

## City Council – Action Request Form

**Date:** February 11, 2019

**To:** The City Manager

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

**Council Action Requested:**

Authorize subordination of a City/County loan to the land use and programmatic restrictive covenants of the Low Income Housing Tax Credit Program for the Enclave II development and approved a project budget ordinance (North Ward)

**Strategic Focus Area:** Livable Neighborhoods

**Strategic Objective:** No

**Strategic Plan Action Item:** No

**Key Work Item:** No



**Summary of Information:**

In September 2010, the Mayor and City Council approved \$1,389,856.88 in Neighborhood Stabilization Program (NSP) funds as a joint loan from the City and County to the developers (Miller-Valentine and North Carolina Housing Foundation) to purchase a 25-acre parcel of land containing 12 condominium units already constructed on it. The original project had fallen through in the housing crisis and recession, and NSP funds were designed to help redevelop foreclosed properties that might otherwise become sources of abandonment and blight. The developers carved out approximately eight acres of the 25-acre parcel and constructed The Enclave at Winston-Salem, consisting of 68 units of affordable rental housing for families. The primary funding source for the development was Low Income Housing Tax Credits (LIHTC) obtained through the North Carolina Housing Finance Agency (NCHFA). NCHFA requires land use and programmatic restrictive covenants to be placed on property financed with LIHTCs that are superior to all other loans and restrictive covenants.

The NSP loan was apportioned between The Enclave at Winston-Salem and the approximately 17 acres of remaining land. The loan is a 0% deferred loan for 30 years. The current balance on that joint City/County loan is approximately \$690,024.58.

**Committee Action:**

<b>Committee</b>	Finance 2/11/19 CDHGG 2/12/19	<b>Action</b>	Approval
<b>For</b>	Unanimous	<b>Against</b>	

**Remarks:**

In April 2017, the Mayor and City Council approved an additional \$1,300,000 in joint NSP funds from the City and County and \$500,000 in HOME Funds from the City to build Enclave II, consisting of 96 units of affordable rental housing for families, on the remaining approximately 17-acre parcel. The primary source of funding for Enclave II is LIHTCs, and in order to obtain them the borrower (Enclave II at Winston-Salem, LLC) placed land use and programmatic restrictive covenants on the Enclave II property. The borrower has requested that the City subordinate the \$690,024.58 City/County land acquisition loan to these land use and programmatic restrictive covenants. Approving the resolution does not change the lien position of the City's loans. Staff supports the borrower's request.

The Mayor and City Council approved a project budget ordinance on May 21, 2018. Due to closing out HOME program years and the deobligation of HOME funds, the funds identified in the project budget ordinance are no longer available. The attached project budget ordinance transfers \$500,000 in HOME funds for the project.

The North Carolina Department of Commerce has awarded Neighborhood Stabilization Program (NSP) funds to Forsyth County and City of Winston-Salem for the Enclave II project. The Department of Commerce has determined that the NSP program income received by the County and City will make up part of those funds. The County, as the lead entity, requests that the City's Community Development Department remit the \$91,840 in program income generated from NSP to the County. The funds will be used per NSP Program Guidelines with \$4,600 (5%) remitted to the NC Department of Commerce and \$87,240 used towards the Enclave II NSP Project. The proposed amendment appropriates the \$91,840 in program income for pass-through funds to the County for the Enclave project.