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**Richard Gaylord
Richard Gaylord Homes
4094 Barrett Drive
Raleigh, North Carolina 27609
Telephone: (919) 783-5777**

December 23, 2002

Mayor Kevin Foy and Town Council
Town of Chapel Hill
306 N. Columbia Street
Chapel Hill, NC 27516

Dear Mayor Foy and Council Members:

As you requested I have reviewed the possibility of including one or more affordable units in Morgan Estates, a 12-lot subdivision within an existing R-1 District. It is my understanding that your request is based on:

- The current Ordinance requirement contained in Section 13.11 of the Development Ordinance, which requires 25% of any subdivision with more than 13 lots to provide "housing with floor area restrictions", and
- Your current practice to require that a component of affordable housing be included in all major residential development projects.

It also is my understanding that the proposed Land Use Management Ordinance, when finally adopted, likely will include a requirement for subdivisions of more than 5 lots to include:

- Floor area restrictions for 25% of the units, *or*
- 15% of the units to have affordable pricing; *and*
- Payment-in-lieu may be allowed for smaller subdivisions (less than 13 lots).

After careful consideration of your request, I believe I have a practical solution that addresses your concerns and does not substantially alter the Morgan Estates subdivision application, which has been reviewed and recommended for approval by the Town's Staff and advisory boards, as well as having been deemed as acceptable by the surrounding neighborhood. My proposal includes two different methods of providing for affordable housing, and allows the Town Council to choose the one that is most desirable to the Town. The two options are as follows:

- Each of the 12 units will be required to include an accessory dwelling unit of no more than 700 square feet, *or*
- \$52,500 will be donated to the Orange Community Housing and Land Trust (OCHLT).

Accessory dwellings are a time-tested solution for providing affordable housing in established neighborhoods, and most proponents of housing affordability encourage the inclusion of accessory dwellings in any comprehensive strategy aimed at resolving this issue. Recent professional planning literature reflects the re-emerging interest in accessory units as a means of achieving affordability, and reports indicate that there are multiple benefits.

- Accessory dwellings provide affordable housing that is created and maintained by the real market economy.
- Homeowners and homebuyers can use the supplemental income to help retain or purchase a home.
- Accessory dwellings make the most efficient use of space and single-family housing stock.
- Accessory dwellings offer affordable housing located in desirable neighborhoods.
- Accessory dwellings visually “blend” with existing neighborhoods.
- Accessory dwellings provide housing diversity within traditional single-family neighborhoods.

While I fully endorse the use of accessory dwellings to meet affordability needs in infill situations, I offer the alternative option of a \$52,500 contribution to the OCHLT. It is my understanding that this is the cost to subsidize one dwelling unit (land and building) in the Meadowmont affordable housing community.

After having discussed this matter with Mr. Robert Dowling, OCHLT Director, I believe either of the proposed options provides a viable alternative for affordable housing in small in-fill situations within existing neighborhoods. Further, neither of the alternatives will alter the subdivision site design or building program that was reviewed and accepted by the surrounding neighborhood.

As you may know, we have been in discussions with the Southbridge neighborhood for over a year regarding the specifics of the project. Several major changes have taken place as a result of these discussions, including limiting the number of home sites to 12, specifying our building types, increasing our “undisturbed” open space areas and preservation of existing topography, and acquiring additional land in order to provide the neighborhood with another point of access onto Culbreth Road. Any further significant changes to the site plan or building program would jeopardize our standing with the neighbors and our ability to develop the site with their approval.

Please let me know if you have any questions pertaining to this matter. I look forward to meeting with you on January 13th.

Sincerely



Richard Gaylord
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Cc: Mareade Garvey, Southbridge Homeowners' Association