

**DURHAM CITY COUNCIL WORK SESSION
THURSDAY, JANUARY 19, 2023 @ 1 PM
IN-PERSON & VIRTUAL MEETING
DRAFT MINUTES**

The Durham City Council held an in-person and virtual Work Session on the above date and time in the City Hall Council Chamber, 101 City Hall Plaza in Durham, North Carolina with the following members present: Mayor Elaine O'Neal and Council Members Javiera Caballero, DeDreana Freeman, Monique Holsey-Hyman, Jillian Johnson and Leonardo Williams. Excused Absence: Mayor Pro Tempore Mark-Anthony Middleton.

Also present: City Manager Wanda Page, City Attorney Kimberly Rehberg and City Clerk Diana Schreiber.

[CALL TO ORDER]

Mayor O'Neal called the meeting to order and welcomed everyone in attendance in the Chamber and virtually. Council Members Freeman and Williams were delayed in arrival.

[ANNOUNCEMENTS BY COUNCIL]

Council Member Johnson requested a presentation by Don't Waste Durham on single use plastic bags at the February 9, 2023 Work Session.

It was the consensus of Council to allow the presentation.

Council Member Holsey-Hyman highlighted her presentation at the Governor's Mansion for the Youth Mentoring Collaboration on their first annual champion youth mentoring award; and announced her mentoring event on 1/19/23, 5:30 – 7 pm.

Mayor O'Neal congratulated her colleague for her mentoring event; announced her activities of which she took part over the Martin Luther King, Jr. weekend: US Conference of Mayors, Durham Technical Community College's MLK Jr. event, Judeo-Reform Congregation Shabbat, Durham Parks & Recreation Art Celebration program, Duke Chapel Service, Triangle Interfaith Breakfast, Duke School Rotary Meal Packing event and her home church's Family Service Day.

Mayor O'Neal announced Fidelity Investment's \$250 million in scholarships to Durham students for the *Mighty Middle* Program; so that minority students can enter/exit college debt free including wrap-around services.

Council Member Williams arrived at the meeting at 1:07 pm.

Council Member Williams appreciated the warm welcome; spoke to his key note speech at the MLK Jr. Day of Service Celebration.

Mayor O'Neal announced the MLK Jr. Parade in the NCCU neighborhood on Saturday, January 21, 2023 at 10 a.m.

[PRIORITY ITEMS OF THE CITY MANAGER, CITY ATTORNEY AND CITY CLERK]

The City Manager, City Attorney and City Clerk did not have any priority items.

Mayor O'Neal read through the printed agenda; no items were pulled from the agenda for further discussion.

Council Member Caballero presided over the Citizen's Matters.

SUBJECT: DANIEL MARSBURN (PUBLIC COMMENT SPEAKER/ NO ITEM NUMBER)

Mr. Marsburn, 807 South Duke Street, spoke to being without electricity during a cold snap in December 2022 at JJ Henderson Apartments for Seniors; noted there have been a number of building managers; there was a lack of communication by management and no health checks were made between Friday until Tuesday.

SUBJECT: RAFIQ ZAIDI (PUBLIC COMMENT SPEAKER/ NO ITEM NUMBER)

Mr. Zaidi, 807 South Duke Street, expressed concerns about the lack of electricity at his apartment complex; referenced Federal Titles 6 & 8 Fair Housing Disability Act's mandate for humane treatment; and demanded reasonable accommodation from the Secretary of HUD regarding California Commercial Investment Companies.

SUBJECT: PEARLIE WILLIAMS (PUBLIC COMMENT SPEAKER/ NO ITEM NUMBER)

Ms. Williams, 807 South Duke Street, expressed concerns about being without electricity and security from Friday to Tuesday and requested compensation for spoilage of her food at JJ Henderson Apartments.

Council Member Freeman intended to visit the residents of JJ Henderson, expressed her concerns and would follow-up.

[PRESENTATIONS]

**SUBJECT: HAYTI REBORN JUSTICE MOVEMENT PRESENTATION
(ITEM 7/ PR 15979)**

Council Member Freeman presided over Item 7.

Lisa 'LA' Jones and former PD Chief Steven Chalmers, members of the Hayti Reborn Justice Movement, made the PowerPoint Presentation.

Ms. Jones noted that the presentation contained answers to community issues.

The presentation contained the following:

Vision Statement: Establish a one-stop-shop for Black, brown and justice-involved residents from marginalized communities with the purpose of improving inequities within the social, economic and criminal justice systems.

Mission Statement

Centralized and Consolidated Framework

The Movement with community and criminal justice organizations

Local Partners and Resource Organizations

What Makes Us Different

Resource Advisors, Coordinators and Programming Partners

Coordinator's Role and Responsibility

Justice Movement Approach

Outreach and Assessment

Explanation – Implementation – Tracking

Education & Preparation

Sustained Growth

Justice Movement Advisors (Robert Singletary, Imam Abdul Waheed)

Council Member Freeman appreciated the presentation and the efforts of the leadership; wanted to ensure there was follow-up; and opened up the discussion.

Council Member Holsey-Hyman supported the request for a coordinator role to avoid duplication of services; emphasized the importance of bringing people together and the effectiveness of wrap-around services; and asked what Council could do to move the item forward.

Ms. Jones requested funding be approved by Council;

Council Member Williams spoke to the fragmented service system and the need to coordinate services and supported the community initiative.

Mayor O'Neal expressed excitement in connecting services within the system of marginalized members of the community; spoke to her travels to Selma,

Alabama and the unification of city partners/stakeholders; and asked for a preview of the efforts.

Mr. Chalmers described the activities in Selma that involved Durham being eligible to receive \$5 million to support marginalized communities in area of housing. He addressed the homeless and those unable to be housed and even own homes; remarked that Durham represents the example for initiatives wanting to be replicated across the country.

Council Member Freeman thanked the speakers; noted there were requests for funding out and that the group was not yet a 501-c3 but was in process; and tracked back to the slide containing community partners and appreciated the openness of the process.

Council Member Williams departed the Chamber at 2:02 p.m. and returned at 2:17 p.m.

SUBJECT: AFFORDABLE HOUSING DEEP DIVE PRESENTATION ON DURHAM HOUSING AUTHORITY (ITEM 8/ PR 15982)

Council Member Holsey-Hyman presided over Item 8, Affordable Housing Deep Dive.

Anthony Scott, Executive Director of the Durham Housing Authority (DHA), made the presentation that included the following:

- Where DHA is as an organization
- What DHA is trying to do
- What are the challenges

Executive Director Scott explained that DHA is not a city department. Instead, DHA is chartered by the State of North Carolina and operate under those guidelines overall; it is local formed in that the City Council and the Mayor appoints its Board of Directors, and is federally funded of which 100% of our funding for our operations comes from the federal government, with a current budget of approximately \$50 million with budgeted staff of 117; 80% of the DHA budget goes into the local Durham economy. The Housing Choice voucher program is its largest program, approximately \$27 million, and most of that funding towards the participants of the program that funds the subsidy to the landlords for their housing; 86% of DHA's funding is from federal grants and 30% comes from tenant rents. The properties that DHA own are managed under basic premise that residents pay 30% of their rent; however, the public housing model is a failed model, subsidized by the federal government. When housing authorities were created, the federal government committed to providing the funding necessary to properly operate the properties, but that does not happen. The DHA is at the mercy of the federal government on a given annual basis

being that DHA never knows what funding will be from year to year. As Council is aware Congress just passed the funding that included funding for HUD a few weeks ago and fortunately funding for this year looks to be little bit more than what was received last year, which is saying something, but even that funding is much below what the need is. The DHA is happy to get what was received the previous year but find operations in a position that it is still not enough so the budget continues to fall further behind.

Affordable housing is subsidized in ways in which it includes our public housing programs.

More properties are with the RAD program which allows staff to develop these properties so DHA can get money in to fix them up in a decent way and more critically, it allows DHA to manage them better financially because there are more resources coming in outside of the federal support. Under the RAD program, there is a focus on tax credits at 60% of the Area Median Income (AMI). It is a little bit deceptive because more recently HUD created a program called income averaging so staff can go up to 80% of the income; but overall in a given property, it averages out to be 60%. Meaning, participants can have lower incomes, higher up to 80% but it has to at least 60% over all.

Voucher program or housing choice voucher commonly called Section Eight. The voucher program is administered by DHA but the housing is actually provided by the private sector and is based on 30% income. This means a resident pays 30% of their income directly to the landlord. DHA pays 70% directly to the landlord. There are several specialty voucher programs such as emergency housing vouchers, veterans' vouchers and other smaller programs. Overall DHA has about 17 sites and about 1,700 units with an occupancy rate of 99% and a waiting list of over five thousand families.

Most families are looking for housing of one bedrooms or studios, but 90% plus are looking for two to three bedrooms. The strategy is to focus on where staff is seeing the most need by assessing demand on the waiting list. On the voucher side, there are a little under 3,100 Housing Choice vouchers; 2,200 or so of those are tenant-based which means they are given directly to individuals for their families, with the individuals going somewhere they choose to live. There are also project-based vouchers and those are vouchers stay with a particular building. Individuals come and go but the voucher subsidy remains at the building itself. Another type is the specialty vouchers, there are fewer than 500 of those. There are 166 families that are currently looking for housing with the average being 200 families in any given month. One of these two either tenant based or specialty voucher that is currently looking for housing. The need for landlords to accept vouchers remains very high. The tenant based waiting list is currently at 338 families. That seems like a low number but it's low because vouchers are issued every so often. DHA opens the waiting list every so often. At the end of the period when the list falls to fewer than 500, staff will open up the list again so

that people can apply. The last time the list was opened was four years ago and nearly five thousand people applied. DHA then narrowed it down to 1,500 which is its current level. DHA will be opening the tenant based housing choice voucher this year. The project-based waiting list is over 10,000 families. Again, the statistics emphasizes the need of housing of the type that exists here in Durham. DHA has a budget of \$27.5 million. Although there are approximately 3,200 vouchers roughly, currently less than that are actually housed.

DHA is at 100% of its budget authority. Even though DHA has more vouchers, this must be managed within the confines of the DHA budget. HUD tells all housing authorities, DHA may have a higher allocation but it must manage to its actual budget; currently DHA is at about 100% of its budget utilization. The average subsidy provided as a housing assistance payment amounts to a little over \$800 on one bedrooms, two bedrooms, studios, and larger.

In 2012, HUD created a program called Rental Assistance Demonstration (RAD). Initially, the program did not attract a lot of attention because it was a very cumbersome program to use. HUD retooled it and upon retooling, many housing authorities jumped in to take advantage. RAD allows housing authorities to have more tools in their tool chests. RAD provides no money but gives housing authorities the opportunities to utilize financing methods that are unavailable to regular public housing. DHA officials can use low income housing tax credits. For example, DHA can get bank financing through project-based vouchers. RAD allows DHA a different way to go about utilizing public housing inventory and one of the things that DHA focused on as Council is aware of is redeveloping the public housing communities. The redevelopment allows for the increase in the amount of affordable housing and even replacing the existing public housing units. There are built in protections. Many residents' concerns relate to involving the private sector in that somehow rents were going be raised and turning units into market rate housing. Again, there are protections built into the law. Rents are still based on 30% of a person's income. There will be no rescreening for any existing resident that becomes part of RAD program. Residents have a right to return for those who want to come back to any of the housing that is built on a particular site. Even if DHA wanted to as a bad actor, DHA could not change the basic stipulations in the law. DHA staff intends to fully convert all public housing communities into the RAD program over time. Some of that involves redevelopment like Council is seeing with the Downtown area properties. Some of the sites involve straight conversions at Morreene Road and Damar Court. These are two examples of the two spectrums that are available in using the RAD program.

A chart was exhibited to show the audience who the demographics of DHA residents are. There are just under 9,000 residents comprised of 4,000 families, combining public housing, housing choice voucher program, and the affordable housing portfolio. Average income across the board is approximately \$11,363; 26% of families have jobs, and the average rent paid between all programs is \$284 a month.

Based on age, less than 50% of the family members are 17 and under; with approximately 14% of DHA families are seniors. In-between is where the rest of the family members fall. So when one looks across the programs, there is a lot of variety in ages and family sizes, but overall, the breakdown for roughly nine thousand individuals breaks out to about a little less than 50% are actually 17 and under and about 14% are seniors. A number of folks are disabled. The age range of that in terms of head of households is between 18-54 years of age, 12% of households are in fact disabled; between 55-61, 9%. 62 and older 20%, it would be expected that this number would be slightly higher. Overall about 41% of those families have disabled folks as head of their households.

Executive Director Scott addressed an unpleasant part of DHA called recovery agreement. In 2018, due to the conditions of some of the DHA buildings, DHA fell into what's called Troubled Agency Status. Since 2018 DHA has not been reevaluated because of COVID-19 but it doesn't matter. The conditions at DHA properties are still not where DHA wants them to be. All housing authorities are rated on a system called PHAS, Public Housing Assessment System, comprised of four components: financial, management, physical inspection, and capital; there are points associated with these elements on 100-point scale. DHA has scored well with financial and capital fund; but when it comes to physical inspections, issues emerged due to the lack of funding to maintain the properties. As a result of DHA falling into this Troubled Agency Status, the agency has entered into a HUD recovery agreement where three primary goals that the housing authority has to achieve over the next two years.

1. Increase occupancy to at least 95%. DHA is at 98%; however, we are talking to HUD about the fact that there are counting against DHA the Liberty Street Apartments and 519 East Main Street vacancies. DHA is not leasing at those two locations due to being in the process of redevelopment, but that still counts against occupancy. On the books at HUD, the occupancy rate is 92%, but in reality, when the two above properties are taken out, the occupancy rate is at 98%. HUD understands this but they do not have a category to put units that are in the process of being redevelopment so they're struggling with figuring out how to make it work in their evaluations.
2. Improved unit conditions mean DHA has to have a passing score of at least 60.
3. Remove McDougald Terrace from the public housing inventory. HUD intends for McDougald Terrace come out of public housing inventory and put into some other kind of category. This could mean either DHA literally gets rid of McDougald Terrace by selling, redeveloping or converting it.

The timing of the recovery agreement's objectives must be accomplished in the next two years. DHA is now just shy of a year into the two-year process.

DHA staff have monthly reports that are completed for HUD. A slide presented the unit scores. Scores are based on 100-point scale with the minimum threshold of 60 points. On the chart scores from 2018 were evident; as of 2022, the scores increased at McDougald Terrace from 31 to 70. The increase makes sense due to spending \$10 million over the last several years to bring McDougald Terrace to the point it is now which again underscores the point. If DHA had the money to put into the properties, they could be in a better place. There are sites below the 60-point mark along with their locations.

Part of DHA's recovery agreement terms, it speaks to DHA doing something called physical needs assessment and that is where DHA has an independent inspector come in, look at the units and make a determination of what the costs will be to bring the units up to standard. This is a 20-year outlook and there is a particular emphasis on what DHA needs to do over the next five years. After reviewing all DHA properties, the estimate is nearly \$50 million, and the amount of funds in the capital fund is approximately \$15 million. Difficult choices and decisions will need to be made in how to spend \$15 million on the properties by prioritizing health and safety, first and foremost, and then looking at other issues that impact scores as a secondary component.

Executive Director Scott addressed the recovery agreement of repositioning McDougald Terrace. The initial planning work on McDougald Terrace, including Lincoln Apartments Community, as well, and addressed the challenges with McDougald. There have been several meetings with residents at McDougald, surrounding residents and businesses, Durham Public Schools, NCCU, Durham Tech, and the North Carolina State Agricultural Foundation. DHA is in the planning stages of the outreach and is looking at the larger community outside of McDougald Terrace. DHA is looking at replacement housing on Lincoln Apartment site by tearing down Lincoln, rebuilding new housing and then look at the planning around McDougald Terrace. In the next month, DHA is going to finalize a preliminary plan for McDougald Terrace and will share the information with Council. Executive Director Scott spoke to replacing the existing 360 McDougald Terrace units by combining them with the Lincoln Apartments site along with some other partners combined into nearly five hundred units in that existing area.

The North Carolina State University Agricultural Foundation own a large piece of land over nearby. There have been discussions with them about how DHA can incorporate the land into the overall development while providing quality open/park space. Details to come.

Executive Director Scott addressed the DDNP Downtown sites, that will turn 447 units into about 2,500 units on the sites that DHA owns and controls, plus additional units on the sites that include two city-owned sites, Southside III and Hunt Street Station. The sites controlled by DHA represent the JJ Henderson and The Joyce. Renovations are completed at JJ Henderson.

The Joyce's new construction should be opening sometime in March or April. At Liberty Street and East Main, demolition has been completed for the first portion; and expect to break ground by the spring for Phases II and III. There is significant momentum. The site is where DHA received \$40 million Choice Neighborhoods Grant so things are progressing nicely. Forest Hills Heights is under negotiation with the developer with hopes of a master development agreement with that submitted to the DHA Board in February.

Related to the Fayette Place site, it is expected to have a master development agreement in February before the DHA Board. Schematics of The Joyce were displayed. Nearby The Joyce is the Miracle League Field which DHA owns the land. DHA donated the land to the Miracle League with its track lanes, accessible to DHA residents at JJ Henderson and The Joyce. Liberty Main Street site has Phase I underway; Phases II through V are where the \$40 million choice neighborhoods grant will be applied with Phases II and III going under construction sometime this spring. The first phase of the demolition is completed; second phase of demolition will be started in the spring, this to include the resident services building. Phase I is the Elizabeth Street and Phases II and III are being called Commerce Street.

Fayette Place and Forest Hill Heights are being prioritized; the DHA Office is on back burner until there is more movement on the residential communities. Forest Hill Heights is under negotiation. The one thing that will be different, there were 55 units in Forest Hill Heights Development that were going to be considered affordable. That number of units will go up by at least another 62 units and maybe even more, about 700 units are expected at the site, but those numbers will change. Related to Fayette Place site, there are about 700 units proposed. Due to the numerous community meetings, the number is coming down and there will be a home ownership component including a bit more commercial. DHA is restricted by the site size but more on that to come in the coming weeks.

Executive Director Scott spoke to the proposed DDNP Overall Affordability. The DHA component this is only reflective of that, not the two city sites. DHA had about 2,275 units that were initially planned; based on the proposals, the estimate is at 2,544 units. Due to interest rates, DHA is not able to do as many 80% AMI units, with a reduction of about 318 units. Based on previous submittals, DHA will see an overall net increase of 269 units. In particular, there will be an increase in the 0 to 30% AMI range and increase in the 50% AMI range of about 96 units; the number of units are nowhere near where DHA wants to be but at least the city is gaining some more affordability. At the 80% AMI number, there is a significant reduction. Related to home ownership, DHA has been working with Habitat for Humanity on 37 lots in the Edgemont area over near Franklin Village. There are 37 units under construction, with 33 completed. For audience members who remember the Old Hope Six Project, this is the last phase of the Hope Six Development and believe it or not that grant is still considered open. DHA will be looking at other home ownership opportunities

with Habitat for Humanity because they are uniquely able to produce affordable housing that most other developers cannot. The presentation concluded.

Council Member Freeman appreciated the details and nuances around how things have shifted and changed and how DHA is trying to keep to the initial promise of keeping affordability in Durham; asked about Habitat for Humanity, is this the only non-profit organization that DHA is working with and where/how were RFPs issued/advertised.

Executive Director Scott replied that in terms of home ownership, Habitat for Humanity is the only responder. RFPs are listed on DHA's website, anyone can get set up as a vendor and will receive notices of future RFPs, when issued.

Council Member Freeman appreciated the DHA response JJ Henderson had received in terms of the electrical outage and asked about the lack of generator and appreciated DHA's prioritization. She also spoke to how DHA connected with other housing partners in Durham; and spoke to the Fayetteville Street corridor and how to get more commercial support along the property.

Executive Director Scott confirmed there would be commercial on the property including on one particular portion facing Fayetteville Street of approximately 30,000 square feet.

Council Member Caballero inquired about McDougald Terrace asking if the property was going to be considered a RAD conversion where there would be mixed market rates?

Executive Director Scott replied that it would be mixed income.

Council Member Caballero inquired about the Rigsbee Street rendering in the packet and asked about the status of the project (Hunt Street Station); and appreciated the update and was appreciative of the million-dollar grant.

Keith Chadwell, Assistant City Manager, did not have an update but would follow up with Council on the question.

City Manager Page spoke to the Hunt Station project as future development; and the funding that applied to other projects had been already applied. The project would come in the future with additional resources.

Mayor O'Neal appreciated the presentation; inquired about the voucher program by asking what Council's response should be to folks wanting vouchers and getting off the waiting list for vouchers; how was funding connected to the number of vouchers and the DHA budget; and what was the voucher application process and its timeline.

Executive Director Scott responded that with a tenant-based voucher (the most popular program), the waiting list is opened every three to four years; sometimes it depends on how quickly folks leave the program and when that list gets open; the last two times DHA opened the list, there were about five thousand applicants. DHA allows 200 persons to be granted vouchers at a time. Once a voucher is available, the family is called in and provided the voucher. At that point, the family starts to look, trying to find a landlord willing to accept the voucher. If successful in finding a unit, DHA inspects the unit, making sure that the unit adheres to the HUD standards established, and then DHA moves them in. It used to be that that whole process of once they found the unit and once the inspection would take weeks. DHA has narrowed that down to a week's time to go through the process. The key is, is that there are only a certain number of vouchers and a certain number of housing units. Vouchers become available when people leave the program, opening up a voucher to another family.

Sometimes we get complaints and people say they have been on the list for years and no one ever reached out to them because there just isn't the housing available. DHA is working on building affordable housing units in Downtown so the number of units increases, availability increases and the likelihood of a family coming off the wait list increases. Private landlords are not under the control of the city nor is DHA; DHA is also not allowed to direct someone to a certain landlord; persons who receive vouchers must find housing on their own; and the bigger issue is, there are not enough landlords that are accepting Housing Choice Vouchers. Each bedroom size determines how much of the rent or how much of a rent we can actually say this is acceptable; it is \$1,200 max for a two-bedroom unit. Due to market pressures in Durham, landlords can charge more than that for an apartment. Landlords would rather not deal with some of the restrictions that voucher holders have with income, and would rather not lease to a voucher holder. Some landlords are biased and they don't want to lease to someone who has a voucher, and in some cases there are landlords that have no interest in affordable housing, whatsoever. Landlords conduct what is referred to as income discrimination because individuals are either not working or do not earn enough money, even though DHA is providing 70% of the rent, there are landlords that choose not to rent to those who have their income come directly from DHA.

Mayor O'Neal inquired about the number of landlords working with the DHA. It was estimated nearly two thousand or so landlords working with DHA but more were needed. For exact figures, Executive Director Scott would follow up with Council. There were many landlords with small numbers of units. It was suggested that DHA have discussions with local landlords for educational purposes in recruiting them to accept residents on vouchers. There was general consensus for this to occur.

Mayor O'Neal was willing to lead the conversation with the landlord about voucher education. She spoke to what she had heard in the community that there

are a number of landlords who own large properties who have no interest in accepting vouchers. Executive Director Scott confirmed this fact.

Executive Director Scott confirmed there are 10,000 persons on a combination of special purpose and project-based vouchers, primarily project-based. JJ Henderson is now a project-based community with a very extensive waiting list. He suggested that it is better to cap the list (pick a number that makes sense) and then once the list gets down to a certain level, you open up the availability of units again; this way the list does not get stale. Some people choose to find other housing, and are no longer interested. Others pass away, many reasons. Too many persons on the waiting list creates a larger administrative burden; this is the rationale behind keeping the tenant-based voucher list on the smaller side.

Mayor O'Neal asked how many actual units are there?

It was confirmed that there are 1,700 actual units housing approximately four thousand families and there remained 10,000 families who need housing. Persons were applying directly with the housing authority or properties with DHA partnership with other developers.

Mayor O'Neal inquired about the federal funding part and how much was the federal government funding the properties that scored low.

Executive Director Scott responded that there was \$15 million provided in the capital budget of which, was divided into three buckets: voucher, operations and capital improvements (large scale repairs). It is estimated that DHA would require \$50 million for repairs over the next five years based on the unit assessments. He also explained that HUD has talked about the issue and they said that the number of underfunded housing authorities is about \$76 billion. This was reflective of the shortage of local funds to make capital repairs.

Council Member Williams asked how could Council assist DHA in working with private landlords; and inquired if the city was considering working with private land owners to potentially purchase land or is that something DHA could do under the jurisdiction of HUD.

Executive Director Scott responded that when considering affordable housing, the only way it is successful is to have to utilize a subsidy of some sort, if not for purchase but also for operating the unit (pay maintenance, electric, utilities, etc.). HUD provides the subsidy to housing authorities in order to match \$284 DHA receives in rent on a public housing side. HUD provides additional subsidy that allows the units in theory to operate. Of course, the federal government is not providing the capital that is needed to keep the units to standard so the DHA ends up spending a lot of maintenance money that should have been handled as part of capital improvements.

Council Member Williams explained that he is not a supporter of HUD in that the federal government tends to allocate funds in some areas but then there are families on the streets. He asked if Executive Director Scott was aware of the number of privately-owned apartment complexes in Durham or properties that are turning down voucher programs or turning down special assistance.

Executive Director Scott responded that he did not by explaining that DHA is not involved with the voucher recipient as they are doing their housing search. A person may go to twenty places to find housing, but the home they find is when the recipient returns to DHA to report the search result. Or, in another scenario, the recipient does not find housing and the voucher expires.

Council Member Williams noted that he has heard that there are privately-owned apartment properties that were no longer accepting vouchers and that with the increase in rents, the difficulty compounds. He also inquired about a landlord incentive program; and asked about restrictions on constructing taller buildings.

Executive Director Scott responded that the majority of housing is usually built to five stories because a different, more expensive construction method is required for taller structures over five floors. He elaborated that this is something DHA has on the table, with the increase in construction costs, it is very difficult to build higher; and that is why he has said that he does not have new numbers for Council in terms of what the ultimate numbers will look like for the sites that he presented.

Council Member Williams noted that when housing becomes exclusive, it becomes more expensive. Durham tends to have issue with that sometimes and this needs to be figured out but then this situation is a whole other monster on the number of families who are in need versus the amount of housing availability. He also asked about the wrap around services provided to current tenants and what types of economic wrap-around services are in place to help them reverse the need for the housing resource. Council Member Williams mentioned that there are 27,000 job openings in Durham but those jobs are they require specific skill set or specific education.

Executive Director Scott responded that there are not wrap around services since DHA and other housing authorities do not receive money for wrap-around services. There is a resident services office that works with a myriad of partners across the city and county, from Duke's Nursing School, NCCU Nursing, etc. There are a couple of programs that do specifically work with residents, Family Self-Sufficiency Grant Program (FSS) is funded through HUD for working residents where they can escrow the additional rent that they would have to pay after devising a series of goals. With the accumulated money, then they residents can utilize the funds around their goals, from buying a home, car or other things.

The McDougald Terrace community, won the Giles Plus Grant only for

McDougald Terrace because the way the grant was designed, only McDougald Terrace community qualified. It's a four-year grant program geared directly to encouraging residents at McDougald Terrace to go to work. Due to the income restrictions, if a resident goes to work and makes more money, their rent goes up based on that 30%. With the Giles Plus Program, there is a freeze on the rent increase. As of February 2023, it will have been in place one year with three more years to go. There are 100 plus participants in the program with 50-60 who are actually working. With the CNI Grant, DHA received funding for six years to work with the families on that particular site with wrap-around services with case management. DHA has a resident service staff of about five people.

Council Member Williams asked if DHA was in need of employer partners.

Executive Director Scott responded affirmatively and urged getting DHA residents employment ready. He explained that there are programs/funding with Workforce Development and Community Development to get folks workforce ready included with the appropriate support.

For example, a pilot program targeted women who were interested in construction field. They started out with six persons and ended with one. The one person got hired by a company, was doing well but then had inconsistent child and had to quit. Key basic barriers are transportation, child care, dependable child care. Another barrier is the benefits cliff. When a person accepts a position just enough, it can cause residents to lose some of their benefits but not enough to make up for what the benefits were doing. To summarize, the three largest barriers are dealing with child care issues, transportation and the loss of benefits received when a person makes just enough to cause a loss but not making up for the benefits a person was receiving.

Council Member Williams addressed Executive Director Scott stating that if DHA is in need of employment partners once persons were work ready, he had resources for that, and that is an essential part by elected officials helping to complete the full circle of ecosystem. He added that there are child care facilities being built, invested in by Durham County and Durham Tech. Kate's Corner recently opened and there were some in Downtown.

Council Member Williams was excited to hear about the Jobs Plus program for McDougald Terrace and would like to see what can be done for other properties; and spoke to the federal government incentivizing poverty. The federal government created properties to put folks in and it was a trap; they were provided assistance based on their needs, and there has been no way to get them out. With a penny more, they lose everything. He hoped that there was a way to support the families who want to get out of the properties and become more independent. He wants to bring every resource and partner to help. He encouraged Mr. Scott to reach out to him to connect folks to resources.

Executive Director Scott spoke to the Partnership for Equitable and Resilient Communities (PERC) and the Bloomberg Program can assist justice involved communities and how to obtain housing and employment and the interconnectivity of both.

Council Member Caballero asked if persons were left to their own devices to try and find housing and what supports are there related to transportation issues, language barriers, cultural gaps, etc.

Executive Director Scott confirmed that this was accurate; and explained that the extent of DHA's support for persons holding vouchers and seeking homes was limited. He added that there needed to be relationships with some other organizations helping families find housing and being prepared for landlord experience.

Council Member Caballero imagined that relationships with the public schools as those are the first touch points for families. Families utilize public schools' counselors for support in schools because that's where families have established relationships.

Council Member Johnson explained she did not have questions for Executive Director Scott since she was the Council Liaison to the DHA Board of Trustees and has heard the issues; it is good to get a review and to have all the folks here learn about the work that you're doing. She stated that she was struck by when Executive Director Scott noted that public housing was a failed model and wanted to add to that conversation. Council Member Johnson stated that public housing was a failed model because the federal government intentionally set it up to fail that included an intentional decision by the federal government to defund public housing in favor of more public/private partnerships, in the form of pro-corporate models. Public housing failed because the federal government decided they weren't going to give local governments any money. The City of Durham has built and put a lot of energy into the city's affordable housing infrastructure, programs, and DHA support. The largest housing bond in the history of the State of North Carolina was passed in Durham and there are still 10,000 families on the waiting list for vouchers. The problem cannot be solved on our own, but elected officials are going to have to do more. If elected officials want to continue to do the work of affordable housing at the level we've been able to do for the last few years, another housing bond will need to be issued. At the city level, it will be necessary to increase the tax levy for the City's dedicated housing funds for affordable housing. City Council will have to put more money into this to see the kind of results that the Durham community really needs; it will be necessary to get help from the state and federal government. Even if the city puts every penny of its money into housing, the problem will not be able to be solved. It is beyond the scope of what the city government can actually do. She continued that she wants the Council to continue to invest more. Virtually all of the funds from the City's 2020 Housing Bond has been allocated/committed.

There are no new projects that can be funded with what is already accounted for and from the numbers shown today, Council knows the need is still extremely dire, and needs to do more.

Mayor O'Neal inquired about how underfunded is the DHA in a dollar figure.

Executive Director Scott confirmed the DHA has been underfunded for decades; to be fully funded, it would require \$50 million over the next five years to get DHA properties to an acceptable standard.

Executive Director Scott elaborated that when renovations were underway at Morreene and Damar, it cost nearly \$100,000 per unit, re-doing everything from the studs out. Another option is to tear down and rebuild, with a unit cost of \$250,000 to \$300,000.

Council Member Freeman referenced remarks by her colleague; and stated there is this piece of how public housing has been put forward as it could solve the world's problem for housing. And, that is not the case, but there is definitely the need to always have available housing that is for the public. Especially acknowledging that there are folks who have reached a certain age and will not go back to work and there are people who have developmental or mental disabilities that are not going to be able to work \$7.25 an hour to ever cover the cost of housing. Then on the other side it's creating the kind of system so that folks who are in public housing do have stair steps, kind of getting their way out. She lifted up both sides of the coin to make sure public housing is always available is important. Whether it is the federal government that Council needs to take this up with the federal government or HUD, specifically, or just private housing partners, or private businesses, like this is something that Council has not delved into at a level that needs to be. She also noted that she is mindful because she is having conversations with folks who are trying to raise investments of \$75 million to do this innovative idea, but there are people without housing, and she wanted to say that. On the operations side, there is a piece that is concerning as we move to this mixed income private RAD property managers who are in place, who is going to be responsible for the oversight of the properties and its managers. If the DHA is short on funding now, what will it be like with 12 different versions of CCI or TCB or any other organization.

Executive Director Scott replied that DHA was responsible for oversight of property management and maintenance; currently it was difficult due to a lack of staffing. He added that built into each one of the RAD relationships, there is a clause that says that after a period of years DHA would be able to take over management. However, DHA has to get its management operations up to par to be in a position to take that over. Due to staffing issues, the DHA has not begun to make any in-roads towards that preparation.

Council Member Freeman inquired about income-based discrimination and to see if Executive Director Scott had heard anything from his counter-part in Charlotte with the ban on income based discrimination.

Executive Director Scott replied that he had not but it was recently done; and spoke to his experiences in Maryland with a ban on income-based discrimination. There has been progress. Some cities have already implemented that, so it does exist in other places where it is said that landlords cannot discriminate against someone because of their income source. In other words, a person cannot be denied housing who is using a voucher. In Durham, the DHA is guaranteeing 70% of a tenant's rent into the landlord's bank account, the first of every month, automatically. He voiced support revisiting landlord round tables to address and understand why landlords were not accepting vouchers.

Executive Director Scott spoke to the challenges around security deposits. He was informed by a group of landlords who admitted it was not about the security deposit. Instead, if someone abused a unit, the landlords wanted money available in a security deposit pool (up to two thousand dollars) to make repairs, if needed. It is a way that the funds serve as an insurance policy that would give landlords a lot of comfort.

Council Member Freeman was supportive of the reactivating the landlord roundtables.

Council Member Holsey-Hyman noted that years ago, she was Director for the housing voucher program in New York. One of the things she faced was that the landlord discriminated against voucher holders because they felt that the people were going to bring a certain level of crime or certain level of drugs to the properties. Pre-conceived discrimination. In New York there was also the problem of landlords not getting their monies on time. Monthly direct deposits resolved this issue; and expressed support with her colleagues in coming up with plans to hear landlords' concerns and to help them offer more housing to Durham families. She was supportive of incentives to house DHA residents who were in need; everyone needed help and needed a place to live. She supported Council Member Williams' remarks to devise a way to incentivize landlords to serve persons with vouchers. She spoke to her background as a child in public housing, and noted that public housing was built as temporary help. However, what happened was the lack of funding, lack of jobs and lack of being able to move people from one level of function into another, then it became an issue where there was crime and other things going on; and stated that she was a product of public housing and she was able be educated. Once educated, she was able to get a job and move out of that environment- it was possible due to wrap-around services impacting the family.

Council Member Holsey-Hyman inquired about leases being transferred from one generation to the next within the same family, when a parent/caregiver passed, and asked if lease transfers were happening.

Executive Director Scott responded that lease transfer were part of federal policy meaning if the situation arose, the family could still continue to live there as long as there is an adult in the household. He reiterated that the maximum income is 80% AMI to go into public housing but noted that most DHA residents were nowhere close to that.

Executive Director Scott provided an example. If a person is making \$10/hour, that person could go into the private sector and pay 70-80% of income their income. In public housing, a resident pays 30% of their income and can do more to serve their family. Related to Council Member Freeman's point, Executive Director Scott stated there are many residents with disabilities thus limiting their ability to earn but where do they go for housing if a person cannot get income-based housing. There needs to be a change in opinion toward getting out of public housing. Changing public housing environments toward mixed income communities would be a benefit. Creating mixed income communities that are welcoming and healthy socio-economically, those are communities that anyone would want to be a part of. For a second generation public housing resident, it is possible to get out when families have the resources to do so. He supported creating environments that are well-structured, well-managed and comfortable where there are a mix of incomes and a mix of residents combined with the support for residents to do the things that everyone aspires to do. He looked at public housing as a model that is part of the whole community rather than some independent island of the community of Durham.

Council Member Holsey-Hyman concurred that she was a supporter of mixed housing too; and was appreciative of her education and employment that enabled her to excel and hope. She was passionate about this because she did not want residents living in sub-standard, housing environments; and stated that the bottom line was that DHA needed more money through advocacy at state and federal levels. Housing is a common right.

City Manager Page made remarks related to the presentation; noted a two-bedroom household in Durham in October 2022 cost \$1,594 a month. When fair market rents are considered, the price is \$1,315. She admitted there was a large deficit and asked Executive Director Scott to highlight what that meant as it related to folks with vouchers looking for apartments and the other side of that, the folks who are renting apartments.

Executive Director Scott explained there was a gap between what the fair market rents were and what the average was. Some apartments cost less, others were higher. DHA staff looked at the issue from a couple perspectives. First, DHA has the ability to raise its fair market rent to 110%, and there has been a lot of

discussion at HUD to allow DHA to reach 120%. HUD allowed the DHA to go up to 120% during the pandemic; staff are actually crunching numbers to figure out if staff can do that now so DHA rates can be competitive in the marketplace. What that number also indicates is that on the higher end, there will be higher rents. The lower end rents meant lower quality units. DHA wants to make sure when people find units, they're finding housing in decent neighborhoods with decent quality. On the other side, the DHA budget bucket is limited. When fair market rents increase, then the number of available vouchers decrease. DHA has to be careful about how they roll out this increase to avoid finding itself in a deficit situation.

Mayor O'Neal spoke to her participation in the Bloomberg Initiative/gathering where there are forty mayors from all across the world, housing was not one of their issues. Housing as a commodity looks very different in the United States versus other countries who have done it well. For the greatest country in the world, the country doesn't act like it in housing.

Council Member Johnson responded to the Mayor's remarks. The United States has a very particular history around the commodification of human needs and housing. In the United States, housing is treated entirely almost entirely as something that is housing and land, bought and sold, on a market. This aspect presents really striking problems when something that everyone needs to survive is only allocated based on whether and how much a person can pay. She stated that she believed that public housing is 100% the solution. Government provided housing was the only way to guarantee that housing was provided to every resident of the country as a human right.

Council Member Johnson continued her remarks stating there has to be a government-funded or subsidized option for housing for every single person because otherwise if a person cannot afford housing they are on the street or staying with family or living in a basement or a car. If housing becomes entirely under the control of the capitalist market, problems emerge where billions of dollars of foreign capital come into Durham and suddenly nobody can afford to live in Downtown. American housing market is much less regulated than housing markets in other countries. Government have very, in North Carolina especially, little ability to intervene in the housing market in order to make the changes that would need to be made for people to be able to afford housing. Things like inclusionary zoning, is banned; rent control is banned. In other states where housing is still a commodity that is bought and sold, there are levers that governments can use to make that marketplace a little bit less toxic and more accessible to folks; in North Carolina, people do not have those options. The countries most successful with housing their entire populations are the ones who tax their rich and invest that money into providing housing for people and we choose not to do that here, and that is why the situation exists. Elected officials are left to mitigate around the margins as much as possible. Durham honestly does a much better job of doing that than most other cities in the country. Council

has an incredible partnership between city and Durham Housing Authority and invests millions and millions of tax dollars every year. In Durham, there was over 70% support for our housing bond... Durham residents get it.

Council Member Johnson continued that local leadership understands and is doing as much as possible; but the structure of the system is against the individual, and individuals do not fix structural problems with individual actions, there are fixed with structural change, and that is lacking. Unfortunately, even though Council represents the government on a local level, local government is the smallest and weakest branch of government and does not have the capacity to make the kind of structural change that is really needed. For this reason, the federal government needs to invest in housing the way governments do in Western Europe. Local government can help but cannot fix the problem.

Council Member Caballero agreed with her colleague and stated that FDR's Second Bill of Rights included housing as a right; and stated that government has not honored this. She continued saying that this is not a new problem in the United States and the legacy of who carried that burden in the United States is very different; and spoke to a whole class of people called white ethnics in the Post WWII era who benefitted from massive government intervention, thus bringing a whole generation into the middle class and it was probably one of most stable and affluent times in American history. Council Member Caballero encouraged listeners to recall the 1980 election, to make distinctions on the decisions of local government and urged folks to consider where economic policy is headed in this country. She explained that Chili has a horrible history around that because they are the birth place of neoliberal politics and referenced economics and the Chicago Boys.

Council Member Holsey-Hyman wrapped up the discussion; referenced her colleague's remarks related to barriers to residents looking for housing, and emphasized that there are also language barriers when non-native speakers are looking for housing; some landlords can be intimidating; and sometimes individuals do not know how to talk to the landlords; for these reasons, there is a need for more case management services to advocate for folks who are navigating the system.

Council Member Williams reiterated there were resources regarding employers ready to partner and encouraged Executive Director Scott to contact him.

Mayor O'Neal thanked Executive Director Scott for his presentation and her colleague Council Member Holsey-Hyman for facilitating the discussion. Mayor O'Neal stated for the record, for African-Americans and slave people living in America, this population has never been housing secure. That is reality. Then combined with young people who have had some justice-involved backgrounds, they have never ever had the opportunity to have a chance at the American dream. Hopefully with the justice movement, with Executive Director Scott and

the other community partners in Durham, and including Council, will make the difference. As you know, it's going to take more than Council. It is really important for people to think about the commitments that folks who they elect are going to do, if our residents really want to help their neighbors. We need to make some commitments to our neighbors in terms of housing. Individuals should have the right to have some place to lay their heads as human beings. The greatest country in the world ought to act like it in terms of housing.

[SETTLING THE AGENDA FOR THE FEBRUARY 6, 2023 CITY COUNCIL MEETING]

City Manager Page announced the Consent Agenda as Items 1 through 6; and General Business - Public Hearing Items 9 through 13.

MOTION by Council Member Williams, seconded by Council Member Caballero, to settle the City Manager's Agenda at 3:44 p.m. by the following vote: Ayes: Mayor O'Neal and Council Members Caballero, Freeman, Holsey-Hyman, Johnson and Williams. Noes: None. Excused Absence: Mayor Pro Tempore Middleton.

Mayor O'Neal announced the Point in Time Count on January 25, 2023 from 7:30 pm to 11:30 pm, counting those experiencing homelessness in Durham County. All are encouraged to come together at the Durham County Library for orientation/send off that evening. Teams of 4-5 volunteers with law enforcement will go out to count. For this and future opportunities, reach out to www.housingfornewhope.org or 919-489-6282.

Being no additional business to transact, Mayor O'Neal adjourned the Work Session at 3:46 p.m.

Diana Schreiber, MPA, NCCMC, CMC
City Clerk