

News Release

For Immediate Release: May 17, 2021

Durham's Proposed FY21-22 Budget Funds Community Safety, Affordable Housing & COVID-19 Recovery

Proposed Property Tax Rate Increase of 2 Cents

DURHAM, N.C. – City Manager Wanda Page presented her proposed FY2021-2022 budget at tonight's virtual City Council meeting, which contains a property tax rate increase to cover the debt service from the Affordable Housing Bond and new green and equitable infrastructure projects.

"When I think about the past year and everything we've been through as a community and a country, it really feels more like a decade. We've faced so many unprecedented challenges and historic events – from a global pandemic and financial uncertainty to social unrest and political division. But in recent months, we've seen signs of hope – COVID-19 infection rates are on a downward trend, vaccinations are readily available, many restrictions have been lifted, and there is a feeling of opportunity for big change," Page said. "I have confidence that we can make real progress to make Durham the progressive and inclusive city we strive to be. It's going to take hard work, determination, collaboration, and innovation. We have to be willing to take it on and make bold moves. I encourage our leaders, employees, and our community members to be the light, the spark, the fire that moves us forward as a community. We cannot forget that we are all in this together."

Page recommended a proposed property tax rate of 55.17 cents per \$100 of assessed value, which is a 2 cents tax rate increase from the previous fiscal year. Of this 2 cents increase, 1.38 cents will service the debt for the \$95 million Affordable Housing Bond that voters passed in 2019, 0.50 cents will fund green and equitable infrastructure projects, and the remaining 0.12 cents will go to the General Fund.

The proposed tax rate generates a City of Durham property tax bill of about \$1,291 per year, or about \$108 per month on a house valued at the median house value of \$233,927, which is the median house value for the City of Durham according to the Durham County Office of Tax Administration.

Page's recommended total preliminary budget is \$524.6 million, which is a 4.38% increase from last year's adopted budget, primarily due to increases in the Dedicated Housing Fund for affordable housing initiatives, the Stormwater Fund for infrastructure improvements, and the Transit Fund for transportation services and enhancements.

Page also recommended the creation of a new Community Safety Department, which will work closely with existing public safety departments – Police, Fire, and Emergency Communications – helping them focus on the work they are best trained for and equipped to handle while helping the organization reimagine the way we keep the community safe and well. Based on RTI research including 911 call data, use of force analysis, Durham police officer focus groups, and input from City Council, the new department will implement pilot projects to explore alternative responses to issues that may not need armed police presence, and build upon that success. This department will also take on oversight and management of the City's over \$1 million investment in programs, such as the Bull City United Violence Interruption Program, Project BUILD, and the Gang Intervention Strategy Initiative, which are all partnerships with Durham County Government.

Page also shared more about ‘Forever Home, Durham,’ the City’s \$160 million program to create affordable opportunities for renters and homeowners. “Through new construction, property repairs, and essential housing services, we are building a more inclusive and livable community,” Page said. “Over the next several years, the \$95 million Affordable Housing Bond, combined with local and federal funding, will be used to invest a total of \$160 million into our affordable housing program.” According to Page, this funding will build 1,600 affordable housing units, preserve 800 rental units, move 1,700 homeless to permanent housing, provide 400 affordable opportunities to first-time homebuyers, and help 3,000 low-income renters and homeowners stay in or repair their homes. Page also noted that her proposed budget includes \$500,000 to support the Durham County Long-Time Homeowner Grant Program for residents at or below 30% of the area median income. This program will award grants to qualifying recipients to help reduce the amount of their property taxes due.

Page also focused her attention on the organization’s COVID-19 recovery efforts, citing her plan to use some of the \$50 million in American Rescue Plan funds to restore more than \$8 million in revenue losses to many of the City’s funds including Solid Waste and Parking Services, Ball Park, General Fund and Convention Center operations, and to cover lost revenues associated with declines in travel and recreational opportunities during the pandemic. Federal funds will also be used to continue to provide fare-free service for all GoDurham riders.

Since street paving and maintenance continues to be a significant concern for residents responding to the 2021 Resident Satisfaction Survey, the proposed budget increases funding for street paving to \$10 million. The City will be able to continue to invest \$88 million in upgrading and increasing capacity for water and sewer improvements, future water supply, and Lake Michie and Little River Lake construction needs. A modest increase of about 3.6% in water and sewer rates as well as a stormwater rate increase of 51 cents per month are also included in the proposed budget.

Page also cited the need to provide employee compensation this coming fiscal year since pay raises were suspended last year due to the financial uncertainty related to the COVID-19 pandemic. Page is recommending the use of COVID-19 relief funding to provide 5% premium pay for the City’s essential frontline employees retroactive to July 2020. She is also recommending a 2% pay increase for general employees, 4% pay increase for sworn police officers, and 3.5% pay increase for sworn fire fighters. Page also wants to provide all employees, both general and sworn, with a bonus of \$1,000 to \$1,500 based on their salary levels.

City Council and City staff will review the proposed budget details at budget work sessions on May 26 and May 27. These virtual work sessions will begin at 9 a.m. and be live streamed to the City’s [YouTube channel](#) to enable as many residents as possible to watch the departmental budget presentations.

A [virtual public hearing](#) is scheduled for the proposed budget for Monday, June 7 at 7 p.m. with final budget approval set for Monday, June 21 at 7 p.m. To review the entire proposed budget, visit the City’s Budget and Management Services Department [webpage](#).

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