

NORTH CAROLINA
ORANGE COUNTY

Inter-Local Agreement for the Community Home Trust

THIS AGREEMENT made and entered into by and among the County of Orange (hereinafter “County”), the Town of Carrboro, the Town of Chapel Hill, and the Town of Hillsborough (hereinafter “Towns”), each being a general local governmental unit of the State of North Carolina, and is made pursuant to North Carolina Statutes, Article 20 of Chapter 160A.

WHEREAS, the County and Towns agree that it is desirable and in the interests of their citizens to provide affordable housing to low and moderate income individuals and families, to ensure that such housing remains affordable in perpetuity and to have much of that housing administered and managed by a non-governmental entity;

WHEREAS, the County and Towns were responsible for the creation of the predecessor organization to the Community Home Trust (CHT) in 1990; and

WHEREAS, CHT revised its organizational structure and model for providing affordable housing in 1999 at the behest of the County and Towns; and

WHEREAS the County and Towns are committed to creating successful affordable housing opportunities in Orange County;

NOW, THEREFORE, the County, the Towns and CHT agree as follows:

Section I. Definitions

- A. Low Income means households that earn 80% or less of the Area Median Income (AMI) in the Metropolitan Statistical Area (MSA) in which Orange County resides, as published by HUD.
- B. Moderate Income means households that earn more than 80% AMI but not more than 115% of the Area Median Income in the Metropolitan Statistical Area (MSA) in which Orange County resides, as published by HUD.
- C. HUD means the United States Department of Housing and Urban Development.
- D. Inclusionary housing refers to local policies and ordinances of the Towns and County that require or incentivize the inclusion of housing that is deemed affordable for purchase by low and moderate income households within market-rate housing developments.

NOW, THEREFORE, the County and Towns agree as follows:

Section II. Purpose

The purpose of this Agreement is to confirm the County and Town’s affordable housing goals for homeownership throughout Orange County. Since all of CHT’s homes are in Orange County, and since virtually all of CHT’s work is driven by inclusionary housing policies that are

supported by the County and Towns, this Agreement is intended to establish a shared set of expectations as to what affordable housing functions CHT will provide to the County and Towns. The County and Towns recognize that a shared and agreed upon set of expectations and responsibilities will reduce uncertainties and allow the County and Towns to best utilize the expertise and experience of CHT.

Section III. Agreement.

A. Term of Agreement - The term of this Agreement begins on July 1, 2015 and is may be renewed annually.

B. CHT Board Representation by County and Towns – The governing bodies of the County and Towns are each entitled to appoint a representative to the board of directors of CHT. According to the CHT bylaws, one-third of the board of directors will be CHT homeowners, one-third will be appointed persons (by County, Towns and the University of North Carolina at Chapel Hill [hereinafter UNC]), and one-third of the directors will be members of the community who support the work of CHT. The County and Towns' appointees to the board of directors enable the County and Towns to remain informed of the work of CHT and, in fact, to exert influence over that work.

C. CHT Responsibilities

It is agreed that CHT's responsibilities include the following:

1. Create and maintain homes that are affordable for purchase by low and moderate income households earning up to 115% of AMI;
2. The CHT Board of Directors is responsible for the financial health and well-being of the organization to ensure the organization is well managed and able to meet the expectations of the County and Towns;
3. CHT agrees to generate a portion of its own funding each year. The principal sources of this revenue are fees from sales of new homes added to the portfolio, re-sales of homes already in the portfolio, ground lease fees and fundraising efforts.
4. The CHT Board of Directors will hire, periodically evaluate and, as necessary, replace the organization's Executive Director;
5. Sell homes using the community land trust (CLT) model, wherein homes are conveyed to buyers using a 99-year ground lease. The CLT model enables homes to remain affordable to future generations of low and moderate income households. CHT will be expected to continually revise its model to meet changing circumstances and to reflect best practices;
6. Advocate for affordable housing policies at the local, state and national levels.
7. Create affordable housing opportunities, whether through purchase and rehab, or otherwise, that are outside the inclusionary housing realm;
8. Implement and manage inclusionary housing programs as requested by the Towns and County.

D. Responsibilities of the Towns and County

1. Annual Funding

The County and Towns agree that their annual funding of CHT will gradually grow and annually be adjusted, starting in fiscal 2015-16, from the fiscal 2014-15 levels (Orange County \$149,000, Town of Chapel Hill \$200,000, Town of Carrboro \$35,000 and Town of Hillsborough \$2,500) to allow CHT to maintain a minimum required operating cash balance. CHT's minimum required operating cash balance will be the sum of the industry-standard six months of operating expenses (\$350,000 as of July 1, 2014) plus special project reserves necessary for CHT to safeguard its portfolio of homes (\$550,000 as of July 1, 2014). Each year, CHT will re-determine these amounts and include them in its budget proposal.

Funding payments from the County and Towns to CHT will be made quarter-annually in equal amounts on or about July 1, October 1, January 1 and April 1.

2. CHT Staff Compensation

The County and Towns agree that the CHT budget will include CHT staff compensation based upon compensation paid by the County and Towns.

3. Funding Formula

Although it is recognized that each local government will vote independently to approve this Agreement, it is expected that each jurisdiction will approve the same funding formula. Furthermore it is agreed that funding will be determined as follows:

- a. The sharing of the County and Towns' portion of the annual funding will be determined by a two tier formula. First, the County will provide 33% of the total and the Towns will provide 67% of the total. Second, the Towns will share their 67% portion based on the ratio of CHT homes within each town to the total number of CHT homes. The number of homes will be determined as of January 1 prior to each fiscal year.
- b. For example, if CHT's budget is \$800,000 and the number of homes in the CHT portfolio on the prior January 1st is 250, with 200 of those homes in Chapel Hill, 50 of those homes in Carrboro and none of those homes in Hillsborough, and CHT budgets providing \$200,000 of revenue itself, then Orange County will be required to pay 33% of \$600,000 (\$800,000 less \$200,000), or \$198,000, Chapel Hill will be required to pay 67% of \$600,000 multiplied by 200/250, or \$321,600; Carrboro will be required to pay 67% of \$600,000 multiplied by 50/250, or \$80,400 and Hillsborough will be required to pay 67% of \$600,000 multiplied by 0/250, or \$0.

4. Portfolio Management

- a. The Towns and County agree to consult with the CHT staff when new developments are proposed that would include homes that would become a part of the CHT portfolio. CHT staff will provide input on any affordable housing proposals or options if requested by the Towns or County.

- b. The County and Towns agree to consult with the CHT staff prior to implementing policies or regulations that will impact CHT's work.

5. Operating Guidelines

a. Unrestricted Fee Simple Deed of Trust

The Towns and the County agree to allow use of an unrestricted fee simple deed of trust on CHT properties to facilitate greater lending options to CHT buyers. If a CHT home is foreclosed upon, the Towns and County agree to cancel all affordability restrictions recorded against the property and the home would be sold by the lien holder on the open market.

b. Resale of CHT homes

A CHT home subsidized by local or Community Development Block Grant funds may be resold to households earning up to 115% of the AMI without a requirement of repaying local funds. Homes sold to households earning up to 115% of AMI will continue to be required to maintain the affordability requirements consistent with the elected bodies at that time.

CHT will notify the appropriate jurisdiction prior to exercising this provision and will report the resale in its quarterly reports.

c. Selling CHT homes out of the affordable housing inventory

The Towns and County acknowledge that there could be properties that the CHT would want to sell from its inventory. Prior to selling a home out of its inventory, the CHT would consult with the appropriate jurisdiction(s) to discuss the challenges of the property and options for consideration (i.e. subsidy repayment, legal implications with Special/Conditional Use Permits) the Towns and County agree that the Managers shall have the authority to approve sale of homes outside of the affordable housing inventory and will notify its elected officials.

Section IV. Execution

- A. All governing boards have duly approved this Agreement and pursuant to such approval and the proper officials having signed this Agreement. The parties hereto agree to be bound by the provisions herein set forth. The terms and provisions of this Agreement are authorized by applicable laws and regulations.

The County and Towns have authorized this Agreement to be duly executed under seal and have set their hands and seals on the day and year specified below.

TOWN OF CARRBORO

David Andrews
Town Manager

ATTEST:

**NORTH CAROLINA
ORANGE COUNTY**

This is to certify that on this day personally came before me _____, with whom I am personally acquainted, and being by me duly sworn, says that David Andrews is the Town Manager, and that she the said _____, is the Town Clerk of the Town of Carrboro, the municipal corporation named within and which executed the foregoing instrument; that she knows the common seal of said corporation; that the seal affixed to said instrument is said common seal; that the name of corporation was subscribed thereto by the said Town Manager and that the said Town Manager and said _____ Town Clerk subscribed their names hereto and said common seal was affixed, all by order of the Board of Alderman of the Town of Carrboro and that said instrument is the act and deed of said corporation.

Witness my hand and notarial seal, this the _____ day of _____, 20____.

Notary Public

My Commission expires: _____

TOWN OF CHAPEL HILL

Roger Stancil
Town Manager

ATTEST:

NORTH CAROLINA
ORANGE COUNTY

This is to certify that on this day personally came before me _____, with whom I am personally acquainted, and being by me duly sworn, says that Roger Stancil is the Town Manager, and that he the said _____, is the Town Clerk of the Town of Chapel Hill, the municipal corporation named within and which executed the foregoing instrument; that she knows the common seal of said corporation; that the seal affixed to said instrument is said common seal; that the name of corporation was subscribed thereto by the said Town Manager and that the said Town Manager and said _____ Town Clerk subscribed their names hereto and said common seal was affixed, all by order of the Town Council of the Town of Chapel Hill and that said instrument is the act and deed of said corporation.

Witness my hand and notarial seal, this the _____ day of _____, 20____.

Notary Public

My Commission expires: _____

TOWN OF HILLSBOROUGH

Eric Peterson
Town Manager

ATTEST:

NORTH CAROLINA
ORANGE COUNTY

This is to certify that on this day personally came before me _____, with whom I am personally acquainted, and being by me duly sworn, says that Eric Peterson is the Town Manager, and that she the said _____, is the Town Clerk of the Town of Hillsborough, the municipal corporation named within and which executed the foregoing instrument; that she knows the common seal of said corporation; that the seal affixed to said instrument is said common seal; that the name of corporation was subscribed thereto by the said Town Manager and that the said Town Manager and said _____ Town Clerk subscribed their names hereto and said common seal was affixed, all by order of the Town Board of the Town of Hillsborough and that said instrument is the act and deed of said corporation.

Witness my hand and notarial seal, this the _____ day of _____, 20____.

Notary Public

My Commission expires: _____

ORANGE COUNTY

Bonnie Hammersley
County Manager

ATTEST:

NORTH CAROLINA
ORANGE COUNTY

This is to certify that on this day personally came before Donna Baker, with whom I am personally acquainted, and being by me duly sworn, says that Bonnie Hammersley is the County Manager, and that she the said _____, is the Clerk to the Board of Commissioners of the County of Orange, the body politic and corporate named within and which executed the foregoing instrument; that she knows the common seal of said County; that the seal affixed to said instrument is said common seal; that the name of corporation was subscribed thereto by the said County Manager and that the said County Manager and said Donna Baker subscribed their names hereto and said common seal was affixed, all by order of the Board of County Commissioners of Orange County and that said instrument is the act and deed of Orange County.

Witness my hand and notarial seal, this the _____ day of _____, 20____.

Notary Public

My Commission expires: _____