

MEMORANDUM

To: Marla Y. Newman, Community Development Director, City of Winston-Salem

From: Marcia Perritt, Associate Director, Development Finance Initiative

Date: March 21st, 2022

Re: Proposal to Provide Technical Assistance Related to Land Banking

UNC-Chapel Hill Development Finance Initiative

The UNC Chapel Hill School of Government (SOG) established the Development Finance Initiative (DFI) in 2011 to assist local governments and their partners in North Carolina and beyond with achieving their community economic development goals. DFI partners with communities to attract private investment for transformative projects by providing specialized finance and real estate development expertise.

Request for Technical Assistance

The City of Winston-Salem requested technical assistance from DFI in January 2022 in developing a model for a citywide land bank program. The City's desire to establish a land bank program stems from several years of evaluation and planning led by the Community Development Department. Most recently, the City and community stakeholders partnered with a national technical assistance provider, Grounded Solutions Network, to create a set of policy recommendations that was adopted by City Council in June 2021. One of these recommendations is that the City establish a land bank program that supports revitalization, seeks to preserve and create affordable housing, and addresses gentrification.

Building on these planning efforts, the next step is to develop a land banking program that would acquire, stabilize, dispose, and/or redevelop properties, particularly those properties that are already City-owned, as well as properties that are condemned, severely tax delinquent, and/or chronic violators of local housing codes. To that end, DFI is able to create a realistic and actionable financial model for a land bank program that fits the City's desired goals and available capital. Depending on the program parameters and capital provided by the City, this model will be used to guide the next steps recommended by Grounded Solutions: establishing an advisory committee, determining the appropriate organizational structure, securing funding, hiring staff, and establishing operational policies.

Scope of Services

The following Scope of Services outlines the activities that DFI would conduct to support the City of Winston-Salem by creating an applied model for a land bank:

1. Conduct a community scan, which is an analysis of market-relevant demographic and socioeconomic data, as well as a review of current and historic plans, visioning documents, studies, notes from public input sessions, and other materials relevant to the origination of the land bank concept;
2. Collect, clean, and organize relevant citywide data (including but not limited to tax parcels, code enforcement, and utility account data);
3. Establish guiding public interests and priorities for the land bank in collaboration with the City and key internal stakeholders;
4. Conduct a citywide market segmentation analysis to understand current conditions (sales trends, vacancy, land use, ownership, and underutilization) and market trends;
5. Incorporate tax parcel data into the market segmentation analysis and index these parcels in order to develop a strategy for how best to utilize existing City-owned parcels and evaluate additional strategic land bank acquisitions;
6. Identify areas suitable for Low-Income Housing Tax Credit (LIHTC) development as defined by the NC Housing Finance Agency's Qualified Allocation Plan (QAP). LIHTC is the largest affordable housing finance program in the country and provides capital for the acquisition, construction, and rehabilitation of private rental housing for low-to-moderate income households. Criteria for site suitability may include proximity to amenities such as a grocery store, pharmacy, and shopping as well as the absence of incompatible uses and negative features that could impede a site's eligibility for key funding sources;
7. Develop a financial model to test the financial requirements and feasibility of up to three scenarios for land banking acquisition and redevelopment representing varied approaches to land banking (e.g. one scenario may seek to balance marketability with mission, another may seek to generate private development interest without subsidy); and
8. Based on available capital, City-owned properties, and the scale of a financially feasible program, provide the City with (i) a business plan for program operations, (ii) a staffing plan for management of the land bank program, and (iii) describe next steps to align the land bank program with the City's guiding public interests within the context of Winston-Salem's actual market conditions. These plans and next steps will be informed by input from the Center for Community Progress, which has nationwide experience with land banks and seeks to partner with state experts such as DFI.

This Scope of Services does not include services that require a licensed broker, a licensed real estate appraiser, or licensed attorney to perform.

The fee accounts for efficiencies gained from utilizing virtual meeting tools rather than in-person meetings.

Deliverables

Deliverables include presentations, summaries, and other documentation intended by DFI to be delivered to the City regarding the above Scope of Services.

Timeline

The timeline for the above Scope of Services is estimated to be 4 months from receipt of the items outlined in Activities 1 and 2, and subject to any timing requirements related to obtaining input from an expert at the Center for Community Progress.

Fee

The flat fee for the above Scope of Services is \$46,500.