

NEIL ABERCROMBIE
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
Honolulu, Hawaii 96817

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

HOUSE COMMITTEE ON FINANCE

February 22, 2013 1:30 P.M.
Room 308, Hawaii State Capitol

In consideration of
House Bill No. 532, House Draft 1
Relating to Public Housing

Honorable Chair Luke and Members of the House Committee on Finance, thank you for the opportunity to provide you with comments regarding House Bill (H.B.) 532, House Draft (HD) 1, relating to public housing.

The Hawaii Public Housing Authority (HPHA) supports the enactment of this measure, which would require the inclusion of the value of all motor vehicles registered to applicant household members for purposes of determining income eligibility for state low-income public housing.

Under the current statute, the HPHA is not able to consider an applicant's assets, including any motor vehicles, regardless of the cost of its value. The HPHA is committed to serving the most needy of Hawaii's residents and have over 10,000 families on our waitlist. By allowing the HPHA to include the value of all motor vehicles registered to applicant household members for the purpose of determining income eligibility for state low-income public housing, the HPHA will be able to focus its efforts on housing those who truly have no other resources to obtain housing.

The HPHA appreciates the opportunity to provide the House Committee on Finance with the agency's position regarding H.B. 532 HD1. We respectfully request the Committee to pass this measure favorably with the suggested amendment, and we thank you very much for your dedicated support.



David Derauf, M.D.
 Marc Fleischaker, Esq.
 Naomi C. Fujimoto, Esq.
 Patrick Gardner, Esq.
 Francis T. O'Brien, Esq.
 David J. Reber, Esq.

Victor Geminiani, Esq.

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
 Opposing HB 532 Relating to Public Housing
 House Committee on Finance
 Scheduled for Hearing Friday, February 22, 2013, 1:30 P.M., Room 308

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit, 501(c)(3) law firm created to advocate on behalf of low income individuals and families in Hawai'i on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

Thank you for this opportunity to testify in strong **opposition** of House Bill 532, which would require vehicles to be considered as assets when determining applicants' eligibility for low-income housing. HB 532 is an unfair bill that does not take the actual value and use of a household's vehicle into account, undermines national policy trends to lift asset tests, and creates an unnecessary administrative burden. Hawai'i Appleseed opposes the bill because it:

Fails to Consider the True Value of Vehicles as Assets

- This bill states that only the "value" of a car shall be considered and not the amount of equity the owner has in the car and money still owed. When determining financial eligibility for public benefits, including low-income housing, only income and assets are included—not liabilities. Based on the bill's language, an applicant with a car on the verge of repossession would still have the total value of that car counted as an asset.
- Often, what one can immediately sell a vehicle for is dependent not just on the Blue Book or other assessed value, but how much a buyer is willing to pay. An applicant may have to sell the car for less than the value determined by HPHA, incurring a financial loss.
- For a family who has fallen on tough times, forcing them to immediately sell their car—potentially their only remaining asset—to afford housing is degrading. This bill essentially tells low-income households that if they really are poor, they should act poor.

Contradicts Policy Trends Ending Asset Tests

To encourage preservation of assets, the national trend is to lift asset tests. A vehicle may be the only asset a family has, yet this bill fails to take that into consideration.

- Asset tests for federal public housing set by the U.S. Department of Housing and Urban Development exclude vehicles. There is no good policy reason here in Hawai'i to go set stricter limitations than the federal government.
- Low-income families applying for public housing are far more likely to have vehicle equity than other assets, and vehicles generally make up the largest share of their total assets. If vehicles are considered, families may have to spend down other assets, including savings.
- This policy contradicts the progressive approach to encourage financial self-sufficiency by building assets, which is particularly important given that 19 percent of households in the state are asset-poor.
- From an economic perspective, purchasing durable goods such as vehicles is considered "optimal" spending behavior for low-income households. Because they are less liquid than other assets, they can

actually buffer against drops in income. They can also be an effective saving mechanism, especially for families with limited access to bank accounts.

Ignores the Needs of Low-Income People

Considering vehicles as part of asset limits is ultimately based on stereotypes of the “undeserving” poor who live in the culture of poverty, now empirically discredited. This bill fails to take into account the wide variety of living situations and backgrounds of people living in poverty. With regard to vehicles, a few possible scenarios—among many others—include applicants who:

- Own a relatively “expensive” vehicle that was purchased prior to financial hardships, such as job loss or becoming disabled, which led them to apply for low-income housing.
- Inherited or been given the car as a gift.
- Hold joint title with a non-household member.
- Have large loan payments, meaning that by the time the car is paid off, they will have spent far more than the market value of the car, especially after it has depreciated. Loan payments may be especially high because low-income people often lack the cash to make a large down payment or are burdened with high interest rates due to poor credit.
- Rely on a more expensive car, such as a taxi or a pickup truck, for their livelihood.
- Large families or people with disabilities may rely on costlier vehicles to meet their transportation needs.

Imposes an Unnecessary and Costly Administrative Burden

From a purely practical perspective, a vehicle asset test will cause far more administrative burden than the number of “truly” needy poor who will gain access to housing.

- As a state agency, the Hawai'i Public Housing Authority is required to go through the lengthy Chapter 91 rule-making process to determine the threshold value.
- To fairly evaluate the car, agency staff will need to consider its make, model, age, and condition and gather information from applicants such as the history of major repairs to the car. This process would need to be done for *every* applicant to state low-income housing, many of whom may have more than one vehicle. If equity is considered, this workload will be even greater.
- As reported in its “Assets and Opportunities Scorecard,” the Corporation for Economic Development found that evidence from states which had eliminated asset tests suggested that savings in administrative costs actually exceeded increases in caseloads.
- Empirical evidence shows asset tests to be costly. When Oregon eliminated its TANF vehicle asset test, there was a negligible effect on caseloads. States that have entirely eliminated TANF asset limits have seen similar results. In fact, they have often *saved* money because increases in benefits were smaller than the reductions in administrative costs.
- Hawai'i would actually be going backwards and creating new costs when there is no actual need. It is unlikely that imposing new asset limits will actually reduce the waiting list. This money would be better spent on creating and maintaining affordable housing, not completing more paperwork.

The waitlist for low-income housing is indeed alarmingly long. But excluding people for vehicle ownership is not the answer. The key to shortening the waitlist is to create more affordable housing, not to impose additional limits based on stereotypes of low-income people. There has been no demonstration that applicants who are not truly in need have somehow manipulated the system by not having their vehicles counted as assets. People apply for low-income housing because they *are* low-income and cannot afford housing at market rates. There is no need to divert much-needed funds to solve a “problem” that does not exist. Low-income people deserve not only access to affordable housing, but to be treated with dignity.



Community Alliance for Mental Health

Board of Directors

Anne Chipchase
President

Robert Scott Wall
Vice President

Crystal Aguinaldo
Secretary

William Lennox
Treasurer

Sunny Algoso

Jessica Carroll

Randolph Hack

Gina Hungerford

Susan King

To: The Hawai'i State House of Representatives Committee on Finance
Re: HB 532 HD1

To: The Honorable Representative Luke and the members of the committee.

Aloha,

The Community Alliance for Mental Health along with United Self Help respectfully opposes HB 532 HD1. At a time when the state is striving to bring people out of poverty and off the streets this bills seems designed as a direct hindrance to those goals. We feel that our goal should be to aid people getting out of poverty and not itemizing their every single asset so as to eliminate them from the possibility of gaining further aid from the state.

Mahalo,
Scott Wall
Vice-President