



*Report to the Raleigh Community on Housing and Community  
Development Planned Expenditures: July 1, 2023–June 30, 2024*

# Draft Annual Action Plan



Raleigh  
Housing

## Overview

This document provides a summary of the FY 2023-2024 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 2023-2024 is the fourth 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.

**Contingency Statement:** This Draft Action Plan is created using the previous year's HUD allocations, given the fact that the City's FY 2023-2024 federal allocations will not be available at the time of its publication. As in previous years, there may be slight differences in the amounts provided in Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), and Emergency Solutions Grant (ESG). Below is how the City intends to adjust the budgeting of the federal funds upon receipt of its actual allocations, if needed:

- CDBG: Funds will be added to or subtracted from Housing Rehab and/or Acquisition.
- HOME: Funds will be added to or subtracted from Rental Development.
- ESG: All grants will either be reduced or increased by the same proportion, except no Subrecipient already fully funded will receive an increase

## Key Priorities

The City of Raleigh Community and Small Business 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 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 \$2.9 million;
- HOME Investment Partnership (HOME) funds, with current year funding of approximately \$1.6 million; and
- Emergency Solutions Grant (ESG) funds, with current year funding of \$262,141.

The City also leverages local funding sources to help carry out the Annual Action Plan and support the development of affordable rental units and strategic land acquisition.

The chart below is a summary budget for FY 2023-24 that serves as the financial outline of the Action Plan.

FY 2023-2024 Housing and Community Development Budget						
Activity	Funding Source					
Affordable Housing	HOME	CDBG	ESG	General Fund/Bond	Bond Revenue/Program Income	Total
Housing Rehabilitation		\$120,000		\$1,500,000		\$1,620,000
Homebuyer Assistance		\$90,000		\$1,500,000		\$1,590,000
Rental Development	\$1,413,124			\$12,700,000	\$2,842,131	\$16,955,255
Public-Private Partnerships				\$4,000,000		\$4,000,000
Property Maintenance & Repair – City Property					\$1,100,000	\$1,100,000
Acquisition/Disposition		\$209,662				\$209,662
Relocation/Demolition		\$70,000				\$70,000
Site Improvements/Infrastructure		\$1,323,429			\$280,000	\$1,603,429
<b>Homeless to Housing Continuum</b>						
Subrecipient Grants			\$262,141			\$262,141
South Wilmington Street		\$100,000				\$100,000
White Flag Shelter		\$100,000				\$100,000
<b>Self-Sufficiency &amp; Sustainability</b>						
Community Enhancement Grants		\$200,000				\$200,000
Homebuyer Counseling		\$60,000				\$60,000
<b>Program Administration</b>						
Staff	\$170,469	\$632,489				\$802,958
Loan Servicing					\$200,000	\$200,000
2020 Bond Operating Funds				\$300,000		\$300,000
Fair Housing Conference		\$5,000				\$5,000
<b>Totals</b>	<b>\$1,583,593</b>	<b>\$2,910,580</b>	<b>\$262,141</b>	<b>\$20,000,000</b>	<b>\$4,422,131</b>	<b>\$29,178,445</b>

The budget above shows the categories of program funding for the next fiscal year (July 2023-June 2024). 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 non-profit organizations 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.

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 2023-24 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.

Affordable Housing Production	
Program	Number of Units
Rental Development	450
Assistance to Homebuyers	28
Homeowner Rehabilitation	53
TOTAL	531

The City partners with non-profit 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 \$7.9 million from the City General Fund will help fund the creation and/ or preservation of affordable housing. These funds will be combined with \$8.8 million in local bond funds to help generate commitments for approximately 450 affordable rental units. In addition, the City continues to own and maintain a portfolio of affordable rental units that house LMI households.

Homeownership is another 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 2023-2024, the City will continue working to identify homeownership building opportunities on city-owned land.

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 28 or more eligible households in FY 2022-2023.

Rehabilitating or repairing homes owned by LMI households is an additional strategy to maintain affordable housing and keep residents in their current neighborhoods. The City has three owner-occupied home rehabilitation programs— the Raleigh Home Revitalization Program and 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 53 eligible households between the two programs in FY 2023-24.

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 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 non-profit grant programs designed to help those experiencing or at-risk of homelessness secure housing. The City will use ESG dollars to fund the following agencies / activities in 2023-2024: (FY2023-2024 funding awards are contingent upon the City/County review process, and no more than 60% of the total award will be allocated to street outreach and emergency shelter).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 400 homeless persons will be helped though the Wake County's homeless men's shelter, which is supported in part by CDBG funds to help cover operating expenses. White flag shelter support will also help 865 homeless persons, given the need for additional space as a result of 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 (to be updated upon completion of RFP review process).

City of Raleigh Emergency Solutions Grant- Combined RFP, Year One		
Agency	Award	Program Description
TBD	TBD	TBD
TOTAL	\$262,141	

***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 2023-2024 through the CEG.

City of Raleigh Community Enhancement Grant- RFP FY 2023-2024		
Agency	Recommended Award	Program Description
PLM Families Together	\$54,000	Bridge Housing Support for Homeless Families
The Hope Center at Pullen	\$57,000	Expanding Housing Support for Former Foster Youth
Communities in Schools Wake County	\$37,000	CHAMPS After-School & Summer Programs/Pathways
Boys and Girls Club Serving Wake County	\$52,000	Project Great Futures
TOTAL	\$200,000	

Homebuyer training, job training, and operational support for Wake County's homeless men's shelter will also be funded with CDBG dollars. Neighborhood revitalization programs are centered in neighborhoods near 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.

### Geographic Focus Areas

In FY 23-24, the City will focus on these areas: College Park Neighborhood Revitalization Strategy Area (NRSA), Downtown Neighborhoods, Citywide.

Geographic Focus Area Programs	
Program	Number
Demolition	1-2 sites
Site Improvements & Public Works	NRSA benefit
Owner-occupied Rehabilitation	53

Below are several subareas where progress continues to be made:

- **Neighborhood Revitalization Strategy Area:** This area is located one mile from downtown as is along a major transit corridor. The City is facilitating the construction of approximately 98 single-family homes and townhomes. Upgraded infrastructure was installed to accommodate the construction. It is anticipated that construction on the first townhomes will begin later in 2024.

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. DHIC is investigating achieving additional density on the remaining sites, potentially utilizing the bonus density provided by the Transit-Oriented Development (TOD) Zoning Overlay that was enacted by City Council in late 2021.

- **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:** This 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 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 in the site plan process and expected to close in FY 2023-2024.



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