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Date: October 27, 2005

To: Mayor Kevin Foy and Members of Town Council

Copy: Mr. Cal Horton, Town Manager

From: Robert Dowling, Orange Community Housing and Land Trust

Re: Quarterly status report

For Quarter ended September 30, 2005

Thankfully, the pace of activity slowed a bit during the warm summer months. We purchased and sold three newly constructed homes as Land Trust properties and we closed on another resale in the Rosemary Place development. Two of the new homes are in the Twin Magnolias development in Carrboro and one is in Larkspur. We expect our home sales for this new fiscal year to be down from last year when we sold 30 new homes and had five resales of existing Land Trust homes.

We continued to make progress on our Northside Initiative. We received a zoning compliance permit (ZCP) for our first lot on Nunn Street, where Habitat for Humanity will be constructing a home for a family of eight. Ann Griffin worked with Habitat on a house design that would be affordable, yet large enough to accommodate this family. Construction started earlier this month. We also submitted a second ZCP application for the adjacent lot, where we will hire a private contractor to build a three-bedroom home. Both of these homes are designed to look like they belong in this Northside community.

We spent a good bit of time over the summer searching for new office space. It became very apparent that we could no longer fit our six-person staff into 750 square feet. Fortunately, we were able to lease additional space in the building we have occupied for the past eight years. We are leasing an additional 350 square feet and the landlord agreed to replace the carpets and paint the walls. We also hope to purchase furniture that will allow for more efficient use of the space. The increased costs will be partially offset by a Strowd Roses grant and a generous private donation.

We're pleased to report that we received an unqualified opinion for the past fiscal year from our auditors, Blackman & Sloop. A copy of that report is available upon request.

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

*Robert Dowling*

**Orange Community Housing and Land Trust**  
**Quarterly Status Report**  
**July August September 2005**

The major work accomplished during the quarter was the following:

**Northside**

We recently closed on our fourth property in the Sykes/NunnStreet area. These four properties, in conjunction with the property the Town owns at 501 Sykes, the Empowerment/LandTrust home at 503 Sykes, and the two homes to be developed by Empowerment, Inc at the end of Graham Street, will hopefully provide the necessary critical mass to have a positive impact on this community. We view this effort as an active collaboration among the three nonprofit agencies and the Town of Chapel Hill.

**Twin Magnolias**

We closed on two townhomes in the Twin Magnolias development off Jones Ferry Road in Carrboro. The developer made use of the affordable housing density bonus, which allowed him to build two additional market rate units, in exchange for two affordable units. The 2BR townhomes sold for \$129,000, which is affordable to families earning between 80% and 100% of median income. They were not subsidized with public funds.

**Milton Avenue Homes:**

We recently learned that a second home on Milton Avenue has more severe foundation problems than we had previously realized. We suspect that the foundation cracking and movement of the house is due in part to the recent dry weather, in conjunction with reduced ground water. We have assured the homeowner that we will not saddle her with huge expenses related to fixing the foundation, however, we are still reviewing our options on how to proceed.

**Vineyard Square:**

All the townhomes in Vineyard Square have been sold but we were compelled to get involved in a dispute between neighbors, both of whom are Land Trust homeowners. This is not the first time that we have provided staff resources to mediate disputes between neighbors –disputes that could occur in any neighborhood. Organizationally, we believe the Land Trust must support our homeowners and the homeowner associations (HOA). As the number of Land Trust homes increases, the staff resources needed to work with homeowners and HOA's is increasing as well.

**Rosemary Place:**

We worked with the HOA to prepare for their annual meeting, during which, the budget is revised and new officers are elected. Many of the Rosemary

Place owners welcome our input into the budgeting process. We also assisted with HOA maintenance responsibilities.

**Pacifica**

We expect to close on seven affordable homes in this Carrboro co-housing community early in 2006.

**Larkspur:**

We closed on another Larkspur home during the quarter. We expect to close on three more in the current quarter.

**Other Activities:**

Christine Westfall has been working with Town and County staff to determine how we can expand the roster of banks that will make mortgages on Land Trust properties. The Federal National Mortgage Association (better known as Fannie Mae) has developed a legal document that enables Land Trust mortgages to be sold on the secondary market. We will be continuing to explore this option with our board and the local governments in the months ahead because our buyers need access to credit in order to purchase our homes.

We are working with MI Homes to obtain a special use permit (SUP) in Hillsborough for twenty four affordable townhomes in the Waterstone development. We expect to obtain the SUP early in 2006.

Ann has substantially renovated two apartments at Abbey Court, which we own and rent to clients of OPC Mental Health.