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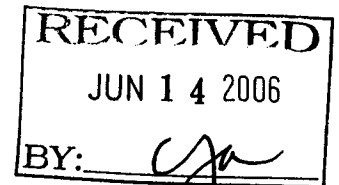
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June 13, 2006

(37)

Mayor Kevin Foy and  
Chapel Hill Town Council Members



**ATTACHMENT 5**

**Re: Affordable housing at Castalia**

Dear Mayor Foy and Council Members:

The developer of the Castalia mixed-use building in Meadowmont is proposing to provide two small rental units in order to satisfy the Town's inclusionary housing policy. I would ask the Council to consider an alternative requirement that I believe would better serve the affordable housing needs of our community.

**If the developer would agree to provide a payment-in-lieu of \$180,000, the Land Trust could create six, truly affordable units at the Greenway Condominiums, which is also located on W. Barbee Chapel Rd. in Meadowmont. The Council may recall that the Greenway condo building was sold to the Land Trust by the developer of the Hilltop Condominiums. Ten of the Greenway units, all containing one-bedroom, were priced to be affordable to individuals earning less than 80% of median income. These ten units satisfied the Town's 15% requirement.**

However, at the Council's request, the developer agreed to sell the entire 16-unit building to the Land Trust. The six, two-bedroom units were priced to be affordable to households between 80% and 100% of median income. After much negotiation, we agreed to this arrangement, but in retrospect, the prices of the two-bedroom units, at \$140,000, were too high. As a result, they have been difficult to sell.

**With a contribution of \$30,000 per unit, we could reduce the base price of the Greenway 2BR units to \$110,000, a price that is just affordable to households earning less than 80% of median income. I realize that the Council does not favor payments-in-lieu for affordable housing, but in this instance, I believe the payment-in-lieu offers a better alternative for the community. The developer will have a far greater impact if he is permitted to create six affordable ownership units rather than two rental units (which present their own challenges) in a luxury condo building.**

Thank you for your consideration of this proposal.

Sincerely,

*Robert Dowling*  
Robert Dowling  
Executive Director

cc: Cal Horton, Town Manager ✓