



Date: January 22, 2019

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Director
Department of Community Development
Subject: Interlocal Agreement with Durham County to establish uniform procedures for the conveyance of County-owned property to the City for affordable housing development

Executive Summary

In November 2018, the Durham County Commissioners approved a new policy for the disposition of surplus real property to the City of Durham for the purpose of affordable housing development. According to the new policy, the County can convey properties to the City of Durham at a nominal cost to be used for the development of housing serving households at or below 80% AMI. The Interlocal Agreement establishes the procedures and standards by which the County will convey property to the City under this new policy.

Recommendation

Department of Community Development recommends that City Council:

1. Authorize the City Manager to execute an Interlocal Agreement with Durham County to establish uniform procedures for the conveyance of County-owned property to the City for affordable housing development.

Background

In November 2018, the Durham County Commissioners approved a new policy for the disposition of surplus real property to the City of Durham for the purpose of affordable housing development. According to this policy, the County can convey properties to the City of Durham at a nominal price of \$10 per site, to be used for the development of housing serving households at or below 80% AMI. Properties will be conveyed by non-warranty deed. The City can subsequently convey the property to a third party for the explicit purpose of affordable housing development. The City must commit to ensuring that construction begins on the conveyed properties within 5 years. If construction does not begin within this timeframe, the City must provide annual updates to the County until construction is completed.

Issues and Analysis

The availability of affordable sites is a major barrier to affordable housing development in the City of Durham. Durham County's Surplus Property Policy seeks to address this problem by making County-owned property available to the City, which has the expertise and capacity to deliver affordable housing on these lots. The City will have the opportunity to assess the suitability of available properties for affordable housing development before any property is

conveyed by the County. The City may choose to convey the property to a third party for the purpose of affordable housing development.

The County has shared a list of approximately 20 available properties, which is currently being reviewed by the Department of Community Development (DCD). All of these properties are single family lots. Once the County's current inventory is depleted, the number of new properties expected to be available from the County is modest, approximately one per year. Most, if not all, are expected to be single family lots.

DCD anticipates making properties conveyed by the County available to affordable housing developers through a Request for Proposals (RFP) for the purpose of affordable housing development. Because of state law governing the disposition of local government property at below market prices, only non-profit developers will be eligible to participate.

Because properties will be conveyed to the City by non-warranty deed, there is a potential risk to the City arising from unforeseen environmental contamination on a conveyed property. However, because the properties to be conveyed are likely to be residential, with no history of commercial or industrial use, the opinion of staff is that the potential risk is low. Moreover, the City will have the opportunity to vet any potential lots before they are conveyed.

Alternatives

City Council could choose not to authorize the execution of the Interlocal Agreement. This would result in fewer lots being made available for affordable housing development in the City of Durham.

Financial Impact

The amendment will not have a financial impact on the City of Durham.

Equal Business Opportunity Summary

Due to the nature of this agenda item, a review by the Equal Opportunity and Equity Assurance Department was not required.