



May 12, 2014

Mayor Lydia Lavelle and the Carrboro Board of Aldermen  
Carrboro Town Hall  
301 West Main Street  
Carrboro, NC 27510

Dear Mayor Lavelle and Members of the Board of Aldermen:

This letter is written to support the proposal being brought to you by the homeowner's association at the Legends at Lake Hogan Farms. As described in the letter from the HOA board, the affordable housing at the Legends has not worked very well for some of the homeowners.

This really is a difficult situation for at least one owner who cannot afford to remain in her home but cannot afford to sell it and lose money. Without reiterating all the problems faced by the homeowners, I think it is reasonable for the Town to recognize that this development was flawed from the outset. Further, I think the proposed solution, which unwinds the affordability restrictions when the homes resell, is a reasonable solution.

By allowing the homeowners to sell their homes at market prices, the Town will be surrendering affordability. However, the affordable townhomes are not truly affordable to the intended target – meaning households earning less than 80% of median income. And each year they become less affordable as costs increase and median income declines.

The proposal from the homeowner association would allow homeowners to sell their homes for market prices and retain the first \$5,000 of appreciation after commissions. I believe this is a generous proposal, but warranted given the financial and emotional stress placed upon the affordable owners. Splitting the remaining proceeds 50/50 with the Town seems like a fair arrangement, allowing the Town to capture some of the value embedded in the affordable homes.

I originally had recommended the 50/50 split without a sunset clause, meaning there would never be a time when the homeowners would receive all of the proceeds. But after a series of discussions, I agreed to support a 20 year sunset clause, even though this clause could reduce affordable housing revenues to the Town.

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The sunset clause is a strong financial incentive for the ten homeowners to remain in their homes for twenty years. However, we know that some will need to sell in the short term; others will experience life and job changes over time that will require them to move.

**I should mention here that this entire proposal should be conditional on homeowners continuing to reside in their homes and not renting them. Renting should disqualify an owner from the sunset provision.**

Those who remain in their homes for twenty years will also be incented to maintain their properties. The promise of a financial windfall in 2034 should allow these homeowners to absorb increases in HOA dues, property taxes, etc. In addition to higher dues and taxes, homeowners will be required to invest a great deal into their homes in the course of twenty years. These investments will benefit the entire neighborhood.

In conclusion, I am supportive of the proposal because I know the affordable housing at the Legends was flawed from the beginning. The proposal from the HOA provides a means for the homeowners who are struggling with the costs of ownership to sell their homes and not lose money. It also should provide some funds to the Town's affordable housing trust fund. And lastly, it will provide an incentive to the homeowners who remain to maintain their homes and absorb the increases in dues.

Thank you for your consideration of this perspective.

Sincerely,



Robert Dowling  
Executive Director