



Date: January 31, 2006

To: Mayor Foy and the Chapel Hill Town Council
From: Robert Dowling, Executive Director
Re: Quarterly status report for quarter ended December 31, 2005

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Robert Dowling
Executive Director

Funding Provided by:

Town of Chapel Hill

Orange County

Town of Carrboro

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Four new board members were elected at our annual meeting in October. Two are Land Trust homeowners, John Cooper and Katherine Reynolds; one, Gordon Merklein is a community member who works in commercial real estate, and one, Mary Jean Seyda, is a nonprofit representative. Mary Jean works for CASA, a nonprofit provider of affordable rental housing in Raleigh. The board still has openings for two community members. We will miss departing board members Wayne Kuncel, Garry Sronce and Susan Levy, all of whom served the organization for many years.

We closed on four new Land Trust properties during the quarter; three are single-family homes in Larkspur plus a townhome in the Weatherstone development in Chapel Hill. That raised the total number of Land Trust properties to 116, twenty-five of which closed in 2005. At year-end, we had four homes available for re-sale, with contracts on three of those. In every case, our homeowners are moving out of their Land Trust homes to purchase a market-priced home.

The Northside Initiative is well underway: Habitat for Humanity is constructing a home for a family of eight on Land Trust land and Empowerment, Inc. began construction of two homes that will also be in the Land Trust when sold to first-time homebuyers. Habitat has also begun construction of a second Land Trust home in the Sykes/Nunn Street area.

In recent weeks and months, we have received increasing requests for technical assistance from other organizations and local governments who are interested in the Community Land Trust (CLT) model - and how it works with inclusionary zoning policies. Just last week, Christine Westfall was in Columbia, SC to give a presentation to state and local housing officials. We have also provided assistance to groups from Wilmington, NC, Asheville, NC, Key West, FL, Palm Beach County, FL and Sonoma County, CA. It is clear that affordable homeownership is an increasing problem in many communities, and the CLT model is seen as a viable long term solution.

If you have any questions about the information provided in this report, please call me at 967-1545. Thank you for your continued support.

Copy to Mr. Cal Horton, Town Manager

**Orange Community Housing and Land Trust
Quarterly Status Report
October November December 2005**

The major work accomplished during the quarter was the following:

Northside

As stated above, the Northside Initiative made good progress in the quarter. Four homes are now under construction and we hope to begin a fifth in the current quarter. The collaboration among the three nonprofit organizations (Habitat for Humanity, Empowerment, Inc. and the Land Trust) is working well thus far, and we are receiving strong support from Town staff. We hope to be able to purchase additional lots or homes in the target area, but prices seem to have escalated in the past year.

Milton Avenue Homes:

We had an unexpected problem with one of the homes on Milton Avenue when the septic system failed. Neither we, nor the homeowner was aware that the home was *not* connected to the public sanitary sewer system. Given the nature of the problem, a repair was not possible, so we arranged to connect the home to the public system. This was an expensive lesson - for both us and the homeowner. Given all the problems we have had with these Milton Avenue homes, we've learned that we need to be much more thorough with our due diligence prior to purchasing an older home. We still hope to redevelop these properties one day in order to provide better housing alternatives to our buyers.

Vineyard Square:

We continued to be involved in a dispute between one of our homeowners and the Homeowner Association. We are working with the HOA to encourage our homeowner to alter her attitudes and behaviors towards her neighbors, which have been somewhat hostile. Another homeowner in this same development is having financial difficulties that may also require our intervention. These are two examples of issues that inevitably arise from time to time that require Land Trust resources.

Rosemary Place:

Two homes are being re-sold as of year-end. One of those is already under contract. These two-bedroom townhomes sold for about \$82,000 in 2003 and were valued at \$140,000 at that time. Today they appraise for \$160,000, and the homeowners will receive about \$4,500 of that appreciation.

Pacifica

We have qualified seven buyers for the seven townhomes and condominiums that will be included in this co-housing development in Carrboro. We have also arranged for NC Housing Finance Agency loans to assist several of the buyers. Construction has been delayed such that the first closings will not occur until March. We also worked with the developer to secure funds from the Housing Finance Agency to incorporate System Vision energy improvements in the seven affordable housing units.

Larkspur:

As stated above, we closed on three- Larkspur homes during the quarter. All the buyers were families of four or five persons. There are now nine affordable Land Trust homes in the Larkspur neighborhood. Four more will be built between now and mid 2007, when the developer expects to complete the development. Thus far, this experiment of including affordable, single-family homes among high-priced (\$400,000 - \$600,000) market-rate homes, seems to be working well. The developer deserves credit for her willingness to incorporate truly affordable . homes in this neighborhood.

Other Activities:

We are working with MI Homes to obtain a special use permit (SUP) in Hillsborough for twenty-four affordable townhomes in the Waterstone development. The Town Board will vote on the approval in February.

We expect to transfer the apartments we own at Abbey Court to Chrysalis Foundation, which manages the housing activities of OPC Mental Health. We purchased three condominiums in Abbey Court in the late 1990's to serve OPC clients. Since then, OPC formed Chrysalis Foundation, which now manages more than twenty apartments. They have agreed that it makes sense for them to own and manage these units themselves.

We are seeking to purchase a duplex, triplex or four-plex in Carrboro, to be converted to homeownership for first time-homebuyers. We have HOME funds available for this purpose from several years ago.

We have agreed to work with Zinn Design Build on a new development in the Carrboro northern transition area called Claremont, which will entail SIXTY?? Homes, twelve of which will be in the Land Trust.

We meet regularly with private sector developers who are interested in proposing new developments in both Chapel Hill and Carrboro. Over the next several months I expect one or more of these developers will submit development applications that may include Land Trust housing.