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Forsyth commissioners agree to consider affordable housing options for old courthouse

Richard Craver

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The Forsyth County Board of Commissioners approved Thursday moving forward with seeking upset bids after receiving a \$2.65 million offer to purchase the former Forsyth County Hall of Justice building in downtown Winston-Salem.

However, commissioners also agreed to consider proposals from **Affordable N.C. Housing Organization (ANCHOR)** that would either establish affordable housing on the 1.69-acre campus, or dedicate sale proceeds toward three affordable-housing initiatives.

As a result, advertising of the 10-day upset-bid period will proceed, while the board will discuss the ANCHOR proposals at its Dec. 1 briefing.

Med Solutions' proposal involves converting it into a mixed-use development, "eventually hosting a restaurant, fitness center and other commercial uses."

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A key component of the ANCHOR renovation is securing county financing that could be as much as \$31 million.

Chairman Don Martin said taking the two-step strategy represents "clearing an opportunity for a healthy discussion of this alternative proposal that we've seen and heard about, and to spend whatever time we need."

Commissioner Dan Besse agreed to hold the discussion with community advocates "because I think it's important under the circumstances that we have an understanding of what we're doing (legally) and how we can go about giving fair hearing to community proposals."

The Rev. Paul Ford, with the advocacy organization Action4Equity, told commissioners the future of the courthouse represents "a critical moment when you must decide if you are serious about the commitment to affordable housing or not."

"The old county courthouse represents a rare opportunity to turn a surplus county asset into a stabilizing force for our community," Ford said.

Background

The former Hall of Justice, which debuted in 1974, has been closed since October 2023 after the county moved into the new county courthouse at the corner of N. Chestnut and Second streets.

Kirby Robinson, community and economic development director for the county, said demolition costs could range from \$1 million to \$2 million. Most commissioners appear opposed to that option.

The \$2.65 million offer has been made by Med Solutions Compounding Pharmacy Inc. of Winston-Salem, which is located at 1365 Westgate Center Drive.

Med Solutions, founded in 2008 by owner and pharmacy manager Hytham Mouna, specializes in compounding medications for humans and pets. Mouna has not returned Journal requests for comment.

Robinson said the potential buyer "is well capitalized and able to complete this sale."

"Before receiving this offer, the commissioners were struggling with what to do about the old courthouse," Martin said during Monday's briefing. "The cost of ownership is not cheap, and we were fearful that we may have to tear the building down and sell the land."

NAI Piedmont Triad, hired by the county to market the building, touts it as "one of the most identifiable commercial properties in Winston-Salem. This offering represents 'a once-in-a-lifetime' opportunity to acquire a legacy asset at a fraction of the current replacement cost."

Robinson said the current property value is \$5.5 million with the land itself valued at \$2 million.



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Executive Summary

Forsyth County is actively marketing/preparing to sell the former Hall of Justice (the historic Forsyth County courthouse building that housed courts from 1974 until operations moved into the new 250,000+ sq. ft. courthouse at 175 N Chestnut St. in October 2023). The Hall of Justice is ±171,750 sq. ft., 6+ floors, built in 1974 with renovations in the late 1990s.

Recent County discussions around disposition indicate an offer price of about **\$2.6 million** for the Hall of Justice, described as consistent with expectations for large civic buildings in Winston-Salem's Central Business District, with interest already being courted through brokers.

ANCHOR proposes:

1. The County completes an arms-length sale of the existing Hall of Justice at current value (assume ~\$2.6M).
2. The County immediately allocates the net proceeds on a formula basis:
 - **33%** → ANCHOR-administered *Forsyth County Community Land Trust (CLT) Fund* to permanently preserve affordability through below-market homeownership and limited-equity rental models.
 - **33%** → a *Rental Housing Stabilization Fund* dedicated to rental assistance, arrears, and shallow subsidy prevention for extremely low-income households, aligned with City with Dwelling existing programs and related local tools.
 - **33%** → a *County Home Repair and First-Time Home Buyer Initiative*, targeting rehab/repair for aging housing stock, first-time homebuyer down-payment assistance, and landlord incentive funds for rapid lease-up of low-income tenants.

Instead of physically converting the courthouse into housing, this proposal converts the courthouse's *value* into a permanent local housing engine with three coordinated tools: permanent affordability (CLT), immediate stabilization (rental assistance), and long-term wealth-building (homeownership access).

"It is a relatively expensive building to maintain and hold on to," Robinson said.

Three ANCHOR options

Laurie Ingram, ANCHOR's executive director, told commissioners they have "an extraordinary opportunity ... that is not just about land use, but a (affordable housing) model that is visionary, rooted in equity, economic mobility, and long-term public value."

Ingram said the first option is "transforms the Hall of Justice into deeply affordable housing units and a small-format grocery store bringing food access and stability to downtown residents."

Ingram acknowledged the first option is "ambitious" and comes with "an extensive retrofit challenges and multiyear construction timeline."

Option two is a more cost-effective proposal of option one that would result in the demolition of the building and the construction of a six-story building with the grocery store on street level.

"This eliminates the uncertainty, accelerates the timeline and allows a purpose-built design for mixed-use building with a (12,000- to 15,000-square-foot) grocery store and a 90 to 120 affordable housing units," Ingram said.

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Addendum: County Demolition and Transfer of a Vacant Lot to ANCHOR

Adaptive Reuse Proposal Supplement

A County-Led Demolition and Land Transfer Is the Most Cost Effective Strategy

1. It significantly reduces total development cost.

Demolishing the 1970s Hall of Justice avoids the highest cost drivers in adaptive reuse work, including costly mechanical, electrical, and plumbing replacement, structural adaptations for new shafts, and interior reconfiguration designed around courtroom layouts. National adaptive reuse studies show that these conditions routinely drive total development costs into the mid-300s per square foot range or higher, *especially* in concrete civic buildings. New construction of a midrise, mixed-use building generally falls into the \$200 to \$300 per square foot range depending on scope and market conditions. If the County handles demolition and transfers a clean site, the overall project budget becomes lower and more feasible for affordable housing.

2. It eliminates a major source of uncertainty and delay.

Adaptive reuse requires extensive reconfiguration, environmental testing, and engineering design around unknown structural and mechanical conditions. A shovel-ready lot removes these risks and shortens the schedule. The project timeline becomes shorter, more predictable, and more attractive to lenders and tax credit investors.

3. Demolition is more efficient when completed once and at scale.

Counties can competitively bid demolition, abatement, and hauling as a single procurement. Commercial demolition typically ranges from \$4 to \$8 per square foot, with heavy concrete potentially costing more. For a building of approximately 171,750 square feet, demolition is likely in the \$700,000 to \$1.4 million range plus abatement and disposal. Once the building is removed, the County can deliver a fully cleared pad to ANCHOR and remove decades of deferred maintenance liability.

4. A new building allows correct integration of a grocery tenant.

A grocery tenant requires very specific loading, refrigeration, electrical, and backbone infrastructure layouts that are difficult and costly to retrofit into a former courthouse. Designing the ground floor from scratch allows a right sized grocery footprint, a functional loading dock, and modern building systems. Tenant improvements for grocers often run between \$117 and \$155 per square foot, and developers typically provide a shell in the \$200 to \$300 per square foot range for retail. Purpose built space improves leasing success and tenant operations.

Option three would provide 33% of the sale proceeds to each of the following strategies: ANCHOR's Community Land Trust; a rental housing stabilization fund; and a county home repair and first-time homebuyer initiative.

A community land trust is a nonprofit entity that acquires land and removes that land from the speculative market.

The rental housing stabilization fund would be used to provide between \$1,000 and \$3,000 for "extremely low-income tenants" to pay back rent to prevent eviction.

Landlords would be offered a financial incentive to rent to extremely low-income individuals.

"Those would support first-generation homebuyers, senior housing repair programs and small landlord rehabilitation tools," Ingram said.

"This could be done with a referendum on the ballot in 2026. It creates an equity-focused path to homeownership for residents who have historically been marginalized from a homeownership process.

"Most importantly, it transforms a single obsolete asset into a permanent affordability engine, something that benefits this county long after many of us are done serving."

Estimated costs

Since December, the property has been shown to at least 25 interested groups, Robinson said.

"The current cost of funds and specialty nature of the building — being a shorter and wider building — has deterred potential buyers interested in adaptive reuse model," Robinson said.

Projected renovation costs that could run into the tens of millions of dollars appear to have deterred interest into multifamily housing of up to 80 units, Robinson said. He based his opinion on due diligence from an interested party shared with the county.

The ANCHOR proposal is contingent on the county transferring the property at no cost.

Ingram did not provide an overall capital investment projection, although Besse mentioned at least twice an expectation of \$31 million in county financing toward interior renovation costs.

She said residential development costs for a start-from-scratch construction typically include "an all-in cost range between \$200 and \$300 per square foot that includes parking, community spaces, services spaces, build-out, etc."

She said the residential units would be 900 to 1,000 square feet. There would be between 55 and 85 parking spaces for residents.

"This results in approximate cost per unit between \$180,000 and \$300,000 dollars, depending on final design and material selections," Ingram said.

In terms of retail and grocery shell costs, she said the typical cost also is between \$200 and \$300 per square foot. There would be 40 to 55 parking spaces dedicated to grocery and retail shoppers.

The county would be asked to provide between \$700,000 and \$1.4 million toward demolition costs.

Besse said taking until Dec. 1 to review the proposal would give the county attorney time to clarify "the legal authority, or lack thereof, for the county to spend local funds on affordable housing as such."

Besse said more time also is prudent to address "basically (the county's) inability at present to finance the \$31 million that would be necessary under the proposal that has been put before us to renovate the interior of the facility."

"As I understand advice from our attorney, we don't have the legal authority to do it, and we don't have the financial capacity to follow up on where to make the agreement."

"That doesn't mean that we could not obtain that authority over the course of a year or so."

Commissioner Gloria Whisenhunt said she's concerned that delaying the upset bidding process could jeopardize finding a buyer.

"This property has been on the market a long, long time. It's not like it happened overnight," Whisenhunt said.

"We opened it up for bids, and I welcome more bids, but I want it to go through the proper procedure, like we have done for other properties in the past."

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