



March 14, 2008

Mayor Kevin Foy and
Chapel Hill Town Council Members

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Re: South Grove Affordable Housing

Dear Mayor Foy and Council Members:

At the public hearing last week the Council asked two questions about the affordable housing proposed for the South Grove development:

1. Will each of the four units require \$35,000 of public subsidy to be affordable at 65% of median income?

Yes. The developer has agreed to provide the homes to the Land Trust for \$137,000, which is affordable to households of three earning 79% of median income. To lower the price such that the homes are affordable to households earning 65% of median income requires a subsidy of about \$34,000 per unit.

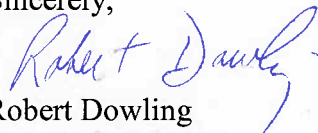
2. What is the income for a household of three at 65% of median income?

The income required to purchase one of these homes for \$103,000 is approximately \$41,500, which represents 65% of median. 80% of median for a household of three is \$51,350. So our window of buyers will be between \$41,500 and \$51,350.

The mayor also suggested that we should accept the developer's offer to exempt the affordable homes from the common area landscaping charges. We agree that accepting this offer would be in the best interests of our homeowners.

Please let me know if members of Council have additional questions.

Sincerely,


Robert Dowling
Executive Director

cc: Mr. Roger Stancil, Town Manager