

City of Winston-Salem Affordable Housing Program
Through the Sale or Lease of City Owned Residential Properties

Objectives

The purpose of the City of Winston-Salem Affordable Housing Program using city owned residential properties is to create and preserve affordable rental and owner-occupied housing with an overall goal of affirmatively furthering affordable housing and stabilizing older neighborhoods where many of the city owned lots exists. Specific objectives of the program include the following:

- To increase the supply of affordable housing
- To encourage the development of affordable housing near existing transit services
- To encourage transition from rental housing to home ownership

City Owned Residential Properties for Inclusion in the Program

Unless a waiver/exemption is granted, all city owned residential properties that can be built upon as single lots or combined lots will be included in the program, except as noted below. While the list is subject to change, the program includes the current list of city owned residential properties in residential districts. City staff will direct persons interested in purchasing lots to the City's Real Estate Administrator. City staff will utilize all available city resources, including the city's website, to disseminate information to persons interested in purchasing city owned lots. The existing residential properties, acquired in conjunction with or because of city transportation or utility projects, are not included in the program.

City Owned Nonresidential Properties

The city owns a number of non-residential lots that staff will examine for potential inclusion in this program, where appropriate. Should the city acquire any nonresidential buildings in the future, staff will examine such acquisitions for potential inclusion in the program, where appropriate.

Waiver/Exemption Process

The current list of residential properties shall be included in the program unless the council member of the ward where property is located requests an exemption of certain property or properties from the program and the Community Development/Housing/General Government Committee concurs with the requested waiver/exemption. As residential properties are acquired in the future, city staff will automatically add them to the list. This same waiver/exemption process applies to any city owned properties added to the program in the future. Staff will continue to market for sale any properties exempted from this program.

Affordable rental and owner-occupied housing: Department and HUD Affordability Standards

The purpose of the sale or lease of city owned property is to provide for affordable rental or owner-occupied housing for low to moderate income persons. The Community Development Department

will utilize the Department's and HUD's affordability guidelines, which may be amended from time to time, to determine affordability and define low to moderate income persons for purposes of this program. The affordability period shall be determined in accordance with the provisions and standards set forth herein.

Deed Restrictions

With each sale or lease of city owned property, the affordability, maintenance and other restrictions will be recorded in the Forsyth County Register of Deeds Office. Said restrictions are necessary to ensure the use of the property for the provision of affordable housing and the maintenance thereof in accordance with all applicable state and local building, housing, environmental, nuisance and sanitation codes. The following is a general list of the type restrictions that will apply to each transaction.

A. Affordability and affordability period

Property must be developed for ownership or rental for low to moderate-income persons, as defined herein, for the following timeframes:

1. Property sold to individual for homeownership

The affordability and other restrictions will run with the land for 30 years.

2. Property sold to develop/construct rental housing

The affordability and other restrictions will run with the land for 50 years.

3. Property leased to develop/construct rental housing

The affordability and other restrictions will run with the land for 99 years.

B. Breach of the restrictions

A breach or restriction violation shall result in the property reverting to the City in accordance with the process set forth in the recorded restrictions. The buyer shall have a 60-day right to cure the breach or violation before the City exercises its right to reclaim the property. If it is more advantageous for the City to require a payment for termination of the restrictions in order to provide for affordable housing in an alternate location, the City has the option of allowing the buyer to pay an amount determined by the City necessary to terminate the restrictions.

C. Subsequent sale or lease of property

All subsequent sales and leases shall be subject to the recorded deed and lease restrictions.

Construction and rehabilitation requirements

The house/dwelling unit(s) must be constructed or rehabilitated in accordance with applicable state, local and federal codes and in accordance with industry standards and a certificate of occupancy shall be obtained, within one year of the sale or lease of the city owned property unless there is another agreed upon construction or rehabilitation schedule. The purchaser or lessee shall be solely responsible for the costs and completion of the construction or rehabilitation of the house/dwelling unit(s). All required taxes shall be paid by the purchaser or lessee in a timely manner. All required licenses, permits and inspections shall be obtained and adhered to by purchaser or lessee. All properties sold or leased shall be maintained by purchaser or lessee in accordance with all applicable state and local building, housing, environmental, nuisance and sanitation codes.

If the construction or rehabilitation project qualifies for any existing city program(s), city staff will review the program(s) and application process with the purchaser or lessee. At this time, the City has the programs listed below that may be combined with the sale or lease of city owned property to provide financial assistance to eligible purchasers or lessees in the provision of affordable housing, rental or homeownership, to low and moderate income persons.

Financial Assistance from the City

The following programs may be available to provide financial assistance to eligible applicants:

- A. TURN- Transforming Urban Residential Neighborhoods
- B. HOME Investment Partnership (HOME)
- C. Housing Finance Funds (HFF)
- D. Bond Funds

Annual Inspections and Affordability Review

Each city owned property sold or leased under this program shall be subject to an annual inspection and affordability review, and more frequently if there are code or program violations. This is necessary to make sure the property is: (i) maintained in accordance with all applicable codes and (ii) owned or leased in accordance with the deed restrictions including the affordability requirements. Any violations noted during the inspection or affordability review shall be corrected in accordance with the applicable codes, rules and regulations and within the timeframes set forth therein using the breach and right to cure provision that provides for the shortest compliance or right to cure period. Failure to correct the violation(s) or cure the breach within allotted timeframe may trigger the reversion provision contained in the recorded restrictions.

Periodic review of program

This program shall be subject to periodic review for programmatic enhancements.

Applicable statutory provisions

- A. G.S. 160A-279 Sale to a not-for profit entity carrying out a public purpose
- B. G.S. 157-4-1. et. seq. Sale where the City Council is acting as a Housing Authority
- C. G.S. 160A-457.2 Urban homesteading programs
- D. G.S. 160A-269 Upset bid procedure with restrictions (city's local act)
- E. G.S. 160A-278 (leases for affordable housing)
- F. Pending legislation

EXHIBIT A-List of City Owned Residential Properties Eligible for the Program