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February 21, 2007

Mayor Kevin Foy and  
Chapel Hill Town Council Members

**Re: Affordable housing at East 54**

Dear Mayor Foy and Members of Council:

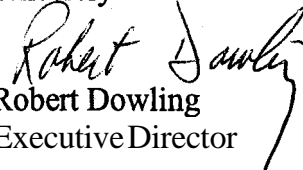
I am very pleased to learn that the developers of the East 54 mixed use development are willing to consider two proposals that will allow the Land Trust greater flexibility as we strive to provide needed affordable condominium units. As you know, the developer, East West Partners, has offered to make 30% of the units affordable to households earning less than 80% of the area median income. In addition, the developers are willing to assess a transfer fee on the sale of every residential unit that will allow the affordable units to remain affordable in perpetuity.

Recognizing that the Land Trust may be expected to sell up to 100 1 BR condominiums in the next several years, Roger Perry of East West Partners has agreed to provide more 2 BR units in phases II and III of the development. In return he is asking to eliminate two 1 BR units for each new 2 BR unit. I believe this is a fair exchange that will give the Land Trust greater flexibility in phases II and III of this project. He is also guaranteeing that no less than 20% of the total units will be affordable.

Mr. Perry has also graciously agreed to adopt my recommendation that the Town permit a payment-in-lieu during phases II and III if we are having trouble selling the 1 BR units. Again, **he is still guaranteeing that 20% of the project will be affordable**, but by allowing the flexibility of a payment-in-lieu, the Council will be approving a better project; one that allows the Land Trust to work with Mr. Perry to design phases II and III in a way that will ensure success.

This revised proposal allows the developer and the Land Trust to learn from our experience in phase I, which will include 25 affordable condominiums. Having the flexibility to apply that knowledge in phases II and III will allow for a better project that in a worst case scenario will still provide a minimum of 20% affordable units. I want to thank the Council for your commitment to affordable housing and for your consideration of this request.

Sincerely

  
**Robert Dowling**  
Executive Director