

October 31, 2002

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

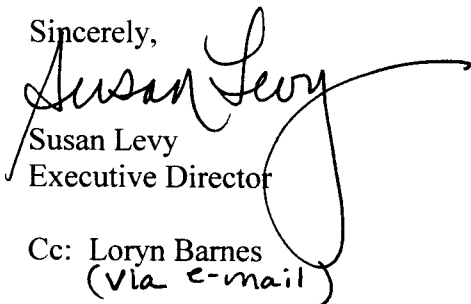
Dear Mr. Horton,

On behalf of Habitat for Humanity, Orange County (HHOC) I am attaching a proposal requesting funds for the purchase of a 16-acre parcel of land on Sunrise Road to be used for the development of affordable housing. I have met with both Loryn Barnes of the Chapel Hill Planning Department and Tara Fikes, the Director of Housing and Community Development for Orange County, about possible funding sources for the purchase of this property. We agreed that a proposal from HHOC should be submitted both to the Town of Chapel Hill and to Orange County, and that a combination of funds from both jurisdictions should be requested. The total amount being requested is \$300,000.

The contract that HHOC has on the property requires that all funding be committed no later than December 31, 2002, and that closing take place by February 28, 2003. To comply with the conditions of the contract, it is my understanding that given the Council's schedule as we approach the holidays, any decisions by the Town of Chapel Hill about funding for the land purchase would need to take place in late November or early December of this year.

Thank you for your consideration of our proposal. Please contact me if you have any questions or need additional information.

Sincerely,

  
Susan Levy  
Executive Director

Cc: Loryn Barnes  
(via e-mail)



## **Proposal for Funding for the Purchase of Sunrise Road Property**

In July 2002, Habitat for Humanity, Orange County (HHOC) signed a contract with the Thelma T. Clark Estate for the purchase of a 16-acre tract of vacant land on Sunrise Road in Chapel Hill. The land is suitable for the development of a significant number of units of affordable homes, including approximately 50 single family homes constructed and sold by HHOC, as well as rental housing for those with special needs (15-20 units), and attached single family homes for those earning between 60% and 80% of the area median income (20—25 units). HHOC would collaborate with other non-profit housing providers to build and rent or sell these non-Habitat homes.

The acquisition of this property has been approved by the HHOC Board of Directors, and conforms to the goals and objectives set by the HHOC Board in its long-range plan adopted in August 2001. This plan calls for acquiring land in 2002-2003 in the OWASA service area and the Chapel Hill-Carrboro school district in order to serve our applicant households, the majority of whom currently live and/or work in Chapel Hill-Carrboro. The plan also supports a continued and more extensive cooperative relationship with Orange Community Housing and Land Trust beyond the first home that HHOC plans to build in 2003 on OCHLT-owned land.

The contract price for the 16-acre tract is \$400,000. It's current appraised value as determined by an independent appraisal completed for HHOC in October 2002 is \$411,000 (see attached). A condition of the contract is that funding for the purchase must be committed no later than December 31, 2002, and that closing is to take place in February 2003. At the time that the contract was signed by HHOC and the seller, HHOC staff and Board anticipated that Orange County affordable housing bond funds would be available for land banking activities within this time frame. However, the schedule for RFPs for land banking activities has been delayed, and land banking will not be included in the initial round of RFP's for affordable housing bond funds. Therefore, HHOC is requesting that the Town of Chapel Hill and Orange County provide \$300,000 from other available sources for affordable housing to partially finance the purchase of the property. HHOC will provide \$100,000 from its own privately funded sources as a down payment on the property. HHOC has also used its own funds for the predevelopment costs incurred to date, including fees for an appraisal, for an environmental assessment, and for a title search.

HHOC has discussed the development possibilities for the property with the staff and Board of Orange Community Housing and Land Trust, and the staff of Orange-Person-Chatham Mental Health. Both organizations have expressed interest in collaborating with HHOC to provide a range of affordable housing options on the property. The property is located in Chapel Hill's urban services area and is subject to the town's zoning ordinances. The current zoning, R-2, allows for up to 4 units per acre. In order to maximize the use of the property, HHOC plans to request the R-SS-C zoning district designed for affordable housing, which will allow increased density and flexible design standards. Under the R-SS-C zoning, HHOC could in theory build as many as 200 units on the property. However, HHOC will need to give careful consideration to the impact on neighboring properties and the surrounding areas, and any design will of course be subject to approval by the Town of Chapel Hill, as well as Orange County. At this time, we are proposing 90-95 units of affordable housing for the 16-acre tract, including single-family Habitat homes on small lots of about 4,500 square feet, plus one bedroom attached rental units, and attached for-sale homes. These affordable housing units will serve an income range from about 15% of median for the special needs rental units to 80% for the attached for-sale units. HHOC serves families who earn at or below 50% of the area median income.

The property is located on Sunrise Road, across from the new YMCA Children's Center at Carol Woods. The site enjoys easy access to the major employment centers in southern Orange County, including UNC and its hospitals. Bus service is currently available on Weaver Dairy Road, less than one-half mile from the site. The nearest shopping is located less than two miles from the site, at the Timberlyne Shopping Center. East Chapel Hill High School is less than one mile from the site. The property is located in a mixed residential neighborhood that includes an upper-end residential subdivision, Chandler's Green, as well as several older homes and a commercial business, the Potted Plant, along Ginger Road, a one-lane gravel road.

The topography of the site is level to gently rolling. There is a small intermittent creek on the property, as well as high-tension power lines within a 68 ft. Duke Power easement across the front corner of the property. The northeast corner of the property abuts I-40. These factors will influence how the property is developed but they do not make the property unsuitable for fairly dense residential development. The site will be served with sanitary sewer and water by OWASA, and will require a pump station to extend sanitary sewer. OWASA has indicated that they will approve a pump station to extend sewer service to the site (see attached letter).

## Project Feasibility Budget

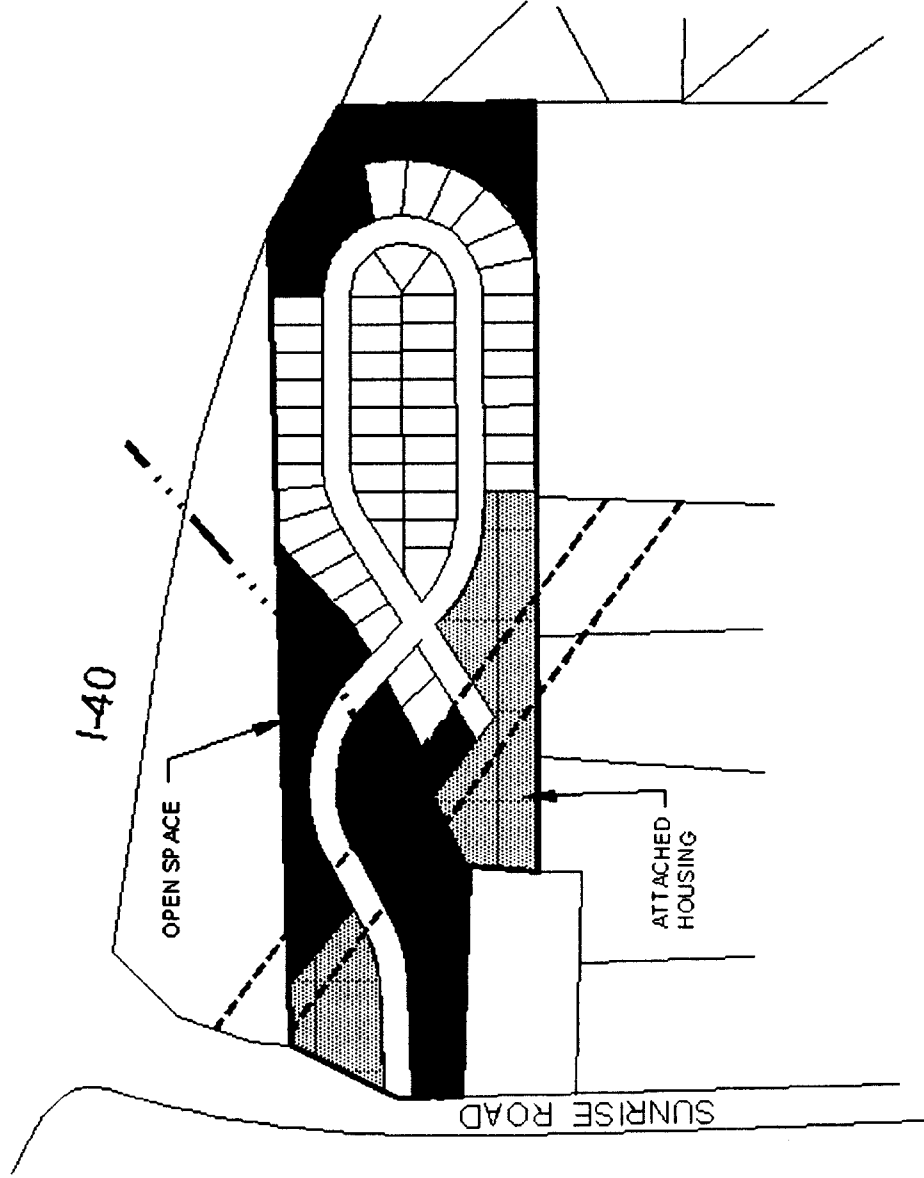
Total Acreage	16.45 acres	
Projected # of units	90	
Projected type and tenure of units	50 SF homeownership; 15 rental; 25 attached homeownership	
Projected income targeting distribution	15%-80%	
<b>COST ESTIMATES</b>	<b>Total</b>	<b>Per Unit</b>
Requested land banking award	300,000	\$3,444
Total land cost, including transaction costs	415,000	\$4,611
% of total land cost from public funds	74%	
Pre Development Soft Costs	125,000	\$1,388
Fees, etc	15,000	\$ 167
Infrastructure Development Costs	925,000	10,278
Subtotal/Developed Lot Costs	1,480,000	16,444

## Project timeline

	Beginning	Expected Completion Date
Land Acquisition	7/2002	2/2003
Pre-development planning	8/2002	5/2005
Infrastructure installed	7/2005	9/2006
Construction	9/2006	6/2010
Final project completion		6/2010



Land Use Concept Plan Sunrise Road  
Habitat for Humanity, Orange County









# ORANGE WATER AND SEWER AUTHORITY

*Quality Service Since 1977*

1977-2002

September 27, 2002

Ms. Susan Levy  
Executive Director; Habitat for Humanity  
P.O. Box 459  
Hillsborough, N.C. 27278

Ref: Availability of Public Sewer to Parcel at Sunrise Road (P.I.N. 9890065926)

Dear Susan:

As you requested, I am providing a letter that states OWASA's position regarding public sewer availability to the Habitat for Humanity site under consideration adjacent to Sunrise Road in Chapel Hill.

I have discussed and reviewed the possibility of extending public sewer to this particular site with Todd Spencer, Engineering Manager. The site in question lies within OWASA's service boundary and just above the northern-most drainage basin in OWASA's wastewater collection system. The natural drainage within this area flows to the north and across I-40. Based on this information, it does not appear to be practical or feasible to construct and extend gravity sewer mains from OWASA's existing sewer system to serve this site. This portion of the OWASA service area does not lend itself to gravity sewer service.

For this reason, it would be permissible to construct a pump station and force main to convey sewage to an existing OWASA manhole in the wastewater collection system. Pump stations and force mains designed and constructed within the collection system must meet OWASA requirements, standards and specifications. There are also several technical requirements that must be met in the design and construction of these pump stations. OWASA Staff can assist your Engineer in identifying those requirements prior to design.

It would also be necessary that the pump station be ultimately designed and 'sized' to accommodate flows from other potentially serviceable properties in this part of the system. Your Engineer will need to evaluate potential build-out in the sub-basin and design the station to accommodate future growth. The pump station must also be located onsite in a manner that will allow for the greatest benefit to all potentially serviceable upstream properties. Again, Staff can assist your Engineer in this determination.

If you would like to meet to discuss further, please do not hesitate to call me at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Ed Kerwin".

Ed Kerwin  
Executive Director

c: Imtiaz Ahmad, P.E.  
Todd Spencer, P.E.

