



Report to the Raleigh Community on Housing and Community Development Planned Expenditures: July 1, 2021- June 30, 2022

The City of Raleigh
Department of Housing and Neighborhoods
raleighnc.gov

Overview

This document provides a summary of the FY 2021-2022 Draft Annual Action Plan, which describes how the City of Raleigh intends to allocate housing and community development funds in the upcoming fiscal year. Fiscal Year 2021-2022 is the second year of the 2021-2025 Five-Year Consolidated Plan (ConPlan). The City must submit an Annual Action Plan for every year of the ConPlan, describing how this year's activities will address the long-term housing and community development goals identified in the ConPlan. The Annual Action Plan identifies strategies, resources, and organizations that can help advance key priorities in the coming year. This is a draft document, and an updated version will be available by March 19, 2021 which will include further language on the City's ESG funding allocations.

Key Priorities

The City of Raleigh Community Development Division (CDD) established the following high-level goals and priorities in the 2021-2025 ConPlan with input from the community to address identified barriers to affordable housing in Raleigh. Each priority has multiple strategies associated with it as outlined in the Annual Action Plan.

- *Increase the supply of affordable housing*
- *Enhance the homeless to housing continuum*
- *Increase Services to Build Self-Sufficiency & Sustainability*

Funding

The Annual Action Plan also serves as an application to the U.S. Department of Housing and Urban Development (HUD) for federal funding in the form of: Community Development Block Grant (CDBG) funds, with current year funding of approximately \$3.1 million (\$3.7 million with CDBG Program Income); HOME Investment Partnership (HOME) funds, with current year funding of approximately \$1.5 million (\$1.6 million with Program Income); and Emergency Solutions Grant (ESG) funds, with current year funding of approximately \$272,266.

The City also leverages local funding sources to help carry out the Annual Action Plan. General Fund dollars and a new housing bond will fund the development of affordable rental units and strategic land acquisition.

The chart below is a summary budget for FY 2021-22 that serves as the financial outline of the Action Plan. The budget

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assumes consistent levels of federal funding from the current fiscal year, and will be finalized when HUD provides the City with its actual grant awards for FY 2021-2022:

| FY 2021-2022 Housing and Community Development Budget | | | | | |
|---|--------------------|--------------------|------------------|---------------------|---------------------|
| Activity | Funding Source | | | | |
| Affordable Housing | HOME | CDBG | ESG | Local | Total |
| Housing Rehabilitation | \$1,176,162 | \$375,703 | | | \$1,551,865 |
| Homebuyer Assistance | | \$500,000 | | | \$500,000 |
| Rental Development | | \$1,000 | | \$10,463,000 | \$10,464,000 |
| Public-Private | | | | \$12,000,000 | \$12,000,000 |
| Property Maintenance – City Property | | | | \$125,000 | \$125,000 |
| Capital Improvements – City Owned Rentals | | \$615,604 | | \$355,000 | \$970,604 |
| Legal Services | | | | \$375,000 | \$375,000 |
| CHDO | \$217,232 | | | | \$217,232 |
| Homeless to Housing | | | | | |
| Subrecipient Grants | | | \$272,266 | | \$272,266 |
| Self-Sufficiency & Sustainability | | | | | |
| Public Services | | | | | |
| South Wilmington Street | | \$100,000 | | | \$100,000 |
| Community | | \$200,000 | | | \$200,000 |
| Workforce Development | | \$80,000 | | | \$80,000 |
| Fair Housing Hearing | | \$5,000 | | | \$5,000 |
| Homebuyer Counseling | | \$60,000 | | | \$60,000 |
| Economic Development | | \$2,000 | | | \$2,000 |
| Public Works | | | | | |
| Site Improvements | | \$1,069,133 | | | \$1,069,133 |
| Planning/Environmental | | \$2,000 | | | \$2,000 |
| Acquisition/Disposition | | | | | |
| | | \$1,000 | | \$8,000,000 | \$8,001,000 |
| Relocation | | | | | |
| | | \$1,000 | | \$700,000 | \$701,000 |
| Demolition | | | | | |
| | | \$25,000 | | | \$25,000 |
| Administration | | | | | |
| Staff | \$154,822 | \$635,756 | | \$1,000,000 | \$1,790,578 |
| Loan Service | | | | \$200,000 | \$200,000 |
| Debt Service | | \$20,000 | | \$400,000 | \$420,000 |
| Totals | \$1,548,216 | \$3,693,196 | \$272,266 | \$33,618,000 | \$39,131,678 |

The budget above shows the twenty categories of program funding for the next fiscal year. Some are loans to low- and moderate-income (LMI) individuals, others are to developers for the benefit of LMI. Many are City costs associated with creating or maintaining affordable housing or public facilities. A portion of the funding outlined in the budget above is awarded to nonprofits for the administration of programs that serve LMI households. Several of these awards are made through two grant programs, the Emergency Solutions Grant and the Community Enhancement Grant, which

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are outlined in the Annual Action Plan. Funding recommendations for nonprofit grant awards are taken to the City Council for consideration as part of the Annual Action Plan process. On May 4, 2021 the Raleigh City Council will consider the recommendations outlined in the Draft AAP and will vote to adopt the Annual Action Plan before it is submitted to HUD by mid-May.

Addressing Key Priorities

The Annual Action Plan outlines how available federal and local funds will support programs that address the ConPlan's broad goals and make progress toward increasing the supply of affordable housing, enhancing the homeless to housing continuum, and increasing services to build self-sufficiency and sustainability. The Annual Action Plan outlines specific goals for progress that is anticipated in FY 2021-22 within those three areas.

Increasing the Supply of Affordable Housing

There are four programs in the Annual Action Plan that increase the supply of affordable housing for low- and moderate-income households earning 80% of the area median income (AMI) and below.

Rental development is accomplished by partnering with nonprofit and for-profit developers to leverage local and Federal dollars for the construction and renovation of affordable rental housing. Most large rental projects are developed through the Low-Income Housing Tax Credit (LIHTC) program. Typically, twice per year the City puts out a "Request for Proposal" soliciting applications for LIHTC projects. Federal guidelines require that the properties must be maintained and rented to households who meet income requirements (<60% AMI). In the coming year, approximately \$6.4 million from the City General Fund will help fund the creation and/or preservation of affordable housing. These funds will be combined with \$24.8 million in local bond funds to help generate commitments for approximately 650 affordable rental units. In addition, the City continues to own and maintain a portfolio of affordable rental units that house LMI households.

| Affordable Housing Production | |
|-------------------------------|-----------------|
| Program | Number of Units |
| Rental Development | 650 |
| New units for homeowners | 26 |
| Assistance to Homebuyers | 50 |
| Owner-occupied Rehabilitation | 50 |
| TOTAL | 776 |

Homeownership is also a priority identified in the ConPlan due to its ability to help LMI households build wealth while providing affordable housing. Multiple homeownership programs are offered through the City and its partners. In FY 2021-2022, the City will continue working with competitively awarded builders in East College Park and Martin Haywood to develop new homes available to LMI households. It is estimated that 26 new homes will be built and sold in FY 2021-22.

The City also provides homebuyer assistance to LMI first time homebuyers to assist in financing a home purchase. Funds can be used for down payment assistance or closing costs, and the loan balance is reduced on a set schedule and forgiven after 20 years of owner-occupancy. The Annual Action Plan includes funding to serve up to 50 eligible households in FY 2021-2022.

Rehabilitating or repairing older homes owned by LMI households is an additional strategy to maintain affordable housing and keep residents in their current neighborhoods. The City has two owner-occupied home rehabilitation programs—a substantial rehabilitation program for homes in need of repair to three or more major systems, and a limited repair program designed to address one or two urgent system repairs. Loans are deferred and forgiven after the stipulated duration of continued owner occupancy. The Annual Action Plan includes funding to serve up to 50 eligible households between the two programs in FY 2021-22.

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In addition to these four programs administered by the City, the Action Plan also funds a homebuyer training program that is administered by a local nonprofit (currently DHIC). The program provides homebuyer counseling for 200-300 potential homebuyers a year on topics such as credit repair, qualifying for a mortgage, and the steps of buying a home.

Enhance the Homeless to Housing Continuum

This priority area is primarily addressed through the nonprofit grant programs described above. In FY 2021-22, the Annual Action Plan supports rapid rehousing for families confronting homelessness by providing ESG funding to the following organizations. (To be determined and updated by March 19, 2021). In addition, the City provides local funding to Catholic Charities to rehouse homeless families and Oak City Cares to provide weekend and holiday meal distribution to the homeless. An additional 2,000 homeless persons will be helped through the Wake County's homeless men's shelter, which is supported in part by CDBG funds for cleaning, food and paper products.

The following nonprofit organizations are recommended for funding from the City's anticipated Emergency Solutions Grant (ESG) awards. (To be determined and updated by March 19, 2021)

| City of Raleigh Emergency Solutions Grant- Combined RFP, Year One | | |
|---|-------------------|---------------------|
| Agency | Recommended Award | Program Description |
| | | |
| | | |
| | | |
| TOTAL | \$272,027 | |

Increase Services to Build Self-Sufficiency & Sustainability

The City also funds public services with CDBG dollars. Mostly these are distributed through an annual Request for Proposal process called the Community Enhancement Grant (CEG). The following nonprofits are recommended by staff for CDBG public service funding for FY 2021-2022 through the CEG.

| City of Raleigh Community Enhancement Grant- RFP FY 2021-2022 | | |
|---|-------------------|---|
| Agency | Recommended Award | Program Description |
| Loaves and Fishes | \$24,500 | Out-of-School Tutoring and Youth Engagement |
| CORRAL | \$58,500 | Riding Academy for At-Risk Girls |
| SouthLight | \$57,000 | Expansion of Opioid Treatment Program |
| Triangle Family Services | \$47,500 | Street Outreach |
| Habitat Wake | \$12,500 | New Beginnings |
| TOTAL | \$200,000 | |

Homebuyer training, job training, and operational support (food and paper products) for Wake County's homeless men's shelter will also be funded with CDBG dollars. Neighborhood revitalization programs are centered in the neighborhoods surrounding downtown. The City's neighborhood revitalization efforts place an emphasis on current residents and the built environment. Neighborhoods near the core of the city are transitioning from historically LMI households to those with greater incomes as sales prices of homes in these neighborhoods escalate. Mitigating the adverse effects of neighborhood change and ensuring that current residents have opportunities to remain in place is a high priority of the City.

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Geographic Focus Areas

In FY 21-22, the City will focus on these areas: College Park Neighborhood Revitalization Strategy Area (NRSA), Downtown Neighborhoods, Citywide. Below are several specific subareas of Downtown Neighborhoods where progress continues to be made on several long-term City projects.

| Geographic Focus Area Programs | |
|----------------------------------|---------------------|
| Program | Number |
| Relocation Services | 29 households |
| Demolition | 2 sites |
| Site Improvements & Public Works | NRSA benefit (park) |
| Owner-occupied Rehabilitation | 50 |

Neighborhood Revitalization Strategy Area: The College Park NRSA is located about one mile from downtown as is along a major transit corridor. Within the NRSA, the City is facilitating the construction of approximately 98 single-family homes and to 51 townhomes. Upgraded infrastructure was installed to accommodate the new home construction. It is anticipated that construction on the first townhomes will begin later in 2021. The Fisher/Pender Streets park will be completed in the FY21-22 program year

The NRSA focuses on homeownership and affordable rental development. As noted above, the homeownership component of the plan is underway, and the rental component is also progressing. The City's affordable rental development partner in the NRSA is DHIC. They have completed construction on the Villages of Washington Terrace, an affordable, 162-unit family development and Booker Park North, a 72-unit affordable senior development. These two projects are providing upgraded replacement housing and additional new affordable units. Moreover, DHIC has included amenities such as open space, playgrounds, and a daycare facility.

Martin-Haywood Area: The Martin-Haywood focus area is east of downtown and has been a City priority for years. This area is witnessing tremendous change as private infill has resulted in market-rate development. The City's most recent phase included 23 single-family vacant lots that are dedicated to new affordable homeownership opportunities. Builders were selected through an RFP process to construct new homes. To date, 13 homes have been constructed and sold to LMI households. Staff anticipates that the final ten homes will be completed in the upcoming two years.

South Park/Garner Road Area: Like Martin-Haywood, the South Park/Garner Road focus area has been a city priority for years and is less than a mile from downtown. In partnership with a multi-family developer, the City is facilitating the construction of affordable rental units on city-owned land along Sawyer Road. Over 150 affordable units will be constructed on the site. In addition, the City is also collaborating with Passage Home to redevelop the Brown Birch apartment site to go from 60 units to 200 affordable rental units. Both developments received funding from the federal Low-Income Housing Tax Credit (LIHTC) program.

West Idlewild Area: In West Idlewild a 1.1-acre City site will be sold through a Request for Proposals process to create affordable housing.

Economic Development Activities

In FY 2021-2022, the City proposes to continue funding the workforce development job training program that supports job retention and/or creation for Raleigh businesses, and provides opportunities for LMI residents to benefit from the dramatic growth that is occurring in the City. Also, the City is providing funding for physical improvements to NRSA businesses.

Questions? Please call (919) 996-4330 or e-mail: cd.info@raleighnc.gov