



March 4, 2008

Mayor Kevin Foy and
Chapel Hill Town Council Members

Re: South Grove Affordable Housing

Board of Directors

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Gordon Merklein
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Bruce Runberg
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Jacquelyn Gist

Robert Dowling
Executive Director

Funding Provided by:

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

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104 Jones Ferry Road
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Carrboro, NC 27510
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www.ochlt.org

Dear Mayor Foy and Council Members:

We have been working with the developer of South Grove on his affordable housing proposal, which includes four single-family homes that will be priced at \$137,000. Because this property is not within the Town's limits, the property taxes are lower and the homes will be affordable to families of three earning 80% of the area median income.

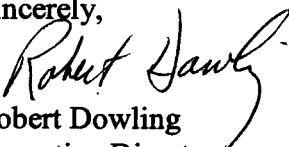
The Land Trust will need to obtain approximately \$142,000 of subsidy to allow these four homes to be affordable to a reasonable 'window' of prospective buyers. This subsidy will reduce the effective prices to approximately \$102,000, which is affordable to families of three earning 65% of median income.

I want to alert the Council to a long-term concern with these properties – since they are on well and septic, there will be significant costs incurred by the owners of these properties when the septic fields break down. This should not occur for 20 years or more, but establishing the reserve field will be expensive for a low-income homeowner.

This will clearly be a high-end neighborhood and the developer has done a good job of integrating the affordable homes. I believe these homes will be a wonderful opportunity for low-income families.

I will be available at the public hearing in case the Council has questions about this affordable housing proposal.

Sincerely,


Robert Dowling
Executive Director

cc: Mr. Roger Stancil, Town Manager