



DRAFT
**CITY OF DURHAM
AFFORDABLE HOUSING
GOALS**

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Useful Definitions

Income Groups

- *Low-income*: 51-80% AMI
- *Very low income*: 31-50% AMI
- *Extremely low income*: $\leq 30\%$ AMI

2015 Income Limits

Household Size	30% AMI	50% AMI	80% AMI
1 person	14,150	23,600	37,750
2 person	16,200	27,000	43,150
3 person	20,090	30,350	48,550
4 person	24,250	33,700	53,900

Housing Costs

- *Not cost burdened*: Total housing costs represent $< 30\%$ of gross household income
- *Moderately cost burdened*: Total housing costs represent 31-50% of gross household income
- *Severely cost burdened*: Total housing costs represent $> 50\%$ of gross household income

Challenges

- Citywide shortage of affordable homes for very low and extremely low income households, especially renters
 - 15,000 households, primarily renters, pay over 50% of gross income for housing
 - For every 100 renter households earning < 30% AMI, there are only 38 units affordable to them
- Existing affordable housing stock has the potential to lose its affordability restrictions
- Rising housing prices in some neighborhoods threaten to displace low-income households

Opportunities

- Durham is still a relatively affordable city
- Potential new transit line could improve connectivity and create development opportunities
- DHA has a significant and strategically-located portfolio and RAD conversions offer new opportunities
- City and other institutions own significant property, particularly in downtown
- **And most importantly – Durham residents, elected officials and city leaders share a concern about affordability and are motivated to act**

Structure of Recommendations

- City of Durham Affordable Housing Goals 2016-2020
 - DCD Goals (7)
 - Citywide Goals (4)
- Supporting documents
 - City Subsidy Estimates
 - Housing Profile
 - Strategies
 - City Charter Section 94.2
 - Analysis of Existing Affordable Housing
 - Downtown Rental Subsidy Draft Guidelines

Department of Community Development (DCD) Goals

- ✓ Produce rental housing targeting < 50% AMI
- ✓ Strengthen homeless housing system
- ✓ Preserve existing affordable rental housing
- ✓ Preserve affordable homeownership in appreciating neighborhoods
- ✓ Promote homeownership citywide
- ✓ Finish Southside redevelopment
- ✓ Launch a new neighborhood initiative in northeast central Durham

Citywide Goals

- ✓ Increase resources for affordable housing and neighborhood revitalization
- ✓ Develop a closer alignment with DHA
- ✓ Leverage public resources to build inclusive downtown
- ✓ Consider enhanced density bonus as part of compact neighborhood districts

DCD GOALS

Produce Affordable Rental Housing

- **Focus:** Cost-burdened renter households below < 50% AMI
- **Strategies** include:
 - Build a pipeline of 9% tax credit developments
 - Pursue smaller-scale rental development
 - Leverage city-owned land and engage institutional landowners
- **Five Year Target:** 300 affordable units
- **Geography:** Citywide, with a focus on priority neighborhoods for city investment, transit corridors and rapidly appreciating neighborhoods

Strengthen Homeless Housing System

- **Focus:** Homeless households, particularly hardest to serve
- **Strategies** include:
 - Build capacity of Continuum of Care (CoC)
 - Support rapid rehousing
 - Evaluate option of becoming HUD Unified Funding Agency
- **Five Year Target:** High capacity CoC meeting local needs; increase in number of high barrier households served
- **Geography:** Citywide, with goal of housing formerly homeless households close to support services

Preserve Affordable Rental Housing

- **Focus:** Units most at risk and/or serving most vulnerable populations
- **Strategies** include:
 - Rehab with extension of affordability period
 - Sale to mission-driven owners
 - Purchase of 'market affordable' properties
- **Five Year Target:** 350 affordable units preserved
- **Geography:** Citywide, based on location of existing properties

Preserve Affordable Homeownership

- **Focus:** Households < 80% AMI in appreciating neighborhoods
- **Strategies** include:
 - Construction/rehabilitation of affordable homes with long-term affordability commitment
 - Downpayment and closing cost assistance
 - Rehab program for existing low-income homeowners
 - Increased use of existing property tax relief programs
- **Five Year Target:** 50 affordable homes created, 50 owner-occupied homes rehabbed
- **Geography:** Target neighborhoods for city investment, transit corridors, rapidly appreciating neighborhoods

Expand Homeownership Citywide

- **Focus:** Households < 80% AMI
- **Strategies** include:
 - Downpayment and closing cost assistance
 - Minor repair program
 - Increased use of existing property tax relief programs
- **Five Year Target:** 50 homeownership opportunities, 150 minor repairs, increased participation in property tax relief programs
- **Geography:** Citywide

Finish Southside Redevelopment

- **Focus:** Completing remaining phases, with appropriate adjustments to reflect changing market conditions
- **Strategies** include:
 - Multifamily rental development using 9% tax credits
 - Homeownership with long-term affordability restrictions
- **Five Year Target:** All phases complete – current plans call for approximately 145 rental units and 23 homeownership units
- **Geography:** Southside

Launch NECD Neighborhood Initiative

- **Focus:** Stabilizing existing low-income households at risk of displacement
- **Strategies** include:
 - Developing a coordinated strategy building on efforts already underway in neighborhood
 - Launch housing component using strategies articulated previously
- **Five Year Target:** To be developed in dialogue with residents and other stakeholders
- **Geography:** Subarea of NECD to be defined

Five Year City Subsidy Needs (estimates)

GOAL	LOW	HIGH
Produce affordable rental housing	\$7.6 M	\$15.0 M
Strengthen homeless system	\$2.5 M	\$5.0 M
Preserve affordable rental housing	\$5.3 M	\$7.0 M
Preserve affordable homeownership	\$3.8 M	\$6.3 M
Promote homeownership citywide	\$2.6 M	\$3.0 M
Finish Southside	\$8.0 M	\$9.0 M
Launch NECD initiative	\$1.5 M	\$2.5 M
TOTAL	\$31.2 M	\$47.8 M
Anticipated resources available	\$24.5M	\$26.5 M
Variance (gap)	(\$6.7 M)	(\$21.3 M)

CITYWIDE GOALS

Increase Resources for Affordable Housing

- **Focus:** Increasing resources linked to achievement of clear and measurable goals
- **Strategies** include:
 - Increase in Dedicated Housing Fund and/or housing bond
 - As appropriate, use of other tools such as municipal services districts and PACE financing
- **Five Year Target:** Sufficient resources to achieve City's housing goals
- **Geography:** Citywide

Increase Alignment with DHA

- **Focus:** Ensuring success of DHA's RAD conversion and aligning redevelopment efforts with City goals
- **Strategies** include:
 - Partner with DHA to define and address capacity-building needs
 - Pursue strategic alignment of leadership teams
- **Five Year Target:** DHA and City priorities aligned and DHA on track to successfully convert portfolio
- **Geography:** DHA sites

Build an Inclusive Downtown

- **Focus:** Promoting redevelopment in the eastern half of downtown to promote a unified downtown area
- **Strategies** include:
 - Leverage city-owned properties and engage other property owners (e.g. County, churches)
 - Convene stakeholders to develop a vision and strategy for redevelopment
- **Five Year Target:** Vision and goals defined and redevelopment underway
- **Geography:** Downtown

Consider an Enhanced Density Bonus

- **Focus:** Leveraging market-rate development to generate affordable units
- **Strategies** include:
 - Assess feasibility of modifying compact districts to include enhanced density bonus: e.g. economic viability, applicability to commercial vs. residential properties, geographic factors, administrative requirements
- **Five Year Target:** Feasibility determined and if feasible, bonus in place
- **Geography:** Areas to be rezoned to compact design districts

CONCLUSION

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- Next steps
- Questions?