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June 12, 2007

Mayor Kevin Foy and
Chapel Hill Town Council Members

Re: Affordable housing on Lot 5

Dear Mayor Foy and Members of Council:

I am pleased that the Land Trust is participating in the re-development of parking lot 5 to provide permanently affordable housing to individuals and families who earn less than 80% of the area median income. We have met with the representatives from Ram Development to discuss how their affordable housing proposal could be strengthened.

From our perspective the proposal would be stronger if Ram and the Town would address two concerns:

1. Allow for a mix of 1-bedroom units and 2-bedroom units. Ram is not opposed to this change.
2. Allow all the affordable owners to have one parking space in the parking deck.

In addition, we recognize that permanent affordability is an important consideration for the Council. Assuming these units are priced affordably (we have not discussed pricing of the 2BR units with Ram), we have concerns about two factors that will impact their affordability over time:

1. The methodology for limiting the monthly condominium assessments to just 1.5% of the purchase price varies from how condo assessments are typically determined (which is by the percentage of ownership). We would ask the Town attorney to confirm that the proposed methodology is permissible under NC law.
2. In time, special assessments may be a great burden to affordable homeowners, yet the development agreement does not address special assessments. It would be best to anticipate this eventuality to ensure the continued affordability of these condominiums.

We look forward to working with the Town and with Ram to find solutions to these issues and to create additional affordable housing opportunities in Chapel Hill.

Sincerely

Robert Dowling
Robert Dowling
Executive Director