

113 Edinburgh South Drive, Suite 120 • Cary, North Carolina 27511 (919) 659 - 1500 (Office) • (919) 460 - 9793 (Fax)

February 2, 2010

MEMORANDUM FOR: Planning Department, Town of Carrboro, North Carolina

SUBJECT:

Legends at Lake Hogan Project - Affordable Housing Pricing

- 1. Purpose. The purpose of this memorandum is to request Town approval for maximum pricing for Affordable Housing Units (AHU), pursuant to the project Conditional Use Permit (CUP) and Section 15-182.4 of the Town of Carrboro Land Use Ordinance (LUO).
- 2. Background.
 - a. A Conditional Use Permit (CUP) was granted for the Legends at Lake Hogan major subdivision project (which was previously known and referred to as the Jones Property) on August 22, 2006. This project consists of 49 single-family detached residences and 16 townhomes.
 - b. This CUP designated ten of the townhome units as Affordable Housing Units.
 - c. This CUP further states that these Affordable Housing Units are to be offered for sale for an amount consistent with the language found in Section 15-182.4 of the Town of Carrboro Land Use Ordinance (LUO).
 - d. Section 15-182.4 of the LUO states:
 - i. "[An] affordable housing unit must be offered for sale or rent at a price that does not exceed an amount that can be afforded by a family whose annual gross income equals eighty percent of the median gross annual family income, as most recently updated by the United States Department of Housing and Urban Development, for a family of a specific size within the Metropolitan Statistical Area where the Town of Carrboro is located."
 - ii. "It is conclusively presumed that a family can afford to spend thirty percent of its annual gross income on housing costs....[T]he term "housing costs" shall mean the costs of principal and interest on any mortgage, real property taxes, insurance, fees paid to a property owners association, and any ground lease or maintenance fees."



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- 3. Discussion. Weekley Homes, L.P. requests approval to offer the ten Affordable Housing Units within its Legends at Lake Hogan community for sale for \$134,000 each. Such prices are within the threshold defined within Section 15-182.4 of the Town of Carrboro LUO.
 - a. 80% of Median Annual Income (2-person Household): \$45,650
 - b. Annual Income translated to Monthly Income: \$45,650 / 12 = \$3,804
 - c. Available Monthly Housing Cost (30% of Income): \$3,804 x 30% = \$1,141
 - d. Monthly Housing Cost Expenses:
 - i. Insurance: \$35
 - ii. Homeowners' Association Fees: \$130
 - iii. Real Property Taxes:
 - 1. Estimated Assessed Value: \$150,000 (mid-point)
 - 2. \$150,000 x 1.6858% = \$3,119 / 12 months = \$253
 - iv. Subtotal: \$35 + \$130 + \$253 = \$418
 - e. Remaining Monthly Housing Cost to use towards Principal and Interest: \$1,141 minus \$418 = \$723
 - f. Assuming a 30-year, Fixed Rate Mortgage Rate of 5.0% (per Freddie Mac, for the week of 1/28/10, the average 30-year Fixed Rate was 4.98%), and a Principal & Interest payment of \$723, a standard Amortization Schedule yields a Loan Principal of \$134,000 (see enclosed amortization schedule).



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4. Point of contact for this request is the undersigned at (919) 659-1502 / rbowen@dwhomes.com.

Thank you very much.

Thurm Bowen Land Manager, Raleigh Division Weekley Homes, L.P.

Exhibits:

- 1 Department of Housing and Urban Development (HUD) Household Income Data
- 2 Average Mortgage Rates, Freddie Mac
- 3 Amortization Schedule

Notes/Sources: ¹HUD Income Limits for applicable MSA ²Government National Mortgage Association (GNMA) (aka "Ginnie Mae") ³Federal Home Loan Mortgage Corporation ("Freddie Mac")

STATE:NORTE CAROLINA					N C O M E	LIMIT	0 F L P L F L F L F L F L F L F L F L F L		
Asheville, NC MSA	PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Asheville, NC EMFA Ey 2009 Mft: 55700	30% OF MEDIAN VERY LOW INCOME JOW-INCOME	11700 19500 31200	13350 22300 35650	15050 25050 40100	16700 27850 44550	18050 30100 48100	19350 32300 51700	20700 34550 55250	22050 36750 58800
Haywood County, NC EMFA FY 2009 MEI: 49700	JOR MEDIAN JOS OF MEDIAN VERY LOW INCOME	10450	11950	13450 22450	14950 24950	16150 26950	17350 28950	18550 30950	19750 32950
LOW-INCOME Burlington, NC MSA FY 2009 MFI: 54700 30% OF MED VERT LOW I LOW-INCOME Charlotte-Gastonia-Concord, NC-SC MSA	LOW-INCORDE 30% OF MEDIAN VERY LOW INCORDE LOW-INCORDE LOW-SC MSA	27950 11800 19650 31450	31900 13500 22450 35900	35900 15150 25250 40400	39900 16850 28050 44900	43100 18200 30300 48500	46300 19550 32550 52100	49500 20900 34800 55700	52650 22250 37050 59250
Anson County, NC HMEA FY 2009 MFT: 44100 30% OF MEDIAN VERY LOW INCO LOW-INCOME Charlotte-Gastonia-Concord, NC-SC HMEA FY 2009 MFT: 66500 30% OF MEDIAN	30% OF MEDIAN VERY LOW INCOME LOW-INCCARE 10W-INCCARE 30% OF MEDIAN	10450 17450 27950 13950	11950 19950 31900 15950	13450 22450 35900 17950	14950 24950 39900 19950	16150 26950 43100 21550	17350 28950 46300 23150	18550 30950 49500 24750	19750 32950 52650 26350
Durham, NC MSA	VERY LOW INCOME LOW-INCOME 30% OF MEDIAN VERY LOW INCOME	23300 37250 15000 249500	26600 42550 17100 28500	2950 47900 19250 32100	33250 53200 21400 35650	3500 57450 57450 3311 450 38500 38500	38550 61700 81350 41350	41250 65950 26550 44200	43900 70200 2825 47050
Ferson County, NC HMFA FY 2009 NET: 54300 Fayetteville, NC MSA	LOW-INCORE 30% OF MEDIAN VERY LOW INCOME LOW-INCORE	11400 19000 30400	** 4565U 13050 21700 34750	51350 14650 24450 39100	5/050 16300 27150 43450	17600 29300 46950	50400 50400	70750 20200 33650 53900	7350 21500 35850 57350
Fayetteville, NC HMFA EY 2009 MFI: 51600 Hoke County, NC HMEA FY 2009 MFI: 46300	30% OF MEDIAN VERY LOW INCOME LOW-INCOME 30% OF MEDIAN VERY LOW INCOME LOW-INCOME	10850 18050 28900 10450 17450 27950	12400 20650 33050 11950 19950 31900	13950 23200 37150 13450 22450 35900	15500 25800 41300 14950 24950 39900	16750 27850 44600 16150 26950 43100	18000 29950 47900 17350 28950 46300	19200 32000 51200 18550 30950 49500	20450 34050 54500 19750 32950 52650

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2010 PRIMARY MORTGAGE MARKET SURVEXCHMENT C-5 Summary page with all rate types - U.S. averages

We make home possible

	Ú.S.	30 уг	U.S.	15 yr	U.S.	5/1 ARM	U.S.	U.S. 1	yr ARM	U.S.	30 yr FRM/
Week		fees & points	15 yr FRM	fees & points	5/1 ARM	fees & points	5/1 ARM margin	1 yr ARM	fees & points	1 yr ARM margin	1 yr ARM spread
1/7	5.09	0.7	4.50	0.7	4.44	0.6	2.74	4.31	0.6	2.75	0.78
1/14	5.06	0.7	4.45	0.6	4.32	0.6	2.74	4.39	0.5	2.75	0.67
1/21	4.99	0.7	4.40	0.6	4.27	0.6	2.74	4.32	0.6	2.74	0.67
1/28	4.98	0.6	4.39	0.6	4.25	0.6	2.74	4.29	0.5	2.75	0.69

Although Freddie Mac attempts to provide reliable, useful information in this document, Freddie Mac does not guarantee that the information is accurate, current or suitable for any particular purpose. Estimates contained in this document are those of Freddie Mac currently and are subject to change without notice.

Mortgage Amortization

Loan principal atmount \$13,000.00 Annual interest rate: \$5050% Loan point of interest rate: \$5050% Monthly payments \$723 Base yoar of loan 1 Interest over term of loan \$126,438 Base month of loan 1 Interest over term of loan \$126,438 Base month of loan 1 Interest over term of loan \$126,438 Base month of loan 1 Interest over term of loan \$126,438 Payments in First 12 Months \$260,438 \$260,438 \$260,438 Payments in First 133,600.29 \$723,444 \$160,157 \$563,525 \$319,711 \$11,127,17 \$133,680 Mar \$133,640,48 \$723,444 \$160,357 \$561,218 \$2,612,48 \$133,33,37 Mar \$133,612,273,733 \$133,302,273 \$723,444 \$162,231 \$561,218 \$2,612,48 \$133,33,33,33,333,333,333,333,333,333,33		Ji tyaye P				Kon Figures			
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ATTACHMENT C-7



Jim Tucker President Mary Bratsch Vice President Lisa Inman Secretary Michael Hansen Treasurer

John Cooper Laurin Easthom Gary Giles Jacquelyn Gist Pam Hemminger Brian Lowen Bruce Runberg Mary Jean Seyda Jonathan Weiler

Robert Dowling Executive Director

Funding Provided by:

Town of Chapel Hill Orange County Town of Carrboro Town of Hillsborough

PO Box 307 104 Jones Ferry Road Suite C Carrboro, NC 27510 919.967.1545 Fax 919.968.4030 CommunityHomeTrust.org October 16, 2009

Date:

To:	Steve Stewart, Carrboro Town Manager
From:	Christine Westfall, Community Home Trust
Copy:	James Harris, Jeff Kleaveland, Robert Dowling

Subject: Legends at Lake Hogan Affordable Housing Pricing

Jeff Kleaveland asked me to review David Weekley Homes' proposal for pricing affordable housing for the Legends at Lake Hogan project. I reviewed the September 15th memorandum and have the following comments:

1. David Weekley Homes' assumptions for monthly housing cost expenses, including insurance, homeowners' association dues, and property taxes seem reasonable to me and in line with expenses we see on our Home Trust properties. However, the buyers of these homes may also have to pay private mortgage insurance (PMI), which could add \$60 to \$80 a month to their housing expenses. The Town might want to request that David Weekley Homes add PMI to their affordability calculations.

I would also like to note that while these expense assumptions are in line with today's figures, the actual cost of these items may rise, due to inflation, by the time these homes close.

David Weekley calculates that after the above expenses are taken into account, a family earning \$45,650 a year would have \$651 left over to pay their mortgage (principle and interest), if their housing payment does not exceed 30% of their gross monthly income. Our amortization spreadsheets show that a mortgage payment of \$651 corresponds to a loan amount of \$114,655. David Weekley calculations return a loan amount of \$142,035. If \$114,655 is the correct amount, than that would represent the maximum price that would be affordable to households of 2 at 80% of the area median income.

2. David Weekley Homes' memo does not outline their plan for maintaining the affordability of the homes upon resale, so I cannot comment on this aspect of their affordable housing plan.

I would be happy to answer any questions you have about our calculations or this memorandum, and can be reached at (919) 967-1545 ext 305.

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