



January 6, 2006
Mayor Foy and Chapel Hill Town Council
Town of Chapel Hill
405 Martin Luther King, Jr. Blvd.
Chapel Hill, NC 27514

RE: Residence Inn Mixed Use Development

Dear Mayor Foy and Town Council Members:

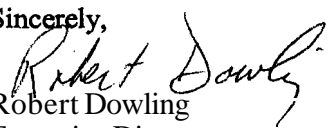
The developer of the Residence Inn has agreed to provide an affordable condominium as part of his mixed-use development. As requested by the developer, the Land Trust participated in negotiating an MOU that determined how that affordable condominium would be priced, and sold to a first time homebuyer.

I'm pleased to hear that the developer is now proposing a payment-in-lieu rather than provide the affordable condominium. I believe a payment to the Town's Housing Trust fund would be more valuable to our community for various reasons:

1. Since this development will only include four residential units, all of which will be located above office space, this lone affordable condominium will not be part of a neighborhood and may not be very desirable to first time buyers.
2. Since this is a one-bedroom condominium, it will only appeal to single persons.
3. Like the lone affordable condominium in the McCorkle Place project, condo fees and taxes may render this unit less affordable than would be indicated by the purchase price.
4. I believe a payment-in-lieu that would be sufficient to renovate a single-family home or construct a new home would be far more useful to families that need affordable housing options.

If the Council considers a payment-in-lieu, I believe that a payment in the \$60,000 - \$70,000 range would be sufficient to subsidize a single family home. Should the Council decide to reject the payment option, the Land Trust will work with the developer to honor the agreement and offer the condominium for sale to a first time homebuyer.

Thank you for your consideration of this perspective.

Sincerely,

Robert Dowling
Executive Director

cc: Mr. Cal Horton, Town Manager

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Robert Dowling
Executive Director

Funding Provided by:

Town of Chapel Hill

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Town of Hillsborough



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