

**A RESOLUTION AUTHORIZING SALE OF FORECLOSED  
OCHLT UNIT IN TWIN MAGNOLIAS  
Resolution No. 110/2007-08**

WHEREAS the Board of Aldermen are committed to increasing the number of affordable housing units in Carrboro, and

WHEREAS the Board of Aldermen are also committed to the long-term ability of the Orange Community Housing and Land Trust (OCHLT) to maintain its financial stability, and

WHEREAS, in this case, the financial burden of keeping this unit within the inventory of affordable units would be extremely high, and

WHEREAS there would be a significant, corresponding benefit to the newly created affordable housing fund were the unit to be sold on the market,

NOW THEREFORE BE IT RESOLVED by the Carrboro Board of Aldermen that:

Section 1: They authorize the sale on the market of the foreclosed OCHLT unit in Twin Magnolias.

Section 2: They direct that any proceeds of this sale shall go into the newly created affordable housing fund.



February 5, 2008

Mayor Mark Chilton and  
Carrboro Board of Aldermen

**Re: Twin Magnolias**

**Board of Directors**

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Vice President

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*Mary Jean Seyda*

*Jacquelyn Gist*

*Robert Dowling*  
Executive Director

**Funding Provided by:**

*Town of Chapel Hill*  
*Orange County*  
*Town of Carrboro*  
*Town of Hillsborough*

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Dear Mayor Chilton and Members of the Board:

We learned yesterday that one of the Land Trust homeowners living in the Twin Magnolias development (off Jones Ferry Road) is in default on his mortgage and will be walking away from the property. He recognizes that he will be foreclosed upon by his lender and he believes this is his only option given his life circumstances.

As the steward for this property, it is our responsibility to respond to situations like this. Ordinarily, I would recommend that we purchase the property prior to foreclosure and seek another income-eligible buyer. However, this property has several unusual characteristics which I will try to summarize for you:

1. This 2BR townhome was priced at \$129,000 when we sold it in 2005, which was only affordable to people between 80% and 100% of median income.
2. Since 2005 the income limit for 100% of median has declined by 13%, which is a reflection of our new MSA.
3. As a result, this home is now unaffordable to all income-eligible buyers.
4. Reducing the price to an affordable level will require approximately \$55,000 of subsidy (due to higher monthly expenses and our stewardship fee).
5. This development has been beset with legal problems related to the condominium declaration. All of the deeds have been turned over to a trustee while these legal issues get resolved.
6. The homeowner association is overwhelmed with problems and was not provided an adequate capital reserve budget by the developer.
7. As a result, we expect HOA dues will have to increase significantly in the future. In addition there may have to be assessments levied to homeowners.
8. Lastly, this home has holes in the ceiling resulting from a water leak. I expect we will need to spend several thousand dollars making repairs.

In sum, this is a problematic property that will require a great deal of our time to 'make right'. We are willing to work with the lender to save this home, but we will need at least \$55,000 (plus more for repairs) in order to re-sell this property. We don't have any subsidy in place for this property and would look to the Town for assistance.

Alternatively, given the problems with this property, the Board of Aldermen might want to consider selling this home out of the Land Trust. Selling this home on the open market might generate \$40,000 or more for the Town's newly formed affordable housing fund.

I recognize that this property offers some unusual circumstances, but it provides us all with additional reasons why dedicated funding is necessary to manage inclusionary housing going forward. We are happy to provide additional information that will allow the Board to provide us with direction on how to proceed.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Dowling", written over the printed name.

Robert Dowling  
Executive Director

cc: Steve Stewart, Town Manager