

PHA 5-Year and Annual Plan	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires 8/30/2011
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1.0	PHA Information PHA Name: <u>City and County of Honolulu</u> PHA Code: <u>HI003</u> PHA Type: <input type="checkbox"/> Small <input checked="" type="checkbox"/> High Performing <input type="checkbox"/> Standard <input checked="" type="checkbox"/> HCV (Section 8) PHA Fiscal Year Beginning: (MM/YYYY): <u>07/2014</u>					
2.0	Inventory (based on ACC units at time of FY beginning in 1.0 above) Number of PH units: _____ Number of HCV units: <u>4567</u>					
3.0	Submission Type <input checked="" type="checkbox"/> 5-Year and Annual Plan <input type="checkbox"/> Annual Plan Only <input type="checkbox"/> 5-Year Plan Only					
4.0	PHA Consortia <input type="checkbox"/> PHA Consortia: (Check box if submitting a joint Plan and complete table below.)					
	Participating PHAs	PHA Code	Program(s) Included in the Consortia	Programs Not in the Consortia	No. of Units in Each Program	
					PH	HCV
	PHA 1:					
	PHA 2:					
	PHA 3:					
5.0	5-Year Plan. Complete items 5.1 and 5.2 only at 5-Year Plan update.					
5.1	<p>Mission. State the PHA's Mission for serving the needs of low-income, very low-income, and extremely low income families in the PHA's jurisdiction for the next five years:</p> <p>The mission of the City and County of Honolulu, Department of Community Services, Community Services Division is to ensure that the residents of Oahu live in a safe, decent and affordable housing. We do this by helping communities meet their housing goals. In addition to providing adequate and affordable housing assistance, the City and County of Honolulu provides family self-sufficiency, economic opportunity and a living environment free from discrimination.</p> <p>Because safe and affordable housing is fundamental to the ultimate success of localize communities, the City and County of Honolulu will pursue the following strategies with the greatest emphasis on providing housing to those earning less than 30 – 50 percent of the Area Median Income.</p> <p style="text-align: center;">City and County of Honolulu Consolidated Plan, 2010 – 2015</p> <p>The Consolidated Plan represents a blueprint for the planning and administration of the U.S. Department of Housing and Urban Development's (HUD's) Community Development block Grant (CDBG), Emergency Shelter Grant (ESG), HOME Investment Partnerships (HOME) and Housing Opportunities for Persons with AIDS (HOPWA) formula programs. The purpose of the Consolidated Plan is to ensure that federal funds are part of an integrated, community-based plan to improve the availability and affordability of decent, safe and sanitary housing; provide a suitable living environment; and expand economic opportunities for low- and moderate-income individuals and families.</p> <p>The goals and objectives are address in the City and County of Honolulu Consolidated Plan and can be viewed at: http://www1.honolulu.gov/budget/consolplan20112015.pdf</p> <p style="text-align: center;">Hawaii Housing Planning Study, 2011</p> <p>The objectives of the Hawaii Housing Planning Study (HHPS) have developed over the last 19 years. HHPS has produced a single, comprehensive compilation of data on Hawaii housing market accessible to all parties engaged in providing housing for Hawaii's people. HHPS also includes some form of housing forecast to support planning for housing development.</p> <p>The goals and objectives of the study can be viewed at: http://files.hawaii.gov/dbedt/hhfdc/resources/HHPS%202011%20technical.pdf</p> <p style="text-align: center;">Hawaii Housing Planning Study, Rental Housing Report, 2011</p> <p>The Rental Housing Report is a fundamental component of the Hawaii Housing Planning Study (HHPS). Understanding the number and types of housing units available for rent, as well as the vacancy rates, demand, and monthly rent rates for those units, is a necessary part of forecasting the housing needs of Hawaii residents.</p> <p>The components of the study can be viewed at: http://files.hawaii.gov/dbedt/hhfdc/resources/HHPS%20rental.pdf</p>					

5.2

Goals and Objectives. Identify the PHA’s quantifiable goals and objectives that will enable the PHA to serve the needs of low-income and very low-income, and extremely low-income families for the next five years. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan.

A. Expand the supply of assisted housing

Objectives:

1. Apply for the maximum number of new Housing Choice Vouchers (HCV), when made available by HUD
2. Adopt strategies and options that maintain the maximum program size of the HCV Program
3. Explore ways to expand service delivery to all housing markets on Oahu

B. Improve the quality of assisted housing

Objectives:

1. Maintain a “High performer” rating, Section Eight Management Assessment Program (SEMAP) score
2. Maximize utilization of available vouchers
3. Explore new and existing ways to fund, coordinate and link supportive services to housing

C. Increase Housing Choices

Objectives:

1. Conduct a thorough analysis of payment standards
2. Continue the Homeownership Option Program (HOP) throughout Oahu
3. Develop strategies for providing training and outreach to landlords

D. Promote Self Sufficiency

Objectives:

1. Increase the percentage of families enrolled in the Family Self-Sufficiency (FSS) program and continue to set up and administer escrow accounts for families participating the FSS program
2. Identify and facilitate supportive services
3. Seek new partnerships with entities to enhance social and economic services
4. Explore ways to fund, coordinate and link supportive services in communities

E. Ensure equal opportunity and affirmatively further fair housing

Objectives:

1. Continue to improve the distribution of Fair Housing information
2. Undertake affirmative measures to ensure access to all persons regardless of race, color, religion, national origin, sex, familial status and disability

F. Improve housing delivery system

Objectives:

1. Evaluate the current administration of the HCV Program
2. Provide training to staff
3. Provide utility allowance schedule annually
4. Maintain and develop effective reporting systems to improve operation efficiency

G. Seek partnerships that will further the goal of affordable housing opportunities

Objectives:

1. Partner with other Local, State and Federal agencies
2. Provide leadership, support and enhance partnership with Federal, State and Local agencies to address affordable housing and supportive service issues
3. Explore possibilities and resources to provide and encourage linking supportive services and housing

PHA Plan Update

(a) Identify all PHA Plan elements that have been revised by the PHA since its last Annual Plan submission:

1. Eligibility, Selection and Admissions Policies:

2. Financial Resources:

Sources	Planned
HCV Housing Assistance Payments	\$40,354,654
Mainstream (MS) Based on ACC	\$122,157
Moderate Rehabilitation (MRP) estimate	\$152,910
Tenant Protection Voucher (TPP)	\$156,361
Administrative Fees	\$2,584,132
FSS Coordinator grant for CY14	\$156,331
Total Revenue	\$43,526,545

3. Rent Determination:

No Changes

4. Operation and Management:

Program Name	Program Size (Baseline)	FY2015 Projected Program based on Funding availability
Section 8 Vouchers	4292	3265
Section 8 Mod Rehab	40	40
Mainstream Vouchers	175	175
Family Unification Program	100	100
Tenant Protection	224	224

6.0

5. Grievance Procedures:

No Changes

6. Designated Housing for Elderly and Disable Families – N/A

7. Community Service and Self-Sufficiency – N/A

8. Safety and Crime Prevention – N/A

9. Pets – N/A

10. Civil Rights Certification

(See Attachment C)

11. Fiscal year Audit

The Agency was not selected to be audited for FY 2012. However, a FY 2012 Comprehensive Annual Financial Report for the City was completed. The report can be found on-line at: www1.honolulu.gov/budget/cafrfy12.pdf#pagemode=bookmarks. We have attached the most recent audit (FY 2011) to this annual plan.

(See Attachment A)

12. Asset Management – N/A

13. Violence Against Women Act (VAWA):

- 1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking:

The Domestic Violence Action Center provides client advocacy, crisis support, risk assessment, legal representation and referral. The Hawaii State Coalition Against Domestic Violence (HSCADV) and the Ohia Domestic Violence Shelter provide statewide services. The HSCADV coordinates efforts to end family violence in Hawaii by providing education and training on family violence to service providers, collects resource materials, and serves as a clearinghouse, provides technical assistance on family violence matters, and provides facilitation for member agencies. On Oahu, HSCADV member agencies providing resources and support are: DV Services, Child & Family Service, Domestic Violence Action Center, Victim/Witness Services, Committee on Family Violence, Family Peace Center, and the Joint Military Family Shelter. Other available resources include, Child Abuse Hotline, Parent Line, Windward Spouse Abuse Center, Women In Need, Catholic Charities, Legal Aid Society of Hawaii and Volunteer Legal Services Hawaii.

	<p>2) Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing:</p> <p>The Agency provides support and resources by providing information about VAWA and making referrals to resource agencies. The landlord specialist provides assistance to families who are experiencing difficulty in obtaining or maintaining housing due to domestic violence. The Agency periodically meets with resource agencies to learn more about services in the community that are available to child or adult victims of domestic violence, dating violence, sexual assault or stalking.</p> <p>3) Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, or to enhance victim safety in assisted families.</p> <p>The Agency continues to provide information by notifying families and landlords about VAWA. Landlords are also provided information about VAWA at the Section 8 Landlord workshops. The Agency also continues to seek out resources that can be distributed to Section 8 families. For FY2014, the PHA continues to provide Emergency Shelter Grant funds to the Child and Family Services to operate shelters for families who are experiencing domestic violence. The Agency also leases two Honolulu properties to CFS which are used as emergency and transitional shelter and funded the Windward Spouse Abuse Shelter with Emergency Solutions Grant (ESG) and CDBG funds. Title 8, Chapter 10 includes the Agency's VAWA statement.</p> <p>(b) Identify the specific location(s) where the public may obtain copies of the 5-Year and Annual PHA Plan. For a complete list of PHA Plan elements, see Section 6.0 of the instructions.</p> <p>1) Main administrative office of the Agency: 51 Merchant St., 2nd Floor, Honolulu, HI 96813 2) Section 8 Office – 842 Bethel Street, 2nd Floor, Honolulu, HI 96813 3) Section 8 Office – Kapolei Hale, Room 118, Kapolei, HI 96707 4) PHA website: www1.honolulu.gov/dcs/phaplans.htm 5) Mission Memorial Building, Customer Service Department, Information Branch: 550 South King Street, Honolulu, HI 96813</p>
7.0	<p>Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers. <i>Include statements related to these programs as applicable.</i></p> <p>1) Homeownership</p> <p>Homeownership Option Program (HOP) continues to provide assistance to families interested in homeownership by preparing families with financial readiness. For FY2014, anticipates 4 families moving toward homeownership and 3 families becoming subsidy free.</p> <p>2) Project-based Vouchers</p> <p>The Agency proposes to implement a Project-Based Voucher Program at the start of FY16 between 50 – 60 units designated to receive Project-Based Assistance provided funds are available. The Agency will continue to meet the Agency's goal of increasing housing choice opportunities for low income families. Title 8, Chapter 13 of the Administrative Plan has been amended and revised to support and administer this program.</p>
8.0	<p>Capital Improvements. Please complete Parts 8.1 through 8.3, as applicable. N/A</p>
8.1	<p>Capital Fund Program Annual Statement/Performance and Evaluation Report. As part of the PHA 5-Year and Annual Plan, annually complete and submit the <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i>, form HUD-50075.1, for each current and open CFP grant and CFFP financing. N/A</p>
8.2	<p>Capital Fund Program Five-Year Action Plan. As part of the submission of the Annual Plan, PHAs must complete and submit the <i>Capital Fund Program Five-Year Action Plan</i>, form HUD-50075.2, and subsequent annual updates (on a rolling basis, e.g., drop current year, and add latest year for a five year period). Large capital items must be included in the Five-Year Action Plan. N/A</p>
8.3	<p>Capital Fund Financing Program (CFFP). <input type="checkbox"/> Check if the PHA proposes to use any portion of its Capital Fund Program (CFP)/Replacement Housing Factor (RHF) to repay debt incurred to finance capital improvements. N/A</p>

Housing Needs. Based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data, make a reasonable effort to identify the housing needs of the low-income, very low-income, and extremely low-income families who reside in the jurisdiction served by the PHA, including elderly families, families with disabilities, and households of various races and ethnic groups, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location.

Housing Needs of Families on the Section 8 tenant-based Waiting List

	# of families	% of total family
Waiting List Total	562	
Income Percentage		
• Extremely Low Income (<=30% of FMI)	435	77.40%
• Very Low Income (30% - <=50% of FMI)	96	17.08%
• Low Income (>50% - <=80% of FMI)	31	5.52%
Household Characteristics		
• Families with Children	301	53.56%
• Elderly Families	70	12.46%
• Families with Disabilities	159	28.29%
Ethnicity		
• Hispanic	57	10.14%
• Non-Hispanic	195	34.70%
• No Response to Ethnicity	310	55.16%
Racial Group		
• American Indian/Alaska Native	5	0.89%
• Asian	133	23.67%
• Black/African American	17	3.02%
• Native Hawaiian/Pacific Islander	229	40.75%
• White	111	19.75%
• Other	67	11.92%

Prioritization of Housing Needs (Source: City and County of Honolulu, 2011 – 2015 Consolidated Plan)

9.0

HOUSING TYPE (households)		PRIORITY NEED LEVEL High, Medium, Low		UNMET NEED
Renter	Small Related (2 to 4)	0-30%	H	6,018
		31-50%	H	5,073
		51-80%	M	4,184
	Large Related (5 or more)	0-30%	H	2,075
		31-50%	M	1,726
		51-80%	M	1,161
	Elderly	0-30%	H	3,823
		31-50%	H	2,115
		51-80%	M	1,575
	All Other	0-30%	H	5,248
		31-50%	M	1,726
		51-80%	M	1,161
Owner	0-30%	M	4,801	
	31-50%	M	4,694	
	51-80%	M	9,942	

Source: Comprehensive Housing Affordability Strategy (CHAS) 2000 data set for Honolulu County

Prioritization of Housing Needs Among Special Needs Subpopulations (Source: City and County of Honolulu, 2011 – 2015 Consolidated Plan)

SPECIAL NEEDS SUBPOPULATIONS	PRIORITY NEED LEVEL High, Medium, Low	EST. UNMET NEED
1. Elderly	H	24,170
2. Frail Elderly	H	
3. Persons with Severe Mental Illness	M	1,083
4. Persons with Developmental Disabilities	M	TBD
5. Persons with Other Disabilities	M	TBD
6. Persons w/Alcohol/Other Drug Addictions	M	TBD
7. Persons w/HIV/AIDS	H	182
8. Youth including Youth Exiting Foster Care	M	160
9. Victims of Domestic Violence	M	TBD

Sources: 1 – Hawaii Housing Policy Study 2003; 3 – Adult Mental Health Division, Department of Health, State of Hawaii; 7 – HOPWA planning group; 8 – Child Welfare services, Department of Human Services

Housing Needs by Racial and Ethnic Groups (Source: City and County of Honolulu, 2011 – 2015 Consolidated Plan)

Household Type by Income	% with Housing Problems						
	All	Hispanic	White	Black	Asian	Native American	Pacific Islander
< 30% of MFI	72%	78%	71%	61%	65%	91%	83%
>30 to <=50%	68%	65%	65%	43%	69%	57%	81%
>50% to <=80%	56%	58%	52%	42%	56%	62%	64%
>80%	64%	67%	60%	46%	32%	16%	40%

Source: CHAS 2000 data for Honolulu County

Household Crowding, 1992, 1997, 2003, 2006, and 2011 (Source: 2011 HHFDC Housing Policy Study)

	Year	Total Households	Crowding Indicators		
			Crowded ^a	Doubled Up ^b	Both ^c
Honolulu	1992	247,349	23.2%		32.0%
	1997	272,234	10.6%		27.2%
	2003	292,003	10.0%	10.0%	17.6%
	2006	303,149	8.0%	9.7%	15.2%
	2011	310,882	13.3%	13.8%	22.9%

Source: Housing Demand Survey, 1992, 1997, 2003, 2006, 2011

Projected Housing Need by Income Group, 2012 – 2016 (Source: 2011 HHFDC Housing Policy Study)

	Total Units Needed, 2012 through 2016							
	HUD Income Classification							
	LT 30	30 to 50	50 to 80	80 to 120	120 to 140	140 to 180	180+	Total
City and County of Honolulu	6,006	3,549	4,268	1,976	1,561	632	1,865	19,857
Ownership Units	1,850	669	2,038	929	1,046	364	1,344	8,240
Single-Family	887	277	1,499	643	752	364	779	5,201
Multi-Family	963	392	539	286	294	0	565	3,039
Rental Units	4,156	2,880	2,230	1,047	515	268	521	11,617
Single-Family	134	69	183	0	0	92	195	673
Multi-Family	4,022	2,811	2,047	1,047	515	176	326	10,944

Sources: Housing Demand Survey, 2011 and Hawaii Housing Model, 2011

Shelter Cost as Percentage of Income (Source: 2011 HHFDC Housing Policy Study)

Shelter payment as % of HH income	State of Hawai'i	City & County of Honolulu	County of Hawai'i	County of Maui	County of Kaua'i
Less than 30	51.4%	54.1%	49.1%	40.8%	46.0%
30 to 40	10.4%	8.2%	12.5%	18.0%	17.3%
Over 40	27.7%	28.0%	25.1%	30.2%	24.2%

Source: Housing Demand Survey, 2011 Households with no shelter payment and those that did not provide sufficient information to calculate a shelter-to-income ratio are not included.

Household Income Data by County (Source: 2011 HHFDC Housing Policy Study)

County	Year	Total Households	Household Income						Median HH Income
			Less than \$15,000	\$15,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 or more	
Honolulu	1992	247,349	N/A	24%	29%	12%	6%	7%	\$36,974
	1997	272,234	9%	9%	28%	15%	9%	6%	\$42,234
	2003	292,003	8%	10%	36%	18%	11%	17%	\$47,917
	2006	303,149	13%	7%	26%	22%	12%		\$58,385
	2011	310,882	12%	7%	25%	22%	9%	25%	\$59,076

Source: Housing Demand Survey, 1992, 1997, 2003, 2006, and 2011

Note: The number of total household for the Housing Demand survey represents an SMS estimate developed using ACS 2009 data prior to the release of Census 2010.

Shelter to Income Ratios (Source: 2011 HHFDC Housing Policy Study)

County	Year	Total Households	Monthly Shelter Payment as a Percent of Monthly Household Income			
			Under 30 percent	30 to 40 percent	Over 40 percent	Not enough information
Honolulu	1992	247,349	55.7%	14.1%	20.2%	10.0%
	1997	272,234	55.1%	18.9%	18.4%	7.5%
	2003	292,003	55.7%	18.5%	18.0%	7.8%
	2006	303,149	54.8%	10.9%	22.0%	12.0%
	2011	310,882	54.1%	8.2%	28.0%	9.7%

Source: Housing Demand Survey, 1992, 1997, 2003, 2006, and 2011

Note: "Not enough information" households include those with no shelter payment and those that did not provide sufficient information to calculate a shelter-to-income ratio.

Housing Cost by County (Source: 2011 HHFDC Housing Policy Study)

County	Year	Total Households	Average Monthly Mortgage Payment			Average Monthly Rent	
			Total	Single-family	Multi-family	Total	2-bedroom apartment
Honolulu	1992	247,349	\$821	\$915	\$832	\$864	
	1997	272,234	\$1,430	\$1,369	\$1,335	\$928	\$923
	2003	292,003	\$1,546	\$1,650	\$1,239	\$1,014	\$1,072
	2006	303,149	\$1,142	\$1,173	\$1,029	\$1,300	\$1,393
	2011	310,882	\$1,415	\$1,393	\$1,510	\$1,502	\$1,487

Source: Housing Demand Survey, 1992, 1997, 2003, 2006, and 2011

Average Rent for Apartments and Houses, 2011 by Type, Bedroom, and Area (Source: 2011 Rental Housing Report)

C&C of Honolulu	Apartment					House						
	0	1	2	3	Total	0	1	2	3	4	4+	Total
Central	\$837	\$1,031	\$1,418	\$1,739	\$1,382	\$958	\$1,090	\$1,473	\$2,037	\$2,450	\$2,895	\$1,972
Downtown	\$942	\$1,236	\$1,727	\$2,155	\$1,478							
East Honolulu	\$1,015	\$1,642	\$2,898	\$2,338	\$2,125							
Ewa Plain	\$930	\$1,019	\$1,528	\$1,818	\$1,559	\$959	\$979	\$1,631	\$2,108	\$2,600	\$3,262	\$2,226
Hawaii Kai	\$1,143	\$1,530	\$2,179	\$2,562	\$2,147	\$1,068	\$1,317	\$1,893	\$2,947	\$3,198	\$6,725	\$2,813
Honolulu	\$894	\$1,115	\$1,723	\$2,892	\$1,425	\$1,600	\$929	\$1,487	\$2,612	\$2,644	\$3,267	\$1,819
Leeward	\$800	\$1,039	\$1,044	\$1,370	\$1,051	\$829	\$863	\$1,275	\$1,647	\$1,925	\$2,666	\$1,578
Makiki	\$894	\$1,086	\$1,409	\$2,036	\$1,208							
Makiki/Manoa						\$903	\$1,317	\$1,765	\$2,799	\$3,133	\$3,567	\$2,309
Other	\$1,244	\$1,515	\$1,764	\$1,805	\$1,519	\$994	\$1,272	\$1,602	\$2,183	\$3,237	\$4,406	\$2,081
Pearl City/Aiea						\$841	\$1,125	\$1,508	\$1,986	\$2,471	\$3,378	\$2,022
Pearlridge	\$928	\$1,191	\$1,501	\$1,805	\$1,396							
Salt Lake	\$998	\$1,196	\$1,524	\$2,026	\$1,457							
Waialae/Kahala						\$1,147	\$1,719	\$1,974	\$3,172	\$4,190	\$6,200	\$3,143
Waikiki	\$1,043	\$1,515	\$2,300	\$3,453	\$1,555							
Windward	\$1,283	\$1,631	\$1,769	\$2,492	\$1,771	\$1,469	\$1,624	\$1,894	\$2,608	\$3,768	\$4,139	\$2,515
Total	\$987	\$1,232	\$1,640	\$2,096	\$1,447	\$1,090	\$1,308	\$1,576	\$2,210	\$2,940	\$3,805	\$2,155

Source: Hawaii Information Service; data through Dec. 2010

Strategy for Addressing Housing Needs. Provide a brief description of the PHA’s strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **Note: Small, Section 8 only, and High Performing PHAs complete only for Annual Plan submission with the 5-Year Plan.**

1. Need: Shortage of affordable housing for all eligible households
 Strategy 1: Maximize the number of affordable units available to the PHA within its current resources:
- Maximize or increase the Housing Choice Voucher lease up rate by establishing payment standards that will enable families to rent throughout the jurisdiction (within funding limits)
 - Undertake measures to ensure access to affordable housing among families assisted by the PHA, regardless of unit size required
 - Maintain or increase Housing Choice voucher lease up rates by effectively screening Housing Choice voucher applicants to increase owner acceptance of the program
 - Participate in the Consolidate Plan development process to ensure coordination with broader community strategies
- Strategy 2: Increase the number of affordable housing units
- Apply for additional Housing Choice Voucher units should they become available
2. Need: Specific Family Types: The Elderly
 Strategy:
- Apply for special purpose vouchers targeted to the elderly, should they become available
 - Continue to monitor new affordable elderly rental projects and maintain/establish close contact with project management to obtain eligibility/application/leasing information for early dissemination to elderly Housing Choice voucher families
3. Need: Specific Family Types: The Disabled
 Strategy:
- Apply for special purpose vouchers targeted to the disabled, should they become available
 - Allow preference for person with disabilities who have been receiving government funded rental subsidy and supportive services for at least a year; are deemed to be in a stable condition, and are living in a Section 8 eligible rental unit
4. Need: Specific Family Types: Races or ethnicities with disproportionate housing need
 Strategy:
- Affirmatively market to local non-profit agencies that assist families with disabilities
 - Counsel Section 8 participants as to location of units outside of areas of poverty or minority concentration and assist them to locate those units
 - Market the Section 8 program to owners outside of areas of poverty/minority concentration

Reasons for Selecting Strategies

- Funding constraints
- Staffing constraints
- Limited availability of sites for assisted housing
- Evidence of housing needs as demonstrated in the Consolidated Plan and other information available to the PHA
- Influence of the housing market on PHA program
- Community priorities regarding housing assistance
- Results of consultation with local or state government
- Results of consultation with residents and the Resident Advisory Board
- Results of consultation with advocacy groups

Additional Information. Describe the following, as well as any additional information HUD has requested.

(a) Progress in Meeting Mission and Goals in the previous 5 – Year Plan (FY2010 – 2014)

1. PHA Goal: Expand the supply of assisted housing
- A. Apply for additional rental voucher:
- Applied and received 96 tenant protection vouchers for Halawa View Apartments
 - Applied and received 128 tenant protection vouchers for Kulana Nani Apartments
2. PHA Goal: Improve the quality of assisted housing
- A. Improve voucher management (SEMAP) score
- Attained “High Performer” rating for SEMAP certification for period ending June 30, 2013
- B. Increase customer satisfaction
- Landlord/owner outreach workshops are scheduled monthly and on request
 - Tenant workshops are schedule are held monthly and on request
 - Landlord specialist continues to provide personalize services for hard to house families
 - Annual presentation regarding update and changes are held with the National Association of Real Property Managers, Oahu Chapter
- C. Concentrate on efforts to improve specific management function
- Implemented strategies on automation, streamlining and monitoring of landlord payments, leasing, HQS inspections
 - Accelerated fraud collections to reduce tenant account receivables
 - Provide staff with ongoing training opportunities

9.1

10.0

3. PHA Goal: Increase assisted housing choices
 - A. Provide voucher mobility counseling
 - Counseling is provided at each new voucher issuance briefing and at all annual re-examinations and on request
 - Provides tenants with deconcentration objectives
 - B. Conduct outreach efforts to potential voucher landlords
 - Landlord specialist provides outreach services to potential landlord by open invitation and scheduled monthly seminars
 - C. Increase voucher payment standards
 - Payment standards has been annually adjusted to increase or maintain maximum tenant participation
 - D. Implement voucher homeownership option program (HOP)
 - HOP has been implemented
 - Community partnership to encourage and help families meet homeownership goals has been developed
 - E. Implement the Project Based Voucher Program
 - PBV will be implemented as the funding allocation allows
 - PBV Administrative rules has been implemented

4. PHA Goal: Promote self-sufficiency and asset development of assisted household
 - A. Increase the number and percentage of employed person in assisted families
 - Percent of FSS slots filled has increased from 95% to 98% during the FY2014
 - FSS program benefits are included in all new voucher issuances and during annual re-examination
 - Job fairs posters are publicize at the Section 8 offices and on the Section 8 website
 - B. Provide or attract supportive services to improve assistance recipients' employability
 - Program Coordinating Committee meetings are held monthly
 - Staff continues to outreach to resource agencies
 - Coordinates time management and other job readiness and life skills workshops
 - C. Provide or attract supportive services to increase independence for the elderly or families with disabilities
 - Enlist supporting advocacy agencies for the elderly and disabled families
 - Utilize existing support from agencies active in supporting voucher families under the Mainstream Program
 - Utilizes existing elderly services within the department
 - D. Create and maintain asset-building initiatives through community collaboration
 - Collaborative efforts has been established with IDA, HomeStart, HomeStart Plus, OHA Programs, AUW and other Housing Agencies
 - Provide homeownership program preference to families based on financial readiness
 - Selection of families to participate in the Homeownership Program has been established by financial readiness
 - E. Apply for renewal funding
 - Application for FSS funding is submitted annually
 - F. Provide post-homeownership foreclosure counseling and/or referrals for further assistance to prevent foreclosure
 - Counseling is conducted for each family on a need basis

5. PHA Goal: Ensure equal opportunity and affirmatively further fair housing
 - A. Undertake affirmative measures to ensure access to assisted housing regardless of race, color, religion, national origin, sex, familial status, and disability
 - Equal opportunity and fair housing brochures are made available to new voucher issuance holders and during annual re-examination
 - Staff participates in fair housing training as it become available
 - B. Undertake affirmative measures to provide a suitable living environment for families living in assisted housing
 - HUD's "Are You a Victim of Housing Discrimination" are included in all information packets
 - Colored maps notating areas of high and low poverty are provided in information packets
 - Maps notating high and low poverty area by census tracts are situated at all Section 8 offices
 - Fair housing information is provided during workshop, reexamination and new voucher issuances
 - Continue to provide language interpreter, signing, translation services to assisted households
 - The State of Hawaii Language Access Plan has been implemented
 - LEP posters are posted at each Section 8 office and in each examiners workstation
 - C. Undertake affirmative measures to ensure accessible housing to person with all varieties of disabilities regardless of unit size required
 - D. Continue to provide language interpreter, signing, translation services to assisted households
 - E. Continue to affirmatively further fair housing initiatives under the family self-sufficiency and family unification program

6. Promote the Violence Against Women's Act (VAWA) that will enable the PHA to services the needs of assisted household members who are child and adult victims of domestic violence, dating violence, sexual assault or stalking.
 - A. Increase awareness of VAWA to all Section 8 families and landlord
 - B. Conduct activities, services, or programs that will enable victims to obtain or maintain housing, enhances victim safety and prevention, and any other related activities, services, and program either directly or through referral or notification of community services

- (b) Significant Amendment and Substantial Deviation/Modification. Provide the PHA’s definition of “significant amendment” and “substantial deviation/modification”

In accordance with 24 CFR 903.7(r)(2) which requires public housing authorities to identify the basic criteria the agency will use to determine a substantial deviation from its 5-Year Plan and significant amendments or modification to the 5-Year Plan and Annual Plan, the following definitions has been developed in conjunction with the Resident Advisory Board:

Substantial Deviation:

- Any change to the Agency’s Mission Statement;
- Any changes to a goal or objective that is included in the Agency’s Five Year Plan that would have an effect on Section 8 participants.

Significant Amendment or Modification:

- Changes to eligibility, selection, and admissions policies;
- Additions of significant modifications to strategies and policies;
- Changes to the current Grievance or Informal Hearing Procedures;
- Changes to the current Community Services Program (Family Self-Sufficiency Program).

Required Submission for HUD Field Office Review. In addition to the PHA Plan template (HUD-50075), PHAs must submit the following documents. Items (a) through (g) may be submitted with signature by mail or electronically with scanned signatures, but electronic submission is encouraged. Items (h) through (i) must be attached electronically with the PHA Plan. **Note:** Faxed copies of these documents will not be accepted by the Field Office.

- (a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations* (which includes all certifications relating to Civil Rights)
(See Attachments B and E)
- (b) Form HUD-50070, *Certification for a Drug-Free Workplace* (PHAs receiving CFP grants only) – N/A
- (c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions* (PHAs receiving CFP grants only) – N/A
- (d) Form SF-LLL, *Disclosure of Lobbying Activities* (PHAs receiving CFP grants only) – N/A
- (e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet* (PHAs receiving CFP grants only) – N/A
- (f) Resident Advisory Board (RAB) comments. Comments received from the RAB must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the recommendations and the decisions made on these recommendations.
(See Attachment D)
- (g) Challenged Elements – There were no challenged elements
- (h) Form HUD-50075.1, *Capital Fund Program Annual Statement/Performance and Evaluation Report* (PHAs receiving CFP grants only – N/A)
- (i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan* (PHAs receiving CFP grants only) – N/A

11.0

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced 5-Year and Annual PHA Plans. The 5-Year and Annual PHA plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission and strategies for serving the needs of low-income and very low-income families. This form is to be used by all PHA types for submission of the 5-Year and Annual Plans to HUD. Public reporting burden for this information collection is estimated to average 12.68 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality

Instructions form HUD-50075

Applicability. This form is to be used by all Public Housing Agencies (PHAs) with Fiscal Year beginning April 1, 2008 for the submission of their 5-Year and Annual Plan in accordance with 24 CFR Part 903. The previous version may be used only through April 30, 2008.

1.0 PHA Information

Include the full PHA name, PHA code, PHA type, and PHA Fiscal Year Beginning (MM/YYYY).

2.0 Inventory

Under each program, enter the number of Annual Contributions Contract (ACC) Public Housing (PH) and Section 8 units (HCV).

3.0 Submission Type

Indicate whether this submission is for an Annual and Five Year Plan, Annual Plan only, or 5-Year Plan only.

4.0 PHA Consortia

Check box if submitting a Joint PHA Plan and complete the table.

5.0 Five-Year Plan

Identify the PHA's Mission, Goals and/or Objectives (24 CFR 903.6). Complete only at 5-Year update.

5.1 Mission. A statement of the mission of the public housing agency for serving the needs of low-income, very low-income, and extremely low-income families in the jurisdiction of the PHA during the years covered under the plan.

5.2 Goals and Objectives. Identify quantifiable goals and objectives that will enable the PHA to serve the needs of low income, very low-income, and extremely low-income families.

6.0 PHA Plan Update. In addition to the items captured in the Plan template, PHAs must have the elements listed below readily available to the public. Additionally, a PHA must:

- (a) Identify specifically which plan elements have been revised since the PHA's prior plan submission.
- (b) Identify where the 5-Year and Annual Plan may be obtained by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on its official website. PHAs are also encouraged to provide each resident council a copy of its 5-Year and Annual Plan.

PHA Plan Elements. (24 CFR 903.7)

1. **Eligibility, Selection and Admissions Policies, including Deconcentration and Wait List Procedures.** Describe the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV and unit assignment policies for public housing; and procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists.

2. **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA Operating, Capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources.
3. **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units.
4. **Operation and Management.** A statement of the rules, standards, and policies of the PHA governing maintenance management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA.
5. **Grievance Procedures.** A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants.
6. **Designated Housing for Elderly and Disabled Families.** With respect to public housing projects owned, assisted, or operated by the PHA, describe any projects (or portions thereof), in the upcoming fiscal year, that the PHA has designated or will apply for designation for occupancy by elderly and disabled families. The description shall include the following information: **1)** development name and number; **2)** designation type; **3)** application status; **4)** date the designation was approved, submitted, or planned for submission, and; **5)** the number of units affected.
7. **Community Service and Self-Sufficiency.** A description of: **(1)** Any programs relating to services and amenities provided or offered to assisted families; **(2)** Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS; **(3)** How the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. **(Note: applies to only public housing).**
8. **Safety and Crime Prevention.** For public housing only, describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must include: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities.

9. **Pets.** A statement describing the PHAs policies and requirements pertaining to the ownership of pets in public housing.
10. **Civil Rights Certification.** A PHA will be considered in compliance with the Civil Rights and AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction.
11. **Fiscal Year Audit.** The results of the most recent fiscal year audit for the PHA.
12. **Asset Management.** A statement of how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.
13. **Violence Against Women Act (VAWA).** A description of: 1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; 2) Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and 3) Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families.

7.0 Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers

- (a) **Hope VI or Mixed Finance Modernization or Development.** 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI, Mixed Finance Modernization or Development, is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>
- (b) **Demolition and/or Disposition.** With respect to public housing projects owned by the PHA and subject to ACCs under the Act: (1) A description of any housing (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and (2) A timetable for the demolition or disposition. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm
Note: This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed.
- (c) **Conversion of Public Housing.** With respect to public housing owned by a PHA: 1) A description of any building or buildings (including project number and unit count) that the PHA is required to convert to tenant-based assistance or

that the public housing agency plans to voluntarily convert; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received under this chapter to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>

- (d) **Homeownership.** A description of any homeownership (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval.
- (e) **Project-based Vouchers.** If the PHA wishes to use the project-based voucher program, a statement of the projected number of project-based units and general locations and how project basing would be consistent with its PHA Plan.

8.0 Capital Improvements. This section provides information on a PHA's Capital Fund Program. With respect to public housing projects owned, assisted, or operated by the public housing agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the projects must be completed along with the required forms. Items identified in 8.1 through 8.3, must be signed where directed and transmitted electronically along with the PHA's Annual Plan submission.

8.1 Capital Fund Program Annual Statement/Performance and Evaluation Report. PHAs must complete the *Capital Fund Program Annual Statement/Performance and Evaluation Report* (form HUD-50075.1), for each Capital Fund Program (CFP) to be undertaken with the current year's CFP funds or with CFFP proceeds. Additionally, the form shall be used for the following purposes:

- (a) To submit the initial budget for a new grant or CFFP;
- (b) To report on the Performance and Evaluation Report progress on any open grants previously funded or CFFP; and
- (c) To record a budget revision on a previously approved open grant or CFFP, e.g., additions or deletions of work items, modification of budgeted amounts that have been undertaken since the submission of the last Annual Plan. The Capital Fund Program Annual Statement/Performance and Evaluation Report must be submitted annually.

Additionally, PHAs shall complete the Performance and Evaluation Report section (see footnote 2) of the *Capital Fund Program Annual Statement/Performance and Evaluation* (form HUD-50075.1), at the following times:

1. At the end of the program year; until the program is completed or all funds are expended;
2. When revisions to the Annual Statement are made, which do not require prior HUD approval, (e.g., expenditures for emergency work, revisions resulting from the PHAs application of fungibility); and
3. Upon completion or termination of the activities funded in a specific capital fund program year.

8.2 Capital Fund Program Five-Year Action Plan

PHAs must submit the *Capital Fund Program Five-Year Action Plan* (form HUD-50075.2) for the entire PHA portfolio for the first year of participation in the CFP and annual update thereafter to eliminate the previous year and to add a new fifth year (rolling basis) so that the form always covers the present five-year period beginning with the current year.

8.3 Capital Fund Financing Program (CFFP). Separate, written HUD approval is required if the PHA proposes to pledge any

portion of its CFP/RHF funds to repay debt incurred to finance capital improvements. The PHA must identify in its Annual and 5-year capital plans the amount of the annual payments required to service the debt. The PHA must also submit an annual statement detailing the use of the CFFP proceeds. See guidance on HUD's website at:

<http://www.hud.gov/offices/pih/programs/ph/capfund/cffp.cfm>

9.0 Housing Needs. Provide a statement of the housing needs of families residing in the jurisdiction served by the PHA and the means by which the PHA intends, to the maximum extent practicable, to address those needs. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**

9.1 Strategy for Addressing Housing Needs. Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**

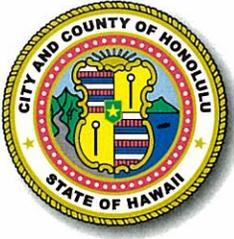
10.0 Additional Information. Describe the following, as well as any additional information requested by HUD:

- (a) **Progress in Meeting Mission and Goals.** PHAs must include (i) a statement of the PHAs progress in meeting the mission and goals described in the 5-Year Plan; (ii) the basic criteria the PHA will use for determining a significant amendment from its 5-year Plan; and a significant amendment or modification to its 5-Year Plan and Annual Plan. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**
- (b) **Significant Amendment and Substantial Deviation/Modification.** PHA must provide the definition of "significant amendment" and "substantial deviation/modification". **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan.)**

- (c) PHAs must include or reference any applicable memorandum of agreement with HUD or any plan to improve performance. **(Note: Standard and Troubled PHAs complete annually).**

11.0 Required Submission for HUD Field Office Review. In order to be a complete package, PHAs must submit items (a) through (g), with signature by mail or electronically with scanned signatures. Items (h) and (i) shall be submitted electronically as an attachment to the PHA Plan.

- (a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations*
- (b) Form HUD-50070, *Certification for a Drug-Free Workplace (PHAs receiving CFP grants only)*
- (c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions (PHAs receiving CFP grants only)*
- (d) Form SF-LLL, *Disclosure of Lobbying Activities (PHAs receiving CFP grants only)*
- (e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet (PHAs receiving CFP grants only)*
- (f) Resident Advisory Board (RAB) comments.
- (g) Challenged Elements. Include any element(s) of the PHA Plan that is challenged.
- (h) Form HUD-50075.1, *Capital Fund Program Annual Statement/Performance and Evaluation Report (Must be attached electronically for PHAs receiving CFP grants only)*. See instructions in 8.1.
- (i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan (Must be attached electronically for PHAs receiving CFP grants only)*. See instructions in 8.2.



OFFICE OF THE CITY AUDITOR

City and County of Honolulu
State of Hawai'i

Financial Audit of the City and County of Honolulu, State of Hawai'i

For the Fiscal Year Ended
June 30, 2013

Single Audit of Federal Financial
Assistance Programs



**City and County of Honolulu
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Year Ended June 30, 2013**

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Corrective Action Plan

PART 1
INTRODUCTION

December 13, 2013

The Chair and Members of the City Council
City and County of Honolulu
Honolulu, Hawaii

We have completed our financial audit of the basic financial statements of the City and County of Honolulu, State of Hawaii (the "City"), as of and for the year ended June 30, 2013. Our report containing our opinion on those basic financial statements is included in the City's *Comprehensive Annual Financial Report*. We have also audited the City's compliance with requirements applicable to its major federal financial programs. We submit herein our reports on compliance and internal control over financial reporting and over federal awards, the schedule of expenditures of federal awards, and the schedule of findings and questioned costs.

The audit objectives and scope of our audit were as follows:

Audit Objectives

1. To provide an opinion on the fair presentation of the City's basic financial statements and the schedule of expenditures of federal awards as of and for the year ended June 30, 2013 in accordance with accounting principles generally accepted in the United States of America.
2. To consider the City's internal control over financial reporting in order to design our auditing procedures for the purpose of expressing our opinions on the financial statements.
3. To perform tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts.
4. To consider the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with U.S. Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
5. To report on the status of prior year findings and questioned costs.

Scope of Audit

We performed an audit of the City's basic financial statements and schedule of expenditures of federal awards as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of OMB Circular A-133.

Organization of Report

Our report is organized into three parts as follows:

1. Part 1, entitled "Introduction," describes the objectives and scope of our audit and the organization and contents of this report.
2. Part 2, entitled "Compliance and Internal Control over Financial Reporting," contains our report on the City's internal control over financial reporting and on compliance and other matters based upon our audit of the City's basic financial statements.
3. Part 3, entitled "Schedule of Findings and Questioned Costs," contains our report on the City's compliance with requirements that could have a direct and material effect on each major program and on the internal control over compliance in accordance with OMB Circular A-133, the City's schedule of expenditures of federal awards, and the schedule of findings and questioned costs.
4. The "Corrective Action Plan," includes the City's corrective action plan for the internal control and compliance matters noted in this report.

Our report on the basic financial statements of the City as of and for the year ended June 30, 2013 is included under a separate cover. A separate management letter containing our observations regarding the City's internal controls dated December 13, 2013 has also been issued to the City Council.

We would like to take this opportunity to express our appreciation to the personnel of the City and County of Honolulu for the cooperation and assistance extended to us during our audit. We will be pleased to discuss any questions that you or your associates may have regarding our recommendations.

Very truly yours,

Accuity LLP

CY/SN

PART 2

**COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING**

**Report of Independent Auditors on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Chair and Members of the City Council
City and County of Honolulu

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City and County of Honolulu, State of Hawaii (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 13, 2013. Our report includes a reference to other auditors who have audited the financial statements of the Honolulu Authority for Rapid Transportation, as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we and the other auditors identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We and the other auditors consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding No. 2013-1, to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Finding Nos. 2013-2 and 2013-3 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accuity LLP

Honolulu, Hawaii
December 13, 2013

**Report of Independent Auditors on Compliance for Each Major Program and on
Internal Control Over Compliance Required by OMB Circular A-133**

The Chair and Members of the City Council
City and County of Honolulu

Report on Compliance for Each Major Federal Program

We have audited the City and County of Honolulu, State of Hawaii's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding Nos. 2013-4 through 2013-6. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 13, 2013, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the Honolulu Authority for Rapid Transportation, which is a discretely presented component unit of the City. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. As described in Note 1 to the schedule of expenditures of federal awards, the accompanying schedule of expenditures of federal awards was prepared on the cash basis of accounting, which is a comprehensive basis of

accounting other than accounting principles generally accepted in the United States of America. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Accuity LLP

Honolulu, Hawai'i
December 13, 2013

ATTACHMENT A

City and County of Honolulu
State of Hawaii
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/Program/Grant	Catalog of Federal Domestic Assistance Number	Pass-Through Identifier	Federal Expenditures
U.S. Department of Agriculture			
Pass-through from the State Department of Education Summer Food Service Program for Children	10.559	12-351523	\$ 191,460
Pass-through from the State Department of Human Services Supplemental Nutritional Assistance Program	10.561	DHS-11-SNAP-301 SA1, SA2	<u>16,448</u>
Total U.S. Department of Agriculture			<u>207,908</u>
U.S. Department of Commerce			
Economic Adjustment Assistance	11.307	—	26
Pass-through from the State Department of Commerce National Oceanic and Atmospheric Administration Meteorologic and Hydrologic Modernization Development	11.467	NA5-NA09NWS46700016	<u>37,413</u>
Total U.S. Department of Commerce			<u>37,439</u>
U.S. Department of Housing and Urban Development			
Supportive Housing for Persons with Disabilities	14.181	—	1,594,595
<i>CDBG Entitlement Grants Cluster</i>			
Community Development Block Grants – Entitlement Grants	14.218	—	8,351,250
ARRA – Community Development Block Grants – Entitlement Grants	14.253	—	<u>527,401</u>
<i>Total CDBG Entitlement Grants Cluster</i>			<u>8,878,651</u> *
Emergency Shelter Grant Program	14.231	—	385,781
Supportive Housing Program	14.235	—	303,360
Shelter Plus Care	14.238	—	4,972,658 *
HOME Investment Partnerships Program	14.239	—	3,492,456
Housing Opportunities for Persons with AIDS	14.241	—	496,658
ARRA – Homelessness Prevention and Rapid Re-Housing Program	14.257	—	115,293
Community Challenge Planning Grants and the Department of Transportation's TIGER II Planning Grants	14.704	—	73,764
Lower Income Housing Assistance – Section 8 Moderate Rehabilitation	14.856	—	128,259
Section 8 Housing Choice Vouchers	14.871	—	46,028,119
Pass-through from the Hawaii Public Housing Authority Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	14.877	PMB 09-03 SA2, SA3, SA4	<u>260,190</u>
Total U.S. Department of Housing and Urban Development			<u>66,729,784</u>
U.S. Department of the Interior			
Historic Preservation Fund Grants-In-Aid	15.904	—	<u>13,447</u>
Total U.S. Department of Interior			<u>13,447</u>

ATTACHMENT A

**City and County of Honolulu
State of Hawaii
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013**

Federal Grantor/Program/Grant	Catalog of Federal Domestic Assistance Number	Pass-Through Identifier	Federal Expenditures
U.S. Department of Justice			
Domestic Cannabis Eradication/Suppression Program	16.000	—	100,000
Pass-through from the State Department of Justice Office for Victims of Crime Services for Trafficking Victims	16.320	10-VT-01	38,650
Pass-through from the State Department of Human Services Juvenile Accountability Block Grants	16.523	DHS-12-OYS-264, MOA-CA-1130	166,526
Pass-through from the State Department of Attorney General Crime Victim Assistance	16.575	09-VA-02, 10-VA-02	806,903
Pass-through from the State Department of the Attorney General Violence Against Women Formula Grants	16.588	10-WF-09, 11-WF-08, 09-WF-10, 10-WF-13	130,685
Project Safe Neighborhoods	16.609	07-PG-02, 10-GP-01	77,116
ARRA – Public Safety Partnership and Community Policing Grants	16.710	—	827,700
Public Safety Partnership and Community Policing Grants	16.710	—	529,824
			<u>1,357,524 *</u>
Pass-through from the State Department of Health Enforcing Underage Drinking Laws Program	16.727	ASO Log 09-010, ASO Log 11-104	103,470
<i>JAG Program Cluster</i>			
Edward Byrne Memorial Justice Assistance Grant	16.738	—	363,856
Pass-through from the State Attorney General Edward Byrne Memorial Justice Assistance Grant	16.738	09-DJ-12, 07-DJ-18, 09-DJ-11, 10-DJ-04	360,520
Pass-through from the State Attorney General ARRA – Edward Byrne Memorial Justice Assistance Grant Program/ Grants to States and Territories	16.803	09-SU-19, 09-SU-25, 09-SU-27 09-SU-21, 09-SU-11	244,853
ARRA – Edward Byrne Memorial Justice Assistance Grant Program/ Grants to Units of Local Government	16.804	—	<u>721,614</u>
<i>Total JAG Program Cluster</i>			<u>1,690,843 *</u>
DNA Backlog Reduction Program	16.741	—	247,164
Pass-through from the State Department of Attorney General Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	10-CD-01	181,690
ARRA – State Victim Assistance Formula Grant Program	16.801	09-SG-02	254,316
Equitable Sharing Program	16.922	—	<u>411,917</u>
Total U.S. Department of Justice			<u>5,566,804</u>
U.S. Department of Labor			
Pass-through from the State Department of Labor and Industrial Relations			
<i>Workforce Investment Act Cluster</i>			
Work Investment Act – Adult Program	17.258	WIA-11-AP-0, WIA-11-LAC-0, WIA-11-LAC-2	1,072,050
Work Investment Act – Youth Activities	17.259	WIA-11-YP-0, WIA-11-LAC-0, WIA-11-LAC-1	1,315,535
Work Investment Act – Dislocated Worker Formula Grants	17.278	WIA-11-DW-0, WIA-11-LAC-0 & 3	785,227
<i>Total Workforce Investment Act Cluster</i>			<u>3,172,812</u>
ARRA – Work Investment Act – Dislocated Workers Program	17.260	WIA-09-NEGOJT-0	57,134
WIA Pilots, Demonstrations, and Research Projects	17.261	—	86,912
Reintegration of Ex-Offenders	17.270	—	217,295
Youthbuild	17.275	—	578,823
Pass-through from the State Department of Labor and Industrial Relations ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	WDC-ARRA-2010-12	561,669
Total U.S. Department of Labor			<u>4,674,645</u>

ATTACHMENT A

**City and County of Honolulu
State of Hawaii
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013**

Federal Grantor/Program/Grant	Catalog of Federal Domestic Assistance Number	Pass-Through Identifier	Federal Expenditures
U.S. Department of Transportation			
Pass-through from the Oahu Metropolitan Planning Organization ARRA – Highway Planning and Construction	20.205	ARR-001-(45), ARR-095-1(1), ARR-8915(2), STP-0001(36), STP-0300(112), STP-7139(1)	7,805,886
Highway Planning and Construction	20.205	BR-NBIS(53), CMAQ-0300(128), CMAQ-7863(001), FLH-0300(90), STP-0300(63)(69), STP-7311(2), STP-0001(30) (32) (33) (34) (35) (36) (37) (39) (40) (41) (42) (43) (47) (48) (49) (050) (051) (052) (053) (054) (055), STP-0300(57), STP-083-1(33), STP-6012(001), STP-7411(1), 8920(003), WE 201.65-07	11,709,182
			<u>19,515,068</u> *
<i>Federal Transit Cluster</i>			
Federal Transit – Capital Investment Grants – HART	20.500	—	81,821,600
Federal Transit – Capital Investment Grants	20.500	—	4,755,538
ARRA – Federal Transit – Formula Grants	20.507	—	1,438,068
Federal Transit – Formula Grants	20.507	—	18,289,268
<i>Total Federal Transit Cluster</i>			<u>106,304,474</u> *
<i>Transit Services Program Cluster</i>			
Job Access Reverse Commute	20.516	—	102,628
New Freedom Program	20.521	—	178,190
<i>Total Transit Services Program Cluster</i>			<u>280,818</u>
Pass-through from the State Department of Transportation State and Community Highway Safety	20.600	AL 09-02(01-O-01), AL 10-02(01-O-01), AL 13-02(01-O-01), DD 13-10(01-O-01), OP 09-05(01-O-01), OP 11-05(01-O-01), OP 12-05(01-O-01), OP 13-05 (01-O-01), PS 09-06(02-O-01), PS 13-06(02-O-01), PT 09-01(01-O-01), PT 13-01(01-O-01), SC 13-06(01-O-01), TR 11-03(04-O-01), TR 13-03(04-O-01), EM12-04(01-O-01), EM13-04(04-O-01), PS10-09(03-O-01)	1,554,943
Total U.S. Department of Transportation			<u>127,655,303</u>
U.S. Environmental Protection Agency			
Climate Showcase Communities Grant	66.041	—	249,682
Pass-through from the Environmental Protection Agency Office of Water Capitalization Grants for Clean Water State Revolving Funds	66.458	C150048-00, C150046-68, C150046-70, C150051-70	7,027,538
Nonpoint Source Implementation Grants	66.460	C9-989423-00-1	9,848
Total U.S. Environmental Protection Agency			<u>7,287,068</u>

ATTACHMENT A

City and County of Honolulu State of Hawaii Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

Federal Grantor/Program/Grant	Catalog of Federal Domestic Assistance Number	Pass-Through Identifier	Federal Expenditures
U.S. Department of Energy			
Pass-through from the State Department of Energy			
ARRA – State Energy Program	81.041	DE-EE0000216	60,000
ARRA – Energy Efficiency and Conservation Block Grant Program	81.128	—	229,096
Total U.S. Department of Energy			289,096
U.S. Department of Education			
Pass-through from the State Department of Human Services			
Rehabilitation Services – Vocational Rehabilitation Grants to States	84.126	DHS-09-VR-9022, DHS-12-VR-533, VR-640, VR-640 SA1, VR-641, VR-641 SA1, DHS-13-VR-758	466,567
ARRA – Vocational Rehabilitation	84.390	DHS-10-VR-151	72
Pass-through from the State Department of Education			
Twenty-First Century Community Learning Centers	84.287	13023	16,447
Total U.S. Department of Education			483,086
U.S. Department of Health and Human Services			
Pass-through from the Executive Office on Aging			
Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	93.043	HON2012N03, HON2013N03	59,485
<i>Aging Cluster</i>			
Pass-through from the Executive Office on Aging			
Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	93.044	HON2011N03, HON2012N03, HON2013N03	1,036,529
Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045	HON2011N03, HON2012N03	968,268
<i>Total Aging Cluster</i>			2,004,797
Special Programs for the Aging – Title IV and Title II – Discretionary Projects	93.048	HONADRCHD-2010-N, HON2010N04	135,765
National Family Caregiver Support, Title III, Part E	93.052	HON2011N03, HON2012N03, HON2013N03	383,645
ARRA – Centers for Disease Control and Prevention-Investigation and Technical Assistance	93.283	PO00037348	1,000
Affordable Care Act – Medicare Improvements for Patients and Providers	93.518	—	45,619
Pass-through from the State Department of Health and Human Services			
Administration for Community Living			
ARRA – Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725	HON-ARRA-CDSMP-10-N	12,268
Pass-through from the State Department of Human Services			
Temporary Assistance for Needy Families	93.558	DHS-08-BESSD-5042, 5043 SA2, DHS-08-BESSD-5043 SA2, DHS-12-ETPO-611 SA1	1,120
Block Grants for Community Mental Health Services	93.958	—	41,615
Pass-through from the State Department of Health			
Block Grants for Prevention and Treatment of Substance Abuse (SPF-SIG)	93.959	ASO Log. 10-038	906,541
Retired and Senior Volunteer Program	94.002	—	98,406
Total U.S. Department of Health and Human Services			3,690,261
U.S. Executive Office of the President			
High Intensity Drug Trafficking Areas Program	95.001	—	2,206,181
Total U.S. Executive Office of the President			2,206,181

ATTACHMENT A

City and County of Honolulu
State of Hawaii
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/Program/Grant	Catalog of Federal Domestic Assistance Number	Pass-Through Identifier	Federal Expenditures
U.S. Department of Homeland Security			
Pass-through from the State Department of Defense Emergency Management Performance Grants	97.042	2009-EP-E9-0042, 2011-EP-00072	280,000
Assistance to Firefighter Grant	97.044	EMW-2010-FO-05152, EMW-2011-FO-04891	1,104,228
Pre-Disaster Mitigation	97.047	PDMC-PL-09-HI-2008-003	15,707
Interoperable Emergency Communications	97.055	2008-IO-T8-0013, 2009-IP-T9-0025, 2010-IP-TO-0010	15,808
Pass-through from the State Civil Defense Homeland Security Grant Program			
Citizen Corp Program	97.067	2009-SS-T9-0006, 2010-SS-T0-0006	42,661
Metropolitan Medical Response System Program	97.067	2008-GE-T8-0022, 2009-SS-T9-0006, 2010-SS-T0-0006, 2011-SS-00129	296,922
Urban Areas Security Initiative Program	97.067	2008-GE-T8-0022, 2009-SS-T9-0006, 2010-SS-T0-0006,	2,492,438
State Homeland Security Program	97.067	2008-GE-T8-0022, 2009-SS-T9-0006, 2010-SS-T0-0006, 2011-SS-00129	456,040
<i>Total Homeland Security Grant Program</i>			<u>3,288,061</u>
Pass-through from the State Department of Defense			
Rail and Transit Security Grant Program	97.075	2008-RL-T8-0023, 2010-RA-T0-0036, EMW-2011-RA-00058	349,697
Regional Catastrophic Preparedness Grant Program	97.111	2008-CP-T80020, 2009-CA-T9-0009, 2010-CA-T0-0003	1,739,600
Total U.S. Department of Homeland Security			<u>6,793,101</u>
Total Expenditure of Federal Awards			<u>\$ 225,634,123</u>

(*)Denotes major federal financial assistance program as defined by OMB Circular A-133.

City and County of Honolulu
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30 2013

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and County of Honolulu ("City") and is presented on the cash basis of accounting. The schedule does not include the federal grant activity of the Board of Water Supply, a discretely presented component unit of the City. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Loans Outstanding

The City had the following loan balances outstanding awarded as of and for the year ended June 30, 2013, which are not presented in the schedule of expenditures of federal awards. There were no advances in fiscal year 2013.

Program Title	CFDA Number	Loans Outstanding
Major programs		
Community Development Block Grants – Entitlement Grants	14.218	\$ 34,953,884
HOME Investment Partnerships Program	14.239	19,434,975
Section 8 Housing Choice Vouchers	14.871	<u>3,647,688</u>
		<u>\$ 58,036,547</u>

3. Capitalization Grants for Clean Water State Revolving Funds

At June 30, 2013, federal awards and state matching fund expenditures under capitalization grants for clean water state revolving funds were as follows:

Federal	\$ 7,027,538
State	<u>867,908</u>
	<u>\$ 7,895,446</u>

City and County of Honolulu
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30 2013

4. Subrecipients

Of the federal expenditures presented in the schedule of expenditures of federal awards, the City provided federal awards to subrecipients as follows:

Program Title	CFDA No.	Amount Provided to Subrecipients
U.S. Department of Housing and Urban Development		
Community Development Block Grants – Entitlement Grants	14.218	\$ 6,007,902
Emergency Shelter Grants Program	14.231	385,781
Supportive Housing Program	14.235	232,025
Shelter Plus Care	14.238	4,972,658
HOME Investment Partnerships Program	14.239	2,294,336
Housing Opportunities for Persons with AIDS	14.241	496,658
ARRA – CDBG Entitlement Grants	14.253	524,929
ARRA – Homelessness Prevention and Rapid Re-Housing Program	14.257	106,675
Total U.S. Department of Housing and Urban Development		<u>15,020,964</u>
U.S. Department of Justice		
Crime Victim Assistance	16.575	225,532
Total U.S. Department of Justice		<u>225,532</u>
U.S. Environmental Protection Agency		
Climate Showcase Communities Grant	66.041	249,682
Total U.S. Environmental Protection Agency		<u>249,682</u>
U.S. Department of Health and Human Services		
Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	93.043	59,485
Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	93.044	927,615
Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045	768,041
Special Programs for the Aging – Title IV and Title II Discretionary Projects	93.048	4,121
National Family Caregiver Support, Title III, Part E	93.052	368,024
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	1,000
ARRA – Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725	9,593
Total U.S. Department of Health and Human Services		<u>2,137,879</u>
Total Provided to Subrecipients		<u>\$ 17,634,057</u>

PART 3

**SCHEDULE OF
FINDINGS AND QUESTIONED COSTS**

City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	Yes

Identification of Major Programs

CFDA Number	Federal Program or Cluster
14.218, 14.253	CDBG Entitlement Grants Cluster
14.238	Shelter Plus Care
16.710	Public Safety Partnership and Community Policing Grants
16.738, 16.803, 16.804	JAG Program Cluster
20.205	Highway Planning and Construction
20.500, 20.507	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs	\$3,000,000
Auditee qualified as low-risk auditee?	Yes

**City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

Section II – Financial Statement Findings

Finding No. 2013-1: Federal Grant Reimbursements for the Honolulu Authority for Rapid Transportation (“HART”) (Material Weakness)

Condition

Certain unbilled amounts for reimbursement of costs from the federal government related to the construction of the HART project were discovered by the other auditors during the audit.

Criteria

In accordance with accounting principles generally accepted in the United States of America, governments should recognize revenues and intergovernmental receivables from the intergovernmental transactions that are either government-mandated or voluntary nonexchange transactions when all eligibility requirements, including time requirements, have been met.

Effect

An adjustment was proposed by the other auditors, which management recorded, to record unbilled receivables of \$83,783,523 as of June 30, 2013.

Cause

The above finding was caused primarily by lack of policies and procedures to ensure that reimbursable expenses are billed in a timely manner.

Recommendation

The other auditors recommend that management of HART consider implementing policies and procedures to ensure billings related to reimbursable federal expenses are completed in a timely manner. Management should also evaluate the resources required to perform this function.

City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Finding No. 2013-2: Deficiencies in Information Technology Controls (Significant Deficiency)

Condition

Information technology ("IT") is a strategic element of the City and County of Honolulu's (the "City") operations. Because of the high volume transactions at the City, the establishment of internal controls over processes incorporating IT is critical to its operations. As part of our financial statement audit for the year ended June 30, 2013, we performed an IT general controls review of the following systems operated by the City:

- Windows Domain
- AMS Advantage Financial Management System
- AMS Advantage Human Resources Management System
- Personnel Time and Attendance System
- IAS World Web Based Real Property System
- Revenue Collection Cashier System

Our review resulted in several IT control deficiencies in the areas of logical security and change management as follows:

Physical and logical security

- Several terminated employees continued to have access to the City's IT systems.
- No effective periodic review performed to detect whether terminated individuals are able to log in to the IT systems.
- No effective periodic review performed to determine whether access rights granted to employees were commensurate with their job responsibilities.
- Lack of documentation evidencing approval to provide transferred employees access rights to the IT systems.
- Lack of segregation of duties in certain areas of security administration, operating system and database security.
- Lack of monitoring controls to identify unauthorized changes within the IT systems.
- Excessive user accounts with administrative privileges.
- User IDs to directly access the database are shared.

Change management

- Lack of segregation of duties among programmers.

Collectively, the number and related nature of the IT control deficiencies resulted in an overall significant deficiency.

Criteria

When IT is used to initiate, record, process and report on transactions included in the financial statements, the systems and related processes should include internal controls to prevent or detect potential misstatements.

Effect

Internal controls in the areas of physical and logical security and change management address the following risks:

Physical and logical security

Unauthorized access to these systems could result in either the destruction of data, unauthorized or nonexistent transactions being made, or transactions being inaccurately recorded.

City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Change management

Unauthorized or untested changes promoted to the production environment could cause the systems to either process data differently than intended or unexpectedly compromise the integrity of the data maintained.

Causes

The primary cause of the internal control deficiencies is that the City's IT procedures do not include internal control procedures addressing the IT risks discussed above.

Recommendation

We recommend that the City perform the following:

- Update its IT procedures to include internal control procedures addressing the IT risks above.
- Identify methods to ensure that IT policies and procedures are consistently followed.
- Work with vendor programmers to address any internal control deficiencies due to system limitations.

**City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

**Finding No. 2013-3: Information Technology for the Board of Water Supply (“BWS”)
(Significant Deficiency)**

Condition

Information technology (“IT”) is a strategic element of the BWS operations. Because of the high volume of transactions at the BWS, the establishment of internal controls over processes incorporating IT is critical to its operations. As part of our financial statement audit for the year ended June 30, 2013, we performed an IT general controls review of the following systems operated by the BWS:

- J.D. Edwards
- Oracle Utilities Customer Care and Billing
- Automated Meter Reading System
- Kronos Workforce Timekeeper

As the BWS migrated to a new customer information system in the year ended June 30, 2013, we performed additional migration testing over:

- Data Conversion
- Logical Security
- Interface Implementation
- Project Governance
- Reporting
- Project Risk Management

Our review resulted in several IT control deficiencies in the areas of IT governance, logical and physical security, change management, IT operations and system migration as follows:

IT governance

- Lack of management steering committee to review and approve IT plans and priorities.

Logical and physical security

- Lack of formal information security policies and procedures for financial systems.
- Weak password security.
- User access rights not approved and granted on a need-to-know, need-to-do basis.
- Physical access to sensitive equipment not appropriately restricted.

Change management

- Lack of formal change management policies and procedures for certain financial systems.
- Lack of IT segregation of duties.
- Lack of user acceptance for configuration changes.

IT operations

- Lack of system test restores.
- Lack of monitoring batch processing for certain financial systems.
- Lack of monitoring controls for certain financial system interfaces.

System migration

- Lack of validation by users for certain converted data.
- Lack of validation by business for user access rights.
- Lack of adequate user involvement in deriving bill estimation requirements.
- Failure to adequately address business readiness concerns.

City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Collectively, the number and related nature of the IT control deficiencies resulted in an overall significant deficiency.

Effect

Internal controls in the areas of IT governance, logical and physical security, change management, IT operations and system migration address the following risks:

IT governance

Control environment not appropriately supported by management, setting a weak tone at the top, causing a lack of accountability with employees. IT risk management process not in place to support financial reporting requirements.

Logical and physical security

Unauthorized access to financial systems could result in the loss of data, unauthorized or nonexistent transactions being made or transactions being inaccurately recorded.

Change management

Unauthorized or untested changes promoted to the production environment could cause the financial systems to either process data differently than intended or unexpectedly compromise the integrity of the data maintained.

IT operations

Programs and processes are not executed as planned and deviations from scheduled processing are not identified and investigated causing data integrity concerns. There exists an inability to correct or recover from data loss, corruption, or data integrity concerns.

System migration

Data conversion errors could cause data integrity concerns. Project management and governance may not be effective to ensure business objectives are met.

Recommendations

We recommend that BWS perform the following:

- Formally hold management steering committee meetings for IT on a monthly or bi-monthly basis.
- Update IT policies and procedures to include internal control procedures.
- Identify methods to ensure IT policies and procedures are consistently followed.
- Remove user access that is not commensurate with job responsibilities.
- Implement formal change management policies and procedures.
- Identify methods to ensure change management policies and procedures are consistently followed.
- Perform formal system restoration testing.
- Implement monitoring controls over batch processing.
- Implement a standard project management framework which includes appropriate training.

City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section III – Federal Award Findings and Questioned Costs

		Questioned Cost
Finding No. 2013-4:	Federal Reporting (Significant Deficiency)	\$ _____
Federal Agency:	United States Department of Housing and Urban Development	
CFDA Number and Title:	14.218, 14.253 Community Development Block Grants – Entitlement Grants	
Award Year:	2012	
Award Number:	B-12-MC-15-0001	

Condition

During our testing over the Federal Funding Accountability and Transparency Act (“FFATA”) reporting compliance requirement, we noted that both reports selected for testing out of a total of nine reports were reported 51 days late in the Federal Subaward Reporting System (“FSRS”).

Criteria

Per the 2013 OMB Circular A-133 Compliance Supplement, Part 3, “the action is required to be reported in FSRS no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made or the subcontract award/modification was made.”

Effect

The effect of not reporting the FFATA reports to the FSRS website in a timely manner will result in noncompliance with the FFATA reporting requirement.

Cause

The delay was due to a lack of knowledge of the reporting compliance requirement by the City personnel and no formal procedures to ensure compliance with the requirement.

Recommendation

We recommend that the City implement procedures to ensure that the information is reported in a timely manner.

City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

		Questioned Cost
Finding No. 2013-5:	Eligibility and Special Tests (Significant Deficiency)	\$ _____
Federal Agency:	United States Department of Housing and Urban Development	
CFDA Number and Title:	14.238 Shelter Plus Care	
Award Year:	2013	
Award Number:	HI0029C9C011104	

Condition

We noted three out of twenty instances where an annual Housing Quality Standards inspection was not performed.

In addition, one participant's annual rent calculation was not performed in accordance with the Shelter Plus Care guidance since 2010. The most recent third party income verification included in the file was from 2010.

Criteria

Per 24 Code of Federal Regulations ("CFR") section 582.305(a), "Housing assisted under the Shelter Plus Care Program must meet applicable housing quality standards. Before any assistance is provided on behalf of a participant, the non-Federal entity, or another entity acting on behalf of the non-Federal entity (other than the owner of the housing), must physically inspect all units annually during the grant period to ensure that units continue to meet housing quality standards."

Per 24 CFR section 582.310(b)(2), "Recipients must examine a participant's income initially, and at least annually thereafter, to determine the amount of rent payable by the participant. Adjustments to a participant's rental payment must be made as necessary."

Effect

Possible ineligibility can result in noncompliance with federal requirements.

Cause

We were informed that these noncompliance instances were due to the City being unable to contact these participants to schedule inspection visits and to obtain updated information for the annual rent calculation.

Recommendation

We recommend that the City designate appropriate personnel to perform a review to ensure all required documents have been updated and executed annually for each participant. We also recommend that the City establish procedures to contact the participants for site visits on a timely basis.

City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

		Questioned Cost
Finding No. 2013-6:	Period of Availability (Significant Deficiency)	
		\$ _____
Federal Agency:	United States Department of Housing and Urban Development	
CFDA Number and Title:	14.218, 14.253 Community Development Block Grant ("CDBG")	
Award Year:	2013	
Award Number:	B-12-MC-15-0001	

Condition

The U.S. Department of Housing and Urban Development ("HUD") notified the City via a letter dated August 27, 2013 that the City was not in compliance with the sixty-day timeliness test conducted on May 2, 2013 as the City had a line-of-credit balance 1.76 times its annual grant. Additionally, taking into account the City's current balance of CDBG program income and revolving loan funds, the City's timeliness ratio increased to 2.07 for the second tier of the CDBG timeliness test.

Per the HUD letter dated December 6, 2013, we noted that the City failed to meet the HUD minimum ratio as of November 30, 2013.

Criteria

Per 24 CFR 570.902, HUD will consider a grantee to be failing to carry out its CDBG activities in a timely manner if sixty days prior to the end of the grantee's current program year, the amount of entitlement grant funds available to the recipient under grant agreements but undisbursed by the U.S. Treasury is more than 1.5 times the entitlement grant amount for its current program year.

Effect

As the City failed the timeliness test under CDBG regulations, the City is now subject to HUD's sanctions policy and has until May 2, 2014 to reach the timeliness standard. If the City fails to meet the timeliness standard at that time, HUD may reduce the 2014 program year grant by 100 percent of the amount in excess of 1.5 times the annual grant.

Cause

We were informed by the City that in spite of ongoing monitoring, the City failed to meet the timeliness requirement due to major issues related to several projects and ongoing bid protests and questions that resulted in delays in these project expenditures.

Recommendation

We recommend that the City establish procedures to ensure that it is in compliance with the CDBG timeliness standard specified in 24 CFR 570.902. In addition, we recommend that the City ensures that it complies with the final workout agreement to be provided by HUD.

City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section IV – Summary Schedule of Prior Audit Findings

Finding No.	Description	Classification	Status		Current Year Finding No.
			Resolved	Unresolved	
2012-1; 2011-1; 2010-1	Deficiencies in Information Technology Controls	Significant deficiency		X	2013-1
2012-2	Schedule of Expenditures of Federal Awards		X		
2012-3	Financial Statement Reporting for the Honolulu Authority for Rapid Transportation		X		
2012-4	Federal Reporting – Energy Efficiency and Conservation Block Grant		X		
2012-5	Federal Reporting – HOME Investment Partnerships Program		X		
2012-6; 2011-2	Suspension and Debarment		X		

As we have reported current year findings, Finding Nos. 2012-1, 2011-1 and 2010-1 will not be carried forward.

CORRECTIVE ACTION PLAN

DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov

KIRK CALDWELL
MAYOR



NELSON H. KOYANAGI, JR.
DIRECTOR

GARY T. KUROKAWA
DEPUTY DIRECTOR

December 13, 2013

Mr. Edwin Young
Office of the City Auditor
1001 Kamokila Boulevard, Suite 216
Kapolei, Hawaii 96707

Dear Mr. Young:

SUBJECT: Single Audit Report for the Fiscal Year Ended June 30, 2013

Enclosed is the response to the recommendations included in Accuity LLP's preliminary draft of the single audit report of the City and County of Honolulu for the fiscal year ended June 30, 2013. The response includes actions taken or contemplated, anticipated completion dates, and City personnel responsible for the corrective action.

Sincerely,

A handwritten signature in black ink, appearing to read "Nelson H. Koyanagi, Jr.", is written over the name in the signature block.

Nelson H. Koyanagi, Jr., Director
Budget and Fiscal Services

NHK:lt

Enclosures

APPROVED: .

A handwritten signature in black ink, appearing to read "Ember Lee Shinn", is written over the name in the approval block.

Ember Lee Shinn
Managing Director

**RESPONSE TO SINGLE AUDIT REPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Finding No. 2013-1: Federal Grant Reimbursements for the Honolulu Authority for Rapid Transportation

Audit Recommendation: The other auditors recommend that management of HART consider implementing policies and procedures to ensure billings related to reimbursable federal expenses are completed in a timely manner. The other auditors also recommend that management evaluate the resources required to perform this function.

Administration's Comment: Policies and procedures already are being implemented to submit reimbursement claims for eligible expenses on a monthly basis and to determine the related intergovernmental receivables at fiscal year end.

HART's management presently is recruiting for a full-time federal grants manager who will be responsible to ensure the timely billing for all reimbursable expenses.

Anticipated Completion Dates: January 2014 for full implementation of the policies and procedures on reimbursable federal expenses and March 2014 for the hiring of the federal grants manager.

Contact Person(s): Diane R. Arakaki, Chief Financial Officer, Honolulu Authority for Rapid Transportation

Finding No. 2013-2, 2012-1, 2011-1 and 2010-1: Deficiencies in Information Technology Controls

Audit Recommendation: We recommend that the City perform the following:

- Update its IT procedures to include internal control procedures addressing the IT risks above.
- Identify methods to ensure that IT policies and procedures are consistently followed.
- Work with vendor programmers to address any internal control deficiencies due to system limitations.

Administration's Comment: The City has begun to make progress towards the audit recommendations and will continue to take corrective actions where possible to ensure control and compliance. DIT is working towards improving its current technology environment so that policies can be met.

Anticipated Completion Date: December 2014

Contact Person(s): Mark D. Wong, Director and CIO, Department of Information Technology
Keith G.H. Ho, Deputy Director, Department of Information Technology

**RESPONSE TO SINGLE AUDIT REPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Finding No. 2013-3: Information Technology for the Board of Water Supply

Audit Recommendation: The auditors recommend that BWS perform the following:

1. Formally hold management steering committee meetings for IT on a monthly or bi-monthly basis.
2. Update IT policies and procedures to include internal control procedures.
3. Identify methods to ensure IT policies and procedures are consistently followed.
4. Remove user access that is not commensurate with job responsibilities.
5. Implement formal change management policies and procedures.
6. Identify methods to ensure change management policies and procedures are consistently followed.
7. Perform formal system restoration testing.
8. Implement monitoring controls over batch processing.
9. Implement a standard project management framework which includes appropriate training.

Administration's Comments:

1. Management steering committee members were identified and already conducted its first meeting.
2. All areas of IT are working towards addressing improved security and internal control by updating the IT policies and procedures.
3. Methods have been identified to ensure IT policies and procedures are being consistently followed. This issue is being addressed concurrently with the update of the IT policies and procedures discussed in item 2 above.
4. IT Operations and Applications Development already removed the inappropriate user access, and implemented procedures to ensure this practice is undertaken on a recurring basis.
5. BWS will re-evaluate its existing change management policies and procedures and will implement enhancements as needed.
6. BWS will identify methods to ensure its change management policies and procedures are followed consistently.
7. IT Operations has adjusted its process to perform recurring system restoration testing inclusive of user participation.
8. The existing batch scheduler is being replaced with BC Control-M which has monitoring capabilities.
9. BWS will implement a project management framework which is most suitable to its needs and includes appropriate training.

Anticipated Completion Date: June 2014

Contact Person(s): Ernest Y.W. Lau, Manager and Chief Engineer, Board of Water Supply
Henderson Nuuhiwa, IT Principal Executive, Board of Water Supply

Finding No. 2013-4: Federal Reporting

Audit Recommendation: We recommend that the City implements procedures to ensure that the information is reported in a timely manner.

Administration's Comment: The City implemented procedures to ensure that FFATA information is reported on a timely basis.

**RESPONSE TO SINGLE AUDIT REPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Anticipated Completion Date: July 2013

Contact Person(s): Holly Kawano, Federal Grants Coordinator, Department of Budget and Fiscal Services
Cheryl Tanabe, Planner VI, Department of Budget and Fiscal Services

Finding No. 2013-5: Eligibility and Special Tests

Audit Recommendation: We recommend that the City designate appropriate personnel to perform a review to ensure all required documents have been updated and executed annually for each participant. We also recommend that the City establish procedures to contact the participants for site visits on a timely basis.

Administration's Comment: In 2013, Department of Community Services (DCS) staff implemented new monitoring forms related to its Shelter Plus Care programs, which are now called Permanent Housing (PH) programs under HUD's latest Continuum of Care Interim Rules. The form tests for, among other things, initial and annual Housing Quality Standards inspection and rent calculation. The forms were used for monitoring two of the City's subrecipients in 2013. One monitoring was successfully completed and another is ongoing.

DCS staff will implement the audit recommendations with service providers through:

- 1) Training with all DCS PH subrecipients, and
- 2) Including a test that the audit recommendations are being implemented in DCS PH monitoring procedures.

Anticipated Completion Date: March 2014

Contact Person(s): Keith Ishida, Administrator, Department of Community Services
Gabe Naeole, Planner, Department of Community Services

Finding No. 2013-6: Period of Availability

Audit Recommendation: We recommend that the City establish procedures to ensure that it is in compliance with the CDBG timeliness standard specified in 24 CFR 570.902. In addition, we recommend that the City ensure that it complies with the final workout agreement to be provided by HUD.

Administration's Comment: The City will be implementing controls to ensure compliance with the CDBG timeliness standard, will be working with its subrecipients to meet the 1.5 threshold, and will take measures to comply with HUD's workout agreement.

Anticipated Completion Date: June 2014

Contact Person(s): Holly Kawano, Federal Grants Coordinator, Department of Budget and Fiscal Services

PHA Certifications of Compliance with PHA Plans and Related R e g u l a t i o n s
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U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 08/30/2011

**PHA Certifications of Compliance with the PHA Plans and Related Regulations:
Board Resolution to Accompany the PHA 5-Year and Annual PHA Plan**

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the X 5-Year and/or X Annual PHA Plan for the PHA fiscal year beginning, hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan.
3. The PHA certifies that there has been no change, significant or otherwise, to the Capital Fund Program (and Capital Fund Program/Replacement Housing Factor) Annual Statement(s), since submission of its last approved Annual Plan. The Capital Fund Program Annual Statement/Annual Statement/Performance and Evaluation Report must be submitted annually even if there is no change.
4. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Board or Boards in developing the Plan, and considered the recommendations of the Board or Boards (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
5. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
6. The PHA certifies that it will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
7. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identify any impediments to fair housing choice within those programs, address those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and maintain records reflecting these analyses and actions.
8. For PHA Plan that includes a policy for site based waiting lists:
 - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2006-24);
 - The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
 - Adoption of site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
 - The PHA shall take reasonable measures to assure that such waiting list is consistent with affirmatively furthering fair housing;
 - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR part 903.7(c)(1).
9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
10. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
11. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
12. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

13. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
14. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
15. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
16. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
17. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
18. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments), 2 CFR Part 225, and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
19. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
20. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
21. The PHA provides assurance as part of this certification that:
 - (i) The Resident Advisory Board had an opportunity to review and comment on the changes to the policies and programs before implementation by the PHA;
 - (ii) The changes were duly approved by the PHA Board of Directors (or similar governing body); and
 - (iii) The revised policies and programs are available for review and inspection, at the principal office of the PHA during normal business hours.
22. The PHA certifies that it is in compliance with all applicable Federal statutory and regulatory requirements.

City and County of Honolulu
 PHA Name _____

HI003
 PHA Number/HA Code _____

5-Year PHA Plan for Fiscal Years 2015 - 2019

Annual PHA Plan for Fiscal Years 2014 - 2015

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802)

Name of Authorized Official Pamela A. Witty-Oakland	Title Director
Signature 	Date 03/31/2014

ATTACHMENT C

Civil Rights Certification	U.S. Department of Housing and Urban Development Office of Public and Indian Housing Expires 08/30/2011
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Civil Rights Certification

Annual Certification and Board Resolution

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioner, I approve the submission of the Plan for the PHA of which this document is a part and make the following certification and agreement with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990, and will affirmatively further fair housing.

City and County of Honolulu
PHA Name _____

HI003
PHA Number/HA Code _____

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802)

Name of Authorized Official Pamela A. Witty-Oakland		Title Director	
Signature 		Date 03/31/2014	

form HUD-50077-CR (1/2009)

OMB Approval No. 2577-0226

**Resident Advisory Board
PHA Annual Plan Questions and Comments
January 17, 2014**

Comments and Questions:

1. Because money is tight, can Section 8 hire volunteers and students?

PHA Response: Good idea but the City has security issues especially when there are social security numbers are involved.

2. Is there a program that Section 8 can offer that certifies tenants in fixing up units so that the landlord doesn't have to hire people?

PHA Response: The Section 8 program does not have a program that offers individual certifications, however, it might be something that could be explored.

3. Can Section 8 have a year round fund raising?

PHA Response: No, because the City and County of Honolulu Ethic Code does not allow the Agency to fund raise.

4. How can Section 8 improve a tenant's rental ability?

PHA Response: Section 8 provides landlord and tenant counseling, in addition to videos that may assist a tenant to improve their rental ability.

5. Can the City provide tax incentives?

PHA Response: This issue was brought up before the City Council and has not been approved.

ATTACHMENT E

**Certification by State or Local
Official of PHA Plans Consistency
with the Consolidated Plan**

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB# 2577-0226
Expires 08/30/2011

**Certification by State or Local Official of PHA Plans Consistency with the
Consolidated Plan**

I, Pamela A. Witty-Oakland the Director, Community Services certify that the Five Year and Annual PHA Plan of the City and County of Honolulu-HI003 is consistent with the Consolidated Plan of City and County of Honolulu prepared pursuant to 24 CFR Part 91.



Signed / Dated by Appropriate State or Local Official

CIVIL RIGHTS NARRATIVE AFFIRMATIVELY FURTHERING FAIR HOUSING

A. ASSESSMENT OF THREE TO FIVE YEAR GOALS

Actions undertaken during the report period to address *Strategic Plan* objectives and areas of high priority identified in the *Consolidated Plan* are delineated by source of funds and are included in the *Community Development Block Grant (CDBG)*, *Home Investment Partnerships (HOME)*, *Emergency Shelter Grants (ESG)* and *Housing Opportunities for Persons With Aids (HOPWA)* sections of this narrative.

B. ACTIONS TAKEN TO AFFIRMATIVELY FURTHER FAIR HOUSING

- 1) During the reporting period, the City received and responded to 160 fair housing inquiries from the public. The City's Fair Housing Officer provided information and referral to other community resources as appropriate including referrals to the Legal Aid Society of Hawaii.
- 2) The City's Fair Housing Officer periodically reviewed residential rental and sales solicitation advertisements to identify any ads with exclusionary or preferential phrasing, and transmittal of such ads to HUD for review to determine whether the phrasing complied with "exemption" criteria.
- 3) Administer two Housing Opportunities Persons With Aids (HOPWA) contracts, totaling approximately \$400,000 which served approximately 300 persons through the provision of rental assistance, emergency assistance, case management and advocacy services provided by two nonprofit agencies.
- 4) Affirmatively furthered fair housing education by conducting fair housing workshops attended by 50 persons. Fair housing information was also disseminated at the workshops.
- 6) Reviewed the current survey and analysis, "*Analysis of Fair Housing Impediments*" to identify impediments and recommend mitigative actions. One sub-component of the report was the "*City and County of Honolulu Action Plan 2003-2008*," in part, summated below:

Impediment 1: Insufficient inventories of affordable housing units on each island, especially rental units. It was recommended that the Fair Housing Office, and all entities involved with providing affordable rental units come together to understand and develop meaningful strategies to address this impediment. The Fair Housing Office could advocate for more units, especially for individuals often challenged to find housing, such as mentally and physically disabled, families with children, and those with service and comfort animals.

Impediment 2: Applicants are unaware of rights and resources and do not follow up with authorities if they are denied their rights. The survey indicated that only 11% of residents who believed they were victimized by discrimination in a rental process took action to report or rectify the situation. It was recommended

ATTACHMENT F

that the Fair Housing Office provide more outreach, in a manner that enhances comprehension, to both landlords as well as tenants, encourage complainants to submit pre-complaint applications, and work with HUD to increase awareness of the toll-free complaint telephone number commonly found in the rental classified sections of the newspapers.

Impediment 3: Fair housing policies between the state and various counties lack standardization which causes substantial difficulty in developing sufficient housing supply, qualifying clients, identifying enforcement issues, and developing education campaigns. It was recommended that the Fair Housing Office begin the process of identifying fair housing policies and procedures that are contradictory or lack standardization.

- 7) Maintained the "Fair Housing Office" portion of the Department of Community Services (DCS) website, <http://www1.honolulu.gov/dcs/fairhousing.htm> , to include a briefing and recital of fair housing laws, translation of Fair Housing information in Chinese, Ilokano, Korean, Marshallese, Samoan, Spanish and Tagalog, and a listing of Fair Housing information and enforcement resources
- 8) Advocated for DCS Project Officers to submit plans for City-funded projects to the State of Hawaii Disabilities Communication Access Board (DCAB) in compliance with HRS 103-50.

- End 2/13/2013 -

ATTACHMENT G

Challenged Elements

FY 2015 – 2019 Draft PHA 5-Year Plan and Annual Plan Public Hearing was held on February 28, 2014 with the written comment period ending March 7, 2014.

The presiding officer was Ms. Jayne Lee, Section 8 Administrator, and the public hearing was called to order at 10:00 a.m.

As there were no oral challenges to the PHA 5-Year and Annual Plan elements, the public hearing was officially adjourned at 12:36 pm.

No written comments were received by the PHA during the comment period.