



## **City of Durham and Durham Consortium**

# **DRAFT ANNUAL ACTION PLAN Fiscal Year 2013-2014**

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## **Executive Summary**

### **Purpose**

The Annual Action Plan is a requirement of the Department of Housing and Urban Development (HUD) as a condition of receiving funding under certain federal programs. The goal of the Plan is to extend and strengthen partnerships among the public and private sector to provide decent housing, establish and maintain a suitable living environment and expand opportunities.

### **Background**

The Annual Action Plan describes how the City of Durham intends to invest its Community Development Block Grant (CDBG) and Emergency Solutions Grant (ESG) funds during Fiscal Year 2013-2014, which covers the time period of July 1, 2013 through June 30, 2014. In addition, the Durham Consortium, consisting of a partnership between the City and County receives HOME Investment Partnership Program (HOME) funds. HOME funds received by the City and the Consortium are managed by the City's Department of Community Development (DCD). This Plan also identifies actions that the City of Durham and other local organizations will pursue to further the strategies and priorities in the Five-Year Consolidated Plan for 2010-2015

In order to be eligible to receive CDBG, HOME, and ESG funds the City must submit a Consolidated Plan to the HUD every five years, and is required to update that plan annually. The Consolidated Plan is an assessment and analysis of local conditions and issues related to housing, homelessness, community development, and economic development. Utilizing a comprehensive outreach and citizen participation process, the Consolidated Plan describes priority needs facing the community and develops strategies to address those needs. The FY 2013-2014 Annual Action Plan represents the fourth year of the 2010-2015 Five-Year Consolidated Plan.

### **Brief Overview of CDBG Program**

The CDBG Entitlement Program established in 1974 and administered by the HUD provides metropolitan cities and urban counties with funds to assist in achieving their goals of neighborhood revitalization, economic development, improved community facilities, prevention and elimination of slums and assistance to low and moderate-income persons. Low and moderate-income (LMI), as defined by HUD, refers to households earning 80% or less than the area median income, adjusted for family size. The City of Durham has been participating as an entitlement city since this program's inception.

HUD determines the amount of each entitlement grant by a statutory dual formula which uses several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing and population growth lag in relationship to other metropolitan areas.

The primary objective of CDBG is the development of viable urban communities, by providing decent housing and suitable living environments and expanding economic opportunities, principally for persons of low and moderate-income. Consistent with this primary objective, not less than 70 percent of CDBG funds received by the participating jurisdiction (PJ) will be used in accordance with the applicable requirements for activities that benefit persons of low and moderate income. PJs may use up to 20 percent of their annual allocation plus any program income received for eligible and reasonable planning and administrative costs.

CDBG funds can only be used in compliance with the national objectives of the program. PJs must certify that the proposed uses of funds have been developed so as to give maximum feasible priority to activities that will carry out one the following national objectives:

- Benefit to low and moderate-income families;
- Aid in the prevention of elimination of slums and blight;
- Addressing urgent needs.

### **Brief Overview of HOME Program**

The HOME Program was created by the National Affordable Housing Act of 1990 (NAHA), and has been amended several times by subsequent legislation. The intent of the HOME Program is to:

- Provide decent affordable housing to lower-income households;
- Expand the capacity of nonprofit housing providers;
- Strengthen the ability of state and local governments to provide housing, and;
- Leverage private-sector participation.

HOME funds are awarded annually as formula grants to PJs. The eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing and rental assistance, at least 90 percent of benefiting families must have incomes that are no more than 60 percent of the HUD-adjusted median family income for the area. In rental projects with five or more assisted units, at least 20 percent of the units must be occupied by families with incomes that do not exceed 50 percent of the HUD-adjusted median. The incomes of households receiving HUD assistance must not exceed 80 percent of the area median. HOME income limits are published each year by HUD.

PJs must reserve a minimum of 15 percent of their HOME allocation to Community Development Housing Organizations (CHDOs) for affordable housing development.

## Brief Overview of ESG Program

The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act), enacted into law on May 20, 2009, consolidates three of the separate homeless assistance programs administered by HUD under the McKinney-Vento Homeless Assistance Act into a single grant program, and revises the Emergency Shelter Grants program and renames it as the Emergency Solutions Grants (ESG) program. The HEARTH Act also codifies into law the Continuum of Care planning process, a longstanding part of HUD's application process to assist homeless persons by providing greater coordination in responding to their

The interim rule, published in the Federal Register on December 5, 2011, revises the regulations for the Emergency Shelter Grants program by establishing the regulations for the Emergency Solutions Grants program, which replaces the Emergency Shelter Grants program. The change in the program's name, from Emergency Shelter Grants to Emergency Solutions Grants, reflects the change in the program's focus from addressing the needs of homeless people in emergency or transitional shelters to assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

### 2013 Area Median Income Limits

Family Size	30% Extremely Low Income	50% Very Low Income	60% Low Income	80% Moderate Income
1	\$14,250	\$23,700	\$28,440	\$37,950
2	\$16,250	\$27,100	\$32,520	\$43,350
3	\$18,300	\$30,500	\$36,600	\$48,750
4	\$20,300	\$33,850	\$40,620	\$54,150
5	\$21,950	\$36,600	\$43,920	\$58,500
6	\$23,550	\$39,300	\$47,160	\$62,850
7	\$25,200	\$42,000	\$50,400	\$67,150
8	\$26,800	\$44,700	\$53,640	\$71,500

Based on U.S. Department of Housing and Urban Development income limits for Section 8 Programs and Median Family Income for Durham/Chapel Hill, North Carolina

## Source of Funds

### Available Resources

The table below shows the funding the City of Durham expects to receive for the fiscal year 2013-2014 from the HUD.

Fiscal Year 2013-2014 Anticipated Funding	
Source of Funds	Amount
Community Development Block Grant	\$1,464,678
Estimated CDBG Program Income	\$ 100,000
HOME Investment Partnership Program	\$ 652,170
Estimated HOME Program Income	\$430,000
Emergency Solutions Grant Program	\$150,000
Dedicated Funding Source	\$2,346,300
<b>Total</b>	<b>\$5,143,148</b>

In addition to the funds listed above, the City currently anticipates receiving Bond Program Income. Original proceeds from the 1996 Housing Bond Program have been expended. However, the City expects to receive approximately \$543,883 in bond fund repayments in FY 2013-2014. A portion of these funds will be used to support the City Homeownership Assistance Program and to fund activities within the Southside development area.

### Proposed Activities and Projects

The following tables show the summary of activities and associated proposed projects to be undertaken during the fiscal year 2013-2014. More complete details are provided in Appendix A.

<b>Recommended FY 2013-2014 Community Development Block Grant Allocations</b> <i>(includes \$100,000 of projected program income)</i>		
<b>Recipient</b>	<b>Project</b>	<b>Amount</b>
Urban Ministries of Durham	Meals for Community Shelter	\$33,880
Durham Interfaith Hospital Network	Case Management	\$30,120
Durham County Department of Social Services	Case Management	\$ 74,000
Neighborhood Improvement Services	Code Enforcement	\$ 140,000
Department of Community Development	Southside Public Services	\$50,000
Department of Community Development	Southside Homeowner Rehabilitation/ Replacement Housing	\$ 118,742
Department of Community Development	Southside Site Preparation and Infrastructure	\$500,000
Department of Community Development	Southside Homebuyer Assistance	\$100,000
Department of Community Development	Section 108 Debt Service	\$ 205,000
Department of Community Development	Administration	\$312,936
<b>Total</b>		<b>\$1,564,678</b>

<b>Recommended FY 2013-2014 HOME Investment Partnership Allocations</b> <i>(includes \$430,000 of projected program income)</i>		
<b>Recipient</b>	<b>Project</b>	<b>Amount</b>
Community Development Housing Organization Set Aside	Affordable Housing Development Projects	\$88,000
Department of Community Development	MBS Loan Phase I	\$230,995
Department of Community Development	MBS Loan Phase II	\$355,716
Department of Community Development	Southside Homeowner Incentives	\$99,730
Department of Community Development	Southside Homeownership Loans	\$200,000
Department of Community Development	Administration	\$108,271
<b>Total</b>		<b>\$1,082,712</b>

<b>Recommended FY 2013-2014 Emergency Solutions Grant Allocations</b>		
<b>Recipient</b>	<b>Project</b>	<b>Amount</b>
Genesis Home, Inc.	Operations	\$17,000
Durham Interfaith Hospitality Network	Operations and Essential Services	\$13,090
Urban Ministries of Durham	Operations	\$29,750
Housing for New Hope	Rapid Re-Housing	\$67,621
Durham Housing Authority	Rapid Re-Housing	\$11,082
Department of Community Development	Administration	\$11,457
<b>Total</b>		<b>\$150,000</b>

### **Leverage**

Durham intends to use leverage resources through the RFP requirements. In an effort to maximize the effort of federal funds received by the City, all applicants seeking an award of either CDBG, ESG or general funds from the City were required to commit leveraged funds to the given project or program as follows:

- Public service activities which address homeless : \$1 for \$1 match
- General Funds: \$1for each \$1 requested
- ESG: \$1 for \$1 match

### **Citizen Participation Process**

The purpose of the Citizen Participation Plan is to identify and set forth guidelines that the City of Durham Department of Community Development will follow to ensure that the citizens of Durham are adequately aware of the programs/activities that are financed with entitlement funding from HUD. The City updated its Citizen Participation Plan in April 26, 2010 and it was approved as a part of the Consolidated Plan on May 3, 2010 by City Council. In preparing the Annual Action Plan, the Department of Community Development followed the schedule below:

<b>Citizen Participation Process Schedule</b>	
November 4 & 5, 2012	FY 2013-2014 Application for Federal and General Funding Workshop Advertised in the Herald Sun and Carolina Times
November 28, 2012	Application Workshop and Release of Application
January 10, 2013	Application Deadline
January 20 & 26, 2013	Needs Public Hearing Advertised in the Herald Sun and Carolina Times
February 4, 2013	City Public Hearing on Community Development Needs
February 11, 2013	County Public Hearing on Community Development Needs
February 25, 2013	DCD presentation of funding recommendations to Citizens Advisory Committee
March 15 – April 15, 2013	Draft Annual Action Plan on Review
March 27, 2013 (Proposed)	DCD presentation of funding recommendations to Homeless Services Advisory Committee
April 15, 2013 (Proposed)	City Public Hearing and Adoption on Annual Action Plan
April 22, 2013 (Proposed)	County Public Hearing and Adoption on Annual Action Plan

In addition to advertisements published in the Herald Sun and the Carolina Times, a minority owned newspaper; notices were also posted on the Department of Community Development's website and sent to interested persons, various community organizations and nonprofit groups via electronic mailings.

The Citizen Advisory Committee (CAC) is a group of 15 individuals appointed by the City Council (12 appointed) and County Commission (3 members appointed) to assist in facilitating the citizen participation with CDBG, HOME, and ESG funding. The CAC reviewed and evaluated all applications received for funding for FY 2013-2014 and concurred with the Department's recommendations.

The Draft Annual Action Plan was available for public review from March 15, 2013 until April 15, 2013 at the following locations: Department of Community Development located at 807 E. Main Street, Building 2-Suite 200, the Durham County Public (Main) Library, the City and County Clerk's Offices, and the front desk of City Hall and on-line at <http://durhamnc.gov/ich/cb/cdd/Pages/Home.aspx>

## **Public Comments**

Public comments are located in Appendix C.

## **Identification of Priority Needs**

As a growing community, the City of Durham is challenged with successfully balancing a diverse array of housing and community development issues. Given the range of competing needs, the community must invest its scarce public resources wisely. Therefore, as a general principle, the City of Durham will attempt to expend public funds in a way that leverages the commitment of private sector support whenever possible. Through the public participation and consultation process, the City of Durham has identified the community's priorities which will focus on neighborhood revitalization and housing for persons with special needs.

Southside is priority area for neighborhood revitalization efforts. The shared vision of the City and its partners is to create a central city housing market that attracts residents of all income levels. A mixed-use, mixed-income community is envisioned that will incorporate a variety of housing types with price points that are appropriate for workforce and market rate housing for rental and homeownership. This area is in a serious state of decline and disinvestment and will be the focus of the City's revitalization efforts for the remaining years defined by this Consolidated Plan. Redevelopment will be implemented consistent with the Rolling Hills/Southside Redevelopment Plan prepared by McCormack Baron Salazar (MBS) and approved by City Council. This area which encompasses approximately 125 acres and lies between downtown and North Carolina Central University will be targeted for investments that create a "tipping point" that will be a major catalyst for private reinvestment which can reverse the trend of disinvestment and decline. The Southside area contains concentrations of vacant houses and a homeownership rate as low as 13%. The vacancy rate continues to increase and the rate of homeownership has continued to decline. Mc Cormack, Baron, and Salazar's revitalization plan calls for targeted and strategic investments by the public sector which will help create the "tipping point" for private investment. The Plan's authors describe the "Tipping point" as being the point in the real estate market where private investment becomes economically viable without significant public subsidy.

The City will focus on two top priority needs identified in the Five Year Consolidated Plan which are summarized as follows:

- Neighborhood Revitalization
- Housing for Persons with Special Needs

Supporting data documenting Durham's housing needs comes from a review of HUD's 2009 CHAS Data sets. Priorities and strategies for neighborhood revitalization are

driven by the need to address the housing needs of those who are cost burdened, who lack adequate facilities, who are overcrowded, and who live in dilapidated housing. The needs assessment conducted as a part of the strategic planning process reflects that there is a very large portion of the community's population who are experiencing housing problems of this nature. Nearly 50% of the 100,830 occupied housing units in Durham face housing burdens. The need for some form of housing assistance for these households ranks as a high priority. Priority will also be given to owner occupied, special needs housing, and homeownership units. The following section addresses priorities and the strategies designed to address them.

### **Priority A: Neighborhood Revitalization**

Revitalizing and stabilizing communities has always depended on identifying resources, creating partnerships, and mobilizing the capacities and assets of residents and neighborhoods. As has been the case in many of its housing and community programs, the City will continue to work with community groups and stakeholders to develop and implement plans for the revitalization efforts planned for the Southside neighborhood and the ongoing efforts for neighborhood stabilization in Northeast and Southwest Central Durham. Various sources of funding will be sought to continue neighborhood redevelopment efforts.

### **Priority B: Housing for Persons with Special Needs**

Addressing the needs of populations with special needs continues to be a goal for the City. Recognizing the complexity of housing needs of the elderly, persons with disabilities and substance abuse problems, homeless individuals and families, and persons with HIV/AIDS; the City will continue its efforts to coordinate and aid in the delivery of adequate and affordable housing with services to adequately address their needs.

## **Affordable Housing and Neighborhood Revitalization**

### Resources to Support Revitalization Efforts

The City will use a number of funding sources to support neighborhood revitalization activities in Southwest Central Durham, Northeast Central Durham, and Southside. Among those under consideration are the following:

- Home Investment Partnership Act Program
- Community Development Block Grant
- Section 108
- Emergency Solutions Grant funds
- Community Development Program Income
- Housing Bond Program Income
- Neighborhood Stabilization Program funds
- Low Income Housing Tax Credits
- North Carolina Housing Finance Agency funds
- City of Durham General funds

### Neighborhood Revitalization Strategy Area (NRSA)

The NRSA is a program created by HUD to revitalize and stimulate growth in low income most distressed neighborhoods. Communities with approved NRSA's are offered enhanced flexibility in undertaking economic development, housing, and public service activities with CDBG funds. In FY 2011-12, the City received approval from HUD for an NRSA designation for the Southside neighborhood. This is the first time the City has pursued and successfully received an NRSA designation. The NRSA encompasses census tracts 12.01, 12.02 and 13.02 (Block Group 2). The NRSA boundaries of the Southside are somewhat smaller than the existing census block boundaries. The NRSA, which covers about 125 acres, is located south of the Durham Freeway. Benchmark achievements projected for FY 13-14 include the following:

- Perform substantial rehabilitation on 1 existing owner-occupied home to System Vision or equivalent standards to reduce energy costs.
- Provide replacement housing to 2 owner-occupants whose homes are not feasible for rehabilitation.
- Complete the construction of 132 mixed-income rental units of which 80 will be affordable to households with incomes at or below 60% AMI.
- Complete infrastructure and gateway improvements to support the marketing of 48 homeownership units.
- Construct 15 homeownership units.
- Create 11 affordable rental units via rehabilitation and new construction on Piedmont Avenue.
- Not less than 80 persons employed in construction and construction related activities.
- Not less than 4 Section 3 hires associated with construction activities in the neighborhood.
- Achieve not less than 10% participation by Small/Disadvantaged Business Enterprises (SDBE) in site preparation/infrastructure and multi-family construction.

### Section 108 Loan

The Section 108 Program is a loan guarantee which enables grantees to borrow up to five times their annual CDBG allocation. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. In FY 2011-12, the City received approval of an \$8.8 million Section 108 Loan from HUD, which will be used for acquisition, site preparation and infrastructure improvements for the Southside development. Most of those funds will be expended during FY 12-13 with the remainder expended during FY 13-14.

### Southside Project Implementation

During FY 13-14, the City plans to continue with the implementation of plans for the Southside neighborhood in partnership with McCormack Baron Salazar (MBS) and

others. The 132-unit mixed income rental development by MBS will be completed during the year and the FY 13-14 Annual Action Plan includes HOME funds associated with subordinate financing needed for the second phase of mixed-income rental units by MBS which will include approximately 79 units.

Site preparation and infrastructure improvements associated with the initial 48 homeownership units will be completed and it is anticipated that 15 units will be completed and sold during the year. Both CDBG and HOME funds will be used to provide assistance or incentives to LMI homebuyers.

Pending the award of funds from NCHFA, the Piedmont Rental project will be completed. This 11-unit CHDO project will consist of both rehab and new construction and will be supported by both HOME and general funds.

The rehabilitation of owner-occupied homes will continue with the completion of one additional unit. It is also anticipated that replacement housing assistance will be provided to two Southside homeowners whose homes are not feasible for rehabilitation.

Additionally, an application to NCHFA is pending for the renovation of the Whitted School into housing for seniors. Plans call for the addition of a newly constructed building on the site for a total of 89 units. A pre-K facility is also proposed. Announcement of FY 13-14 LIHTC awards is expected in August 2013.

### **Housing Programs and Code Enforcement**

Southside Housing Rehabilitation Program. Deferred, forgivable loan amortized for up to 5 years for owner-occupants located in the Southside NRSA. The maximum amount per unit is \$75,000 with higher amounts allowed with the approval of the Deputy City Manager or City Manager. CDBG totaling \$118,742 for this activity will allow for the rehabilitation of approximately one home in Southside.

### Rehabilitation Activities in the County

In years past, a very limited amount of HOME funds have been programmed for the rehabilitation of owner-occupied homes outside Durham's city limits. For FY 13-14, it is proposed that the County's prorated share of HOME funds (approximately 5%) be used in the Southside neighborhood to further revitalization activities in proximity to the County-sponsored Whitted School project.

### Homebuyer's Purchase Assistance Program

This program provides second mortgage financing at 2% amortized over thirty years, payable in monthly installments, to income eligible low to moderate-income. The Census Long Form income definition will be utilized with all city homeownership mortgage loan programs. Beginning July 1, 2012, assistance under this program has been limited to the Southside area. However, non-profit homebuilders with incomplete or on-going homeownership development activities in Southwest Central Durham or Northeast Central Durham may request set-aside funding to assist their prospective homebuyers.

### Urgent Repair Program

The locally funding program (\$200,000 in general funds) is expected to assist approximately 24 elderly or disabled homeowners in correcting conditions which pose an imminent threat to health of safety or in accessibility improvements which allow occupants to remain in their home.

### Rapid Re-Housing

In addition to using a portion of its ESG funds for Rapid Re-Housing, \$200,000 in supplemental general funds will be used to assist a greater number of affected households.

### Creation/Preservation of Affordable Rental Housing

City of Durham general funds will be used to provide capital improvements essential to preserving the 18-unit Mutual Manor elderly housing project. General funds will also be used to provide subordinate financing associated with the creation of 89 affordable rental units serving the elderly in the Whitted School project.

### **Code Enforcement**

The Department of Community Development partners with the Code Enforcement Division of the Department of Neighborhood Improvement Services to assist with its priority to revitalize and to stabilize neighborhoods by addressing blight, nuisances and maintaining a clean environment in low-income neighborhoods. Specifically, Code Enforcement works to reduce substandard housing and unsafe structures, to decrease the number of individuals residing in substandard housing, to decrease the number of abandoned, junked and hazardous vehicles, and to decrease the number of trash/debris/weedy lots located within the City. In accordance with CDBG regulations, the City will use \$140,000 in CDBG funds to support code enforcement efforts to promote and to maintain a safe and healthy living and working environment in low-income neighborhoods.

### **Homeless and Special Needs**

The City of Durham's Department of Community Development became the Lead Agency for the Continuum of Care (CoC) in April 2011. The CoC's primary decision making group was reorganized as the Homeless Services Advisory Committee (HSAC). An Interlocal Agreement between the City of Durham and Durham County is being finalized; the agreement will clearly delineate the responsibilities and decision making authority of the HSAC, the City's responsibilities as the CoC Lead Agency, and the County's responsibilities for providing services to homeless people and those with special needs. The CoC has been participating in the HUD-sponsored CoC Check-Up; the Action Plan developed through this process will outline strategies needed to align Durham's TYP with the Federal Strategic Plan to End and Prevent Homelessness and to be ready to implement the HEARTH Act. The CoC continues to prioritize permanent supportive housing for chronically homeless people. The City plans to prioritize its ESG allocation to continue rapid re-housing activities initiated under HPRP.

### **Homeless Participation**

In regard to meeting the requirements of 24 CFR 576.405(b) for the ESG Program, the City's plan is "to consult with homeless or formerly homeless individuals in considering and making policies and decisions, regarding any facilities, services, or other assistance that receive funding under ESG" includes:

- Consulting with the HSAC, the CoC's primary decision-making body, which does have two formerly homeless individuals as members. The Durham City Council and Durham Board of County Commissioners require that at least two appointees on the HSAC be individuals who are homeless or formerly homeless.
- Requiring that sub-grantees provide for the participation of not less than one homeless or formerly homeless individual on the sub-grantee's board of directors or, if the agency is unable to meet that requirement, develop and implement a plan to consult with homeless or formerly homeless individuals in making decisions regarding proposals to use ESG funds.

### **Fair Housing**

Sections 104(b)(2) and 106(d)(5) of the Housing and Community Development Act of 1974 as amended, specifically require that the City certify that it will affirmatively further fair housing. Congress reiterated this affirmative obligation in the National Affordable Housing Act of 1990 (NAHA). The City of Durham will continue its efforts to promote a wide range of housing choices in ways that do not discriminate against protected classes. The City emphasizes the fact that all citizens will have equal access to housing opportunities. Specifically, the City's objective is to promote the ability of persons, regardless of race, color, religion, sex, handicap, familial status, or national origin, of similar income levels to have the same housing choices available to them. The City's Human Relations Department administers the City's Fair Housing Ordinance. The Fair Housing Ordinance of the City of Durham is equivalent to federal civil rights law. This enables the Department to contract with the HD and as a result receive funding for processing housing complaints and conducting education and outreach.

The City plans to pursue the following strategies to insure that all citizens have a full range of housing opportunities:

- Assist in providing training for realtors, property managers, landlords, and tenants.
- Continue efforts to coordinate with the City Human Relations Department to ensure that all fair housing complaints are received and appropriately addressed.
- Continue to disseminate fair housing information to the public and advise on ways to improve equal access to housing and other services.

The Consolidated Plan regulations (24 CFR 91) require each state and local government to submit a certification that it is affirmatively furthering fair housing. This means that it will (1) conduct an analysis of impediments to fair housing choice; (2) take appropriate actions to overcome the effects of impediments identified through that analysis; and (3) maintain records reflecting the analysis and actions.

With the assistance of Urban Design Ventures, LLC, the City updated its Analysis of Impediments to Fair Housing Choice (AI) in 2012. The 2012 update to the AI outlines the progress that has been made since the previous 2006 AI, explore the continuation of these impediments where necessary, and identify any new impediments to fair housing choice. The City's 2012 AI identified the following impediments.

- Lack of affordable rental housing units
- Lack of affordable housing units for sale
- Areas of concentration of minorities
- Fair housing education and outreach
- Fair housing logo and disclaimer clause
- Accessible housing
- Public policies and regulations
- Private lending practices

Based on these findings, the City must take appropriate actions to overcome the effects of the impediments identified in the AI. The City is required to identify the actions it has taken annually in its Consolidated Annual Performance Evaluation Report (CAPER) to address the impediments in its current AI.

### **Barriers to Affordable Housing**

The City of Durham has made efforts to identify barriers to the development of affordable housing. The City currently encourages the development of affordable housing by including density bonuses for developers.<sup>1</sup> The consolidated plan discusses key issues related to barriers to affordable housing such as federal resources and policies, the gap between housing cost and income, local development regulations, so called "Not in My Back Yard" (NIMBY) opposition, and education. While few potential barriers are within the City's control to directly reverse, the City is dedicated to using its resources to counteract the negative effects of such external factors.

The objective is to significantly reduce and eliminate barriers to the development of affordable housing. The City expects to continue the following strategies over course of the Five Year Consolidated Plan:

- Address the financial barriers faced by many low- and moderate-income families by providing HOME and/or CDBG funding for homeownership, renovation, revitalization, programs

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<sup>1</sup> [www.huduser.org/rbc](http://www.huduser.org/rbc) Regulatory Barriers Clearinghouse

- Raise awareness about barriers to affordable housing development through a variety of methods, and implement policy changes that would make affordable housing development less challenging.
- Examine best practices on HUD's Regulatory Barriers Clearinghouse and determine applicability for Durham.

By undertaking the initiatives previously described in this section, the City will address a number of the barriers to affordable housing that currently challenge them.

### **Lead-Based Paint Hazards**

The hazards associated with lead-based paint are a greater concern for low-income families who live in dilapidated housing and who often do not have the financial resources to make their homes lead-safe. To address this concern the City has developed the following strategy for reducing lead-based paint hazards.

The objective is to increase the number of homes that are made lead-safe and reduce the number of child lead poisoning cases in the City of Durham through a program that addresses all types of environmental hazards in low income housing.

The City will ensure compliance with environmental regulations by conducting the following activities:

- Insuring that the construction staff is knowledgeable about the requirements concerning lead based paint as it pertains to all federal housing programs
- Distributing information on lead-based paint hazards to all households that participate in the City's housing programs
- Conducting lead-based paint inspections and assessments as necessary
- Implementing environmental control or abatement measures (lead-based paint and asbestos) as required in all federally funded projects
- Leveraging existing local funding in order to increase the total funds available to control and abate environmental hazards

The proposed accomplishments include the following:

- Full compliance with all applicable lead-based paint regulations
- Control or abate , to the extent feasible, all lead-based paint hazards in all housing rehabilitated with federal funds
- Reduction in the number of incidences of elevated blood lead levels in children

### **Institutional Structure and Coordination of Resources**

The City of Durham has an effective working relationship with many community partners in the implementation of its housing and community development programs. The City's neighborhood revitalization strategies require the leveraging of resources from all areas of the community. This process of community involvement helps to strengthen the existing partnerships with housing, community development, and social service

providers. These partnerships are important for several reasons, including the ability to gain new insight into problem solving, to build upon successful efforts and to leverage scarce resources. By continuing to strengthen the network of residents, faith based organizations, service providers, lenders, for-profit and nonprofit developers, state and federal agencies the City of Durham will achieve the goals included in the consolidated plan.

## **Durham Housing Authority (DHA)**

### **Coordination**

The City works very well with its partners to address the gaps in the housing delivery system. Efforts are made to integrate and coordinate that among housing community development and social service providers. The City works very closely with the county and key governmental departments in carrying out the community development strategies. Within City government the Community Development Staff must work closely with the following Departments: Engineering, Planning and Zoning, Parks and Recreation, Police, Public Works, and Fire.

To overcome any gaps in the delivery system, the City will continue to provide opportunities for public, private, governmental and faith based organizations to come together to share information, advocate for issues of concern, leverage resources and address the obstacles and challenges that often face local governments in developing affordable housing. The City encourages the participation of individuals and groups who are motivated to assist in addressing the housing and community development needs of the community.

### **Public Housing Improvements and Resident Initiatives**

The DHA is an active partner in the City in the redevelopment of Northeast Central Durham and other neighborhoods. The DHA works in conjunction with the City's Consolidated Plan and Comprehensive plan. Knowing the importance of planning and clear direction, the DHA has prepared its own five-year plan which serves as its road map for affordable housing and services for very low income citizens.

Among the goals that the organization has established for itself are the following:

- Create a viable real estate company
- Build strong community partnerships
- Provide quality affordable housing to people everywhere

Through these goals it is expected that the DHA will help in increasing housing opportunities, improve housing infrastructure and make needed improvements in housing stock. Resident self-sufficiency is being encouraged by the staff and is being pursued by residents. A Neighborhood Network is in place and provides services to adults and high school students. To further assist residents in being self-sufficient, the DHA partners with job training agencies to help residents secure business and job skills.

Partnerships are pursued in Northeast Central Durham with the DHA, Duke University, North Carolina Central University, and the University of North Carolina at Chapel Hill.

The DHA manages 1,851 housing units and the baseline for the Housing Choice Voucher Program is 2684 consisting of a contract authority award exceeding \$15 million dollars annually. The waiting list for public housing averages 2567 applicants throughout the year. The average turnover for residents in public housing is approximately 30 families per month.

During FY 12-13, DHA received a \$300,000 Choice Neighborhood Planning Grant for the McDougald Terrace public housing site. The City will closely coordinate with DHA and other partners during FY 13-14 to develop the plan and implementation strategy. The planning process is expected to span 24 months.

### **Geographic Distribution**

With the exception of neighborhood revitalization activities in Southside, most other community development projects are likely to take place in Southwest Central Durham and Northeast Central Durham.

### **Affirmative Marketing**

The City makes special efforts to ensure that housing programs assisted with federal and local funds are marketed throughout the community. Efforts to affirmatively market available housing include the use of minority newspapers, community organization, social service agencies and local churches. The city also employs outreach through the Citizen Advisory Committee (CAC), list serve, website, and the five districts of the Partners Against Crime (PAC Districts).

Housing Opportunities are advertised using fair housing logos and are printed in Spanish and English as the Human Relations division of Neighborhood Improvement Services (NIS) employs a Spanish Language Specialist to insure that Spanish speaking persons are informed about housing laws and opportunities. The City is required to display the fair housing logo on all publications advertising housing opportunities

NIS is responsible for enforcing Federal Fair Housing Laws. Durham implements its Fair Housing Ordinance as Civil Rights Law. NIS continues to provide outreach to participants of the WD Hill Parks Recreation Center and the Durham Employment Security Commission -- Job Link. Active partnerships with community groups like El Centro Hispano and publications educating the community on fair housing are part of its outreach activities. Other education activities include:

- Spanish Speaking Health Fairs
- Mayor's Hispanic Initiative Committee
- Hispanic Women's Forum -- Taller de Mujeres
- First time homebuyers classes
- New Employees Training Programs (NET)
- Mayor's Committee for Persons with Disabilities Banquet

## Recapture Provisions

The City of Durham (City), in compliance with 24 CFR Part 254(a)(5), uses the recapture provision for its Home Investment Partnership Program (HOME) assisted homeownership activities. The recapture policy will be in effect for a time frame equal to the Period of Affordability as described by the HOME program regulations under 24 CFR 92.254 (a)(5)(i). The following table outlines the required minimum affordability periods.

<b>HOME Amount Per unit</b>	<b>Minimum Period of Affordability</b>
Under \$15,000	5 years
\$15,000 - \$40,000	10 years
Over \$40,000	15 years

The City uses a portion of its HOME funds to provide direct HOME subsidies to eligible low-to- moderate income homebuyers through the City's low interest Second Mortgage Purchase Program. The City will use restrictions in the deed of trust rider, promissory note rider and borrower's affidavit to enforce the HOME program requirements found at 24 CFR (a)(5)(ii). In accordance with applicable recapture provisions, the City requires the recapture of its HOME funded homeownership housing assistance from net sales proceeds when the original homebuyer sells the property during the affordability period. Any net proceeds in excess of the original HOME subsidy will go the homeowner. The City will require 100 percent of the net proceeds up to the amount of the HOME subsidy. In the case where there are insufficient net proceeds available at sale to recapture the entire direct subsidy provided to the homeowner, the City can only recapture what is available from net proceeds. The City will limit the amount to be recaptured to the net proceeds, as defined here, available from the sale of the property.

Example: A homebuyer receives \$10,000 of HOME downpayment assistance to purchase a home. The direct HOME subsidy to the homebuyer is \$10,000, which results in a five-year period of affordability. If the homebuyer sells the home after three years, the PJ would recapture, assuming that there are sufficient net proceeds, the entire \$10,000 direct HOME subsidy. The homebuyer would receive any net proceeds in excess of \$10,000.

During the affordability period, in the event that the property is sold, title is transferred by conveyance, will, operation of law or otherwise, voluntarily or involuntarily, when the first mortgage is refinanced, or no longer shall be the principal residence of the

homebuyer, the City shall recapture the entire subsidy to the homebuyer to include interest. However, the homeowner is permitted to refinance the second mortgage without repayment for the purpose of lowering the interest rate. The homeowner is not permitted to consolidate debts or take cash out options. The affordability period may terminate upon occurrence of any of the following: foreclosure, transfer in lieu of foreclosure assignment of an FHA insured mortgage to HUD.

### **HOME Match Requirements**

For affordable housing activities, participating jurisdictions must provide a 25 percent match of their HOME funds drawn down from the HOME Investment Trust Fund Treasury account during the fiscal year. PJs are not required match funds for administration costs. A match log will be maintained that demonstrates compliance with the HOME Program matching requirements. The possible sources are general funds, bond program income, North Carolina Housing Finance Agency funds, private and philanthropic funds.

### **Minority Outreach Programs**

The City's Equal Opportunity/Equity Assurance Department is in charge of implementing the Small Disadvantaged Business Enterprise Program. It is the policy of the City to provide equal opportunities to small firms owned by socially or economically disadvantaged persons. In balancing this policy, the City prohibits discrimination of other firms in pursuit of promoting these minority outreach policies. The City establishes goals per project for the availability of small disadvantaged business enterprises (SDBE's) based on the total value of work per project participation.

Participation in the program is promoted through Professional Services Forms which are part of every RFP and RFQ the City produces. The participating firms must provide documentation for certification as a SDBE including a managerial profile, equal opportunity statement, employee breakdown, and letter of intent. SDBE qualification is open to African American, Woman, Hispanic, American Indian, Asian American and Disabled owned businesses. Sub-recipients must comply with the applicable provisions of Chapter 26 of the Durham City Code which contains the Minority and Women Owned Business Enterprise Ordinance. Monitoring of SDBE City goals is maintained by the Equal Opportunity/Equity Assurance (EO/EA) Department.

### **Monitoring Plan**

The City will continue its ongoing efforts to insure compliance with all HUD requirements. Durham is committed to a comprehensive program of monitoring and evaluating the progress of all housing and community development activities. The goal of the jurisdiction is to ensure long-term compliance with the applicable regulations and standards. The monitoring process will facilitate the evaluation of program accomplishments in relation to the goals and objectives established by allowing the opportunity to review all programs and housing service providers in order to assess strengths, weaknesses, performance capabilities and accomplishments. Information gained from the review will give the City an opportunity to determine which programs and/or strategies are working, the benefits being achieved, needs being met and

accomplishment of objectives. Both qualitative and quantitative methods of evaluation will be utilized including determining:

- Compliance with eligible activities and national objectives
- Progress against production goals
- Compliance with CDBG and HOME regulations, other program rules and administrative requirements
- Timeliness in the expenditure of funds
- Completed and inspected housing units
- Performance on recordkeeping and file documentation
- Compliance with general accounting principles
- Accuracy in managing expenditures

These strategies will be used, as necessary, to redirect or refocus programs in order to meet year-end objectives.

As part of the monitoring process, monitoring information letters will be prepared and distributed prior to visits for each program, housing provider and/or service provider. The notification will be sent to each agency, organization or appropriate department as part of the initial CDBG or HOME orientation. Notification letters, with schedules included, will address specific monitoring and technical aspects to be covered along with agency staff that should be involved. Site visits and or desk reviews will be conducted each year as applicable.

The focus of the monitoring plan will center on key indicators, which demonstrate if programs are operating effectively and efficiently. The plan will help to ensure that housing issues and internal policies are consistent. Where projects and/or programs have experienced delays, assessments of the following will be conducted:

- Reasons for the delay
- Extent to which the delay is beyond the control of the housing and/or service provider
- Extent to which original priorities, objectives and schedules were unrealistic

Monitoring activities for the Consolidated Plan will incorporate aspects that have been included in the HOME and CDBG programs. This includes reviewing and documenting projects for eligibility, maintaining record-keeping requirements and reviewing financial transactions, including budgets and funding. Since the Consolidated Plan is an integrated, comprehensive document, expansions and modifications of other monitoring procedures that have been used in the past will be also be included.

The HOME rental monitoring schedule for FY 2013-2014 is located in Appendix B.

## **Performance Measurement**

The HUD Outcome Measurement System includes Objectives, Outcome Measures and Indicators. In this system, there are three objectives, three outcomes and one indicator. The City must choose one of the three objectives for each activity.

Objectives include:

1. **Suitable Living Environment.** Relates to activities that are designed to benefit communities or groups of families by addressing issues in their living environment.
2. **Decent Housing.** Activities that fall under this objective are designed to cover the wide range of housing possible under HOME, CDBG or ESG. This objective focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort.
3. **Creating Economic Opportunities.** Applies to the types of activities related to economic development, commercial revitalization, or job creation.

Once an Objective is chosen, the City then chooses which of the three Outcome categories best reflects what is to be achieved by funding the activity. The three Outcome categories are:

1. **Availability/Accessibility.** Applies to activities that make service, infrastructure, public services, public facilities, housing, or shelter available or accessible to low-and moderate-income people.
2. **Affordability.** Applies to activities that provide affordability in a variety of ways in the lives of low-and moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.
3. **Sustainability. Promoting Livable or Viable Communities.** Applies to activities aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to low- and moderate-income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

## **Anti-displacement Plan**

Durham will replace all low- and moderate-income dwelling units that are occupied or vacant but suitable for occupancy and that are demolished or converted to a use other than as low- and moderate-income housing. This will be done in connection with an activity assisted with funds provided under the Housing and Community Development Act of 1974, as amended, as described in 24 CFR 570.606(c)(1).

Consistent with the goals and objectives of activities assisted under the Act, the City will take the following steps to minimize the displacement of persons from their homes:

- Stage rehabilitation of apartment units to allow tenants to remain during and after rehabilitation by working with empty units or buildings first

- Locate temporary housing for housing individuals who must be relocated temporarily during rehabilitation
- Adopt public policies to identify and mitigate displacement resulting from revitalization in targeted neighborhoods.

### **Anti-Poverty Strategy**

The City has an asset building strategy to address HUD's requirement for an anti-poverty strategy. This strategy is the primary theme that ties the housing, homeless, public housing, and non-housing community development strategies together as one comprehensive plan for affecting changes in the lives of those of low wealth. The strategic plan which includes the priorities and strategies outlined in this section promotes self-sufficiency and empowerment. The City of Durham's Community Development Department (DCD), as the lead agency in the implementation of the Consolidated Plan, will coordinate efforts through residents, health and human service agencies, members of the private sector, members of the faith based community as well as for profit and non-profit developers, to ensure that the City's goals are met. Self sufficiency and empowerment for low and moderate income individuals will be created through the City's strategies to increase economic wealth and promote job creation through projects and activities included in the strategic plan.

Down payment assistance programs for first-time homebuyers are one incentive that the City uses to assist low wealth households. These programs include subordinate lending for many types of residential properties including attached and detached single-family homes, condominiums, and townhomes. The department's homeownership purchase assistance programs provide funding for second mortgage loans up to \$20,000 to households for the purchase of their first home. Free credit, budget and housing counseling are aspects of this program.

Another incentive and wealth building program that encourages a pattern of savings to enable households to reach the goal of homeownership is saving for a down payment. When the future homeowner saves, the City matches these funds in an Individual Development Account (IDA). The City offers grant matching funds up to a 5:1 match or a maximum of \$7,500.00 if the applicant satisfies the terms and conditions of their savings plan. The City and the DHA collaborate to promote self-sufficiency and asset building with this initiative.

Earned Income Tax Credit (EITC) is a refundable federal income tax credit for eligible working individuals and families. The EITC campaign coincides with the City's goal of maintaining stable families, creating strong neighborhoods, providing financial education and implementing effective programs that benefit residents and the City's economic vitality. There are many public, non-profit and voluntary organizations throughout the Durham community that offer Volunteer Income Tax Assistance (VITA Sites) for eligible households to help increase Earned Income Tax Credit utilization through education activities and assisting with filing of relevant tax forms at no cost to the taxpayer.

Homeownership is one of the City's four priorities that focus on efforts to address specific housing and community development needs. There are two specific homeownership goals and objectives that the City hopes to achieve. First, homeownership is the primary way in which low-to-moderate income households can build assets that can be passed from generation to generation. Secondly, homeownership stabilizes the neighborhoods that are in need of revitalization.

The City depends on realtors and lenders for updates relative to the lending industry and real estate laws.

As a member of the Durham Regional Association of Realtors, the Department assists with the planning of the annual Homebuyer's Fair where several thousand potential homebuyers obtain home purchase information. The Durham Regional Association of Realtors and the DCD were recognized nationally as a best practice collaboration.

The City's strategy for reducing poverty and creating wealth engages the following principles:

**A. Improving the Quality and Availability of Affordable Housing**

Eliminating many of the physical signs of poverty is a key element in improving the quality of life for Durham residents along with improving the quality and availability of affordable housing. The City's affordable housing, public housing, and community revitalization initiatives work toward reducing the signs of poverty in many neighborhoods. Significant resources are focused on the creation of affordable housing utilizing the federal CDBG and HOME programs, working with the community, enlisting the support of partners, and coordinating the efforts of local nonprofit and for-profit providers. Efforts will focus on increasing housing choice and options, insuring that fair housing remain a primary focus, eliminating overcrowding, increasing homeownership, decreasing sub-standard and inadequate housing as well as increasing the opportunities for investment of additional public and private resources in the community. Improved quality and availability of affordable housing is the foundation for achieving self-sufficiency and increasing homeownership opportunities.

**B. Provide and Improve Public Facilities and Amenities**

Equally important in the strategy to eliminate the conditions caused by disinvestment in targeted neighborhoods is providing adequate infrastructure, public facilities, and amenities. The primary focus of the redevelopment strategy in Southside includes responding to the physical capital and human capital needs of the area. The objective of this focus is intended to support the development of neighborhood stability, stronger connections with surrounding communities, and greater opportunities for economic growth.

In the Southside neighborhood, improvements to existing infrastructure will include water and sewer line replacement, new sidewalks and street trees and the use of

“filterra boxes” as a stormwater treatment measure. Gateway treatments consisting of entry signs and landscaping are also planned.

### **C. Revitalize neighborhoods**

Another component of the anti-poverty strategy includes goals and objectives for improving the living and business environments in neighborhoods throughout the City. The consolidated plan includes strategies to demolish or reuse vacant properties, encourage businesses to invest in Durham and redevelop properties to improve the overall character of the area’s neighborhoods. Resources will be targeted in order to have a visual impact in targeted areas, particularly in Southside, and Northeast Central Durham, and Southwest Central Durham. The targeted strategy approach is being pursued as a means of encouraging private investment in the neighborhood revitalization process.

Through a comprehensive five-year plan, the City of Durham will continue to fund communities on a targeted basis by utilizing Community Development Block Grant (CDBG), and HOME Investment Partnership Program (HOME) funds to revitalize neighborhoods and communities. In addition, other public and private sector funds will also be sought as a means of leveraging the CDBG and HOME allocations received by the City on an annual basis. Further, the consolidated plan includes strategies to promote community involvement, increase the supply, mix, types, and options for affordable housing; and to make economic opportunities available to community residents while preserving the fabric, architecture, character, and integrity of neighborhoods.

Current housing rehabilitations have been targeted to Southside with guidelines tailored to address the specific conditions and needs of the homes and the homeowners. Programs that contribute to the overall appearance in a neighborhood and programs that encourage absentee owner investment will also be considered. Recognition of the role energy efficient plays in the affordability of a housing unit will also be considered. Durham will utilize performance measures that go beyond number of units to include tracking any increase in building permits and other methods to be developed which indicate reinvestment.