

## City Council – Action Request Form

**Date:** December 14, 2020

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

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

**Council Action Requested:**  
Resolution authorizing restructuring existing debt with The Commons of Forsyth County, Inc. for The SECU Commons

**Strategic Focus Area:** Livable Neighborhoods  
**Strategic Objective:** No  
**Strategic Plan Action Item:** No  
**Key Work Item:** No



**Summary of Information:**  
 The SECU Commons, located at 1430 Felicity Lane, is a 17-acre campus consisting of 37 multifamily and two single-family homes rehabilitated by the North Carolina Housing Foundation (NCHF) to provide transitional housing for high-functioning adults on the autism spectrum, youth aging out of foster care, and homeless families with minor children. The multifamily units consist of 17 condominium units (15 2-bedrooms, 1 1-bedroom, and 1 4-bedroom) and 20 efficiency units. The efficiency units are contained within a two-story single-room occupancy building (SRO) at the front of the campus, along with a commercial kitchen and multiple common areas on both floors.

NCHF had requested \$400,000 toward a \$5 million capital campaign. The City Council approved \$200,000 each through the FY16 and FY17 City budgets. In February 2016, the City loaned The Commons of Forsyth County, Inc. (“the Commons”), an NCHF affiliate, \$200,000 and added \$200,000 in September 2016 for rehab of the SRO building. The loan is a 0%, deferred loan that will be forgiven after 20 years, provided the Commons has complied with the loan terms. The loan is secured by a Subordinate Deed of Trust and covers the entire 17-acre campus. The State Employees Credit Union provided a \$1,000,000 leadership grant.

**Committee Action:**

<b>Committee</b>	Finance 12/14/2020 CDHGG 12/15/2020	<b>Action</b>	Approval
<b>For</b>	Unanimous	<b>Against</b>	

**Remarks:**

The SRO units have been vacant since the project was completed in 2016. United Health Centers, Forsyth County's only Federally Qualified Health Center, currently operates a health clinic in one of the two office buildings on site.

NCHF has engaged Infill Delicate, LLC (hereinafter "Developer") to assist with redevelopment of the site, and NCHF is requesting the City to restructure its debt on the property. The Developer's vision is to:

- Redevelop and activate the site as a transit oriented mixed use campus, collaborating with WSTA and NCDOT on the interchange project (changing access to campus site based on new connections between Old Greensboro Road and Reidsville Road) to maximize transit connectivity;
- Redesign the pedestrian, vehicular and open space flow, including outdoors common features;
- Retain the United Health Centers clinic;
- Repurpose two buildings;
- Construct a 12,500 square foot early childhood center for Family Services;
- Create a small Planned Residential Development, which will include the two existing single-family residences and four additional lots;
- Retain the 17 existing rental units, in collaboration with a qualified sponsor to assume the NCHFA debt, and target rents affordable to families with incomes at 50% of area median income, consistent with NCHFA affordability requirements; and
- Explore development options for the remaining ten acres, which may include housing affordable for first-time homebuyers, moderate density multifamily, and homes targeting a mix of incomes.

To accomplish this vision, NCHF seeks to replat the campus to facilitate a two-phase development plan, sell the SECU Commons campus to the Developer, and restructure the debt to better align with the proposed redevelopment.

The replatting will create parcels for the first phase as follows:

1. United Health Centers medical clinic, with United Health Centers purchasing its property – Parcel 1;
2. Family Services early childhood center, with Family Services purchasing its property – Parcel 2;
3. Condo units - Parcels 3A, 3B and 4; and
4. SRO building – Parcel 5.

Each parcel is to be separately secured, collateralized and developed.

The debt restructuring requires modifying the current promissory note and deed of trust, extinguishing the City's subordinate lien position on the entire campus and creating a first lien position on the SRO building and its new platted site.

The existing debt structure is as follows:

<b>Lender</b>	<b>Amount</b>	<b>Lien Position</b>
BB&T/Federal Home Loan Bank of Atlanta	\$338,100	2 <sup>nd</sup> lien on condo units; 1 <sup>st</sup> on balance
North Carolina Housing Finance Agency	\$600,000	1 <sup>st</sup> lien on condo units
City of Winston-Salem	\$400,000	3 <sup>rd</sup> lien on condo units; 2 <sup>nd</sup> on balance

The revised debt structure will become as follows:

<b>Lender</b>	<b>Amount</b>	<b>Lien Position</b>
BB&T/Federal Home Loan Bank of Atlanta	\$0	n/a – debt repaid at closing
North Carolina Housing Finance Agency	\$600,000	1 <sup>st</sup> lien on condo units
City of Winston-Salem	\$400,000	1 <sup>st</sup> lien on SRO

In conjunction with the debt restructuring, Developer also proposes a period of 90-120 days to conduct a feasibility study to assess needs and highest and best use for the SRO as a separately platted parcel. This assessment includes consideration of Family Services leasing the commercial kitchen and office space to provide nutrition support for its day care and early childhood students. At the conclusion of the assessment, Developer will submit a development plan and use proposal to the City consistent with the feasibility study.

Council action is requested to extinguish the City's existing subordinate lien position on the SECU Commons campus, create a new first lien position on the SRO, and allow Developer 90-120 days to conduct a feasibility analysis for the SRO as a separately platted parcel, subject to consent and agreement by BB&T/FHLB of Atlanta (if the debt remains after purchase from NCHF) and NCHFA to the change in lien position, and the proper subdividing and replatting of the SECU Commons campus property.