

Board of Aldermen - Action Request Form

Date: June 4, 1993

To: The City Manager

From: Monica R. Lett, Director - Housing/Neighborhood Development

Board Action Requested:
Designate Anderson & Associates Contractors, Inc. of Greensboro, North Carolina, as preferred developer for completion of the Goshen Place Development and authorize the City Manager to negotiate and execute a Development Agreement between the City and Anderson & Associates.

Summary of Information:

On December 17, 1990, the City contracted with Isler and Associates, Inc. to develop 50 units of single-family housing for homeownership at Goshen Place in the Kimberly/North Winston Redevelopment Area. Five (5) units were constructed and sold by Isler and Associates, Inc. through December, 1992. On the basis of the sales record and loss of construction financing, the Board of Aldermen approved the cancellation of the development agreement with Isler and the take-out of First Union National Bank loans to allow the City to reclaim the undeveloped lots for future sale and development.

The City has solicited proposals of interest from builders to complete the development, focusing on the portion of the project north of Fourteenth Street, containing 32 of the 45 lots now available for development, as a first phase. The solicitation indicated that "preferred" developer status would initially only be provided for a ten-month period, renewable on the basis of performance in developing units and that, beyond a model unit, lots would only be transferred as buyers were approved. The transfer of lots only on buyer approval has worked well in the East Winston area since the approach was adopted in 1989. Responders were also asked to submit a marketing strategy demonstrating an ability to recruit and work with first-time, lower-income home buyers.

The City received inquiries from three builders, however, a formal proposal was only received from Anderson & Associates Contractors, Inc. Staff has found that Anderson & Associates has a strong record in the Greensboro area in the construction and sale of "affordable" housing. During the past six (6) years, Anderson & Associates has built and sold approximately 300 homes in the \$60,000 to \$95,000 range with the majority being in the \$60,000 to \$75,000 range. Since 1991 Anderson has completed 60 of 62 lots in the Asheboro Square subdivision which is a City redevelopment project located in east Greensboro.

Committee Action:

Committee CD/H/GG 6/15/93 **Action** Approval

For Unanimous (2) **Against**

Remarks:

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The strength of the sales record in the Greensboro redevelopment project appears to have been the result of an homeowner education, training and counseling provided by the firm's principal, Sandra Anderson. This type of marketing effort is an important element in the success and stability of first-time homebuyer programs. Ms. Anderson was also selected by the City of Greensboro to conduct their homebuyer training and counseling program for their Employee Assisted Housing program. For these reasons, staff recommends that Anderson & Associates, Inc. be designated preferred developer for the Goshen Place project and requests that the Board of Aldermen authorize the City Manager to negotiate and execute a Development Agreement for completion of the project to include the following conditions:

1. All units must be sold to households for owner-occupancy;
2. Construction must comply with minimum single-family development standards and restrictive covenants for the redevelopment area;
3. City Second Mortgage Assistance Program funds will be available and staff will pre-screen and process all eligible purchasers. The developer will, however, recruit and work with first-time, lower-income buyers through the provision of an education, training and counseling program as the basic marketing strategy;
4. Preferred developer status will initially only be provided for a ten (10) month period renewable upon the sale of eight (8) units during that period (including any pre-approved purchasers in loan processing). Should the goal for the ten (10) month period be met, the preferred developer status shall be extended in six (6) month increments based on a projected sales goal of eight units per six-month period until build-out is achieved. Should the goal not be met, the City will rescind the preferred developer status of the developer; and
5. Payment of a performance bond equal to the purchase price of two (2) lots (approximately \$7,000) which will be retained should the developer fail to meet the performance goal of eight unit sales during the initial ten (10) month period. Upon meeting the initial period goal the performance bond will be applied to the ninth and subsequent lot sales as such are "drawn down" for approved buyers during extended six month periods.

An appropriate resolution is attached for this item.

PREF-DEV/GOSHEN

D. 24599

RESOLUTION OF THE BOARD OF ALDERMEN
DESIGNATING ANDERSON & ASSOCIATES CONTRACTORS, INC.
AS PREFERRED DEVELOPER FOR THE GOSHEN PLACE DEVELOPMENT
AND AUTHORIZING THE CITY MANAGER
TO NEGOTIATE AND EXECUTE A DEVELOPMENT AGREEMENT BETWEEN
ANDERSON & ASSOCIATES CONTRACTORS, INC. AND THE CITY OF WINSTON-SALEM

WHEREAS, the City entered into a Development Agreement on December 17, 1990 with Isler and Associates, Inc. to develop 50 single-family housing units for homeownership in the Goshen Place Subdivision; and

WHEREAS, subsequent to the completion and sale of five (5) units, the developer agreed to abandon the project based on poor sales performance and the City agreed, upon approval by the Board of Aldermen to take-out the loans from First Union National Bank in the amount of \$101,279.22, which allowed the City to reclaim the undeveloped land in the project; and

WHEREAS, the City solicited proposals of interest to complete the development focusing on the 32 lots north of 14th Street as a first phase; and

WHEREAS, the proposal of Anderson & Associates Contractors, Inc. was determined to reflect the strongest capacity to complete the development.

NOW, THEREFORE, BE IT RESOLVED that Anderson & Associates Contractors, Inc., its affiliates and assigns, be designated as preferred developer to complete the Goshen Place Project.

BE IT FURTHER RESOLVED, that the City Manager be authorized to negotiate and execute a Development Agreement between Anderson & Associates Contractors, Inc., its affiliates and assigns, and the City of Winston-Salem in substantial conformance with the terms and conditions contained in Exhibit 1 attached hereto and incorporated herein by reference.

PREF-DEF/GOSHEN

ADOPTED
BOARD OF ALDERMEN
JUN 21 1993
CITY OF
WINSTON-SALEM, NC

EXHIBIT 1
TERMS AND CONDITIONS
FOR DESIGNATION OF PREFERRED DEVELOPER STATUS
GOSHEN PLACE DEVELOPMENT

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2. Construction must comply with minimum single-family development standards and restrictive covenants for the redevelopment area;
3. City Second Mortgage Assistance Program funds will be available and staff will pre-screen and process all eligible purchasers. The developer will, however, recruit and work with first-time, lower-income buyers through the provision of an education, training and counseling program as the basic marketing strategy;
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