

City Council – Action Request Form

Date: April 14, 2025

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

From: Shantell McClam, Neighborhood Services Director
Angel Wright-Lanier, Assistant City Manager

Council Action Requested:

Resolution Authorizing the Sale of Five City-Owned Lots and \$175,000 Gap Financing for the Development of Single-Family Homes (East Ward)

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: No

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

The City of Winston-Salem, acting as a housing authority pursuant to G.S. 157-3(12), and pursuant to additional community development related statutes, has the authority to make zero to low interest loans for a housing initiative that provides or increases the supply of housing for low-and-moderate persons.

Further, under S. L. 2021-44; S.B. 145, the City of Winston-Salem has the authority to convey City-owned real property for the purpose of increasing the supply of affordable housing for low- income and moderate-income persons.

C2 Contractors, LLC, whose Managing Member is Cornelious Lamberth, and location is 405 Banner Avenue, Greensboro, NC 27401, submitted a proposal in response to the Affordable Housing Development Small-Scale Development Request for Proposals (RFP) advertised on December 10, 2024 and closed on January 24, 2025.

C2 Contractors, LLC seeks gap financing to build 5-single family homes available for affordable homeownership. The development plan includes conveyance of five (5) scattered lots on City-owned land in the East Ward. The five (5) parcels with tax PINs are as follows:

Committee Action:

Committee	CD/H/GG	Action	
	04/14/2025	<u>Approval</u>	_____

For	<u>Unanimous</u>	Against	_____
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Remarks:

Ward	Address	Pin	Tax Value
East	623 Liberia Street	6835-51-3469.000	\$12,300
East	625 Liberia Street	6835-51-4405.000	\$9,800
East	614 Pitts Street	6835-51-4554.000	\$12,300
East	721 Pitts Street	6835-51-8512.000	\$24,000
East	402 Buick Street	6845-58-7338.000	\$16,500

To support affordability for homeownership, the lots will be conveyed to the developer for \$1 each. Additionally, the City will provide a forgivable loan to the developer in the amount not to exceed \$175,000 (\$35,000 per property), that will be drawn down during construction. The funds disbursed from the City during construction will help to reduce some of the interest carrying costs which potentially allows additional savings that can be passed to the homebuyers at closing.

The sales price for the homes will not exceed \$238,338. As the homes are sold, the loans will be transferred as a down payment assistance loan to the homeowner. Homeowners will sign a secured 15-year down payment assistance loan equal to the appraised value less the sales price with the City at Closing. A portion of the loans will be forgiven annually over the 15-year term. The balance of the loan must be repaid if the owners decide to sell before the term of the loan ends. The homes will be subject to a 15-year affordability period and restrictions pursuant to the Housing Justice Act, and the Affordable Housing Ordinance. The development project(s) is required to be completed with a certificate of occupancy within two years of the fully executed award agreement/contract.

The houses will be set aside for families earning up to 80% area median income.

Model	AMI Set Aside	#of Units	Sales Price	City Subsidy
Plan#1101A	<80	5	\$238,338	\$35,000

The proposed financing for the project are the following:

City Owned Lot(s)	\$5
City Forgivable Loan	\$175,000
Developer's Construction Loan	<u>\$1,016,691</u>
Total Development Costs	\$1,191,696

The City's per unit investment is as follows:

Loan Subsidy Per Unit	Avg Land Value Per Unit	# of Units	Total Investment Per Unit w/ Land	Investment Per Year/Per Unit (15-yr term)
\$35,000	\$15,080	5	\$50,080	\$3,339