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April 16, 2007

Mayor Kevin Foy and  
Chapel Hill Town Council Members

**Re: Affordable housing at Homestead Twins**

Dear Mayor Foy and Members of Council:

The developer of the Homestead Twins has offered to provide 20% of the proposed duplex units as affordable ownership opportunities in the Land Trust. When we met with the developers several weeks ago, they originally proposed a mix of 1BR, 2BR and 3BR units that would be priced to be affordable to households earning 80% of the area median income. After some discussion about product mix, the developers agreed to provide 3BR, 2BA units that would be more desirable to families.

However the proposed units would be priced to be just affordable to families of three at 80% of median income. Each of these units would have required about \$20,000 of subsidy before they could be sold to low-income families. After reviewing the numbers, I asked the developers if they would amend their proposal to provide fewer affordable units at a lower price. It is my understanding that the developers are amenable to this modification to their proposal.

As a result, the developer will provide eleven 3BR, 2BA units that will be priced at \$120,000, which is affordable to households earning about 73% of the area median income. This proposal will significantly reduce our need for subsidy when these units are built.

As the Council is aware, the Land Trust is already in need of substantial amounts of subsidy to keep our existing units affordable and well maintained. Going forward, I believe we need to structure arrangements with developers that minimize our need for public subsidy. In this case, 11 duplex units requiring little or no subsidy seems preferable to 15 units requiring up to \$20,000 each.

Thank you for your consideration of this perspective.

Sincerely

*Robert Dowling*  
Robert Dowling  
Executive Director

cc: Roger Stancil, Town Manager

