

Information Item

Date: January 16, 2024

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

From: Patrice Toney, Assistant City Manager
Tanya Skillman, Assistant Housing Development Director

Subject: Presentation on the Development of 17-unit Single-Family Subdivision on a City-Owned lot Located on Sides Road (Southeast Ward)

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: Promoting the Development of Affordable Housing

Strategic Plan Action Item: Yes

Key Work Item: Yes



The rising cost of development and the current mortgage interest rates have priced many potential homebuyers out of the market. The development of affordable and workforce homeownership opportunities provides another tier of support that strengthens our neighborhoods with the benefit of mixed income development that will continue to stimulate economic investment and growth in the City of Winston-Salem.

J&L Construction seeks gap financing to build a housing development consisting of 17-single family homes available for homeownership. The development plan includes conveyance of City-owned land in the Southeast Ward near the intersection of Sides Road and Kingtree Ridge Drive. For reference, see Exhibits A and B.

To support affordability for homeownership, the land will be conveyed to the developer for \$1. Additionally, the City will provide a forgivable loan to the developer in the amount of \$924,112 that will be drawn down during construction. The funds disbursed from the City during construction will help to reduce interest carrying costs which potentially allows additional savings that can be passed to homeowners at closing.

When the lots are sold, the City will provide the homebuyers with a 15-year down payment assistance loan equal to the original sales price (appraised value) less the subsidized sales price. A portion of the loans will be forgiven annually over the 15-year term. The balance of the loan must be repaid if the owners decide to sell before the term of the loan ends.

In the alternative, if the appraised value of the home is equal to the subsidized sales price, then the full value of the loan will be forgiven for the homeowner (and the corresponding percentage of the loan to the developer) at Closing.