DURHAM
1869
CITY OF MEDICINE

City of Durham | North Carolina

Date: **July 19, 2013**

To: **Thomas J. Bonfield, City Manager**
Through: **Keith Chadwell, Deputy City Manager**
From: **Reginald J. Johnson, Director**
Department of Community Development
Subject: **Southside Update**

Update as of July 19, 2013:

Southside East Site Preparation, Environmental Remediation and Public Infrastructure

The D.H. Griffin Infrastructure Inc. (DHGI) contract includes the demolition of existing streets and infrastructure, environmental remediation, installation of soil and erosion control measures, mass grading of the entire site and installation of new streets and infrastructure for the Phase I development. Tasks remaining to complete their scope of work under the existing contract include the paving of Chestnut Street, fine grading of the phase 2 and 3 areas of the site and construction of a sedimentation control basin and the preparation and submittal of as-built drawings to the Public Works department. The installation of curb and gutter began at Chestnut Street on July 10, 2013 with a projected three week completion timeline for the paving of Chestnut Street, the fine grading of the phase 2 and 3 areas of the site and the installation of the final sedimentation control basin. Weather permitting; DHGI is anticipating submittal of the as-builts to the Public Works department for approval by mid-August of 2013.

Phase 1 Multi-Family Rental Construction

HJ Russell & Company – Metcon, Inc. a Joint Venture, the Phase 1 vertical contractor has over the last 4 months been working under a revised, accelerated construction schedule that included the completion of 93 of the projected 132 units by the placed in service date of December 31, 2013. The revised schedule included the completion of buildings 1, 2, 6, 7, 8, 11 and 12 for a total of 93 units including 80 tax credit units. By placing the 93 units in service by December 31, 2013, this would have met the NCHFA tax credit requirements for the 80 tax credit units. Unusually wet winter and spring weather and some design changes have had an impact on the revised construction schedule to include buildings 1 and 2 with the largest impact being on building 2. Weather has delayed the preparation of the pad for building 2 where it is currently projected for a completion date in January 2014 which is beyond the required December 31, 2013 placed in service date. With the release of the updated schedule, the following plan is being discussed between HJ Russell & Company – Metcon and McCormack Baron Salazar, Inc. to meet the December 31, 2013 in service date:

- Due to the additional complexity of building 2, HJ Russell & Company – Metcon has recommended that construction efforts be refocused on the smaller buildings to include buildings 3, 5, 9 and 10. This will require the procurement of at least one additional subcontractor to accommodate the revised building mix, an accelerated schedule which includes working six days a week, an increase in crews and personnel across multiple buildings and increased supervision and coordination. The additional cost associated with the acceleration of the updated schedule is preliminarily estimated at $150,000. This will allow for the completion of 91 total units including 80 tax credit units, 5 market rate units and 6 live/work units spread across 10 buildings (Buildings 1, 3, 5, 6, 7, 8, 9, 10,11 and 12).

- In the latest schedule, due to rain day delays, Building 1 is currently projected to be completed by January 6, 2014, which will now be accelerated by additional personnel being added throughout the interior construction of the building to be able to make up lost time and complete by the December 31, 2013 placed in service date.

Staff will provide additional detail at the July 25, 2013 work session presentation.

Southside West Homeownership

Development Schedules:

On January 22, 2013, the City of Durham issued a bid package for the partial demolition and removal of existing street surfaces and infrastructure, installation of erosion and sedimentation control measures and mass grading of 48 properties located along South Street, W. Piedmont Avenue, Scout Drive and Hillside Avenue in the Southside neighborhood. Additional specifications included the installation of new street surfaces, curbs, sidewalks, street trees, water and sewer lines and storm drainage to serve all 48 homeowner units. Four (4) bids were received on the March 7, 2013 bid due date. DH Griffin Infrastructure, Inc. (DHGI) was the lowest responsible bidder with a total contract amount of $1,908,863.00 to include contingency. The contract was presented to and approved by City Council at its April 15, 2013 meeting.

On December 16, 2012, the City of Durham issued a Request for Qualifications (RFQ) soliciting qualifications for homebuilders to construct up to 48 single-family homes as part of the Southside neighborhood redevelopment. On January 29, 2013, four firms responded to the RFQ. An evaluation committee met and reviewed each proposal and selected two companies to recommend to City Council for approval. The two firms Andrew Roby, General Contractor and B. Wallace Design and Construction was presented to and approved by City Council at its April 15, 2013 meeting.

On June 20, 2013, Community Development closed on acquisition number 70 of the 71 properties to be acquired from Self Help. The remaining property was acquired directly by the City through tax foreclosure sale. Completion of site control allowed for the submittal of the recombination plat for the 48 lots to the Planning department for review. Approval of the plat is required before building permits can issued for construction.

Staff is currently discussing construction start dates with the two builders. Andrew Roby, General Contractor would like to begin at a minimum with a model home as soon as the infrastructure contractor can prepare a lot for construction. The current infrastructure schedule identifies August 15, 2013 as a potential start date for a model home. Andrew Roby, General Contractor feels the construction of a model home would assist them in the marketing of their units to the community as they do not have a product to show potential buyers in the area. B. Wallace Construction has requested to begin when the 48 lots are available for construction as they have product in the area that they can show potential buyers and would like to have several pre-sales that they can start construction on at one time.

DHGI was issued a Notice to Proceed on July 15, 2013 with construction work to begin July 22, 2013. The overall homeownership development schedule is as follows:

Approval of Site Prep/Infrastructure Contract	April 15, 2013
Approval of Homebuilder(s)	April 15, 2013
Notice to Proceed Site Prep/Infrastructure Contract	July 15, 2013
Begin Construction of Model/ Spec Unit(s)	August 15, 2013
Completion of Site Prep/Infrastructure Contract	November 15,2013
Based on Pre Sales – Begin Construction	December 1, 2013
Completion of Model/Spec Unit(s)	January 15, 2014

To assist with marketing of the homeownership units, the Department of Community Development has crafted a homebuyer assistance/incentives program that will make homeownership affordable for low to moderate income buyers. The program provides the incentives to the buyer as opposed to writing down construction costs in order to further the objective of establishing higher market values necessary to attract long term private investment. Staff presented a report on the proposed assistance and incentives for low to moderate income homebuyers in the Southside project area at the April 4, 2013 City Council work session.

Section 3 and SDBE Participation

Efforts continue in the Southside Neighborhood to recruit Housing and Urban Development (HUD) Section 3 residents. Currently, there are 40 plus participants in the Section 3 database with a total of five receiving employment as a result of Section 3. Two were hired with a demolition contractor Bauchom Demolition during a recent demolition package in the neighborhood, while the other three are employed as part of the Southside East multi-family rental development. Revised databases of residents are submitted weekly by the City of Durham to Right Build International, Inc. who is responsible for all hiring related to the Southside East Multi-Family Rental development. Right Build has indicated that they expect an increase in job openings to occur in the immediate future with the vertical construction of the units underway.

SDBE participation is currently at 26.3% minority and 8.8 % women. The established goals were 20% minority participation and 10% women.

Site Pictures

Building 1 Construction Roxboro Street

Buildings 11 and 12 Construction at Lakewood and Memphis Street

Buildings 7 and 8 Construction