



Date: November 21, 2018

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

Subject: CDBG Subrecipient Contract with CASA (formerly known as Community Alternatives for Supportive Abodes) for Rehabilitation of Affordable Rental Housing at Maplewood and Underwood Apartments

Executive Summary

CASA is a 501c(3) affordable housing developer and property manager combating homelessness in Durham. CASA develops and manages affordable supportive housing for individuals and families who have been homeless and are living with a disability. CASA also manages workforce housing units for individuals and families earning a very low wage.

In July 2017, CASA made its largest acquisition of affordable housing ever, adding 79 apartments in Durham's West End to its inventory. The purchase of these two properties, Maplewood and Underwood Apartments, was supported by the City of Durham with \$244,300.00 in HOME Community Housing Development Organization (CHDO) acquisition funds. The goal of acquiring these units was to provide for the provision of affordable units and to protect the current tenants from the rent hikes or displacement that can come with new ownership in a rapidly gentrifying neighborhood.

CASA began exterior and interior repairs on the properties and has proposed additional improvements over the next year including improvements to the parking lot, stairwells and catwalks, landscaping and other capital needs. The total cost of the proposed rehabilitation is \$406,271.00. This project includes the following renovation activities: new roofs and gutters on all buildings, new backflow preventers at both properties, flashing on all balconies and the application of concrete epoxy to prevent water intrusion, repainting of one of the buildings, and full renovations of 7 units.

Of the 79 units in these communities, all tenants served are at or below 60% of AMI. 15 units are reserved for tenants with disabilities, and 8 are reserved for veterans. Restrictive Covenants are imposed on the property to ensure the property remains affordable for at least 20 years.

Recommendation

The Department of Community Development recommends that City Council authorize the City Manager to execute a subrecipient contract with CASA in the amount of \$406,271.00 utilizing CDBG funds for the purpose of rehabilitation of affordable housing

located at 1407 W Chapel Hill Street (Maplewood Apartments) and 811 Underwood Avenue (Underwood Apartments), both located in Durham.

Background

CASA was incorporated on March 10, 1992, to address housing for persons with special needs including mental illness, developmental disability, substance addiction and HIV-AIDS being served by the Wake County Department of Human Services. Within the past several years, CASA has expanded into Durham and Orange Counties. To date, CASA projects completed or in the development phase total a combined 550 housing units.

CASA currently owns and manages 490 units in the Triangle area and is partner or manager of 124 additional units. Included in this total are 56 units CASA owns and manages in 5 Durham properties. Most recently, CASA completed construction of Denson I and II, totaling 23 one-bedroom apartments for persons who are homeless and have disabilities with preference and priority given to veterans having incomes at or below 30% of the area median. Additionally, CASA has been selected by the U.S. General Services Administration to develop the former Army Reserve Center on Carroll Street into affordable housing.

1407 W. Chapel Hill Street (Maplewood Apartments) and 811 Underwood Avenue (Underwood Apartments), both located in Durham, NC 27707, consist of 79 one-bedroom apartments and an on-site management office. CASA purchased both properties in the summer of 2017. These communities were originally developed in 1984. Of the 79 units in these communities, all tenants served are at or below 60% of AMI. 15 units are reserved for tenants with disabilities, and 8 are reserved for veterans. Restrictive Covenants are imposed on the property to ensure the property remains affordable for at least 20 years.

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Issues/Analysis

The 2016-2020 Five-Year Consolidated Action Plan identified as an ongoing priority need, the development of additional permanent affordable housing units, particularly for formerly and/or chronically homeless individuals and those at risk of becoming homeless. The City has made an investment of \$244,300.00 in HOME Community Housing Development Organization (CHDO) acquisition funds into the project. The project is in need of additional critical rehabilitation and these funds will assist in improving the overall health, quality, and safety issues at the site.

Alternatives

The City Council could elect not to provide the requested funding for this activity. If the project does not receive CDBG funding, it would require the property to take on additional debt which might negatively impact the property's ability to operate with sufficient capital and reserves.

Financial Impact

Community Development Block Grant (CDBG) funds in the amount of \$406,271.00 have been allocated and are available for this contract. CDBG funds are budgeted and available for this project. There will be no impact to the General Fund.

Equal Business Opportunity Summary

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