



February 25, 2011

Mayor Chilton and the Carrboro Board of Aldermen
 301 West Main Street
 Carrboro, NC 27510

Dear Mayor Chilton and Members of the Board of Aldermen:

In 2010, the Chapel Hill Town Council asked if the Community Home Trust would consider serving households at income limits that extend higher than our current income limits. We respectfully request the Board of Aldermen to determine if you support an increase in our income limits as discussed below.

As background, Community Home Trust is a nonprofit provider of affordable homeownership opportunities in Chapel Hill and Carrboro. We implement inclusionary housing programs, in which developers are asked to provide housing that is affordable to low-income households in most new developments. Low income is defined as 80% of the area median income (AMI), which is established each year by the U.S. Department of Housing and Urban Development (HUD). The Town Council asked that we consider serving higher income households in part to better serve public sector employees whose incomes exceed our allowable limits. At our current income limits, these employees and their families frequently do not qualify for the affordable homes that are created through inclusionary housing policies.

Working with UNC's Community Development Law Clinic, we determined that we can serve households up to 115% AMI without jeopardizing our 501(c)3 status. The chart below provides the HUD income limits at 80%, 100% and 115% AMI.

2010 HUD Income Limits

HH size	1	2	3	4	5
115%	\$54,625	\$62,388	\$70,222	\$77,985	\$84,238
100%	\$47,500	\$54,250	\$61,063	\$67,813	\$73,250
80%	\$38,000	\$43,400	\$48,850	\$54,250	\$58,600

As you can see from the chart, the income limits are established by household size. Using a household of four as an example, a family at 80% of AMI can only earn up to \$54,250. That same family of four could earn up to \$77,985 if we can sell homes up to 115% AMI. It is important to realize that a household of four can be either a single parent with three children or two parents with two children.

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By adopting this change the Home Trust will be able to serve many more families of public sector employees. For example, in the Chapel Hill Carrboro school district, a representative salary for a teacher with five years experience is approximately \$36,500. Today, a family of two teachers with two children earns far too much income to buy a home from us. *However, if we begin serving households at 115% AMI, they will be eligible to purchase a Home Trust home.*

This is an important change for the Home Trust, and one that we are considering from several angles. It is important to note that even if the Home Trust board decides to make this change, only a small portion of our work would be with households over 80% AMI. The vast majority of our work will continue to be with households earning no more than 80% of AMI. It is also important to realize that households who earn more than 80% AMI are not eligible for subsidy funds. In fact, by serving higher income households, we are able to use our subsidy funds more efficiently.

We recognize that this discussion can become very technical, so if it would be helpful, our executive director, Robert Dowling, would be happy to come before the Board of Aldermen to respond to any questions you may have.

Lastly, if the Board of Aldermen and other community stakeholders support this change and it is adopted by the Home Trust board, we would ask for your assistance in communicating this revised policy to Carrboro employees. Our objective is to be sure that your employees and all public sector employees who work in Orange County are aware of the housing opportunities we offer.

We would appreciate receiving a letter from the Board of Aldermen indicating whether you support this proposed change.

Thank you for your attention to this request.

Sincerely,



Mary E. Bratsch
Board President