

**DURHAM CITY COUNCIL WORK SESSION
THURSDAY, FEBRUARY 23, 2023 @ 1 PM
IN-PERSON & VIRTUAL MEETING**

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 Kim Rehberg and City Clerk Diana Schreiber.

[CALL TO ORDER]

Mayor O’Neal called the meeting to order at 1 p.m. and welcomed all to the meeting.

[ANNOUNCEMENTS BY COUNCIL]

Mayor O’Neal called for announcements.

Council Member Holsey-Hyman announced her meeting at NCCU where she spoke with students about voting; introduced visiting family members and invited all to a HIV is Not a Crime Program at NCCU.

Council Member Johnson spoke to her experiences at the HEART Team staff meetings of listening to discussions of how their operations were being conducted in the community.

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

City Manager Page requested the following under Priority Items:

Item 6) 2022 Fourth Quarter Crime Report. This is a presentation item.

City Attorney Rehberg requested a closed session for attorney client consultation pursuant to NCGS 143.318.11.a(3) concerning threatened litigation and other potential claims against the city.

MOTION by Council Member Johnson, seconded by Council Member Caballero, to accept the City Attorney’s Priority Item was approved at 1:06 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.

MOTION to accept the City Attorney’s Priority Item: Council Member Johnson and seconded by Council Member Caballero, to hold a closed session at the end of the meeting was approved at 1:06 p.m. by the following vote: Mayor O’Neal and Council Members Caballero, Freeman, Holsey-Hyman and Johnson. Noes: None. Excused Absence: Mayor Pro Tempore Middleton. Absent: Council Member Williams.

MOTION by Council Member Holsey-Hyman, seconded by Council Member Johnson, to adjourn into Closed Session at the end of the meeting was approved at 1:05 pm by the following Ayes: Mayor O’Neal and Council Members Caballero, Freeman, Holsey-Hyman and Johnson. Noes: None. Excused Absence: Mayor Pro Tempore Middleton. Absent: Council Member Williams.

Deputy City Clerk Wyatt had no priority items.

Mayor O’Neal presided over the next section of the agenda by reading the printed agenda into the record. The following items were pulled: Items 4 and 8.

Council Member Williams arrived at the meeting at 1:08 p.m.

Council Member Caballero announced it was time for Citizen’s Matters and there were two speakers.

[CITIZEN’S MATTERS]

SUBJECT: JAMES CHAVIS (NO ITEM NUMBER/PUBLIC COMMENT SPEAKER)

Mr. Chavis, Durham resident, invited Council to Goose Creek Tour of approximately one hour, which would be followed by lunch at Holton Education Center; and stated he and others had been denied access to the community outreach process related to Wheels Fun Park.

SUBJECT: GWYN SILVER (NO ITEM NUMBER/ PUBLIC COMMENT SPEAKER)

Ms. Silver, Durham resident, addressed a concern related to her Stonehill Estates’ homeowner association related to no parking along three streets in her development, along the 300 block of Sapphire Drive; and asked that it be sent back to the homeowner association so that input could be provided by all sides.

SUBJECT: MARY MOLINA (NO ITEM NUMBER/ PUBLIC COMMENT SPEAKER)

Ms. Molina, Durham resident, requested an update on the Southern Environmental Law Center’s letter and asked when/how the public could be involved.

SUBJECT: JACQUELINE WAGSTAFF (NO ITEM NUMBER/ PUBLIC COMMENT SPEAKER)

Ms. Wagstaff, Durham resident, spoke to Wheels Splash Fun Park; referenced the agenda item that indicated the item consisted of a Final Report and asked how that could be since there had been community folks who were not included in the process and spoke to community members' feelings of being disrespected.

[ITEM PULLED FROM THE CONSENT AGENDA]

SUBJECT: BOARDS, COMMITTEES, COMMISSIONS AND TASKFORCES' CALENDAR YEAR 2022 ANNUAL ATTENDANCE REPORTS (ITEM 4/ PR 16049)

Council Member Freeman inquired about the formatting and shading of the report; asked about the attendance policy; and asked about the staff liaison of the Durham Sports Commission.

Deputy Clerk Wyatt confirmed the liaison to the Durham Sports Commission was staffed by Durham County.

Assistant Clerk Paola Roland explained the formatting and shading of the report was automatically produced by the software, Granicus; would re-check on the materials provided by the Durham Sports Commission.

Mayor O'Neal asked if Council would like to have a meeting of the Procedures Committee to discuss attendance.

Council Member Johnson stated that the process used by the Clerk was a process that had previously been reviewed and agreed on by Council.

Deputy Clerk Wyatt summarized the removal process.

Council Member Caballero explained that when the Governor withdrew the State of Emergency in August 2022, the attendance policy reverted to the process used, pre-pandemic with 50% attendance required as a minimum. She also spoke about standardizing the attendance rate across the board for all boards, committees, commissions and taskforces which could be discussed by the Procedures Committee.

Mayor O'Neal stated she would follow up with Mayor Pro Tempore Middleton about Attachment A of the Procedures Committee prior to the next Council Meeting and then would decide how to proceed.

Council Member Holsey-Hyman announced there was a new summary sheet for the ballots and asked if there was any feedback from the Procedures Committee.

[PRESENTATIONS]

SUBJECT: 2022 FOURTH QUARTER CRIME REPORT (ITEM 6/ PR 16058)

Council Member Williams presided over Item 6.

Chief Patrice Andrews gave the staff report on the 2022 Fourth Quarter Crime Report and read from a PowerPoint presentation, titled *DPD 2022 4th Quarter Report*.

Fourth Quarter Crime Report – January thru December 2022

Part 1 Violent Crime (compared 2Q22 to 2Q21 percent change)

Homicide - down 8.2%

Rape – up 10.7%

Robbery – up 8.1%

Aggravated Assault down 18.5%

Overall Violent Crime – down 10%

Shooting Incidents YTD thru 12/31 (YTD 2021 v YTD 2022)

Shooting Incidents – down 3%

Persons Shot- down 11%

Fatal – down 7%

Non-fatal – down 12%

Part 1 Property Crime

Burglary – down 12.5%

Larceny – down 4.2%

Vehicle Theft – up 17.1%

Overall Property Crime - down 3.9%

Part 1 Clearance Rates

Violent Crime – DPD 30.8% compared with FBI 2020 33.1%

Property Crime - DPD 12.0% compared to FBI 2020 11.0%

Priority 1 Calls for Service- response times Jan-December 2022

Target Response Time 5 min, 48 sec.

Average Response Time 6 min, 33 sec.

% calls answered in less than 5 minutes: 48.7%

Targeted % of calls answered in less than 5 minutes: 57%

There were 8,930 Priority 1 calls in 022, up 10% from 4Q2021

Visual: average response time to priority p calls for service as a function of adjusted staffing levels.

Staffing at end of 4Q 2022

Sworn: 78% staffing

Authorized – 547

Actual – 428

Non-Sworn: 87% staffing

Authorized: 127

Actual: 111

U-Visas

U-Visa Request by Quarter: 63 (45 approved, 6 denied)

No backlog exists

Crime Area Target Team – 8 persons (CATT)

DPD – Follow on Facebook, Instagram, Twitter

ShotSpotter Pilot Program: launched Dec 15, 2022 with acoustic sensors to detect gunfire and alerts officers in real time; 3 square mile coverage in East and SE Durham.

Map displayed.

DOD Social Media links displayed.

Chief Andrews mentioned that ShotSpotter provided the statistics for the monthly report; and that staff would provide more details on the incidents.

Council appreciated the presentation.

Council Member Holsey-Hyman asked about how DPD activated students in the elementary schools speaking of police occupations; asked about the number of CATT units were partnering with the HEART Team members and asked about increasing funding to HEART.

Chief Andrews responded that the Community Engagement Unit participated in schools and interacted with students on a regular basis. There were two officers going out with the HEART Team at this time and temporary transfers were being considered. The Chief noted that both programs (DPD and HEART) could be robust; and noted that training funds were essential and were being used to train officers, supervisors and leaders.

Council Member Johnson asked about the evaluation process of the CATT Team; and asked about how the process of choosing officers for co-response worked with the HEART Team. She inquired about leadership in the specialized culture, with a more narrow focus on individuals responsible for violent crime; asked if there were guardrails established to prevent specialized Police units from becoming dangerous as time passed.

Chief Andrews identified CATT Team recruits based on referrals and supervisor feedback; reviewed professional standards; asked if the individual was committed to the unit; and described what leadership looked for in team members. She addressed how the CATT Team was interfacing in the community and how it differentiated itself from the HEART Team and how removals were conducted and decision-making was based. The Chief spoke to the Community Safety Department leadership and how co-response was being planned and activated; and emphasized that oversight of officers was part of Durham's culture.

Chief Andrews responded to the question related to specialized Police units evolving into a dangerous component. She explained that with the current evaluation process, there has not been an increasingly dangerous component; and that the DPD culture and vision aligned with the City of Durham's strategic operations that focused on fairness, justice and equity; and urged community members to file complaints of officer disparate treatment and explained there was a policy of expectation of what would and would not be tolerated in the Durham Police Department.

Council Member Johnson continued her questions; noted community members did not feel the internal review process of officers was fair due to being an internal process without oversight; mentioned that under Chief CJ Davis there was a policy of limited stops and searches, with written consent for searches; indicated the CATT Team was increasing the number of stops and searches, whereas in the past, those searches were purposefully being reduced; and requested the Chief to explain the rationale related to the difference in policy related to traffic stops and vehicle searches.

Chief Andrews would research the policy being referred to; noted that according to policy, officers were allowed to cite or warn an individual; indicated that the Department never tried to limit enforcement of any NC General Statute or taskforce officers related to federal statutes; and explained the consent to search protocol. There was no intention in bringing traffic check-points back.

Council Member Johnson requested information related to the difference between the CATT Team's traffic point how was that different from a traffic check-point.

Chief Andrews responded that the CATT Team traffic points were in response to observed NC General Statute violations, in any area. She focused on safety issues as they related to vehicles' regulatory violations (tag dates, tint, broken tail lights, license plate related, etc.)

Council Member Johnson indicated that the traffic points for NCGS violations seemed to be a pretense to stop and search in neighborhoods targeted for criminal activity. She summarized that there had been a broad direction in the Police Department of focusing on individuals responsible for violent crime and not on minor violations and wanted this direction of PD to continue; however, the CATT Team was taking PD away from this direction.

Council Member Caballero highlighted the efforts of Officer Beckett at Housing for New Hope; appreciated the U-Visa information; and asked what attributed to the increase in individuals requesting U-Visas.

Chief Andrews speculated the work of the Police Department's Liaison Team contributed to the increased filings.

Council Member Caballero noted that the city funded the Immigrant Defense Fund through Justice Matters, highlighted the intersection between the victims of violence and U-Visas; requested information on how CATT Team members were selected; and applauded the Chief on her recruitment efforts and transparency, and was concerned about moving away from a general philosophy in how crime was being approached in Durham. She also wanted to speak with the Chief about how state-level legislation would impact the CATT Team and the immigrant community.

Chief Andrews reiterated the balanced activity that looked at officer enforcement and community activities.

Council Member Holsey-Hyman asked for clarification on the purpose of the CATT Team as it related to violent crime; and asked about ShotSpotter in the area of Park Avenue.

Chief Andrews explained the CATT Team's responsibility: review violent crime incidents, assist uniform patrols, function as patrol officers and be visible. She explained that the last two homicides, ShotSpotter had failed to produce alerts; noted that staff had reached out to ShotSpotter to ask the questions of what happened and why; and anticipated more information related to ShotSpotter responses in the next quarter.

Council Member Freeman asked what was a 200 drum magazine; and asked about this type of gun being found on the backseat of a vehicle in Durham by the CATT Team. She expressed support for officer training, availability of the funding for training, and how training impacted an officer's knowledge of when to warn, cite and/or arrest. She expressed thoughts on how clearance rates were documented as related to race/gender/socio-economic status with the reasoning of showing the disparities and how they happen. Council Member Freeman expressed concerns about the response times and requested how to make certain officers were prepared, that there were enough officers to be available to respond in timely manner and spoke to the leadership team in Durham and how Council could be supportive.

Chief Andrews explained the gun's mechanism and how it worked.

Council Member Freeman requested statistics on average calls for service be broken out by district.

Mayor O'Neal appreciated the discussion and was very supportive of the direction of the Department that included a CATT Team; spoke to the dangerous aspects of traffic stops related to the person being stopped and the officer; spoke to the lack of outcry related to black on black crime, without officers involved; stated there were no protests for the student that died at Hillside High School. She questioned how many community members called the High School asking about the safety of the principal and teachers; stated that this seemed to be the conversation where protests need to happen (after shootings), and noted there were vigils but no protests. Mayor O'Neal ended her remarks on that point.

Council Member Williams spoke to Durham being well on its way to be a model for progressive policing and community public safety; explained that Durham was utilizing multiple approaches for public safety; as he was a panelist after the play, *State of Emergency*, at Hillside High School, he spoke to what local government was not – not your personal investor, not your personal protector without resident engagement. Police were a reactionary construct and matters needed to be settled prior to a Police response. He spoke to young black youth and their crime on one another, he spoke to the importance of mentoring as a part but other energies were required to address crime: economic, housing and other root causes pushing youth to criminal behavior. He

appreciated the culture being established in the Police Department and that behavior within the Department was being monitored. Council Member Williams requested that the Chief's team members be identified and thanked them for their service.

Council Member Holsey-Hyman encouraged the community to support police officers and their commitment to public service and public protection.

City Manager Page expressed gratitude to Chief Andrews for her service, dedication and innovation in using resources to continue public safety in Durham.

Council Member Williams inquired about the ShotSpotter data and shots fired data accumulated by the Police Department, how quickly could this data be turned around.

Chief Andrews confirmed that on the Police Department platform there would be the ShotSpotter reports along with locally identified Police data. She planned on ShotSpotter quarterly updates along with additional data from PD.

Taking the prerogative of the Chair, Mayor O'Neal requested Item 12 be heard next from the agenda.

SUBJECT: AFFORDABLE HOUSING DEEP DIVE PRESENTATION FROM DURHAM REGIONAL ASSOCIATION OF REALTORS (ITEM 12/ PR 16057)

Council Member Holsey-Hyman presided over Item 12.

Sheila Wilkins, CEO of the Durham Regional Association of Realtors, presented.

Cindy Burns, President of the Durham Regional Association of Realtors, an association consisting of almost 1,600 members to serve the real estate needs of citizens in and around the Durham area; thank you for the invitation to discuss this most important topic of affordable housing for all.

Durham has enjoyed robust growth over the last decade, although with the current growth restrictions and in conjunction with limited housing supply, our end results are higher prices and less options for residents. This has affected so many potential residents who are employed in Durham but unfortunately cannot afford live in or near Durham. Housing is an important issue in our community and with Durham's projected population growth in the coming years more housing will be required. I would like to take just a moment to recognize David Smith, Co-Chair of the Legislative Committee.

The first speaker is Evette Carpenter who will discuss down payment assistance.

Ms. Carpenter, Assistant Vice President, Loan Originator / Truist, with over 25 plus years of experience with processing mortgage loans, stated she has served the community at-large, primarily helping low to moderate-income residents. In April of 2022, many lenders within the community were asked to attend a training that was presented by Community

Home Trust focused on an affordable housing initiative that would offer up to \$20,000 in down payment assistance to the eligible home buyers; primarily home buyers of low-to moderate wealth.

As of yesterday, none of the participants in the program have actually been able to use the program, and the reason being is that the City did not have an underwriter for the program. It is my understanding that, part of this money was provided by the Home Funds Department, a year has passed since that time and prices continue to go higher. Interest rates have gone up; I'm presenting today to try to offer some remedies of how we can get some of our buyers to be able to use this program and to be able to live in the community in which they work while achieving the dream of home ownership. I think that is the key to building equity within all communities but especially within communities of color.

Some of the recommendations that we came up with would be to have the City provide an underwriter to underwrite their own program that was created by them. There are down payment assistance programs offered by the City of Greensboro, the City of Raleigh, they have increased the amount of funding in the pool. Right now, the City of Durham's program allows for up to \$20,000. We honestly think the amount of \$20,000 needs to be increased. The North Carolina Housing Finance Agency in Raleigh has a program where the allocation used to be \$30,000, now they offer \$50,000. With more assistance, it will help residents get into a better price point. Another recommendation is for North Carolina Housing, in the Raleigh, they will allow a buyer to reach a 45% max debt-to-income ratio; the City of Durham's program allows for up to 43%. Although there is only a 2% difference, sometimes the difference is between a buyer being able to get qualified for that first home versus not. There are some types of income that the City of Durham's program will not allow to be used. For example, when we are processing conventional loans and FHA loans, child support can be used as income. We are able to gross that up because child support is not taxable income. The other recommendation would be for us to use the Mortgage Certificate that is offered through North Carolina Housing- we are able to use that as income, which helps the client to be better able to qualify. One of my suggestions would be to look at the area median income of the program. In Durham, looking at the average sales price of \$300,000, and assuming a \$1,800 a month payment, a buyer would need to earn about \$67,500 to afford the mortgage payment. For a single-person family, the City of Durham program earnings are limited to \$53,000. Unless the income limits are increased, very few people will benefit from the program. Lastly, it would be important to have some type of score card since we are not using the money, we need to ask ourselves what are the circumstances surrounding why we are not able to use the funding, and there should be some type of absorption rate that we're using, why has it taken a year for us to address this situation and why has not one client been able to benefit from these funds.

Council Member Freeman inquired about what Raleigh was doing to support homebuyers.

Ms. Carpenter stated that the City of Raleigh will allow a credit of up to \$2,000 a year. This allows realtors to add \$170 to a buyer's income and realtors are able to use that to

help buyers get into a home and be able to be better qualified. However, when I tried to do it in December, I was told that the City of Durham would not allow me to use that income, they would not allow me to add child support which is considered non-taxable income. Raleigh seemed to be able to adjust to what we feel like is such a fast pace real estate market, and they saw a need to increase the amount of funds. In Durham, we don't seem to be able to make that shift as quickly, and because at the end of the day we are serving a community that they're doing every single thing they can to try to get into the home: working with the home ownership counselors to try to come up with budgets that would allow them to not only buy the house but to stay in their homes. We should not be creating barriers for participants to be successful with the program.

Council Member Freeman appreciated the recommendations and would like to be able to advocate for the City to move in some of these directions; asked if there was an underwriter currently in the program; and has the \$20,000 been looked at and the max debt and child support as a non-taxable piece of income, is there a way to tie our loan amounts to an average medium income or base them on average sale prices, and regarding the score card,

Reginald Johnson, Director of the Department of Community Development, admitted that staff were attending to some of the recommendations. He stated that when we released guidelines, staff realized the structure of the program needed to be changed because federal regulations had changed. Staff went back to the drawing board. From the suggestions made, three of them are contained within the new guidelines that I recently reviewed with staff. In terms of increasing the amount, we can definitely do that. In terms of a couple of the other recommendations, some we can do while others need to be considered by HUD (definitions/regulations); and suggested that the ideas be written down for reference. About the underwriter question, did the City have an under writer identified in this program.

Director Johnson responded that staff had the ability to underwrite and it could be outsourced to CHT. He noted that by regulation, staff was required to have an underwriter which was not required in the first set of issued guidelines.

Council Member Freeman asked if Director Johnson could identify your exceptions beforehand so that whoever the underwriter is, can actually move quickly to address the situation. If it is necessary to call committee meetings quickly, this would be helpful in attending a buyer trying to make a purchase. So, if there are exceptions we can make them based on HUD guidelines. It would be helpful to line that up in the front of the process so that whomever is working with that mortgage broker or realtor will have that information up front.

Director Johnson explained that staff was going to be meeting with lenders in the month of March to introduced lenders to the new guideline, will share what the new program will look like and what those exceptions would be. I would also share that in terms of the area median income, the defense of our programs across the board is tied to HUD's AMI whether they're using local dollars or federal dollars. He confirmed that the percentage of

AMI was at 80%.

Council Member Freeman urged moving toward 100%, that would be -- like if that were one exception that would be area to ask the question to HUD in advance.

Germany McNeal, local realtor with Durham Real Estate and Management Services, working in the profession since 2001, spoke to the money that was allocated for ADUs (Accessory Dwelling Units) in the affordable housing bond. There was \$2 million that was set aside and discussions have been made to reallocate this money because it hasn't been used. She requested the money not be reallocated. Instead, she requested the city partner with Self Help to create a program that will implement an affordable way to build and finance ADUs. Self Help Credit Union is currently involved in a pilot program in Los Angeles and Oakland, California and expect to do a third pilot in Raleigh/Durham area. Ms. McNeal noted that the pilot would be a great opportunity for Durham to try to navigate ADUs because it is necessary to explore all options in future housing as Durham continues to grow. The Californian programs have been able to successfully allowed home owners to take advantage of special financing and programs that can assist them in building an ADU affordably so the property owners can charge affordable rents. She participated in an ADU Conference last year in April of last year in Portland, Oregon, and was able to see firsthand how the program has worked and how it has evolved overtime. Basically, by having the City of Durham back this program, we can create a city where home owners decide to build ADUs. There can be restrictive covenants that would require homeowners to rent the ADU at affordable rates for extended amounts of time. Some suggestions to how the money could be used would be to buy down interest rates or it could work similar to the program through North Carolina Housing Finance Agency where they can take a portion of the cost of ADU and put it into a second mortgage that is interest free. The money has to be paid back after the first mortgage is paid off and that would lower their monthly mortgage to allow the homeowner to offer a unit at an affordable rent. An issue we have had with trying to get the project passed is that Community Development does not have the capacity to assign staff to oversee the program. This leads to the next item that I will address related to staffing with the County, City and Housing Authority. There are several programs already in place to help Durham residents with affordable housing, but they're not operating as they should because the programs are short staffed. Workers are overwhelmed- they cannot handle the amount of correspondence coming in on daily, weekly, monthly basis, and people continue to move to Durham. Durham homes have appreciated very rapidly over the last few years and we weren't completely prepared for this type of growth. She suggested partnering with local universities: Durham Tech, NCCU, Duke, UNC, State, to create a program that will train students to go into these positions that need to be filled. Currently, Durham County is down about 300 employees, the City is short 122, and Authority is down by approximately 66 employees. When we try to help residents to implement these programs, it is like going through an obstacle course. The programs are in place, but it is so hard to use them that many times people get discouraged or become displaced. She spoke to her clients having to move out of Durham even though they work here, because they can't afford to live in Durham. She suggested creating an incentive for residents to go back to school with the incentive of job placement into open positions; and suggested

tuition reimbursement programs that would be reevaluated and identified for open positions – an employment pipeline.

Council Member Freeman appreciated the comment about the city, county and housing authority's job shortages; and requested that housing round table discussions be brought back to identify these positions; and supported the round tables to obtain feedback from landlords. She suggested working with the Latino Credit Union and partnering with Self Help.

Council Member Caballero responded to Council Member Freeman's suggestion of stakeholder round tables; and suggested there be a sub-committee formed at JCCPC (Joint City County Planning Commission) focused on ADUs and overlay/zoning issues. She stated she would bring up the topic at the next JCCPC meeting with its vice-chair.

Mayor O'Neal referenced staffing issues, and asked the speaker to provide some direction in how the real estate industry could be helpful in helping local government because it was important to not place additional demands on over-stretched staff; and emphasized the importance of expanding the pool of potential candidates and asked if there could be assistance available with partnering with universities.

Ms. McNeal referred to staff at Durham Tech and NCCU would could assist; and suggested a follow up conversation around these themes. Additionally, the Durham Housing Authority offers a home ownership program to those using the Housing Choice Voucher that allows individuals to apply the vouchers to their mortgages for 15 years. New DHA employees are not aware of the program and this leads back to training deficits and labor shortages. She supported using local universities to provide housing, training and support. Ms. McNeal stated that she was hired by Durham Tech to teach a class on financial literacy and homeownership; and supported local universities and tech to provide the training on current programs that are already; and it was important to do this in order for Durham to be able to grow.

Council Member Johnson inquired with Director Johnson about funding allocated for ADUs was under consideration for reallocation, and asked for clarification.

Director Johnson responded that staff were working on a financial report to the manager; there were various categories as listed in the previous report. The ADU funding has not been spent because staff had not done work in that area, and so one of the things that we have to work on is just with increases in other areas, how do we balance the \$160 million that we have to make balance.

Council Member Johnson asked if staff was going to recommend re-allocating the funding to another project.

Director Johnson responded that it was not currently known.

Council Member Freeman reiterated the importance of continuing stakeholder

conversations and that she would assist in their coordination.

Mayor O'Neal urged figuring out how to make this happen with actions that go behind the conversations.

Council Member Freeman supported setting up three Zoom meetings over the next three months as grounding to get the stake holders together.

Council Member Holsey-Hyman referenced NCCU staff members that were heavy hitters who could make things happen; asked the speaker for additional information on the ADU program; and expressed the need to break down barriers so that the community members could utilize programs to help them in homeownership.

Ms. McNeal provided the background of accessing funds for her client that involved incorporating the City of Durham; and stated 'you know the cart was put before the horse'. She explained that thousands of people that applied for that \$20,000 in down payment assistance and nobody could use it and it had been a year. During the city meeting, it was discovered that the city did not have anybody to underwrite the money, so it could not be disbursed.

In the initial lender guidelines, it was assumed whoever was doing client's first mortgage would be able to underwrite the second mortgage for the down payment assistance, but that assumption was not correct.

Mayor O'Neal stated that a sub-committee of Council be formed with Council Members Freeman and Holsey-Hyman with the Mayor to continue the conversations. If we could hire an underwriter, I think that would be most beneficial because there are other programs that have funds that have to be disbursed.

Council Member Freeman proposed three dates: March 16, April 13th, May 11 for the sub-committee meetings between 1 and 4 pm.

Tim Sivers, President Horvath Associates and the Home Builders' Association, part of the Durham Realtors' Association and over 600 members of the Orange, Chatham and Durham County Home Builders Association. As was mentioned, Durham has some of, if not the strongest, storm water regulations in the state; and intended to discuss the concern the home builder association has with the land outside those critical watershed areas being removed from Durham's urban growth boundary and eliminating it from future development. This includes approximately 5,000 acres of land being eliminated from development by the Comprehensive Plan. He estimated that as the piece of pie gets smaller, prices will continue to increase. We understand that some of these areas truly are future growth like in North Durham, but he encouraged Council to take a second look at remaining areas currently shown as future development on the proposed Comprehensive Plan. While North Durham may be a 20-year plan, areas like Southeast Durham are needed now to help Durham grow and keep some home prices affordable. Additional infrastructure and emergency services are required in areas like Southeast

Durham, as well as, new ordinances that will come before the Council shortly, but these are items we needed to invest in now so realtors can be selling homes in the next five years, especially when developers are willing to assist with these needs. Providing investment now, allowing development to continue now, it'll be nearly five years before homes can be constructed. In the fall of 2020, he was informed of a potential development in the Southeast Durham area. My team has taken this project through the rezoning in front of Council; the site plan is nearly approved and construction documents are at Public Works being reviewed. Home construction will not begin for approximately 12 to 18 months from now.

For this project that equates to approximately four years of work and investment needed prior to selling the first house. He mentioned this process for Council to better understand the time needed to plan, design, and engineer developments. The processes required before homes can be constructed are similar to the time needed to build the infrastructure and services also needed for these homes. By removing these areas from development now, the City was decreasing the housing supply and increasing housing costs.

Mr. Siverson encouraged Council to work with staff, take a second look at the areas identified as future growth in the proposed Comp Plan and allow development to continue and move forward. This practice would provide affordability as Durham grows.

Bram Liknight, local builder and NC State Licensed Residential Appraiser, Construction and Development, addressed smaller scale construction projects. Years ago, most homes were built by local construction company; now, national construction companies build in Durham with out of town money and interest. He explained the evolution of this process by stating the bottom line is Durham has become so intense in their regulation that builders cannot afford to build here. He noted that his company had just recently completed a project where development costs, in other words not the land cost but the things the city required builders to do in order to be able to have the right to build a house, exceeded \$85,000 per lot. Even if a builder was given the land for free and had to pay \$85,000 to be approved, the builder cannot build an affordable house in Durham, when adding construction and entitlement costs. The home amount is going to be more than somebody at 100% or 80% AMI can afford. This has been a long process for builders to get to this point. If Council or the community decides to take steps to roll that back and to look at ways that builders might be able to have more local involvement in the creation of Durham's housing stock, by understanding community needs, understanding the nuances of the community, where people are working, where people living, then the City needed to look at ways where the size of a project can correlate to the requirements imposed by the city. Comparing a Horton style builder with a project of 1,500 lots to that of a small builder of eight houses on a couple acres, the same requirements exist. When a project of 1,500 houses is proposed with retention ponds, streets and infrastructure and everything else, the costs can be absorbed by the quantity of homes. Small builders have to meet the same requirements. Due to the requirements, smaller builders are relocating their efforts to Alamance, Granville and other areas where it is more affordable to build. He encouraged Council to review the UDO and ordinances to see how smaller projects can be fast tracked or streamlined; and noted that up until about two years ago, there was

an allowance for minor final plats and minor subdivisions with parcels less than six lots, did not have the same review. However, a couple years ago, storm water was added to the requirements.

Mr. Luknight spoke to a personal experience that involved his personal parcel and imposed stormwater requirements by the City. All in all, to cut one acre off five acres was going to cost about \$120,000 just in regulatory fees and things that the regulations required builders to do. He urged Council get back to the situation where builders could build up to six lot subdivisions where storm water requirements were not triggered. Some of the processes in Durham have gotten so convoluted because there is so much regulation that housing professionals have a hard time finding surveyors and engineers willing to work in Durham. For example, paving contractor are required to retest asphalt before the next coat is applied; these regulations do not exist in other places. Mr. Luknight explained that it hurts him personally as a long-term resident; and regulations narrow the pool of contractors and increases costs that ultimately are transferred to the homeowners. This is the reason that builders cannot develop housing at the price point that residents need. He encouraged Council to review the SCAD Proposal coming before Council in the future; the proposal consists of features that support small, local businesses and at the same time support delivering housing to residents. He closed by mentioning that workforce housing had been built in the form of apartment buildings referred to as quads. These exist in north, south, east and west Durham; referenced the current ordinance noting that if a builder wants to build a building with more than two units, a site plan is required. When a site plan is triggered, \$100,000 in extra cost result due to engineering and approvals. If builders were able to take that same piece of land that exist and could develop small scale apartment buildings, they would more likely be locally owned and more connected to residents. This would provide more opportunities for naturally occurring affordable housing.

Mayor O'Neal inquired if Mr. Luknight would commit to being on the sub-committee. He agreed.

Council Member Freeman referenced local development and asked what racial equity work would look like in the Planning and Inspections Department; and spoke to squeezing out of local developers.

Council Member Williams noted that Council speaks about affordable housing more than any other thing but not about how to make things affordable; appreciated the speaker mentioning the pain points that have contributed to making homes more expensive. He asked the speaker to break down of the financial elements and email to him; and appreciated the speaker making Council aware of the variables that contribute to the cost of housing. Council Member Williams addressed the evolution of the UDO and asked if there were any portions of the document that had been or needed to be repealed.

Council Member Holsey-Hyman thanked the speaker for addressing barriers in creating affordable housing.

Lynwood Cherry with Cherry Realty, Durham, specializing in Property Management, simplified the discussion by stating the growth of Durham's city functions were not meeting the growth of the city. The inner workings of our city needed to catch up to the demand with plans in place to grow with our ever growing population.

Council Member Caballero asked for information on the city's housing supply from the realtor perspective- upcoming trends, inventory and interplay of interest rates and home prices.

Mr. Cherry responded that costs were still up and inventory low; rates had dropped a little at almost 7%. A year ago rates were approximately 3.5% and adding the higher rates to a first time homebuyer, it's adding hundreds of dollars to the monthly payment. ADUs could be a help with income to offset housing costs.

Council Member Caballero asked about the housing supply; and what the supply would be like if there was a moratorium instituted, meaning no other units/houses added.

Mr. Cherry responded that if there was a moratorium, the city had one month of inventory prior to running out; and was requested to send these numbers to Council.

Council Member Caballero stated the Council explained that the majority of rezonings even though there is the Joint City-County Planning Committee, meant the Durham County Commissioners also weighed in on rezonings. For the most part, Council determined how much or how little unless it's by-right, development happened in this city. She appreciated the statistics and noted what was provided was public record.

January 2023 market stats, as presented by Triangle MLS. A few items of note:

1. In January 2023, Durham County had 1.3 months of inventory available. This means that if no additional homes were to hit the market after January, and given the current pace of sales, the inventory of homes available for buyers would be absorbed (gone) w/in ~5 weeks.
2. Both the median (375k) and average (411k) home prices in Durham County are at a level that is not easily accessible for the typical buyer making the area median income.

There were a lot of effects on housing but the core impact is supply and demand. Last week, a WRAL report issued that Charlotte, Raleigh and Durham, North Carolina are all in the top-ten fastest growing cities in the United States. North Carolina is not going to stop being trendy and hot and folks are moving here so it is necessary how to figure out supply. This means that Durham has to build more housing. It is important that supply remained up.

Council Member Freeman noted that housing inventory is low and land supply was even shorter. The way land was used, that we do have access to and the partnership that we create with the developers that come here is important. And, if we allow everyone to just

build in environmentally sensitive areas thus depleting the city's water sources, that doesn't necessarily serve us to create any affordable housing. Recognizing that when we work with our local developers to create more housing opportunities, we win big. Giving away land to large national chain developers so that they can move land, move trees, move dirt, move whatever they want however they would like because they can pay the \$200,000 on each lot, does not benefit us as a city. Council Member Freeman would continue opposing zoning cases that create harm as they do not create the needed affordable housing. What will create the affordable housing she wanted to see was having local developers and large national developers contributing to what the city needed which meant schools, roads, lights, and even if it's not within the General Statutes, all those things can be proffered and agreed to; it is a matter of community benefits agreements.

Mayor O'Neal asked if there was a way or path to making it feasible for the \$150,000 - \$200,000 homes to be built in Durham.

Mr. Luknight responded that it depended on commodity markets, supply costs and encumbrances. As material costs dropped, development costs are going up because every time we turn around as builders, there are new requirements imposed by the city. The topic is something that can be explored in the sub-committee while discussing strategies that benefit all residents.

Council Member Freeman asked about property at West Chapel Hill Street utilizing employee-owned property or employee-owned and land lease; and noted that houses costing \$200,000 could be constructed on city land as condos, coops or apartments.

Council Member Johnson asked what the estimated per square foot cost is to build without any, like, regulatory or entitlement cost plus land.

Mr. Luknight responded that vertical construction cost for a house was estimated at \$150 square foot range; labor, materials, exclusive of land, exclusive of entitlement costs.

Council Member Holsey-Hyman confirmed that a sub-committee would be formed; requested to attend the realtor's meetings; admitted some of her students could not build in Durham and were considering Mebane; and asked who are we building for.

Council Member Williams asked that without any requirements from the city, it costs about/ballpark \$150 per square foot to build and then land costs were on top of this estimate. The question is what variables drive the cost up and then we can explore what barriers need to be eliminated to get back to that point. The market is driving things that are beyond Council's control; spoke in support of direct strategic moves that would impact affordable housing from cash injections to removing certain requirements in the Planning Department; and spoke to the historic employment structure of Durham where residents worked in the tobacco industry and were now living on fixed incomes and needed protection from rising costs; and requested knowing the reason it was costing \$150/square foot to build and expressed a desire to break down those costs to determine what is affordable. Mebane is an attraction because folks are being pushed out of

Durham; and explained he wanted to find out what is contributing to costs and what we can be done to lower those costs.

Mayor O'Neal announced a break between 4:10 p.m. and resumed at 4:22 p.m.

**SUBJECT: FY2022-23 SECOND QUARTER FINANCIAL REPORT
(ITEM 11/ PR 16061)**

Council Member Johnson presided over Item 11.

Christine Riordan, Deputy Budget Director, presented the staff report and PowerPoint presentation.

The presentation consisted of the following:

- General Fund- expenditures, revenues
- Sales Tax collections
- EOY Projections
- Enterprise Funds
- Water & Sewer – expenditures, revenues
- Solid Waste - expenditures, revenues
- Parking - expenditures, revenues
- Stormwater - expenditures, revenues

Council Member Williams inquired about the increase in cost of the hauling contract.

It was explained that when gasoline costs increased, the costs within the contract increased.

Council Member Freeman asked the City Attorney's Office if there had ever been a city in NC that provided a municipal tax rebate and would be asking the City Attorney's Office to make a recommendation on this topic; provided an example, Miriam, Kansas; noted there would be an overage due to vacancies; asked how could we turn the overage into a bonus; acknowledged the Inspections and Stormwater funds were over-budget and had questions and was concerned about Inspections and site plan evaluations and how a personnel shortage could be covered.

Mayor O'Neal thanked Assistant Director Riordan for a job well done.

Council Member Williams spoke to the Water/Sewer fund and increase in chemical costs, what types of chemicals and were the increases related to growth and water purification.

City Manager Page responded that chemicals were considered in the costs of the water/sewer fund which essentially were costs involved in cleaning water. The city ensured that the chemicals were in alignment with water quality standards.

Council Member Freeman requested staff to share a list of levels of chemicals in safe drinking water.

**SUBJECT: CITY OF DURHAM AQUATICS SPLASH AND PLAY FINAL REPORT
(ITEM 13/ PR 16065)**

Council Member Freeman presided over Item 13.

Wade Walcutt, Director of Parks and Recreation, made the staff report of the 12-month engagement timeline for the Splash & Play Park.

Prior to the staff report, Council Member Freeman stated there were speakers to the item.

Michael Johnston, speaker, requested Council to include a skate park in the development of the park as an activity for teens.

Girija Mahajan, RAC member, spoke to the splash and play project. Council Member Freeman encouraged the speaker to submit her comments in writing to the Clerk.

Director Walcutt presented the staff report; spoke to a community meeting held at the Holton Recreation Center and spoke to having a separate committee focused on the roller skating rink. City Management supported the decision. The skate rink committee was underway in October 2022 with the information shared on the Splash and Play website; all agendas and minutes were located on the webpage, with a video.

At the October 19, 2022 meeting, staff and community members spoke to the upfit of the building, associated costs and community goals of the roller rink operations; and talked through options and next steps.

November 2, 2022 addressed proposal language and RFP options; listened to the community to hear their priorities; the information was then included in the RFP; transparency was important in the process. Selected a member of the resident committee to be part of scoring; and spoke to next steps of the repairs of the skating rink.

December meeting did not occur. Everything was accomplished in the Oct/Nov meetings. The committee received communication summarizing the private operator (bid out or staff operation); and was urged to not waste time in getting an operator. The RFP was to move forward, explained the process (to start in late January); and once an operator selected, what the next steps would be. Connected these improvements to the overall swim facility updates.

In February, link to RFP, previous communications, names of folks scoring bids for operators and timeline/dates for Council to hear the updates, review of design contract to make repairs. Timeline of dates for the skating rink part to be open, estimated in Spring of 2024.

Committee consisted of 20 residents and have been part of the process. Bid closed on the day following the Work Session for an operator.

Council Member Freeman asked when deciding to host committee meeting, did that come from a place of knowing what was going on in the Wheels location.

Director Walcutt responded that the residents were clear in what was happening and the entire park but had a group of folks who were very interested in focusing on the skate rink. The committee was formed.

Council Member Freeman reviewed the timeline of the meetings of the committee and asked about the communications between the committee and the community.

Director Walcutt stated that committee work occurred in October/November, update emails were sent in December and February; and the RFP was released in February. Director Walcutt explained how outreach was conducted by staff.

Council Member Freeman expressed frustration about the level and how community engagement should work; spoke to the disconnect and urged the Director to address it.

Director Walcutt made a PowerPoint presentation of the Splash and Play Project; Wheels, Longmeadow park, East End. Want fair and just participation by community members.

The presentation consisted of the following:

Investigations of park site existing conditions – Longmeadow Park, East End, Wheels Fun Park

Photos displayed

Assessment of Demographics

Engagement Methods- phases

Targeted Engagement

Engagement Results

Growth of City of Durham

Building two pools in Durham; investment in East Durham

Financing elements of Wheels

City Manager Page acknowledged the department leaders of Parks and Recreation and General Services and noted their hard work on projects.

After the presentation, Council appreciation of the hard work, expressed excitement about the project, its transformational impact, its accessibility to all in correcting historic harm, and the cost of \$80 million.

Council Member Freeman stated the project was good but marred by the engagement aspect.

City Clerk Schreiber announced the Council-appointed board nomination to the Durham City-County Appearance Commission – Appointment to Alejandro Ibrahim.

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

City Manager Page announced the Consent Agenda as Items 1 through 10; and General Business - Public Hearing Items 14 through 18.

MOTION by Council Member Caballero, seconded by Council Member Williams, to settle the March 6, 2023 regular Council Meeting Agenda at 5:48 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.

Closed session was conducted in the Council Conference Room, Second Floor, City Hall. City Clerk Schreiber did not attend the Closed Session.

[ENTERED CLOSED SESSION AT 5:52 PM]

MOTION by Council Member Caballero, seconded by Council Member Williams to adjourn to Closed Session at 5:48 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.

[RETURNED TO OPEN SESSION AT 6:47 PM]

MOTION by Council Member Williams, seconded by Council Member Caballero, to return to open session at 6:47 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.

No action was taken in open session.

Being no additional business to transact, Mayor O’Neal adjourned the regular meeting at 6:47 p.m.

Diana Schreiber, MPA, CMC
City Clerk