

City Council – Action Request Form

Date: April 8, 2024

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

From: Patrice Toney, Assistant City Manager
Shantell N. McClam, Neighborhood Services Director

Council Action Requested:

Resolution Authorizing Use of Funds in Phases 2 and 3 of the Choice Neighborhoods Initiative

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: No

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

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. Construction of Phase 1 – 81 units of rental housing for families on the former Brown Elementary School site to be known as the Brown School Lofts – is substantially complete. Phases 2-6 of the CNI Grant – demolition of Cleveland Avenue Homes public housing in phases and redevelopment into a mixed-income, multifamily rental community – are ready to move forward. The area is bounded by New Hope Lane on the north, Cleveland Avenue on the east, existing properties fronting 14th Street on the south, and existing properties fronting Liberty Street on the west. As part of the CNI Grant the City approved \$3,000,000 in CDBG funds and \$3,000,000 in G.O. Bond fund over the six-year life of the grant.

On April 18, 2022, the City Council approved \$9,059,234 in CDBG, HOME, G.O. Bond, Economic Development, and ARPA revenue replacement funds for Phase 2 to consist of 72 units, of which 41 units would be affordable to households below 80% of area median income (AMI) and 31 units affordable to households from 80%-120% AMI. On August 15, 2022, the City Council authorized reallocating \$600,000 in Economic Development funds from Phase 2 to Phase 1.

Committee Action:

Committee	<u>CD/H/GG- 04/08/24</u>	Action	<u>Approval</u>
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For	<u>Unanimous</u>	Against	<u></u>
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Remarks:

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In order to realize cost savings, reduce construction time, and meet the CNI Grant deadlines, development of Phases 2 and 3 will be undertaken at the same time. Phase 2 consists of 72 units for families along Cleveland Avenue. Phase 3 consists of 42 units for families immediately to the west of Phase 2.

Unit Count by Area Median Income				
	<50%*	51-60%	<120%	Total Units
Phase 2	25	16	31	72
Phase 3	14	19	9	42
*Units will receive Project Based Vouchers through HAWS.				

Community amenities include management/lease office, ornamental fencing, and playground. Unit amenities include full size refrigerator, electric range, combination microwave/range hood, dishwasher and full-size side-by-side washers and dryers.

MBS has submitted a total development cost of \$31,678,026 for Phase 2 and \$20,001,940 for Phase 3. Of \$8,459,234 approved by the City, \$1,484,935 in ARPA revenue replacement and \$288,890 in G.O. Bonds is under contract with HAWS for Phase 2, and a total of \$739,511.57 has been expended for Phase 2 pre-development (design and environmental review) costs. A total of \$497,918 of the CDBG and G.O. Bonds approved as part of the CNI Grant is budgeted for Phase 3. Since the remaining pre-development work as well as demolition and site preparation will occur in both Phase 2 and Phase 3, the attached resolution authorizes use of funds already approved for Phase 2 and budgeted for Phase 3 to cover costs of Phases 2 and 3. No additional funds are being requested at this time.