

City Council – Action Request Form

Date: June 13, 2022

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

From: Ben Rowe, Assistant City Manager
Marla Y. Newman, Community Development Director

Council Action Requested:

Resolution authorizing subordination of the City of Winston-Salem’s existing permanent financing for Emmanuel Retirement Village to new financing

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: No

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

In April 2016, the City Council authorized \$2,500,000 in 2014 General Obligation Bonds to Ujima Community Development Corporation (Ujima) to develop Emmanuel Retirement Village, located 1605 Village Meadow Circle.

As originally envisioned, Emmanuel Retirement Village was a market-rate rental property for seniors who can live independently, consisting of 50 units – 28 one-bedroom units in a two-story building and 11 duplex structures containing 22 two-bedroom units. There would be a community center for use of the development’s residents and surrounding community. Ten percent of the 50 units would be set aside for households earning 80% of the area median income, consisting of three one-bedroom units and two two-bedroom units. These affordability restrictions on the units would be recorded as a deed restriction to ensure compliance. However, due to financial constraints, the scope of work was revised by: 1) reducing the number of units from 50 to 42 and postponing construction of four duplexes, and 2) postponing construction of the community center.

Construction was completed in August 2019. The City’s financing consists of a \$1,000,000 amortizing loan, which is current; a \$1,000,000 deferred loan that is due on sale or transfer of the property; and a \$500,000 deferred loan that will be forgiven after 15 years.

Committee Action:

Committee	Finance 6/13/22	Action	Approval
For	Unanimous	Against	

Remarks:

Ujima has been working to complete the rest of the project. Ujima proposed to no longer build the community center and to build an additional duplex in its place. Ujima met with residents, and residents were supportive. The original site plan included four duplexes, and Ujima can move forward in pulling permits for those units. However, Ujima would need to modify the site plan to change the community center to a duplex. The City Council approved the site plan amendment on February 7, 2022.

Replacing the community center with a duplex would also necessitate modification to the City Council approval, loan agreement, and declaration of restrictions. The City Council also on February 7, 2022 approved a resolution that: (a) releases Ujima from the original requirement to build the community center and allows Ujima to replace the same with additional affordable housing — one duplex consisting of two units and (b) authorizes the city manager to execute documents consistent with the resolution, including amendments to any existing documents regarding this matter.

Ujima has identified financing from First National Bank of Pennsylvania (FNB) to construct the five duplexes at a cost of \$1,496,864. FNB requires that the City subordinate all of its existing debt to the new mortgage loan in addition to the existing first mortgage loan. Total debt would be approximately \$6.7 million. Ujima is not requesting additional funds from the City.

The accompanying resolution authorizes subordination of the City of Winston-Salem's existing permanent financing for Ujima Community Development Corporation's Emmanuel Retirement Village to new financing for construction of five duplexes. Subordination is contingent on debt being supported by appraised value.