

FY 2019-2020



Report to the Raleigh Community on Housing and Community Development Planned Expenditures

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

The 2019-2020 Annual Action Plan (AAP) provides a framework for the City of Raleigh to illustrate how it intends to allocate funds in the final year of the 2016-2020 Five-Year Consolidated Plan. The AAP also serves as an application to the U.S. Department of Housing and Urban Development (HUD) for federal funding. This application describes and discusses the top housing and community development priorities that are identified to help qualifying residents (very low-, low-, and moderate-income). The plan also shows city-wide strategies, resources, and organizations that can help meet these goals.

The Consolidated Plan (ConPlan) is a much larger document that serves as a road map. This document establishes comprehensive goals and coordinated strategies to address community needs. The ConPlan covers the period of July 1, 2016-June 30, 2020. The City of Raleigh must submit an AAP every year to describe how it is achieving the strategies to implement housing and community development goals established in the 5-year document.

The Annual Action Plan is requesting funding sources from:

• Community Development Block Grant (CDBG)	\$ 3,136,516
• HOME Investment Partnership (HOME)	\$ 1,408,766
• Emergency Solutions Grant (ESG)	\$ 272,027

The City also leverages local funding sources to help carry out the actions and strategies in the ConPlan. The Penny for Housing property tax was established in 2016. In this coming year, it will fund rental development and housing rehabilitation with over \$6 million. Local funding sources also include \$1.9 million from bond program income. These funds are generated by City programs funded by prior years' bond issuances that the City implemented.

The City of Raleigh's Community Development Division (CDD) seeks to address the following goals and priorities established in the 2016-2020 Consolidated Plan. CDD identified several barriers to affordable housing and has created strategies to address those barriers. Each goal and priority have multiple strategies associated with them. The Raleigh City Council has established a goal of creating 5,700 affordable units over a ten-year period.

Report to the Community on Housing and Community Development Planned Expenditures

The three goals/priorities are:

- Increase the supply of affordable housing
- Enhance the homeless to housing continuum
- Neighborhood revitalization

In the coming year, the City intends to continue its ongoing programs that help residents that are low- and moderate-income (LMI). This includes neighborhoods, renters, homebuyers, homeowners, people experiencing homelessness, and job seekers. One LMI program offers low interest loans to developers to create affordable rental housing. The City of Raleigh can also help in buying, tearing down, and replacing blighted apartment units with new affordable rental units. Existing renters will be provided services and financial assistance to move to safe and secure housing of their choice.

Qualifying homebuyers and homeowners also benefit from City of Raleigh programs. The City of Raleigh funds homebuyer training and homebuyer financial assistance to purchase a new home. Another program offers housing rehabilitation loans to qualifying LMI homeowners. Community Development will also give grants to local nonprofit organizations that provide services to LMI Raleigh residents. These grants help fund construction job training and programs helping low-income families, as well as people experiencing homelessness.

Below is a summary budget for next fiscal year based on the allocation from HUD for FY 2019-2020 and income generated from CD programs.

FY 2019-2020 Community Development Budget

Activity	HOME	CDBG	ESG	Local	Total
Affordable Housing					
Housing Rehabilitation	\$358,743	\$1,903,459		\$700,000	\$2,962,202
Homebuyer Assistance	\$500,000	\$300,000		\$200,000	\$1,000,000
Rental Development Loans	\$946,851			\$6,909,285	\$7,856,136
Professional Services (Homeowner Rehab)				\$100,000	\$100,000
Contractual Services (Legal fees)				\$250,000	\$250,000
CHDO	\$211,315				\$211,315
Homeless to Housing Continuum					
HMIS Support			\$76,500		\$76,500
Emergency Shelter			\$ 140,846		\$ 140,846
Rapid Re-Housing			\$54,681		\$54,681

Report to the Community on Housing and Community Development Planned Expenditures

Neighborhood Revitalization					
Public Services					
South Wilmington Street Center		\$100,000			\$100,000
Community Enhancement Grants		\$175,000			\$175,000
Homebuilders Training Program		\$85,000			\$85,000
Fair Housing Hearing Board		\$6,000			\$6,000
Homebuyer Counseling		\$70,000			\$70,000
Public Works					
Site Improvements		\$11,225			\$11,225
Design Planning Contracts		\$5,000			\$5,000
Acquisition/Disposition					
		\$200,000			\$200,000
Relocation					
		\$144,264			\$144,264
Demolition					
		\$69,265			\$69,265
Administration					
Staff	\$221,857	\$767,303			\$989,160
Loan Service				\$150,000	\$150,000
Debt Service				\$400,000	\$400,000
Totals	\$2,238,766	\$3,836,516	\$272,027	\$8,709,285	\$15,056,594

Report to the Community on Housing and Community Development Planned Expenditures

Two grant programs (Emergency Solutions Grant and Community Enhancement Grant) are included in the Annual Action Plan. The following funding recommendations need to be approved by City Council as part of the Annual Action Plan process. On May 7, 2019 Raleigh's City Council voted to adopt the Annual Action Plan before it is submitted to HUD.

The following nonprofit organizations are recommended for funding from the City's anticipated Emergency Solutions Grant (ESG) award:

City of Raleigh Emergency Solutions Grant- Combined RFP, Year One

Agency	Awards	Use of the Funds
Families Together of Wake County	\$11,460	Emergency Shelter
Healing Transition	\$129,386	Emergency Shelter
Raleigh Wake Partnership to End and Prevent Homelessness	\$76,500	HMIS
Passage Home	\$54,681	Rapid Re-Housing
TOTAL	\$272,027	

669 persons will benefit from the above ESG investments in Emergency Overnight Shelter. The City also funds public services with CDBG in part through a grant program called Community Enhancement Grant through an annual Request for Proposal process. The following nonprofits are recommended by staff for CDBG public service funding for FY 2019-2020 through the Community Enhancement Grant:

City of Raleigh Community Enhancement Grant- RFP FY 2019-2020

Agency	Awards	Use of the Funds
Campbell Law School	\$10,000	Community Law Clinic
The Green Chair Project	\$59,850	Sweeter Dreams (bed distribution)
Step Up	\$60,000	Job Training and Placement
Families Together	\$45,150	Bridge Housing Project
TOTAL	\$175,000	

602 LMI persons will benefit from Community Enhancement Grants in FY 2019-2020.

Report to the Community on Housing and Community Development Planned Expenditures



Homebuyer training, job training, and operational support (food and paper products) for Wake County's homeless men's shelter will also receive funding through CDBG. Funding will also support ConPlan goals through:

Increasing the Supply of Affordable Housing:

New rentals	350
New housing units for homeowners	26
Financial assistance to homebuyers	50
Houses rehabilitated	48

Generally, the City defines affordable housing as rental that targets residents who are 60% area median income (AMI) and below or homeownership units that target residents who are 80% AMI and below. CDD provides program offerings that assist developers and homeowners with the creation of affordable housing. These programs range from gap financing for rental units to down payment assistance to first time homebuyers. The City uses multiple funding sources to implement each program, therefore each program has a different target audience.

Generally, the City defines affordable housing as rental that

For example, the Penny for Housing property tax, which was established by Raleigh's City Council in 2016, is primarily used to fund the growing need for more affordable apartments. This funding typically is provided as gap financing for new construction or the preservation of Naturally Occurring Affordable Housing (NOAH). Throughout the city, apartments that used to be affordable have been replaced with higher priced rentals. Simultaneously, the supply of affordable housing has not increased accordingly. In the coming year of FY 2019-2020, over \$6M from the Penny for Housing tax will help fund the creation and/or preservation of affordable housing. These funds will be combined with \$1.4 million from a City housing bond and \$946,851 of the City's federal HOME grant award to help generate 350 affordable rental units.

The City emphasizes the importance of affordable homeownership in each ConPlan. Homeownership is a commonly accepted practice to build wealth. Because we recognize that homeownership is not a simple one-step process, we offer multiple program offerings through the CDD and its partners. These programs include: homebuyer training, homebuyer assistance, owner-occupied home rehabilitation, and new home construction.

The City partners with several organizations to assist in implementing its affordable homeownership strategies. For example, the City partners with a local non-profit (currently DHIC) to provide homebuyer counseling. Up to 300 potential homebuyers go through a certified class that provides education on topics such as: mortgages, down payment assistance, credit reporting, etc. In addition to homebuyer training, the City provides homebuyer assistance to 50 new first-time homebuyers to assist in financing a new home.

CDD continues to budget and prioritize the funds for brick and mortar projects to assist LMI residents. Specifically, the City has two different owner-occupied home rehabilitation programs. One is the substantial rehabilitation program and the other is the limited repair program. 48 households will benefit from City rehabilitation assistance in 2019-2020.

Enhance the homeless to housing continuum

Rapid Rehousing	44 households
Emergency Shelter	669 individuals

Community Development will also give grants to local nonprofit organizations that provide services to LMI Raleigh

Report to the Community on Housing and Community Development Planned Expenditures

residents. These grants help fund construction job training and programs helping low-income families and people experiencing homelessness

The City will support rapid rehousing for 44 families confronting homelessness by providing funding for the organizations Passage Home, Families Together, and Catholic Charities. The City's federal Emergency Solutions Grant will assist 669 homeless persons by providing them emergency shelter. 2,000 homeless persons will be helped through operational support (CDBG for food and paper products) via the Wake County's homeless men's shelter.

Neighborhood Revitalization

Relocation Services	29 households will be relocated
Demolition	2 sites
Site improvements & Public Works	26 households in Martin Haywood and East College Park will benefit from the proposed activities (Design/Planning Contracts, Environmental Assessments, Street Infrastructure, Site Improvements)

Geographic Focus Areas

During the next year, the Community Development Division (CDD) will be active in five focus areas: College Park NRSA, Martin-Haywood, South Park/Garner Road area, West Idlewild, and Downtown East.

Neighborhood Revitalization Strategy Area: In the College Park NRSA, the CDD team is facilitating the construction of 98 single-family homes and up to 51 townhomes. Infrastructure has been completed for all the single-family homes. Over 10 single-family homes have been completed and at least a dozen more are under construction. In addition, construction is underway for Site 4, and Site 3 will quickly follow. Staff anticipates that construction on the first townhomes will begin at the beginning of this summer.

The City's multi-family development partner in the Neighborhood Revitalization Strategy Area is DHIC. They have completed construction on the Villages of Washington Terrace, an affordable, 162-unit family development. In addition, they have begun construction on a 72-unit affordable senior development underway: Booker Park North.

Martin-Haywood area: The Martin-Haywood focus area is comprised of 27 single-family lots dedicated to new affordable homeownership opportunities. To date, 7 homes have been constructed and sold. Staff anticipates that an additional 7 homes will be completed in the upcoming year.

South Park/Garner Road: Like Martin-Haywood, the South Park/Garner Road focus area has been a City priority for years. The City is partnering with a multi-family developer to construct affordable rental units along Sawyer Road. In addition, the City is collaborating with Passage Home to redevelop the Brown Birch site. Staff anticipates that both projects will receive tax credit funding this year.

West Idlewild & Downtown East: In West Idlewild and Downtown East, properties will be sold through a Request for Proposals process to create affordable housing. Each of these areas has unique neighborhood characteristics that will dictate the type of construction.

Economic Development Activities

In FY 2019-2020, CDD proposes to continue funding the job training program. Over the past 20 years, the Basic Introductory Carpentry Skills course has trained approximately 30 students a year. The City's goal is to continue the program with 30 students in FY 2019-20. While in this course, students will be able to expand their education and leadership skills through the use of the Home Builders Institute- Pre-Apprenticeship Certificate Training Curriculum (HBI-PACT). Overall, the vision is to support the potential for job retention and/or creation for Raleigh businesses.

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