



CITY OF DURHAM | NORTH CAROLINA

Date: August 2, 2011

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Mike Barros, Director
Department of Community Development
Subject: Holding Public Hearing on Proposed Substantial
Amendments to the 2010-2015 Consolidated Plan and
2011-2012 Annual Action Plan

Executive Summary

The Citizen Participation Plan contained in the adopted 2010-2015 Consolidated Plan requires that a public hearing be conducted for all formal amendments that add, delete or substantially change the Consolidated Plan or Annual Action Plan according to regulations found in 24 Code of Federal Regulations (CFR) 91.505. The purpose of the proposed amendments is to seek a Neighborhood Revitalization Strategy Area (NRSA) designation for the Southside Neighborhood from the Department of Housing and Urban Development (HUD) and to include a CDBG Section 108 loan application as an action to be undertaken by the City of Durham. The addition of an NRSA designation to the revitalization plan currently in progress for the South Neighborhood will allow for more flexible expenditure of Community Development Block Grant (CDBG) funds. In order to inform citizens of the upcoming public hearing, notices will be published in the *Herald-Sun* and the *Carolina Times*.

After the public hearing and if approved by City Council, the amendments to the Durham Consolidated Plan and Annual Action Plan will be forwarded to HUD for approval and will be incorporated into the currently adopted Consolidated Plan and Annual Action Plan.

Recommendation

The Department of Community Development recommends that the City Council hold a public hearing on September 6, 2011 to receive citizen comments on the proposed amendments to the 2010-2015 Consolidated Plan and 2011-2012 Annual Action Plan, approve the amendments, and authorize the City Manager to execute all administrative requirements and contractual documents necessary for the implementation of the amended Consolidated Plan.

Background

Section 108 Loan: A companion agenda item detailing the Section 108 loan application and recommending Council authorization for the City Manager to submit the application is provided separately.

NRSA Designation: The Federal Register published on January 5, 1995 authorized entitlement grantees to develop comprehensive approaches to address economic development and housing needs in a designated neighborhood within their community. This approach is referred to as a NRSA. Communities with approved NRSA's are offered enhanced flexibility in undertaking economic development, housing, and public service activities with their CDBG funds. This flexibility is designed to promote innovative programs in economically disadvantaged areas of the community. Areas of enhanced regulatory flexibility include:

1. Job creation or retention efforts focused on the selected neighborhood may be classified as meeting the low-moderate income area benefit national objective requirements.
2. Aggregation of housing units assisted or created as a result of the expenditure of CDBG funds during each program year into a single project for purposes of documenting benefit to low to moderate income persons.
3. Economic development carried out in the NRSA may be excluded from the aggregate public benefit standards.
4. All public services offered within the NRSA and carried out as part of qualified projects under the NRSA by a Community Based Development Organization (CBDO) are exempt from the 15% public services cap.

Issues/Analysis

Attachment A is a draft proposed NRSA Plan for the Southside Neighborhood. The City must report its accomplishments against its benchmarks in the Information Disbursement Information System

(IDIS). HUD will monitor the progress against the established outcomes each year. HUD may suspend or withdraw approval of the NRSA as a result of performance lagging substantially behind the benchmarks.

Alternatives

Failure to submit an amendment to the Consolidated Plan on the proposed NRSA will make the City ineligible to receive the benefits and flexibility of the designation. Council may approve the amendment as presented or with modifications, or may choose not to approve the amendment at this time. Similarly, failure to submit an amendment to include a Section 108 loan application as an activity to be undertaken will make the City ineligible for submitting a loan application.

Financial Impact

The City does not need to commit specific future funds for use in the NRSA at the time the NRSA is submitted. After approval of the NRSA, the City's subsequent Action Plans must describe the HUD formula program resources that may be used to achieve the NRSA area goals. Financial impacts associated with the Section 108 loan application are addressed in the companion agenda item.

SDBE Summary

Not applicable to this item.

Attachment

Draft NRSA Plan