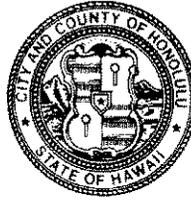


DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

715 SOUTH KING STREET, SUITE 311 • HONOLULU, HAWAII 96813 • AREA CODE 808 • PHONE 768-7762 • FAX: 768-7792

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MUFI HANNEMANN
MAYOR



2009 APR 30 A 10: 28

CITY COUNCIL
HONOLULU, HAWAII

DEBORAH KIM MORIKAWA
DIRECTOR

ERNEST Y. MARTIN
DEPUTY DIRECTOR

April 30, 2009

The Honorable Nestor Garcia, Chair
and Members of the Budget Committee
530 South King Street, Room 202
Honolulu, Hawaii 96813

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CITY CLERK
HONOLULU, HAWAII

Dear Chair Garcia and Councilmembers:

Subject: Bill 16 CD1 (2009) Pertaining to the Executive Capital
Budget and Program for the Fiscal Year
July 1, 2009 to June 30, 2010

The Department of Community Services offers this letter to express our concern of the proposed deletion of \$2.6 million in Bill 16 CD1 for the City's River Street Residences project.

This \$2.6 million as well as \$2.0 million that were previously appropriated in the FY09 Executive Capital Budget and Program is part of \$10.6 million that the City has estimated for the overall development of the River Street Residences project. As presented at the hearing of April 13, 2009, it is essential that the City commits funding for the full development of this project to attract applicants willing to take on this project and to ensure the project's economic viability.

The shortage of affordable rental housing presents a barrier to persons transitioning from homelessness. Persons experiencing homelessness who have special needs, including persons with mental illness, substance abuse, HIV/AIDS, medical conditions, or other disabilities, who require appropriate services to maintain their housing and standard of living, have very limited housing options in the community. In addition to permanent affordable rental housing, the River Street Residences will also include an on-site program of supportive services to assist residents in maintaining their housing and to live independently in the community to the fullest extent possible.

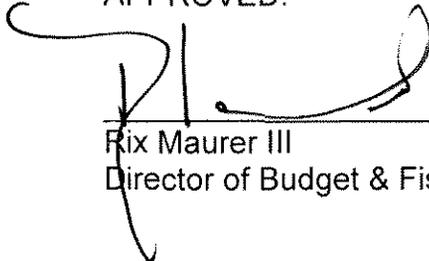
Given the population targeted for this project, it is highly unlikely that any potential developer will be able to offset the development and supportive services costs unless it is debt free upon start-up given the limited income-earning potential and diversity of social service and health needs of this population.

In closing, we firmly believe that the River Street Residences project should be of the highest priority with respect to the City's Affordable Housing Fund, and therefore hope you will consider restoring \$2.6 million in the Executive Capital Budget and Program for the Fiscal Year July 1, 2009 to June 30, 2010.

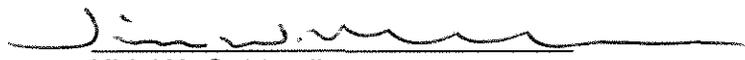
Sincerely,


Deborah Kim Morikawa
Director

APPROVED:


Rix Maurer III
Director of Budget & Fiscal Services

APPROVED:


Kirk W. Caldwell
Managing Director