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News Release

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Share! #Durham's proposed FY17-18 budget includes 1.79-cent tax rate increase for affordable housing & public safety needs: <http://bit.ly/2rjOFNg>

Durham's Proposed Budget Prioritizes Affordable Housing, Public Safety & Youth

1.79-Cent Tax Rate Increase Proposed

DURHAM, N.C. – Citing the critical need to address Durham's growing priorities, including affordable housing and public safety, as well as to proactively engage youth, City Manager Tom Bonfield proposed a 1.79-cent tax rate increase during tonight's City Council meeting, bringing the new proposed tax rate to 57.86 cents per \$100 of assessed value.

"We've heard very clearly from residents and the City Council that we need to be doing more to provide affordable housing in our community," Bonfield said, "The bulk of this tax rate increase is to address affordable housing, which was stressed as an urgent need from Durham residents at public meetings, including the Coffees with Council over the past few months."

The proposed tax rate generates a tax bill of \$1,041 on a house valued at \$180,000, the median house value for the City of Durham according to the Durham County Office of Tax Administration. This will result in the average homeowner paying \$32 more than last year, or approximately \$3 more per month.

Bonfield recommends a total preliminary budget for FY 2017-18 of \$429.4 million, a 6.1 percent increase from last year, and includes a \$189.4 million budget for services covered by the general fund, a nearly 5 percent increase from last year.

The proposed budget adds an extra penny to the dedicated housing fund, bringing the tax rate allocation to 2 cents. “Addressing priority gap areas in the City’s affordable housing strategy all start and end with adequate funding. That is why I am recommending an increase in the dedicated housing fund by a penny, which coupled with federal entitlements and the existing penny for housing, brings the City’s commitment to affordable housing to almost \$9 million,” Bonfield said. The value of a penny on the tax rate is \$2.79 million.

Bonfield stated that the next step is for the City Council to set clear guidelines for staff to be able to proceed on specific affordable housing projects. “I am requesting that Council set aside a significant amount of time during the upcoming budget work sessions to discuss the adequacy of this proposed level of funding and appropriate allocations of funds with each of the affordable housing priority areas,” Bonfield said. “Once these levels are approved, staff will be positioned to select and fully vet proposals from housing partners to implement specific initiatives and projects.”

Enhanced opportunities for youth as well as informing them of recreational programs also are priorities for this budget, Bonfield said. Starting June 1, daily pass fees will be eliminated for youth under 18 to encourage them to use the City’s recreation centers and pools. Also, the City will introduce after-school drop-in programs for teens at four recreation centers.

Fighting crime and funding other public safety needs continue to warrant a significant portion of the City’s proposed budget, with 53 new positions including 30 new firefighters to staff Fire Station #17 in southeast Durham. Also included is nearly \$1.7 million in funding for the Take-Home Car program to encourage police officers to live in Durham neighborhoods and promote community policing. Funding is also included to replace and upgrade electronic equipment, programs such as the body-worn cameras, and to continue recruitment and retention programs currently underway.

The street resurfacing fund is recommended to receive a \$2.6 million boost above the \$4 million included in recurring paving expenditures, which more than doubles the funding for paving and street maintenance. Other fee changes include modest water and sewer rate increases on the May 15 City Council meeting agenda. There are no proposed stormwater rate increases.

The Capital Improvement Plan (CIP) budget includes \$136.9 million for new and existing projects, such as \$1.6 million for parks and recreation trails, centers and facilities; \$2 million for public safety radio replacements; and \$1.5 million for sidewalk repairs. CIP funding is provided through impact fees, water and sewer revenues, revenue bonds, stormwater fees, and pay-go funds.

The budget also estimates fund balance reserves at 27.6 percent, with \$6.1 million of these funds to be used for one-time expenditures. The City continues to maintain excellent fiscal status with an AAA bond-rating from all three ratings agencies – achieved by only a few of the nation’s more than 22,500 cities.

A public hearing is scheduled for the proposed budget for Monday, June 5 with final budget approval set for Monday, June 19 at 7 p.m. in the City Council Chambers.

To review the proposed budget, visit the [FY2017-2018 preliminary budget webpage](#) or hard copies may also be reviewed in the City Clerk’s Office and the City’s Budget and Management Services Department at City Hall.

About the City of Durham Budget & Management Services Department

The [Budget and Management Services Department](#) is responsible for the development and oversight of the [City’s annual budget](#) and [Capital Improvement Program \(CIP\)](#). The department is also responsible for performance management, continuous improvement, and strategic planning. Guided by the City’s [Strategic Plan](#), which the department established and maintains, the department helps to ensure that the City of Durham is an innovative and high-performing organization by working with City departments to build and implement performance measurement monitoring and evaluation.

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