

AUG 12 2002

**Creating economic opportunity and revitalizing our community**

ATTACHMENT 2

August 8, 2002

Cal Horton  
Town Manager  
Town of Chapel Hill  
306 N Columbia Street  
Chapel Hill, NC 27516

Dear Mr. Horton:

I wanted to discuss with you an application for membership in the Midway Business Center from Affordable Rental Inc. (ARI). ARI is a nonprofit group that collaborates with local non-profit housing developers in the construction, rehabilitation, purchase, and/or management of affordable family rentals. Mark Chilton, EmPOWERment, Inc.'s director is an advisor to the group and EmPOWERment, Inc. was a leading advocate for the group's formation. ARI's board consists of a former and a current Town of Chapel Hill Council member, Joseph Herzenberg and Bill Strom, respectively. In addition, Ruby Sinreich a Town of Chapel Hill Planning Board member, Dr. Nancy Milio and Carrboro Alderman Mark Dorosin sit on ARI's Board.

ARI just hired its first staff member, Alex Asbun, the former director of El Centro Latino. Mr. Asbun is the group's director and currently works 20 hours/week. ARI has applied for Suite 101 in the Midway Business Center, which is a 121 ft<sup>2</sup> office. Accepting ARI would push the amount of nonprofit space leased in the Midway Business Center beyond the 10 percent threshold set by the Town of Chapel Hill planning department.

Currently, New Destiny Inc., the only nonprofit renting space in the Midway Business Center leases a 504 ft<sup>2</sup> office. The addition of ARI would bring the total amount of space leased to nonprofits to 625 ft<sup>2</sup>, which is 25 ft<sup>2</sup> over the 600 ft<sup>2</sup> or 10 percent limit that nonprofits may lease.

ARI and EmPOWERment, Inc. would like to ask for an exemption from the Town's limit of 10 percent of MBC space being leased to nonprofits. The Board members of ARI are fully aware of the town's policy about renting to nonprofits in the MBC and still feel strongly about having space in the incubator for a multitude of reasons. First, ARI relies heavily on EmPOWERment, Inc.'s expertise and experience in rental property acquisition, rehab, and management. Second, the organization is still seeking its own 501 (c) (3) status and Orange Community Housing & Land Trust is acting as the group's fiscal sponsor. Third, the group appreciates and wants to take advantage of the business support services of the MBC, especially as a relatively new organization just beginning to learn to handle the day-to-day operations of business, be it a nonprofit.

We feel that ARI's acceptance as an MBC member is in line with the mission of the incubator and will help to stimulate local for-profit business in the organization's many transactions and dealings

109 N. Graham Street, Suite 200, Chapel Hill, NC 27516  
phone: (919) 967-8779 fax: (919) 967-0710 email: [mbc@empowerment-inc.org](mailto:mbc@empowerment-inc.org)  
[www.empowerment-inc.org/mbc](http://www.empowerment-inc.org/mbc)

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to acquire and maintain quality affordable rental properties (e.g. carpenters, laborers, carpet installers, painters, plumbers, lawyers, etc...). The lone employee for ARI is minority and qualifies as a low-to-moderate-income person. The clientele served by the organization, those renting apartments, will all be low to moderate income households. We also feel that two offices occupied by nonprofits out of 13 offices available for lease is very reasonable. Lastly, we have five available offices for rent and only one other business, a for profit, interested in becoming an MBC member. (Coincidentally, the other MBC applicant is not interested in the same office as ARI.)

We understand the Town's intentions in setting a limit on the amount of space rented to nonprofits, however, in this case we feel the benefits gained by accepting ARI as a tenant far surpass the fact that the incubator would exceed the 10 percent limit by 25 ft<sup>2</sup>. Upon inspection of CDBG regulations and our Performance Agreement with the Town, the creation of jobs and jobs held by low and moderate-income persons are the things most stressed. The types of allowable businesses, for-profit or nonprofit, are not explicitly mentioned in either the CDBG regulations or the Town's Performance Agreement. I realize that the Council passed a resolution August 28, 2000 limiting the amount of leaseable space to nonprofits at 10 percent. We are asking that ARI's application be exempted or that the percentage is increased to accommodate ARI's admittance. With such a glut of available office space in the Chapel Hill area and the sluggish economy it has been difficult to find eager and qualified tenants, like ARI. Lastly, the acceptance of ARI will help us meet our goals of creating jobs for low-to-moderate income persons (ARI expects to make the director position full-time and hire at least one employee over the next 12-18 months) and serving low to moderate-income persons.

The planning department (Loryn Barnes) has a copy of ARI's application and the income verification for the organization's only employee, Alex Asbun. Please contact me with any questions. I look forward to talking with you in more depth about this issue.

Best Regards,



Jeff Caiola  
Incubator Manager