

Information Item

Date: March 21, 2022

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

From: Patrice Toney, Assistant City Manager
Marla Y. Newman, Community Development Director

Subject:
Information on the Choice Neighborhoods Implementation Phase 2 Funding Gap

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: No

Strategic Plan Action Item: No

Key Work Item: No



The Housing Authority of Winston-Salem (HAWS), in partnership with the City of Winston-Salem as Co-Applicant and McCormack Baron Salazar (MBS) as Developer, has been awarded a \$30,000,000 Choice Neighborhoods Implementation (CNI) Grant from the U.S. Department of Housing and Urban Development (HUD) to redevelop the Cleveland Avenue Corridor, which is bounded by East Third Street on the south, East 25th Street on the north, Patterson Avenue on the west, and Cleveland/File/Dunleith/Jackson Avenues on the east. The primary focus of CNI funds will be the demolition and redevelopment of the Cleveland Avenue Homes public housing development into a mixed-use, mixed-income development.

In August 2019, the Mayor and City Council approved commitments of a total of \$3,000,000 in Community Development Block Grant (CDBG) funds and \$3,000,000 in General Obligation Bond funds over the six-year grant period.

Phase 1 of the CNI grant is under way, which consists of redevelopment of the former Brown Elementary School site into multifamily rental housing for low-income families. The development will consist of 81 units, including 31 one-bedroom, 34 two-bedroom, 14 three-bedroom units, and two four-bedroom units. Phase 2 of the redevelopment, which is to take place on the Cleveland Avenue Homes site along Cleveland Avenue between approximately 14th Street to New Hope Lane, is slated to begin relocation late summer/fall 2022.

In May 2022 MBS is applying for Low Income Housing Tax Credits (LIHTC) with the North Carolina Housing Finance Agency (NCHFA) for Phase 2. NCHFA requires that all funding sources for the development phase be identified and committed at the time of application. Currently, and due to ever-rising construction costs, there is an \$8 million funding gap for Phase 2. The attached Exhibit A provides an update on the CNI redevelopment project and outlines the current budget, including the funding gap.

MBS is asking the City's assistance in filling the \$8 million funding gap. Staff has identified the following potential funding sources to fill the gap.

Funding Source	Estimated Amount
Future Limited Obligation Bond Issuance	50,000,000
City ARPA Funds (Allocated to Housing)	20,000,000
State Affordable Housing Funds	10,000,000
Union Cross/Temple School Road Property Sale	8,000,000
Existing 2014 GO Bond Projects (TURN)	970,000
Federal HOME funds	500,000
Brookwood Business Park Remaining Project Balance	470,000
Economic Development Closed Project Balances	350,000