



**Date:** June 20, 2023

**To:** Wanda S. Page, City Manager  
**From:** Bertha T. Johnson, Deputy City Manager  
**Subject:** Carver Creek Supportive Housing Acquisition Interlocal Cooperation Agreement

### **Executive Summary**

On May 18, 2023, Durham City Council received a presentation from Housing for New Hope, Inc. (Housing for New Hope) on the Carver Street Apartments acquisition for supportive housing. At the meeting, Housing for New Hope requested the City provide a grant of \$3,025,000 to purchase the Carver Street Apartments property to match the commitment of \$3,025,000 made by Durham County. City Council expressed its support for the project and to provide the requested funding.

During the discussion City Council requested the following commitments be included in the Interlocal Cooperation Agreement (ILCA):

- Rental housing shall be available exclusively to households with an area medium income (AMI) at or below fifty percent (50%) for tenant households size based on data published by US Department of Housing and Urban Development (HUD);
- City/County will have first right of refusal on sale of property;
- Deed restricted for intended purpose; and
- Ongoing monitoring for a period of 30 years to be administered through the City of Durham's Community Development Department.

### **Motion**

To resolve that the City Manager be authorized to execute an Interlocal Cooperation Agreement (ILCA) with Durham County to provide the City of Durham with a matching grant of \$3,025,000 for the acquisition of the Carver Street Apartments; and

To adopt a budget ordinance amending the City of Durham Budget Ordinance as amended, Fiscal Year 2022-23, the same being Ordinance #16150.

### **Background**

On May 1, 2023, the Durham County Board of County Commissioners received a presentation from Housing for New Hope on the acquisition of the Carver Creek Apartments, located at 531 E. Carver Street, Durham, North Carolina. Housing for New Hope is a Durham-based non-profit housing and homeless services agency. The City Administration received a request from Russell Pierce, Executive Director, for the Durham City Council to receive the same presentation.

On May 18, 2023, Durham City Council received a presentation from Housing for New Hope, Inc. on the Carver Street Apartments acquisition for supportive housing. Carver Street

Apartments are located at 531 E. Carver Street, Durham, North Carolina. At the May 18, 2023, meeting, Housing for New Hope requested the City provide a grant of \$3,025,000 for the purchase the Carver Street Apartments property to match the request of \$3,025,000 from the County of Durham. City Council expressed its support in the amount of \$3,025,000 for the acquisition of the Carver Street Apartments property.

Supportive housing is an affordable housing option that links housing units with targeted supportive services to increase the likelihood of long-term housing stability for residents who have a disabling condition.

HUD definition of Permanent Support Housing (PSH) is housing that supports individuals who have faced chronic homelessness (at least one year of documented homelessness) and who have a disabling condition.

According to Housing for New Hope, this project would preserve 48-units of affordable housing units currently scheduled to lose protective covenants on December 31, 2023; secure undeveloped land on the property that, when combined with undeveloped land on the adjoining property already owned by Housing for New Hope, could be utilized to create an additional 45-50 units of affordable housing; and support the phased development of a master planned supportive housing campus including 100-120 units of supportive housing with deeply integrated, on-site services for Durham's most vulnerable citizens.

### **Issues and Analysis**

According to the Homeless Services Advisory Committee (HSAC), there is a critical need for 100 additional supportive housing units in Durham. Housing for New Hope's request for the City and County to jointly fund the purchase of a 48-unit apartment complex (Carver Creek) supports this goal. The acquisition of these 48-units is a cost-effective way to meet part of this need (\$126,042 per unit at Carver Creek vs. the new construction cost of \$250,000+ per unit).

The apartments in these buildings will provide housing and supportive services to those in the community with the highest barriers to housing including evictions, low/no income, criminal backgrounds, and/or mental health/substance use issues.

Both the City of Durham and Durham County desire to support this critical need and commit to jointly funding this project.

### **Alternatives**

City Council could choose not to approve the ILCA and budget amendment and allow the property to be sold on the open market.

### **Financial Impact**

A budget ordinance is required to appropriate funding from General Fund fund balance to support this Interlocal Agreement.

### **Equal Business Opportunity Summary**

Due to the nature of this agenda item, a review from Finance is not applicable.

### **Contractor Workforce Diversity & Hiring Practices**

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

**Attachments**

Interlocal Cooperative Agreement Between Durham County and the City of Durham to support the Carver Creek Supportive Housing Acquisition

Housing for New Hope Carver Creek Campus Grant Request Addendum

Housing for New Hope Carver Creek Campus Grant Request