



Date: December 3, 2013

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Director
Department of Community Development
Subject: Ownership Transfer of Two City Owned Lots in Southwest Central Durham to Habitat for Humanity of Durham, Inc.

Executive Summary

On September 11, 2013, the City of Durham issued a Request for Proposals (RFP) soliciting responses from experienced non-profit developers to acquire and develop two City-owned lots in Southwest Central Durham for affordable housing.

The Department of Community Development received responses to the RFP from Habitat for Humanity of Durham, Inc., and OASIS Foundation of NC.

A review panel consisting of representatives from the City's Community Development Department, reviewed and ranked each of the proposals.

Recommendation

The Department of Community Development recommends that City Council declare the properties surplus located at 1111 and 1113 Rosedale Avenue; authorize the transfer of the property under the authority of and in compliance with the North Carolina General Statutes 160A-267 and 160A-279; accept the proposal from Habitat for Humanity of Durham, Inc.; to deed the following properties, 1111 and 1113 Rosedale Avenue at no cost; and authorize the City Manager or the Mayor to sell and convey the property by a non-warranty deed which includes relevant covenants that the property be used for affordable housing.

Background

On September 11, 2013, the City of Durham issued a Request for Proposals (RFP) soliciting responses from experienced non-profit real estate developers for two building lots in Southwest Central Durham. The City currently owns the two lots on Rosedale Avenue that were deeded back to the City by Builders of Hope on March 23, 2013 as a result of an agreement reached on January 10, 2013 between the City and Builders of Hope, Inc. The lots are located at 1111 and 1113 Rosedale Avenue. These properties are currently improved with two dilapidated duplexes which the City will have razed prior to transfer of the properties to Habitat for Humanity of Durham, Inc. The RFP requires construction of new single-family homes on the vacant lots as zoning permits with the completed units being affordable to households earning 80% or below of the Area Median Income. Restrictive Covenants have been imposed upon each lot that will run with the land, specifying a period of affordability of ten years from the completion of construction and that

the home must be purchased and occupied as the principal residence of an income-eligible individual or family during the affordability period. The period of affordability and income requirements will be enforced through restrictive covenants attached to each individual property. The parcels were offered "as is" with no guarantee of condition, suitability or marketability of the lots. The submission deadline was October 18, 2013 with the Department of Community Development receiving two responses to the RFP. Both responses were reviewed by the panel and evaluated on criteria outlined in the RFP and awarded a total score. The criteria applied (possible 100 total points) were Experience (25 points), Capacity (25 points) financial Feasibility and Impact (50 points), with the proposal which would best benefit the City receiving the highest ranking in the Contract Cost category. After the completion of the review by the panel, the two proposals were scored with Habitat for Humanity of Durham, Inc. receiving a total average score of 75 points and OASIS receiving an average score of 72.3 points.

Habitat for Humanity of Durham, Inc. has constructed and sold over 250 units in Durham with more than 50 of those units being constructed and marketed in the SWCD community. Green building techniques and Systemvision requirements will be incorporated into the construction process along with the Department of Community Development's design standards. Habitat for Humanity of Durham, Inc. will convey the units to households earning 60% or less of the Area Median Income. Habitat for Humanity of Durham, Inc. will be required to complete construction and ensure that the units be occupied by an income eligible buyer within fifteen months of the transfer of ownership of the lots.

Issues/Analysis

The City is the owner of record for the two parcels included in RFP located at 1111 and 1113 Rosedale Avenue and is currently responsible for the upkeep and maintenance of the lots. Transferring the ownership of these properties would allow for additional affordable housing units to be constructed in the SWCD community and assist in increasing the homeownership rate in the City's neighborhoods.

As stated in the RFP, proposals were reviewed and evaluated on a 100 point basis as follows:

Experience (25 points). Provide the location, description and photographs of single family homes or duplexes that have been newly constructed in the past three (3) years.

- (a) The total number of years the candidate has engaged in new construction of similar projects.
- (b) How well has the candidate demonstrated a thorough understanding of the purpose and scope of the project?
- (c) Adherence to the City's SDBE program.
- (d) Do the individuals assigned to the project have experience on similar projects?

Capacity (25 points)

- (a) How well has the candidate demonstrated experience in completing similar projects on time and within budget?
- (b) Indicate the number of other projects the candidate currently has or will have under construction in the next three months.
- (c) Provide a construction schedule for completion of project construction.

Financial Feasibility and Impact (50points)

- (a) Describe the marketing plan for selling the properties.
- (b) Provide a construction cost breakdown for each property and indicate how much, if any, additional financial participation by the City would be required to complete the project.
- (c) If construction funding is available through other recognized sources, provide a letter from that institution indicating the amount and availability of such funding.

The proposals were reviewed by a three person panel of Community Development staff. Average scores for the two submittals are presented in the following table.

Name	Experience	Capacity	Financial Feasibility & Impact	Score Out of 100
Habitat for Humanity of Durham	24.7 points	21.3 points	29 points ***	75 points
OASIS	20.3 points	15.7 points	36.3 points	72.3 points

*** **Note:** Although Habitat for Humanity provides their own construction financing they did not provide a letter explicitly stating that and therefore could not be credited with the 17 points in this category. .

Alternatives

The City Council could choose to reject all proposals and instruct the Department of Community Development staff to re-issue the RFP.

Financial Impact

The short term benefit is that the City will no longer have the maintenance responsibility for these properties, and in the long term, new construction of two single family homes will result in an increase in real property taxes for the City.

SDBE Summary

No M/SDBE or W/SDBE goals were set.