



City of Durham Affordable Housing Goals 2016-2021

Executive Summary

The City of Durham faces a number of housing challenges, including a significant shortage of affordable rental housing for very-low income households and rapidly rising housing costs in many historically affordable communities, particularly in central Durham. At the same time, Durham has a number of strengths and opportunities to significantly address these housing challenges, most notably a high degree of community support and engagement.

The City's Five-Year Housing Plan is built around three overarching goals which reflect the City's commitment of working with the Durham community to protect the most vulnerable and preserve diversity at the neighborhood level:

- Goal 1: Address the City's greatest housing needs by preserving and expanding affordable rental housing units and vouchers serving Durham residents, with a focus on households below 50% AMI
- Goal 2: Maintain affordability and protect low-income Durham residents (especially households below 50% AMI) in neighborhoods experiencing significant price appreciation, with an initial focus on Southside and northeast central Durham
- Goal 3: Engage the larger Durham community to make affordable housing a citywide priority

This work is expected to result in the creation or preservation of almost 1,000 affordable rental and for sale homes over the next five years, as well as additional support to existing low-income homeowners citywide. Successful execution will also build a stronger housing delivery system in Durham, capable of effectively engaging government, developers, service providers, businesses, community institutions and residents to address the city's critical housing needs.

A. Definitions

Affordable housing – Housing that is affordable to low-income households (i.e. households earning less than 80% of Area Median Income) based on those households paying no more than 30% of their gross household income for housing-related expenses. There are two categories of affordable housing:

- *Income-restricted affordable housing* –Housing that is intentionally developed as affordable housing and is only available to households that meet specific income limits.
- *‘Market’ affordable housing* – Unrestricted housing that is affordable based on price point, but is not restricted to low -income households. Unlike income-restricted housing, prices on market affordable housing can rise based on market conditions, making the housing unaffordable to low-income households.

Area median income (AMI) – Area Median Income, or AMI, refers to the midpoint of the income distribution for a specific geographic area, as defined by the U.S. Department of Housing and Urban Development (HUD) using data from the U.S. Census Bureau. HUD calculates AMI levels annually, with adjustments for household size. These AMI levels are frequently used to determine eligibility for housing assistance involving federal funds. For the purposes of HUD’s AMI calculations, Durham is part of the Durham-Chapel Hill MSA.

2016 Durham-Chapel Hill Metro Area Income Limits by Household Size

AMI Level	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
30% AMI	14,850	17,000	20,160	24,300	28,440	32,580	36,730	40,890
50% AMI	24,750	28,300	31,850	35,350	38,200	41,050	43,850	46,700
80% AMI	39,600	45,250	50,900	56,550	61,110	65,600	70,150	74,650

Housing cost-burdened: Households are considered housing cost-burdened if they are paying over 30% of gross household income for housing-related expenses, which could include rent and utilities, or mortgage, insurance, taxes and utilities. Households are considered severely housing cost-burdened if they are paying over 50% of gross income for housing-related expenses.

Low-income: This report uses the definition established by HUD. *Low-income* refers to households earning less than 80% of AMI. When used along with the terms of *very low-income* and *extremely low-income* (see below), *low-income* specifically refers to households earning 51-80% of AMI.

- *Very low-income:* Refers to households earning between 31% and 50% of AMI, as defined by HUD.
- *Extremely low-income:* Refers to households earning 30% or less of AMI, as defined by HUD.

Low-Income Housing Tax Credit (LIHTC): The Low-income Housing Tax Credit, or LIHTC, is a federal income tax credit for companies that invest in affordable rental housing that meets specific program guidelines. The LIHTC is the primary vehicle through which affordable rental housing is financed in the U.S. today. There are two forms of tax-credits: 9% and 4%. The 9% credits offer a much deeper subsidy but the amount of credits available is capped so there is

significant competition to secure awards. The 4% credits are much more available but offer a shallower subsidy that is generally insufficient to fully finance new construction without substantial additional subsidy. They are most often used to preserve existing rental housing that is in need of moderate rehabilitation.

Mixed-income: Mixed-income is a term used to refer to a building or development that contains both affordable and market-rate homes. The specific definition of affordable and market-rate can vary, however, depending upon the location, project type and target population. For rental housing in Durham, mixed-income typically refers to a development that includes units affordable to households earning 60% of AMI or less, and market-rate units targeting households with incomes above 60% AMI. Similarly, for homeownership in Durham, a mixed-income project would include affordable units targeted to households earning below 80% of AMI, and market-rate units targeting households with incomes above 80% AMI. However, it is worth noting that most affordable housing that is not formally mixed-income serves people with a range of incomes. Affordable rental housing typically serve households with a range of incomes, from below 30% AMI up to 60% AMI. Citywide, the majority of renters in Durham earn less than 60% of AMI.

Preservation: Preservation is a term used to describe a broad range of activities aimed at keeping existing affordable housing affordable for a longer period of time. For rental housing, this could include ensuring that income-restricted housing remains affordable after the mandated period of affordability comes to an end, and/or the placement of affordability restrictions on existing market affordable housing as a result of property acquisition or refinancing. For homeownership, this could include programs to help existing low-income homeowners remain in their homes (e.g. owner occupied rehabilitation programs, property tax relief) or the placement of long-term affordability restrictions on homes developed and sold to low-income buyers, particularly in neighborhoods where prices are rising.

B. Background

The City of Durham is facing a number of housing challenges, illustrated in more detail in the Durham Housing Profile (Attachment 1). These include:

- Significant shortage of housing affordable to very low-income households, primarily renters, who earn less than 50% of area median income. For example, for every 100 very low-income renter households, there are only 79 rental units affordable to them. As a result, some 27,000 low-income households are housing cost-burdened, which means that they are paying over 30% of their income for housing. Of these, 15,000 are severely housing cost-burdened, paying over 50% of their income for housing. The majority of these housing cost-burdened households are renters, as renters in general are lower income than homeowners.
- The housing situation is particularly acute for extremely low households (earning less than 30% of AMI). Of the 12,000 extremely low-income households in Durham, over

70% are severely housing cost-burdened. For every 100 households earning <30% AMI, there are only 38 rental units affordable to them.

- Very low-income households, particularly renters, are concentrated in certain parts of the City, particularly northeast central Durham (NECD). In some Census tracts in this area, over 50% of households are severely housing cost-burdened.
- On any given night, approximately 750 Durham residents are homeless. The homeless population includes both single adults and families with children. A small percentage of these individuals fit the “traditional” picture of homelessness, resulting from untreated mental health conditions or substance abuse, but many others have lost their homes because of job loss, a health crisis, domestic violence, divorce or other life event.
- Although Durham is a relatively affordable city overall, prices are rising, particularly in central city neighborhoods, as a result of continuing population growth and a shift in consumer preferences towards living in or near the downtown area. As a result, neighborhoods that had previously been relatively affordable are experiencing rapid escalation in rent and sales prices.

At the same time, Durham has a number of strengths and opportunities to significantly address these housing challenges:

- Durham is still a relatively affordable city, as previously noted, relatively early on the cost escalation curve (compared, for example, to other rapidly growing cities such as Denver and Seattle). This makes it easier – and less expensive – to begin to address housing challenges.
- Durham and Chapel Hill are working on plans for a light rail corridor connecting the two communities which, if funded, could result in additional investment in and around proposed light rail stations. This corridor, coupled with enhanced bus service, could provide better transit service for area residents, particularly the 10,000 households in the City who do not own cars.
- The Durham Housing Authority, which owns over 30% of the existing income restricted affordable housing in Durham, is in the process of refinancing its portfolio through the federal Rental Assistance Demonstration (RAD) program, opening up opportunities to consider larger-scale, mixed-income redevelopments on housing authority sites. A number of these sites are strategically located near downtown or along the proposed light rail corridor.
- The City and other public agencies own a number of significant parcels of land, particularly in the downtown areas (especially east of Roxboro) creating the possibility of launching a large-scale redevelopment effort in the downtown area that could include a range of housing options, along with office and retail.

Perhaps most importantly, Durham residents, elected officials and city leaders share a concern about housing affordability and a willingness to take action. The creation of the Dedicated Housing Fund (sometimes referred to as the Penny for Housing) is a powerful example of that fact. If the City can rally this support around a well-defined set of priorities, Durham could emerge as a leader in affordable housing and the creation of an inclusive city.

C. Goals

The City's Five-Year Housing Plan is built around three overarching goals which reflect the City's commitment of working with the Durham community to protect the most vulnerable and preserve diversity at the neighborhood level:

Goal 1: Address the City's greatest housing needs by preserving and expanding affordable rental housing units and vouchers serving Durham residents, with a focus on households below 50% AMI

Goal 2: Maintain affordability and protect low-income Durham residents (with a focus on households below 50% AMI) in neighborhoods experiencing significant price appreciation

Goal 3: Engage the larger Durham community to make affordable housing a citywide priority

Each of these goals is supported by a number of strategies which are described in greater detail below. In all, these goals assume a significant increase in housing production and preservation efforts from current levels. This will not be accomplished overnight, as the City will need to build internal and external capacity and partnerships to support this higher level of production.

GOAL 1: Address the City's greatest housing needs by preserving and expanding affordable rental housing units and vouchers serving Durham residents, with a focus on households at or below 50% AMI

Strategy 1(a): Develop a closer alignment with the Durham Housing Authority. The Durham Housing Authority (DHA) is the largest affordable housing provider in the city, owning almost all of the city's stock serving extremely low-income households, as well as managing over 2,500 Housing Choice (Section 8) vouchers that serve extremely low-income households. Many DHA properties are located in strategic locations, including several near future light rail stations.

DHA is at a critical point in time, in the midst of a leadership transition at the same time that the Authority is working to convert and stabilize its entire public housing portfolio through HUD's Rental Assistance Demonstration (RAD) Program. If DHA is successful, it should emerge from the RAD process with a strong internal development capacity backed up by a strong

balance sheet, and will be well-positioned to take on new efforts to expand affordable housing in Durham.

Because of federal funding cuts, DHA's staff budget has been downsized in recent years. DHA's limited capacity is being challenged by the scope of the RAD conversion process and the need to address other pressing programmatic challenges, particularly in light of the upcoming leadership transition. The Authority's resources are being further strained by predevelopment costs associated with converting multiple properties in the same time frame. Once DHA begins to receive developer fees from the rehabilitation and refinancing of properties, its operating position should improve – but these developer fees may not be realized if the RAD conversion process stalls due to lack of capacity.

Given the strategic importance of DHA's portfolio, the City has a vested interest in ensuring that the Authority remains stable, with a strong portfolio and redevelopment efforts that support larger neighborhood and city goals. For this to happen, the City and DHA will need to build a different and stronger partnership, founded on common goals and shared execution. This partnership could focus initially on collaborative planning on sites of shared strategic importance, such as DHA's downtown properties and McDougald Terrace, and on the development of a coordinated strategy to build internal capacity in both the City and DHA to address their common housing goals. Longer-term, discussions could focus on how to leverage City and DHA resources to have the greatest impact on Durham's housing needs.

❖ *Five Year Target: DHA and City priorities closely aligned, City and DHA internal capacity strong, Housing Choice Vouchers fully deployed, and DHA on track to successfully convert its entire portfolio.*

Strategy 1(b): Strengthen the homelessness housing system. The City and its partners have experienced considerable success with the rapid rehousing program and other homelessness support and prevention services. As housing prices rise, this work will become even more important – and more challenging. The City will seek to ensure that the full range of homeless housing needs are met, including serving the most challenging households (i.e. those with multiple barriers to housing, such as mental illness, substance abuse, criminal records, lack of employment or other income source), and that the homeless housing system is capable, effective and integrated into the larger affordable housing delivery system.

- The City will focus on building the capacity of the Continuum of Care (CoC) to address increasing expectations from HUD and the challenges on the ground. The first step will be to assess the capacity of the CoC in light of expectations (both national and local) and develop a strategy for capacity-building going forward.
- As housing prices rise, service providers are struggling to find appropriate units for voucher holders. The City will address this challenge by supplementing federal resources with flexible local funding for the Rapid Rehousing program and associated support services. The City will also work with homeless housing providers and DHA to develop tools, strategies and organizational capacity to engage and support landlords who agree to accept vouchers.

- The City will assess the costs and benefits associated with becoming HUD Unified Funding Agency and make a determination of how to move forward. HUD Unified Funding Agency is a relatively new idea that might offer the opportunity to more readily align the homeless housing delivery system around common goals, but could also bring with it onerous monitoring and compliance expectations. Currently, HUD Unified Funding Agency status is not required to leverage homeless funding, but that could change in the future.
- As noted in Strategy 1(c), the City will seek to expand the supply of units serving formerly homeless households.

❖ *Five-year target: High-capacity CoC providing long-term, sustainable solutions to address the housing needs of Durham’s homeless population; increase in number of high-barrier homeless households successfully housed; integration of homeless housing priority in all rental housing production and preservation*

Strategy 1(c): Produce green, affordable rental housing to meet highest need populations, particularly households at or below 50% AMI. The City will work with developers to build a pipeline of high quality, green affordable housing located close to services and amenities, and to the extent possible, near current or future high frequency bus¹ and light rail corridors.

- These projects will include a rental units serving households below 30% AMI, including units targeted to formerly homeless and disabled households, as well as units for higher income households, potentially including market-rate units.
- The completion of the rental component in Southside will be an important part of this strategy, with construction on Phase 2 of the Lofts scheduled to break ground in 2017. The City will strive to increase the number of current Southside residents moving into the new rental developments, where they will have the security of long-term affordability.
- The primary vehicle for financing below 50% AMI housing will be the 9% LIHTC (with additional local subsidy), with the City also pursuing opportunities to leverage the 4% LIHTC with local resources to develop additional projects through new construction or acquisition of existing market-rate rental developments.
- Where possible, the City will seek to use existing city-owned land for housing development, as well as to engage other institutional property owners.
- Because green building has been shown to contribute to improved resident health and lower housing operating expenses, the City will work to ensure that all City-supported affordable housing meets a designated green building standard, to be defined.
- To ensure long-term affordability, the City will seek to work with partners with a demonstrated commitment to developing and maintaining affordable housing for the long-term.

❖ *Five-year target: 375 green, affordable rental units created or in production.*

¹ A high frequency bus corridor is defined as having service every 15 minutes for the majority of the day.

Strategy 1(d): Preserve existing affordable rental housing serving households at or below 50% AMI. The City will assess the current inventory of income-restricted affordable housing to identify units that are at risk of being lost because of expiring affordability restrictions (see Attachment 2).

- The City will seek to work with property owners to preserve these units, which may include working with owners to assemble funding to recapitalize and rehabilitate their properties, and/or to transfer the properties to owners able to maintain them as affordable housing long-term.
- The priority will be on preserving units that serve the most vulnerable populations, are located in neighborhoods experiencing significant housing price appreciation, and/or are owned by organizations with a demonstrated ability to manage the properties long-term and with a commitment to long-term affordability.
- In addition, the City will support efforts to acquire existing market-rate developments that serve low-income households in order to preserve them as income-restricted affordable housing long-term.

❖ **Five Year Target: 350 affordable rental units preserved [not including DHA properties]**

Strategy 1(e): Explore the possibility of incorporating an enhanced density bonus as part of compact design districts. The City is moving towards creating form-based compact design districts in future light rail station areas, with the goal of promoting density and a mix of uses associated with transit-oriented development (TOD). Assuming that there is market demand for this type of development, the rezoning of properties from lower intensity uses to the compact design district designation will make them more economically valuable.

Ideally, the City would be able to channel a portion of this value being created to support affordable housing. In North Carolina, mandatory strategies such as inclusionary zoning, which can be effective in these circumstances, are prohibited by state law. Developers seeking rezoning of specific parcels to a higher density can voluntarily proffer affordable housing contributions (e.g. units, land, and money) that are incorporated into approved development plans. However, a project-by-project strategy in which the City mandates the inclusion of affordable housing as part of a rezoning or other entitlement approval would be legally questionable.

Equally importantly, a project-by-project rezoning strategy would be cumbersome, slow and likely to drive up costs across the entire Durham market. A more efficient system would be built into the zoning code and would provide developers with clear and predictable rules to follow. To this end, Durham is in a unique position because the City Charter Section 94.2 specifically authorizes the City to grant density bonuses or other incentives of value to a housing developer if the developer agrees to target at least 15% of total housing units to low- and moderate-income households, as defined by the U.S. Department of Housing and Urban Development. (See Attachment 3 for the text of this Charter provision.) For this reason, the City should consider whether an enhanced density bonus could be incorporated into the compact district zoning, and/or any other zoning districts.

Currently, the effective limit on density of residential construction in most parts of Durham is the maximum allowable height for stick construction (five stories). In order for an enhanced density bonus to work, the base zoning allowed in the compact design districts would need to be reduced below this threshold (but not below the density allowed under current zoning in these areas). Once properties are rezoned to compact design district status, developers would be able to develop at the base density, or could choose to provide a specified amount of affordable housing in return for an enhanced density bonus that would enable them to develop at much higher densities, comparable to what is now allowed in the compact design districts.

It is not a given that an enhanced density bonus could work, but the possibility is worth exploring. The critical question is whether there is sufficient economic value being created through the density bonus to cover the cost of the affordable units while still being economically attractive to developers when compared to the base zoning. If this is not the case, developers will choose to develop at the base zoning level, and the City will not realize the goal of creating compact, higher density, walkable communities around transit.

There are a number of questions to be addressed before moving forward with any changes to the compact design districts, including:

- What should be the affordable requirement? The City's charter provision suggests at 15% threshold for low and-moderate income households, but this is a very broad target. HUD's definition of low and moderate-income varies by program – for CDBG 'low/moderate income' is defined as under 80% of AMI, while for HOME 'low-income' is under 80% of AMI and moderate income is not defined. Beyond definitions, the critical issue for Durham will be whether it is possible to set a target that generates affordable units while still ensuring that the project is economically attractive to developers.
- Is there potential to generate enough affordable housing to justify the political and administrative costs of making this change? There would likely be resistance from the development community. The City would need to rewrite the compact design districts requirements, and then monitor development for the affordability period established in the Unified Development Ordinance.
- Economic conditions vary significantly across station areas. Would the same bonus work in all station areas, or would there need to be differentiation among station areas – and could this make the system too complex to manage?
- Are there alternatives to the inclusion of units as part of the development that could provide more flexibility to meet the City's housing goals – e.g. provision of units off site, donation of land, or payment into a fund used to develop affordable housing? The City's Charter provision specifically references units being provided as part of the development, so the legality of these alternatives would need to be assessed.
- Is there any way to make density bonuses work for commercial development? If it turns out that the enhanced density bonus cannot be applied to commercial development, how does the City avoid the unintended consequence of driving development in compact districts away from residential and towards commercial?

It is important to note that any affordable units being provided by market-rate developers would likely be at the high end of the affordability range, probably at or above 60% AMI. Unless additional subsidies are provided, the financial gap entailed in reaching lower income levels is generally too significant to be bridged with a density bonus alone. While the need for affordable rental housing is not as great in this income range currently, it seems likely that the need will grow as housing prices in Durham continue to rise. In these circumstances, an enhanced density bonus could be one more tool the City has to meet the full range of residents' housing needs.

- ❖ *Five year target: Feasibility of an enhanced density bonus determined, and, if feasible, bonus in place, resulting in affordable housing creation.*

GOAL 2: Maintain affordability and protect low-income Durham residents, with a focus on households at or below 50% AMI, in neighborhoods experiencing significant price appreciation

Strategy 2(a): Create affordable homeownership options in appreciating neighborhoods. A number of neighborhoods, particularly in central Durham, are experiencing rapid price escalation, with home prices increasingly out of reach of low-income residents. In targeted neighborhoods, beginning with Southside and parts of northeast central Durham, the City will work to create homeownership opportunities serving households between 60-80% AMI.

- The City will support construction and/or acquisition and rehabilitation of existing units to be sold to low-income buyers, with resale restrictions to ensure that units remain affordable for the long term.
- As with rental housing, the City will work to ensure that all City-supported affordable for sale housing meets a designated green building standard, to be defined.
- The City will provide down payment and closing cost assistance to qualifying low-income buyers who purchase homes in target neighborhoods.
- The city will complete homeownership work in Southside. In light of rapidly changing market conditions in the neighborhood, the City is committed to ensuring that any additional homeownership units developed in Southside will include longer-term permanent affordability restrictions.

- ❖ *Five Year Target: 150 affordable homeownership opportunities created or in production.*

Strategy 2(b): Create affordable rental options in appreciating neighborhoods. Most of the rental housing that is affordable to low-income Durham residents is 'market' affordable, with rents that can rise in response to market pressures. To prevent the loss of affordability in appreciating neighborhoods, the City will work with developers and homeless housing providers to preserve affordable rental options long-term.

- The City will support construction and/or acquisition and rehabilitation of smaller scale rental developments (single-family homes, duplexes, small apartment buildings).

- The City and its partners will provide support to landlords and their tenants with vouchers, to prevent problems and encourage landlords to continue to accept tenants with housing vouchers.
- The City will also explore the feasibility of other strategies, such as providing rehabilitation financing to market-rate property owners who agree to keep their units affordable for a specified period of time.

❖ *Five Year Target: 75 affordable rental units created or in production.*

Strategy 2(c): Protect existing homeowners in appreciating neighborhoods. The City will work to stabilize existing homeowners in targeted neighborhoods, with a focus on owners with incomes at or below 50% AMI.

- In target neighborhoods, the City will finance rehabilitation efforts to address physical housing problems and/or increase energy and water conservation, with the goal of reducing long-term ownership costs for low-income homeowners.
- In addition to this larger-scale rehabilitation program, the City will continue to provide financing for minor repairs for low-income seniors and disabled households citywide.
- Through outreach and support citywide, the City will actively promote use of existing property tax relief programs for veterans and low-income elderly or disabled owners.

❖ *Five Year Target: 50 owner-occupied units rehabbed in target neighborhoods; 150 households stabilized through minor repair program citywide; increased participation in property tax relief programs citywide.*

Strategy 2(d): Support and encourage neighborhood-led stabilization efforts in appreciating neighborhoods. In appreciating areas like northeast central Durham, the goal of neighborhood stabilization efforts is to ensure that low-income residents – who lived through the hard times – benefit from the influx of investment into their neighborhoods instead of being displaced by it. Successful neighborhood stabilization can go beyond housing and may encompass education, jobs, safety, health and other factors. The challenge and opportunity is to leverage these disparate efforts into a coordinated strategy that addresses the needs and priorities of low-income residents. Resident engagement and leadership is critical to ensuring that stabilization efforts meet the needs of existing residents.

- The City will work to coordinate city engagement at the neighborhood level, including but not limited to, affordable housing, economic development, planning and infrastructure activities.
- The City will work with neighborhood organizations to ensure that neighborhood-specific housing activities reflect resident priorities.
- Where appropriate, the City, with the support of residents, could serve as convener, bringing together residents, community organizations, businesses and other stakeholders to build consensus around a vision and goals for the redevelopment of a neighborhood, along with an understanding of how their efforts fit into a larger picture.

❖ *Five year target: To be defined through dialogue with stakeholders.*

GOAL 3: Engage the larger Durham community to make affordable housing a citywide priority

Durham is unusual in the degree of political and community support for affordable housing and the preservation of economically, racially and ethnically diverse neighborhoods. Many other cities face a significant challenge in rallying the support required to address affordable housing needs. In Durham, however, this support already exists. The opportunity in Durham is to leverage this support in creative ways to enhance the impact that can be achieved. The City of Durham will need to actively engage with citizens and business and institutional leaders to explore strategies for broad-scale community engagement.

- The City could consider creating a community advisory group with diverse representation (residents, developers, businesses, anchor institutions, nonprofits, and advocates). The role of this group would be to provide feedback on the execution of the housing strategy and to identify and lead efforts to engage the larger community in the City's housing strategy.
- The City could explore the potential of crowdsourcing and other community-based fundraising strategies to raise support for local organizations and projects that advance the City's housing and neighborhood stabilization agenda.
- Durham could seek to replicate housing programs in cities such as Washington, DC, that have engaged faith community in building housing on church-owned property. Efforts in could also look at the potential to develop housing in partnership with hospitals, schools and other anchor institutions.
- There could be innovative ways to engage volunteers to support the work of existing organizations or to advance community outreach and education efforts.

❖ *Five Year Target: Active and broad-based community engagement in the execution of the City's housing plan.*

D. Anticipated Results

As a result of the work described under this Five-Year Housing Plan, the City intends to:

- Create 450 green, affordable rental homes serving households at or below 50% AMI, with a commitment to serving as many extremely low-income households as possible;
- Preserve 350 existing affordable rental homes at risk of being lost when affordability restrictions end or as a result of market pressure;
- Create 150 homeownership opportunities either through the physical development of units or through the provision of financial assistance to low-income homebuyers, with a focus on neighborhoods experience significant price pressure;
- Rehabilitate 50 homes owned by low-income households in appreciating neighborhoods, with the goal of enabling households to remain in the neighborhood long term; and

- Provide support to 150 low-income homeowners citywide through the minor repair program and increase use of existing property tax relief programs by homeowners citywide.

Equally importantly, the execution of this plan is intended to strengthen the affordable housing system in Durham, so that it is capable of addressing the critical housing needs in of Durham residents. The City will play a critical role in this system as a policy leader and funder, but the City alone cannot achieve the goals laid out in this plan. A wide range of partnerships will be essential. Success will require a robust housing development infrastructure and network of service providers, support from financial institutions and other anchor institutions, engagement of the County and other governmental bodies, and participation by neighborhood organizations, residents and advocates.

E. Geography

There is inevitably a tension between meeting housing needs that exist citywide and targeting limited resources in ways that achieve greater impact and/or take advantage of time-limited opportunities. For example, the time to preserve affordability in appreciating neighborhoods is now, when prices are the lowest they will ever be again, and not in the future when no affordability remains.

The City's Five-Year Housing Plan recognizes the need to target resources where they can be most effective, while preserving a citywide focus when feasible. The strategies to be deployed will depend on geography, as summarized in Table 1. Target geographies for activities include:

- *Neighborhoods experience significant price appreciation in both the rental and for sale markets.* These include Southside, where the City has been working for several years, and northeast central Durham, where there is a concentration of at-risk market affordable housing, particularly in subareas of NECD closest to downtown. Other target neighborhoods may be added to this list over time.
- *Downtown, particularly the eastern portion (east of Roxboro)* which is dominated by public institutions and public housing. The Durham Housing Authority has indicated the willingness to consider a major redevelopment of Liberty Street and Oldham Tower, which could be the starting point of a larger redevelopment that incorporates other publicly and community owned properties in the surround areas, including multiple city and county parking lots, church properties and nonprofit organizations. This would be a complex, multiyear efforts that would require significant investment, but, if successful, would result in a truly inclusive downtown.
- *Future light-rail station areas,* where the experience from other cities suggest there may be an increase in land prices, and corresponding loss of affordability, as transit development advances.

- *DHA sites*, particularly those downtown (Liberty Street, Oldham, Forest Hill Heights, J.J. Henderson) and/or with large scale redevelopment potential (e.g. McDougald Terrace).
- Citywide, as opportunities arise.

Table 1: Geographic Alignment of Housing Goals and Strategies

GOAL AND STRATEGY	GEOGRAPHIC TARGET AREA				
	Appreciating Neighborhoods	Light Rail Station Areas	Downtown	DHA Sites	Citywide
1. PRESERVE AND EXPAND AFFORDABLE RENTAL HOUSING UNITS AND VOUCHERS					
1(a): Alignment with DHA	★	★	★ ★	★ ★	★
1(b): Strengthen homeless housing	★	★	★	★	★
1(c): Produce affordable rental	★ ★	★ ★	★	★ ★	★
1(d): Preserve affordable rental	★ ★	★ ★	★	★ ★	★
1(e): Enhanced density bonus	★	★ ★			★
2. MAINTAIN AFFORDABILITY IN APPRECIATING NEIGHBORHOODS					
2(a): Create neighborhood homeownership	★ ★	★			
2(b): Create neighborhood rental	★ ★	★			
2(c): Protect existing homeowners (rehab)	★ ★	★			
2(c): Protect existing homeowners (minor repair, property tax)					★ ★
2(d): Support neighborhood-led stabilization efforts	★ ★				
3. ENGAGE DURHAM COMMUNITY					
Engage Durham community					★ ★

Key

- ★ ★ - Primary geographic focus
- ★ - As opportunities arise

F. Resources Required

As Attachment 4 indicates, the subsidy funds required to achieve the goals laid out in this plan exceed the financial resources that the City currently has available. To achieve these goals, the City will need to explore additional funding options and reach out to other funders to support the activities envisioned under this plan.

Attachments: Supporting Documents

- 1. City of Durham Housing Profile – PowerPoint presented to Durham City Council on 12/10/15*
- 2. Analysis of Federally and Locally-Subsidized Affordable Housing, City of Durham, NC*
- 3. City Charter Section 94.2.*
- 4. Estimate of City Subsidy Required to Achieve Housing Goals*