

Woodmont Affordable Housing Plan

Date: 11/21/07

Woodmont will implement the following Affordable Housing Plan (AHP):

1. 15% of all the proposed dwelling units will be delivered to Orange Community Housing and Land Trust (OCHLT). OCHLT will market these units to households with annual income at or below 80% of the area median income. These units will consist of both one and two bedroom models. OCHLT and Woodmont have agreed that the desired mix for Phase I is 5 one bedroom units and 4 two bedroom units.
2. The units will be located throughout the development, dispersed among the market units.
3. OCHLT will be responsible for determining the eligibility of the owners of the units according to the requirements of the SUP.
4. OCHLT will be responsible for marketing the units with assistance from Woodmont. Woodmont will provide the standard OCHLT up-front marketing fee to OCHLT in effect at the time each affordable unit is delivered.
5. The units will remain affordable in perpetuity through a combination of the Land Trust Model and the Woodmont Transfer Fee Revenue Fund. The Land Trust Model will keep the resale prices of the units affordable and the Woodmont Transfer Fee Revenue fund will keep capital assessments low as well as provide funds to subsidize subsequent resales as required.
6. Transfer Fee: Woodmont will implement a Transfer Fee Revenue Fund to assure that the units will remain affordable. Attachment A provides details of the Memorandum of Agreement expected to be executed between the Town, the Developer, and OCHLT. To ensure that the transfer fee requirement will be correctly implemented at resales of market rate units, Woodmont, will include a notice regarding the transfer fee in the deeds of all market rate units.
7. Woodmont will ensure that condominium owners association dues are affordable to affordable unit owners. This affordable dues rate is based upon the residential allocated interests to be stated in the Woodmont Declaration of Condominium. Woodmont commits that the condominium's residential allocated interests are fixed and cannot be changed over time.
8. Woodmont, as the acting board of the Woodmont Condominium Owners Association, agrees that the Unit Owner's Association will automatically draft from OCHLT's Lessees regular assessments owed for the affordable units.

Attachments:

A: Transfer Fee Fund Memorandum Of Agreement

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**DRAFT Memorandum of Agreement Between
Orange Community Housing and Land Trust**

Woodmont

And The Town of Chapel Hill

Re: Woodmont Condominium Transfer Fee Revenue Fund

RECITALS:

- 1) Orange Community Housing and Land Trust (hereinafter "OCHLT") intends to purchase (15% of the total number of units) condominiums (hereinafter the "Affordable Units") in the Woodmont development and re-sell them as permanently affordable housing to income-qualified buyers. The primary goals of OCHLT's affordable housing program are to:
 - a) Generate a stock of attractive, durable, permanently affordable housing to serve generations of low-income homebuyers;
 - b) Provide homeownership opportunities to buyers who live and/or work in Orange County earning no more than 80% of the adjusted area median income.
 - c) Sell the homes as "leasehold estates" using a long-term ground lease to restrict the resale price of the homes and preserve affordability.
- 2) Woodmont intends to sell the Affordable Units at a reduced price to OCHLT in order to meet the affordable housing percentage required by the policies of the Town of Chapel Hill, NC (hereinafter the "Town"). In order to meet the Town's policy objective that these units will stay affordable in perpetuity, Woodmont intends to establish a Transfer Fee Revenue Fund (hereinafter the "Fund") to support the ongoing affordability of the Affordable Units. The Fund will be financed by revenues from a transfer fee charged at sales and resales of the market rate units in the Woodmont development. The transfer fee will initially be ___% (Between .6% and 1%, to be agreed upon between Woodmont, the Town, and OCHLT at the time of final construction budgeting for the condominiums) of the sales price of market rate units, but may be adjusted as specified in Sections 5,6, and 7 of this Memorandum.

Therefore, Woodmont, OCHLT and the Town hereby agree to the following:

1. OCHLT will own and manage the Fund per guidelines established by its Investment Policy Statement as amended from time to time by its Board of Directors.
2. OCHLT will provide yearly Fund financial reports to the Woodmont Owners Association (hereinafter the "Association") and to the Town.
3. The Fund may only be used by OCHLT to pay for, in order of priority:
 - a. The difference between the full amounts of special assessments charged to Affordable Unit Owners and the share of those amounts that is determined by OCHLT to be affordable;
 - b. A subsidy for initial and subsequent purchasers of affordable housing units in Woodmont to the extent funds are available to offset any then existing affordability gap.
 - c. The payment of a yearly management fee to OCHLT, not to exceed 5% of the Fund balance.
 - d. Expenses OCHLT may incur in order to remedy any Affordable Unit Owner's defaults in payment of regular assessments of the Association;
 - e. Expenses OCHLT may incur in preventing a foreclosure of an Affordable Unit;
 - f. Other payments to support the affordable housing program at Woodmont.
4. Per section 3.c above, OCHLT will be paid a yearly management fee of up to 5% of the Fund balance to offset the expenses it incurs in stewarding and managing the Affordable Units.

Management duties covered by this fee will include:

- a. Collection of Transfer Fees and management of the Transfer Fee Fund;
- b. Direct project management assistance to Affordable Unit Owners in making major repairs and upfits to their units;
- c. Technical assistance to Affordable Unit Owners who experience financial difficulties, in order to prevent foreclosures;
- d. Management of property tax assessments and bills for the Affordable Units, which undergo a unique process designed for leasehold properties;

- e. Intervention in and mitigation of any nuisance or criminal behavior that might occur in the Affordable Units
 - f. Assistance in resolving disputes between Affordable Unit Owners and the Association.
 - g. Collection and management of OCHLT's Stewardship Fee, which pays for long term, major maintenance of the units.
5. The Fund, as it is established by the Transfer Fee requirement in Woodmont's Declaration, is intended to be a permanent source of revenue to ensure the long-term affordability of the Affordable Units. While the transfer fee requirement may not be removed from the Declaration, the overall health of the Fund will be reviewed by the Town not less than every 5 years starting in 2014.
6. After each Town review of the Fund, as specified in item 6 above, if the Town determines the Fund has an excessive balance it may elect to lower Transfer Fee percentage required by the Declaration for future transactions. However, the percentage may at no time be set lower than 0.6% of the resale prices of the market rate units without the approval of OCHLT's Board of Directors
7. Likewise, if the reviews specified in item 6 show that the overall revenues taken into the Fund have been less than the overall expenses paid by the Fund, then at the Town's discretion the Transfer Fee percentage may be raised for future transactions. However, the percentage may at no time be set higher than 1 % of the resale prices of the market rate units.

Orange Community Housing and Land Trust

By: _____

Date: _____

Woodmont

By: _____

Date: _____

The Town of Chapel Hill

By: _____

Date: _____

ENCLOSURE 2

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