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## **CITY SUED FOR DODGING FEDERAL REGULATIONS WHILE OVERCHARGING LOW-INCOME HOUSING TENANTS**

**FEDERAL CLASS ACTION SUIT FILED ON BEHALF OF TENANTS AT WESTLAKE APARTMENTS CLAIMS CITY FALSIFIED REPORTS FOR MORE THAN A DECADE**

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HONOLULU – Seeking to end over a decade of rent overcharges, attorneys for a group of low-income residents at the federally subsidized Westlake Apartments housing project filed a class action lawsuit today against the City and County of Honolulu (“City”). The lawsuit charges City officials with failing for over a decade to adjust federally mandated “utility allowances” while deceptively certifying to the federal government each year that the utility allowances had been properly calculated.

Under federal law, when owners of HUD projects like Westlake calculate rents, they must include a monthly allowance that offsets the tenants’ utility costs. Whenever utility rates increase by more than 10%, HUD guidelines require owners to recalculate this allowance to ensure that the tenants, who are all low-income persons on the verge of homelessness, can afford to make their monthly payments. Despite the skyrocketing costs of utilities, the City has failed to recalculate the tenants’ utility allowance for over ten years – causing the tenants to overpay every month. “The low-income tenants at Westlake are among Hawaii’s poorest people – many are disabled or elderly, all are on the verge of homelessness, which makes them an easy mark for predatory practices of unscrupulous State officials. The City’s illegal, repeated failures to raise utility allowances have forced them to stretch those budgets past their breaking points,” said Victor Geminiani, Executive Director of Lawyers for Equal Justice.

Arlene Supapo, one of the named Plaintiffs, has lived at Westlake Apartments for over 10 years. Supapo is disabled and lives on a fixed income from social security. Supapo always assumed that the rents were fairly calculated: “It’s hard to pay the utilities and the rent every month – the allowance is never enough – not since the costs have gone up. I trusted that they were treating me fairly and I was so upset when I learned that the City had been overcharging me.” The other

named Plaintiffs are Beverly Blake and Stephanie Camilleri, who have lived at Westlake for 23 and 10 years, respectively.

“It’s so tough just to get by,” Supapo said. “Every penny matters.”

Geminiani further explained that the City not only overcharged tenants more than \$6,000 each, but also deceived the federal government by certifying that rents had been calculated properly: “The City has made no effort to recalculate the utility allowances, and for over 10 years has falsely certified to the federal government that it was charging appropriate rents. These certifications have defrauded Westlake’s low-income tenants out of hundreds of thousands of dollars.”

The lawsuit, filed in federal court by Lawyers for Equal Justice and the law firm Alston Hunt Floyd & Ing, seeks injunctive relief to end the rent overcharges, compensation to all tenants for the past six years of rent overcharges, and enhanced damages for the City’s repeated deceptive certification to the federal Department of Housing and Urban Development (“HUD”) that rents had been properly calculated. The three named Plaintiffs seek to represent a class of all present and former tenants of the 95-unit housing project who have been overcharged. The lawsuit names the City and County of Honolulu and the Director of its Facilities Maintenance Department, Craig Nishimura, as defendants.

*Lawyers for Equal Justice (“LEJ”) is a nonprofit, 501(c)(3) law firm that was created to advocate on behalf of low income individuals and families in Hawai`i on civil legal issues of statewide importance and to complement the assistance provided by existing legal services providers in the state. LEJ’s core mission is to help its clients gain access to the resources, services and fair treatment that they need to realize their opportunities for self achievement and economic security.*

*Alston Hunt Floyd & Ing, one of Hawai`i’s largest law firms, represents clients in resolving disputes in federal and state court and other dispute resolution forums.*