

City Council – Action Request Form

Date: August 9, 2022

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

From: Ben Rowe, Assistant City Manager
Marla Y. Newman, Community Development Director

Council Action Requested:

Resolution Authorizing Release of Property from Existing Permanent Financing for New Hope Manor

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: No

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

In August 2016, the City Council authorized a total of \$1,600,000 in 2014 General Obligation Bonds to the Housing Authority of Winston-Salem (HAWS), through its instrumentality Forsyth Economic Ventures, Inc., to purchase and rehab and in some cases demolish dwelling units at New Hope Manor Apartments, located at Burke Village Lane. HAWS used \$900,000 of City funds to purchase the 120-unit development in May 2017 and renamed it Fairview Landing. This Acquisition Loan is deferred, interest free and is due on the sale or transfer of any portion of the property or 40 years from the date of the purchase.

The remaining \$700,000 in City funds was to be used for rehabilitating and, if needed, demolishing units. Six buildings in New Hope Manor were in such a state of disrepair that they were unable to be preserved and were demolished. Due to delays and cost overruns to rehab 84 units, HAWS recharacterized the project as 67 units in Phase 1 and 17 units in Phase 2. HAWS used only \$535,424.75 of \$700,000 in City funds for demolition and Phase 1 rehab and completed Phase 2 rehab with other non-City funding. The remaining balance of \$164,575.25 was never spent and remains with the City. The Demolition and Rehabilitation Loan is a 40-year loan, in which HAWS is to make a payment in lieu of taxes annually for the first 20 years, and the loan amortizes for the second 20 years. To date HAWS has made payments in lieu of taxes totaling \$15,130.35, and the balance of the Demolition and Rehabilitation Loan is \$520,294.40.

Committee Action:

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| Committee | <u>CDHGG 8/9/22</u> | Action | <u>Approval</u> |
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| For | <u>Unanimous</u> | Against | <u></u> |
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Remarks:

Additionally, there are restrictive covenants recorded against and running with the property requiring HAWS to set aside one unit for the City to use to house families who must move out of their homes due to code enforcement action until they can locate permanent housing.

The property that contained the demolished buildings is proposed to become part of the new Ashley Elementary School, which is a part of the larger vision for redeveloping the Cleveland Avenue area through the Choice Neighborhoods Initiative. HAWS plans to subdivide the New Hope Manor property into two parcels – New Tract 1 for the school and New Tract 2 containing Fairview Landing rental housing, as shown on the attached exhibit. New Tract 1 would be sold by HAWS to Winston-Salem/Forsyth County Schools. The City’s loan is secured by both tracts. In order to facilitate the sale of New Tract 1, HAWS is requesting that the City release New Tract 1 from the loan agreements, deeds of trust, and restrictive covenants so that it can be sold to Winston-Salem/Forsyth County Schools. The terms of the City loans would apply only to New Tract 2 for the remainder of those loans’ terms. Staff believes that releasing New Tract 1 will not impact HAWS’s ability to meet its obligations to the City.

The accompanying resolution authorizes release of New Tract 1 from the City of Winston-Salem’s existing permanent financing for New Hope Manor. HAWS letter of request is also attached.