

HB 532, HD2

Measure Title: RELATING TO PUBLIC HOUSING.

Report Title: Public Housing Authority; Eligibility; Motor Vehicles

Description: In determining eligibility for state low-income housing, requires that the value of all motor vehicles registered to any tenant be included when determining whether the tenant's annual net income and assets are within established maximum limits for housing eligibility. Effective July 1, 2030. (HB532 HD2)

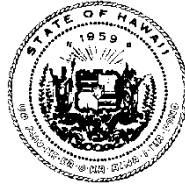
Companion:

Package: None

Current Referral: HMS, WAM

Introducer(s): CABANILLA, HASHEM, SAY, WOODSON, YAMASHITA, Choy, Ito, Tokioka, Tsuji

NEIL ABERCROMBIE
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
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Honolulu, Hawaii 96817

BARBARA E. ARASHIRO
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Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

SENATE COMMITTEE ON HUMAN SERVICES

March 14, 2013 1:20 P.M.
Room 016, Hawaii State Capitol

In consideration of

House Bill 532, House Draft 2
Relating to Public Housing

Honorable Chair Chun Oakland and Members of the Senate Committee on Human Services, thank you for the opportunity to provide you with comments regarding House Bill (H.B.) 532, House Draft (HD) 2, 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 neediest 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 Senate Committee on Human Services with the agency's position regarding H.B. 532 HD2. We respectfully request the Committee to pass this measure favorably, and we thank you very much for your dedicated support.

HOMELESS / AFFORDABLE HOUSING INSTITUTE (HAHI)

Senate Committee On Human Services

Thursday, March 14, 2013 at 1:20 PM ; State Capitol, Conference Room 016

Testimony in Support of HB 532 HD2

Senator Suzanne Chun Oakland, Chair

Senator Josh Green, Vice Chair and Members of HMS

Thank you for the opportunity to testify in support of HB 532 HD2. The purpose of this bill is to establish stricter assets guidelines to be eligible for Public Housing.

Some residents of Public Housing actually are driving around in expensive luxury cars like Hummers and Navigators that are big enough to live in.

The value of automobiles should be included to qualify to weed out those who have a lot of discretionary income to spend on luxury cars.

By including of the value of all motor vehicles registered to applicant and household members for purposes of determining income eligibility for state low-income public housing, the HPHA can give priority to those who really needs the help.

HAHI 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.

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. Please support this measure. Thank you very much for your support.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN OPPOSITION TO HB 532, HD2: Relating to Public Housing

TO: Senator Suzanne Chun Oakland, Chair, Senator Josh Green, Vice Chair,
and Members, Committee on Human Services

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawaii

Hearing: Thursday, March 14, 2013, 1:20 pm, Conference Room 016

Thank you for the opportunity to testify on HB 532, which requires that the value of all motor vehicles registered to any tenant be included when determining whether the tenant's annual net income and assets are within established maximum limits for housing eligibility. **Catholic Charities Hawaii opposes HB 532.**

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. This bill speaks directly to our advocacy priority of reducing poverty in Hawai'i.

Catholic Charities Hawai'i opposes this bill because it will adversely affect the poor in our community by working against their attempts to build assets and become self-sufficient. Including vehicles or the cost of vehicles over a certain threshold as an asset puts Hawai'i's public housing asset test beyond federal requirements. Vehicles are not counted when applying for other types of benefits, thereby sending a mixed message and creating a more confusing and contradictory system for those in need.

Catholic Charities Hawai'i understands that public perception of people living in low-income housing seen to drive new or "expensive" cars is negative. However, this is not a practical or fair basis upon which to set policy. There are many reasons why people in low-income housing have cars that are beyond what their current incomes can reasonably afford. These reasons include having acquired the car prior to losing a job or becoming disabled, being given the car, or being helped to pay for the car by a non-household member, etc.

Vehicles are an important resource for everyone in our community, regardless of where they live and legislation to limit this resource for low-income people will not help the poor in our community. Please defer HB 532.

Thank you for the opportunity to testify. Please contact me at (808)527-4810 or trisha.kajimura@catholiccharitieshawaii.org if you have any questions.





David Derauf, M.D.
 Marc Fleischaker, Esq.
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Testimony of Hawai'i Appleseed Center for Law and Economic Justice
 Opposing HB 532 Relating to Public Housing
 Senate Committee on Human Services
 Scheduled for Hearing Thursday, March 14, 2013, 1:20 PM, Room 016

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 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.