



Date: March 21st, 2022

To: Wanda S. Page, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Director Community Development Department
Subject: ACRA Fitts-Powell Affordable Rental Preservation Grant Agreement

Executive Summary

The creation and preservation of affordable rental housing for households, particularly for households below 50% of Area Median Income, in an important part of the City's affordable housing strategy and Consolidated Plan, and a key element of the housing investment program approved presented to voters in November 2019.

On May 15, 2020, the Community Development Department (CDD) issued a Request for Proposals for up to \$15 million in City and federal funds to support the creation and preservation of multifamily rental housing citywide. CDD received 9 responses to this proposal and made a recommendation of awards for five projects representing 245 affordable housing units. City Council received a summary of the five award recommendations at the October 22, 2020 Work Session.

CDD is now bringing the Affordable Community Residence Association (ACRA) Fitts-Powell project and their rehabilitation grant agreement contract to City Council for review and approval. This project at 1017-25 Cook Road will 1) preserve 15 units of affordable housing, 2) save on energy cost 3) expand garden amenities for residents, and 4) create additional recreational space at the site which will allow ACRA to maintain a high standard of living for individuals with HIV/AIDS and disabilities. The project award and cost of the rehabilitation is \$341,142.

Motion

To authorize the City Manager to enter into a grant agreement with ACRA in an amount not to exceed \$356,142 funded with Affordable Housing Bond funds. This amount includes an additional \$15,000, approved by the Community Development Department, for the temporary relocation of the tenants that currently reside at the Project.

Background

The creation and preservation of affordable rental housing for households, particularly for households below 50% of Area Median Income, in an important part of the City's affordable housing strategy and Consolidated Plan, and a key element of the housing investment program approved presented to voters in November 2019. The creation of affordable housing refers to the construction of new units, while preservation includes both projects that propose to extend the affordability period of existing income-restricted multifamily affordable rental housing and/ projects that propose to create affordable housing units by converting existing market-rate multifamily units to income-restricted affordable rental housing.

On May 15, 2020, CDD issued a request for proposals for up to \$15 million in City and federal funds to support the creation and preservation of multifamily rental housing. ACRA was

recommended for an award of \$341,142 for their Fitts-Powell rehabilitation project. ACRA's mission is to provide diverse housing options, compassionate care, and access to collaborative support services for persons living with disabilities and HIV/AIDS so they can thrive in the community. They serve formerly homeless individuals who are HIV positive through a collaboration with the Network of Care (6 county network) and Ryan White funding. This 1017-25 Cook Road site provides a comfortable area for a homeless individual to improve their health outcomes, remove barriers to permanent housing and being safe. The rehabilitation grant for the Fitts-Powell Apartments will further this mission. An inspection of the property, and a recent Capital Needs Assessment (CNA) confirms that the interior living quarters of the apartments have not been updated in well over a decade. The exterior of the three building appears faded and exterior work is needed to improve curb appeal and functionality. Fitts-Powell is situated on a sloping lot and had a tributary running through prior to construction; this combined with the fact that Cook Road does not have city storm drains, causes the facility to experience significant run off during heavy rains and settlement of the buildings is apparent. The proposed renovations will serve to address the most immediate needs and will create a more attractive environment for residents to enjoy.

Issues and Analysis

ACRA is North Carolina 501(c)(3) organization with a Durham office located at the project site. Fitts-Powell Apartments opened in 1993 and was the first HUD constructed apartment complex in the United States with a preference for individuals living HIV+. Named after two original board members, the complex has 10 one bedroom and 4 two-bedroom apartments. All apartments are handicapped accessible. To qualify for housing, one must meet the eligibility requirements of HUD. Criminal and credit reports are part of the screening process. The rent is based on 30% of the gross adjusted income.

ACRA's funding request is based on a scope of work that included the following items:

- Installation of 79 energy efficient windows
- New gutters
- Cabinetry, counter tops & trim in 10 units
- New ADA flooring in 15 units
- Power-wash exteriors & fencing - 3 buildings
- Exterior painting including doors & trim - 3 buildings
- Interior painting including trim 15 units
- Weather resistant for stain fencing
- Exterior paint and trim (materials)
- Water seal stain
- Accessible door opener at office
- Resurface and stripe parking area

Overall, the CNA indicates that the building is in fair condition for its size, age, past use, and current use. The parking lot is in need of cyclical repairs for milling/resurfacing and striping. Negative grading is causing water to pool and run along foundations causing brick veneer to crack. The installation of a complete gutter system and development a comprehensive landscaping plan will help divert surface water away from structures. This proposed financial assistance will enable ACRA to extend the economic life of the facility and to address capital needs that go beyond what can be addressed with the regular maintenance and operations budget. The estimates for the repair and capital reserves are noted on the CNA report. ACRA has wisely managed the project's capital needs. The grant resources awarded will help ACRA address existing deferred maintenance, to modernize, rehabilitate, and more successfully address the project's future needs. The proposed repairs are critical to the long-term viability of

this affordable multifamily property.

Alternatives

The only alternative is denial of this request. Denial of this funding would prevent the rehabilitation and preservation of these units as this is the sole source of funding.

Financial Impact

\$356,142 New Bond funds are budgeted and allocated for this activity.

Equal Business Opportunity Summary

ACRA (as were all proposers to the 2020 RFP) was required to submit the Participation Documentation and the Employee Breakdown form included in the City’s MWBE Professional Services Forms package as part of their proposal response. ACRA’s response was reviewed by Equity & Inclusion and was deemed to be responsive. While the proposed grant contract does not include any MWBE goals, ACRA is aware that the agreement with the City will include goals of 11% minority and 7% women underutilized business enterprise utilization. In its RFP response, ACRA submitted an EBOP Plan, a narrative document that describes how the firm shall optimize the use of local, underutilized business enterprises owned by minorities and women in the project. ACRA has stated that it is committed to these MBE goals. Specific to this project, ACRA has committed to do the following:

□ Goals: 11% Minority 7% Women

ACRA is using a team that is 70% Minority and 20% Women.

Contractor Workforce Diversity & Hiring Practices

Due to the nature of this agenda item, obtaining Contractor Workforce Diversity & Hiring Practices information is not applicable.

Attachments

- ACRA Fitts Powell Grant Agreement
- ACRA Fitts Powell Scope of Work
- ACRA Fitts Powell Restrictive Covenants