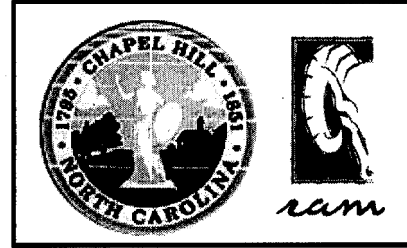


John Florian, VP Development NC
 Ram Development Company
 516 W. Peace St.
 Raleigh, NC 27603



May 11, 2007

Gene Poveromo
 Phil Mason
 Planning Department
 Town of Chapel Hill
 405 Martin Luther King, Jr. Blvd.
 Chapel Hill, NC 27514

Downtown Economic Development Initiative – Affordable Housing Program

For the Downtown Economic Development Initiative on Parking Lot 5 we will meet the requirements of the affordable housing initiative according to the following;

- 1.) Provide a minimum of 15% (rounded upward for any fraction) of the aggregate residential units as qualifying affordable housing (eg. If there are 137 total units, 21 will be designated affordable)
- 2.) The affordable housing units will be spread across three different floors of market rate units in the single residential building of the development plan.
- 3.) We will work with the Orange Community Land Trust (See attached letter already submitted from Robert Dowling, Chairman) who will qualify buyers according to the specified affordable housing criteria, market the units to the designated buyers, and set the pricing of the units with us to meet the affordable housing criteria.
- 4.) Certificates of Occupancy for the market rate units will be issued in proportion to the certificates of occupancy secured for the minimum 15% affordable units, ie. For every 6 market rate units receiving their certificates of occupancy, at least 1 affordable rate unit will also receive its certificate of occupancy.
- 5.) It is contemplated that the Land Trust, or another entity as the Town designates at its discretion from time to time, will take one-third of the total number of affordable housing units within 60 days after substantial completion of the project, an additional one-third of the units within 12 months, and the remainder of the units within 24 months after Substantial completion.
- 6.) The units that the Land Trust or other such entity identified by the Town takes control of based on the plan laid out above will be under the discretion of the controlling entity to determine its affordability into perpetuity. We will work with the Town and the controlling entity to help determine the best way to keep these units affordable into perpetuity. As further assurance of our efforts to keep these designated affordable units, and all other designated affordable units in Chapel Hill, affordable into perpetuity, we pledge an additional \$25,000 to be used by the Town to commission a study to determine the most effective means of ensuring the on-going affordability of these units including the study of other measures to ensure common expense assessments remain affordable as well.
- 7.) In order to ensure that required condominium association fees remain affordable for our project into perpetuity for the affordable rate units, we pledge that common expense assessments for the designated

148

affordable units will not exceed 1.5% of the selling price of the unit for the 12 month period following the date of first conveyance of a leasehold condominium. (eg. - \$85,000 sale price = maximum \$1,275 for the first year averaging \$106.25 per month) Any subsequent increases in common expense assessments in any one year shall not increase by more than the greater of (a) the increase in the Consumer Price Index for the prior year, (b) the percentage increase in the median household income for the standard metropolitan statistical area in which Chapel Hill is located. An equitable adjustment to any common expense assessment reflecting any utility charges (water, sewer, heating, air conditioning and electrical) that are master metered so that all units market rate or affordable have a share in shall not be included with regard to the 1.5% limitation.

Respectfully Yours,

John E. Florian
Senior Vice President of Development - NC
Ram Development Company



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Robert Dowling
Executive Director

Funding Provided by:

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



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149

April 13, 2007

Mr. Phil Mason
Town of Chapel Hill
Planning Department

Re: Lot 5 Affordable Housing

Dear Phil:

Orange Community Housing and Land Trust (the Land Trust) is engaged in discussions with Ram Realty Services about the affordable housing to be included in the Lot 5 development. We have reviewed the comments that Ram received from the Town and we are confident that the Land Trust will be able to market the affordable units to persons earning less than 80% of the area median income. As always, the Land Trust will determine the eligibility of prospective buyers. In addition, because the affordable condominiums will be owned by the Land Trust we believe they will be permanently affordable.

There are still issues to be worked through with Ram and the Town, such as parking, condo fees and the mix of bedroom sizes, but I expect we will work these matters out over the next few weeks or months.

If you need additional information from me, please do not hesitate to call me at 967-1545 ext 307.

Sincerely,

Robert Dowling,
Executive Director

cc: Jon Keener, Ram Realty Services