## City Council - Action Request Form

Date: November 13, 2023

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

From: Patrice Toney, Assistant City Manager

Tanya Skillman, Housing Development Manager

## **Council Action Requested:**

Resolution Authorizing investment of \$824,272 State ARPA and conveyance of land identified as Tax PIN 6808-82-6129 to Clayton Homes of Winston-Salem for the Development of (22) 3-bedroom 2-Bath Modular Homes. (North Ward)

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: Development of Affordable Housing

**Strategic Plan Action Item:** Yes

**Key Work Item:** Yes



## **Summary of Information:**

The City of Winston-Salem, acting as a housing authority pursuant to G.S. 157-3(12), and pursuant to additional community development related statutes, has the authority to make zero to low interest loans for a housing initiative that provides or increases the supply of housing for low-and-moderate persons.

Further, under S. L. 2021-44; S.B. 145, the City of Winston-Salem has the authority to convey City-owned real property for the purpose of increasing the supply of affordable housing for low-income and moderate-income persons.

Clayton Homes of Winston-Salem, located at 3866 North Patterson Avenue Winston-Salem, NC will build 22 modular houses on land in the North Ward near Esquire Place and Cheshire Woods Drive. The proposed development site is 7.27 acres

## **Committee Action:**

Committee CD/H/GG (11/13/23); Action Approval

CD/H/GG – Unanimous:

For EG 2 A Against

FC -3 Ayes

**Remarks:** 

FC - MPT Adams absent

The City of Winston-Salem will provide gap financing of \$824,272 from State ARPA funds at (\$37,467 per home) and sell the lot located at Esquire Place in the North Ward (identified in Exhibit A) for \$1 to Clayton Homes of Winston-Salem. The funds and the lot are provided to reduce development costs to offer lower sales prices for affordable homeownership.

The sources for construction of the project are as follows:

City Owned Lot	\$	1
Gap Financing	\$	824,272
Clayton Homes Construction Loan	\$ 4	750,000
Total Construction Costs	\$ 5	574,273

When the lots are sold, the City will provide the homebuyers with a 15-year down payment assistance loan equal to the original sales price (appraised value) less the subsidized sales price.

	riginal Sales Price Appraised	Do	ss Estimated wn Payment Assistance		Iomebuyers sidized Sales	Affordable Set
<b>Unit Count</b>	Value)		Loan	Price		Aside
6	\$ 253,376	\$	48,376	\$	205,000	up to 80% AMI
2	\$ 253,376	\$	33,376	\$	220,000	up to 80% AMI
14	\$ 253,376	\$	33,376	\$	220,000	81%-120% AMI

In the alternative, if the original sales price (or appraised value) of the home is equal to or less than the subsidized sales price then loan will be forgiven at closing.

A percentage of the homebuyers down payment assistance loan (1/15) will be forgiven annually over the 15-year term. The balance of the loan must be repaid if the homebuyers decide to sell before the term of the loan ends. The houses will be subject to a 15-year affordability period pursuant to the Housing Justice Act

The Funding Agreement must be signed on or before March 30, 2024.