

City Council - Action Request Form

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

Council Action Requested: Resolution Authorizing Funding to Glabex Consortium, LLC for Acquisition and Development of eight lots for Affordable Homeownership in the Northeast Ward.

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: Support the Development of Affordable Housing

Strategic Plan Action Item: Yes

Key Work Item: Yes



Summary of Information:

The developer, Glabex Consortium, LLC, offered to purchase four (4) lots located in the Northeast Ward for the for the development of five (5) single family homes (one lot will be split for prior to construction) as approved by City Council in October. See Exhibit A. Further, the developer has offered to \$3.00 to purchase three (3) additional lots in the Northeast Ward. See Exhibit B for a listing of lots previously approved by Council for acquisition and proposed for acquisition by the developer. The developer will build eight homes available for affordable homeownership and requests a forgivable loan from State ARPA funds in the amount \$240,000 (\$30,000 per home) to assist with development costs and lower the sales price for affordable homeownership. The homes will be available for sale to homeowners with incomes at or below 80% area median income. There are 3 design plans that the developer will use for the eight (8) lots. Please refer to the Exhibit C. The estimated market value for the homes is \$235,000.

Committee Action:

Committee	<u>CD/H/GG - 01/16/2024</u>	Action	<u>Approval</u>
	<u>FC – 01/17/2024</u>		
For	<u>Unanimous</u>	Against	<u></u>

Remarks:

Estimated Market /Appraised Value	City Subsidy	Home Sales Price with Homebuyers Assistance
\$ 235,000	\$ 30,000	\$ 205,000

Homebuyers will sign a secured 15-year 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 balance of the loan must be repaid if the owners decide to sell before the term of the loan ends. If the appraised value of the home is equal to the subsidized sales price, then the loan will be forgiven for the homebuyer at Closing. The houses will be subject to a 15-year affordability period pursuant to the AHO and Housing Justice Act.

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 grant and loan funds for a housing initiative that provides or increases the supply of housing for low-and-moderate income persons. This project will assist the City in addressing the current affordable housing crisis.

The City's restrictive covenants will enforce the requirements and may be subordinate to restrictive covenants imposed by state or federal law, if any. A resolution and project budget ordinance are presented for consideration.