



**Date:** August 21, 2018

**To:** Thomas J. Bonfield, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Reginald J. Johnson, Director  
Department of Community Development

**Subject:** Approval of Habitat for Humanity of Durham to Administer the City of Durham Minor Repair Program and Execution of a Minor Repair Contract between Habitat for Humanity of Durham and the City of Durham in the Amount of \$300,000 in Dedicated Housing Funds

### **Executive Summary**

On December 12, 2017, the Department of Community Development (DCD) issued a Request for Proposals (RFP) in the amount of up to \$300,000 in Dedicated Housing funds to administer the City of Durham Minor Repair Program. Habitat for Humanity of Durham was the sole respondent and requested the full \$300,000 grant to carry out the program. The Habitat application met all of the requirements of the RFP. Habitat has a long history of creating affordable homeownership opportunities and has developed a robust repairs program that is now a part of its core mission. The City funding will allow Habitat to increase its number of home repairs from 50 repairs to 75 repairs per year for owner-occupied, low-income, elderly and/or disabled residents in Durham. The maximum amount of funds for repairs that can be expended on each unit is \$9,500 and includes roof, flooring, plumbing, HVAC, kitchen, and bathroom repairs. Selection of an outside vendor such as Habitat will increase the overall efficiency of the City's Minor Repair Program.

### **Recommendation**

The Department of Community Development recommends that the City Council approve the selection of Habitat for Humanity of Durham to receive a grant to carry out the City of Durham Minor Repair Program and authorize the City Manager to execute a Contract with Habitat for Humanity of Durham in the amount of \$300,000 in Dedicated Housing funds to administer the City of Durham Minor Repair Program.

### **Background**

The Department of Community Development (DCD) has operated a Minor Repair Program (or similar program) for many years. In 2017, DCD made the decision to outsource the operation of the program to an external partner, with the goal of increasing the operational efficiency and leveraging the potential of the program. On December 12, 2017, DCD issued a Request for Proposals (RFP) in the amount of up to \$300,000 in Dedicated Housing funds to administer the City of Durham Minor Repair Program. Habitat for Humanity of Durham was the sole respondent and requested the full \$300,000 grant to carry out the program. The Habitat application met all of the requirements of the RFP. As a result, DCD is recommending that Habitat be selected to receive a grant to administer the City of Durham Minor Repair Program.

Durham Habitat believes that all Durham residents should have a safe, decent, and affordable place to call home. Founded in 1985, Habitat has built, sold, and financed more than 380 homes in partnership with low-income Durham neighbors, providing stability and brighter futures for 950 Durham youth. Durham Habitat has repaired more than 400 homes so that Durham

homeowners, many who are elderly, can age in place with dignity. Durham Habitat currently builds, sells, and finances 25 homes per year and repairs 50 homes per year for owner-occupied, low-income residents.

City funding will allow Habitat to increase its number of home repairs from 50 repairs to 75 repairs per year for owner-occupied, low-income, elderly and/or disabled residents in Durham. Under the terms of the City's contract, Habitat will prioritize minor repairs for households that are already on the City's wait list for the Minor Repair Program. Once these households have been served, Habitat will be able to serve other households that meet the eligibility guidelines for City funding, which include elderly or disabled homeowners with incomes at or below 50% AMI.

The maximum amount of City funds for repairs that can be expended on each unit is \$9,500 and includes roof, flooring, plumbing, HVAC, kitchen, and bathroom repairs. Habitat will have the flexibility to combine City funds with other non-City repair sources to carry out larger repairs, so long as the maximum City investment does not exceed the \$9,500 cap.

### **Issues and Analysis**

Selection of an outside vendor such as Habit will increase the overall efficiency of the City's Minor Repair Program. Habitat currently manages over \$200,000 in repair funds raised from the N.C. Housing Finance Agency and private funders, and Duke University has just pledged an additional \$250,000 to Habitat for the repair program. Habitat will be able to leverage these funds with City funding to create administrative efficiencies, serve more homes, and carry out repairs that require a larger investment than the City has been able to fund through the Minor Repair program to date.

### **Alternatives**

The City Council could elect not to provide the requested funding for this activity. If the project does not receive Dedicated Housing funds, it will not move forward. Approval of the project will represent another incremental step towards addressing Durham's neighborhood stabilization needs.

### **Financial Impact**

Dedicated Housing funds are budgeted and available for this project. The funding codes are:

Org code: 1940D014

Object code: 728600

Project: DFSA1.

### **Equal Business Opportunity Summary**

This is a grant and was not reviewed by the Department of Equal Opportunity/Equity Assurance for compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.