



RADWAY
DESIGN
ASSOCIATES
CHAPEL HILL, NC

May 17, 2007

Roger L. Stancil
Town Manager
Town of Chapel Hill
405 Martin Luther King Jr. Boulevard
Chapel Hill, NC 27514

RE: Chapel Hill North Special Use Permit • Council Resolution 2007-03-26R-13B
Stipulation No. 5 - Affordable Housing • Request for Minor Modification to SUP

Dear Mr. Stancil:

I am writing on behalf of Crosland Inc., the holder of the Chapel Hill Special Use Permit identified above for *The Residences at Chapel Hill North*. Stipulation #5 covering affordable housing was developed cooperatively by a Council Committee, the applicant, and town staff members including the Town Attorney.

An integral portion of the development of the payment-in-lieu formula adopted by the Council was the assumed balance of affordable units. The public record of the Council Committee meetings, including reports to the Council that were entered into the Council Public Hearing record by reference, were based upon the types and quantity of units show below:

1 Bedroom Units	12 units	2/3 rd of total affordable units
2 Bedroom Units	6 units	1/3 rd of total affordable units

This same percentage relationship was agreed to extend to the conditions for the continuing affordable housing obligation if *The Residences at Chapel Hill North* converted to a condominium development. Minus the credit to be applied to that obligation for the current payment-in-lieu (approximately \$400,000), the future obligation based upon the development of all 123 units approved by the SUP would be:

1 Bedroom Units	8 units	2/3 rd of total affordable units
2 Bedroom Units	4 units	1/3 rd of total affordable units

This relationship which is necessary for providing inclusionary units in the future or providing an additional payment-in-lieu in the future was inadvertently left out of the adopted stipulation.

The applicant proposes that a minor amendment, approved by the Town Manager, is appropriate to address this matter. Section 4.5.4, *Modifications of Special Use Permits* establishes the types of changes to Special Use Permits that are required to return to the Town Council and "minor changes" that the Town Manager may act upon without return to the Council. After reviewing this section in detail, we believe that the clarification of the types of affordable housing units to be provided if there is a condominium conversion of this development does fall within the pur-

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view of the Town Manager. Because of the Council Committee record of activity there is ample evidence in support of this proposed "minor change."

For that reason, the applicant proposes a minor modification to the approved SUP. Proposed clarification language is shown in Attachment A, a copy of the applicable section of Stipulation 5 – Affordable Housing. Legally it may not be appropriate to insert language in an approved resolution. Rather it may be that an addendum stipulation - approved by the Manager - replacing Stipulation 5 and certified by the Town Manager and Town Clerk would be appropriate.

It is the desire of the applicant to have the relationship of units stated in an approved public document for future use as it is unlikely that all parties participating in the development of the unit relationships will be actively involved at the time a condominium conversion might take place.

I hope you will find this request to be consistent with town regulations and policies. If additional information from the applicant is needed or further discussion is necessary please contact David Ravin or me directly.

Sincerely,

Scott Radway

Scott Radway, AICP

cc: David Ravin; Crosland Inc.
J.B. Culpepper, Planning Director, Town of Chapel Hill



Attachment A
Stipulation 5 with Proposed Minor Text Change

- Conversion From Rental Residential Community to Ownership Condominium Community: If the rental development is converted to an ownership condominium development the developer/owner of The Residences at Chapel Hill North may choose to provide either: 1) for sale affordable housing units; or 2) a payment-in-lieu according to the following two options:

Option 1: *Permanently Affordable Condominium Units* –Affordable units for ownership shall be deeded to an affordable housing provider, according to Town Inclusionary Zoning and Affordable Housing standards and shall be approved by the Town Manager prior to recordation of the condominium plat. The required number of affordable units shall be based on a formula that credits the developer/owner for the initial payment-in-lieu.

Number of Affordable Housing Units Required with Condo Conversion (F) = Affordable Housing Obligation (B) less the initial payment in lieu (D) divided by required subsidy of the \$75,000 (E) [Formula: F = B - (D4E)]

Type of Affordable Housing Units shall be 2/3rd one-bedroom units and 1/3rd two-bedroom units. Fractions of units shall be rounded in favor of the provision of 2 bedroom units.

Option 2: *Payment-In-Lieu with Condo Conversion* * If a payment-in-lieu of affordable ownership units is proposed, in addition to the initial payment-in-lieu of affordable rental units, the payment shall be calculated at such time the development converts to condominium ownership. The additional payment-in-lieu shall be provided to the Town's Revolving Acquisition Fund prior to recordation of the condominium plat. The total payment amount shall be based on the funding (subsidy) necessary, as determined by the Town Manager, for a local non-profit housing organization to make a dwelling unit affordable (At the time of this approval. April 2007, an affordable housing subsidy was calculated as \$75,000 per dwelling unit.). The total payment shall be equal to the funding (subsidy) multiplied by the number of required affordable units, according to the following formula:

Payment-in-lieu of condo conversion (G) = Affordable Housing Units Required with Condo Conversion (F) multiplied by a to be determined subsidy required by Affordable Housing Provider (H) [Formula: G = F X H]

Type of Affordable Housing Units for calculating a payment-in-lieu shall be 2/3rd one-bedroom units and 1/3rd two-bedroom units. Fractions of units shall be rounded in favor of the provision of 2 bedroom units.