

To: Durham County Board of Commissioners
From: Sarah Odio, Project Manager, Development Finance Initiative
Date: August 20, 2018
Re: *Public engagement around development plans for 300 and 500 blocks of East Main Street*

Summary of Second Round of Public Engagement

The Development Finance Initiative (DFI) has undertaken a comprehensive public engagement approach for redevelopment of the 300 and 500 blocks of East Main Street. See March 2, 2018 memo for an overview of the first round of public engagement.

On August 7, 2018, DFI and Durham County completed the second round of public engagement sessions around the two leading proposed development programs for the sites. Participants had the opportunity to provide feedback during three in-person sessions and/or online. Public sessions began with a presentation by DFI outlining the proposed development plans and providing an opportunity for questions. Participants were then split into small discussion groups and asked to consider (1) whether the plans met the guiding public interests endorsed by the Durham Board of County Commissioners (BoCC) in March of 2018 and (2) which plan did the best job of meeting those interests.

Individuals unable to attend an in-person session were able to complete an online feedback form (in English or Spanish) that followed the same structure as the small group discussions of the public sessions. Before completing the form, participants were strongly encouraged to download and examine a fact sheet outlining the proposed plans (see Appendix).

The workshops were advertised using the following means: County press release, County social media pages, stakeholder email distribution lists, neighborhood listservs and printed flyers distributed around downtown.

Participation in the July and August public engagement activities was as follows:

Public Engagement	Dates	Participants
Public Interest Workshops	July 17 & 28, August 2, 2018	112
Online Feedback Forms	July 11 – August 7, 2018	54
Total Individual feedback received		166

Summary of Public Input

The following is a summary of feedback collected via the July/August public engagement sessions and the online feedback form. This feedback relates to how well, in the respondents view, the development plans fulfill each guiding public interest and which plan does a better job of meeting that interest. Respondents did not often express a clear preference between the two plans and

instead made general comments that applied to both plans. In some cases, respondents disagreed on an issue, and therefore aspects of the development are categorized as both meeting the public interest and not meeting the public interest. The summaries below represent the most common opinions heard, but are not exhaustive. All individual responses received are available in the appendix.

The guiding public interests state that new development on the 300 and 500 blocks of E. Main should:

- Provide a parking solution that addresses the needs of Durham County employee and Health & Human Service facility customers and meets new demand created by the project, recognizing the proximity of the future light-rail station and incorporating options for multiple modes of transportation.
- Increase the availability of affordable housing in downtown Durham for households earning 80% of Area Median Income (AMI) and below, in a mixed-income and multi-generational setting.
- Provide ground-floor commercial and service offerings for tenants and workers in and around the sites, and increase activity along E. Main Street.
- Efficiently use public investment to maximize public benefits and attract private investment.
- Focus on pedestrian-scale design that creates a vibrant, urban streetscape along E. Main Street.

Many participants felt that the plans fulfill each public interest by:

	Plan A	Plan B
Parking	<ul style="list-style-type: none"> • Providing sufficient parking for County employees, HHS customers and the new demand generated by the project. • Allowing for the convertibility of both decks. 	<ul style="list-style-type: none"> • Providing sufficient parking for County employees, HHS customers and the new demand generated by the project.
Affordable Housing	<ul style="list-style-type: none"> • Increasing the overall number of affordable units in downtown. • Providing units affordable at 80% AMI and below. • Delivering units at various income levels within both the neighborhood and the affordable housing developments. • Providing micro units. 	<ul style="list-style-type: none"> • Increasing the overall number of affordable units in downtown. • Providing units affordable at 80% AMI and below. • Delivering units at various income levels within both the neighborhood and the affordable housing developments. • Providing more restricted, affordable units than Plan A.
Commercial Offerings	<ul style="list-style-type: none"> • Including a daycare/Pre-K space. • Adding commercial space on Liberty Street. 	

Efficient Public Investment	<ul style="list-style-type: none"> • Costing less per unit. • Spending more to allow for convertibility of the decks in the future. • Maximizing private investment. 	<ul style="list-style-type: none"> • Emphasizing the public benefit of affordable housing over the total public investment.
Pedestrian-Scale Design	<ul style="list-style-type: none"> • Placing green space <i>on</i> Main Street. • Respecting the downtown historic district setback requirements. 	<ul style="list-style-type: none"> • Placing green space <i>off</i> Main Street and therefore maximizing street-facing commercial activity. • Respecting the downtown historic district setback requirements.

Many participants felt that the plans fall short of meeting each public interest in the following ways:

	Plan A	Plan B
Parking	<ul style="list-style-type: none"> • Providing too much parking for downtown residents and employees, who will have access to public transit options and the future light rail. • Not delineating options of multiple modes of transportation. 	<ul style="list-style-type: none"> • Providing too much parking for downtown residents and employees, who will have access to public transit options and the future light rail. • Not delineating options of multiple modes of transportation.
Affordable Housing	<ul style="list-style-type: none"> • Separating the (restricted) affordable housing units from the (unrestricted) market rate units. • Not having enough density of market and affordable units overall. • Not restricting the affordability of the micro-units. • Not providing enough family units (larger units with 2 and 3 bedrooms). 	<ul style="list-style-type: none"> • Separating the (restricted) affordable housing units from the (unrestricted) market rate units. • Not having enough density of market and affordable units overall.
Commercial Offerings	<ul style="list-style-type: none"> • Not including commercial space on Ramseur Street. 	<ul style="list-style-type: none"> • Not including commercial space on Ramseur Street. • Not including commercial space on Liberty Street. • Not including a daycare/Pre-K space.
Efficient Public Investment	<ul style="list-style-type: none"> • Spending too much on parking. 	<ul style="list-style-type: none"> • Spending too much on parking.
Pedestrian-Scale Design*	<ul style="list-style-type: none"> • Setting the 300 block buildings too far back from E. Main Street. 	<ul style="list-style-type: none"> • Placing the 300 block parking deck façade against E. Main Street.

* Note that participants acknowledged that it was too early in the process to reflect on this public interest, given that the site analysis does not focus on design elements. However, most participants expressed an interest in receiving more information on the design review process once a development partner is selected and asked that the public be kept informed of opportunities for feedback on design as the project moves forward.

Addressing the Public Concerns

Respondents raised several issues regarding meeting the public interests in one or both of the plans. This section briefly addresses how, if at all, the plans can be revised to address those issues.

Not delineating options of multiple modes of transportation.

The solicitation will require developers to state how they will make the project accessible via multiple modes of transportation, including bikes, bus transit, ride-sharing services, etc.

Separating the (restricted) affordable housing units from the (unrestricted) market rate units.

In order to maximize the impact of affordable housing incentives and efficiently use public investment, (restricted) affordable units and (unrestricted) market rate units are not mixed within a building. Both plans rely on federal Low Income Housing Tax Credits (LIHTC) to subsidize buildings containing affordable units. (Otherwise the cost to the County would be substantially higher.) Among other restrictions, LIHTC can only be awarded to a building with a certain portion of units set aside for low-income households. To achieve a mixed-income neighborhood, both plans include at least one building with market-rate units. The proposed affordable housing development on the 500 block will serve a mix of extremely low income, low income and moderate-income households, and the adjacent building (also on the 500 block) will accommodate moderate to high-income households.

Not providing enough family units (larger units with 2 and 3 bedrooms).

Both plans focus on studio and 1-bedroom units on the 500 block for three reasons: (1) existing demand for affordable housing, (2) compatibility with downtown amenities, and (3) ability to accommodate public housing tenants to be relocated from downtown DHA properties being redeveloped. Should the BoCC decide it prefers to provide family units, an alternate Plan A is available at a lower cost to the County.

Not including commercial space on Liberty St. (in Plan B) and on Ramseur Street (in both plans) on the ground floor of the affordable housing developments.

Affordable housing developments were purposely set away from E. Main Street to maximize the number of residential units (by including ground floor units that, according to the Durham UDO, are not permitted along Main Street) and to minimize the public investment required. Federal tax credits cannot be applied to the construction of commercial space, so the addition of commercial space to those buildings would threaten their financial feasibility (or require additional County funds).

Not including a daycare/Pre-K in Plan B.

Although the development of the 500 block is not designed to accommodate a daycare/Pre-K, revisions can be made to the plan or the solicitation can state a strong preference for inclusion of childcare-compatible space.

Not having enough density of market and affordable units overall.

The density was designed to meet federal tax credit program limitations (a maximum of 200 units for the LIHTC program) as well as respond to reasonable absorption rates in the market. The plans reflect conservative assumptions about the market, but the solicitation will invite developers to add additional density should they believe the market can absorb it. Note that additional density would be limited by parking capacity or require additional parking.

Key Decision Points

PRIOR TO RELEASING A SOLICITATION FOR DEVELOPMENT

The following are the policy questions that must be answered prior to releasing a solicitation:

- How many affordable units restricted to households earning less than 80% AMI does the County want to include across the two sites in order to balance the goals of creating more affordable housing while also achieving a mixed-income community (i.e., what does mixed-income mean to the BoCC)?
- How much should the County invest in the development of affordable housing?

PRIOR TO ENTERING INTO AN AGREEMENT WITH A DEVELOPMENT PARTNER

Both plans can accommodate various levels of parking. Lenders, investors, and regulators will insist on a minimum number of parking spaces for the commercial and residential units. Prior to the execution of a development agreement, developers will need to share the total number of spaces required. Beyond that, the BoCC will need to determine how many parking spaces it wants to provide for County employees and other public uses.

Next Steps

DFI will present an overview of the public feedback at the September 4, 2018, BoCC work session. Following the work session, County staff will brief commissioners on the fiscal impact of each plan. Once the Commissioners have had a chance to review public feedback and understand the fiscal impact of each plan, they will be asked to select a final plan for a solicitation process. DFI will work with County staff to draft the solicitation(s) around the BoCC's preferred development plan and the results of public participation.