

## City Council – Action Request Form

**Date:** June 14, 2021

**To:** Mayor, Mayor Pro Tempore, and Members of the City Council

**From:** Ben Rowe, Assistant City Manager  
Marla Newman, Community Development Director

**Council Action Requested:**

Resolution Approving Modifications to Lending Guidelines for the CDBG/HOME Rehabilitation Program to Realign with Program Objectives

**Strategic Focus Area:** Livable Neighborhoods

**Strategic Objective:** Improve Character and Condition of Neighborhoods

**Strategic Plan Action Item:** No

**Key Work Item:** Yes



**Summary of Information:**

The primary objectives of the CDBG/HOME Rehabilitation program (Rehab) are to:

1. ensure living environments meet the Minimum Housing Code;
2. correct conditions that are detrimental to the public health, safety, and general welfare;
3. arrest deterioration of property and neighborhoods; and
4. preserve the City's existing housing stock.

In February 2019, the Winston-Salem City Council approved revised Rehab lending guidelines increasing loan amounts to \$65,000, limiting repeat assistance, and allowing forgivable loans for residents with an area median income (AMI) below 50% (i.e., an annual income below \$25,000.00 for a household size of two).

As part of the department's continuous improvement efforts, an assessment of the Rehab program—including analysis of customer feedback—revealed that the most urgent needs presented by homeowners involved the following five systems:

1. Roof and gutters

**Committee Action:**

<b>Committee</b>	CDHGG 6/15/21	<b>Action</b>	Approval
<b>For</b>	Unanimous	<b>Against</b>	

**Remarks:**

2. Electrical
3. Plumbing and Water Heaters
4. Heating, Ventilation and Air Conditioning (HVAC)
5. Structural/flooring

Though the Rehab program has historically allowed repairs and improvements beyond those necessary to ensure occupant health and safety, increasingly applicants to the program have been unwilling to assume the level of debt and deed restrictions (liens) required to cover all repairs. Considering the program's goal of ensuring a home's habitability and compliance with the City's Minimum Housing Code, staff requests additional modifications to the lending policies and guidelines to better align with program objectives and focus on the critical systems that impact health and safety.

Focusing assistance on the five systems will:

- Alleviate client concerns of acquiring large amounts of debt and extended periods of time for which their home is encumbered by a lien;
- Expedite construction completion by reducing scopes of work to jobs requiring skilled and licensed tradespeople;
- Ensure Minimum Housing Code compliance, habitability of residential structures, and the health and safety of applicants; and
- Ensure work is completed in accordance with the State Building Code through final inspections by the City/County Inspections Division, which is responsible for inspecting jobs involving these trade areas.

A review of peer cities in North Carolina Greensboro, High Point, Charlotte, Raleigh, and Durham indicates that these communities largely limit their rehab programs to repairs that might be considered urgent, emergency, or system failures. See attached Exhibit A. Modifying Winston-Salem's Rehab program will align us with the City's peers.

In addition to a focus on major systems repairs, staff also requests a modification from 20 to 10 years for a deed of trust on the property. This adjustment will also better align the length of the lien encumbrance with the cost of repairs.

The changes proposed for the CDBG/HOME Rehabilitation Program do not impact the Transforming Urban Residential Neighborhoods (TURN) program, funded by the City's general obligation housing bonds. TURN operates in designated transitioning neighborhoods and focuses on housing preservation and arresting neighborhood decline, encouraging and leveraging private investment to revitalize target neighborhoods, and maximizing the targeted impacts of revitalization. The scope of the TURN program will remain broader than the CDBG/HOME Rehabilitation Program.