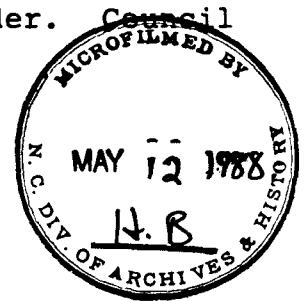


MINUTES OF A CONTINUATION OF THE MAY 11, 1987 MEETING OF THE  
MAYOR AND COUNCIL OF THE TOWN OF CHAPEL HILL, MUNICIPAL  
BUILDING, TUESDAY, MAY 12, 1987, 7:30 P.M.

Mayor Pro-tem Bill Thorpe called the meeting to order. Council  
Members present were:

Julie Andresen  
David Godschalk  
Jonathan Howes  
David Pasquini  
Nancy Preston  
R. D. Smith  
Arthur Werner



Mayor Wallace was absent, excused. Also present were Town  
Manager David R. Taylor, Assistant Town Managers Sonna Loewenthal  
and Ron Secrist, and Town Attorney Ralph Karpinos.

Homeownership Demonstration Development Agreement

Council Member Pasquini commented that he had asked that this  
item be deferred from the May 11 meeting because he had several  
questions. He said that he had discussed these questions with  
the Assistant Town Manager for Environment and Development and  
that he had been satisfied with the responses. He asked for  
clarification of the proposal that the price of the houses would  
be fixed until February 28. He asked how many homes were  
expected to be built by that time and what would happen after  
February 28. Manager Taylor replied that there was no set number  
of homes which would be built by February 28 and that it would be  
determined by the number of sales and the construction loan. He  
asked Chris Berndt, Long Range Planner, to further discuss the  
project.

Chris Berndt stated that in the first 3 or 4 months of the  
project the Town would be marketing the project. She said that  
the Town hoped to have signed contracts for all 34 of the homes  
prior to the February 28 deadline. Ms. Berndt stated that if the  
Town were able to obtain contracts on the homes prior to February  
28, regardless of when the homes were completed the sales price  
would be fixed. Manager Taylor said that if the Town were able  
to sell all 34 units before February 28 then the contractors were  
locked in at that price. He said that any units which were not  
sold before that date would have their sales price adjusted but  
only for labor and material costs. He pointed out that the  
developer would have to demonstrate increases in costs before any  
adjustment would be made after February 28.

Council Member Pasquini asked when the 90-day pre-sale time would  
start. Manager Taylor replied that it would depend upon when the  
Council approved the development agreement and the application  
process but that he expected it to be this summer.

Grainger Barrett, attorney representing the developers, said that once the development agreement was signed, the developers would work to produce an informational brochure for the Town to use in marketing the units. He said once the brochure was delivered to the Town the 90-day presale period would begin.

Council Member Pasquini commented that he had hoped this project would address the needs of the low to moderate income families. He said the proposal allows only three months to close on the project, and for it to be marketed to families with 80% of the median income before it can be marketed to individuals making between 80% and 100%; and, then after 6 months, the homes could be marketed to anyone. He said this would defeat the whole purpose of moderate income housing if those dates aren't extended. Manager Taylor said part of the problem was that there was a risk involved. He said that six months after a certificate of occupancy has been issued is as long as the unit could be carried without taking into account the additional risk. He said that if the Town wanted to carry the units for longer than 6 months then the agreement would have to be modified to reflect more profit for the additional risk. Manager Taylor said that the Town had negotiated most of the risks out of the project by assuming a lot of the risks.

Council Member Pasquini said that if the Town could not sell all the homes within 90 days then it showed that there was no demand for the homes. Manager Taylor said that if all the units were not sold within the first three months it would mean that the Town was trying to create a market instead of meeting a market. He said all the funds originally put into the project as subsidies would be recaptured and replaced in the Community Development funds. He said the Town would have provided housing for individuals but that the project had not met the goal of providing housing for low and moderate income families.

Council Member Andresen asked if the homes were not sold in the 90-day presale period could the Council alter the policies to make the homes more marketable. Manager Taylor replied yes.

Council Member Godschalk said that he did not think the Town would have any problem selling the homes. He said the remarkable thing about the project was that the Town was creating the opportunity to buy a two bedroom home for \$50,000.

COUNCIL MEMBER GODSCHALK MOVED, SECONDED BY COUNCIL MEMBER SMITH TO ADOPT RESOLUTION 87-5-12/R-3.1. THE MOTION PASSED UNANIMOUSLY, (8-0).

The resolution, as adopted, reads as follows:

A RESOLUTION DESIGNATING COMMUNITY DEVELOPMENT PLAN AND COMMUNITY DEVELOPMENT AREAS IN CONJUNCTION WITH THE HOMEOWNERSHIP DEMONSTRATION PROJECT (87-5-11/R-3.1)

WHEREAS, the Town Council hereby finds that there is in the Town of Chapel Hill a shortage of adequate, safe housing available at costs affordable to low and moderate income families; and

WHEREAS, the Council of the Town of Chapel Hill has allocated Community Development funds from 1984-1986 in order to develop a program to provide homeownership opportunities; and

WHEREAS, the Council hereby finds that programs to develop moderately-priced housing within the Town for persons of low and moderate income are in the public interest and would enhance the public health, safety and welfare; and

WHEREAS, the Council approved on April 28, 1986, a concept plan to achieve a homeownership demonstration project, and on July 7, 1986 authorized the Manager to issue requests for proposals on this project; and

WHEREAS, the Town has negotiated an agreement with Capricorn/Isler Associates, Inc. to develop a homeownership demonstration project;

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council hereby declares that the Homeownership Demonstration Project is a project of the 1984-86 Community Development Plan of the Town of Chapel Hill as authorized annually in Final Statements submitted to the U.S. Department of Housing and Urban Development; and

BE IT FURTHER RESOLVED that the Council hereby designates the project locations as herein described as community development project areas as defined in G.S. 160A-457, such sites to be used for the Homeownership Demonstration Project; the locations include Tax Map #91-I-11,18,19,20,22,22A,23,23A (West Merritt Mill); Tax Map #91-G-4,5,8,9,10,20,21,22 (East Merritt Mill); and Tax Map #27-D-21(p/o) and are more generally referred to as the "West Merritt Mill Site," the "East Merritt Mill Site," and the "Legion Road" site in the Development Agreement proposed for execution between the Town of Chapel Hill and Capricorn/Isler Associates, Inc.

This the 11th day of May, 1987.

COUNCIL MEMBER SMITH MOVED, SECONDED BY COUNCIL MEMBER HOWES TO ADOPT RESOLUTION 87-5-12/R-3.2. THE MOTION PASSED UNANIMOUSLY, (8-0).

The resolution, as adopted, reads as follows:

A RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF AN AGREEMENT FOR A PUBLIC/PRIVATE DEVELOPMENT, "HOMEOWNERSHIP DEMONSTRATION PROJECT," IN CHAPEL HILL (87-5-11/R-3.2)

BE IT RESOLVED by the Council of the Town of Chapel Hill that, subject to fulfillment of certain conditions listed below, the Council hereby approves, and authorizes the Manager to sign on behalf of the Town, the "Development Agreement" between the Town of Chapel Hill and Capricorn/Isler Associates, Inc., as submitted to the Council at its May 11, 1987 regular meeting, and which agreement shall be retained with the permanent records of the Council's regular meeting; provided, that the Council's approval of the agreement is subject to fulfillment of the following conditions:

1. That the items listed as attachments A-F (Construction Services Management Agreement, Deed of Subordination, Property Deed, Proposal (including final estimated costs and sales prices), Town Lien, and Town Note) shall be reviewed, may be revised from the draft form submitted on May 11, and shall in final form be approved by the Town Attorney and Town Manager prior to execution of the Development Agreement;
2. Before execution of the Development Agreement by the Manager, the Town Attorney shall revise the text of the proposed contract submitted May 11, 1987 to incorporate such terms as shall satisfy the above condition established by the Council in adopting this resolution. The Town Attorney may but need not make such revisions by appending this resolution to the Agreement and adding references to this resolution in appropriate sections; and
3. Signing of the Development Agreement shall not take place unless and until all items enumerated herein and in the proposed Development Agreement submitted May 11, 1987 are completed.

This the 11th day of May, 1987.

COUNCIL MEMBER WERNER MOVED, SECONDED BY COUNCIL MEMBER ANDRESEN TO ADOPT RESOLUTION 87-5-12/R-3.3. THE MOTION PASSED UNANIMOUSLY, (8-0).

The resolution, as adopted, reads as follows:

A RESOLUTION AUTHORIZING THE MANAGER TO TAKE VARIOUS ACTIONS IN CONNECTION WITH THE HOMEOWNERSHIP DEMONSTRATION PROJECT (87-5-11/R-3.3)

WHEREAS, Section 1 of the Development Agreement between the Town of Chapel Hill and Capricorn/Isler Associates, Inc. provides that the Manager shall be the authorized town representative in connection with various aspects of the agreement for the Homeownership Demonstration Project; and

WHEREAS, Section 1 of said Agreement contemplates that the Manager would be duly authorized to take such actions as may be necessary to perform and carry out the provisions of the Agreement;

BE IT THEREFORE RESOLVED that the Council of the Town of Chapel Hill hereby authorizes the Manager to act as the designated authorized town representative in connection with the project, to sign various documents and instruments, and to take various other actions on behalf of the Town in connection with matters including but not limited to the following:

1. Approve general plans and specifications;
2. Execute the construction services management agreement;
3. Expedite development review by Town departments;
4. Approve construction documents for the public improvements;
5. Approve changes in the project budget;
6. Issue a certificate of completion for the public improvements; and
7. Other actions including execution of documents and minor modifications to the Development Agreement in accord with the Council's approval of the Development Agreement between the Town and Capricorn/Isler Associates, Inc. as contained in resolution 87-5-11/R-3.2.

This the 11th day of May, 1987

COUNCIL MEMBER HOWES MOVED, SECONDED BY COUNCIL MEMBER GODSCHALK TO ADOPT RESOLUTION 87-5-12/R-3.4. THE MOTION PASSED UNANIMOUSLY, (8-0).

The resolution, as adopted, reads as follows:

A RESOLUTION CALLING A PUBLIC HEARING TO CONSIDER THE PRIVATE SALE OF PROPERTY IN CONNECTION WITH THE HOMEOWNERSHIP DEMONSTRATION PROJECT (87-5-11/R-3.4)

BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council hereby calls a Public Hearing at 7:30 p.m. in the Meeting Room of the Municipal Building, 306 N. Columbia Street, Chapel Hill, N.C., for a date to be set administratively by the Town Manager, to consider the private sale of land designated a community development project area for the purposes of carrying out the Homeownership Demonstration Program pursuant to the Town's 1984-1986 Community Development Plan, to Capricorn/Isler Associates, Inc., a North Carolina business corporation, under the provisions of G.S. 160A-457; said sites more specifically are located off Merritt Mill Road and Legion Road, and are identified as Tax Map #91-I-11,18,19,20,22,22A,23,23A (West Merritt Mill); Tax Map #91-G-4,5,8,9,10,20,21,22 (East Merritt Mill); and Tax Map #27-D-21(p/o).

This the 11th day of May, 1987.

Manager Taylor commended the staff for their work with the developers and thanked the developers for their proposals. He said he thought there was a good working relationship between the two and that he looked forward to seeing the homes built and occupied.

COUNCIL MEMBER WERNER MOVED, SECONDED BY COUNCIL MEMBER HOWES TO ADJOURN THE MEETING. THE MOTION PASSED UNANIMOUSLY, (8-0).

The meeting adjourned at 7:48 p.m.