

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 McClam, Neighborhood Services Director
Samuel Hunter, Assistant Neighborhood Services Director

Council Action Requested:
Resolution Authorizing Release of Property from Existing Permanent Financing for New Hope Manor.

Strategic Focus Area: Livable Neighborhoods
Strategic Objective: No
Strategic Plan Action Item: No
Key Work Item: No



Summary of Information:
 In August 2016, the City Council authorized a total of \$1,600,000 in 2014 General Obligation Bonds to the Housing Authority of Winston-Salem (HAWS), through its instrumentality Forsyth Economic Ventures, Inc., to purchase and rehab and in some cases demolish dwelling units at New Hope Manor Apartments, located at Burke Village Lane. HAWS used \$900,000 of City funds to purchase the 120-unit development in May 2017 and renamed it Fairview Landing. This Acquisition Loan is deferred, interest free and is due on the sale or transfer of any portion of the property or 40 years from the date of the purchase.

The remaining \$700,000 in City funds was to be used for rehabilitating and, if needed, demolishing units. Six buildings in New Hope Manor were in such a state of disrepair that they were unable to be preserved and were demolished. Due to delays and cost overruns to rehab 84 units, HAWS has included 954 New Hope Lane in Phase 2 of the redevelopment of Cleveland Avenue Homes as part of the Choice Neighborhood Initiative (CNI) . HAWS used only \$535,424.75 of \$700,000 in City funds for demolition and Phase 1 rehab and completed Phase 2 rehab with other non-City funding. The remaining balance of \$164,575.25 was never spent and remains with the city. The Demolition and Rehabilitation Loan is a 40-year loan, in which HAWS is to make a payment in lieu of taxes annually for the first 20 years, and the loan amortizes for the second 20 years.

Committee Action:

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

Remarks:

To date HAWS has made payments in lieu of taxes totaling \$15,130.35, and the balance of the Demolition and Rehabilitation Loan is \$520,294.40.

Additionally, there are restrictive covenants recorded against and running with the property requiring HAWS to provide affordable housing to low-income individuals or households as defined by the city for forty (40) years.

HAWS is getting ready to begin Phase 2 of the CNI redevelopment project. In furtherance of those efforts, HAWS needs to consolidate all parcels comprising Phase 2 into one unified parcel. One of those parcels, 954 New Hope Lane (tax PIN 6836-63-0365), is owned by HAWS's nonprofit instrumentality, Forsyth Economic Ventures, Inc. This parcel houses a building that is part of the Fairview Landing (formerly, New Hope Manor and, before that, Burke Village) community. The building on this parcel was never rehabbed because this parcel was targeted several years ago for inclusion in the CNI site plan, and the building has thus remained vacant since acquisition.

HAWS has requested the City to release this parcel from the loan agreements, deeds of trust, and restrictive covenants. The remainder of the Fairview Landing community (tax PIN 6836-63-2603) will continue to serve as collateral for the City's loan.

Staff believes that releasing 954 New Hope Lane will not impact HAWS's ability to meet its obligations to the City under the loan documents.

The accompanying resolution authorizes release of 954 New Hope Lane from the City's existing permanent financing so that parcel can be included in consolidation plat for Phase 2 of CNI. HAWS's letter of request is also attached.