

REPORT OF THE COMMITTEE ON BUDGET

Voting Members:

Radiant Cordero, Chair; Matt Weyer, Vice-Chair;
Esther Kia'āina, Calvin K.Y. Say, Augie Tulba

Committee Meeting Held
February 7, 2023

Honorable Tommy Waters
Chair, City Council
City and County of Honolulu

Mr. Chair:

Your Committee on Budget, which considered Resolution 23-2 entitled:

"RESOLUTION RELATING TO REPROGRAMMING OF AMERICAN RESCUE
PLAN ACT OF 2021 (PUB. L. 117-2), STATE AND LOCAL FISCAL RECOVERY
FUNDS PROGRAM FOR THE RENTAL AND UTILITY RELIEF PROGRAM,"

transmitted by Mayor's Message 2 (2023), dated January 4, 2023, from the Office of the
Mayor and introduced on January 4, 2023, reports as follows:

The purpose of the resolution is to approve the reprogramming of monies from the
American Rescue Plan Grants Program appropriated in Ordinance 22-14 (Executive
Capital Budget Ordinance for Fiscal Year 2023), in the amount of \$33,000,000 to support
the Rental and Utility Relief Program ("RURP") of the City and County of Honolulu ("City").

The Deputy Managing Director and the Executive Director of the Office of
Economic Revitalization provided brief explanations and answered questions from your
Committee.

At its meeting on January 10, 2023, your Committee had amended Resolution 23-2
to a CD1 version to:

- A. Condition the reprogramming approval on the City Administration's submission to
the Council of a written Housing and Homeless Program Plan not later than
90 days following the adoption of the resolution.

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON

FEB 22 2023

COMMITTEE REPORT NO.

15

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- B. Comply with the requirements of reprogramming under Section 17 of Ordinance 22-14.
- C. Identify the source projects from Appendix A, Section 17 of Ordinance 22-14.
- D. Authorize the Director of Budget and Fiscal Services to implement the reprogramming, receipt, and expenditure of the funds in accordance with the resolution.
- E. Make miscellaneous technical and nonsubstantive amendments.

Your Committee then postponed further action on the resolution to February 7, 2023.

At its meeting on February 7, 2023, your Committee considered and approved a CD1 version, as discussed at the meeting (OCS2023-0105/2/7/2023 3:24 PM), that makes the following amendments:

- A. In the ninth WHEREAS clause:
 - 1. Deletes the \$33,000,000 amount of American Rescue Plan Act of 2021, State and Local Fiscal Recovery Funds ("ARPA-SLFRF funds"); and
 - 2. Adds the phrase "through the State and Local Fiscal Recovery Fund ("SLFRF")" in order to clarify that the ARPA funds are from the SLFRF category.

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON **FEB 22 2023**

COMMITTEE REPORT NO. **15**

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- B. After the ninth WHEREAS clause, adds four new WHEREAS clauses in order to comply with the requirements for reprogramming under Section 17 of Ordinance 22-14, including:
1. Identifying \$17,000,000 from four projects listed in Appendix A to Section 17 of Ordinance 22-14 (\$5,000,000 from Project #2, \$5,000,000 from Project #5, \$4,000,000 from Project #11, and \$3,000,000 from Project #39), and an additional \$8,000,000 from the remaining balance of the undesignated ARPA-SLFRF monies appropriated in Ordinance 22-14 to support the RURP; and
 2. Adding information regarding: (i) the City department requesting the funds for the project; (ii) the ARPA Recovery Plan subcategory, ARPA Fiscal Recovery Fund ("FRF") expend category, and the FRF expend subcategory; (iii) the project description; (iv) the expected time period for the expenditure of the funds for the project; and (v) an explanation for why ARPA monies received during Fiscal Year 2021 are insufficient to cover the scope of the project proposed for reprogramming.
- C. In the BE IT RESOLVED clause, approves the reprogramming of \$25,000,000 as described in the resolution to support the RURP, of which \$20,000,000 may be expended upon approval of the resolution and \$5,000,000 may be expended upon the Council's receipt of a written Housing and Homeless Program Plan.

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON FEB 22 2023

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D. Adds a BE IT FURTHER RESOLVED clause to read as follows:

"BE IT FURTHER RESOLVED that the Council, upon approval of the reprogramming of said funds, authorizes the Director of Budget and Fiscal Services to implement the reprogramming, receipt, and expenditure of said funds in accordance with this resolution, and execute any incidental or related amendments, agreements, or documents in furtherance of any reprogramming actions; and"

E. Makes miscellaneous technical and nonsubstantive amendments.

Your Committee on Budget is in accord with the intent and purpose of Resolution 23-2, as amended herein, and recommends its adoption in the form attached hereto as Resolution 23-2, CD1. (Ayes: Cordero, Kia'aina, Say, Tulba, Weyer – 5; Noes: None.)

Respectfully submitted,


Committee Chair

At the 2/22/23 Council meeting, the Resolution was further amended and subsequently adopted as Resolution 23-2, CD1, FD1.

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON

FEB 22 2023

COMMITTEE REPORT NO. 15



RESOLUTION

RELATING TO REPROGRAMMING OF AMERICAN RESCUE PLAN ACT OF 2021 (PUB. L. 117-2), STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM FOR THE RENTAL AND UTILITY RELIEF PROGRAM.

WHEREAS, on June 3, 2022, the City Council adopted Bill 15 (2022), CD2, FD1, Relating to the Executive Capital Budget and Program for the Fiscal Year July 1, 2022 to June 30, 2023; and

WHEREAS, on June 20, 2022, pursuant to Section 3-203 of the Revised Charter of the City and County of Honolulu 1973 (Amended 2017 Edition), as amended, Bill 15 (2022), CD2, FD1, became a duly enacted ordinance, Ordinance 22-14; and

WHEREAS, Ordinance 22-14 provided for the appropriation of \$193,126,071 in federal grant monies received under the American Rescue Plan Grants Program; and

WHEREAS, Appendix A of Ordinance 22-14 designates 45 discrete projects to be funded by the appropriation and provides estimated costs for the respective projects; and

WHEREAS, Section 17 of Ordinance 22-14 provides, in part, that, "[m]onies from the American Rescue Plan Act of 2021 (Pub. L. 117-2), State and Local Fiscal Recovery Funds program ("ARPA") monies are hereby designated for the projects listed in Appendix A. ARPA monies appropriated in the American Rescue Plan Grants Program project may be encumbered or expended for these designated projects without further Council approval. No reprogramming actions for monies appropriated in the American Rescue Plan Grants Program project for projects not listed in Appendix A shall be made unless the Council first approves such reprogramming by resolution submitted by the Mayor"; and

WHEREAS, since April 2021, the City has been providing financial support to individuals and families at risk of being homeless through its Rental and Utility Relief Program ("RURP"), which is administered by two non-profit organizations; and

WHEREAS, RURP has been recognized as one of the best performing rent and utility relief programs in the nation by the U.S. Department of the Treasury, benefitting more than 15,000 O'ahu households, the vast majority of which earn at or below 50 percent of Honolulu's Area Median Income; and

WHEREAS, key findings of the *ALICE in Hawai'i: 2022 Facts and Figures* report highlighted the sharp increase in the number of households pushed below the poverty line, the increasing number of Hawai'i households that have fallen below the Asset



RESOLUTION

Limited, Income Constrained, Employed ("ALICE") threshold, and the lasting negative impact of the COVID-19 pandemic on the financial and emotional well-being of Hawai'i residents; and

WHEREAS, \$38,465,189 in ARPA funds (through the State and Local Fiscal Recovery Fund ("SLFRF")) have been expended on RURP to date, and the City Administration has indicated its commitment to continued support for at-risk households through extension of RURP by utilizing ARPA-SLFRF funds appropriated in Ordinance 22-14; and

WHEREAS, the City's Office of Economic Revitalization requests ARPA-SLFRF funds for rental and utility relief for an estimated 5,600 O'ahu households still impacted by the pandemic, to be expended through May 2023 or until all funding has been exhausted; and

WHEREAS, the ARPA monies received during Fiscal Year 2021 are insufficient to cover the scope of the project proposed for reprogramming because, as of December 21, 2022, approximately \$188,000,000 of the original \$193,126,070.50 received in Fiscal Year 2021 had been approved for expenditure leaving an approximate balance of \$5,000,000, which is being reserved to cover any unanticipated cost escalations for previously approved projects; and

WHEREAS, \$17,000,000 from the following source projects currently listed in Appendix A and an additional \$8,000,000 from the remaining balance of the undesignated ARPA-SLFRF monies appropriated in Ordinance 22-14, have been identified to support RURP:

Project Number	Project Description	Estimated Cost
2.	Development of City housing to service the 30 percent area median income and below population.	\$5,000,000
5.	Acquisition of real property and housing by the City to serve the housing needs of stable households with priority given to households with 30 percent area median income and below.	\$5,000,000
11.	Funding to advance the One Water Initiative as in Action 28 of the Resilience Strategy.	\$4,000,000
39.	Provide funds to address the impacts of the pandemic on disproportionately impacted households or communities through	\$3,000,000



CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 23-2, CD1

RESOLUTION

	<p>1) rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact;</p> <p>2) costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use;</p> <p>3) removal and remediation of environmental contaminants or hazards from vacant or abandoned properties;</p> <p>4) demolition or deconstruction of abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvements as part of a strategy for neighborhood revitalization;</p> <p>5) conversion of vacant or abandoned properties to affordable housing, greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community; or</p> <p>6) inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities.</p>	
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; and

WHEREAS, the category designations of the requested funds are as follows:

- Recovery Plan Category: Provide Community Support and Address Economic Impacts;
- ARPA Recovery Plan Sub-Category: Aid To Households;
- FRF Category: Negative Economic Impacts; and
- FRF Sub-Category: Household Assistance: Cash Transfers; and

WHEREAS, the Council has advocated for the use of ARPA funds to support individuals and families at risk of houselessness; now, therefore,



RESOLUTION

BE IT RESOLVED by the Council of the City and County of Honolulu ("Council") that it hereby approves the reprogramming of \$25,000,000 as described herein to support the Rental and Utility Relief Program, of which \$20,000,000 may be expended upon approval of this resolution and \$5,000,000 may be expended upon the Council's receipt of a written Housing and Homeless Program Plan; and

BE IT FURTHER RESOLVED that the Council, upon approval of the reprogramming of said funds, authorizes the Director of Budget and Fiscal Services to implement the reprogramming, receipt, and expenditure of said funds in accordance with this resolution, and execute any incidental or related amendments, agreements, or documents in furtherance of any reprogramming actions; and

BE IT FINALLY RESOLVED that certified copies of this resolution be transmitted to the Mayor, the Managing Director, and the Director of Budget and Fiscal Services.

INTRODUCED BY:

Tommy Waters (br)

DATE OF INTRODUCTION:

January 4, 2023
Honolulu, Hawai'i

Councilmembers