



COMMUNITY DEVELOPMENT

CITY OF DURHAM

Community Development Department FY23

April 21, 2022

Outline

1. Housing Affordability in Durham
2. FY21-22 Highlights
3. FY22-23 Priorities and Challenges
4. Questions



Housing Affordability in Durham



Rapidly Increasing Housing Prices

For Sale Homes

According to Realtor.com, the median listing home price in Durham, NC, was \$365,000 in February 2022, up 23.7% from the year before.

Rental Homes

Average apartment rent prices

Since 2020, the average monthly rent for apartments in North Carolina increased by more than \$200. In Raleigh, rent jumped to almost \$300 more a month since January 2020.

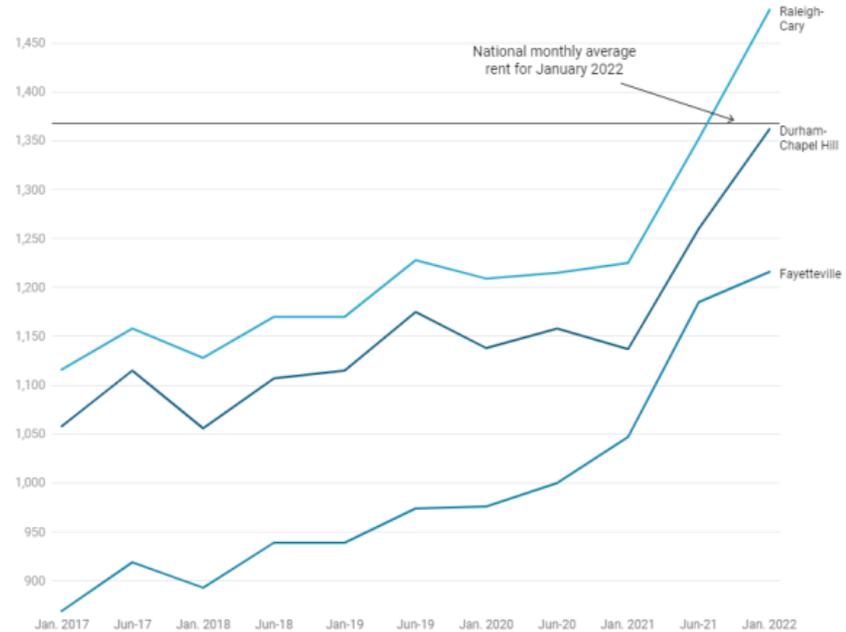


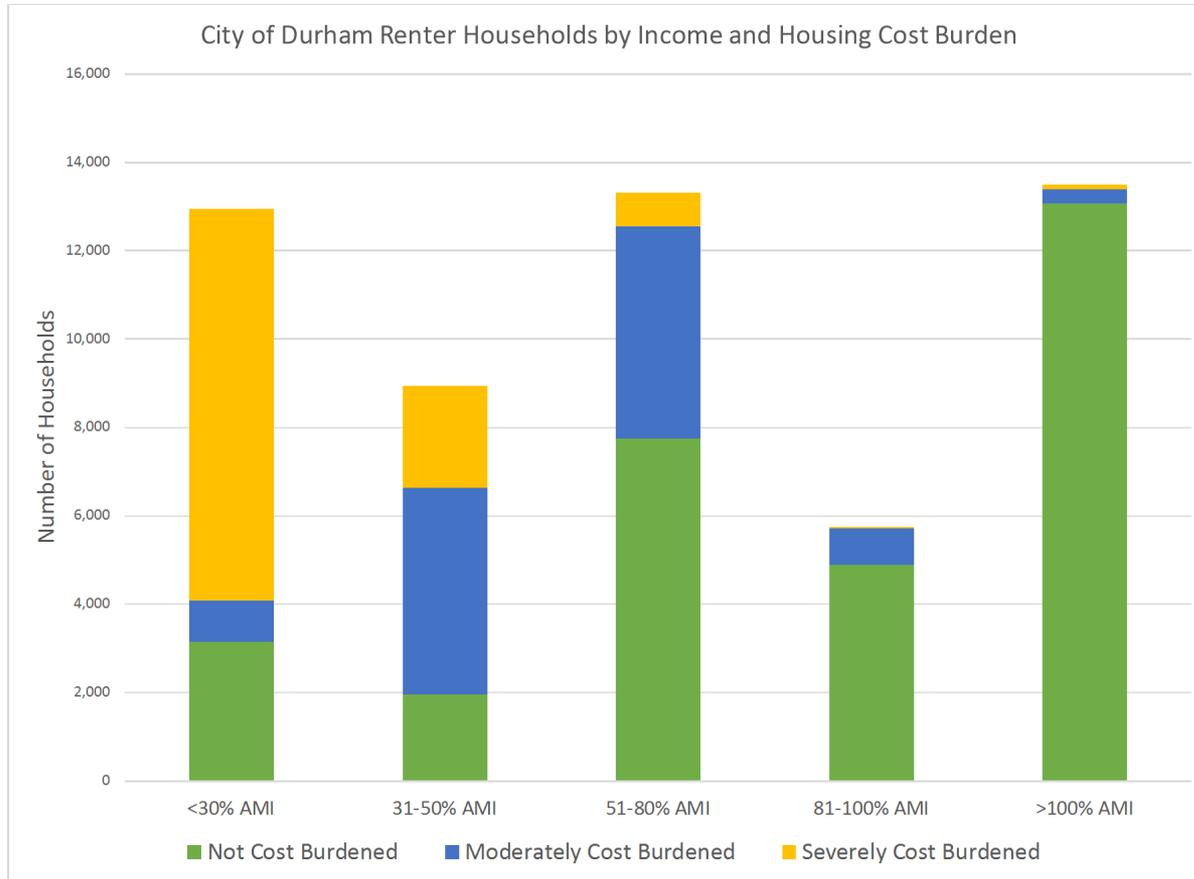
Chart: Samantha Kummerer • Source: Apartment List • Get the data • Created with Datawrapper



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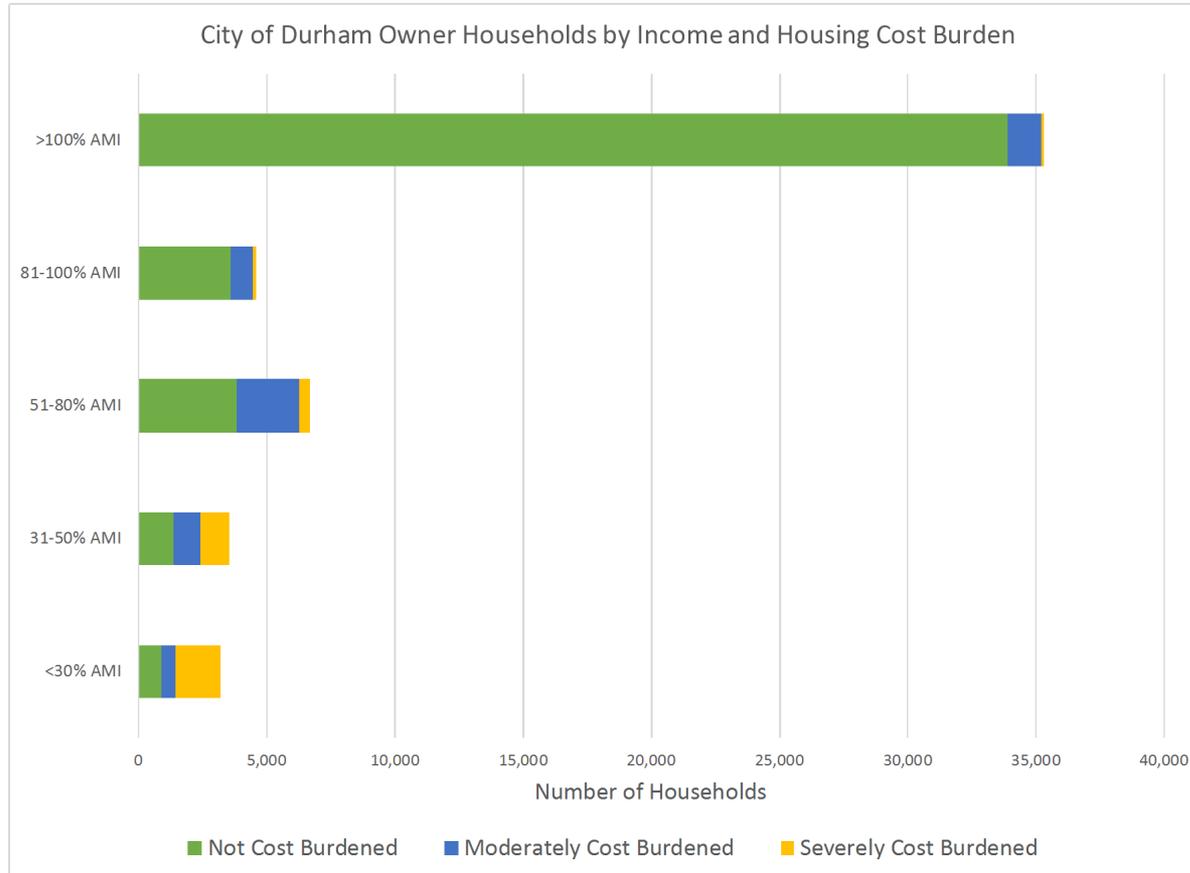
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Cost-Burdened Renter Households in Durham



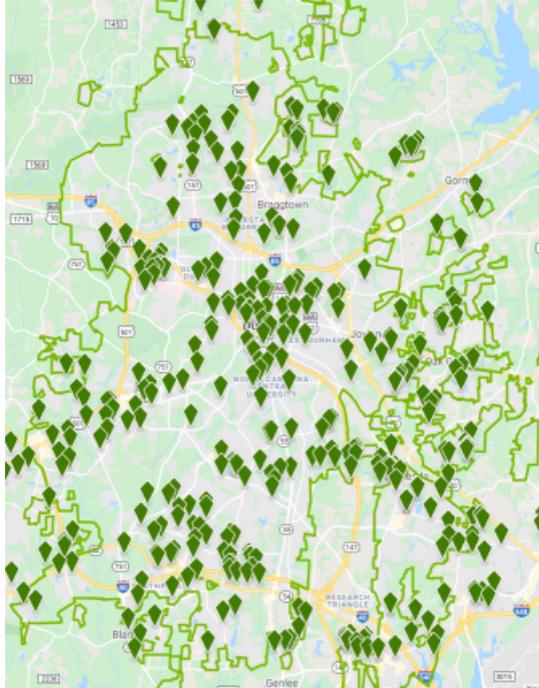
Source: HUD CHAS
2014-2018,
<https://www.huduser.gov/portal/datasets/cp.html>

Cost-Burdened Owner Households in Durham

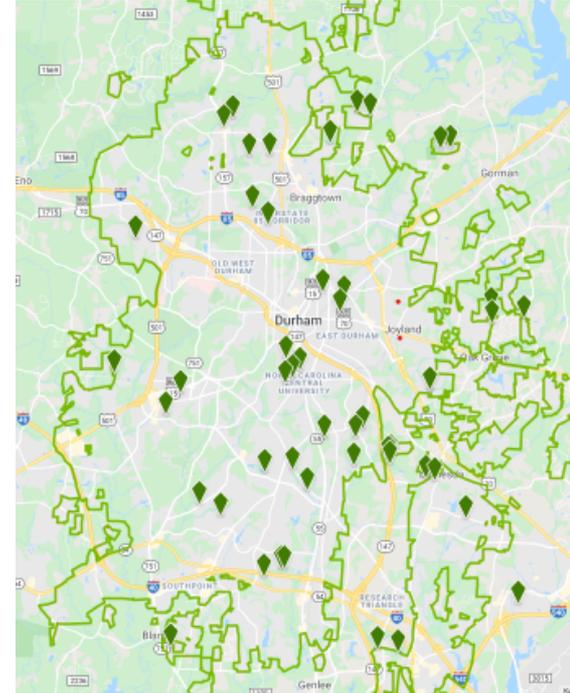


Source: HUD CHAS
2014-2018,
<https://www.huduser.gov/portal/datasets/cp.html>

Snapshot: Availability of Affordable Units in the Market



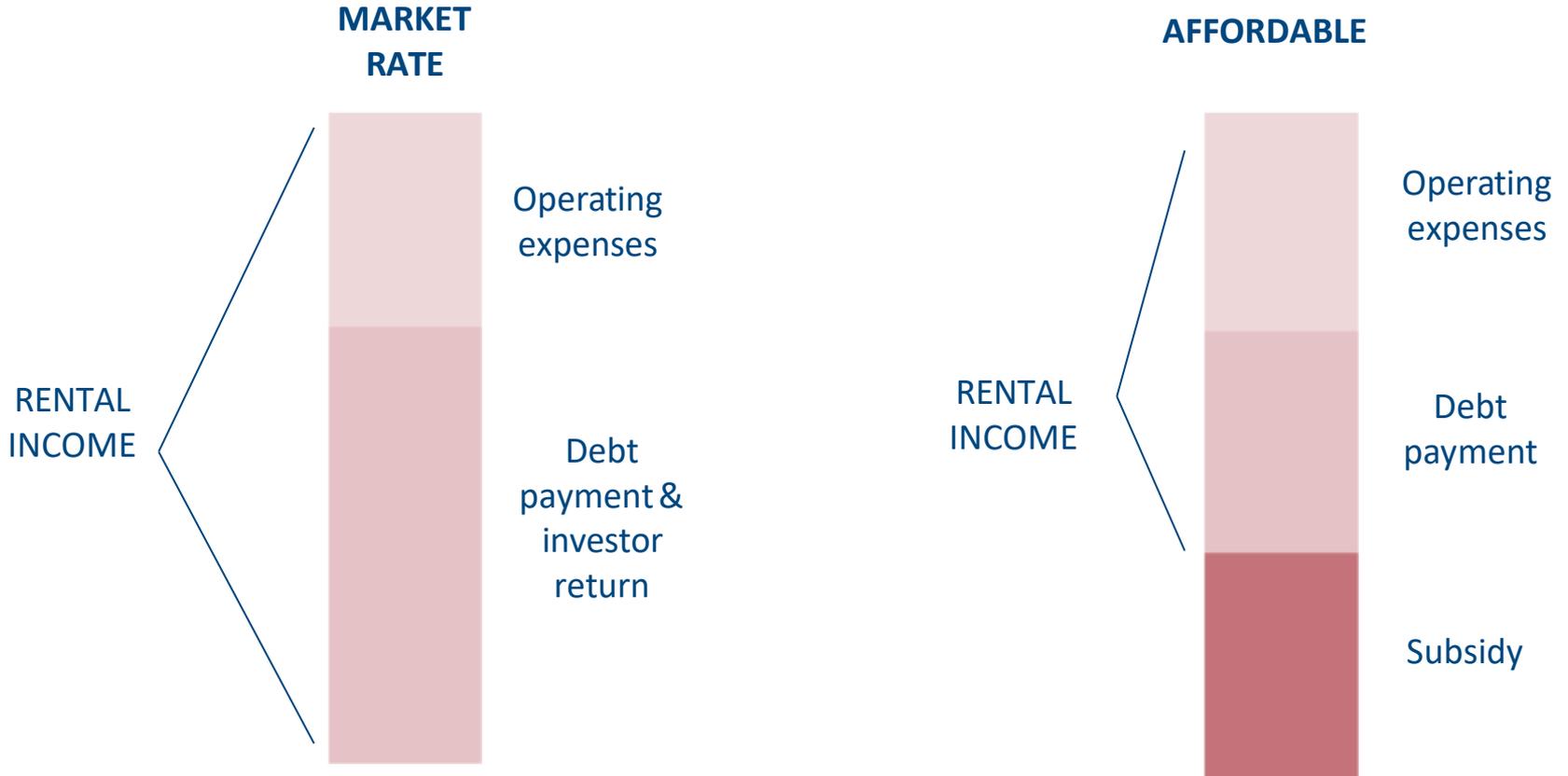
3,211 Apartments for Rent
in Durham Area on 2/1/22
on Apartments.com



Of available apartments, 114
(4%) have monthly rent <\$900
– all one-bedroom units.

Source:
Apartments.com,
accessed 2/1/22.

Why is the City Assistance Required?



FY21-22 Highlights



Overview

1. Implementation of *Forever Home, Durham Program*
2. COVID-19 Response



Forever Home, Durham

Forever Home, Durham is a \$160 million, multi-year investment in affordable housing and services for low-income Durham residents funded with a combination of a \$95 million Affordable Housing Bond and \$65 million in existing City and federal funds. Program goals include:

- Build 1,600 new affordable rental homes and preserve 800 affordable rental homes.
- Provide 400 affordable home ownership opportunities for first-time homebuyers.
- Move 1,700 homeless persons into permanent housing.
- Help 3,000 low-income renters and homeowners remain in or improve their homes.
- Create at least \$130 million in contracting opportunities for Minority and Women-Owned Business Enterprises (MWBEs).



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Overview of Investment Program

CATEGORY		ACTIVITIES	
Name	Amount	Name	Amount
Homelessness	\$10,455,835	Emergency Shelter and Rapid Rehousing	\$3,463,610
		Homeless System Investments	\$4,850,000
		Technical assistance and capacity building	\$300,000
		HOPWA Assistance	\$1,842,225
Multifamily Rental	\$58,905,847	Downtown Revitalization Plan/DHA	\$58,905,847
		Downtown Plan Acceleration/New 4% LIHTC	\$16,000,000
Neighborhood Stabilization	\$23,918,000	Multifamily Production/Preservation	\$25,000,000
		Preservation outreach	\$360,000
		Small Scale Production/Preservation	\$7,500,000
		Home repair and rehabilitation	\$4,600,000
Financing Pilots	\$5,000,000	Property tax outreach/homeowner education	\$650,000
		Downpayment Assistance/IDAs/HO Counseling	\$6,350,000
		Eviction Diversion	\$2,350,000
		Employment and Training Pilot	\$2,468,000
Program Operations	\$20,316,346	Durham Affordable Housing Loan Fund P2	\$1,500,000
		NOAH preservation/ADUs	\$3,500,000
		Salaries and Operating Expenses	\$16,449,743
		Bond issuance costs	\$1,000,000
		Section 108 Loan	\$2,866,603
TOTAL	\$159,956,028		\$159,956,028

Forever Home, Durham Funding

- Community Development Block Grant (FY2019-2024)
- Home Investment Partnership Funds (HOME) (FY2019-2024)
- Emergency Solutions Grant (ESG) (FY2019-2024)
- Housing Opportunities for Persons with AIDS (HOPWA) (FY2019-2024)
- Dedicated Housing Fund (FY2019-2024)
- 2019 Affordable Housing Bond

Funding Sources Not Within *Forever Home, Durham*

- Federal Entitlement Funds (CDBG, HOME, ESG, and HOPWA) and associated program income prior to FY2019.
- Dedicated Housing Fund prior to FY2019.
- Bond Program Income of any year which is income received from the repayment of past affordable housing bond referenda.

Forever Home, Durham

Progress to Date

	GOAL	July 1, 2019 to Present				Balance Remaining
		<i>Pipeline</i>	<i>Contract</i>	<i>Completed</i>	<i>Total</i>	
Rental units created, total	1,600	484	178	-	662	938
Rental units preserved, total	800	42	219	-	261	539
Homeownership opportunities created	400	-	-	-	-	400
Homeless persons in permanent housing	1,700	-	-	838	838	862
Low income households stabilized	3,000	-	-	1,288	1,288	1,712

Note: Rental units created and preserved do not include results from CDD FY22 Request for Proposals for Gap Financing for LIHTC Projects



Forever Home, Durham

Financial Overview

- The Forever Home, Durham' FY2023 Budget is approximately \$38.5 million.
- The increase over FY2022 is driven by increased budgets for Multifamily Production and Preservation, Neighborhood Stabilization, and Homelessness Services.



Forever Home, Durham

Rental Housing Development and Preservation

		Rehab or New Construction	No. of Affordable Units	Status
J.J. Henderson New Construction	DHA/LSR	New	80	Under contract/construction begun
Elizabeth Street (Liberty Street P1)	DHA/LSR	New	72	In the pipeline
Commerce Street - Family	DHA/LSR	New	63	In the pipeline
Commerce Street - Seniors	DHA/LSR	New	66	In the pipeline
J.J. Henderson Tower Rehab	CCI/DVI	Rehab	177	Under contract/construction begun
Ashton Place	DHIC/Self Help	New	51	In the pipeline
Hardee Street	DHIC/Self Help	New	132	In the pipeline
Crescent St. Apts.	Laurel Street	New	82	Under contract/construction begun
Bryan Place	CASA	New	16	Under contract/predevelopment
Lofts at Southside Phase 3	MBR	New	100	In the pipeline
East Durham Rental Rehab Phase 2	DCLT	Rehab	12	In the pipeline
Ross Road	Reinvestment Partners	Rehab	42	Under contract/construction begun
Harriet's Place	Reinvestment Partners	Rehab	16	In the pipeline
Fitts-Powell	ACRA	Rehab	14	Under contract
JFK Towers	JFK Towers LP	Rehab	178	In the pipeline - FY22 RFP
Fairhaven Walk	Commonwealth Dev.	New	192	In the pipeline - FY22 RFP
Cedar Trace LLC	Taft-Mills Group	New	180	In the pipeline - FY22 RFP
Sandy Ridge Station	Bradley Housing Dev.	New	132	In the pipeline - FY22 RFP
TOTAL			1605	

Additional Activities not included in *Forever Home, Durham Funding*

Housing Production and Preservation		Rehab or New Construction	No. of Affordable Units	Status
Rental Housing				
Laurel Oaks	DHA	Rehab	30	Completed
Morreene Road	DHA	Rehab	224	Under contract/construction begun
Willard Street Phase 1	DHIC/Self Help	New	82	Completed
702 & 704 Grant Street	DCLT	New	2	Under contract/predevelopment
SWCD10 Rehab - CDBG	DCLT	Rehab	4	Completed
SWCD10 Rehab - HOME	DCLT	Rehab	6	Under contract/construction begun
<i>Subtotal, Rental</i>			<i>348</i>	
Homeownership Opportunities				
917 Grant St (Vacant Lot)	DCLT	New	1	Under contract
701 Mallard Street (Vacant Lot)	Habitat	New	1	In the pipeline
706 N Elizabeth Street (Vacant Lot)	Habitat	New	1	In the pipeline
1012 Gurley Street (Vacant Lot)	Habitat	New	1	In the pipeline
704 Eva Street (Vacant Lot)	Habitat	New	1	In the pipeline
2312 Crane Street (Vacant Lot)	Habitat	New	1	In the pipeline
<i>Subtotal, Homeownership</i>			<i>6</i>	
Low-Income Households Stabilized			Number	Activities
Households stabilized			102	Long Time Homeowner Grant and prior minor repair program

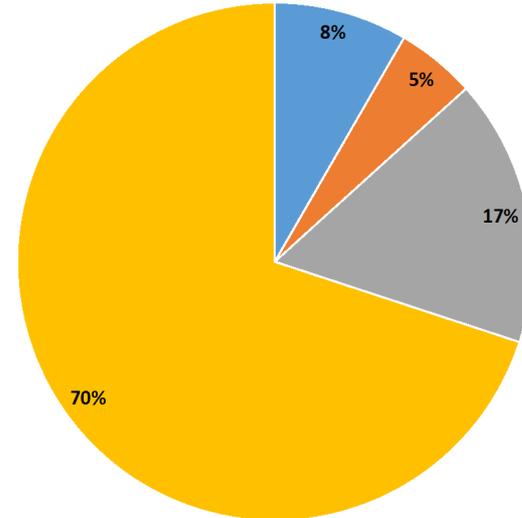
Forever Home, Durham

MWBE Contracting

**Total Contract Amount by Certification
as of February 2022**

Category	Amount	Percent
Current Addressable Spend	\$24,675,076	100%
MWBE Addressable Spend	\$7,407,508	30%
<i>Black/African American</i>	<i>\$2,068,596</i>	<i>8%</i>
<i>Hispanic/Latin X</i>	<i>\$1,225,000</i>	<i>5%</i>
<i>Woman</i>	<i>\$4,113,912</i>	<i>17%</i>

**Percent of Current Addressable Spend by Certification
as of February 2022**



■ Black/African American ■ Hispanic/Latin X ■ Woman ■ Non-MWBE



Forever Home, Durham

Homeless Services

- Serve as the Lead Agency for Durham County Homelessness Continuum of Care (CoC), which includes:
 - Staffing Homeless Services Advisory Committee (HSAC),
 - Preparing annual funding applications for State and HUD,
 - Preparing annual reports to HUD, including the Point in Time Count (PIT), Longitudinal Systems Analysis, Housing Inventory Count, and HOPWA CAPER.
- Support Entry Point Durham, the front door of the Homeless System
 - In FY21-22, 31% of persons experiencing homelessness who contacted coordinated entry were diverted from homelessness without entering an emergency shelter.
- In partnership with Durham County, fund Unsheltered Coordinating Agency (UCA) to provide street outreach and encampment response.
- Support emergency shelter operations and rapid rehousing
 - Families Moving Forward, Urban Ministries, Housing for New Hope, Project Access.

Forever Home, Durham

Neighborhood Stabilization

- Expanded Minor Repair Program launched with City and County funding support
 - Habitat awarded two-year contract to assist at least 80 low-income seniors (over age 65) or disabled homeowners with repairs.
 - Habitat will also provide application intake for the City's Substantial Rehabilitation Program and HOME Consortium Rehabs.
- Third year of the City-Funded Eviction Diversion Program completed, resulting in 660 tenants (70% of cases closed) preserving tenancy.
- Long Time Home Owner Grant Program completed for FY19 tax year and in the process for FY20 tax year (including Walltown).
- The Durham Down Payment Assistance Program launched in March 2021
 - Program will provide up to \$20K in down payment and closing cost assistance to homeowners with incomes <80% AMI.
 - Community Home Trust selected as Program Administrator.

COVID-19 Response

- Durham Rent Relief Program
 - Over 2,700 applications were received in the space of 28 days
 - 450 funded to date, with an estimated 450 more to be funded before funds are depleted
 - Application processing is expected to be completed in May 2022
- The second year of non-congregate shelter support, including both hotel and White Flag (cold weather) shelter
- The second year of expanded emergency shelter and rapid rehousing funding using federal pandemic relief funds
- CDD/Office of Economic and Workforce Development (OEWD) partnership to provide assistance to microbusinesses impacted by the pandemic
- City of Durham/Durham Public Schools (DPS) partnership to address COVID-19 learning loss in four low-income schools



FY 22-23 Priorities



FY22-23 Priorities

Rental Housing

Continue to move rental projects forward, including:

- ✓ *DHA:* Complete construction two projects on J.J. Henderson site and begin construction of three replacement housing projects on the DHA Liberty Street site
- ✓ *Other:* Begin contracting for projects awarded funds during FY21-22 RFP and Lofts at Southside Phase 3 (contingent upon LIHTC award)

Homelessness

- ✓ Maintain support for homeless system and providers
- ✓ Expand system planning efforts, including planning for use of HOME-ARP
- ✓ Expand technical assistance opportunities for providers
- ✓ Transition from pandemic operations to new normal

Neighborhood Stabilization

Successfully manage current programs, including

- ✓ Down Payment Assistance Program
 - ✓ Eviction Diversion Program
 - ✓ Minor Repair
 - ✓ Substantial Rehabilitation
- Maintain and expand support for small-scale production
- ✓ Move current projects forward
 - ✓ Issue new RFP for funding

Challenges

1. Continued growth in construction costs
According to the National Association of Home Builders (NAHB), the costs of building materials is up 20.3% in early 2022 from year before.
2. Interest Rate Volatility - Rising interest rates for projects that have not closed.
3. Rising rental prices and lack of landlords that will accept vouchers.
4. Workload capacity of CDD team, developers and providers.
5. Termination of HUD Lead Remediation Program.
6. Recapture of State of North Carolina Neighborhood Stabilization Program (NSP) Funds (\$675,000) utilized the Southside Revitalization Project (Not part of *Forever Home, Durham*).



Challenges (Continued)

7. Nature of development projects (i.e. changing deal structures, layered financing with multiple regulations for different financing sources, and changing project timeliness) can result in delays.
8. COVID-19 Impacts: General Contractor Availability, Subcontractor Availability, Supply Chain Disruptions, and Project Schedules.



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Summary

1. We are making progress, though not enough to address the need exacerbated by the current economy and housing market.
2. Challenges are present, particularly with projects that have not closed. We must assess the point at which we cannot provide sufficient additional funding placing projects in jeopardy of not proceeding.



Questions?



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