

**Date:** October 9, 2023

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

**From:** Patrice Toney, Interim City Manager  
Tanya Skillman, Housing Development Manager

**Subject:** Presentation on the proposed project at Esquire Place, Tax PIN 6808-82-6129 (North Ward), 22 (3) bedroom (2) bath modular homes with garages development

**Strategic Focus Area:** Livable Neighborhoods

**Strategic Objective:** Promoting the Development of Affordable Housing

**Strategic Plan Action Item:** Yes

**Key Work Item:** Yes



Clayton Homes of Winston- Salem requests a loan in the amount of \$824,272 to develop 22 affordable, modular homes located on city owned land on Esquire Place in the North Ward. See map in Exhibit A.

The proposed development will consist of 22 (three) bedroom (two) bath modular homes with garages. See design features in Exhibit B. Six of the homes will be sold for \$205,000 to eligible buyers with incomes no more than 80% area median income. 16 of the homes will sold for \$220,000 to eligible buyers with incomes no more than 120% of area median income. Homebuyers may qualify for additional down payment assistance, through participating lenders, from the state. Specifically, NCHFA's Community Partners Loan Pool provides up to \$50,000 of down payment assistance to qualified buyers.

To keep the price point down for the buyers, the land will be conveyed to the developer for \$1. Additionally, the City will provide a forgivable loan to the developer 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.

Homebuyers will sign a secured 15-year loan equal to the appraised value less the sales price with the City of WS 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. All funds must be disbursed by December 2026. The houses will be subject to a 15-year affordability period pursuant to the Housing Justice Act

The sources for construction of the project are as follows:

City Owned Lot Land Value	\$ 1
City Forgivable Loan	\$ 824,272
Clayton Homes Construction Loan	<u>\$ 4,750,000</u>
Total Construction Costs	\$ 5,574,273

The City's per unit investment is equal to:

State ARPA Per unit investment: \$37,467  
State ARPA/ Land per unit Investment - \$40,740