



COUNTY OF DURHAM

WENDELL M. DAVIS
COUNTY MANAGER

August 30, 2018

Scott Farmer
Executive Director
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, NC 27609

Mr. Farmer,

Durham County is pleased with NCHFA's decision to adopt the federal income averaging set aside rule in the draft 2019 QAP. The rule supports the County's stated interest in increasing the availability of affordable housing in downtown Durham for households earning 80% AMI and below in a mixed-income setting.

We are concerned, however, with the proposed condition under Section B.2 (b) stating that the unit income average for *any bedroom type* cannot exceed 60% AMI. This condition will impact two proposed plans for the redevelopment of County-owned sites in downtown Durham, currently under consideration by the Durham Board of County Commissioners. A final plan will be selected in the upcoming months, and through a competitive process, private development partner(s) will be selected for the development of at least 180 affordable housing units currently modeled with 4% credits.

The County-owned sites on East Main Street are in close proximity to the Durham Housing Authority's (DHA) Oldham Towers and Liberty Apartments. In preliminary conversations with DHA regarding their Rental Assistance Demonstration (RAD) conversion, an opportunity emerged to assist the housing authority by setting aside replacement units in the proposed affordable housing development(s) for the relocation of housing authority tenants. 85% of the households in DHA's downtown development area currently occupy 1-bedroom units. In order for our project to meet this need and facilitate the RAD conversion, 1-bedrooms in the proposed plans are primarily allocated to households at 30% AMI. The remaining one bedrooms are set aside for households at 60% AMI. The units set aside for 80% AMI are distributed across studios and 2-bedrooms. Although the average income would not exceed 60% AMI *for the project*, it would exceed the threshold for the studio and 2-bedroom types.

We request that the condition under Section B.2.(b) include the flexibility to opt out of the bedroom type condition due to unique, local circumstances. Circumstances may include the accommodation of relocations because of a public housing redevelopment.

Thank you for your consideration.

Wendell M. Davis

Durham County Manager