

City Council – Action Request Form

Date: April 14,
2025

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

From: Shantell McClam, Neighborhood Services Director
Angel Wright-Lanier, Assistant City Manager

Council Action Requested:

Resolution Authorizing the Sale of Ten City-Owned Lots and \$350,000 in Gap Financing for the Development of Single-Family Homes (East and Southeast Wards)

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: No

Strategic Plan Action Item: No

Key Work Item: No



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.

Denton Construction Services, LLC, whose Managing Member is Antoney Denton, and location is 3037 Konnoak Drive, Winston-Salem, NC 27127, submitted a proposal in response to the Affordable Housing Development Small-Scale Development Request for Proposals (RFP) advertised on December 10, 2024, and closed on January 24, 2025.

Denton Construction Services, LLC, seeks gap financing to build ten (10) single-family modular homes available for affordable rental. The development plan includes conveyance of ten (10) scattered lots on City-owned land in the East and Southeast Wards. The ten (10) parcels with tax PINs are as follows:

Committee Action:

Committee	CD/H/GG	Action	Approval
	4/14/2025	_____	_____
For	Unanimous	Against	_____
	_____	_____	_____

Remarks:

Ward	Address	Pin	Tax Value
East	732 Alexander St	6835-61-0459.000	\$11,000
Southeast	600 Glencoe St	6834-74-6448.000	\$8,300
Southeast	0 Glencoe St	6834-74-6644.000	\$8,300
Southeast	2623 Old Lexington Rd	6834-74-6710.000	\$15,000
Southeast	0 Old Lexington Rd	6834-74-5982.000	\$8,300
Southeast	2621 Old Lexington Rd	6834-74-6735.000	\$8,300
Southeast	0 Old Lexington Rd	6834-74-5884.000	\$8,300
Southeast	0 Lyons St	6844-66-7677.000	\$11,600
Southeast	0 Lyons St	6844-66-8626.000	\$11,600
Southeast	0 Lyons St	6844-66-9626.000	\$11,600

To support affordability for homeownership, the lots will be conveyed to the developer for \$1 each. Additionally, the City will provide gap financing to the developer in the amount not to exceed \$350,000 (\$35,000 per property), that will be drawn down during construction. The funds disbursed from the City during construction will help to reduce some of the interest carrying costs which potentially allows additional savings that can be passed to renters.

The rental rate for the modular studio homes will be \$800 per month. The rental homes will be subject to a 30-year affordability period and restrictions pursuant to the Housing Justice Act, and the Affordable Housing Ordinance. Throughout the 30-year affordability period, the rental rate shall not exceed the threshold set by HUD for households at or below 60% of the area median income. The development project(s) is required to be completed with a certificate of occupancy within two years of the fully executed award agreement/contract.

The houses will be set aside for families earning up to 60% area median income.

Model (s)	AMI Set Aside	#of Units	Rental Rate	City Subsidy
20' Steel Expandable	<60	10	\$800	\$35,000

The proposed financing for the project is the following:

City Owned Lot(s)	\$10
City Mortgage Loan	<u>\$350,000</u>
Total Development Costs	\$350,010

The City's per unit investment is as follows:

Loan Subsidy Per Unit	Avg Land Value Per Unit	#of Units	Total Investment Per Unit w/Land	Investment Per Year/Per Unit (30 yr term)
\$35,000	\$10,230	10	\$45,230	\$1,508