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January 7, 2003

Town of Chapel Hill
Attn: Mayor and Town Council
306 North Columbia Street
Chapel Hill, North Carolina 27516

Re: Affordable Housing Proposal for Avalon Park Subdivision (File No.7.109..9P)

Dear Mayor and Town Council,

Based upon the comments received at the November 18, 2002, Public Hearing, we wish to propose the following affordable housing alternative as part of our application for preliminary plat approval for the Avalon Park Subdivision.

In particular, it was suggested by members of the Town Council that an affordable housing component be considered for the subdivision. In this regard, it was recommended at the 11/18/02 Public Hearing that we explore the various options available, including the Orange Community Housing and Land Trust.

In following up on the Council's recommendation, several options were explored and analyzed. After considerable discussions with the Town of Chapel Hill's Planning Department, as well as with Mr. Robert Dowling of the Orange Community Housing and Land Trust office, it was determined that due to the limited size of our proposed subdivision (10 lots), the most feasible option in this regard would be for us to make a payment-in-lieu in the form of a contribution to the Orange Community Housing and Land Trust.

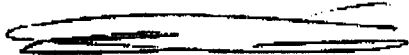
It is important to note that the final decision to make a payment-in-lieu was ultimately based upon the discussions, comments, and vote made by the Mayor and Council members during the January 6, 2003, Land Use Management Ordinance Public Hearing. In particular, it was determined at that hearing that the Council was in favor (by unanimous vote) of allowing payment-in-lieu as a means for subdivisions of 5 to 12 lots in size to satisfy the Small House rules requirement, if the threshold for the Small House rules is reduced from 13 lots to 5 lots.

In anticipation of the Council approving this option under the new Land Use Management Ordinance, we wish to offer a payment-in-lieu to the Orange Community Housing and Land Trust in the amount of \$52,000. Based upon discussions with the Planning Department, the amount of this contribution will sufficiently satisfy the estimated financial requirement of providing a single-family home through the Land Trust.

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Kindly consider this proposal as a satisfactory alternative to your request for us to add an affordable housing component to the Avalon Park subdivision. Thank you, and I look forward to your response at our next scheduled public hearing on January 13, 2003.

Sincerely yours,



E. Hani Fakhoury, DBA
Director

Cc: Town of Chapel Hill Planning Department
Orange Community Housing and Land Trust
Mithcell-Westendorf, PA
Joe Hakan