

(34)

September 6, 2006

Mayor Kevin Foy and  
Chapel Hill Town Council Members

**Re: Affordable housing at Castalia (REVISED)**

Dear Mayor Foy and Council Members:

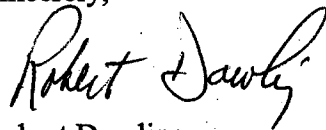
I wrote a letter to the Council dated August 30, 2006 that recommended the developer make a payment-in-lieu to the Town of \$150,000. I apologize for the confusion, but I am compelled to revise my recommendation based upon the applicant's 15% requirement. I was under the assumption that the applicant was required to provide two affordable housing units in Castalia. However, based upon the applicant's proposal to include just 10 condominium units in Castalia, his 15% affordable share is just **1.5 units**.

I continue to believe that \$75,000 is the approximate amount of subsidy required to build or renovate one affordable home. In order to be consistent with past practices, I believe it is appropriate for the applicant to provide a payment-in-lieu equal to 150% of \$75,000, or \$112,500.

Again, I want to apologize to the Council for the confusion. I strive to achieve the Council's affordable housing goals in a manner that is fair and consistent. In this case that meant revising my recommendation.

Thank you for your consideration of this proposal.

Sincerely,



Robert Dowling  
Executive Director

cc: Roger Stancil



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**Funding Provided by:**

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