

City Council – Action Request Form

Date: May 20, 2019

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

From: Marla Y. Newman, Community Development Director
Tasha Logan Ford, Assistant City Manager

Council Action Requested:

Authorize assumption and subordination of a loan to TFG-Forest Ridge Company, LLC for rehabilitation of Kensington Village (East Ward).

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: Expand Housing Assistance Programs

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

In 2005, the City of Winston-Salem acquired Kensington Village based on a foreclosure action by the U.S. Department of Housing and Urban Development (HUD) and transferred title to the property to TFG-Forest Ridge Company, LLC (Owner) under a development agreement by which the Owner would rehabilitate the 142-unit rental property. Funding consisted of a \$4.8 million bank loan, a \$249,583 loan from the City, a \$3,306,417 HUD Up-Front Grant from the City, a \$500,000 loan from the City and, based upon a HUD required actual cost analysis, \$549,280 in an equity contribution. Rehabilitation was completed in July 2009. In November 2010, the \$249,583 City loan converted to a contribution to capital, as agreed. In November 2011 and October 2018, the City subordinated its loan to a new first mortgage and deferred the start of loan payment. The Owner made an up-front principal payment of \$100,000 each time, and the current principal balance of the City loan is \$300,000.

The Owner has agreed to sell Kensington Village Apartments to Community Housing Partners Corporation of Christiansburg, VA. Community Housing Partners is requesting to assume the City loan and subordinate it to the existing HUD-insured first mortgage, which it will also assume.

Committee Action:

Committee	Finance 5/20/19	Action	Approval
	CDHGG 5/21/19		
For	Unanimous	Against	

Remarks:

Community Housing Partners is a 501(c)(3) community development corporation that was founded in 1975 and began providing housing preservation and development services in 1984. It operates in seven states in the Southeast, including North Carolina, mostly in smaller cities. Its services include multi-family and single-family housing development, property management, weatherization, and resident services. Staff has reviewed information and checked references provided by Community Housing Partners, all of which were satisfactory.

Kensington Village has consistently maintained a high occupancy rate since it opened in 2009. The property has also been well maintained and well-managed.

A resolution approving assumption of the City loan and subordination is attached.