

## Legislative Auditor

# OVERVIEW

## AUDIT OF THE RENT SUPPLEMENT PROGRAM OF THE HAWAII HOUSING AUTHORITY

Honolulu, Hawaii

January 1990

### Summary

The Rent Supplement Program is one of several programs managed by the Hawaii Housing Authority which provide rent support to low and moderate income families in Hawaii. It pays up to \$160 per month to families and individuals who rent in the open market and whose adjusted incomes do not exceed applicable limits.

The law establishing the program was originally directed at helping families and individuals being displaced from public housing projects because their incomes exceeded the allowable limits.

However, with changes in federal and state requirements for public housing, such displacements have become rare. The program now makes rent supplements available to qualified applicants on a first come, first served basis.

Section 105 of the General Appropriations Act of 1989 requested the legislative auditor to examine various financial and management aspects of the Rent Supplement Program and its administration by the Hawaii Housing Authority.

### FINDINGS

The program has not kept pace with changes in housing needs. Policies on how the program assesses need and eligibility and where it concentrates its efforts require clarification. The program is providing questionable support to nonimmigrant student aliens and to persons already receiving other types of housing subsidy. Other aspects that need attention include obsolete and unnecessary provisions in the statutes and rules, questionable limits on income and assets, and inadequate efforts to verify the information provided by applicants.

General accounting controls are proper and in compliance with applicable laws, rules, and regulations, but certain expenditure constraints should be observed. Out of the program's appropriation for FY 1989-90, the Hawaii Housing Authority is setting aside \$1 million for other uses while cutting back

on supplement payments. It is also not transferring certain moneys to the Housing Revolving Fund for proper accountability.

### RECOMMENDATIONS

1. The Hawaii Housing Authority should conduct a comprehensive review of the program and submit its findings, conclusions, and recommendations for legislative consideration. Attention should be given to the policy issues of subsidizing nonimmigrant alien students and combining housing subsidies for the benefit of particular families. Other obsolete and deficient features of the program should be updated and revised.

2. The Hawaii Housing Authority should reconsider its position of setting aside \$1 million for purposes not related to the Rent Supplement Program and for which there is no legislative appropriation. The

\$399,000 in the program's appropriation that is legislatively earmarked for other uses should be transferred to the Housing Revolving Fund to provide for better accounting of these funds.

### RESPONSE

The Hawaiian Housing Authority concurs with the recommendations that call for a comprehensive review of the Rent Supplement Program and with other issues raised in the report. The housing authority will be proposing statutory changes to restrict rent supplements relative to nonimmigrant aliens. The agencies do not concur with the audit's financial management recommendations.

The East-West Center will cooperate with any future reviews that the housing authority may conduct with regard to East-West Center families.