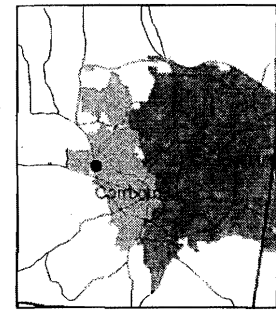


810 Old Fayetteville Road



**THIS MAP IS NOT A CERTIFIED SURVEY
NO RELIANCE MAY BE PLACED IN ITS
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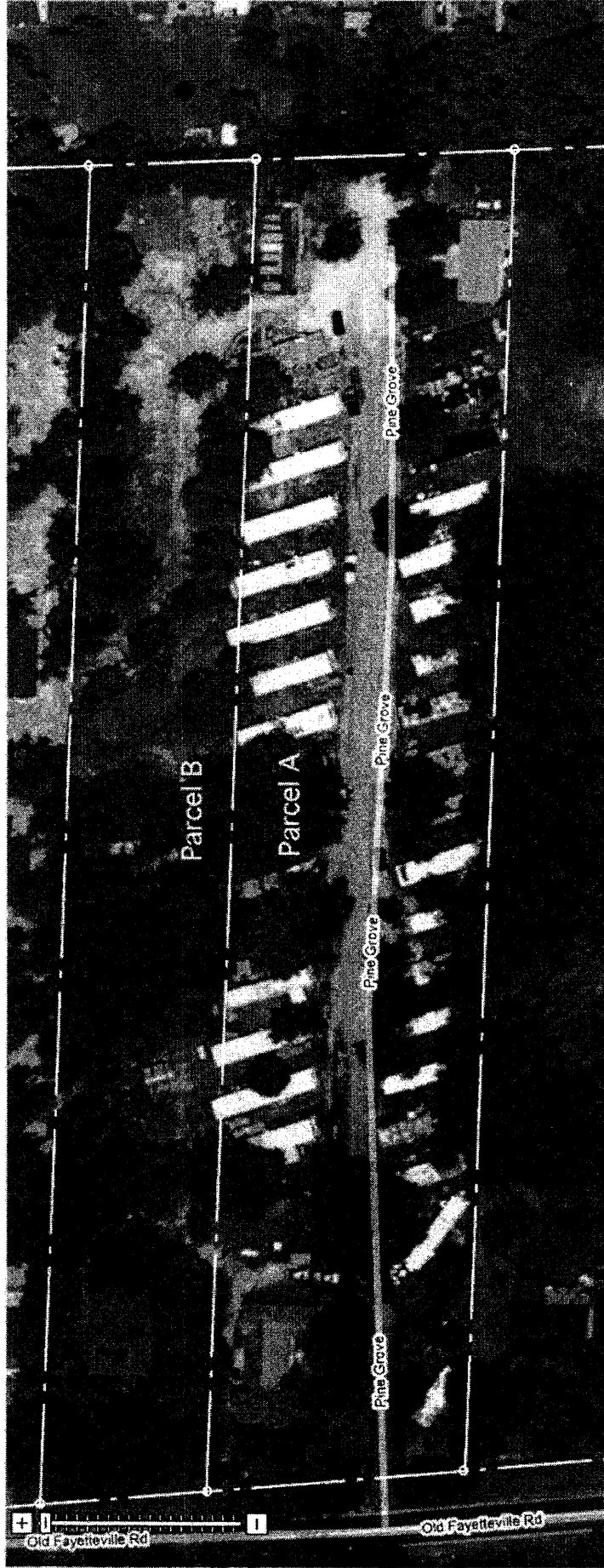
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TOWN OF CARRBORO
301 W. Main St.
Carrboro, NC 27510

Printed Sep 22, 2006

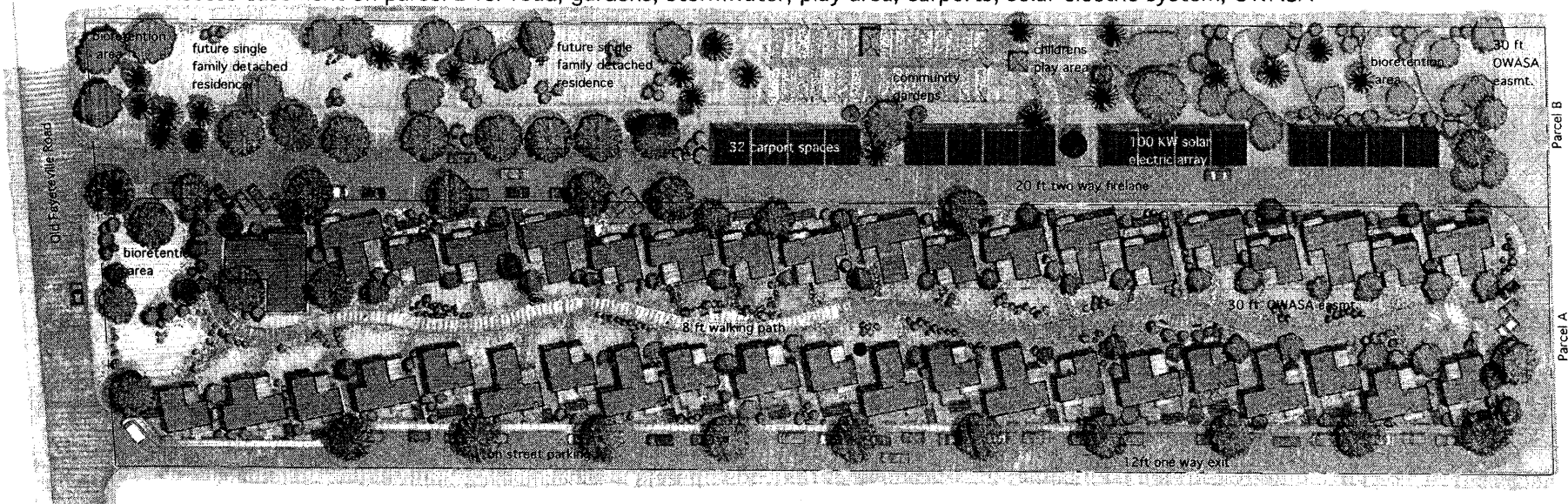
ATTACHMENT A



Existing Pine Grove Mobile Home Park

Veridia a proposed LEED certified neighborhood

Access easement on parcel B for road, gardens, stormwater, play area, carports, solar electric system, OWASA



39 detached 1350 sq ft 3 bdr condominiums

78 parking spaces

Parcel A 810 Fayetteville road 2.76 acres

Parcel B 812 Fayetteville road 1.88 acres

Rainwater Catchment

Underground cisterns will be incorporated to provide water for toilet flushing reducing OWASA water use by approx 40%

Green Homes

All 39 homes will be built to Energy Star and LEED standards

18 homes will have solar hot water

Solar Electricity

A 100 KW grid tied photovoltaic array mounted atop carports will generate enough electricity to offset most of the electrical demand of the 39 homes

**A REVIEW OF AFFORDABLE HOUSING FOR THE VERIDIA REDEVELOPMENT
CONDITIONAL USE PERMIT PROJECT**

Because the possible Veridia redevelopment Conditional Use Permit project does not propose to reserve 15% of its units as affordable, Section 15-54.1 of the Land Use Ordinance requires that the applicant participate in an Affordable Housing Review Meeting with the Board of Aldermen before project review may begin. At this time, the Board of Aldermen was asked to review the affordable housing component of the possible Veridia redevelopment project.

Mayor Chilton asked to be recused because he has done real estate and legal work for the developer.

MOTION WAS MADE BY JACQUELYN GIST AND SECONDED BY LYDIA LAVELLE TO RECUSE THE MAYOR. VOTE: AFFIRMATIVE FIVE, ABSENT TWO (HERRERA, BROUN)

Trip Overholt stated that his proposal is to replace the existing 39 mobile home units with 39, 1,350-square foot, three-bedroom homes. He described the proposed project that would include a 100 kilowatt community solar array to make the community energy independent, collection of rain water to allow a 40% reduction in water use. In addition, they will meet LEEDs and energy star standards. They will also provide a large internal greenway, community house, community gardens and recreation area and sell the homes for \$289,000. He stated that the town's affordable housing provision cannot be fairly applied to their project because: (1) they are restricted in size per unit to 1,350 square feet, therefore preventing the construction of larger more profitable homes; and (2) due to the existing allowable density which would completely fill the property, they are unable to benefit from the affordable housing density bonus which would allow more market rate homes to offset the cost of affordable homes.

Alderman Coleman spoke in support of the proposal and stated that he would like to see as many of the green features as conditions in the conditional use permit as possible.

Alderman Haven-O'Donnell complimented Mr. Overholt and Giles Blunden on the proposal and stated that the Board may wish to look at the affordability component and how it relates to the energy efficiency and use of the land.

Alderman Lavelle complimented Mr. Overholt on the development proposal.

Alderman Gist stated that the proposal looks good on paper but asked how to ensure that what is on paper is what ends up on the ground. She stated that she really liked the price range of the homes.

Mike Brough stated that the Board could not establish a maximum price for the homes, but the size of the homes and other features proposed could be established by conditions on the permit.

REVIEW OF 2035 LONG RANGE TRANSPORTATION PLAN "TRANSPORTATION OPTIONS"

The Durham-Chapel Hill-Carrboro Metropolitan Planning Organization is soliciting feedback on the *2035 Long Range Transportation Plan: Transportation Options*. This is the next step towards developing the final 2035 Long Range Transportation Plan. Staff from the MPO will be presenting the *Options* report for your comments.

Andy Henry, Transportation Planner for the Durham-Chapel Hill Metropolitan Planning Organization, made the presentation.

James Carnahan, Chair of the Planning Board, discussed the Planning Board's recommendations.

Carrboro LUO Section 15-54.1 Affordable Housing Goal and Alternative Methods of Achieving the Goal (REWRITTEN 6/26/07)

(a) The Board of Aldermen has established as a policy goal that at least fifteen percent of the housing units within all new residential developments should consist of affordable housing units as described in Section 15-182.4. That section, as well as Section 15-188, establish incentives for developers to provide for such affordable housing. The purpose of this section is to establish alternative processes whereby developers who do not achieve the 15% objective can nevertheless contribute to the fulfillment of this goal in another way, and also to create a process to ensure that developers understand the importance of attempting to meet this goal.

(b) An applicant for approval of any residential development containing five or more dwelling units or lots that does not elect to meet the Board's 15% affordable housing policy goal by constructing affordable housing units or donating affordable housing lots (as those terms are described in Section 15-182.4) shall nevertheless be considered to have met this goal if such applicant makes a payment to the Town's Affordable Housing Special Reserve Fund in lieu of such construction or donation in an amount calculated as provided in this subsection:

- (1) The number of dwelling units or lots authorized within the development (including additional units or lots authorized when the developer chooses to utilize the bonus density provisions of Section 15-182.4 shall be multiplied by 0.15 and the product shall be carried to two decimal places.
- (2) The number of affordable housing units or affordable housing lots proposed to be provided by the developer (as described in Section 15-182.4) shall be subtracted from the product derived under subsection (b)(1).
- (3) The product derived under subsection (b)(2) shall be multiplied by the affordable housing payment in lieu fee. The result is the amount that must be paid to satisfy the provisions of this subsection (b).
- (4) The affordable housing payment in lieu fee shall be an amount established annually by the Board of Aldermen at the beginning of the fiscal year. This fee shall be established so that it roughly corresponds to the average subsidy required for an affordable housing agency to complete an affordable unit. In making this determination, the Board shall be guided by the following:
 - a. At the end of each fiscal year, each affordable housing agency that operates within the Chapel Hill-Carrboro School District will be asked to provide the town with a list of new affordable units within that district during that year and to specify for each such unit the dollar

amount of subsidy needed to make such unit affordable. The subsidies considered will be inclusive, i.e. donated lots, discounted land, public funds, private funds, donated infrastructure, donated or discounted labor and materials, or other forms of subsidy and shall represent the difference between the appraised market value and the sales price, less any additional subsidies provided at the time of sale.

- b. The per unit average of the subsidies will be calculated.
- c. The per unit average will be multiplied by the average percent increase in the cost of new homes constructed in the Chapel Hill Carrboro area for that fiscal year, and the result will be the payment in lieu fee for the coming year.

(c) An applicant for approval of any residential development containing five or more lots restricted to single-family residential use (which lots the developer intends to sell undeveloped) who does not elect to meet the Board's 15% affordable housing policy goal by donating affordable housing lots (as those terms are described in Section 15-182.4) or making a payment in lieu as provided in subsection (b) above shall nevertheless be considered to have met this goal if such applicant chooses to follow the process that reserves lots for purchase by the Town of Carrboro and made a payment for the eventual purchase of such lots as outlined in this subsection.

- (1) The developer shall request that a condition that obligates the developer to comply with the provisions of this subsection be added to the special or conditional use permit that authorizes the subdivision in question, and such condition shall be added by the permit issuing authority.
- (2) Before the final plat is approved, the developer shall designate on the plat a number of lots that are reserved for purchase by the Town of Carrboro. The number of lots so reserved shall be equal to the product of the number of lots within such subdivision multiplied by 0.15, rounded down to the nearest whole number.
- (3) The purchase price for each reserved lot shall be the estimated market price as agreed upon by the Town and the developer, which price shall be specified in the condition added to the special or conditional use permit.
- (4) The lots so designated shall be restricted by the permit to the development of affordable housing as defined in Section 15-182.4 of this chapter.
- (5) The lots so designated shall be in all other ways equal to the market rate lots and shall be provided with utility connections and other

necessary infrastructure so as to render them buildable at the time of sale.

- (6) With respect to all other lots within the subdivision, no certificate of occupancy shall be issued for any dwelling unit constructed on such lots unless and until a payment is made to the town in an amount determined as follows:
 - a. Prior to approval of the permit for such subdivision, the applicant for the permit shall estimate the total market value of all developed lots (i.e. lots with houses completed on them) within the subdivision that are not restricted to affordable housing units, and calculate from this number the percentage number that, when applied to the total market value of such developed lots, would yield the number of dollars necessary to purchase the lots within the subdivision that are restricted to affordable housing use. My note says to clarify that the designated lot purchase funds are coming from the sale of the other lots. But, at the moment, this seems fairly clear.
 - b. If the town accepts the percentage number derived above as a reasonable estimate, such percentage shall be included as part of the condition on the permit prohibiting the issuance of a certificate of occupancy until a payment is made to the town as provided in this subsection.
 - c. The amount of the payment shall be determined by applying the percentage determined in accordance with this subsection to the appraised value of the completed house and lot, as determined by a licensed appraiser.
- (7) The funds so received shall be held and reserved for the purchase of the lots designated to be developed with affordable housing.
- (8) The town shall have the right to purchase the designated lots at any time after final plat approval, and must purchase the lots not later than ninety days after sufficient funds to do so have been received by the town from the other lots.
- (9) If sufficient funds have not been received by the town to purchase one or more of the affordable housing lots after the last certificate of occupancy is issued for the other lots within the subdivision, then the town shall either purchase such affordable housing lot or lots using such funds as may be available to the town within ninety days after the date of issuance of such certificate of occupancy, or the condition limiting the use of such designated lot or lots to affordable housing

shall be deemed to have expired and such designated lot or lots may thereafter be conveyed without this restriction.

- (10) If the funds received exceed the amount necessary to purchase the lots that have been reserved then such funds shall be retained in the fund and used for other purposes authorized for that fund.

(d) The Board finds that some developers may not fully understand how the affordable housing provisions of this chapter operate or the incentives that are available under the ordinance to encourage affordable housing. Therefore, the Board concludes that, when developers of proposed developments containing five or more dwelling units propose to construct such developments without meeting the affordable housing goals established by the town for new developments, it may be beneficial to both the developers and the town for the Board and such developers to have an opportunity, prior to the formal consideration of a permit request, to discuss the town's affordable housing policy, the affordable housing opportunities and incentives provided by this chapter, and any questions or concerns such developers may have about utilizing those provisions. Subsections (e) and (f) below provide for that opportunity.

(e) The applicant for any residential development containing five or more lots or dwelling units, and therefore required to obtain either a special use permit from the Board of Adjustment or a conditional user permit from the Board of Aldermen, shall be required to participate in an Affordable Housing Review Meeting with the Board of Aldermen if the residential development does not meet the Board's affordable housing goal in any of the ways described in this section or Section 15-182.4.

(f) Should an applicant for any residential development containing five or more lots or dwelling units decide in the course of the development review process to change the application in such a way that it no longer satisfies the Board's affordable housing policy goal, further review of the project will be delayed until the applicant participates in an Affordable Housing Review Meeting with the Board of Aldermen.

Dear Sirs and Mesdames of the Board of Aldermen,

As you recall, in late 2008, a presentation was made early in the approval process for Veridia in which a waiver from the affordable housing provision was requested. This was deemed reasonable due to the fact that Veridia would be unable to benefit from the increased density allowed through the provision as well as the fact that the small size of the homes in Veridia acts as a type of "market driven affordability" wherein, although none of the homes are artificially subsidized, the community as a whole is relatively much more affordable than other offerings around town despite the inclusion of significant sustainability features. The request for exemption was thus granted, but made contingent upon a price ceiling for the homes of \$300,000. This was reasonable for Veridia's developers based on the preliminary cost estimates and specifications of the community at that time. The purpose of this correspondence is to clarify three primary points surrounding this agreement.

The first is whether the board would consider a cost of living increase in the base price of the homes from the time that the agreement was made. Since the agreement, the developers, in correspondence with the town planning department, have made several substantive changes to the development plan: two parcels previously to be withheld have been included into the project parcel as open space; carport spaces for each house have been included in the price of the unit; solar thermal systems have been made standard on each home; and, pending discussions with the fire chief, every home will likely include residential sprinkler systems. These changes are coupled with the fact that the two primary bids for the project (for home construction and horizontal work) have come in 5–10% higher than budget due to materials price increases in the wake of the recession and other cost increases in general.

Assuming a rigid interpretation of the agreement of 2008, the only avenue the developers have to maintain the financial viability of the project is to reduce the cost of the homes by removing the relatively expensive "green" features they have endeavored to make standard on every home. The developers approximate that they are including \$25,000 in standard sustainability features not found even in "green" homes at a much higher price point, and it should be noted that these features significantly reduce the total cost of ownership of the homes, making them much more affordable in the long run. Veridia's sustainability features include 2.5 kilowatts of solar power per home, solar hot water systems on every home, rainwater harvest and reuse, Icynene spray foam insulation, low-flow water fixtures, cementitious siding, metal roofs, and extensive third party certification including Energy Star, Green Building Initiative, and LEED for Neighborhoods. The developers feel strongly that Veridia should retain its admirable green profile by keeping these features as standard offerings. However, this is only possible if there is some flexibility in the ability to increase price to reflect increases in cost. A cost of living increase seems a reasonable way to allow this while maintaining the spirit of the agreement of 2008 to achieve "market driven affordability." (Please see **Attachment A** for more information)

The second point of clarification surrounds potential interior upgrades that the developers would like to be able to offer to homebuyers that desire them. To clarify, no exterior elements of the home or grounds or any of the major sustainability features would be considered upgrades. These upgrades are

an acknowledgement of the fact that the developers believe that many who will likely purchase homes in the Veridia Community could afford significantly larger homes, but wish to live in Veridia for the location and/or green profile. These homeowners will likely not be satisfied with the level of interior finish that can be provided at the baseline price point. It makes little sense for such a buyer to purchase a home with a basic interior finish package only to replace flooring, counters, appliances etc. as soon as they move in. The developers propose instead to offer "sustainable interior upgrade packages" that will give buyers a chance to have items such as Paperstone countertops, ultra-high efficiency washer and dryer units, and bamboo flooring installed in place of Veridia's basic offerings. If the buyer elects to include upgrades, this will naturally increase the final purchase price over the agreed-upon ceiling, however every home in Veridia will be amply and comfortably outfitted for the base price alone and will be available for purchase as such.

The final point of clarification surrounds the fact that the developers are currently in discussions with town planning surrounding the possibility of rezoning the project parcel to reflect the situation on the ground and bring the project into conformity. This rezoning would entail four units sized at 1100 square feet (as opposed to the community standard of 1350) and would also open up the possibility of four larger units of 1600 square feet. This possibility bears on the affordability agreement in that the 1600 square foot houses would cost more than the agreed-upon price, which was based on a 1350 square foot home. If the rezoning transpires, the developers propose that the each unit's price ceiling be adjusted proportionally with its area. In this way, the average base cost of the homes will remain the same.

We, the developers, are deeply committed to bringing this project to completion in a way that will benefit everyone in the community and can be a model for sustainable developments to come. We have been and remain appreciative of Carrboro's unique culture that has been carefully fostered by its leaders and makes it an ideal location for a progressive community such as ours to come to fruition. Although these times have tried us, as they have tried everyone, we are happy to be continuing on the path toward the completion of this project. Thank you for your time and consideration.

Respectfully submitted,

Trip Overholt and David Bell
Veridia Community

Attachment A: Cost of Living Increase in Base Price of Homes Clarification

The primary and most accurate method the developers know of for determining cost of living increases over time is the Consumer Price Index. The Consumer Price Indexes (CPI) program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.

Information on the CPI can be found at the Bureau of Labor Statistics website: <http://www.bls.gov/cpi/>

Historical CPI information can be found at: <ftp://ftp.bls.gov/pub/special.requests/cpi/cpi.ai.txt>

In December 2008 the CPI was 210.228, the most recent data at the time of this writing is for July 2010 and places the CPI at 218.011: a 3.7% increase. Assuming a previous base price of \$300,000 this would place the new maximum base price at \$311,106.

The developers have determined that this amount would be adequate to cover the cost increases that are discussed in the attached correspondence without needing to eliminate any of the standard features currently offered. Potential future cost increases could be offset by further increases in CPI, which will track roughly with materials and labor cost increases if Veridia is unable to begin construction in the timeframe currently envisioned.

To put this information into some perspective: assuming 100% financing of the purchase price of the homes with a 30 year fixed rate mortgage at the prevailing market rate of 5%, the mortgage payment for a home in Veridia would be \$1664.15 per month at a cost of \$310,000 and \$1529.94 at a cost of \$285,000 (assuming all the standard green features are removed). The developers calculate the savings from the solar thermal, PV, added insulation, reduced water use, and reduced maintenance due to superior materials such as metal roofs and cementitious siding to be in the range of \$200 per month. This means that the Total Cost of Ownership (TCO) of a Veridia home is actually less than a standard home costing up to \$30,000 less. The developers would also like to note that the per-month energy and maintenance savings will increase with energy costs and the cost of living, whereas mortgage payments are generally fixed over the lifetime of the loan.