

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 Seven City-Owned Lots and \$195,000 in Gap Financing for the Development of Single-Family Homes (East, North and Northeast 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.

Switzer Homes, LLC, whose Managing Member is John Switzer, and location is 3729 Signet Drive, Winston-Salem, NC 27101, 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.

Switzer Homes, LLC, seeks gap financing to build seven (7) single-family homes available for affordable homeownership. The development plan includes the purchase of seven (7) scattered lots on City-owned land for \$10,000 each located in the East, North and Northeast Wards. The seven (7) parcels with tax PINs are as follows:

Committee Action:

Committee CD/H/GG
04/14/2025

Action Approval

For Unanimous

Against

Remarks:

Ward	Address	Pin	Tax Value
North	2288 Woodsong Lane	6817-48-9638.000	\$19,200
Northeast	0 E. Fourteenth Street	6836-72-3013.000	\$12,000
Northeast	1035 E. 21 st Street	6836-64-3220.000	\$3,000
Northeast	4407 Ogburn Avenue	6837-56-0380.000	\$4,100
Northeast	1105 Cayuga Street	6837-74-6946.000	\$8,100
East	1308 N. Jackson Avenue	6836-71-8599.000	\$13,200
East	1322 N. Jackson Avenue	6836-71-9709.000	\$13,200

The developer has proposed to purchase each of the lots for \$10,000 each. Additionally, the City will provide a forgivable loan to the developer in the amount not to exceed \$195,000 (requests ranging from \$20,000 to \$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 the homebuyers at closing.

The sales price for the homes will not exceed \$240,000. As the homes are sold, the loans will be transferred as a down payment assistance loan to the homeowner. Homeowners will sign a secured 15-year down payment assistance loan equal to the appraised value less the sales price with the City at Closing. 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. The homes will be subject to a 15-year affordability period and restrictions pursuant to the Housing Justice Act, and the Affordable Housing Ordinance. 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 80% area median income.

Model(s)	AMI Set Aside	# of Units	Sales Price	City Subsidy
Plan# 1347, 1437, 1521	<80	7	\$240,000	\$20,000-\$35,000

The proposed financing for the project is the following:

City Owned Lot(s)	\$70,000
City Forgivable Loan	\$195,000
Developer's Construction Loan	<u>\$810,900</u>
Total Development Costs	\$1,075,900

The City's per unit investment is as follows:

Address	Loan Subsidy Per Unit	#of Units	Total Investment Per Unit w/o Land	Investment Per Year/Per Unit (15 yr term)
2288 Woodsong Lane	\$20,000	1	\$20,000	\$1,333
0 E. Fourteenth Street	\$30,000	1	\$30,000	\$2,000
1035 E. 21 st Street	\$25,000	1	\$25,000	\$1,667
4407 Ogburn Avenue	\$25,000	1	\$25,000	\$1,667
1105 Cayuga Street	\$25,000	1	\$25,000	\$1,667
1308 N. Jackson Avenue	\$35,000	1	\$35,000	\$2,333
1322 N. Jackson Avenue	\$35,000	1	\$35,000	\$2,333