

CITY CLERK
HONOLULU, HAWAII

DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov

MAY 19 4 10 PM '08

MUFI HANNEMANN
MAYOR



MARY PATRICIA WATERHOUSE
DIRECTOR

RECEIVED

MARK K. OTO
DEPUTY DIRECTOR

May 15, 2008

RECEIVED
5757
2008 MAY 19 A 10: 16
CITY COUNCIL
HONOLULU, HAWAII

The Honorable Todd K. Apo, Chair
and Members of the Budget Committee
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Apo and Councilmembers:

Subject: River Street Residences - Bill No. 18 (2008), Executive Operating Budget and Program, CD1 Amendment

The Budget Committee has approved the amendment to Bill No. 18 (2008), to appropriate \$2 million of Affordable Housing Funds (AF) to the Department of Community Services for the River Street Residences project. It is believed that Bill No. 18 (2008), CD1 should not be amended to include funding for the River Street Residences, and that the project should remain in Bill No. 19 (2008), Executive Capital Budget and Program as originally submitted to the City Council.

The project will provide funds to a developer for development of housing on city-owned land. The project concept includes 40 units for single adults, couples and families and 20 additional single resident occupancy units for disabled persons, with preference to persons and families transitioning out of homelessness. Supportive services will be provided to residents. The City will offer city-owned land and funds from the Affordable Housing Fund to a developer selected through the Request for Proposal process. The Developer is expected to obtain funds from other sources.

The basis for budgeting the River Street Residences in Bill No. 19 (2008), are as follows:

1. The development of this City owned property will result in an increase to the City's capital asset. Since the monies will be used to construct a permanent improvement, funding for the planning, design, and construction of this project should be budgeted in the Capital Budget.

The Honorable Todd K. Apo, Chair
and Members of the Budget Committee
May 15, 2008
Page Two

2. Budgeting the project in the Capital Budget will also be consistent with how we have historically budgeted other similar construction projects developed by non-profits (such as CDBG/HOME funded projects), as well as how we currently appropriate funding for these types of projects. The River Street Residences non-profit grant project (City AF funds) is very similar to federally funded non-profit grant projects (CDBG/HOME funds). The only difference is its source of funding.
3. The source of funding does not determine whether a project should be appropriated in the Capital Budget. While the AF source of funding can be appropriated in either the Operating or the Capital Budget, as there are other "cash" appropriations in Bill 19 (2008), the AF funding for this specific project should be in the Capital Budget for the reasons stated in items #1 and #2 above.

Thank you for your consideration of this request. Should you or your staff have any questions regarding this matter, please call me at 768-3901.

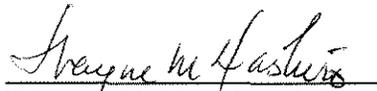
Sincerely,



Mary Patricia Waterhouse
Director

MPW/SL:sk

APPROVED:



Wayne M. Hashiro, P.E.
Managing Director