



Date: October 20, 2015

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Director
Department of Community Development
Subject: Award of Dedicated Housing Funds to Habitat for Humanity of Durham, Inc.

Executive Summary

In response to the City of Durham’s application for funding of CDBG, HOME, ESG and General Funds for FY 2015-2016, Habitat for Humanity of Durham, Inc. (Habitat) submitted an application for grant funds using Dedicated Housing Funds in the amount of \$682,910.00 to acquire single family building lots, for construction cost write-downs and to purchase homes suitable for renovation in Southwest Central Durham (SWCD) and Northeast Central Durham (NECD). The acquisition of these properties will enable Habitat to provide homeownership opportunities to first time home buyer individuals and families whose income does not exceed 60% of the area median income.

Recommendation

The Department of Community Development recommends that City Council authorize the expenditure \$682,910.00 in budgeted Dedicated Housing Funds for the purpose of creating affordable housing units, and authorize the City Manager to execute the grant agreements and related legal documents with Habitat.

Background

The funding that Habitat is requesting will be used for the acquisition up to 11 single family vacant lots located at various locations in SWCD. These parcels will be improved with detached energy efficient homes that will complement the existing redevelopment efforts in the West End and Lyon Park communities and will be sold to first-time homebuyers.

In addition, Habitat will identify no fewer than 5 lots, either vacant, or improved with a dilapidated structure to be razed and replaced with a new home in NECD along with 10 new or rehabbed homes that will each require a construction cost write-down to make them viable.

Habitat must construct all new homes to meet System Vision specifications and upon completion each house must be certified by Advanced Energy that the energy required to heat and cool the building will not exceed the Guaranteed usage.

The City's participation with non-profit partners such as Habitat for Humanity of Durham, Durham Community Land Trustees and Self-Help CDC to redevelop the West End and Lyon Park neighborhoods will not only eliminate substandard houses and blight, but will result in the stabilization of Southwest Central Durham through increased homeownership. Habitat will continue their current efforts to eliminate substandard houses and blight in NECD and provide homeownership opportunities to further stabilize the neighborhood.

Issues/Analysis

The revitalization of Durham's central city neighborhoods was a specific priority of the Five-Year Consolidated Plan. Habitat has acquired or plans to acquire other vacant and dilapidated properties in the NECD and SWCD neighborhoods. Specific plans for the re-use of cleared parcels in SWCD will be determined in conjunction with the Quality of Life Committee recommendations.

Alternatives

The City Council may elect to not provide funding for this project. It should be noted however, that there are no alternative funding sources. If the project does not receive Dedicated Housing Fund funding, Habitat will have to delay or cancel plans to develop new housing in these neighborhoods.

Another alternative is that Council could elect to provide a lesser amount of funding, but that too, would have a negative impact on the number of homeownership units created.

Financial Impact

Dedicated Housing Funds specifically designated for the creation or preservation of affordable housing are budgeted and available for this project.

SDBE Summary

N/A