.24

New Angle Systems, LLC Contract No.: FMO 24-01
Furnish Printing and Mailing Services for the Monthly Tenant Rent Bills and Annual IRS 1099 Forms

End Date: April 30, 2025
Total Amount: \$23,048.82

C. Planned Solicitation/Contract Activities for May / June 2024

Solicitation(s):

- Invitation for Bids for Preventive Maintenance Services to Fire Alarm Systems at AMPs 34, 35, 45 and MU 42 on Oahu
- Invitation for Bids for Operation and Maintenance Services to Individual Wastewater Systems at AMP 38 on Kauai
- Invitation for Bids for Operation and Maintenance Services to Individual Wastewater Systems at AMP 37, 43 and 46 on Hawaii Island
- Invitation for Bids for Operation and Maintenance Services to Elevators at the Ka Hale O Kamehaikana Community Resource Center on Oahu
- Invitation for Bids for Refuse Collection Services for AMP 39 on Molokai

Contract(s):

Execute New/Supplemental Contracts for various services on an ongoing basis as determined necessary and in the best interest of the State. Contract extensions may include services such as property management, preventive maintenance, security, refuse collection, and custodial services.

IV. Development

A. Kuhio Park Terrace Low-Rises and Kuhio Homes Redevelopment

- Building permit was approved to issue Thursday, May 9, 2024.
- The building permit set continues to advance through the agency and third-party review process. To date, comments were received from all third-party plan reviews, and we received approval on the structural drawings. In April, the plans received DCAB and the Fire Department's approval.
- Relocation consultant, Del Richardson & Assoc. (DRA), continues to meet with the families that will be relocated during phase 1 of redevelopment. To date, DRA has completed relocation surveys for 58 of the 60 families and are completing the phase 1 resident relocation plan.

B. School Street Elderly Housing Redevelopment

- HHFDC's approval to close was moved from April to its May 9th Board Meeting. HPHA is now on track to close on financing the last week of May 2024.
- The construction barricade was fully installed to secure the perimeter of the jobsite and Buildings D and H were fully demolished.

C. Ka Lei Momi

- Planning is on-going for both Kapaa and Mayor Wright Homes as the team awaits financing award and prepares for a late 2025 construction start. The design consultant teams are being assembled as we work towards starting working-drawings in May.
- Planning and entitlement work is underway for the next phase of redevelopment, which will include Kaahumanu Homes and Lanakila Homes.

V. Property Management and Maintenance Services Branch

Total Move Ins for April	22 units
Total Move Outs for April	23 units

In the month of April, HPHA completed 555 annual reexaminations, 474 interim

reexaminations, and 20 new admissions.

- A. Maui Wildfires Update: The HPHA continues to assist our residents with relocation to permanent housing which included offers to transfer to another public housing unit or a Section 8 Tenant Protection Voucher. As of April 25, 2024, there are a total of three (3) families still pending relocation to permanent housing.
- B. AMP 34 Makua Alii: Exterior and interior clean-up efforts continue.

VI. Construction Management

- A. Program Activities and Major Projects

Vacant Units Undergoing Modernization

Below are the vacant units that are under control by the Construction Management Branch as of April 30, 2024.

Summary status totals by State and Federal Vacant Units under construction or design:

State	35
Federal	172
Total	207

Summary status of total Vacant Units overseen by the Construction Management Branch by units made vacant for Modernization projects including demolition/disposition and vacant units by Type C (repairs requiring more than routine maintenance):

	Modernization					Sub Total	Type C	TOTAL
	Demolition/ Disposal	Casualty Loss	Holding for Relocation	Construction	Design/ Bidding		Emergency Proclamation Vacant Units	
O'ahu	4	12	10	50	0	76	68	144
Kaua'i	0	0	0	0	0	0	10	10
Maui	0	43	0	1	0	44	4	48
Hawai'i	0	0	0	0	0	0	5	5
Subtotal	4	55	10	51	0	120	87	207

A pre-construction meeting was held on O‘ahu 2024 (29 units); another pre-construction meeting is scheduled on O‘ahu for May 10, 2024 (9 units); a pre-construction meeting is scheduled on Kaua‘i for May 7, 2024 (10 units); a pre-construction meeting is scheduled on Hawai‘i on May 31, 2024 (4 units); for a total of 52 units.

A total of fourteen (14) units have been returned to HPHA on O‘ahu, eight (8) units at Kamehameha Homes, and six (6) units at Mayor Wright Homes.

Multi-Site Projects:

1. Lead-Based Paint (LBP) Risk Assessment and Abatement:
Maintaining updated LBP risk assessment reports until all LBP has been removed is a HUD requirement. The consultant has received lead assessment questionnaires from the majority of the properties with positive lead-based paint test results. Hau‘iki Homes and Waipahu I is complete. The consultant will next work on Kalihi Valley Homes.
2. Upgrade to Emergency Generators at AMP 34, 35 and 42 Projects:
The building permit has been pulled. Leadtime on generators and materials range between 6 months and one year. Work is estimated to start Fall of 2024.

State Elderly Projects (MU 42):

1. Hale Po‘ai – Site and Building Improvements
Phase 3 (20 units) is nearing completion with a punch list inspection estimated in 3 weeks. Once complete, residents in Phase 4 will move into Phase 3.
2. La‘iola – Reroofing, Exterior Building Repairs and Site Improvements.
The permit is expected by June 2024. It should go out to bid shortly thereafter.

O‘ahu Projects:

1. Punchbowl Homes – Upgrade to the Fire Alarm System
The project is scheduled to go out to bid in May 2024 to meet the State CIP (Capital Improvement Project) encumbrance deadline of June 30, 2024.
2. Ho‘okipa Kahalu‘u – Accessibility and Site Improvements
The contractor is working on completing the punch list inspection

items of six ADA units. The remaining sewer manhole work is pending review of the contractor proposal.

3. Waipahu I & II – Building Improvements
The project targets to rebid in spring 2024.
4. Waimaha/Sunflower – Reroofing
Waimaha/Sunflower, the Final Punchlist Inspection has been completed, punchlist work is in on-going.
5. Palolo Valley Homes
 - a. Major Modernization, Phase 4 (Buildings 1, 2, 7, 8, and 9 – 29 Units)
The contractor is working on plumbing and electric rough in and sitework demolition.
 - b. Major Modernization, Phase 5 (Buildings 3, 4, 5 and 6 – 24 units)
The project is scheduled to go out to bid in May 2024 to meet the State CIP (Capital Improvement Project) encumbrance deadline of June 30, 2024.

Hawai`i County Projects:

1. Pahala - Utility Improvements
Waiting for Heartwood Pacific and its electrical subcontractor, American Electric, to resume field work. Construction will now more likely start in May.
2. Kaimalino – Site and Accessibility Improvements
Project has submitted for building permit reviews. HPHA is hopeful that the permit review process will only take 8 months in Hawai`i County so it can go out to bid in the new year shortly after the holidays.

Mau`i County Projects:

1. AMP 39 Maui
 - a. Makani Kai Hale: Burned unit and Site Utility Improvements
The submittal review process has started. A pre-construction meeting was held on April 10, 2024. The Notice to Proceed was issued for April 22, 2024, and the Contractor mobilized on that date.

b. Environmental Review: Pi'ilani Homes and David Malo Circle

A consultant has been selected to conduct an Environmental Review for the Section 18 demolition and disposition application of these two Lahaina properties. HPHA has provided scope clarification to the consultant. The consultant is revising their proposal to include work to perform an Environmental Assessment versus an Environmental Review.

c. Kahekili Terrace – Utility Improvements

The Design/Build Contractor has been selected and the contract is executed. A pre-construction design meeting is scheduled for early May.

2. AMP 39 Molokai

Kahale Mua (State); Utility Improvements:

The project is out to Bid. The bid schedule has been changed to open on May 15, 2024 to add the approved demolition of the vacant buildings. The Addendum to distribute the demolition drawings was issued on April 30.

B. State Capital Improvement Projects (CIP) & Federal Capital Fund Program (CFP), Training, Staffing

1. The State Capital Improvement Program (CIP):

The encumbrance deadline for the Biennium Year 2021 – 2022 CIP appropriations is June 30, 2024. HPHA is on track to meeting the encumbrance deadline. Budget and Finance will be releasing recently appropriated Supplemental Year 2023 CIP funds at the end of May, following the closing priorities of the Legislative Session.

2. The Federal Capital Fund Program (CFP):

HPHA is still awaiting HUD's official response to the obligation deadline extension request for the 2022 CFP obligation deadline of May 11, 2024, however has been informally informed that HUD has reviewed the request and it is being recommended for approval. If approved, the decision will be retroactive with no penalties assessed.

VIII. Section 8 Subsidy Programs Branch

HPHA manages the Housing Choice Voucher Program (HCV), Project Based

Voucher Program, Veteran’s Affairs Supportive Housing (VASH), Non-Elderly Disabled Vouchers (NED), Mainstream Vouchers (MS), Performance Based Contract Administration (PBCA), State Rent Supplement Program (RSP) and Family Self-Sufficiency (FSS) Program.

A. Program Activities for April 2024

1. Voucher:
 HPHA expended a total of \$4,866,507 in housing assistance payments (HAP) to private landlords on behalf of 3,469 voucher holders; including 491 VASH families assisted with \$452,867 in housing assistance payments.

HPHA leased a total of 235 vouchers for Mainstream, EHV and Port-Ins, and paid \$329,291 for housing assistance payments for these programs.

2. Inspections update:

April 2024	
Housing Quality Standards (HQS) Inspections	267
HQS Inspections Failed	109
Quality Control Inspections	1
Total Inspection completed from 4/1/2024 – 4/24/2024	268

Total Rent comparable requests received	68
Approved	67
Denied	1

Landlords are provided 30 days to correct failed items during the annual inspection. Failed items are generally easy to fix. Historically, failed inspections have not been a cause for landlords to end program participation. Landlords have reported positive feedback to inspections as tenants do not always properly report issues with the unit.

3. Family Self-Sufficiency (FSS) Program:
 The FSS Program continues to offer employment case management, resources, and escrow savings to its 35 active participants. During the month of April 2024, the FSS Program had 2 discharges, and 1 graduate. The current total number of Section 8 graduates is 157, and the total number of LIPH graduates is 30

since the program's inception. Currently, there are 8 of the 29 Section 8 participants and 3 of 6 LIPH participants eligible to receive monthly escrow credits. The total monthly escrow deposits for April 2024 totaled \$4,544.

4. Rent Supplement Program (RSP):
RSP made a payment of \$86,728 to 210 Families. New lease ups were paid \$3,405 for the initial HAPS for January, February, and March 2024. Actual April 2024 payments were \$83,323 (210 Families).
5. Tenant Protection Vouchers:
The HPHA was awarded tenant protection vouchers for families in Maui public housing units that were affected by the wildfires. To date, one voucher is in the process of being issued, and one additional application was recently received.

VIII. Compliance Office

A. Program Activities for May 2024

- Review programs for compliance with Federal and State requirements, and agency and Board policies and procedures.
- Review and process tenant requests and phone inquiries for reasonable accommodation and modification under the Fair Housing Act and Section 504 of the Rehabilitation Act. Requests include:
 - a. Installations of air conditioning;
 - b. Approvals for a live-in aide;
 - c. Transfers to accessible and/or ground floor units;
 - d. Approvals for assistance animals; and
 - e. Modifications.
- Continue evaluation of forms used to process reasonable accommodation and modification requests.
- Review construction reports for ADA and compliance related issues.

B. Planned activities for June 2024

- Review and process tenant requests for and questions about reasonable accommodations and modifications
- Review programs for compliance, respond to program inquiries, and review construction reports for compliance related issues
- Update the HPHA Language Access Plan
- Review issues regarding Declaration of Trust documentation

IX. Human Resources

A. Summary of Staffing:

Filled positions FTE:	315
Tenant Aide Program:	14
Other Vacancies:	68

B. Program Activities:

1. Agency-wide interviews were conducted and/or hired for the following positions: Housing Quality Standards Inspector I, Public Housing Specialist Is, Account Clerk II, Secretary I (89 Day) and Office Assistant IV.
2. HPHA received the following internal and external applicants for Civil Service positions.
 - Secretary I (AMP 30) and (AMP 32/33)
 - Office Assistant IV (Section 8)
 - Office Assistant IV (CMB)
 - Secretary II (Section 8)
 - Secretary IV (OED)
 - Account Clerk V (FMO)
 - BMW I (AMP 37)
 - GL II (AMP 38)
 - GL I (AMP 32/33)
3. HPHA received and screened applications for the following exempt positions:
 - Redevelopment Officer
 - Assistant Chief Financial Officer
 - Housing Development Specialist

- Project Engineer
 - Compliance Specialist
 - Housing Contracts Specialist
 - Housing Public Housing Supervisor VI
 - Housing Public Housing Supervisor V (civil service to exempt)
 - Housing Public Housing Supervisor IV (civil service to exempt)
 - Housing General Construction and Maintenance Supervisor (civil service to exempt)
 - Housing Building Construction Inspector II (civil service to exempt)
 - Housing Painter I (civil service to exempt)
 - Housing Building Maintenance Worker I (civil service to exempt)
4. HPHA participated in the State Government Industry Fair, which was held on April 9, 2024 at the University of Hawaii at Manoa campus. HR connected with students to explore different career paths. Human Resources also attended State/City Job Fair on April 10, 2024, located at the State Capitol. Applications and on-site screening were available for classes of work - Office Assistant III and Professional Trainee (PT) I. In addition, Human Resources participated in Work Hawaii – Oahu’s Graduating High School Senior located at the Dole Cannery on April 16, 2024. This event, aimed to empower graduating seniors to seek employment post-graduation.
 5. Training: NSPIRE Maximizing Your REAC Score for AMP 30, PMMSB, HOTMA Compliance for PMMSB
 6. The HPHA coordinated NSPIRE training from US Inspection Group for all AMPS on May 21, 2024, via webinar. This training will provide overview on the new HUD mandated NSPIRE inspection and upcoming AMPs inspection for May and June 2024.
 7. Workers Compensation: Two (2) injuries reported. One (1) from AMP 31 with seventeen (17) days lost time and one (1) injury reported from AMP 34 with three (3) days lost time.