



CITY OF DURHAM | NORTH CAROLINA

Date: January 3, 2011

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Mike Barros, Director
Department of Community Development
Subject: HOME Investment Partnership Agreement and Loan Agreement between the City of Durham and Durham County Habitat for Humanity for the Acquisition of Properties located in Southwest Central Durham and North East Central Durham

Executive Summary

On May 3, 2010, City Council approved the FY 2010-2011 Annual Action Plan for the use of CDBG, HOME and ESG Funds. The FY 2010-2011 Annual Action Plan included a grant of HOME funds in the amount of \$250,000.00 to Durham County Habitat for Humanity (Habitat) for the acquisition/demolition of a minimum of eight (8) single family properties and development of affordable housing on those properties in Southwest Central Durham (SWCD) and North East Central Durham (NECD). These properties include: 1706 Gunter Street, 1101 Moreland Avenue, 1024 Rosedale Avenue, 1029 Rosedale Avenue and 1106 Kent Street. The remaining properties have not yet been identified by Habitat.

Recommendation

The Department of Community Development recommends that City Council authorize the expenditure of up to \$250,000.00 in FY 10-11 HOME funds and to authorize the City Manager to execute a HOME Investment Partnership Agreement and related loan documents with Durham County Habitat for Humanity in the amount of \$250,000.00 to acquire/demolish a minimum of eight (8) properties for development of affordable housing.

Background

The funding that Habitat is requesting will be used for the acquisition/demolition of a minimum of eight (8) single family properties located in SWCD and NECD including 1706 Gunter Street, 1101 Moreland Avenue, 1029 Rosedale Avenue, 1024 Rosedale Avenue and 1106 Kent Street. Existing dilapidated structures have been or will be demolished and all eight (8) of the properties will be improved with new single family energy efficient homes that will complement the redevelopment efforts in the West End and Lyon Park communities and will be sold to first-time homebuyers. Habitat will disassemble the existing homes to salvage any usable building materials. Any salvaged materials will be sold in their resale store.

Habitat must construct all new homes to meet the Advanced Energy Corporation's SystemVision specifications and upon completion each house must be certified by Advanced Energy that the energy required to heat and cool the building will not exceed the guaranteed usage.

Historically, Habitat has built approximately 50 housing units in Southwest Central Durham. The City's participation with non-profit partners such as Durham County Habitat for Humanity, Durham Community Land Trustees and Self-Help CDC to redevelop the West End and Lyon Park neighborhoods will not only eliminate substandard houses and blight, but will result in the stabilization of Southwest Central Durham through increased homeownership.

Issues/Analysis

The revitalization of Durham's central city neighborhoods was a specific priority of the Five-Year Consolidated Plan. Habitat has acquired or plans to acquire additional vacant and dilapidated properties in the neighborhood. Specific plans for the re-use of cleared parcels will be determined in conjunction with the Quality of Life Committee recommendations.

Alternatives

The City Council may elect to not provide funding for this project. It should be noted however, that there are no alternative funding sources. If the project does not receive HOME funding, Habitat will have to delay or cancel plans to develop new housing in the neighborhood.

Financial Impacts

Sources and Uses – Acquisition of a minimum of eight (8) parcels in SWCD and NECD –estimated cost

Address	HOME/City	Total Cost
1706 Gunter Street	25,000	\$32,000*
1101 Moreland Ave.	30,000	30,000
1029 Rosedale Ave.	34,000	34,000
1024 Rosedale Ave.	33,000	33,000
1106 Kent Street	37,000	37,000
Unidentified Properties	91,000	91,000
Totals	\$250,000	\$257,000

* Denotes acquisition cost plus \$7,000 in demolition costs

HOME funds from the FY 09-10 allocation in the amount of \$250,000.00 are budgeted and available for this project. Additional funding will be provided by Habitat. The stabilization of the neighborhood and new residential development will have a positive impact on the General Fund by enhancing the tax base.

SDBE Summary

Habitat shall comply with all applicable provisions of Chapter 26 of the Durham City Code (Equal Business Opportunities Ordinance), as amended from time to time, as they apply. The failure of Habitat to comply with that chapter shall be a material breach of contract which may result in the rescission or termination of this contract and/or other appropriate remedies in accordance with the provisions of that chapter, this contract, and State law.