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**Funding Provided by:**

*Town of Chapel Hill*

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March 15, 2007

Mayor Kevin Foy and  
Chapel Hill Town Council Members

**Re: Re-allocating CDBG funds**

Dear Mayor Foy and Members of Council:

The Council allocated \$100,000 of CDBG funds in 2005 to support our efforts in the Sykes Street neighborhood in Northside. We were also allocated \$100,000 of HOME funds for this same redevelopment effort. To date we have spent \$30,000 of CDBG and \$60,000 of HOME funds. We expect we will use an additional \$60,000 to \$100,000 of the allocated funds before we complete our work in Northside.

Anticipating that we may possibly hat when our work in Northside is complete, I would ask the Council to allow us to use the CDBG funds to reduce prices of homes in neighborhoods other than Northside. As the Council is aware, the Land Trust faces affordability problems in several of our developments. These affordability challenges are exacerbated as we institute our stewardship fee to address deferred maintenance.

Although we are not able to predict when homeowners will resell their Land Trust homes, an owner of a 2BR unit at Greenway has already given us notice that she will be moving this spring. Re-selling her home will require subsidy because the price has increased (as have property taxes and HOA dues) and these increases, combined with the stewardship fee have caused the home to be unaffordable. Allowing us the flexibility to use any unused CDBG funds at Greenway or other developments will be very helpful, since we currently do not have subsidy available for these projects.

Thank you for your consideration of this request.

Sincerely,

Robert Dowling  
Executive Director

cc: Roger Stancil, Town Manager