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THIRD CIRCUIT COURT
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IN THE CIRCUIT COURT OF THE THIRD CIRCUIT

STATE OF HAWAII

RODELLE SMITH, SHEILA
TOBIAS, BARBARA BARAWIS, and
LEWIS GLASER individually, and on
behalf of all persons similarly situated,

Plaintiffs,

v.

HOUSING AND COMMUNITY
DEVELOPMENT CORPORATION

) Civil No. 04-1 0069K
)
) COMPLAINT; SUMMONS
) CLASS ACTION
)
) (Contract)

I hereby certify that this is a full, true and correct
copy of the original on file in this office.

Clerk, Third Circuit Court, State of Hawaii

OF HAWAII, a duly organized and)
recognized agency of the State of)
Hawaii.)
)
Defendant.)
_____)

COMPLAINT

I. INTRODUCTION

1. The United States Housing Act, 42 U.S.C. §1437(a)(1), requires that shelter costs for tenant's residing in federally subsidized public housing projects do not exceed 30% of tenant income. Utilities are included in shelter costs. Where tenants are directly responsible for the payment of utility service, the supporting federal regulations require public housing authorities (PHAs) to provide the tenants with a utility allowance. 24 C.F.R. §965.501 et seq.

2. In establishing the utility allowances, the PHA must approximate a reasonable consumption of utilities by an energy-conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment. 24 C.F.R. §965.505(a). The PHA must annually review the utility allowances and make adjustments to reflect

changes in the basis upon which the allowances are based. 24 C.F.R. §965.507(a). Additionally, where there is a change in the rates upon which the allowance is based of greater than 10%, the PHA must make interim adjustments to its allowances. 24 C.F.R. §965.507(b).

3. Pursuant to 42 U.S.C. §1437c, the Housing and Community Development Corporation of Hawaii (HCDCH), a State of Hawaii PHA, entered into an Annual Contributions Contract (hereinafter ACC) with the U.S. Department of Housing and Urban Development (hereinafter HUD) that has been in full force and effect at all relevant times. Under the ACC, HUD makes annual contributions to subsidize the cost of operating and managing low-income public housing in the State of Hawaii. See 42 U.S.C. §1437c and g.

4. In consideration for receiving financial assistance from HUD, HCDCH agreed in the ACC to comply with HUD requirements for the development and operations of public housing. 24 C.F.R. §964.7.

5. HCDCH has failed to review or update the utility allowances for all HCDCH projects since sometime before 1997.

6. Since HCDCH last updated its utility allowances, utility rates have increased substantially resulting in inadequate utility allowances and rent charges in excess of 30% of tenant income.

7. Plaintiffs, individually and as representatives of all persons similarly situated, seek reimbursement or rent credit for rent overcharges and inadequate utility reimbursements resulting from HCDCH's violation of the law.

II. JURISDICTION AND VENUE

8. This Court has jurisdiction pursuant to Haw. Rev. Stat. § 603-21.5(a)(3), which affords jurisdiction of all civil actions other than where otherwise expressly provided by statute. The amount in controversy in this case exceeds \$20,000.

9. Jurisdiction is also appropriate under Haw. Rev. Stat. §661-1(1), which affords jurisdiction for all claims against the State founded upon any contract with the State.

10. Venue is appropriate pursuant to Haw. Rev. Stat. §603-36(5).

III. PARTIES

11. Plaintiffs RODELLE SMITH, SHEILA TOBIAS, BARBARA BARAWIS, and LEWIS GLASER are public housing tenants and citizens and residents of the State of Hawaii.

12. Pursuant to Rule 23 of the Hawaii Rules of Civil Procedure, Plaintiffs represent a state-wide class of public housing tenants for whom HCDCH pays or should have paid electric and/or gas utility allowances whose rights have been violated by HCDCH as set forth herein.

13. The class is so numerous that joinder of all members is impracticable. Plaintiffs estimate the class size to exceed 2800 based on HCDCH's reports of the numbers of public housing rental units that should receive utility allowances.

14. There are questions of fact and/or fact common to the class, as set forth below.

15. Plaintiffs' claims are typical of the claims of the class as a whole.

16. Plaintiffs will fairly and adequately represent the interests of the class. Plaintiffs know of no conflicts of interest among members of the class.

17. Plaintiffs are represented by attorneys who are experienced class action litigators and will adequately represent the interests of the entire class.

18. A class action is appropriate in this case for one or more of the following reasons:

- a. The prosecution of separate actions by individual members of the class would create a risk of adjudications with respect to individual members of the class which would as a practical matter be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.
- b. Questions of law and fact common to the members of the class predominate over any questions affecting only individual members, and a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

19. Questions of law and fact common to the Plaintiff class include:

- a. Whether HCDCH failed to conduct interim or annual reviews of the utility allowances in public housing;
- b. Whether HCDCH failed to make annual or interim adjustments to the utility allowances as utility rates increased;
- c. The extent of the increases in utility rates since HCDCH last adjusted the allowances;

- d. The amounts of the adjustments that should have been made to correspond with utility rate increases.

20. HCDCH is a duly organized and recognized agency of the State of Hawaii with the power to sue and be sued.

IV. FACTUAL ALLEGATIONS

21. Plaintiffs reallege and incorporate by reference each and every allegation contained in the above paragraphs.

22. Plaintiff RODELLE SMITH has been a HCDCH head of household and tenant for approximately 10 years.

23. Plaintiff BARBARA BARAWIS has been a HCDCH head of household and tenant for approximately 2 years.

24. Both SMITH and BARAWIS reside in HCDCH four-bedroom rental units in the Ka Hale Kahaluu housing project located at 78-6725 Makolea Street in Kailua-Kona, Hawaii. As residents of Ka Hale Kahaluu, SMITH and BARAWIS pay their own electric utilities. HCDCH provides a monthly utility allowance to SMITH and BARAWIS in the amount of \$71.00 each, which is deducted from their rent balances.

25. Plaintiff SHEILA TOBIAS has been a HCDCH head of household and tenant for approximately 14 years.

