

KAUA‘I COUNTY HOUSING AGENCY

Annual Report For Fiscal Year Ending June 30, 2013

I. MISSION STATEMENT

To provide greater opportunities for safe, decent, and quality housing and to promote and sustain community development for the people of Kaua‘i.

A. Authorization

The Kaua‘i County Housing Agency was formed in May 1976 by Ordinance No. 280, in recognition of the need to provide housing for low-income households and the elderly and to participate in the federal Housing Assistance Payments Program under Section 8 of the Housing and Community Development Act of 1974. The Housing Agency Section 2-1.16 of the Kaua‘i County Code, has been amended over the years to authorize housing development activities and other community oriented projects, as well as rental assistance. Beginning on July 1, 1999, Ordinance No. 720 consolidated the Housing Agency with the Agency on Elderly Affairs and the Transportation Agency into the Offices of Community Assistance. The Offices of Community Assistance was dissolved eight years later on May 25, 2007 by Ordinance No. 850 and the Kaua‘i County Housing Agency again became an independent agency under the Office of the Mayor, now headed with an appointed Housing Director. On December 10, 2007, Ordinance No. 860, the Housing Policy for the County of Kaua‘i, was adopted, designating workforce housing requirements of residential and resort development within the county.

II. AGENCY GOALS

- Preserve tenant based rent subsidies under the Section 8 Housing Choice Voucher Program
- Preserve and expand affordable housing inventory to meet the needs of Kaua'i's population.
- Increase financial capacity to support the goals and objectives of the Housing Agency
- Provide efficient, consistent, and quality delivery of services

A. Duties & Functions

1. The Housing Agency is composed of two divisions, the Development Division and the Rental Assistance Division, which is supported and managed by administrative personnel. In the past, a majority of the Housing Agency staff

and housing programs were funded from various programs of the United States Department of Housing and Urban Development (HUD) sources. Decreases in HUD funded programs has resulted in the County now funding the majority of salaries and benefits of Housing employees with its HCDRF, General fund, and revenues from the County's rental projects.

- a. The Development Division develops affordable housing with government resources, plans and monitors affordable housing with private developers, monitors restrictions on affordable projects, provides research and community education regarding housing needs and solutions, administers the Community Development Block Grant Program (CDBG), the Home Investment Partnership Program (HOME) Program, Residential Rehabilitation and Home-Buyer Loan Programs, Neighborhood Stabilization Program, Fair Housing, and other related county, state, and federal housing programs.
- b. The Rental Assistance Division administers the HUD Section 8 Existing Housing Payments Program, where extremely low and very-low income households obtain help to pay their rent, the Family Self Sufficiency Program, where volunteer Section 8 clients are counseled to help them become independent from government assistance, and the Section 8 Homeownership Program where Section 8 participants may use their rental assistance towards mortgage assistance provided they qualify.

III. PROGRAM DESCRIPTION

A. Administration

The Housing Agency administration directs and oversees all departmental programs and activities; implements federal program budgets, provides accounting services, and manages personnel. It also researches and applies for grants from various federal and state agencies, and private foundations. The agency works closely with other government agencies, for-profit/non-profit organizations, and the general public in planning and implementing programs that will improve and enhance the quality of life for all Kaua'i citizens.

1. Program Objectives

- a. To provide leadership and administrative support to effectively and efficiently accomplish the agency's goals and objectives;
- b. To promote community involvement in planning, developing and implementing housing and community development activities by participating and coordinating with the community, other government agencies and private organizations.
- c. To promulgate agency policies and procedures, as needed, and to adopt or amend rules and regulations for the Section 8 Rental Assistance Program, County Owned Rental Housing Projects, the Rehabilitation Loan Program, the Home-Buyer Loan Program, and the Section 8 Homeownership Program;

- d. To insure that all state and federal reporting requirements and expenditure deadlines are met, and to insure that reimbursements from the federal government for county advances are completed within 30 days of account reconciliation; and
- e. To inform the Mayor and Kaua'i County Council on all Agency's programs and issues, and to seek approvals, as needed.

2. Program Highlights

- a. As in years past, we have seen a slight increase in rental prices and decrease in rental availability as the real estate market slowly improves. We have adequate participation by landlords willing to rent to Section 8 tenants and have been working closely with realtors and agents to house our participants. Realtors have been instrumental in helping house our VASH clientele that may not have references or credit, but have close case management by VASH workers to ensure adequate care is taken of rentals and that their rents are paid on a timely basis..
- b. Currently, positions within the Section 8 Program are funded by the Federal Government by the administrative fees earned on the administration of the Section 8 Housing Choice Voucher Program As Administrative Fees have been drastically reduced, we will once again depend on some funding from the Administration to keep positions filled to ensure adequate client customer service at all times.

B. Housing & Community Development Program

The Housing & Community Development Program is the responsibility of the Development Division of the County Housing Agency. Activities in this program include planning and developing affordable housing with government resources, on its own or in partnership with profit or nonprofit housing developers, assessing and monitoring affordable housing requirements with private developers, monitoring restrictions on affordable projects, providing research and community education regarding fair housing law, home-buyer's counseling, assessing housing needs, compiling and updating the County's Consolidated Plan, loaning funds to homeowners to rehabilitate existing housing or to first-time home-buyers to purchase housing, coordinating various homeless shelter assistance programs with social welfare providers, and other related state and federal housing programs. Additionally, the Housing & Community Development Program is responsible for administering the HOME Investment Partnerships Program (HOME), the Community Development Block Grant (CDBG) Program, and the Neighborhood Stabilization Program (NSP).

1. Program Objectives

- a. Home Ownership. To increase home ownership opportunities for very-low, low-income, and workforce households on Kaua'i by assisting households to become homeowners through self-help home ownership programs, the County Home Buyer Loan Programs, rent-to-own program,

and homeownership education, through buyback and resale of affordable properties, and through facilitation of private and non-profit development of affordable units. The Agency is also increasing the availability of affordable housing inventory by purchasing homes through the Home Purchase Program and the Neighborhood Stabilization Program.

- b. Rental Housing. To ensure development and lease-up of the second phase of Pa‘anau Village and to seek suitable sites for affordable housing on Kaua‘i and investigate project feasibility for more rental housing development.
- c. Housing Rehabilitation. To extend the economic life of Kaua‘i’s existing housing stock, improve housing quality, provide energy efficiency, and ensure safe and healthy living environments through the rehabilitation of single family dwellings for home owners or landlords who rent to low and moderate income households.
- d. Economic Development. To expand economic opportunities on Kaua‘i by providing low interest CDBG loans for microenterprise development, assistance to private for-profit businesses who create jobs for low and moderate income individuals, and other activities designed to create or retain permanent jobs of which at least 51% involve the employment of low and moderate-income persons.
- e. Public Service. To improve and enhance the provision of public services which principally benefit low and moderate income persons by supporting activities concerned with employment, crime prevention, child care, health, education, drug abuse, fair housing counseling, energy conservation, welfare, recreational needs, legal assistance, etc.
- f. To support improvement of public facilities and improvements that principally benefit low and moderate income persons which include, but are not limited to, fire protection facilities and equipment, shelters for homeless persons or battered spouses, removal of architectural barriers for ADA compliance, group homes for special needs, half-way houses for runaway children, recreational facilities, etc.
- g. To expend CDBG grant allocations in a timely manner. In administering CDBG funds, the Housing Agency follows HUD’s expectation that the amount of CDBG program income on hand 60 days prior to the end of current program year, together with the amount of funds in its CDBG line of credit, does not exceed 1.5 times the entitlement grant amount for the current program year.
- h. To provide a cost-efficient and stable source of affordable rental housing for low and moderate income households through the ownership and operation of 60 apartment units in Pa‘anau Village and 100 apartment units in Kālepa Village.
- i. To expand and increase knowledge of housing opportunities in the community and facilitate access to those opportunities.

2. Program Highlights

- a. The HOME Program continues to play an important role for implementing a housing strategy according to county priorities. Established priorities that

shall remain in effect until June 30, 2015 are to 1) increase the inventory of rental housing units through new construction of multi-family units and rentals for elderly, and 2) assist low-income families with homeownership through first-time homebuyer loan programs and construction of self-help housing units. In carrying out this strategy, the HOME Program continues to assist households with home-buyer assistance loans, as well as program income from loans already made and program income from other projects. The County has expended \$2.7 million in HOME funds for the development of Phase 2. The County has approved the use of \$1.92 million in HOME funds to assist Kauai Habitat for Humanity construct site improvements for the creation of 48 buildable lots in the Eleele Iluna Subdivision.

- b. The HOME Program also provides a 15% set-aside for specific activities to be undertaken by a special type of non-profit called Community Housing Development Organization (CHDO). Previously, Kaua'i Economic Opportunity, Inc. (KEO) was the only CHDO based on Kaua'i certified by the State of Hawai'i to use the 15% HOME set-aside. In December 2012, the Hawai'i Housing Finance and Development Corporation certified Mutual Housing Association of Hawai'i as a CHDO eligible to carry out HOME activities on Kaua'i.
- c. The CDBG Program for Program Year 2012 – 2013 (7/1/12 – 6/30/13) awarded funds according to the County's Consolidated Plan covering July 1, 2010 – June 30, 2015 which identifies the year's objectives and priorities of first – public services, second - economic development, third - housing, and fourth - public facilities. The projects funded in PY 2012 – 2013 included five public services, three housing, and two public facilities projects. The CDBG allocation for this period was \$ 709,480.
- d. Through the Neighborhood Stabilization Program (NSP), the Housing Agency received \$3,402,150 to purchase residential properties that were abandoned, foreclosed or required rehabilitation, and to construct three single-family dwelling units, each on vacant lots owned by the County. Of those, seven homes were sold to eligible low to moderate/middle income (LMMI) households who completed eight hours of homebuyer education by a HUD-approved agency, and the homes serve as their primary residence. One home is undergoing construction and completion is slated for October 2013 and will be ready to be sold to a LMMI household. One home is currently in escrow. Through the County's Ground Lease, the County retains fee ownership of the property and sells the leasehold interest to the buyer under a 90-year lease. The homes will remain affordable for a minimum of 15 years. Monies generated from the sale of a property, or program income, will be used to establish a revolving loan fund for a homebuyer loan program to eligible LMMI households.
- e. Over the past decade, the Housing & Community Development Program has focused on utilizing federal funds for home buyer loan programs, rehabilitation projects, and community development. In the late 1990's, Kaua'i's economy was soft and the real estate market for both rental and for-sale housing suffered. However, with the beginning of the year 2000, the housing situation on Kaua'i began to reverse, with shortages of affordable

housing in numerous communities and the escalation of rental rates and for-sale prices. In recognition of this trend toward the former housing crisis that Kaua‘i experienced between 1985 and 1994, the Administration and the Council both supported major new county sponsored housing construction projects, principally expansion of both Kalepa and Pa‘anau Villages, and the acquisition of other suitable sites for housing. The housing market peaked in 2007 and again reversed. In FY 2012-2013, the Housing Agency is focusing on advancing entitlements for the future development of the Lima Ola project site in Eleele, acquired by the County in February 2010.

C. Section 8 Rental Assistance Programs

- The United States Housing Act of 1937, as amended by Section 8 of the Housing and Community Development Act of 1974 provides federal funds to assist low-income families with rent subsidies. The Kaua‘i County Housing Agency administers a Section 8 Rental Assistance Program through an Annual Contribution Contract with the United States Department of Housing and Urban Development (HUD).
 - The Section 8 Rental Assistance Program provides assistance for extremely low and very low-income families to insure decent, safe, and sanitary housing is affordable and available to these families. Eligible families will pay approximately 30% of their adjusted monthly income towards rent and utilities and the agency subsidizes the remaining rent owed.
 - The Section 8 Program also includes a Family Self-Sufficiency program (FSS) which helps families move toward self-sufficiency, and a Section 8 Homeownership program which allows Section 8 participants who qualify, to use their rent subsidy toward a mortgage.
1. Section 8 Program Objectives
 - a. Increase the availability of decent, safe, and affordable housing;
 - b. Improve the quality of assisted housing;
 - c. Improve program management;
 - d. Increase customer satisfaction;
 - e. Ensure equal opportunity and affirmatively further fair housing.
 2. Program Highlights of Section 8
 - a. In March, the across-the-board federal budget reduction, known as sequestration, took effect. Sequestration imposed a 6% across the board cuts to literally all federal programs including the Section 8 HCV Program. The 6% cuts also impact the administration fees that PHAs are paid to run the Section 8 program on behalf of HUD. 6% wouldn't be so dire if these fees had not already been cut by 25% at the beginning of 2012. HUD determines the amount of administrative fees each PHA needs to run its program and for the Kaua‘i County Housing Agency that comes to \$102.01 per voucher per month, but due to Congress's continual underfunding of HUD we are now only receiving 69% or \$65.70 per voucher. Compounded over the average of 640 vouchers the Housing Agency has under lease that is a reduction of \$23,238 per month and \$278,860 per year in administrative fees. As you recall, we went through similar issues

in 2009, when our funds were greatly impacted by the same types of cuts that you are seeing now. At that time, the Agency, in order to be able to sustain all participants on the program without having to terminate any assistance, took every available cost saving measure that was available to them at the time. Because of this, there are no additional cost savings measures that we can take without either cutting staff members and lowering customer service or request additional monies from the General Fund until such time that the federal budget stabilizes and the HCV is once again fully funded.

- b. The housing agency continues to do comparability analyses of current market rents which insures the establishment and maintenance of payment standards that will increase the assisted families' ability to secure suitable, affordable rental units on an ongoing basis. The agency also provides presentations to potential landlords, social services provider agencies, realtors, and various community organizations.
- c. The program continues its efforts to more effectively educate applicants and participants about tenant responsibilities which results in a reduction of lease violations and an increase in landlord participation in the program. Family Handbooks and Landlord Manuals are distributed for use as a reference guide to minimize confusion regarding tenant and landlord responsibilities.
- d. Management and staff continue to attend workshops and take refresher courses to maintain and improve program knowledge.
- e. Line staff is continuously trained in communication and customer service skills to enhance the delivery of services to participants. Staff now uses projected images in addition to verbal explanations at program briefings and goes through the family handbook on a page by page basis. A customer service policy has been developed to ensure that all customers are treated with aloha and respect. Additionally, all staff have attended most county training opportunities recently offered such as sexual harassment training, sensitivity training for person(s) with disabilities, and most recently workplace violence training.
- f. The program continues doing home visits for elderly and disabled applicants and participants as an additional service as a reasonable accommodation to ensure all participants are granted equal opportunity to Housing services. In addition, accommodations are made when necessary to afford a person with disability an equal opportunity to use and enjoy a dwelling. This can include the addition of a live-in aide, change or modifications to rules or policies, etc.
- g. HUD currently mandates use the EIV system: The Enterprise Income Verification (EIV) System was developed by HUD to minimize unreported income resulting in rent errors and improper subsidy payments. Staff and Management attend regular annual required training of this system. This has allowed us to actively take steps to address unreported income and violations of family obligations under the program. In addition, we have developed repayment agreements to collect funds from

participants who have underreported income pursuant to HUD requirements. Some of these funds may be used to offer additional vouchers to other applicants. County attorneys have been instrumental in assisting us in collection of delinquent funds due to the agency that can be used to help house other families.

- h. Section 8 has taken steps to improve customer service by reorganizing staff and staff duties so that there are always two people at the front to assist customers and answer telephone calls. In addition, customer service surveys have been developed and will be sent out to participants who have recently had business with our office to ensure we are maintaining a high level of customer service.

In addition, we are improving our inspection process by adding on additional quality control inspections to ensure that our units are being maintained according to HQS Housing Standards and that our inspector is providing excellent customer service and responding to any questions or concerns that our participants may have while he is inspecting the unit.

- i. Section 8 has taken additional steps to improve security and confidentiality of client records by reorganizing staff offices and changing client entrance and exit doors.
- j. Staff advises program participants of equal housing opportunities without discrimination and provides participants with discrimination complaint forms and the name and number of the County's Fair Housing Officer. In addition, any calls received by the Housing Agency with regard to a fair housing issue, regardless if they are a participant or not, are referred directly to our County Fair Housing officer for assistance.
- k. The rental market on Kaua'i shows a slight increase in rental prices and availability island wide. The amount of smaller mom and pop type rentals are disappearing, while investors from the mainland are buying up foreclosures, signing contracts with management rental companies and allowing them to be rented out to our participants at somewhat reasonable rental prices. We assume this is being done on a temporary basis with future sales profits in mind should the real estate market on Kaua'i rebound as predicted in the near future. When this occurs, we will see a tightening of the rental market and a larger increase in rental prices.
- k. The Section 8 annual budget for the 2013 calendar year \$5,836,621. The total number of households assisted with this allocation will fluctuate based on the amount of subsidy needed for each household and available funds. At the end of July, 2013, we had approximately 643 families currently assisted on the Section 8 Rental Assistance Program.

D. Family Self-Sufficiency Program

- 1. The Family Self-Sufficiency (FSS) Program Objectives
 - a. To promote the coordination of housing assistance programs with public

and private resources to enable families receiving Section 8 rental assistance to work towards self-sufficiency. FSS is a five-year voluntary program in which families sign contracts of participation and are assigned a coordinator to assess needs and help the families develop goals and a service plan. Coordinators then provide and coordinate resources in the community which will assist families in achieving their goals. In addition, families who are able to increase their earned income and reduce the amount of rental subsidy are rewarded by HUD placing the increase in their portion of the rental payment into an escrow account for their use upon successful completion of the program. Successful completion is defined as the participant being full time employed, no longer receiving cash welfare assistance, and having met all their goals set forth in their contract.

2. FSS Program Highlights

- a. In 2012-13 the program staff consisted of two coordinators, which are funded through a federal grant. In 2012 we applied for and received \$133,000 for two FSS Coordinators.
- b. The program provided services to 112 participating families and had a waitlist of approximately 100. The average head of household at the time of enrollment is single, age 31-50, has two children and in the very low income bracket. They have high debt, and little or no college education or vocational training. The program is a five year program and of the 28 who began the program in 2007, 14 completed the program and received escrow. Fifteen participants no longer receive housing assistance, and three purchased homes. Eight families were asked to leave the program. Twenty one had increased their earned income, thus reducing their housing assistance.
- c. Out of the 112 families serviced in 2012, 64 % had increased their *earned* income. The average yearly increase in income per participant was nearly \$4,000. The cost per person to operate the program was approximately \$1,275.
- d. Resources for clients were identified and or provided in the following areas: GED/Adult Education, Education/Training, Entrepreneurship, Child Care, Transportation, Career Counseling, College Counseling, Job Search/Placement, Job Retention, Personal Welfare, Health Services, Alcohol/Drug Abuse Services, Life Skills, Money Management Counseling, and Homeownership. During the 2011-12 fiscal years, we worked with approximately 87 service providers. We are in our seventh year of providing Money Smart, a financial literacy program consisting of 10 workshops for clients. All participants are required to attend a minimum of eight workshops, have a budget, and work on credit repair. Job placements numbered 41; college enrollment 23; job training 45; vocational training 14; referrals for mental health services 25; referrals for substance abuse services 10; families linked to childcare services 31; career counseling provided 45; referrals for disability services 11; referrals

for health care services 28; job retention counseling 15 and small business 23 counseling

3. Section 8 Homeownership Program

- a. The Section 8 Homeownership Program is also a component of the Section 8 Rental Assistance Program, staffed by the FSS Program. The Kaua'i Housing Agency was the first in the state of Hawaii to adopt HUD rules in the fall of 2002. This program allows the flexibility to use rental assistance vouchers as mortgage assistance vouchers which enables families to transition into homeownership. Mortgage assistance may be provided to qualifying families in lieu of rental subsidy.
- b. During 2012-13, the emphasis continued to be on helping families prepare to qualify for affordable homes. The high cost of homes in Hawaii continues to be a barrier for our participants, as do credit issues, however this year two FSS participants were able to purchase homes. Forty four FSS participants received homeownership counseling along with other FSS services. Nineteen Section 8 clients are receiving post purchase counseling. We also provided training for staff, lenders, realtors, and other agencies on the Section 8 Homeownership Program and presently work with eight lenders and seven affordable housing organizations.

E. Fair Housing

The Fair Housing Act not only prohibits discrimination but, in conjunction with other statutes, take steps proactively to overcome historic patterns of segregation, promotes fair housing choice, and foster inclusive communities for all.

Housing discrimination is often hard to recognize, especially here in Hawai'i. Sometimes it can be obvious. However, in most instances, discrimination is difficult to detect. The County of Kaua'i, through its continued promotion of activities and education, enlightens the public on relevant issues on fair housing.

Protected classes of discrimination are:

Federally Protected Classes:

Race, Sex, Color, Religion, Disability, Ancestry/National Origin,

State of Hawai'i Protected Classes:

Familial Status, HIV Infection, Age, Marital Status, Sexual Orientation, Gender Identity or Expression

Highlights of the role of the County's Fair Housing Officer are:

1. Participate as a Hearings Officer for Section 8 participant(s) being terminated from the program to assure participant(s) were given a fair hearing and to ensure fair housing laws are not violated.
2. Provide continued briefings on fair housing laws to Section 8 Housing choice voucher participant(s) and Section 8 staff.

3. Attend Fair Housing Coordinators' meetings with the State, Counties and any other entities receiving federal funding who are required to affirmatively promote fair housing through continued training.
4. Coordinate an annual Fair Housing training session for landlords, tenants, general public, property managers and staff.
5. Monitor local newspaper and periodicals on rental and sales solicitations for compliance with fair housing.
6. Assist complainants in filing complaints with Legal Aid Society of Hawai'i (LASH) and/or Hawai'i Civil Rights Commission (HCRC).
7. Work with LASH in finding fair housing testers on island.

IV. PROGRAM RESOURCES

A. Administration

1. Staff Funding Sources

<u>Fund Source</u>	<u>Budget Amount</u>	<u>Equivalent Personnel</u>
General Fund	\$ 756,056	7.14
Housing/Community Develop		
Grant Revenue	1,406,188	15.82
<u>Section 8 Grant Revenue</u>	<u>440,198</u>	<u>7.04</u>
Totals: Budget	\$ 2,602,442	30.00

B. Housing & Community Development Program

1. Program Resources (Grant Revenue)

<u>Expense</u>	<u>Budget</u>	<u>Actual</u>
Equivalent Personnel	15.82	15.82
Salaries and Wages	\$1,406,188	\$1,123,718.
Other Expenses	358,261.	443,943.
<u>Projects</u>	<u>10,652,521.</u>	<u>2,154,151.</u>
Program Total	\$12,416,970.	\$3,721,812.

C. Section 8 Rental Assistance Programs

1. Program Funding Resources (Grant Revenue)

<u>Expense</u>	<u>Budget</u>	<u>Actual</u>
Equivalent Personnel	7.04	5.04
Salaries and Wages	\$440,198	\$360,779
Other Expenses	57,458	45,420
<u>Projects</u>	<u>6,200,000</u>	<u>6,148,123</u>
Program Total	\$6,697,656	\$6,554,322

V. *EVALUATION*

A. Housing & Community Development Program

1. Home-Ownership. The Housing Agency assisted seven households achieve homeownership through the County's Home-Buyer Loan Program utilizing a total of \$1,022,325.00 in generating the loans. Homebuyer Education & Counseling Services, the first component of the Homebuyer Loan Program, continues to prepare low and moderate income households to become successful homeowners. Funds were expended during the year to increase the availability of affordable housing inventory through acquisition of three Kamamalu units expending \$500,000 in HOME funds in August of 2011.
2. Rental Housing. Pa'anau Village Phase 2 has expended \$2.7 million in HOME funds, completed construction, and commenced lease up of 50 multi-family units.
3. Housing Rehabilitation. The Housing Agency is confident that its Home Rehabilitation Loan Program is needed. Outreach efforts continue. Program information was distributed at the Contractors' Association of Kaua'i (CAK) Home Show, and mail outs were sent to Kaua'i Economic Opportunity (KEO), as well as on the Housing Agency's website. Two non-profit agencies were awarded CDBG funds to carryout similar activities: Kaua'i Habitat for Humanity, Inc. and Hawai'i Community Reinvestment Corporation is working to provide assistance to repair deteriorated housing units and provide low-cost rehab loans to low-income households, respectively.
4. Public Service. The County committed CDBG funds to Women in Need and Love the Journey to provide case management services which promote self-sufficiency to their transitional housing programs and relapse prevention classes to improve the success of individuals recovering from substance addiction. Kaua'i Economic Opportunity, Inc., will provide job training and employment services to homeless individuals.
5. Public Facilities. Kaua'i Business Professional Association will utilize funds to install a photo voltaic system for the Waimea Theatre Complex. The County Department of Parks and Recreation is making ADA improvements to Kaumakani Park and 'Ae Kamali'i Preschool restored the roof of their childcare facility.
6. Housing. Hawaiian Community Assets uses funds to provide pre-purchase workshops, education and counseling services to first-time homebuyers.
7. CDBG Expenditure Ratio. As a HUD grantee, the Housing Agency is required to meet the compliance, sixty-days prior to the end of its program year, with no

more than 1.5 times its annual grant remaining in the line-of- credit. HUD uses a two tier system to evaluate timeliness. The first tier is based on the grant balance in the Line of Credit Control System (LOCCS). The second tier factors in program income and revolving loan fund balances. On May 2, 2013, a compliance check, or test, revealed that the Housing Agency was in compliance with the CDBG regulations by achieving a timeliness ratio of 0.98 times its annual grant. However, after taking into account the County's program income and revolving loan fund balance of \$963,962, the timeliness ratio increased to 2.34. In order to offset the constant challenges with Congressional budget decrease in funding, the Housing Agency believes it is important to invest CDBG funds that have the potential to generate program income that will build up the revolving loan fund to establish a level of sustainability. The Housing Agency has re-vamped its Home Buyer Loan Program to actively compete with private institutions and increase first-time homeownership opportunities for low- to moderate-income households on Kaua'i. After amending the Administrative Rules for the County's Home Buyer Loan Programs, an aggressive marketing campaign was launched in May.

8. County Rental Projects. The Kālepa Village continues to meet the objective of achieving 95% average annual occupancy. All units in the project were occupied at all times, except when tenants changed from one moving out and another moving in, plus the time needed to prepare for the new tenant. Pa'anau Village occupancy fell to 91.01% as a result of the new Paanau 2 development. The project experienced a significant loss of tenants moving to Paanau 2 but is now recovering with a new influx of tenants.
9. Future Development. In 2006, Mayor Baptiste secured a set aside from the State Department of Land and Natural Resources for eight parcels on which to develop affordable housing. Two of the parcels, one in Aliomanu and one in Waimea were determined to be unfit for development. The set aside has been extended and is in effect to December 31, 2013 for the development of the remaining six parcels, one in Kekaha near Hawaiian Homes, two in Kawaihau near Mahelona Hospital and Kapa'a Elementary, and three in Kapa'a on Ka'apuni road. The Housing agency completed an internal review of a draft analysis of the parcels and has concluded that it is not feasible to move ahead with development plans.

B. Section 8 Rental Assistance Programs

Due to the changes in congress and the increasing federal debt level, it is anticipated that social service programs, including the Housing Choice Voucher Program will be cut, although to what extent remains unknown at this time. The Rental Assistance Program HAP funding for 2011 remained somewhat level, with administrative fees being the first to be cut to much lower levels than seen in recent years. Unfortunately, the administrative burden of the program continues to grow, with constant new requirements being added due to what we believe is a lack of understanding at the congressional level of current program requirements and the associated paperwork.

Although there is a bill currently in congress to attempt to streamline some of the requirements of this program, it remains to be seen if it can be passed with the state of politics in Washington at this time. A similar bill (SEVRA) was introduced several years ago and although there was a favorable environment at that time to get the bill passed, it never was. With so much going on in Washington at this time, along with an upcoming election year, it is doubtful that this will be a priority for congress at this time.

VI. HOLO HOLO 2020 PROJECTS & STATUS

- A. Lima Ola 'Ele'ele 75-Acre "Green" Active Design Affordable Housing Community
In February 2010, acting in accordance with a resolution from the County Council, the County of Kaua'i acquired a 75-acre site in 'Ele'ele for the purpose of long range development of workforce housing. Conceptual master planning for the site is complete.
- B. Paanau Village Phase 2 was substantially completed in July 2012, and certificates of occupancy have been issued by the County.
- C. Anahola Hawaiian Homes
The Housing Agency is working with developers of the Pi'ilani Mai ke Kai subdivision at Anahola. To date Kahua and Kaua'i Habitat for Humanity have been selected as builder/monitors of this round of construction of Self-Help housing units. Four units under the leadership of Kahua and five units with Habitat are anticipated. The Council for Native Hawaiian Advancement (CNHA) is currently in talks with the Department of Hawaiian Home Lands (DHHL) for a future build-out of ten (10) additional homes in the Pi'ilani Mai ke Kai subdivision with their partner Kahua. Habitat is also in communication with DHHL to develop an additional 30 homes in Anahola.

PERSONNEL POSITION SUMMARY

As of June 30, 2013

A. Administration:

Kamuela Cobb-Adams	Housing Director
Imaikalani Aiu	Spec. Asst. to the Housing Director
Shelley Teraoka	Administrative Specialist
Avis Hirahara	Accountant
Fay Kimura	Accountant
Vilma Tesch	Account Clerk
Tess Abigania	Sr. Account Clerk

B. Housing & Community Development Division:

Gary Mackler	Development Coordinator
Chong Sun U	Agency Administrative Support Asst.
Kerrilyn Barros	CDBG Coordinator
Raymond Furuike	Rental Management Specialist
Barbara Pendragon	Housing Planner
Fay Rapozo	Fair Housing & Home Buyer Coord.
Sharon Graham	CDBG Specialist
Steven Franco, Jr.	Home Buyer Specialist
Klayford Nakaahiki	Development Specialist
Elisa Lagoc-Chang	Housing Technician

C. HUD Section 8 Rental Assistance Division:

Sandra Kaauwai	Program Manager
Naomi Cortez	Assistant Program Manager
Sandy Adachi	Housing Assistance Specialist
Joshua Oxentine	Housing Assistance Specialist
Irene Hironaka	Housing Assistance Specialist
Kathryn Kato	Housing Self-Sufficiency Specialist
Lynn Kashiwai	Housing Assistance Worker
Arnold Kaneshiro	HQS Inspector
Terry Souza	Housing Assistance Clerk
Vacant	Senior Clerk
Linda Cataluna	Senior Clerk
Vacant	Family Self-Sufficiency Specialist
Vacant	Housing Assistance Specialist