

On August 23, 2021, in a Special Meeting of the City Council, City staff presented a framework (Exhibit A) for spending the City's \$51.7 million allocation of Coronavirus Local Fiscal Recovery Funds (CLFRF). City staff recommended a phased approach for spending the funds. The guiding principles for spending the City's CLFRF funds include process transparency, economic restoration, community transformation, fiscal soundness, and equitable outcomes.

The Mayor and City Council approved the transformational grant program in February 2022. With this program, the City of Winston-Salem sought to move the needle on key components of the City's Strategic Plan and trigger a profound, ripple effect of positive, multidimensional change. Further, the City sought to place equity at the forefront of the application to transform historically significant and deeply disinvested low-income communities. Applications for this program were made available to the community in late March and remained open through early May. The City received 89 completed applications totaling \$50.7 million in requests for capital and operational funding.

Background

On March 28, 2022, the Mayor and City Council approved the use of the U.S. Treasury revenue loss calculation allowed by the ARPA CLFRF Final Rule to set aside funding in the general fund for specific purposes, one of which was a commitment to affordable housing. Of the City's \$51.7 million, \$20 million was appropriated (along with an additional \$10 million from the State) for housing investments and support. Habitat for Humanity of Forsyth County inquired about funding for a proposal for Stone Terrace infrastructure support prior to the issuance of the City's transformational grant process based on the portion of the City's ARPA framework dedicated to affordable housing. This action item request proposes using part of the City's affordable housing funding from the ARPA framework to make a grant for the Stone Terrace project. Habitat for Humanity did submit the project through the transformational grants process, but this request for funding does not include using monies from the part of the framework committed to social and economic assistance.

Stone Terrace Project Details

Habitat for Humanity purchased the remaining 75 lots in the Stone Terrace development located off Don Road and Old Rural Hall Road North of Ogburn Station in December 2019. This development was approved and platted in 2007; however, the project went dormant following the great recession after several homes were built and sold along Don Avenue. The remaining lots on Kapp Street, Stone Hill Drive, Stone Hill Court and Stone Terrace Drive have utilities, sewer, water and storm water systems installed. The roads had been base graded throughout the development but the only location where curb and gutter and base paving had been installed were 18 lots at the entrance to the neighborhood on Kapp Street and Stone Hill Drive. There were several sewer system issues that needed to be repaired and Habitat effected those repairs in the last 24 months at their expense. This project is "Build Ready" for all 75 lots once the road system is complete.

Habitat has begun construction of the first single family residences in this base paved portion and have closed on three of those homes to date with six others under construction. This community

will be composed of approximately 85 percent Habitat families that fall into the 35-80% Area Median Income (AMI) range, which is the target of low to moderate income households that Habitat serves. The remaining 15 percent are targeted for families in the income range of 80-120% AMI to build a mixed income community. Research shows that low income families have higher economic mobility outcomes in communities with a mix of household incomes based on networking and behavior modeling.

Habitat is seeking ARPA funding to complete the build-out of Stone Terrace and provide much needed affordable home ownership in Winston-Salem. Once fully built, the residents of this neighborhood will generate approximately \$107,000 per year in property taxes to the County and City based on an average sales price of \$145,000.

Funds will be used to complete the final grading of all of Stone Terrace Streets, adjust man hole cover and storm water drain heights, install curb and gutter, base rock and pave all streets to allow for the complete build out of the neighborhood roadways as described in the original site plan that has been reviewed and approved by the city Department of Transportation.

Project Cost (Amended)

Habitat for Humanity received bids from Ramey Incorporated and KCI Associates of NC in January 2022. To date, Forsyth County Government has not appropriated funds towards the Stone Terrace Development project. As such, to ensure the success of the project, the City, if approved, will commit funding the total cost of the project with CLFRF in the amount of \$800,000; eliminating the contingencies required of the previously approved August 15, 2022 Resolution #22-0472. Any project costs in excess of \$800,000 would be the sole responsibility of Habitat for Humanity. Should the County appropriate funds for the project, the City's commitment of funding should not offer a net benefit greater than \$800,000.

If approved by the City Council, and after the execution of an agreement with the City, Habitat will immediately proceed with the work to complete the road system. Once started, Habitat anticipates completing road system development in no more than six months. Habitat estimates that the full build out of this community will be complete in five to seven years. The need for financial assistance for the critical infrastructure is based on the need to keep the finished product affordable for low to moderate income families and the fact that philanthropic donors are not interested in funding the infrastructure for construction, but rather sponsoring the cost of construction to serve families.