



Memorandum

TO: Mayor Joines, MPT Adams and Council Members
FROM: Angela I. Carmon, City Attorney
DATE: March 22, 2022
SUBJECT: Affordable Housing/Housing Justice Act
CC: Aaron King, Assistant City Manager
Patrice Toney, Assistant City Manager
Marla Newman, Community Development Director

City Attorney's Office

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Following staff's presentation of the ordinance amendments creating the City's Affordable Housing Program and Housing Justice Act to the Community Development/Housing/General Government committee in November 2021, the draft documents were forwarded to the following for information and input, if any:

The Affordable Housing Coalition
Emma Sowder, NC Association of Realtors
Philip Johnson, TE Johnson & Sons
Eric Alspaugh, Summit Street Properties
Jared Rogers, QAH Group LLC
Blake Ginther, Keller Williams Realty Elite
Brice Shearburn, JDL Castle
Charles Heritage, South Creek Development LLC
Attorney Mike Grace, Grace, Tisdale & Clifton, and
Dixon Pitt, Williams Development/True Homes

There were very few comments and questions. The question raised most often revolves around the length of the restrictive covenant (30 years) for single family lots. Concern was expressed about the perceived inability of the property owner to realize the appreciation in value upon the sale of the property to an eligible buyer meeting the affordable housing income requirements. Staff addressed the concern with helpful information, as summarized below.

The City's Affordable Housing Program does not set a limit on what the property owner can sell a home for. The financial assistance, provided under the guidelines issued by United States Department Housing and Urban Development ("HUD") for the purchase of an existing home and new construction, affords the eligible buyer the ability to purchase an existing home in the range of about \$175,000 and to build a new home in the range of about \$250,000. Given this wide range for existing homes and new construction, the seller should be able to realize a reasonable amount of the appreciated value of the home upon sale, even when selling the property to an eligible buyer meeting the affordable housing income requirements.

In addition, the purpose of the Affordable Housing Program is to address the affordable housing crisis long term. Releasing the property too soon from the restrictive covenant regarding affordable housing does not serve that objective. It is better to have a restrictive



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City Council: Mayor Allen Joines; Denise D. Adams, Mayor Pro Tempore, North Ward; Barbara Hanes Burke, Northeast Ward; Robert C. Clark, West Ward; John C. Larson, South Ward; Jeff MacIntosh, Northwest Ward; Kevin Mundy, Southwest Ward; Annette Scippio, East Ward; James Taylor, Jr., Southeast Ward; City Manager: Lee D. Garrity

covenant of a long-term nature and to have to ability to reevaluate the matter after a certain timeframe (perhaps 5-10 years) to determine if terminating the covenant is reasonable rather than establishing a shorter timeframe only to find out that the timeframe was too short and produced little impact on the affordable housing crisis.

It is certainly up to City Council to determine the length of the restrictive covenant regarding affordable housing. Should you have any questions, please do not hesitate to let me know.