



**Date:** March 17, 2015

**To:** Thomas J. Bonfield, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Reginald J. Johnson, Director  
Department of Community Development  
**Subject:** Public Hearing on and Approval of the Draft 2015-2020  
Consolidated Plan/2015-2016 Annual Action Plan and 2015-2020  
Analysis of Impediments

### **Executive Summary**

The Citizen Participation Plan contained in the 2010-2015 Consolidated Plan requires that two (2) public hearings be held prior to the submission of the Annual Action Plan to the U.S. Department of Housing and Urban Development. The purpose of the first public hearing is to receive citizen comments on housing and community development needs. That public hearing was held on October 6, 2014. The purpose of the second public hearing is to receive citizen comment on the City's Draft 2015-2020 Consolidated Plan/ 2015-2016 Annual Action Plan, and 2015-2020 Analysis of Impediments. The Draft Consolidated Plan/Annual Action Plan specifies how the City of Durham will address housing and community needs for the next five years through the use of Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for People With Aids (HOPWA) funds. The Analysis of Impediments (AI) is a review of a jurisdiction's laws, regulations and administrative policies, procedures and practices affecting the location, availability and accessibility of housing, as well as an assessment of conditions, both public and private, affecting fair housing choice. The regulations of the U.S. Department of Housing and Urban Development (HUD) require that the approved Consolidated/ Annual Action Plan be received in the HUD Greensboro Field Office no later than May 15.

### **Recommendation**

The Department of Community Development recommends that the City Council hold a public hearing on April 20, 2015 to receive citizen comments on the Draft 2015-2020 Consolidated Plan/2015-2016 Annual Action Plan for the use of CDBG, HOME, ESG, and HOPWA funds; and the Analysis of Impediments, and approve the Draft 2015-2020 Consolidated Plan/2015-2016 Annual Action Plan, and Analysis of Impediments for submission to the U.S. Department of Housing and Urban Development ( Attachment A); authorize the City Manager to execute all

administrative requirements and contractual documents necessary for implementation of the Annual Action Plan to include all CDBG, HOME, ESG, and HOPWA program agreements and related documents; adopt the City of Durham/U.S. Department of Housing and Urban Development Community Development Block Grant project ordinance in the amount of \$2,226,378.00 (Attachment B); adopt the City of Durham/U.S. Department of Housing and Urban Development HOME Investment Partnership Program grant project ordinance in the amount of \$1,250,377.00 (Attachment C); and adopt the City of Durham/U.S. Department of Housing and Urban Development Emergency Housing Solutions Grant project ordinance in the amount of \$160,046.00 (Attachment D); and adopt the City of Durham/U.S. Department of Housing and Urban Development Opportunities for People With Aids (HOPWA) grant project ordinance in the amount of \$282,206.00 (Attachment E).

### **Background**

As an entitlement city, Durham has been the recipient of CDBG funds since 1975, and HOME Consortium funds since 1992, and ESG funds since 2004. CDBG funds have primarily been used for housing activities, public services, code enforcement and public infrastructure. HOME Consortium funds have been used for affordable housing activities as required by HOME program regulations. ESG funds have been used to provide assistance to individuals and households who are homeless or at the risk of becoming homeless. In December 2014, HUD notified the City of Durham that it would receive a HOPWA formula grant for Federal Fiscal Year 2015. The Durham-Chapel Hill has now become eligible to receive a direct allocation as a HOPWA Eligible Metropolitan Statistical Area (EMSA) because the area has surpassed the statutory threshold of 1,500 cumulative cases of HIV/AIDS and has a population of more than 500,000. HOPWA funds will be used throughout the Durham- Chapel Hill Metropolitan Statistical Area to address the supportive housing needs of low-income persons living with HIV/AIDS and their families.

The Consolidated Plan will be a five-year strategy for addressing the housing and non-housing community needs in Durham neighborhoods. The Consolidated Plan will set forth long term goals for the development of viable communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for low-and moderate income persons.

The Annual Action Plan is Durham's application to the U.S. Department of Housing and Urban Development for the upcoming fiscal year's funding and outlines the actions Durham intends to take with HUD-awarded funds to meet the goals as described in the 2015-2020 Consolidated Plan/2015-2016 Annual Action Plan. HUD regulations require that the City submit the Council-approved Consolidated /Annual Action Plan by May 15.

The Five-Year Consolidated Plan identified the following six priorities:

1. Housing;

2. Homeless Needs;
3. Other Special Needs;
4. Community Development;
5. Economic Development;
6. Administration, Planning, and Management

As a recipient of federal funding and in compliance with HUD regulation 24 CFR 91.225, the City of Durham is required to conduct an Analysis of Impediments (AI) every five years in coordination with the Consolidated Planning Process. Impediments to Fair Housing Choice are defined as any actions, omissions, or decisions which have the effect of restricting housing choices or the availability of housing choice on the basis of the seven protected classes under the Fair Housing law, which are race color, religion, sex, disability, familial status or national origin. The most recent AI was conducted in 2012 and is being updated to be consistent with the same timetable of the Five-Year Consolidated Plan. The eight impediments described in the 2015-2020 AI are described as follows:

1. Lack of Affordable Rental Housing Units- The cost of rent for apartments has increased to the point that almost half of all households with incomes less than 50% of the median income are cost overburdened.
2. Lack of Affordable Housing Units for Sale- The cost to purchase a single family home has increased significantly outside areas of low/mod income concentration, limiting the choice of housing for lower income households.
3. Areas of Concentration of Minorities-There are areas in the central and eastern sections of the City where the minority population is more than 70% of the area's population.
4. Fair Housing Education and Outreach- There is a continuing need to educate persons in English and Spanish language about their rights under the Fair Housing Act and raise awareness of fair housing choice.
5. Fair Housing Logo and Disclaimer Clause – The Fair Housing Logo and disclaimer clause are not uniformly used in advertisements of housing publications.
6. Accessible Housing-There is a lack of accessible housing that is decent, safe, sound, sanitary, and affordable to persons with disabilities.
7. Public Policies and Regulations – The City-County Unified Development Ordinance (UDO) appears to be restrictive in regard to the development of multi-family housing, group living, supportive care housing, and does not contain references to the Federal Fair Housing Act, Section 504, Americans with Disabilities Act, etc. Additionally, the City's "Subsidized Housing Location Policy" needs to be revised.

8. Private Lending Practices- The Home Mortgage Disclosure Act (HMDA) suggests that there is a disparity between the approval rates of home mortgage loans that are originated from white and minority applicants.

### **Issues/Analysis**

The adopted Citizen Participation Plan requires that at least a 14-day notice be given to the public concerning the scheduling of an Annual Action Plan public hearing. In order to inform citizens of the upcoming public hearing, notices have been published in the *Herald-Sun* and the *Carolina Times*.

Both CDBG and HOME funds are used to support ongoing homeownership and rental housing, housing rehabilitation/repair, code enforcement and other initiatives administered by the Department of Community Development and the Department of Neighborhood Improvement Services. An advertised application workshop was held on December 17, 2014 with a submission date of January 29, 2015.

All applications for CDBG, HOME Community Housing Development Organization (CHDO), ESG, and Dedicated Housing Funds were evaluated by not less than three Community Development project managers based on the established review criteria delineated in the respective application guidelines. Each project manager then presented their individual evaluations of the applications to an internal Departmental panel. The HOPWA funds will be allocated through a separate competitive application process as timely as practical.

From this series of panel deliberations, a recommended balanced budget for CDBG, HOME CHDO, ESG and Dedicated Housing funding sources emerged, which was then presented to the Director of Community Development and subsequently forwarded through the Deputy City Manager to the City Manager for approval. The funding recommendations for the CDBG, HOME CHDO, ESG programs and Dedicated Housing Funds were then presented to the Citizens Advisory Committee (CAC) at a special meeting held on March 6, 2014. The CAC evaluated all applications for funding and voted to approve the recommendations as presented in the Draft Annual Action Plan.

In addition to HUD entitlement funding, the Department advertised the availability of Dedicated Housing Funds in the following categories: Small Project Development, Neighborhood Revitalization, and Rapid Re-Housing. A total of \$1,582,910.00 was made available. A total of \$1,082,910.00 was recommended for funding projects. The CAC concurred with the Department's funding recommendations outlined in Attachment F.

### **Alternatives**

In order to receive CDBG, HOME, ESG, and HOPWA funds, and remain in compliance with federal regulations, the Participating Jurisdiction must hold two public hearings prior to the submission of its Annual Action Plan in May to HUD. The

only flexibility the City has is in determining the dates for the public hearings. Failure to hold the public hearings and to subsequently approve the Consolidated Plan/Annual Action Plan by May 15 could result in HUD issuing a finding of non-compliance.

**Financial Impact**

According to the formula allocations released by HUD on February 10, the City expects to receive \$1,807,500.00 in CDBG funds, \$776,323.00 in HOME funds, \$160,046.00 in ESG funds, and \$282,206.00 in HOPWA funds.

The Durham City-County HOME Consortium will be required to provide a 25% match (non-federal funds) to the total amount of HOME funds used directly for affordable housing activities. The FY 15-16 required match will be approximately \$174,673.00. The match requirement has already been met by carry-over from prior fiscal years.

The required \$160,046.00 ESG match will be met in two ways. ESG subrecipients are required to provide cash or in-kind match as per the program regulations. The match for the Department of Community Development administrative allowance is general funds used for staff salaries to support those functions.

**SDBE Summary**

Not applicable to this item.