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## MEMORANDUM

**To:** Durham CAN  
**From:** The Fallon Company and WinnCompanies  
**Date:** 09/29/2020

**Subject:** 505 West Chapel Hill Street – Response to Durham CAN Public Comments Submittal at September 25, 2020 City Council Work Session

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The Fallon Company and WinnCompanies appreciate Durham CAN's sincere and ongoing engagement in support of the redevelopment of 505 West Chapel Hill Street project. We offer the following responses and clarifications to the questions raised in the public comment memo submitted by Durham CAN for the Durham City Council Work Session on September 25, 2020.

In response to the Item #2 comment regarding the 80 units of affordable housing being accessible to a wide range of tenants, including "very low income" and "low income" - the only limitation on residents will be that all units will be available to persons making not more than 60% of Area Median Income; Very Low income and Low Income tenants will also be eligible provided that they can afford the 60% AMI level rent.

With respect to the comments and questions pertaining to the Master Development Agreement:

Exhibit D - Student Eligibility

In general, households comprised entirely of single or multiple full-time students will not be eligible for Low Income Housing Tax Credit (LIHTC) units. Full time student status is defined as a full-time course load for any five months in a single year. There are limited exceptions to this rule which is why a Student Certification is a required component of each household's Annual Income Certification.

Exhibit D - Annual Income Certifications

Each year, Heads of Households are required to complete an Income Certification to confirm their continued eligibility for the LIHTC program. To address the concern that the total number of affordable units could fall below 80 units in the event that a household fails to recertify, Exhibit D, Section A.1.b *Notice to Tenant* will be modified as follows:

"If the tenant does not comply within 30 days of the second notice, a final notice must be sent giving the tenant 30 days' notice that they no longer qualify for the Affordable Unit due to the failure to complete annual certification and will be required to vacate according to the terms of their lease."

Because of the ownership structure of the affordable and market rate units, which is needed for financing purposes, all affordably designated units must stay affordable and will not be able to be exchanged with market rate units.

Exhibit D - Unit Inspections

Per conversations with Stacey Poston and Karen Lado at the City of Durham, it is the City's intent to perform annual on-site inspections of the affordable housing units.

Exhibit D - Maintenance of Units - Decent, Safe and Sanitary

The property owner will be required to ensure both the Affordable and Market Rate units are 'decent, safe and sanitary and in good repair'. This concept is separate and in addition to the Developer's requirement to construct the Affordable Units to be of equivalent quality and appearance to the market-rate units per Section 5.1 of the Master Development Agreement.

Exhibit F - Underutilized Business Inclusion

The Development Partners have established a goal that 25% of the contract opportunities associated with the construction of the project be awarded to underutilized businesses, based on the value of the contracts associated with the construction of the project.