



Date: April 8, 2014

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Director
Department of Community Development
Subject: Award of HOME Funds to Community Alternatives for Supportive Abodes (CASA) for Permanent Affordable Housing

Executive Summary

At its September 16, 2013 meeting, the Durham City Council approved advertising the availability of Dedicated Housing Funds inclusive of the fund balance for the development of permanent housing for persons with special needs. A combined application for CDBG, HOME and Dedicated Housing Funds and a separate application for Emergency Solutions Grant (ESG) were advertised in November 2013. An application workshop was conducted in December 2013 with an application due date of January 16, 2014. In response to the advertised availability of funding, CASA submitted an application requesting funding for the development of Denson Apartments II, a 12-unit permanent housing apartment building for persons who are homeless and have disabilities.

A companion agenda item approving a Substantial Amendment to the FY 11-12, 12-13 and 13-14 Annual Action Plans adds Denson Apartments II to the FY 13-14 Annual Action Plan as a HOME-funded activity in the amount of \$1,163,477.00. Denson Apartments Phase I is currently under construction and includes 11 units and community space located at 1598 Sedgefield Street. Denson Phase I targets formerly homeless Veterans. CASA anticipates submitting the site plan for Denson II in April, 2014, with submission of the construction drawings immediately following site plan approval, expected by October 2014.

Recommendation

The Department of Community Development recommends that City Council authorize the expenditure of \$1,163,477.00 in HOME funds for the purpose of permanent affordable housing for persons who are homeless and with disabilities, and authorize the City Manager to execute a HOME Forgivable Construction/Permanent Loan Agreement and other related legal documents in the amount of \$1,163,477.00 that is forgiven over a period of 20 years at 0% interest, with Community Alternatives for Supportive Abodes.

Background

CASA was incorporated on March 10, 1992 to address housing for persons with special needs including mental illness, developmental disability, substance addiction and HIV-AIDS being served by the Wake County Department of Human Services. Within the past several years, CASA has expanded into Durham and Orange Counties. To date, CASA projects completed or in the development phase total a combined 643 housing units and rental subsidies representing over \$38 million in project funding. CASA currently owns and manages 249 units in the Triangle area and is partner or manager of 101 additional units. Included in this total are 33 units CASA owns and manages in 4 Durham properties; Buchanan Apartments and Vesson Court Apartments, which serve persons with special needs and the Geer Street property for workforce housing. CASA also manages Shirley Stroebel Apartments located at 1711 Liberty Street, which was acquired by the merger of Next Step Housing and CASA that occurred in June 2013.

CASA's application for funding is for the construction of Denson Apartments II, located at 1824 Guess Road on part of a 1.34 acre site. The balance of the site is currently under construction with the phase I development of the Denson Apartments. The building will consist of 12 one-bedroom apartments containing approximately 650 square feet. All of the units will house persons who are homeless and have disabilities with preference and priority given to veterans having incomes at or below 30% of the area median. At least one unit will be reserved for a person with a disability who is chronically homeless.

The total project cost is estimated at \$1,526,152.00. The City of Durham will provide a forgivable loan in the amount of \$1,163,477.00 in HOME funds. The balance of the funding will be provided by CASA, or other grant funds.

To provide supportive services, CASA will partner with local agencies such as CAARE, the Durham VA Medical Center, TROSA and Volunteers of America to address specific case management needs of residents. Other referring partners will include Urban Ministries of Durham, Housing for New Hope and the Durham Center.

Issues/Analysis

The 2010-2015 Five-Year Consolidated Action Plan identified as an ongoing priority need, the development of additional permanent housing units for special needs populations, particularly formerly homeless individuals and those at risk of becoming homeless. Currently there are two projects under construction in Durham to address this need; Denson Apartments I, containing 11 units and Goley Pointe, containing 12 units. Denson Apartments II will further the goal of the City by adding 12 additional units for special needs populations.

Alternatives

The City Council could elect not to provide the requested funding for this activity. If the project does not receive HOME funding, it will not move forward. Approval of the

project will represent another incremental step towards meeting the permanent housing goals of the Consolidated Plan.

Financial Impact

The Department of Community Development initially solicited competitive applications for the development of permanent housing for the homeless with Dedicated Housing Funds as the funding source. A companion agenda item deals with a Substantial Amendment to the FY 11-12, 12-13 and 13-14 Annual Action Plans. With approval of that amendment, Denson Apartments II is added to the FY 13-14 Annual Action Plan as an approved activity. The Substantial Amendment specifies the activities by year from which the required funding will be drawn as outlined below.

- 2012 = 1232D012-727101-QWH2C (\$600,000)
- 2012 = 1232D012-764000-DHM12 (\$83,965)
- 2013 = 1213D013-764000-QWH2C (\$197,975)
- 2013 = 1213D013-764000-QWH2D (\$200,000)
- 2013 = 1250D014-764000-DHM14 (\$81,537)

SDBE Summary

Goals for Denson Apartments II have not yet been set by the Office of Equal Opportunity/Equity Assurance, but the goals set for the first phase are 10% for minority SDBE participation and at 1% for women’s SDBE participation. Goals will be established prior to advertising for bidders.