

Affordable Housing Implementation Committee Meeting Minutes
September 1, 2022
Community Development Department
Via ZOOM
Personalized Participant ID: Delivered via email

Committee Members Present: LeVon Barnes, Laura Betye, Kyle Bostelman, Diane Catotti, Lucia Constantine., Tiffany Elder, I. Jarvis Martin, Rita R. McDaniel, Jon Parker, Venice Sanders, Timothy Stallmann,

Committee Members Absent: S. Nicole Diggs, Courtney James, Angela D. VickLewis

Council Member: Monique Hyman

Excused Absence: None

City of Durham Staff: Reginald J. Johnson, Karen Lado, Terri Porter Holmes, Juliet Black, Keith Chadwell

Durham Housing Authority: Anthony Scott, Anthony Snell

I. Call to Order

The meeting was called to order by Co-Chair Tiffany Elder at 6:02 pm.

II. Welcome /Roll Call

The staff clerk took attendance during the roll call.

III. Review Agenda and Ground Rules

Co-Chair Elder reviewed the agenda and ground rules for the meeting.

IV. Approval of Minutes

The minutes from June 9, 2022, were moved by Tiffany Elder, and Timothy Stallmann seconded the motion. The committee unanimously approved the minutes.

V. DHA Property Updates

Mr. Anthony Scott, CEO of Durham Housing Authority (DHA), and Mr. Anthony Snell, Director of Real Estate Development, updated the committee on the Downtown Durham Neighborhood (DDNP) Projects: JJ Henderson Rehab, The Joyce – JJ Henderson/Morehead Seniors New Construction, 519 E Main/Liberty; DDNP Phase II and CNI.

Mr. Scott said their main goals are to preserve 447 units in the downtown area. Some units might be moved around but will not leave the downtown area. They are to increase the number of affordable housing, and more housing will be mixed-income, but not public housing. It will allow the developments to be financially sustainable without relying strictly upon federal dollars. JJ Henderson should be completed by the end of September, and we would love for the committee to join them at the ribbon cutting. The Joyce is approximately 60% completed.

Phase II includes Fayette Place, Forest Hill Heights, and the DHA Office/County Criminal Justice Center.

DHA applied for the Choice Neighborhood Grant in July and is hopeful that they will hear the status if they are the recipient of the \$40M within the next few weeks. The awarded \$40M funds will be distributed as follows: Housing Strategy (519 E Main/Liberty) - \$22.6 million, Neighborhood (Critical Community Investments) - \$6.0 million, People Strategy - \$6.0, and Administration/Fees and Costs & Relocation - \$5.4 million. **(Presentation attached).**

Question asked to DHA:

Has the grant been approved for Phase III at Southside? Unfortunately, that is not a DHA question. McCormick Baron Salazar applied for the 9% low income tax credit. We have not heard yet and will know if it was approved in September.

How do you feel about the grant, and when will the decision be made? The decision will be made next week but could be in September. They were not eligible for \$50M and only qualified for \$40M. Based on the proposal, feedback, and site visit, he feels they have an opportunity to receive the funds.

If they receive less than \$40M, would they put most of the money into construction? Mr. Scott was unsure because the grant requires you to have the three components.

Status of McDougald Apartments and relocation plan for residents? forthcoming.

VI. Community Development Update

Community Development Department Director Reginald J. Johnson completed review of the Financial Report to include the sections on Leveraged Financing Pilots, Salaries, Operating, and Section 108 Loan. Mr. Johnson also presented the Metrics report. **(Presentation attached).**

Questions asked to Community Development:

Are there any incentives to provide to the developers at Northgate Mall since they will not have any Affordable Housing? Two tracks – depends on substantive and money, using density and going through the Planning Department. Northgate did not come through Community Development. Community Development funding must go through an RFP process.

Is there not any money to offer? The response is no, and we have not opened up another competitive process. Community Development projects must go through an RFP process.

Is it possible to open up communication with the developer? Mr. Chadwell gave some feedback, and there is a possibility that no residential housing will be on the site.

Has anyone else put in a bid for the property? The issue is the people that are developing the property are the owners. It could be a non-residential area.

Does that mean more people will be moved out? That is not necessarily the case. The zoning is designated for the shopping center. A rezoning will be required regardless of what is on the property.

What do the RFP lines mean in the Financial Report? We did have a multifamily RFP for \$16M that resulted in four awardees – JFK Towers, Sandy Ridge Apartments, Fairhaven Walk, and Cedar Trace Apartments. We do not have plans for another multifamily RFP. The smaller RFPs are under Neighborhood Stabilization – the first is scheduled to be issued this year.

Mr. Johnson indicated that funds for naturally occurring affordable housing might be reallocated to multifamily projects. **Can he elaborate, please? Would that decision need to go back to the council? Or what would the process be?** The process would be we probably have already overspent for Multifamily and might have to make some adjustments. Karen said they had researched Accessory Dwelling Units (ADU) to help inform our strategy is to address ADUs. One challenge is that you need to have enough cash or equity to pay for the ADUs. Very few units are being built through the programs we studied, which were focused on using ADUs for affordable housing. We are prioritizing higher yield strategies right now.

A follow-up question about the naturally occurring affordable housing (NOAH) funds - is additional funding required for it? Karen explained there are two funding lines – ADU and Preservation Research line. Kyle worked with a company that provides ADUs. The attached ADU is much easier to finance instead of the detached one.

Have we looked at it for GAP funding? We want to look at something that can be more challenging due to the financing. The ADUs have been affordable for the City to be involved.

Can loan program dollars be used for deposits toward ADUs which are otherwise traditionally financed? Also, I believe the federal government changed the rules on July 1 to allow potential revenue from ADUs to be used in an owner's debt-to-income ratio. Please look into that. This is good information, and we need to look into it.

VII. Committee Engagement & Reviews

Co-Chair Elder recapped the subcommittee's engagements. The subcommittees are voluntary and are not required for continued engagement on the Affordable Housing Implementation Committee, but you must run it similarly to the AHIC committee.

The Tentative Subcommittee Topics:

- **SUBGROUP 1:** Bond programming for 1st-time buyers and middle-income renters? There were bond funds outlined/carved out for these items, but programs haven't yet been created to facilitate some of them. This committee can provide research/guidance/feedback on how to shape these programs.
- **SUBGROUP 2:** Research/Analysis on what other areas are doing and policies that have worked elsewhere (possibly combine this with the above group?)
- **SUBGROUP 3:** Partners/Synergies/Opportunities with other Durham Affordable-Housing-Focused organizations
- **SUBGROUP 4:** Site Visit Planning
- **SUBGROUP 5:** Broadening the lens on topics with leadership (and getting them up to speed on housing issues)
- **SUBGROUP 6:** Crime and Safety

Questions asked to Committee Engagement & Review:

Will the co-chairs be involved in the subcommittees? Tiffany and Diane are interested, but will not lead a group. Venice is willing to lead a subgroup.

Can we have a conference call with the subgroup leads? Yes, they can meet with the subgroup leaders.

Would it be helpful for the committee to assist with specific programs such as ADUs? It would be great to have research on the ADUs.

VIII. Public Comments

The clerk allowed 14 residents into the meeting. Comments included rail trail development and Bragtown.

IX. Wrap-Up/Adjournment

- a. Meeting adjourned at 7:45 pm