



Report to the Raleigh Community on Housing and Community Development Planned Expenditures: July 1, 2022-June 30, 2023

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

Overview

This document provides a summary of the FY 2022-2023 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 2022-2023 is the third 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.

Key Priorities

The City of Raleigh Community and Economic Development Division 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; HOME Investment Partnership (HOME) funds, with current year funding of approximately \$1.5 million; and Emergency Solutions Grant (ESG) funds, with current year funding of \$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 2022-23 that serves as the financial outline of the Action Plan. The budget assumes consistent levels of federal funding from the current fiscal year, and will be finalized when HUD provides the

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City with its actual grant awards for FY 2022-2023.

FY 2022-2023 Housing and Community Development Budget					
Activity	Funding Source				
Affordable Housing	HOME	CDBG	ESG	General Fund/Bond	Total
Housing Rehabilitation	\$90,000	\$1,299,555		\$2,155,000	\$3,544,555
Homebuyer Assistance	\$200,000	\$200,000		\$1,500,000	\$1,900,000
Rental Development	\$1,039,991			\$14,155,000	\$15,194,991
Program Income Reserve	\$100,000	\$280,000			\$380,000
Public-Private Partnerships				\$4,000,000	\$4,000,000
Property Maintenance – City Property				\$170,000	\$170,000
Contractual Services				\$575,000	\$575,000
Acquisition/Disposition		\$150,000		\$8,000,000	\$8,150,000
Relocation/Demolition		\$134,099			\$134,099
Homeless to Housing Continuum					
Subrecipient Grants			\$272,266		\$272,266
Self-Sufficiency & Sustainability					
South Wilmington Street		\$100,000			\$100,000
White Flag Shelter		\$100,000			\$100,000
Community Enhancement Grants		\$230,000			\$230,000
Homebuyer Counseling		\$60,000			\$60,000
Site Improvements/ Infrastructure		\$221,133			\$221,133
Program Administration					
Staff	\$118,225	\$618,697			\$736,922
Loan Servicing				\$200,000	\$200,000
2020 Bond Operating Funds				\$1,000,000	\$1,000,000
Fair Housing Conference		\$5,000			\$5,000
Totals	\$1,548,216	\$3,398,483	\$272,266	\$31,755,000	\$36,973,965

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 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.

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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 2022-23 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 60-80% 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 \$7.8 million from the City General Fund will help fund the creation and/or preservation of affordable housing. These funds will be combined with \$12.4 million in local bond funds to help generate commitments for approximately 550 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	550
New units for homeowners	17
Assistance to Homebuyers	25
Rehabilitation—existing & acquired	153
TOTAL	745

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 2022-2023, 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 17 new homes will be built and sold in FY 2022-23.

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 25 or more eligible households in FY 2022-2023.

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 40 eligible households between the two programs in FY 2022-23.

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.

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Enhance the Homeless to Housing Continuum

This priority area is primarily addressed through the nonprofit grant programs described above. In FY 2022-23, the Annual Action Plan supports rapid rehousing for families confronting homelessness by providing ESG funding to Passage Home. 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 625 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. White flag shelter support will also help 650 homeless persons, given the need for additional space given reduced capacity at area shelters due to COVID-19.

The following nonprofit organizations were approved for funding from the City's anticipated Emergency Solutions Grant (ESG) awards.

City of Raleigh Emergency Solutions Grant- Combined RFP, Year Two		
Agency	Award	Program Description
Healing Transitions	\$132,715	Emergency Shelter
Passage Home	\$63,051	Rapid Re-Housing
Raleigh Wake Partnership to End & Prevent Homelessness	\$76,500	HMIS Operations
TOTAL	\$272,266	

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 2022-2023 through the CEG.

City of Raleigh Community Enhancement Grant- RFP FY 2021-2022		
Agency	Recommended Award	Program Description
Raleigh Wake Partnership to End Homelessness	\$58,000	Access Hub Expansion
The Green Chair Project	\$51,000	Family Furnishings Program
StepUp Ministry	\$56,000	Advancing Opportunities for Low Income Raleigh Residents
YMCA of The Triangle	\$43,000	Workforce Development
Loaves and Fishes	\$22,000	Out-of-School Tutoring and Youth Engagement
TOTAL	\$230,000	

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 22-23, 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
Demolition	1-2 sites
Site Improvements & Public Works	NRSA benefit
Owner-occupied Rehabilitation	40

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 at least 12 townhomes. Upgraded infrastructure was installed to accommodate the new home construction. It is anticipated that construction on the first townhomes will begin later in 2022.

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: The City is in the process of selling its final 1.1-acre site in this area through a public land disposition process to the Raleigh Area Land Trust (RALT). RALT is currently in the site plan process and will likely close on the property in FY 2022-2023.

Economic Development Activities

In FY 2022-2023, 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.

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