

April 5, 2011

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA41
Federal Housing Finance Agency
1700 G Street, N.W.
Washington, DC 20552

Dear Mr. Pollard:

I am writing you on behalf of Community Home Trust, an affordable housing nonprofit organization that serves lower income, first time homebuyers, in Orange County, NC. Proposed rule RIN 2590-AA41 would negatively impact the ability for nurses, teachers, firefighters and others to buy permanently affordable homes in condominium complexes. I am respectfully asking that you make an exception for situations like ours.

Community Home Trust implements the inclusionary housing program for the Town of Chapel Hill. Most new developments in Chapel Hill are required to include 15% of the units as affordable to buyers earning no more than 80% of the area median income. In order to protect these low-income buyers against large increases in condo association dues, the Town has asked developers to assess a transfer fee against the buyers of the market-rate units. These fees, which are capped at 1% of the purchase price, are administered by Community Home Trust and used to assist buyers of the affordable units within the same development.

To date, we have used these transfer fees to reduce prices of the affordable units and to augment the monthly association fees paid by owners of the affordable units. In the future, I expect the fees will be used to make partial payments of special assessments, which could be onerous to our owners. As you can see, the future affordability of our units is very much dependent upon access to these fees. I should mention that as a community land trust, we have structured our affordable homeownership program to achieve permanent affordability. We achieve permanent affordability by restricting the price at which our owners can resell their homes in the future.

I should also mention that these transfer fees are required by the local government (the Town Council) as part of the special use permit to build the project. We report on the uses of these fees annually to the Town of Chapel Hill and the affected owner association.

The Town Council instituted its inclusionary housing program because home prices in Chapel Hill are unaffordable to regular working people. In 2010 the median sales price of a home in Chapel Hill was \$323,300; a price that is out of reach for teachers, municipal employees and many others.

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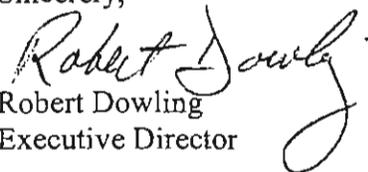
Executive Director
Robert Dowling

We believe that inclusionary housing strengthens our community, but only if the homes remain affordable to those who purchase them. This is particularly difficult to achieve with condominiums, which are typically more risky than townhomes or single-family homes.

If approved as proposed, RIN 2590-AA41 risks undermining the affordability of future condominiums that are developed in Chapel Hill and other places that use fees in this way. In fact, I do not believe that condominiums can be kept permanently affordable without a source of long-term subsidy funds to support the affordable homeowners.

Thank you for your consideration of this perspective. Please contact me with any questions or comments at rdowling@communityhometruster.org or at 919-967-1545 ext. 307.

Sincerely,


Robert Dowling
Executive Director