



Date: September 18, 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 Durham Community Land Trustees, Inc. to Receive a Grant to Rehabilitate Substandard Rental Units in North East Central Durham and Execution of an Agreement between Durham Community Land Trustees, Inc. and the City of Durham in the Amount of \$750,000 in Dedicated Housing Funds

Executive Summary

On December 12, 2017, the Department of Community Development (DCD) issued a Request for Proposals (RFP) in an amount of up to \$750,000 in Dedicated Housing funds for neighborhood stabilization activities. The deadline for submitting a response to the RFP was February 2, 2018. Durham Community Land Trustees, Inc. (DCLT) and Habitat for Humanity of Durham responded to the RFP. DCLT requested the full \$750,000 to rehabilitate substandard rental housing units located in North East Central Durham (NECD). Habitat also requested the full \$750,000 to support the development of 25 affordable homeownership units in NECD. DCLT received a higher score than Habitat, 82 points versus 78 points. A number of factors contributed to the scoring difference, including length of the affordability period and readiness to proceed. As a result, DCLT is being recommended to receive the full \$750,000, which will be needed to successfully carry out their proposed project. DCLT has a long history of creating affordable homeownership and rental opportunities for Durham residents. The City funding will allow DCLT to rehabilitate 14 rental units (five duplexes and a four-plex). The substantial renovations will include new roofs, insulation, flooring, cabinets, plumbing, electrical, siding, painting, and HVAC systems.

Recommendation

The Department of Community Development recommends that the City Council approve the selection of Durham Community Land Trustees, Inc. to receive a grant to rehabilitate substandard rental housing units in North East Central Durham and authorize the City Manager to execute an Agreement between Durham Community Land Trustees, Inc. and the City of Durham in the amount of \$750,000 in Dedicated Housing funds to rehabilitate substandard rental housing units in North East Central Durham.

Background

On December 12, 2017, the Department of Community Development (DCD) issued a Request for Proposals (RFP) in an amount of up to \$750,000 in Dedicated Housing funds for neighborhood stabilization activities. Durham Community Land Trustees, Inc. (DCLT) and Habitat for Humanity of Durham responded to the RFP. The DCLT application met all of the requirements of the RFP and received the highest score. As a result, DCD is recommending that DCLT be selected to receive a grant in the amount of \$750,000 to rehabilitate substandard rental housing units in North East Central Durham. These funds would be used to rehabilitate 14 of the 54 units previously purchased in the area by DCLT. The units would be affordable to low-income renters at or below 50% AMI. Although many of the units are currently occupied, none of

the tenants would be displaced during the renovations. The vacant units will be rehabilitated first, and tenants will be allowed to move into those units until their particular units are completed.

DCLT is a community-based nonprofit organization with a mission to develop permanently affordable housing for low and moderate income people and to promote neighborhood revitalization. The organization's experience in acquiring and rehabilitating properties for rental and homeownership spans over 30 years and encompasses a wide range of housing needs. During this time, DCLT has developed over 200 units of affordable housing in the Lyon Park, West End, and Burch Avenue neighborhoods of Southwest Central Durham. Notable developments include 722 Kent Street (rental units for individuals with Sickle Cell disease) and 615/617 Carroll Street (rental units for seniors 55+).

Issues and Analysis

Selection of DCLT to rehabilitate substandard rental housing in North East Central Durham would assist the City in meeting its neighborhood stabilization goals. Specifically, DCLT would use the funding to rehabilitate 14 of the 54 scattered-site rental units in the neighborhood they previously acquired from a private owner. This funding would help provide decent, safe, and affordable rental housing to NECD residents.

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 in the amount of \$750,000 are budgeted and available for this project. The funding codes are:

Org code: 1940D014

Object code: 728600

Project code: 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.