



April 11, 2022

Lee Garrity, City Manager
City Hall
101 N. Main Street
Winston-Salem, NC 27101

Subj: Fairview Property DOT

Dear Mr. Garrity:

I hope this letter finds you well. Both I and the Housing Authority are most appreciative of the City's partnership in, and continued support of, the Choice Neighborhood ("CNI") project. In furtherance of that project, I am happy to report that we are currently in the process of transferring several parcels of land at the Fairview Landing community to Winston-Salem/Forsyth County Schools ("WSFCS") in furtherance of the long-planned and much-discussed "New Ashley Elementary." The parcels being transferred were acquired using financing provided by the City. Consequently, their transfer will require that the City release restrictive covenants and a Deed of Trust on the subject parcels. To be clear, this will have no effect on the outstanding balance owed to the City or on our ability to service that debt. We are not asking that any debt be forgiven, deferred, or otherwise modified. We are simply asking that a small portion of the land securing the debt be released – there is ample land remaining secured to sufficiently collateralize the extant debt. First Bank (which is a superior lienholder) has already agreed to the same request; to wit, First Bank will release its Deeds of Trust on the subject parcels so that they can be transferred to WSFCS. Additionally, the subject parcels are vacant land - they contain no structures, residential or otherwise – and their release does not affect our ability to continue to provide affordable housing at the Fairview Landing site as per our original commitment. Below is a brief summary of the history of these parcels and their role in the CNI project.

The siting of a New Ashley within the CNI footprint has been a central cornerstone of the project from Day 1. As the residents and the community at large came together to identify and develop their key priorities for the CNI project application, a New Ashley facility was among the very first concepts put forward and embraced. As such, during the CNI grant application process, WSFCS stated its commitment to locating the New Ashley within the CNI project area, and memorialized this commitment in a letter of support for the CNI project. As HUD weighed the merits of the Winston-Salem CNI application, a key consideration involved committed leverage funding by the community in the form of community facility improvements and infrastructure. In fact, at application the New Ashley Elementary School facility represented over \$49 million (or 57%) of the total \$86 million leverage commitment in public support for Neighborhood improvements in

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the CNI. Following award of the \$30 million CNI Implementation Grant, HUD staff emphasized (and continue to emphasize) that the inclusion of the New Ashley facility in the project plan is a critical component to our project's success, and a significant reason that Winston-Salem was selected to receive CNI funding.

Since award of the CNI Implementation grant to HAWS and the City, WSFCS has been systematically acquiring small parcels of property in the vicinity of the proposed New Ashley site in order to obtain the real estate critical mass needed to support the community's vision. This process has required a great deal of focused effort and resource commitment to bring to fruition. At this point, WSFCS is positioned to complete acquisition of the few remaining lots needed to compete land assembly for the New Ashley.

The remaining lots, which are owned by HAWS' wholly-controlled non-profit instrumentality Forsyth Economic Ventures, Inc. ("FEV"), were acquired (with City assistance) in preparation for siting of the New Ashley some years ago, and on which City funds were engaged to support demolition of certain of the existing structures present at the time. These activities were undertaken for the express purpose of making possible a new school which would support the surrounding community, and city at large.

In order for the parcels to be transferred to WSFCS to facilitate the siting of the New Ashley, the City must release its restrictive covenants and Deed of Trust ("DOT"). This release will impact the vacant land only - the remaining structures will continue to be reserved for affordable housing uses as stipulated by the surviving restrictive covenants and DOT. The first position lienholder (First Bank) has confirmed that it will release its DOT on the vacant land in order to facilitate a transfer of ownership to WSFCS. First Bank has communicated its agreement to the release based on its determination that the release will have no impact on the number of affordable housing units on the remaining property, and therefore no impact on the current project's ability to meet its debt obligations.

I hope this summary is helpful as our respective teams work to navigate the details of this release. If you have any questions or concerns, please do not hesitate to contact me. As always, I remain grateful to you and the City for our continued partnership in support of our community.

Sincerely,

Kevin Cheshire

Executive Director

CC: Angela Carmon, *City Attorney*
Marla, Newman, *Community Development Director*

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