



Housing Authority of Winston-Salem Development Committee Meeting

August 2, 2022

LOCATION: ELECTRONIC

Development Committee Members:

**Committee Chair Art Gibel
Commissioner Alfred Adams
Commissioner Felicia Brinson**

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500 W. Fourth Street, Suite 300 • Winston-Salem, NC 27101 • (336) 727-8500



Development Committee Meeting
August 2, 2022
10:00A.M.

DEVELOPMENT COMMITTEE MEETING AGENDA
August 2, 2022
10:00A.M

1. Call to Order
 2. Roll Call
 3. Review and Approval of Agenda (August 2, 2022)
 4. Review and Approval of Summary Minutes (June 7, 2022)
 5. Management Reports
 - Executive Director Report
 - Choice Neighborhood Report
 6. Resolutions
 7. Committee Comments
 8. Adjournment
- Upon motion and second; no vote required in absence of objection.**

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6/07/2022 Summary Minutes

Present via Zoom:

Committee Chair Art Gibel
Commissioner Alfred Adams
Chair Andrew Perkins (Ex Officio)

Absent:

Commissioner Felicia Brinson

Staff Presenting:

Kevin Cheshire, Executive Director
Grant Duffield, Director of Choice

1. CALL TO ORDER

Committee Chair Gibel called the Development Committee Meeting to order at 10:00 a.m.

2. ROLL CALL

Roll call was taken and there was a quorum.

3. REVIEW AND APPROVAL OF AGENDA

Consideration to approve Agenda (June 7, 2022)

Motion: Commissioner Adams

Second: Committee Chair Gibel

Unanimous approval; no discussion

4. REVIEW AND APPROVAL OF MINUTES

Consideration to approve Summary Minutes (May 3, 2022)

Motion: Commissioner Adams

Second: Committee Chair Gibel

Unanimous approval; no discussion

5. MANAGEMENT REPORTS

Executive Director Report (Kevin Cheshire)

Kevin Cheshire provided the following announcements:

- The Brookside View Grand Opening will be held this Thursday, June 9, 2022 at 9:30 a.m.
- The Second Annual Strong Families Event will be held this Saturday, June 11, 2022 at 11:00 a.m. at the Arthur and Marie King Building, 901 Cleveland Avenue.

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- Planning has begun regarding an off-site Board Meeting at one of our properties, as well as a tour of HAWS held properties.
- Due to the current market conditions negatively impacting housing, significant issues have arisen in obtaining new Section 8 Landlords, as well as a pattern of significant loss of existing Section 8 Landlords. HAWS is taking proactive steps by engaging with Landlords directly, planning a Landlord Summit and giving them a single point of contact to answer questions and get any issues resolved.
 - Committee Chair Gibel provided that the focus should be trying to retain as many current Landlords as possible and commended the strategy in that regard. He also inquired if the Cleveland Avenue Homes residents being relocated, due to CNI, get priority as far as a Section 8 voucher. Mr. Cheshire provided that they are prioritized “in the sense that those Cleveland Avenue residents are able to move immediately to the top of the Section 8 intake process.” In addition, CAH residents are being relocated in small cohorts rather than all at once and our people partner, Urban Strategies, as well as our Section 8 staff are working with residents to make the relocation process as smooth as possible.
- HUD has approved Phase I, the Brown School site, of CNI and we can begin “moving dirt.” A Town Hall Meeting will be held this evening to update the community. Because of the length of time it took to receive the HUD approval, the general contractor was not able to get the subs to continue holding their pricing due to material and labor cost increases. This created a funding gap for CNI Phase I in the amount of \$1.2 million, which needs to be closed within 60 days to achieve financial closing. Sufficient funding exists to begin demolition and abatement processes. Currently, \$600,000 of the gap has been closed by taking on a little more debt whereby the lender modified the interest rate and our development partner agreed to defer a portion of their developer fee and accept subsequent payment out of cash flows from the properties. We are proposing asking the City to allocate \$650,000 that they have committed in Phase II into Phase I in order to close the remainder of the gap.
 - Chairman Perkins provided reassurance that this approach to close the gap is “reasonable.” He also suggested developing a reserve that can be borrowed against or be available in future phases, as the prices for labor, materials and the delays of material due to supply chain issues are going to get worse. Chair Perkins also expressed the need to have continuous momentum on the project with no major stoppages in order to prevent the dampening of morale in the Community.

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- July Committee meetings are scheduled for July 5, immediately following the July 4th holiday and historically, have been canceled. Chair Perkins recommended that the July 5th Committee meetings be canceled and the Committee agreed.
- Chairman Perkins has requested a closed session immediately following the June 14 Board meeting.

Mr. Cheshire presented the written Development Report that was included in the meeting packet with the following highlights:

- Brookside View is completed and the Grand Opening will be held June 9 and this is no longer an active development project.
- The Commons, now known as The Heights, is completed and is currently being leased up and is no longer an active development project. This is a FEV project and will now be reported on quarterly.
- Metropolitan Village is a mixed-income, mixed-use project, public private partnership that we are supporting. It is currently under construction with a developer and we will attaching project-based vouchers upon completion.
- Crystal Towers: Steele Group has been retained to provide scope of work and design plan for elevator modernization and ancillary components affecting the elevators. Kone has been retained to perform the elevator modernization. A Resident Meeting will be scheduled, prior to initiation of any work, to inform them of the process.
 - Chair Perkins recommended contacting the Fire Department prior to the modernization to develop a strategy of egress in case of an emergency situation.
- We have a need for replacement of the elevators in all three high-rises, each costing approximately \$800,000.00 and there is insufficient funding to address all three needs.
- We had an extremely positive call with HUD regarding Happy Hill. HUD asked for a development proposal to construct the 10 units. We are in the process of determining a way to obtain the funds to build out the 10 units. One option on the table is to sell some of the vacant lots to a developer and use the proceeds to construct the units. This is a positive as we will be gaining single-family development.

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Choice Neighborhood Report (Grant Duffield)

Grant Duffield presented the Choice Neighborhood Report that was included in the meeting packet.

- Received HUD closing approval for Phase I, the Brown School site.
- Funding amount for Phase I is approximately \$27 to \$28 million and confident that remaining \$650,000 funding gap will be closed and vertical construction will begin.
- Phase II Tax Credit Application has been submitted to NCHFA and will expect to hear of decision by late July to early August.
- Brown School site historical record project is moving forward. There have been community member interviews, photographs and video taken to capture the history of the Brown School site.
- The first cohort of 11 families are in the process of being relocated from Cleveland Avenue Homes proper for Phase II of CNI. The second cohort of 18 families will begin in June and that will involve 18 families.
 - Committee Chair Gibel inquired as to whether or not the residents going through the process of relocation are showing enthusiasm for returning to the renovated development once it is completed. Mr. Duffield provided that the residents are showing a strong interest in returning.

6. RESOLUTIONS

Resolution No. 2178 – Resolution Giving Preliminary Approval to Issuance of Multifamily Housing Revenue Bonds

Motion: Commissioner Adams

Second: Committee Chair Gibel

Unanimous Approval

Kevin Cheshire explained the inducement resolution to issue bonds for the Winston Summit project in which HAWS only “touches” the bonds to make them tax exempt. We have no financial or developmental obligation for the project and will receive a bond issuance fee on the \$22 million project.

Committee Chair Gibel inquired as to whether or not all of the units at Winston Summit are deemed affordable housing and Mr. Cheshire provided that, to his knowledge, there are no deed restrictions requiring that they be affordable.

Chair Perkins inquired as to the amount of the bond issuance fee that HAWS will receive and Mr. Cheshire provided that it is 1% of the deal and the proposed deal is \$22 million at this time, so the fee would be approximately \$200,000.00 and those

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would be unrestricted funds.

7. COMMITTEE COMMENTS

Commissioner Adams stated, ‘I would be disingenuous if I said I was enthusiastic and excited about all that I’ve heard in this meeting today.’ This was said regarding the CNI funding gap and unfunded capital needs outside of CNI. Commissioner Adams expressed agreement with Chair Perkins that there needs to be a way to create a reserve to allow us to move forward and not “rob Peter to pay Paul.” He expressed his full support to staff to “think outside of the box” to try to find the funds and to create a safety net to do what we need to do to finish the first phase at the Brown School and to give assurances that we have the financing component taken care of.

Committee Chair Gibel offered for Mr. Cheshire to talk to his counterparts in other cities that have Choice projects to see if they have creative solutions because they are under the gun as well. Kevin Cheshire provided that he has in fact reached out and that everyone is basically going through the same steps we are, which involves asking congressional delegations to appropriate funds to Choice grants that were awarded pre-COVID. Chair Perkins suggested in addition to thinking outside the box, to consider the possibility of getting a loan from one of our banks with reasonable rates.

Commissioner Adams expressed being very pleased and he speaks for others as well, that staff brought all of this to the Board’s attention and that the Board as whole greatly appreciates that.

8. ADJOURNMENT

Motion: Commissioner Adams

Second: Commissioner Brinson

The June 7, 2022 meeting of the Development Committee adjourned at 10:53 a.m.

Acknowledgement and Adoption of the June 7, 2022 Development Committee Minutes.

Date Adopted

Kevin Cheshire, Board Secretary

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Crystal Towers

Overview

- 625 West Sixth (Downtown Core)
- 201 Units (Elderly/Disabled)
- Livability Challenges
- ~\$10MM in Capital Need (Significant Elevator Downtime)
- ~\$4.5MM Short-Term (3 Year) Need

Development Goals

- Address capital need backlog and improve appearance, functionality, and livability of community

Status

- Contract with Kone executed. Anticipating late-November start date



Happy Hill

Overview

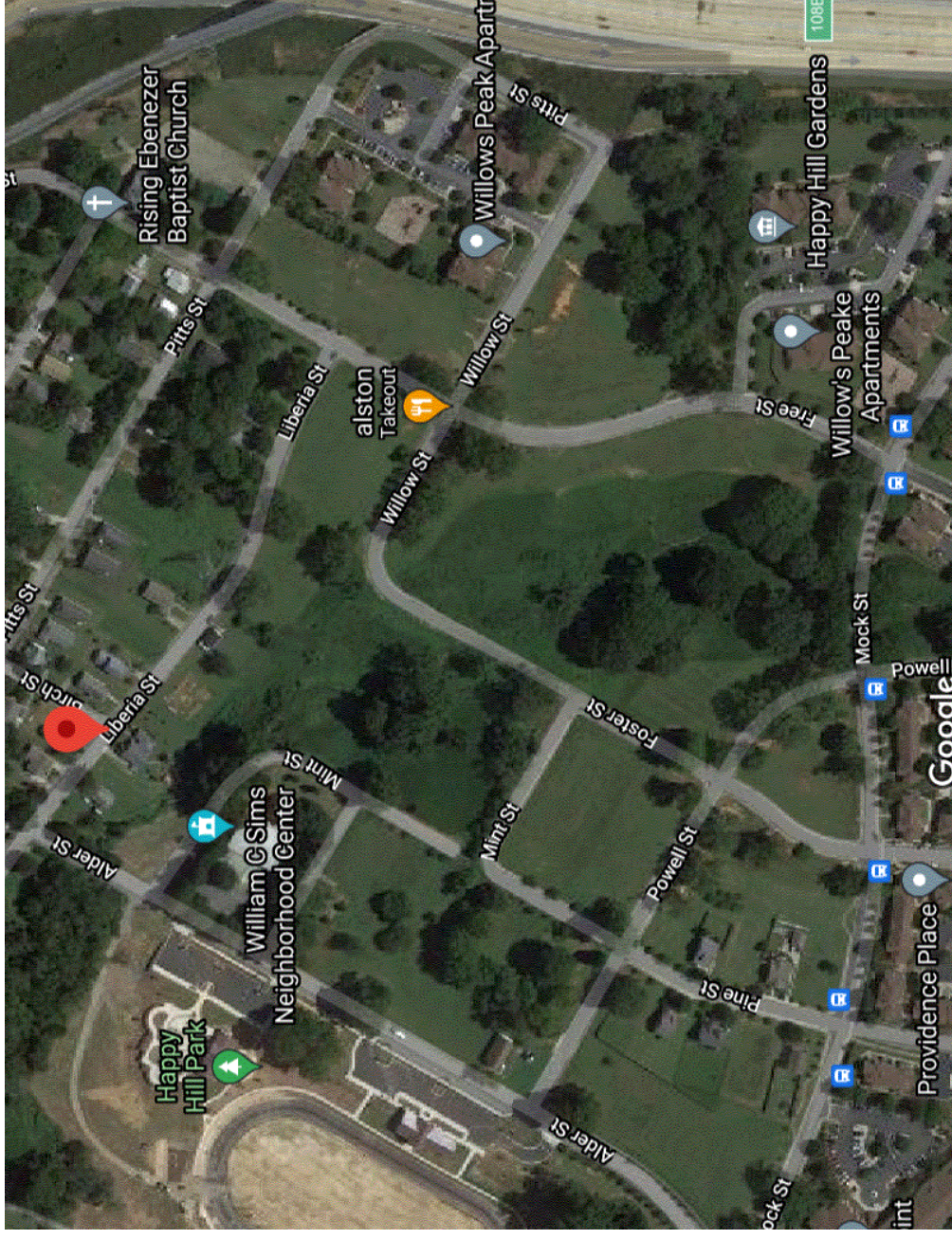
- Downtown-Adjacent (south of downtown core near Old Salem)
- Former public housing site razed and redeveloped with 2003 federal HOPE VI grant (\$18MM)
- Housing Authority retains ~50 undeveloped lots encumbered by HUD restrictions
- Lots were originally designated for homeownership but market would not support use

Development Goals

- Create mixed-income housing opportunities
- Close HUD grant
- Retain culture and honor site's history

Status

- Provided update to HUD. Had additional communication with City staff regarding neighborhood meeting.



Metropolitan Village

Overview

- 7 acre site just east of Highway 52, near United Metropolitan Church
- Sophisticated mixed-use, mixed-income project
- Projects creation of ~300 residential units

Development Goals

- Support private market initiative by attaching project-based vouchers to ~30 units
- Increase proportion of affordable units

Status

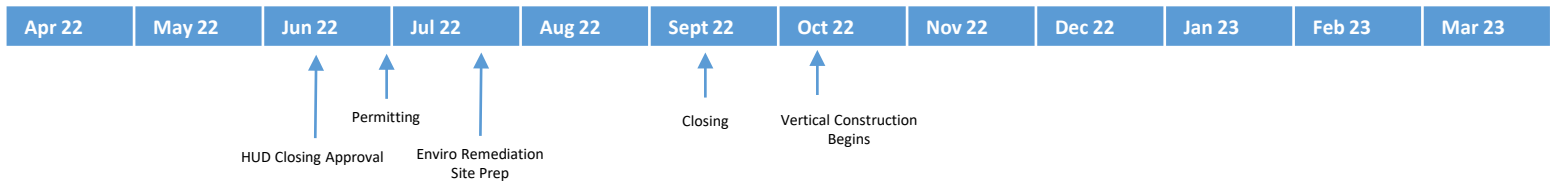
- Project under construction
- Project-based vouchers will be attached



HAWS Development Committee Choice Neighborhood Initiative Summary July 2022

Project Schedules

Phase I – Brown School Site



Phase II – Cleveland Avenue Homes site



Housing

- I. Notice to Proceed issued for Phase I Site Work
- II. Underground Storage Tank removed at Brown School Site
- III. Environmental Assessment for Phase II initiated

Neighborhood

- I. City completing CCI Plan finalization.
- II. “One Nation; One Project” place-making effort in planning.
- III. Proposed Critical Community Improvements Under Review
 - a) Blight Elimination; Demolition; Façade Improvements (residential & commercial)
 - b) Community Place-making
 - c) Workforce Development
 - d) Healthcare and Healthy Foods

People

- I. 230 CAH families Engaged by USI. 94% enrolled in Case Mgmt.
- II. All Group 1 Residents in Relocation process.
- III. Read to Lead program implemented.

Relocation Information

Group I (May – October 2022)

Total Units: 82

Total Households: 73

Households Relocated: 14

Households Remaining: 59

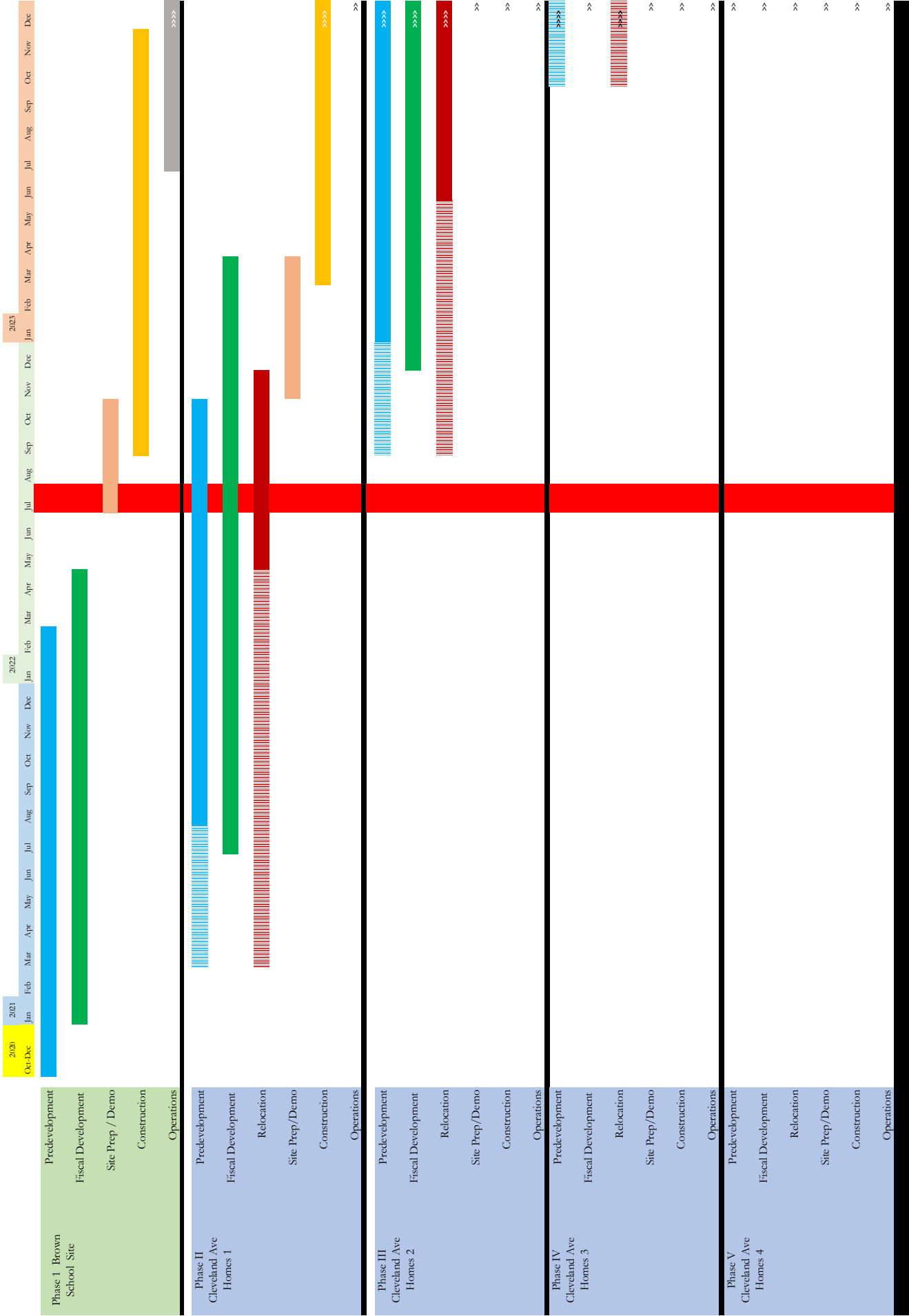
Households Seeking Housing: 59



Underground Storage Tank Removal (7/20/2022)



USI “Read to Lead” program



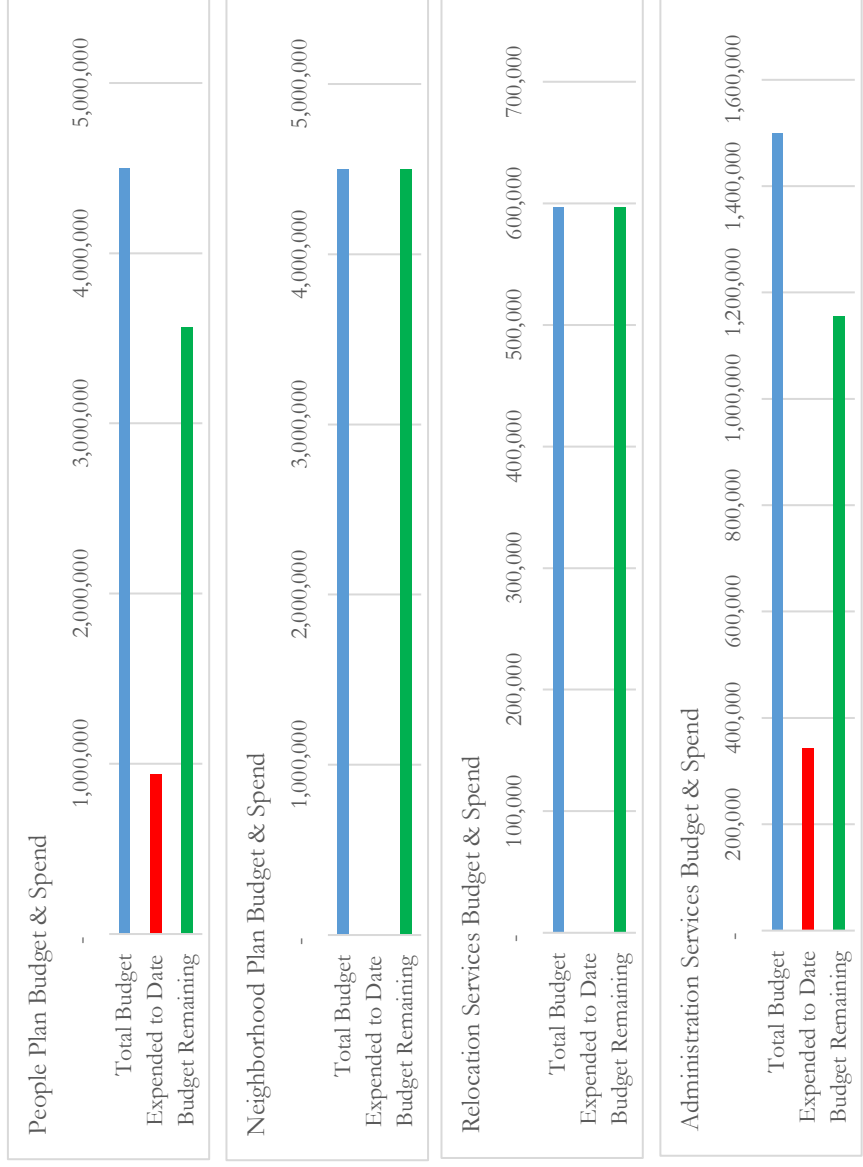
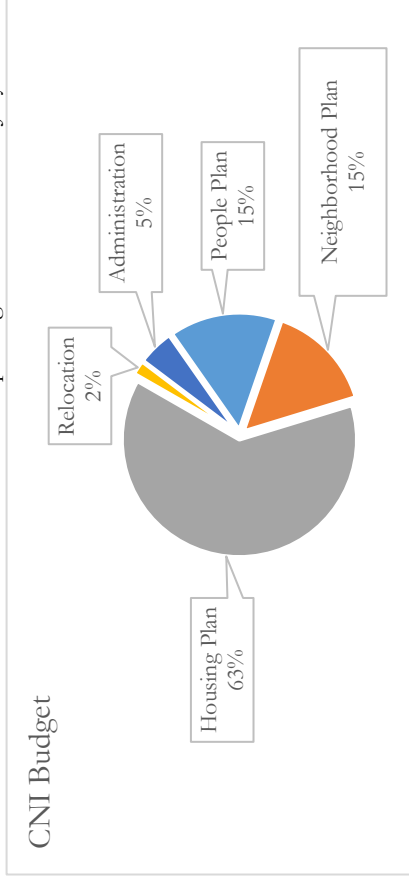
Choice Neighborhood Initiative Budget (HUD funds only)

People Plan	4,500,000
Neighborhood Plan	4,500,000
Housing Plan	18,903,000
Relocation	597,000
Administration	1,500,000
	\$ 30,000,000.00

CNI Budget & Expenses by Area

People Plan	
Total Budget	4,500,000
Expended to Date	936,374
Budget Remaining	3,563,626
% Expended	21%
Neighborhood Plan	
Total Budget	4,500,000
Expended to Date	-
Budget Remaining	4,500,000
% Expended	0%
Relocation	
Total Budget	597,000
Expended to Date	-
Budget Remaining	597,000
% Expended	0%
Administration	
Total Budget	1,500,000
Expended to Date	343,586
Budget Remaining	1,156,414
% Expended	23%

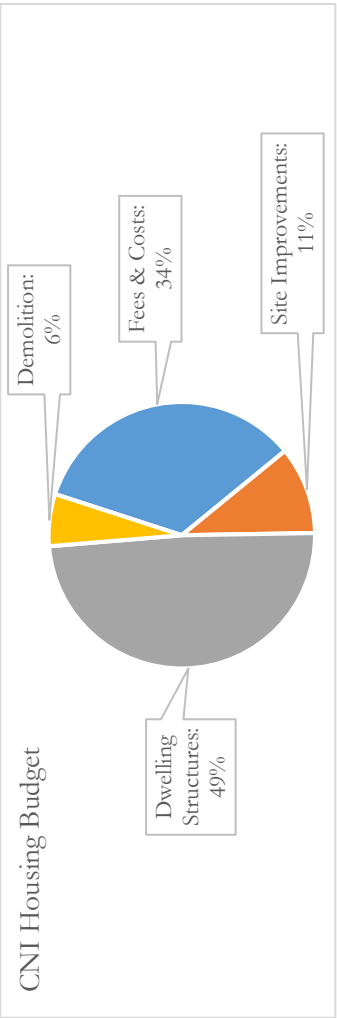
Reporting Period: July 2022



CNI Housing Budget

Fees & Costs:	6,444,862
Site Improvements:	2,012,000
Dwelling Structures:	9,252,138
Demolition:	1,194,000
	\$ 18,903,000

Reporting Period: July 2022



CNI Housing Budget & Expenses by Area

Fees and Costs	
Total Budget	6,444,862
Expended to Date	761,921
Budget Remaining	5,682,941
% Expended	12%
Site Improvements	
Total Budget	2,012,000
Expended to Date	-
Budget Remaining	2,012,000
% Expended	0%
Dwelling Structures	
Total Budget	9,252,138
Expended to Date	-
Budget Remaining	9,252,138
% Expended	0%
Demolition	
Total Budget	1,194,000
Expended to Date	-
Budget Remaining	1,194,000
% Expended	0%

