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January 4, 2005

Mr. Cal Horton
Town Manager
Town of Chapel Hill
306 N. Columbia St.
Chapel Hill, NC 27516



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Funding provided by

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Carrboro, NC 27510
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Re: Use of CDBG funds at Vineyard Square

Dear Cal:

Orange Community Housing and Land Trust was approved for \$100,000 in CDBG funds to subsidize the purchase price of ten townhomes in the Vineyard Square development. Our intention was to reduce the prices of ten, three-bedroom units by \$10,000 each. However two of the three-bedroom units have sold for the full purchase price of \$115,000 because the buyers did not qualify for the subsidy.

As a result, we have \$90,000 in CDBG funds still available to us, but only seven, three-bedroom units remain to be sold. These three-bedroom units have proven difficult to sell at \$105,000. Two units that were completed in August remain unsold today, and five more will be complete by March 1st. By comparison, the three bedroom units in Rosemary Place sold for \$95,000.

I would like to request that the \$20,000 of 'left over' CDBG funds be allocated among the seven three-bedroom units that remain unsold. That will allow us to provide additional subsidy to families that cannot quite afford the current sales price of \$105,000.

Our experience with these three-bedroom units at Vineyard Square, and with the two-bedroom units at Greenway has taught us that our prices need to be more consistent across our various developments. When the price is set too high, units are difficult to sell. In addition, buyers of these properties tend to be more upwardly mobile people as opposed to working class families. This is an issue which we, as an organization, need to address in all future partnerships with private sector developers.

However, in this instance having that \$20,000 remain allocated to the three-bedroom units at Vineyard Square would be very helpful to our efforts to sell these townhomes.

Thank you for your attention to this request. Please let me know if you need additional information.

Sincerely,

Robert Dowling
Robert Dowling
Executive Director