RESIDENTIAL MARKET STUDY

for the Town of Chapel Hill, North Carolina

December, 2010









TABLE OF CONTENTS

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Geographic Definitions

This study refers to a number of different geographies for analysts. They are described below:

Triangle Area - This is an informal name for the Raleigh-Durham-Cary Combined Metropolitan Statistical Area (CMSA) as defined by the Office of Management and Budget (OMB). The CMSA consists of Wake, Franklin, Johnston, Durham, Orange, Person and Chatham Counties. In 2009, the CMSA had a population estimated to be between 1.63 and 1.74 million people. The CMSA is a combination of the Raleigh-Cary Metropolitan Statistical Area (MSA) and the Durham-Chapel Hill MSA, which did not exist during the 2000 census.

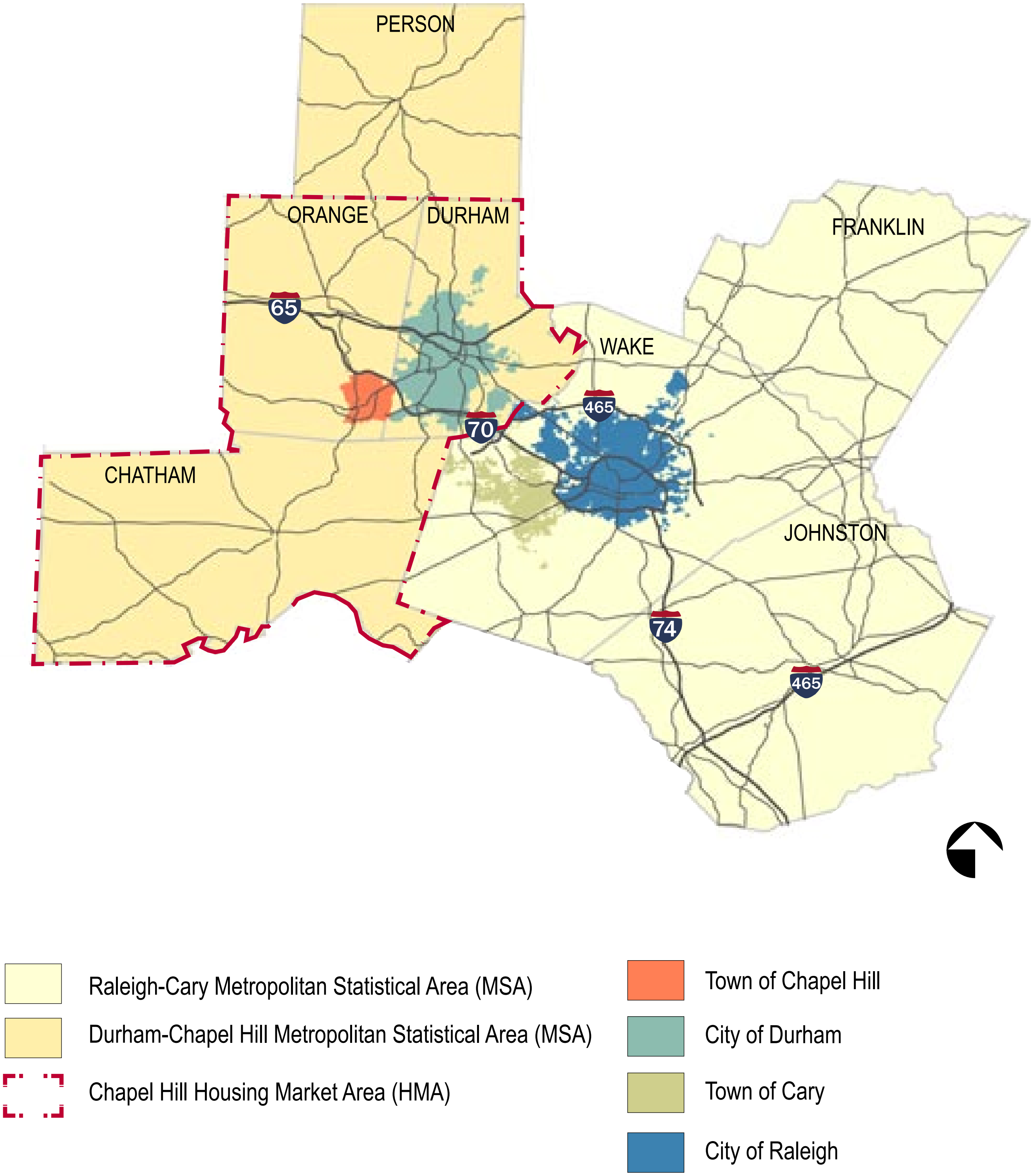
Raleigh-Cary MSA - This metropolitan statistical area (MSA) consists of Wake, Franklin and Johnston counties. In 2009 it had a population of 1.16 million, and was the fourth fastest growing MSA in the United States. Its two principle cities are Raleigh and Cary.

Durham-Chapel Hill MSA - Consisting of Durham, Orange, Person and Chatham counties, this MSA had a population of 500,000 in 2009. Principle cities are Durham and Chapel Hill.

Chapel Hill Housing Market Area (HMA) - The Town's Housing Market Area is used to determine the primary market area from which consumers of housing would utilize housing in or around Chapel Hill. It is also used to determine income ranges and fair market rents as determined by the Department of Housing and Urban Development (HUD). For this study, the Chapel Hill HMA consists of Orange County, Durham County and Chatham County.

Town of Chapel Hill - The Town of Chapel Hill is primarily located in Orange County, with a small section located in Durham County. The 2008 American Community Survey estimated the Town's population to be 54,972.

The Triangle Region - Raleigh-Durham-Cary-Chapel Hill



Introduction and Executive Summary

This report represents the findings of a Residential Market Study performed from June to December of 2010 for the Town of Chapel Hill, North Carolina. The purpose of this study was to provide a comprehensive "snapshot" of the Town's housing inventory and market trends between 2000 and 2010. The data and findings are intended to be used to inform housing policy within the community. It is not meant to directly provide recommendations for housing policy for the Town, but instead guide the potential formation of housing policy designed to integrate or address findings from this study.

A number of factors led to this Residential Market Study. The Town had recently completed market studies of retail and office markets, but lacked a good overview of the housing market. Also, a number of housing related issues have risen to the surface in the community within the last several years, from the rising price of housing and issues of affordable housing to future development directions.

The study contains four sections. Section 1: Community and Regional Trends, examines the economic and demographic trends of Chapel Hill and the Triangle Region in order to understand the regional dynamics influencing the Town's housing market. Section 2: Housing Supply, provides an inventory of existing housing within the Town, and tracks how the Town's housing stock has emerged over the past decade. Section 3: Housing Demand, projects future population and household growth locally and regionally to anticipate future demand for housing, and Section 4: Housing Affordability, addresses the issue of the economics of housing within the Town.

The remainder of this section summarizes key findings in each Section of the study.

COMMUNITY AND REGIONAL TRENDS

- The Town of Chapel Hill sits in the midst of one of the fastest growing regions in the county - In only 20 years, the Triangle Region of Raleigh-Durham-Chapel Hill has doubled in population. Over the last decade, the Raleigh-Durham Combined MSA added 225,000 net private sector jobs a growth rate of 55%.
- The Durham-Chapel Hill Metropolitan Area is projected to add 25,300 jobs over the next five years, while emerging from the recession at a must faster pace than the nation.
- The Durham-Chapel Hill MSA is projected by the State to add more than 80,000 residents between 2010 and 2020, and another 78,000 between 2020 and 2030.
- The Triangle housing market was largely over-built in the past decade. Within the Chapel Hill Housing Market Area, 33,766 new housing units were built between 2000 and 2008. However, household growth during that period was only 20,160, meaning that there was no intrinsic demand for 16,182 - 47% of the units built in Durham, Orange or Chatham Counties.

HOUSING SUPPLY

- Chapel Hill is the highest priced major housing market in the Triangle Region. The median sales price of a for-sale housing unit was $323,300 in 2010, higher than Cary ($269,960), Raleigh ($185,000) and Durham ($164,000).
- Chapel Hill has experienced rapid growth in home prices. In 2000, the median sales price for a single family home in Chapel Hill was $287,000. Just 6 years later, the median sales price was $425,000 - an increase of 45%.

Introduction and Executive Summary

- Other regional cities have seen much more modest price increases. With the exception of Cary, whose single family prices actually rose faster than Chapel Hill, single family prices rose only 29% in Raleigh to a median of $220,000, and 24% in Durham to $177,000.
- Home price increases in Chapel Hill are led by a large amount by new construction, which represented 31% of all home sales in the past decade. Mid-century housing is much more affordable than new construction, ranging between $235,000 - $275,000, compared to an average sales price of $458,000 for units built between 2000 and 2010.
- The majority of housing units in Chapel Hill are renter-occupied. However, it is estimated that 85-90% of the units built within the Town over the past decade were for-sale single family, townhome and condominium units.
- 74% of all permitted units between 2000 and 2010 were Single Family Units.

HOUSING DEMAND

- Population and employment growth will drive continued housing demand within the market area.
- Adjusting for an oversupply of housing, and the estimate base year of 2008, there should be enough demand to justify as many as 28,192 units in the Chapel Hill HMA from 2011 - 2015. By 2020, population growth will create a projected demand for 41,164 units in the HMA, of which 3,130 - 4,348 units will be in Chapel Hill.
- Based on population projections provided by the State, it is estimated that there will be sufficient demand for 321-463 housing permits annually in Chapel Hill for the next 10 years. This does not reflect the possible latent demand for units within the Town that is not met through available supply
- There is an estimated demand for 581 - 817 market rate rental units between 2009-2014, including 336 - 431 units of affordable rental housing.

HOUSING AFFORDABILITY

- Chapel Hill in combination with Orange County has the highest property tax rates in the Region. The tax rate for a residential property in Chapel Hill was 1.54% of total value in 2009. In comparison, Raleigh's normal property tax rate - outside of special municipal service districts - is 0.99%, and Cary's is 0.94%. Durham joins Chapel Hill at the high end of the range, with a rate of 1.35%.
- Larger average home size means higher cost of construction. Chapel Hill's housing units are generally more expensive to build because the average home is larger in comparison to other communities. The average home sold in Chapel Hill between 2000-2009 was 2,680 sq. ft. This is comparable to Cary, but larger

Introduction and Executive Summary

than Raleigh's 2,150 sq. ft.

- "Improved" lots, meaning those with the necessary infrastructure to construct new housing units, are vastly more expensive in Chapel Hill than in other communities. The average price per acre for land between 0-2 acres over the past 10 years was $175,000, compared to about $100,000 in Raleigh or Cary.
- When taxes, land cost and construction costs are factored into average homes, Chapel Hill housing is approximately 64% higher in cost than Durham, 63% higher than Raleigh, and 34% higher than Cary.
- Households up to 150% of Area Median Income may have difficulty affording a single family home in Chapel Hill.
- Rent rates for apartments are widely distributed in price, with many units at the lower end of affordable to low income households.

HOUSING NEEDS / FUTURE CONSIDERATIONS

- Increases in regional employment and population, combined with reduced land availability for development, will likely to continue to drive housing prices up within the Town.
- Despite escalating home prices, Chapel Hill housing is still affordable to the people who are able to afford it - as evidenced by data that suggests that only 16% of all Town home owners are cost-burdened. Future absoportion of housing is not an issue, though the affordability of for-sale housing to middle income households is, and will continue to be a major housing issue.
- Newer apartment buildings are generally higher in cost than older buildings. Given the age and redevelopment potential for some older apartment complexes, there may be a problem retaining a supply of non-subsidized rental units within the Town.
- Key "workforce" occupations are likely to continue to have a hard time affording for-sale units within Town borders, leaving only rental units or homes outside of the community as on option.
- Given high demand and high land costs, developers of housing will not be inclined to provide lower cost units for the purpose of affordability. The solutions to housing affordability may have to come from a policy and/or regulatory level.
- Considering the percentage of UNC-Chapel Hill students who live outside of the Town, rising prices may impact the ability of students to live proximate to campus, potentially adding pressure to the regional transportation system.

1 COMMUNITY & REGIONAL PROFILE

1.1 Regional Overview

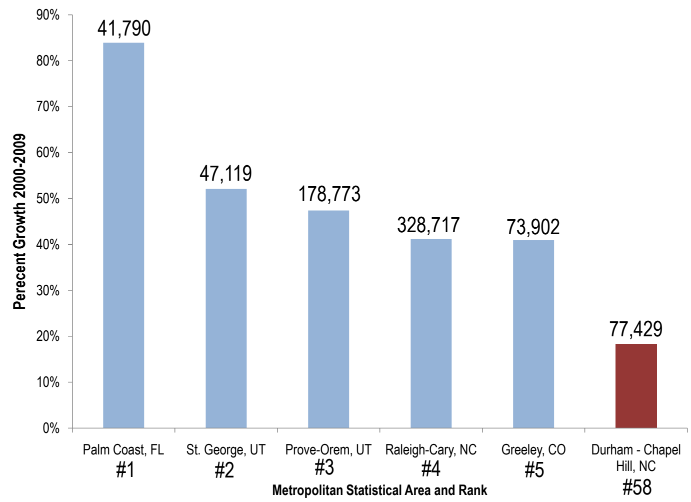
In order to understand Chapel Hill's local housing market, it is important to understand the regional trends that influence Chapel Hill and the nearby communities that make its Housing Market Area (HMA). The Town of Chapel Hill is located in what is popularly know as the "Triangle" region of North Carolina. This region is made up of the Raleigh-Durham-Cary Combined Metropolitan Statistical Area (CMSA), a U.S. Census designated geography that is a combination of two Metropolitan Statistical Areas (MSAs) - the Raleigh-Cary MSA and the Durham-Chapel Hill MSA. During the 2000 Census, these two areas were part of one MSA designation. Population growth has led the Office of Budget and Management to split them into two distinct sub-regions.

1.1.1 Population Growth

The Triangle region has seen a significant amount of population growth over the past two decades. In 2009, the Raleigh-Durham CMSA was estimated to have between 1.63 and 1.74 million people[1]. With a 1990 population of only 864,269, the Triangle region has doubled in only 20 years.

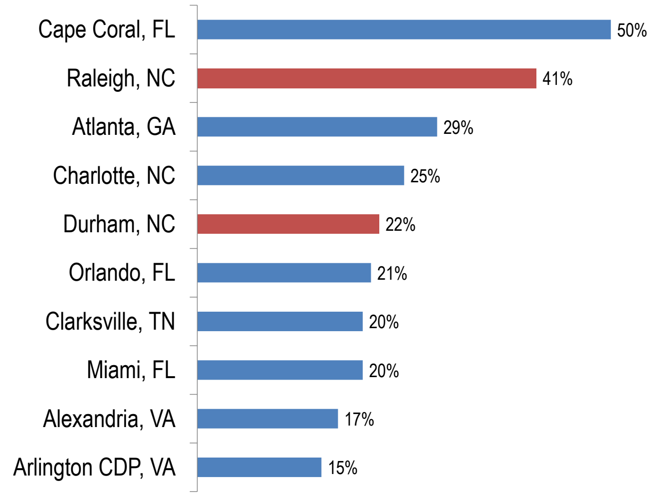
The Raleigh-Cary Metropolitan Statistical Area (MSA) is the 49th largest metropolitan area in the country with 1.16 million people, and the second largest metropolitan area in the State of North Carolina, after Charlotte. According to the U.S. Census, Raleigh-Cary was the fourth fastest growing metropolitan area in the country between 2000 and 2009. When examining the other top percentage metro areas, however, Raleigh-Cary has added significantly more people than its growth peers (see figure 1.1A). Only Las Vegas-Paradise, NV (Ranked 6th), Austin-Round Rock, TX (8th), and Phoenix-Mesa-Scottsdale, AZ (10th) are comparable areas in both percentage growth and numeric growth, making Raleigh one of the fastest growing areas in the entire country.

1.1A TOP 5 MSA IN POPULATION GROWTH BY % 2000-2009



Source: *U.S. Census*

1.1B FASTEST GROWING CITIES IN SOUTHEAST USA 2000-2009 (cities over 100,000 people in 2000)



Source: *U.S. Census*

[1] Estimate is a range due to the standard error of the sample used in the American Community Survey (ACS).

1.1 Regional Overview

The Durham-Chapel Hill MSA, directly to the west of Raleigh-Cary, has grown slower than its neighbor, but still recorded robust growth over the past two decades. It grew by 77,429 people between 2000 and 2009 and was the 58th fastest growing MSA in the country. The City of Durham accounts for 45% of the population in the MSA and grew by 54% between 1990 and 2009. The Town of Chapel Hill accounts for 11% of the MSA's population, growing by 40% over the same time period.

1.1.2 Regional Employment Growth

The population growth in the Triangle region is strongly correlated to regional growth in employment. The Raleigh-Durham-Chapel Hill region has been one of the fastest growing metropolitan areas in the country in terms of new jobs. Between 1990 and 2009[2], the Triangle region added 275,300 net jobs, including 224,300 net private jobs. This is a growth rate of 54%, and a private sector growth rate of 55%.

COMPARISON METROPOLITAN AREAS

In a comparison of the 9 fastest growing major metropolitan areas, the Raleigh-Durham region ranked fourth in percentage growth of population, after Las Vegas, Orlando and Phoenix. Most of the growth in Raleigh-Durham occurred in the 1990s, as opposed to the 2000s, a trend reflected in the other 8 metro areas, even when taking the "peak" year of employment (which reduces the impact of the late 2000s recession in this analysis). Raleigh-Durham grew by 39% between 1990 and 1999, but only 14% between 2000 and 2008, the region's "peak" year prior to the 2007-2009 national recession.

However, 14% is a relatively strong growth rate for the past decade, especially compared to other similar cities like Jacksonville, Miami and Nashville which have seen employment growth fall considerably since the 1990s. When

[2] Employment data through 2009 is still preliminary (P).

1.1C PRIVATE EMPLOYMENT GROWTH 1990-2009
Comparison Metropolitan Areas

Metropolitan Area	1990-2009	1990-1999	2000 - Peak Yr[2]
Atlanta - Marietta, GA	41%	41%	4%
Jacksonville, FL	46%	36%	10%
Las Vegas - Paradise, NV	117%	78%	29%
Miami - Ft. Lauderdale, FL	30%	25%	9%
Nashville-Davidson, TN	36%	31%	8%
Orlando, Kissimmee, FL	77%	57%	17%
Phoenix-Mesa, AZ	71%	54%	17%
Raleigh-Durham, NC	55%	39%	14%
Sacramento, CA	37%	30%	10%

* Peak Year of Private Employment in 2000s
2008 = Raleigh-Durham
2007 = Atlanta, Orlando, Phoenix, Jacksonville, Miami, Las Vegas, Nashville
2006 = Sacramento

Source: *Bureau of Labor Statistics, DCI Analysis*

1.1D NET PRIVATE EMPLOYMENT GROWTH (By %)
December 2007 - June 2010

Metropolitan Area	Net Private Jobs (%)	Peak Month
United States		Dec-07
Atlanta - Marietta, GA	-9.8%	Dec-07
Jacksonville, FL	-9.6%	Dec-07
Las Vegas - Paradise, NV	-15.7%	Jun-07
Miami - Ft. Lauderdale, FL	-12.8%	Dec-07
Nashville-Davidson, TN	-9.0%	Dec-07
Orlando, Kissimmee, FL	-10.6%	June-07
Phoenix-Mesa, AZ	-13.2%	Dec-07
Raleigh-Durham, NC	-6.0%	Dec-07
Sacramento, CA	-14.1%	June-06

Source: *Bureau of Labor Statistics, DCI Analysis*

1.1 Regional Overview

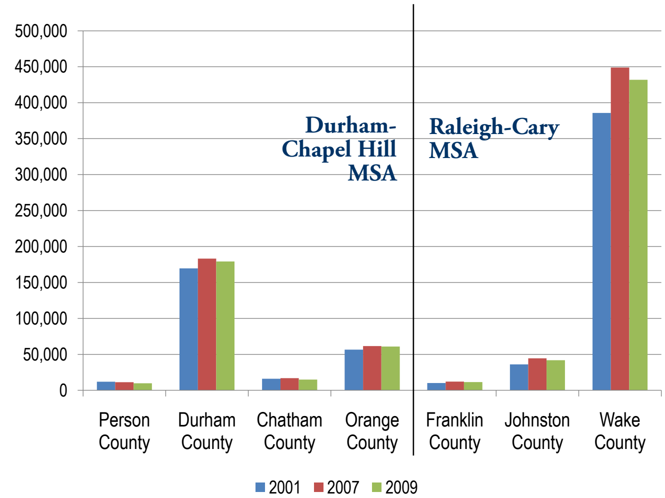
examining the net growth (or decline) of private sector jobs during the current recession, one finds that Raleigh-Durham is the best performing metro area compared to its peers. Between December 2007 (the official "peak" year declared by the National Bureau of Economic Research and the beginning of the current recession) and June of 2010 (most recent data available), all comparison areas lost private jobs, but Raleigh-Durham lost only 6% compared to between 9 to 16% for other cities. Combined, this comparative analysis shows that Raleigh-Durham's local economy is very strong and resistant to economic downturns.

1.1.3 Raleigh-Cary vs. Durham-Chapel Hill

Within the Raleigh-Durham MSA, however, employment trends are a "tale of two cities." Raleigh-Cary, which in 2009 had 499,700 jobs, experienced much larger and much faster employment growth than Durham-Chapel Hill. Between 1990 and 2007, Durham-Chapel Hill grew by 32%, adding 68,900 jobs, 60,300 in the private sector. During the same time period, Raleigh-Cary grew by 70%, adding 206,400 jobs, 164,000 in the private sector.

This analysis underscores the fact that the western end of the Triangle region has grown more slowly than the eastern side. However, it is unfair to characterize Durham-Chapel Hill as an underperforming metro area market. Growing by one-third in only twenty years is remarkable. Durham-Chapel Hill still experienced a compound annual growth rate in employment of 1.4% between 1990 and 2009.

1.1E EMPLOYMENT (2001-2009)
Raleigh-Cary MSA and Durham-Chapel Hill MSA



Source: ***Bureau of Labor Statistics***

1.1F ECONOMIC INDICATORS
Durham-Chapel Hill MSA - March 2010

Employment Growth Rank	
2009 - 2011	161 (3rd Quintile)
2009 - 2014	167 (3rd Quintile)
	(Best = 1, Worst = 392)
Vitality (U.S. = 100%)	117%
Vitality Ranking	68
Relative Living Costs (U.S. = 100%)	95%
Relative Business Costs (U.S. = 100%)	91%

Strengths of MSA

Highly Educated Workforce

Major University Research in High-Tech Disciplines

Research Triangle Presence

Weaknesses of MSA

National competition for computer and electronics exports

High exposure to manufacturing

Low industrial diversity

Source: ***Moody's Analytics***

1.1 Regional Overview

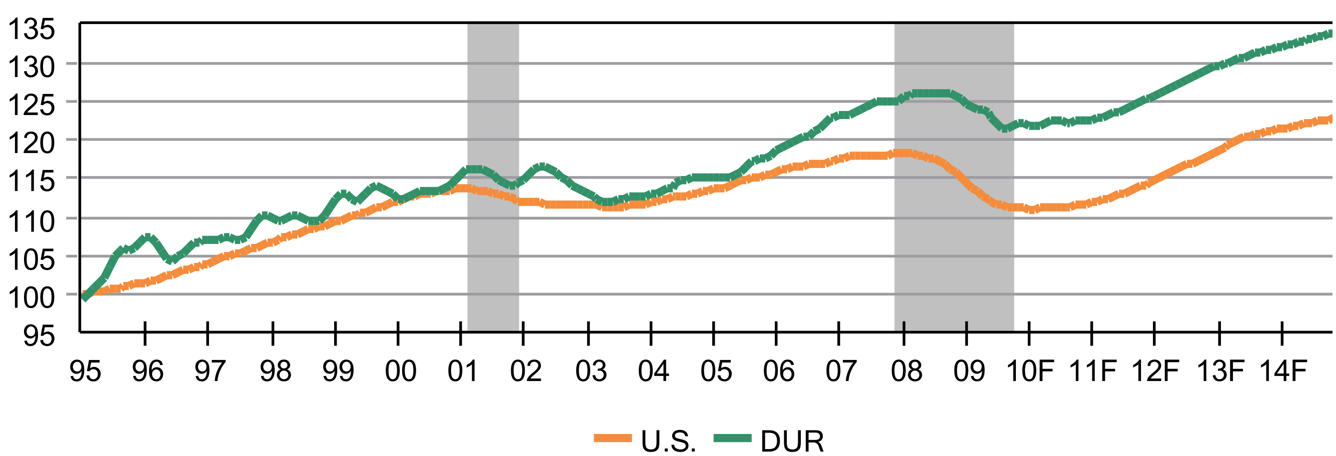
1.1.4 Employment Projections

According to available economic forecasts, the economy of the Durham-Chapel Hill metro area will not only remain robust in the near future, but will begin to outpace growth in the national economy within the next five years. Figure 1.1G shows the growth of the Durham-Chapel Hill MSA in relation to that of the national economy between 1995 and 2014. While the metro area has always been slightly ahead of steady U.S. growth, this data shows that it has not experienced as much of a decline as the nation during the recent recession. It is anticipated that Durham-Chapel Hill will outpace the U.S. in terms of long-term job growth.

According to Moody's Analytics, the economy of the Durham - Chapel Hill MSA will be driven in the long-term by education, healthcare and high-tech industries. The prospects for growth look healthy based on the stability provided by government employment and the Triangle area's science and tech-based cluster expansion.

Overall, Moody's anticipates that the Durham-Chapel Hill area will regain its attractiveness to both businesses and residents in the near future. Forecasts from 2010 to 2013 show a steep increase in both net migration and population growth for the region.

1.1G RELATIVE EMPLOYMENT PERFORMANCE (1995=100)
Durham-Chapel Hill MSA vs. United States 1995-2014



Source: ***Moody's Analytics***

1.1 Regional Overview

1.1.5 Regional Housing Growth

With rapid population and employment growth in the past decade came a boom in housing construction. Between 2000 and 2009, 131,687 housing units were permitted in the Raleigh-Cary MSA. With just under 330,000 housing units in 2000, this means that 30% of all existing housing units in that MSA were built in the last 10 years. 79% of these units were single family homes, with 20% in buildings of more than 5 units. Wake County accounted for 85% of all housing units in the Raleigh-Cary MSA.

During the same time period, 42,269 units were permitted in the Durham-Chapel Hill MSA. The metro area had 181,603 housing units in 2000, so 19% of existing units (not including those built in 2010) were built in the last 10 years. Construction in Durham County accounted for 61% of units, with Orange County accounting for 22%. 76% of all units were single family units, with 22% in buildings of 5 or more units.

Within the Triangle region, the county that added the most housing as a percentage of its total housing stock was Wake County, at 30%. Chatham and Johnson Counties were next, at 25% and 24% respectively. The lowest two were Person and Orange Counties, with 11% and 15.7%, respectively.

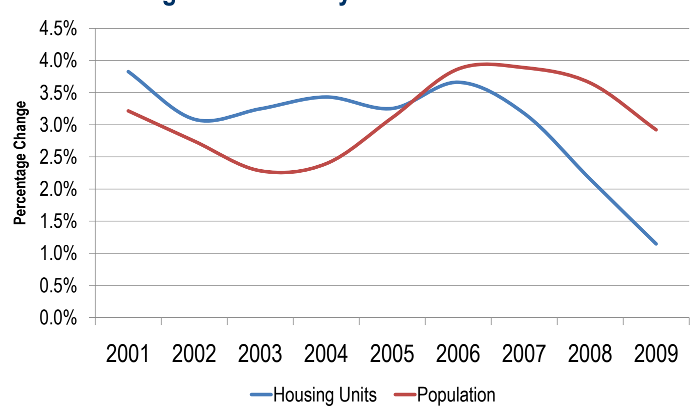
9,181 housing units were built in Orange County between 2000 and 2009. 8,060 of these, or 88%, were single family units. The past decade created 15% of the existing county housing stock. Region-wide, housing construction in Orange County accounted for 5.3% of all housing units built between 2000 and 2009.

1.1H REGIONAL HOUSING UNIT CONSTRUCTION 2000 - 2009

County / MSA	Single Family	Multi-Family	Total
Wake County	84,915	26,599	111,541
Franklin County	4,296	4	4,300
Johnson County	14,941	932	158,73
Raleigh-Cary MSA	104,152	27,535	131,687
Durham County	17,042	8,636	25,678
Orange County	8,060	1,121	9,181
Person County	1,876	82	1,958
Chatham County	5,.225	221	5446
Durham-Chapel Hill MSA	32,203	10,060	42,263

Source: *U.S. Census New Construction Index, DCI Analysis*

1.1I REGIONAL GROWTH POPULATION VS. HOUSING UNITS Raleigh-Durham-Cary CSA 2000-2009



Source: *U.S. Census, New Construction Index*

1.2 Chapel Hill Community Overview

This section reviews a number of trends and demographic indicators that are important in understanding local dynamics that influence the local housing market.

1.2.1 Geographic Context

The Town of Chapel Hill is located in Orange County and part of Durham County. Both counties are part of the four counties that comprise the Durham-Chapel Hill metropolitan statistical area (MSA). With approximately 55,000 people, Chapel Hill is the largest community within Orange County, equalling 44% of the county's total population. Carrboro, a community adjacent to Chapel Hill to the west, has approximately 18,000 people. Together, the two communities make up 60% of the county's population - heavily weighted on the southern end.

1.2.2 Population Growth

Chapel Hill has seen strong population growth over the past twenty years. Between 1990 and 2000, the Town grew by 25%, with a compounded annual growth rate (CAGR) of 2.23%. Between 2000 and 2010, the Town is estimated to have grown another 12.4%, for a total growth of 40%, or approximately 15,500 people since 1990.

Despite the Town's strong growth, it has actually been a slow performer compared to the growth in other communities in the Triangle region. Of the four largest communities in the region, Chapel Hill grew at the slowest rate. The 1.66% CAGR for the Town between 1990 and 2009 is actually slightly behind that of the State of North Carolina.

1.2.3 Demographics

One of the most unique characteristics of Chapel Hill is its role as a university community. The student population at the University of North Carolina, which was over 29,000 in 2010, accounts for a much higher percentage of residents in the 15 - 24 year old categories than the surrounding metropolitan

1.2A POPULATION BY AGE
Chapel Hill vs. Durham-Chapel Hill MSA (2008)

Age Group	Chapel Hill	Durham MSA
Under 5 Years	4.3%	6.9%
5 to 9 Years	3.9%	6.1%
10 to 14 Years	4.9%	6.1%
15 to 19 Years	15.0%	7.5%
20 to 24 Years	**20.3%**	8.7%
25 to 34 Years	14.0%	14.5%
35 to 44 Years	10.3%	**15.2%**
45 to 54 Years	9.7%	14.1%
55 to 59 Years	4.5%	6.0%
60 to 64 Years	3.6%	4.7%
65 to 74 Years	4.2%	5.4%
75 to 84 Years	3.4%	3.5%
85 Years and over	1.9%	1.4%

Source: *American Community Survey*

1.2B HOUSEHOLDS BY TYPE
Chapel Hill vs. Durham-Chapel Hill MSA (2008)

Household Status	Chapel Hill	Durham MSA
Family Households	50.4%	61.0%
Married Couple Families	38.6%	44.2%
Male Householder, No Wife, Family	3.0%	3.8%
Female Households, No Husband, Family	8.8%	13.0%
Nonfamily Households	49.6%	39.0%
Householder Living Alone	34.6%	30.9%
65 Years and Older	8.6%	7.8%

Source: *American Community Survey*

1.2 Chapel Hill Community Overview

area. It also accounts for many more non-family households than are typically found in the region. Just under half of all households in Chapel Hill are considered "non-family" households, which is 10% higher than the same rate for the Durham-Chapel Hill MSA on the whole.

1.2.4 Income

The 2005-2009 ACS data estimates Chapel Hill's Median Household Income (MHI) to be $47,051, slightly lower than the MHI for the Durham-Chapel Hill MSA. This is, however, highly influenced be the large student population within the Town. The same data estimates that the median nonfamily income is $23,703, while the median family income is $96,250. The median family income for the MSA is $85,339.

1.2.5 Education

Chapel Hill has a very impressive rate of education. It is the most highly educated community in the Triangle region, which is already a highly educated region. Chapel Hill's population with a high school degree is almost 96%, and the population with a Bachelor Degree or higher is 77%. This is compared to 86% high school graduates for the CMSA, and 40% for Bachelor Degree graduates. While the existence of graduate students may boost this level somewhat, it cannot account for such a high rate of higher education alone as these statistics represent residents aged 25 and older. Furthermore, nearly half (44.5%) of residents are estimated to have a graduate or professional degree. The rate is only 14.7% for the CMSA.

Chapel Hill's educational attainment is impressive even for university communities. Taking a sample of similarly sized communities with a major state university, Chapel Hill has a higher percentage of both Bachelor and Graduate Degree attainment. Among the comparison communities, only State College, Pennsylvania is somewhat similar. While this may not be an "apples to apples" comparison, since most of the comparison university communities are metropolitan centers themselves, it is nevertheless illustrative of how Chapel Hill is more than a university town. It is also a highly desirable community for people with higher levels of education, even within the region. The Triangle has a high concentration of jobs that require a high level of education. As one can see in Figure 1.2D, Chapel Hill is still a leader within its own MSA, as well as the CMSA, in regards to the percentage of college graduates and residents with professional or higher degrees.

1.2C EDUCATIONAL ATTAINMENT
Residents Age 25+

Community (Population) and University	Bachelor Degree*	Graduate or Prof. Degree**
Chapel Hill, NC (pop. 55,000) University of North Carolina	77.1%	44.5%
State College, PA (pop. 39,000) Pennsylvania State University	72.3%	43.4%
Blacksburg, VA (pop. 42,000) Virginia Polytechnic Institute	67.1%	40.3%
Iowa City, IA (pop. 66,000) University of Iowa	61.0%	31.7%
Bloomington, IN (pop. 73,000) Indiana University	56.5%	30.1%
Corvallis, OR (pop. 52,000) Oregon State University	53.9%	27.7%
Manhattan, KS (pop.52,000) Kansas State University	48.1%	21.7%
Charlottesville, VA (pop. 41,000) University of Virginia	46.6%	25.5%

* % of Residents Aged 25+ with a Bachelor Degree or Higher
** % of Residents Aged 25+ with a Graduate or Professional Degree
Source: *American Community Survey*

1.2 Chapel Hill Community Overview

1.2D KEY DEMOGRAPHIC INDICATORS
Chapel Hill and Triangle Region, 2008/2009

Indicator	Chapel Hill	Orange County	Durham-Chapel Hill MSA	Raleigh-Durham CSA	State of North Carolina
Population	54,972	124,168	478,299	1,630,204	9,036,449
Households	21,479	49,369	189,726	616,729	3,533,366
Avg. Household Size	2.22	2.34	2.40	2.56	2.48
Avg. Family Size	2.82	2.88	3.01	3.17	3.04
Population 25 Years and Over	52%	61%	65%	66%	66%
% Population w/ High School Degree	95.6%	89.7%	85.9%	87.4%	82.9%
% Population w/ Bachelor Degree or Higher	77.1%	55.4%	42%	39.4%	25.6%
% Population w/ Graduate or Professional Degree	44.5%	28.9%	19.3%	14.7%	8.5%
Population 16+ in Labor Force	60.2%	83%	80%	69.8%	78%
Median Household Income	$51,690	$53,558	$50,943	$56,043	$46,107
Mean Household Income	$89,734	$83,576	$71,148	$75,571	$62,270
Median Family Income	$89,507	$77,997	$65,370	$70,698	$56,558
Per Capita Income	$35,796	$33,862	$28,964	$29,540	$25,015

Source: ***American Community Survey***

1.2E Households by Income, Size, Tenure, and Age (HISTA) Table
Chapel Hill Households - Size vs. Income (2010)

Income Bracket	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5 Person Household	TOTAL
$0 - $10,000	1,461	1,289	147	62	40	2,999
$10,000 - $20,000	1,099	752	220	121	25	2,217
$20,000 - $30,000	882	561	150	61	65	1,719
$30,000 - $40,000	757	558	236	104	75	1,730
$40,000 - $50,000	489	575	166	96	73	1,399
$50,000 - $60,000	353	528	216	154	39	1,290
$60,000+	1,360	3,237	1,690	1,340	602	8,229
TOTAL	6,401	7,500	2,825	1,938	919	19,583

Source: ***Ribbon Demographics and Nielson Claritas, Inc.***

1.2 Chapel Hill Community Overview

1.2F RESIDENT OCCUPATION
Chapel Hill vs. Durham-Chapel Hill MSA (2008)

Industry Sector	Chapel Hill			Durham MSA		
	Estimate	Margin of Error	%	Estimate	Margin of Error	%
Agriculture, Forestry, Mining	74	90	0.3%	2,338	661	1.0%
Construction	582	303	2.2%	17,884	1,473	7.4%
Manufacturing	1,172	351	4.4%	20,253	1,393	8.4%
Wholesale Trade	165	96	0.6%	4,339	624	1.8%
Retail Trade	2,205	509	8.2%	21,054	1,753	8.7%
Transportation and Warehousing and Utilities	82	72	0.3%	6,863	738	2.8%
Information	782	277	2.9%	6,009	840	2.5%
Finance and Insurance and Real Estate	1,192	347	4.4%	12,850	998	5.3%
Professional, Technical, Management and Administrative	3,215	560	11.9%	29,307	1,786	12.1%
Educational Services, Health Care, Social Assistance	12,096	1,005	44.9%	81,191	2,429	33.6%
Arts, Entertainment and Recreation	3,770	637	14.0%	20,951	1,525	8.7%
Other Services	1,103	386	4.1%	10,150	1,002	4.2%
Public Administration	501	165	1.9%	8,221	848	3.4%
TOTAL	26,939			241,410		

Source: *American Community Survey*

1.2G COMMUTING PATTERNS
Orange County, NC (2000)

Geography	INTO Orange County	%
Orange County (resident workforce)	35,053	59%
Durham County	9,262	16%
Chatham County	4,206	7%
Alamance County	3,589	6%
Wake County	3,552	6%
Other North Carolina	3,048	5%
Other States	439	0.7%

Geography	OUT OF Orange County	%
Orange County (resident workforce)	35,053	58%
Durham County	16,470	27%
Wake County	4,212	7%
Alamance County	2,038	3%
Other North Carolina	2,616	4%
Other States	432	0.7%

Source: *NC Profile*

2 HOUSING SUPPLY

2.1 Housing Stock

This section describes the specific characteristics of existing housing stock within the Town of Chapel Hill.

2.1.1 Units by Type and Tenure

The American Community Survey (ACS) estimates that Chapel Hill has 23,827 housing units. 41.5% of these units are single family - detached units. If one adds the 2,249 single family - attached units, the grand total of units classified as "single family" rises to 51%. This contrasts with the rest of the Triangle region, which has a single family-detached inventory comprising 58.6% of all housing stock.

Multi-family structures within the Town vary in size. The majority (30%) of these units are found in structures with 10 to 19 units. Structures with 20 or more units (23%) and 5 to 9 units (22%) make up the majority of other types of structures, with small apartment buildings of 2-4 units representing another 27%.

2.1A UNITS IN STRUCTURE
Chapel Hill, North Carolina

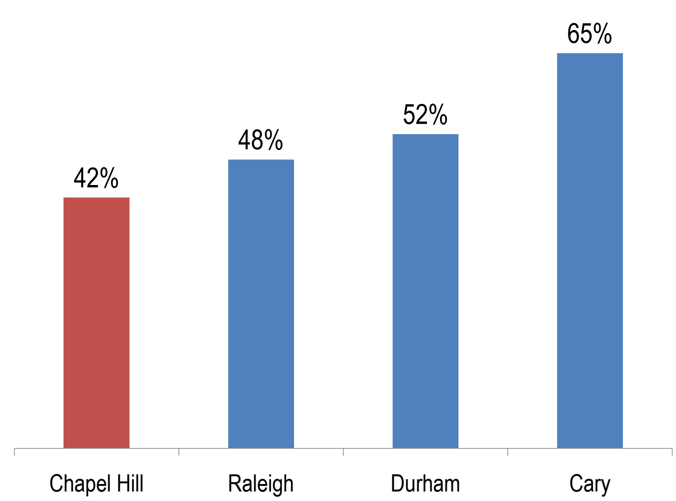
	Estimate	Margin of Error	Percent
Total Housing Units	23,827	+/- 607	
1-unit, detached	9,888	528	41.5%
1-unit, attached	2,249	377	9.4%
2 units	1,571	433	6.6%
3 or 4 units	1,443	367	6.1%
5 to 9 units	2,495	573	10.5%
10 to 19 units	3,401	449	14.3%
20 or more units	2,610	418	11.0%
Mobile Home	170	127	0.7%
Boat, RV, van, etc.	0	165	0%

Source: *American Community Survey*

2.1.2 Residential Land Uses

Land use data provided by the Town of Chapel Hill shows that 63% of the total land area is covered by residential uses. The vast majority of this (38%) is in the category of low-density housing, which ranges between 1-4 units / acre. Figure 2.1C illustrates the distribution of residential land uses within the Town.

2.1B PERCENT OF SINGLE-UNIT, DETACHED HOUSING



Source: *American Community Survey*

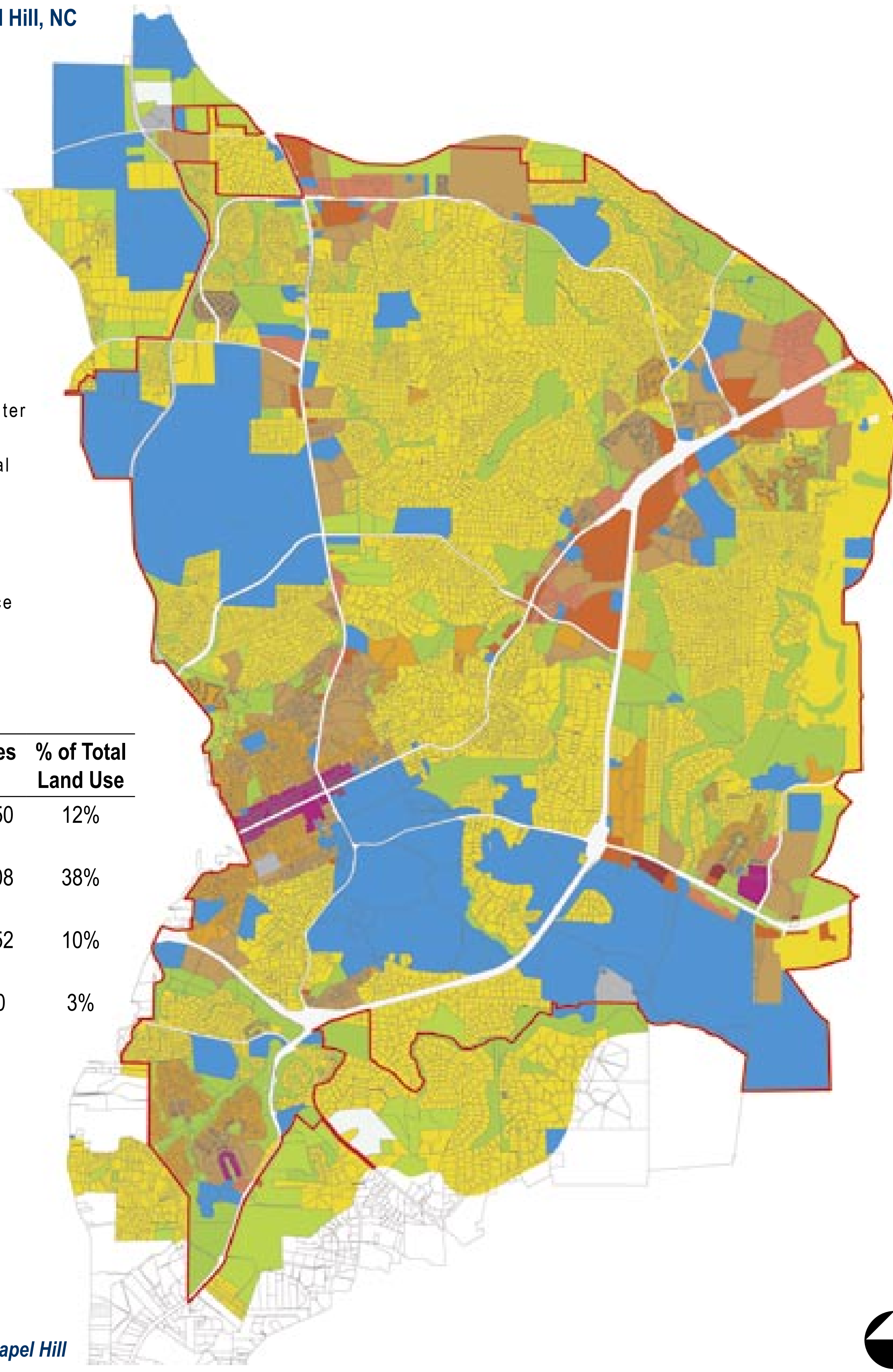
2.1.3 Condition of Housing Stock

Available indicators suggest that, on the whole, Chapel Hill housing stock is in good to excellent condition. Communities with large inventories of older housing that simultaneously experience rapid population growth can have pools of housing stock that deteriorate as households consume newer homes. The older housing stock found in the Town appears to be some of the most valuable in the Town. Between 2000-2010, there were 133 sales transactions involving homes built

(continued on page 24)

2.1 Housing Stock

2.1C LAND USE
Town of Chapel Hill, NC



Residential Land Use	Acres	% of Total Land Use
Rural (1 unit/acre)	2,150	12%
Low Density (1-4 units/acre)	6,908	38%
Medium Density (4-8 units / acre)	1,752	10%
High Density (8+ units / acre)	590	3%

Source: *The Town of Chapel Hill*

2.1 Housing Stock

between 1880 and 1920, including re-sales. The average sales price for these homes over that period was $677,421, which is 64% higher than the average home sales price for the entire Town.

One area where the physical condition of homes plays a factor is in the rental market. There are a number of apartment communities that are older and less maintained than other developments. Their relative lower level of property condition is reflected in their rental rates, which are below market-rates for the area. The Colony Apartments, located off of Ephesus Church Road, are a good example of this type of property. Others include Shadowwood, Pinegate Apartments, and Kingswood Apartments (see Section 2.4 for more information).

2.1E YEAR STRUCTURE BUILT
Chapel Hill, North Carolina

Units in Structure	Estimate	Margin of Error	Percent
TOTAL	23,827	607	
Built 2005 or later	820	221	3.4
Built 2000 to 2004	3,156	337	13.2
Built 1990 to 1999	4,320	584	18.1
Built 1980 to 1989	5,525	701	23.2
Built 1970 to 1979	4,069	640	17.1
Built 1960 to 1969	2,405	415	10.1
Built 1950 to 1959	1,738	366	7.3
Built 1940 to 1949	811	290	3.4
Built 1939 or earlier	983	297	4.1

Source: *American Community Survey*

2.1.4 New Housing Construction

According to the U.S. Census' New Residential Construction Index, there were 3,630 housing units permitted in the Town of Chapel Hill between 2000 and June 2010. This represented a 19.1% growth in housing units, compared to a population growth rate of 12.4% for the same time period.

74% of these permitted units were single family homes. Based on additional information from the Triangle MLS, it is estimated that the majority of these permitted were for-sale, owner occupied units, as opposed to rental units. Understanding that the two data sources do not entirely match, it is reasonable to assume that an effective range of 85-90% of all housing built in the 2000s was for-sale housing.

Housing stock in Chapel Hill is in overall good shape, but there are some older apartment complexes like the Colony Apartments (above) that are noticably in disrepair.

2.1D HOUSING CONSTRUCTIONS (2000 - mid-2010)
Chapel Hill, North Carolina

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Single Family	405	459	442	463	375	218	99	41	142	22	20	2,686
2 Family	20	16	26	2	4	2	2	2	4	0	2	80
3 and 4 Family	0	4	0	0	0	0	0	0	20	0	0	24
Five or More Family	8	282	0	0	0	0	0	32	122	396	0	840
											Total Units	**3,630**

Source: *New Residential Construction Index*

2.1 Housing Stock

2.1.5 Development Activity

The Triangle Multiple List Serve (MLS) tracked 3,206 for-sale units built between 2000 and 2010. The majority of these were detached, single family units (1,878, or 59%). Adding 567 townhomes brings the single family category up to 2,445 (76%), which is very similar to the housing starts statistics provided by the New Residential Construction Index from the American Community Survey (Figure 2.1E).

Nineteen new for-sale neighborhoods / developments were built in Chapel Hill over the past decade. These are illustrated in Figure 2.1F, with more details in Figure 2.1G. These areas total over 2,000 units, which is 62% of the total for-sale units tracked by the MLS, and approximately 57% of the total housing units built in the Town since 2000.

Of note is that the number of detached units built in these neighborhoods represents a minority of all units. 57% of these units were attached housing, including 723 Condominiums, and 455 Townhomes. The comprehensive developments of Southern Village and Meadowmont accounted for 55% of all the recorded housing units built since 2000, including 72% of all single family units.

Not including Southern Village or Meadowmont, the remaining 17 developments include only 23% of the 945 total single family units. 30% are townhomes, and 43% are condominiums.

The ACS estimates that there are only 2,249 Townhome units in Chapel Hill (Figure 2.1A). Whether the inventory tracked by the MLS is found within this number, or is in addition to it, it is clear that the construction of attached single family is on the rise, representing a major share of the single family housing constructed in the community.

Southern Village (above) and Meadowmont (below) are two of the most prominent newly constructed housing developments in Chapel Hill. Between the two developments, there are 661 single family units, 313 Condominiums and 168 Townhomes, as well as several hundred thousand feet of commercial space.

2.1 Housing Stock

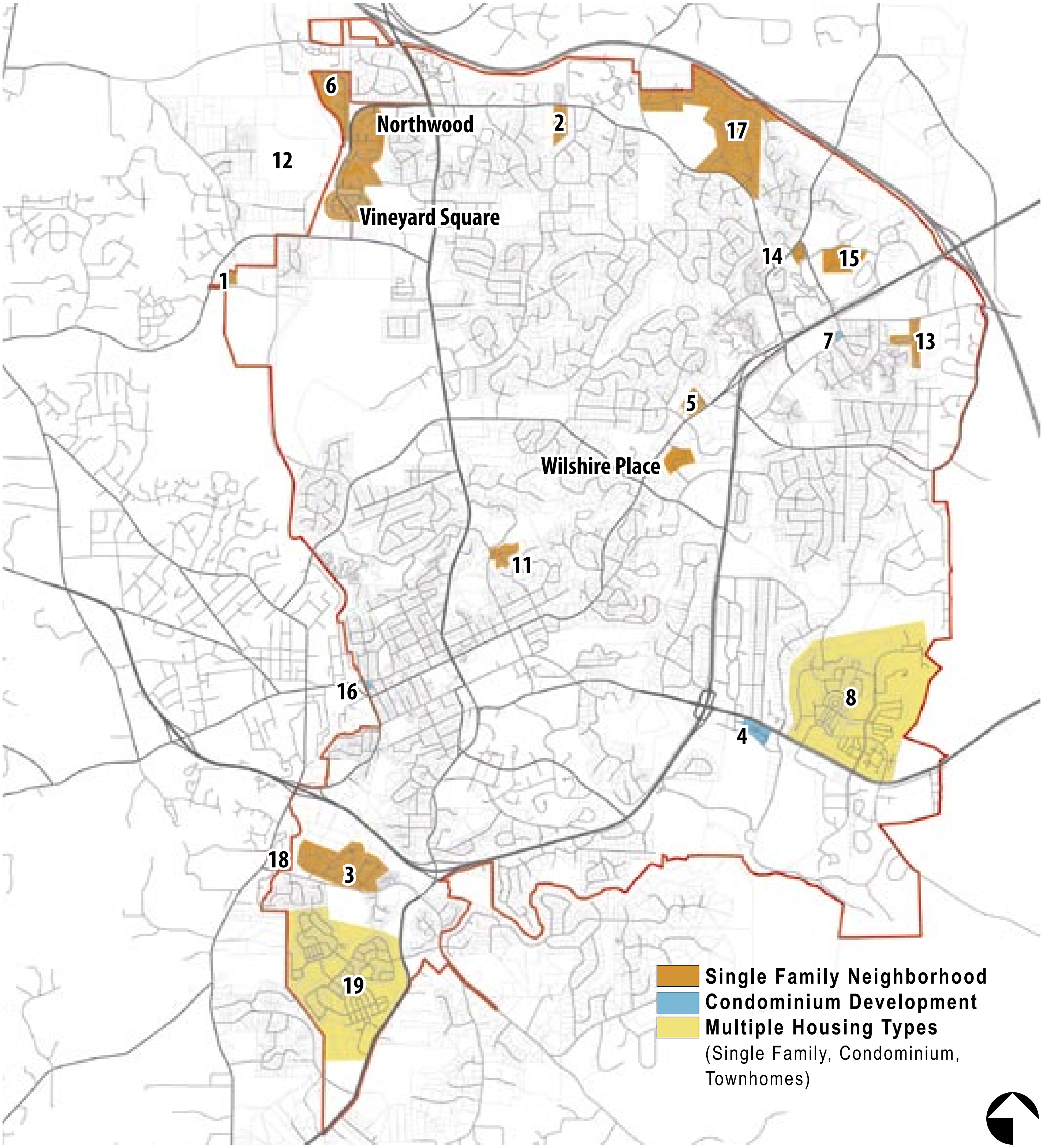
2.1F NEW NEIGHBORHOODS AND DEVELOPMENTS (2000-Present)
Chapel Hill, North Carolina

	Neighborhood	Type of Development	Units	Average Sales Price	Price per Square Foot	Average SqFt.	Years Built
1	Avalon Park	Single Family	7	$489,333	$159	3,071	2005-2008
2	Cross Creek	Single Family	14	$971,961	$215	4,517	2005-2007
3	Culbreth Ridge / Farms	Single Family	34	$415,660	$133	3,116	2000-2001
4	East 54	Condominiums	44	$419,896	$409	1,026	2008-2009
5	Franklin Grove	Townhomes	48	$650,483	$257	2,532	2003-2006
6	Larkspur	Single Family	84	$578,572	$164	3,520	2003-2007
7	Legion Road Townhomes	Townhomes	7	$98,786	$89	1,109	2001
8	Meadowmont	Single Family	312	$625,343	$182	3,430	2001-2008
9		Condominiums	92	$478,637	$232	2,067	2002-2008
10		Townhomes	76	$895,669	$230	3,897	2001,2007
11	Mill Race	Single Family	10	$612,300	$177	3,457	2000-2002
12	Parkside	Single Family	46	$300,897	$133	2,257	2000-2003
13	Pickard Oaks	Townhome	93	$241,838	$141	1,717	2000-2003
14	Presque Isle Villas	Condominium	67	$266,563	$155	1,717	2001-2003
15	Providence Glen	Condominium	246	$209,289	$159	1,320	2002-2007
16	Rosemary Village	Condominium	37	$346,692	$266	1,304	2004-2006
17	Silver Creek	Single Family	39	$689,928	$168	4,108	2000-2003
18	Southbridge Estates	Single Family	14	$967,273	$204	4,730	2006-2007
19	Southern Village	Single Family	349	$469,316	$154	3,046	2000-2003
20		Condominium	221	$172,986	$168	1,030	2000-2003
21		Townhome	92	$262,424	$154	1,701	2000-2001
22	Vineyard Square	Townhome	139	$273,036	$130	2,098	2003-2005
23	Wilshire Place	Condominium	16	$219,854	$174	1,262	2002-2003
	TOTAL		**2,087**				
		Single Family	909				
		Condominium	723				
		Townhomes	455				

Source: ***Triangle Multiple List Serve (MLS)***

2.1 Housing Stock

2.1G NEW NEIGHBORHOODS AND DEVELOPMENTS (2000-Present)
Chapel Hill, North Carolina



2.2 For Sale / Owner-Occupied Housing

Chapel Hill is known regionally as a higher priced housing market, and the statistics from home sales over the past decade support this perception. This section examines the market costs and value of for-sale housing in Chapel Hill and tracks market related trends over the past decade. For-Sale residential units are synonymous with "owner-occupied" units and can consist of single family attached and detached products, as well as condominiums.

Data from the Triangle Multiple List Service (MLS) was used for this analysis. To create a profile for for-sale housing in Chapel Hill, data was drawn from the three other major population centers in the Triangle region - Raleigh, Cary and Durham, as well as for Orange County. Trending data was used from 2000 to June 2010. Data prior to the year 2000 was not available.

2.2.1 Regional Market Trends

Housing prices rose drastically throughout the country between 2000 and 2008, and the fast-growing Triangle region was no exception. Using Triangle MLS data, it is estimated that the average sales price of housing units throughout both the Raleigh-Cary MSA and the Durham-Chapel Hill MSA rose 42% between 2000 and 2007, the "high" point of for-sale housing real estate in the region. Prices in the Durham-Chapel Hill MSA rose at a faster rate (45.3%) vs. Raleigh-Cary (36.6%), though the sample size for Raleigh-Cary was triple that of Durham-Chapel Hill, which may account for some of the difference.

Between 2007 to 2010 the Triangle region has seen an overall decline in sales prices. Overall, price declined 9%, 10.7% in Durham-Chapel Hill and 6% in Raleigh-Cary. The most impacted county was Chatham County, which saw average sales increase by 62% in seven years. Durham County was the least impacted, seeing a price increase of only 29%. Person County's housing market was the most volatile, rising 38% between 2000-07, but declining 20% in the two and a half years following that period.

There is a major gap between the rise in housing prices between the region's traditional urban centers of Raleigh and Durham and the newer growth centers of Cary and Chapel Hill. In general, housing in Raleigh and Durham sells for much less than Cary or Chapel Hill, with Durham representing the bottom of the scale. Over the first seven years of the decade, housing prices rose 18-22% in those cities. Over the same time period, Chapel Hill's overall housing prices rose by 32%, and Cary's by 50%.

2.2A AVERAGE SALES PRICES 2000, 2007, MID-YEAR 2010 (ALL UNITS)
Raleigh-Cary MSA & Durham-Chapel Hill MSA

County	Avg. Sales Price			% Change	
	2000	2007	2010	2000-2007	2007-2010
Durham-Chapel Hill MSA					
Chatham County	$217,873	$354,231	$303,758	62%	-14%
Durham County	$155,571	$200,739	$190,551	29%	-5%
Orange County	$238,101	$342,482	$322,827	44%	-6%
Person County	$120,422	$166,724	$132,580	38%	-20%
Raleigh-Cary MSA					
Franklin County	$124,751	$174,106	$162,139	40%	-7%
Johnston County	$129,626	$179,159	$167,075	38%	-7%
Wake County	$196,672	$262,959	$250,037	34%	-5%
Average	$169,000	$240,000	$218,420	42%	-9%

Source: *Triangle Multiple List Serve*

2.2 For Sale / Owner-Occupied Housing

2.2.2 Single Family - Detached Units

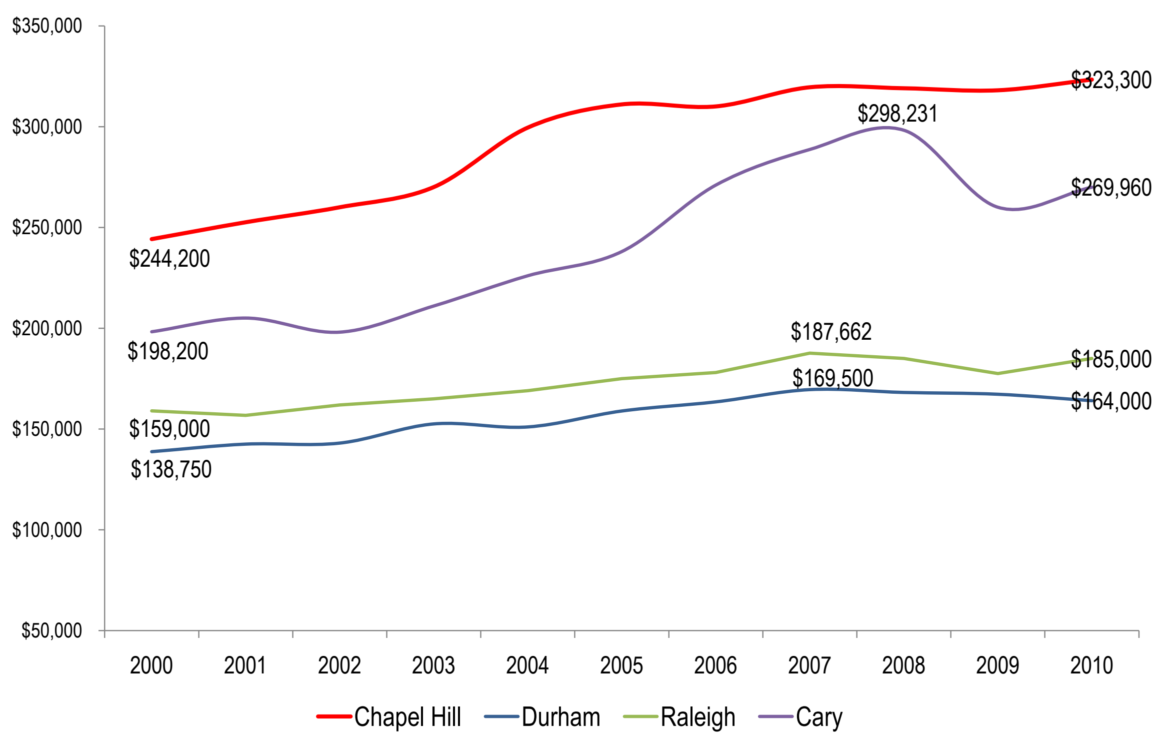
Rises and fluctuations in the prices of single family detached units impacted overall housing sales the most. This makes sense, considering that 78% of all housing units built in the Triangle region between 2000 and 2010 consisted of this housing type. The sharp rise of single family detached units has created a wide price gap between attached and detached units within the region, and particularly Chapel Hill.

Figure 2.2C illustrates the median annual sales rates for single family detached homes from 2000-2010. In 2000, Chapel Hill's median single family detached sales price was $287,000, representing the high point between the four major urban areas of the Triangle region. In only six years from 2000 to 2006, which was Chapel Hill's "peak" year, the median sales price of a single family home rose 48% to $425,000. The average price of a single family home rose even faster - 58% from 2000 to 2007, where the average price hit $495,174. This was more than double the average sales price for a single family home in either the Raleigh-Cary or Durham-Chapel Hill metropolitan areas (see Figure 2.2A). The Town of Cary also saw steep increases in its housing prices. From a median of $219,500, prices shot to $341,000 in 2007 - a rise of 55%. These two communities stand in stark contrast to Raleigh and Durham, whose single family prices rose at more modest rates of 29% and 23% respectively. As of mid-year 2010, single family homes in Chapel Hill were selling for 123% more than homes in Durham.

2.2.3 Single Family - Attached Units

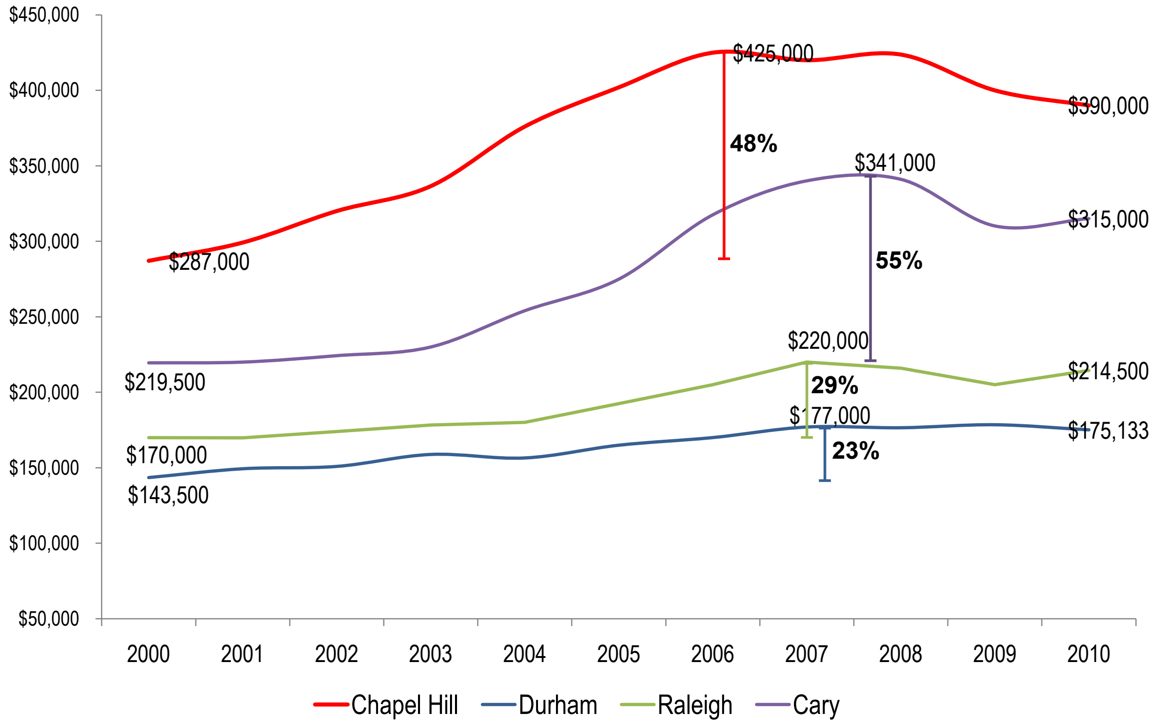
Single Family Attached units, which consist of townhomes, duplexes, triplexes, etc. are a relatively small but growing housing type. For example, the American Community Survey estimates that 7.2% of all housing in the City of Durham were single attached units. Meanwhile, data from the Multiple List Serve finds that 13.4 of all home sales between 2000 and mid-year 2010 were classified as townhomes, a figure that does not represent all duplex or triplex transactions, nor does it account for any rental units that share the same classification. In 2000, median prices for townhomes in

2.2B MEDIAN HOME SALES (2000-2010)
ALL HOUSING TYPES



2.2 For Sale / Owner-Occupied Housing

2.2C Median Home Sales (2000-2010)
SINGLE FAMILY DETACHED HOMES



Source: *Triangle Multiple List Serve*

Raleigh, Durham and Cary were clustered between $110,000 to $119,000, with Chapel Hill again representing the high point at $155,950. Sales for townhomes remained relatively flat until 2003, when median prices shot up from $171,900 to $270,250 (+57%) with average prices nearly doubling.

This sharp increase correlates to the introduction of a large number of new townhome units over the past decade. 1,397 townhome units were sold or re-sold between 2000 and 2009. Figure 2.1F shows that as many as 455 of these sales (and more, if re-sold) were built in newly created neighborhoods or developments built during this decade. Examples include Franklin Groves, with average sales prices of $650,000, Southern Village (avg. $260,000) and Meadowmont (avg $895,000).

Cary also saw a short, quick rise between 2004 and 2008 of 71%, though prices never came close to those in Chapel Hill. Like the single family detached market, price rises in Raleigh and Durham were much more gradual, at 23% and 29% respectively between 2000 and 2007.

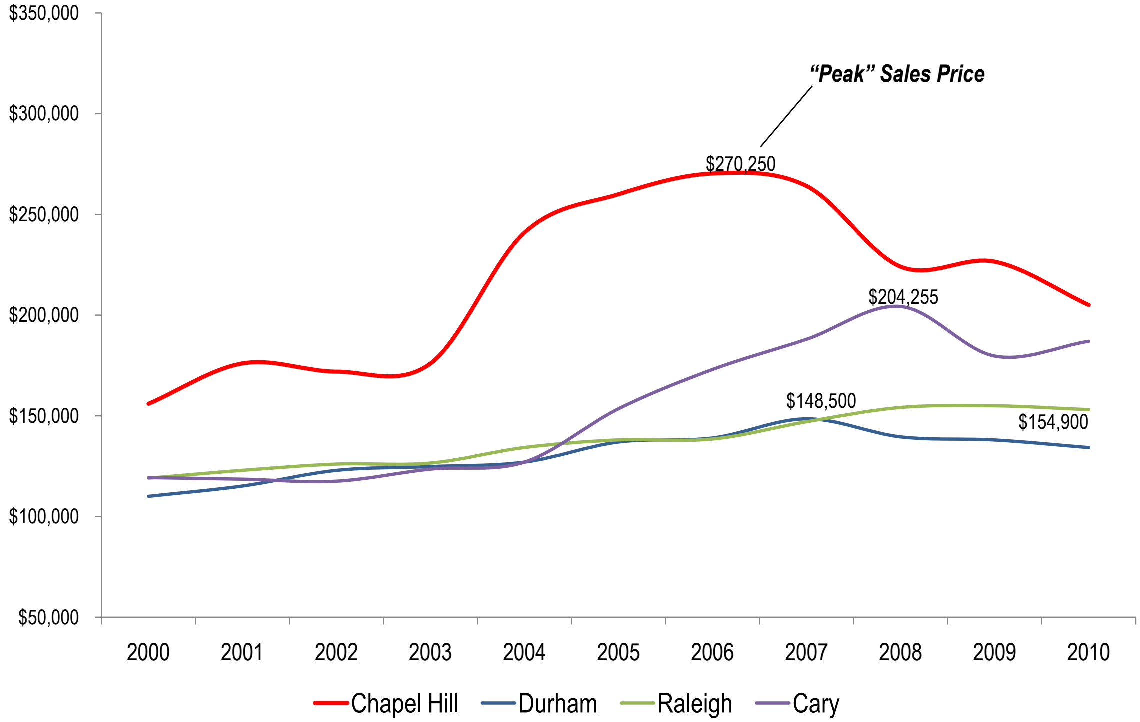
2.2.4 Condominium Units

Condominium units did not spike to the levels of single family and townhome (single family attached) units, but there was a noticeable rise during 2005-2006 when sales were much higher than comparison cities. Unlike the previous two housing unit types, at the beginning of the decade Chapel Hill condominium units were selling for less than median prices in Cary or Raleigh - about $100,000. With little to no data available prior to 2000, it is difficult to determine whether this was a trend through the 1990s.

(continued on page 30)

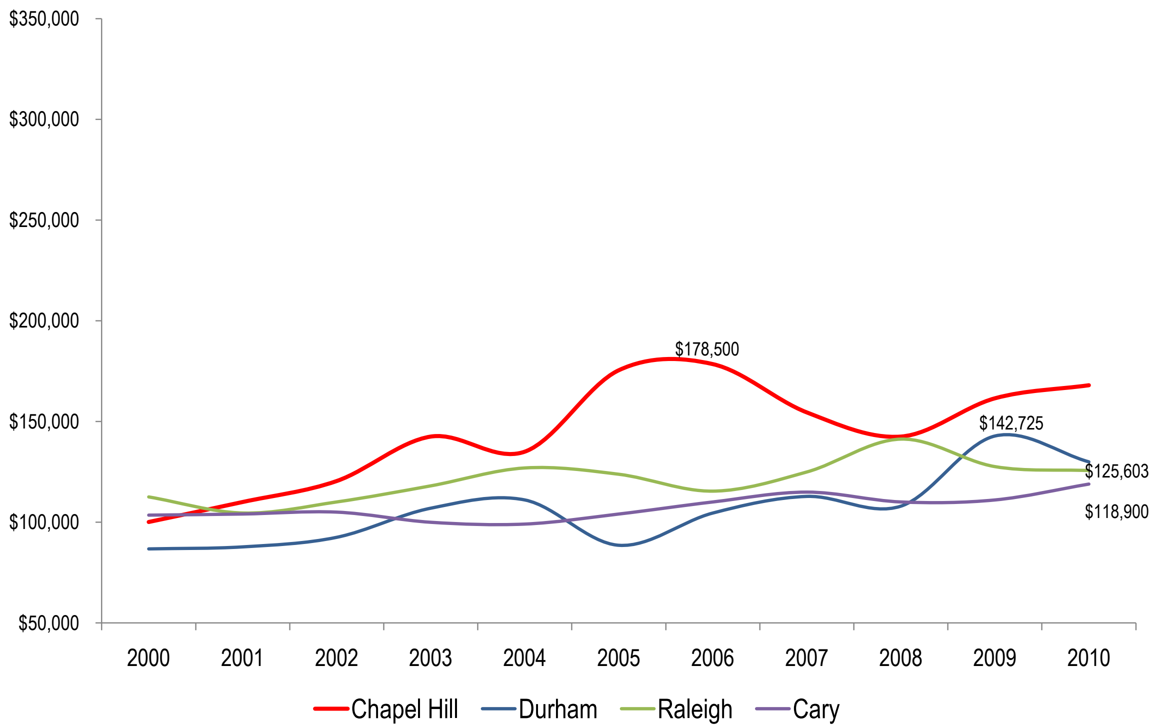
2.2 For Sale / Owner-Occupied Housing

2.2D Median Home Sales (2000-2010)
TOWNHOMES



Source: *Triangle Multiple List Serve*

2.2E Median Home Sales (2000-2010)
CONDOMINIUMS



Source: *Triangle Multiple List Serve*

2.2 For Sale / Owner-Occupied Housing

Over the decade, prices rose much faster until Chapel Hill units became the most expensive with a median price of $178,000 in 2005. This probably was influenced to a large degree by the Southern Village and Meadowmont developments.

The three comparison cities saw their median prices peak several years later than Chapel Hill. Overall, prices in the condominium market did not rise as fast as other for-sale product. There was also a lot more fluctuation in the market, likely influenced by the amount of new units entering the market at any given time. With a peak median price of $178,000, condominium units are, on the whole, the most affordable housing types within Chapel Hill.

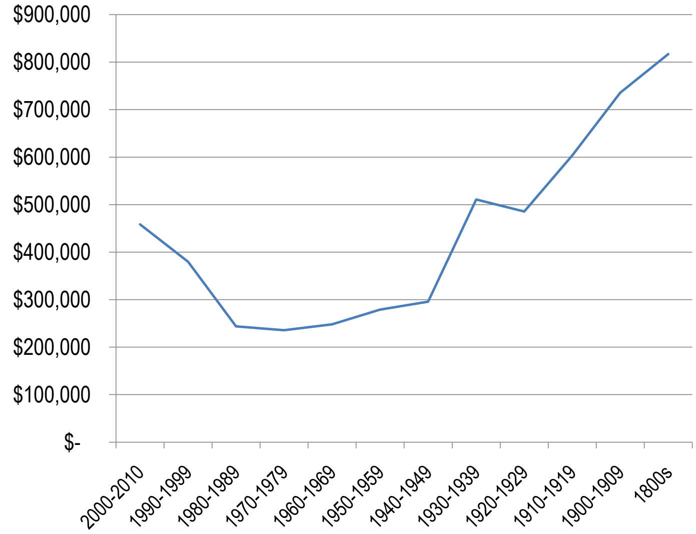
2.2.5 Housing Value by Age

Breaking out home sales by year-built yields some interested market segmentation within the for-sale market. The average sales price for a housing units in Chapel Hill varies widely by the year in which it was built. Pre World War II housing is the most valuable, ranging between an average of $485,000 for a 1920s unit to over $800,000 for a 19th century home. New construction is also highly priced, especially units built within the past decade. On the other hand, homes built between 1940 and 1989 sell for 15-32% below the average sales price of the Town. The least valuable housing by decade is the 1970s, followed closely by the 1960s.

2.2.6 Recent Trends

One indicator that the market is beginning to view Chapel Hill housing as overpriced is the difference between list price and sales price. During the beginning of the 2000s, the difference in Chapel Hill was very low - at or below 1%. The three other major regional cities were also low - below 2%. Over time, the difference is all four cities has risen, as prices continued to climb. As on mid-year 2010, on Chapel Hill saw its difference continue to rise - to over 5%. Durham, Raleigh and Cary began to see a decline in their difference, in 2009, possibly indicating that housing prices were beginning to stabilize, if not decline.

2.2-F Home Sales by Decade
Chapel Hill, North Carolina



2.2-G HOME SALES BY DECADE
Chapel Hill, North Carolina

Time Period	Homes Sold	Average Sales Price
2000 - 2010	3,206	$458,445
1990 - 1999	2,336	$379,900
1980 - 1989	2,185	$243,745
1970 - 1979	1,224	$235,673
1960 - 1969	950	$247,922
1950 - 1959	376	$278,983
1940 - 1949	128	$295,852
1930 - 1939	74	$510,822
1920 - 1929	111	$485,573
1910 - 1919	13	$603,723
1900 - 1909	9	$735,667
1800's	16	$817,094

Source: *American Community Survey*

2.3 Rental Housing

The majority of occupied housing units in Chapel Hill are renter-occupied. The American Community Survey (ACS) estimates 11,640, or 54.2%, of all units are renter-occupied. This is a much higher rate than the 39.7% renter-occupied percentage for the Durham-Chapel Hill MSA.

The difference is due to the large student population found in Chapel Hill. According to data supplied by the University of North Carolina at Chapel Hill for the 2035 Long Range Transportation Plan, there were 7,426 students living off-campus in Chapel Hill in 2005. Using the number of residents per household, as estimated by the ACS, this translates into 3,694 housing units. This represents 32% of all renter-occupied units in Chapel Hill. If one removes this inventory of rental housing, then the Owner-Occupied / Renter Occupied split for Chapel Hill would be 55% / 45%, much lower, but still higher than the region.

2.3.1 Apartment Complexes

20 major apartment complexes were identified in Chapel Hill. Their locations and average rent ranges are illustrated in Figures 2.3A and 2.3C. The majority of these complexes, which average about 256 units per development, are located outside of the Town's historic core, with a particular concentration off Fordham Boulevard / 15-501 in the northeastern quadrant of the town.

The number of units in these complexes totals between 5,100 - 5,300, based on information reported to apartment listing companies. With an estimated 11,640 renter-occupied units in Chapel Hill, units in apartment complexes count for about 45% of all rental units in the Town.

2.3A ESTIMATED MARKET RATE RENTS
Chapel Hill, North Carolina

Community	Studio	1 Bed	2 Bed	3+ Bed
Chapel Hill	$500	$772	$926	$1,383
Durham	$780	$823	$895	$957
Cary	n/a	$730	$893	$1,154
Raleigh	$625	$732	$901	$1,097

Source: *Composite Websites (apartments.com, apartment guide, forrent.com)*

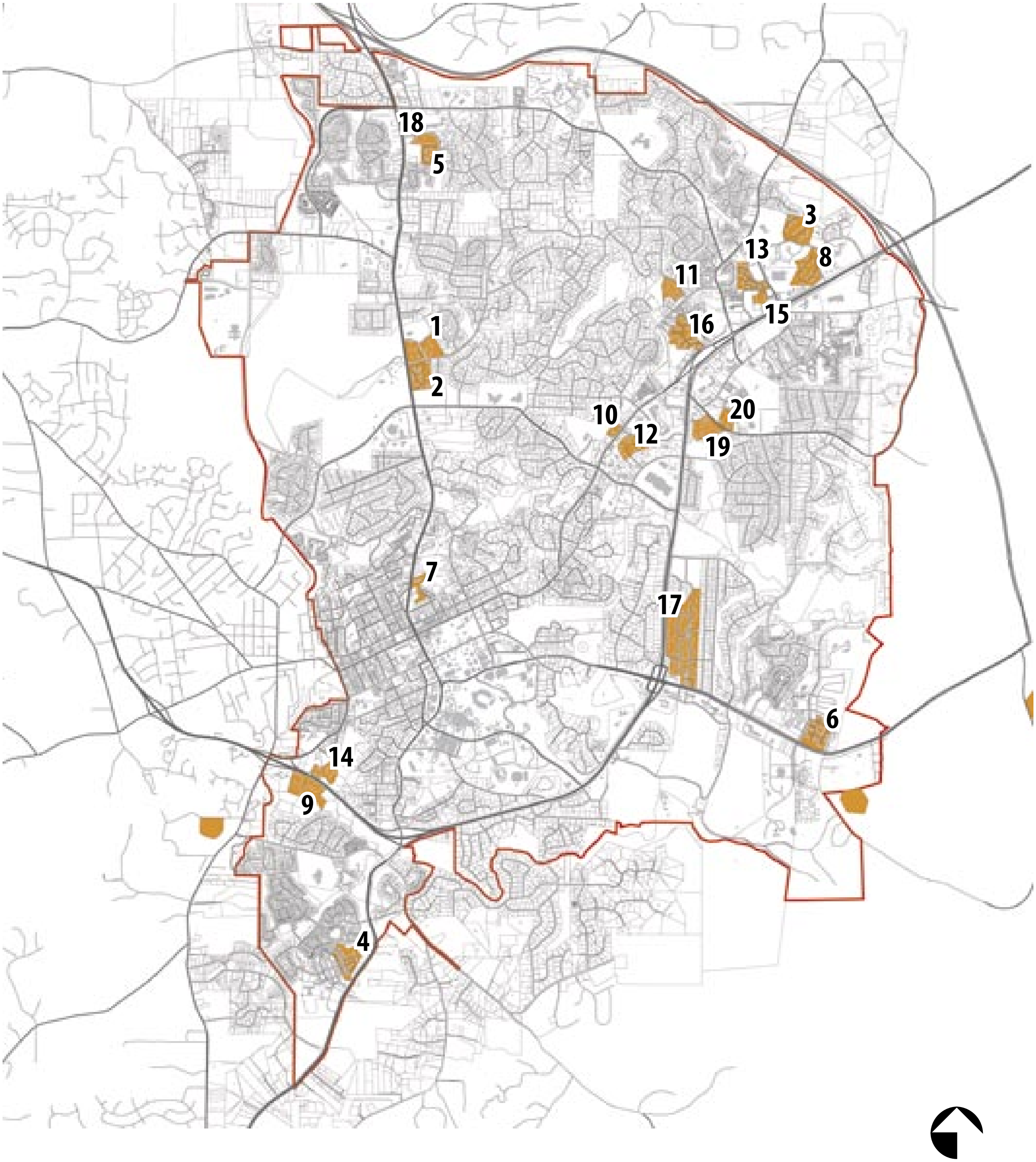
2.3B FAIR MARKET RENTS
Orange, Durham and Wake Counties

County	Studio	1 Bed	2 Bed	3 Bed
Orange	$542	$742	$832	$1,172
Durham	$542	$742	$832	$1,087
Wake	$587	$770	$856	$1,115

Source: *Department of Housing & Urban Development (HUD)*

2.3 Rental Housing

2.3C MAJOR APARTMENT COMPLEXES
Chapel Hill, North Carolina



2.3 Rental Housing

4.2H ADVERTISED RENTS FOR CHAPEL HILL APARTMENT COMPLEXES

	Apartment Complex	1 Bed	2 Bed	3 Bed	Units
1	Timber Hollow	$650 - $745	$899 - $925		198
2	Shadowwood	$575 - $685	$755 - $820		336
3	Notting Hill	$850 - $1,281	$1,136 - $1,507	$1,187 - $1,473	n/a
4	Southern Village Apts	$910 - $1,035	$1,115 - $1,290	$1,495 - $1,570	250
5	The Pointe at Chapel Hill	$750 - $870	$960 - $1,250	$1,420 - $1,460	240
6	Apts at Meadowmont	$1,035 - $1,260	$1,345 - $1370	$1,725 - $1,775	258
7	Northampton Plaza	$640 - 800			154
8	Pinegate Apts	$477 - $637	$657 - $847		298
9	Kingswood Apts	$489 - $529	$554 - $634		330
10	Franklin Woods Apts	$650 - $670	$755 - $775		100
11	Booker Creek Apts		$699 - $719		118
12	Sunstone	$737 - $785	$796 - $935		260
13	Sagebrook	$596 - $701	$678 - $894		280
14	Laurel Ridge	$645 - $675	$750 - $1,225		160
15	Cosgrove Hill	$1,160 - $1,175	$1,400 - $1,600	$1,920 - $2,320	129
16	Foxcroft	$674 - $714	$784 - $930	$865 - $930	248
17	Glen Lennox Cottages	$660 - $800	$760 - $955	$880 - $1,100	440
18	Timberlyne Village	$589 - $715	$599 - $749		n/a
19	Kings Arms		$600 - $625		64
20	Colony Apartments	$525 -$535	$675 - $745		198

Source: ***Composite Websites (apartments.com, apartment guide, forrent.com)***

2.3.2 Permanent Residents vs. Students

Based on data provided by the Triangle Research Bureau for the 2035 Long Range Transportation Plan, it is estimated that there are 7,426 students living in off-campus rental units within the Town of Chapel Hill (see Section 2.5.3 for more detail). Using the average size for renter households in Chapel Hill (2.01) this translates into approximately 3,694 housing units, or one-third (32%) of all rental units in the Town. Figure 2.5A on page 39 shows the distribution of these student households, which correspond to the neighborhoods closest to campus, as well as areas with larger apartment complexes, such as Glen Lennox or off of Fordham Boulevard.

2.3.3 Rental Unit Growth

In Chapel Hill, 9442+ unit buildings were permitted between 2000 and mid-year 2010. According to Triangle Multiple List Serve, 740 condominium units were built in the 2000s. Assuming that all condominiums built in Chapel Hill during this period were attached units, then it is reasonable to conclude that 78% of all multi-family units constructed in the last decade were for-sale, condominium units, with only 204 being rental units. This equates to approximately 1.7% of all rental units within the Town being constructed in the past 10 years.

2.4 Affordable Housing

This section provides an inventory of the existing stock of affordable housing in Chapel Hill. Information for this section came from Orange County and the Town of Chapel Hill. A discussion on general housing affordability can be found in Chapter 4.

"Affordable Housing" is housing that is affordable to low-moderate income residents. Affordable housing is made affodable through the use of subsidies such as those provided through the Department of Housing and Urban Development and other sources. Households that make 80% or below of the Area Median Income (AMI) as defined by HUD are considered eligible for affordable housing.

At the time this report was written, there were an estimated 1,364 units dedicated to affordable housing in Chapel Hill. This includes 749 units dedicated to affordable housing of varying types, and approximately 615 units using Section 8 vouchers.

2.4.1 Public Housing

The Chapel Hill Department of Housing manages 336 public housing units. Public housing targets households that have incomes 50% or below of Area Median Income.

There are public housing units located in locations around the Town, but they are highly concentrated in the Northside neighborhood which has an estimated 135 units, or 40% of all total public housing units. The locations of existing public housing units are illustrated in Figure 2.4A.

Over the past 5 years, the Town's average waiting list for public housing is about 256 households. This roughly means there are an average of 871 people annually who desire public housing in Chapel Hill.

2.4.2 Section 8 Housing

The Section 8 program is a federally-funded rental assistance program designed to help low and very low income eligible citizens. Applicants are required to be "families" consisting of an eligible head of household with a group of persons who regularly live together. Eligibility is determined by comparing the family's annual gross income with the HUD-established low and very-low income limits for any given size family. Instead of set-aside housing units, the Section 8 program distributes "vouchers" to assist in monthly rent payment in private apartments.

According to the Orange County Housing Authority, there are 615 Section 8 units throughout the county. As of November 2010, 2,100 people were on the waiting list for Section 8 vouchers, and the waiting list had been closed to applicants since March 2010. The Housing Authority estimates that half of those are located within Chapel Hill. Specific locations where vouchers are used was not available.

2.4.3 Privately Owned, Subsidized Units

Orange County recognizes four privately owned, subsidized apartment developments in Chapel Hill. These include the UCC Living Center, the Adelaide Walters Apartments, the 1st Baptist and Manley Estates, and the Interchurch Council. These total 183 units. Only the Interchurch Council offers units (79) to family households. The other three provide housing for seniors aged 62 years or above.

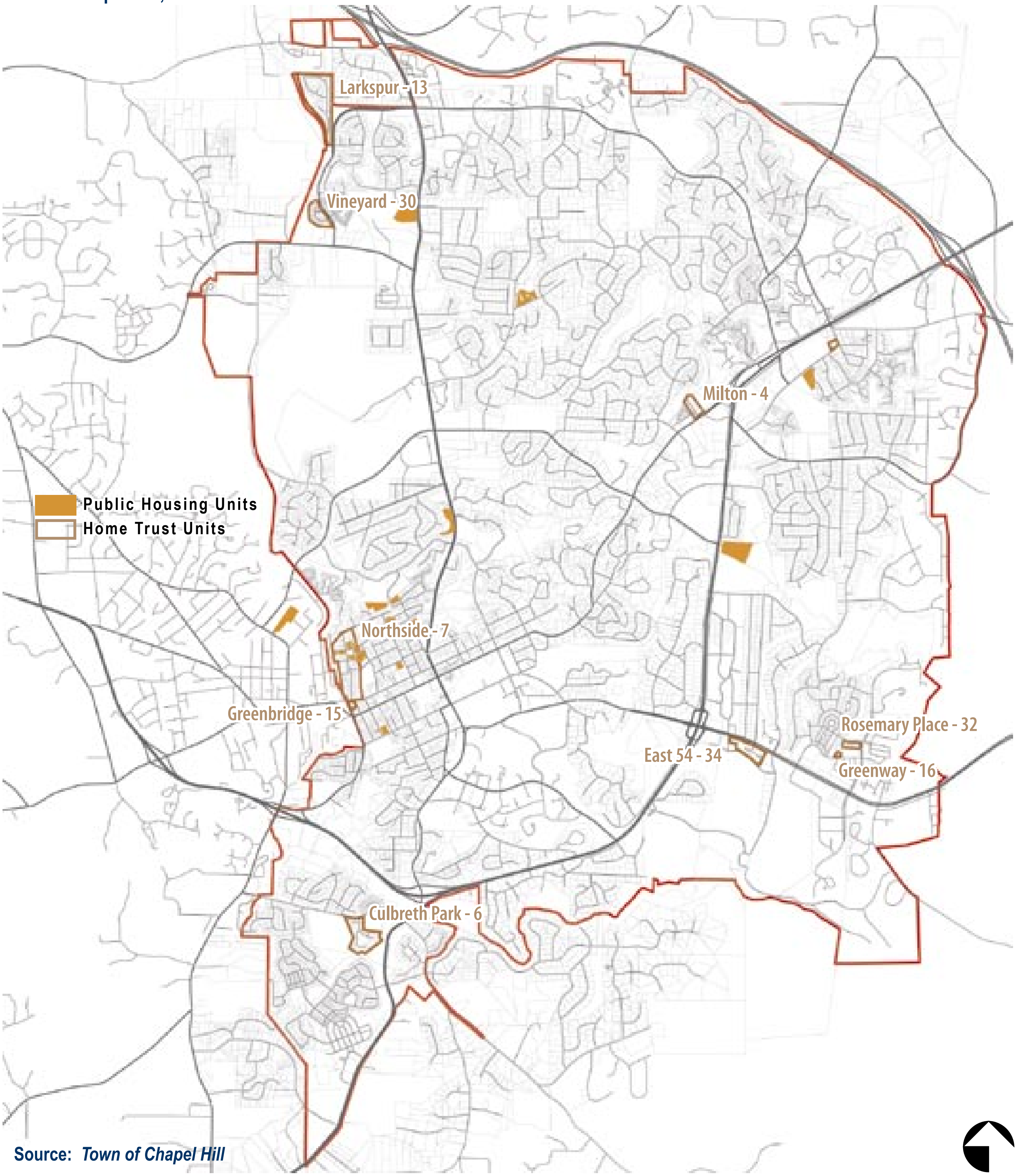
2.4.4 Low Income Household Tax Credit Development (LIHTC)

LIHTC housing, also known as Section 42 housing, is special program offered through HUD that provides incentives for the utilization of private equity in the development of affordable housing. Developers are provided an allocation of tax credits that they can then sell to raise equity for a project. In return, the Federal Government requires that a certain portion of the

(continued on page 37)

2.4 Affordable Housing

2.4A PUBLIC HOUSING AND COMMUNITY LAND TRUST UNITS
Chapel Hill, North Carolina



Source: *Town of Chapel Hill*

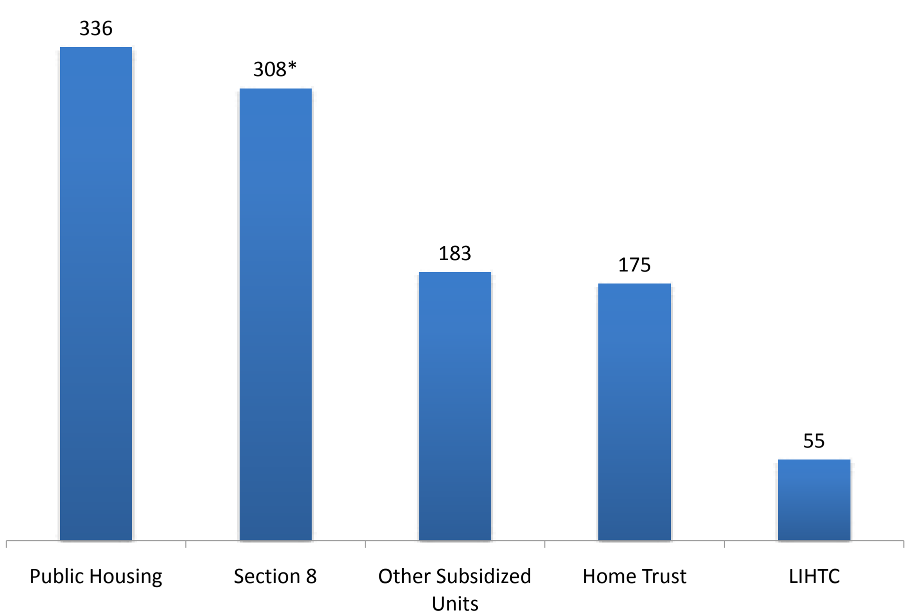
2.4 Affordable Housing

2.4B INVENTORY OF PUBLIC HOUSING UNITS IN CHAPEL HILL
As Maintained by the Chapel Hill Department of Housing

Name	Units	Bedrooms	Info	Year Built
Craig Gomains	40	1,2,3,4 and 5 Bedrooms	Duplexes & Triplexes for families, elderly and single adults	1967
Lindsay Drive	9	2 and 3 Bedrooms	Triplexes	1967
South Estes Drive	44	2,3,4 and 5 Bedrooms	Row housing	1970
Airport Gardens	26	2 and 3 Bedrooms	Row Housing	1972
Caldwell / Church Street	20	1 and 2 Bedrooms	Row housing, elderly and disabled only	1986
North Columbia Street	11	1 and 2 Bedrooms	Triplexes	1968
Trinity Court	40	2 and 3 Bedrooms	2 and 3 level Row housing	1975
Pritchard Park	15	2,3 and 4 Bedrooms	Row housing	1972
South Roberson Street	15	1 and 2 Bedrooms	Row housing, elderly and disabled only	1972
Colony Woods West	30	2, 3 and 4 Bedrooms	Duplexes	1981
Oakwood	30	2 and 3 Bedrooms	Triplexes	1984
Eastwood	32	2 and 3 Bedrooms	Duplexes	1986
Rainbow Heights	24	3 Bedrooms	Duplexes	1994
	336			

Source: ***Town of Chapel Hill***

2.4C BREAKDOWN OF SUBSIDIZED AFFORDABLE HOUSING UNITS
Chapel Hill, North Carolina



** Estimate Provided by Orange County Housing Authority*

Source: ***Various, DCI Analysis***

2.4 Affordable Housing

development have units targeted to households at levels 80% or below of Area Median Income (AMI). Today, the majority of affordable housing in the country is provided through LIHTC, instead of public housing developments.

Chapel Hill has only one LIHTC project - the Dobbins Hill Apartments, which has 55 affordable units out of a total of 87.

2.4.5 Community Home Trust

The Community Home Trust is a nonprofit, membership organization funded by Orange County, Chapel Hill, Carrboro and Hillsborough for the purpose of developing quality affordable homes for people who earn 80% or less of the Area Median Income (AMI).

A community land trust owns the property on which permanently affordable housing is built. The Community Home Trust sells homes to low and moderate income buyers using a 99 year ground lease. Government assistance enables the Community Home Trust to sell homes at prices below market value. Currently, there are approximately 171 Community Home Trust units in Chapel Hill. Community Home Trust units are illustrated in Figure 2.4A.

Many of the units sold by the Community Home Trust are sold for $95,000 to $115,000, though this is not necessarily the final price for the buyer. Second mortgages averaging about $10,000 a unit are used to reduce prices to roughly the $75,000 to $100,000 range.

These prices are significantly lower than the market rate in the developments where Community Home Trust units exist. For example, of the 16 market-rate units that had sold in the Greenbridge development as of June 30, 2010, the average sale price was $617,177. Average condominium sales in the East 54 development are around $420,000, and they average about $475,000 in the Meadowmont communities of Greenway and Rosemary Place.

2.4D COMMUNITY HOME TRUST UNITS
Chapel Hill, North Carolina

Neighborhood	# of Units	Unit Type
Culbreth Park	6	Single Family
East 54	34	Condominium
Greenbridge	15	Condominium
Greenway (Meadowmont)	16	Condominium
Larkspur	13	Single Family
Legion	14	Townhome
Milton	2	Single Family
Northside	7	Single Family
Rosemary Place (Meadowmont)	32	Townhome
Vineyard	30	Townhome
Single Properties	6	(4) Single Family, (2) Condominium

Single Family	32
Condominium	67
Townhome	76
Total	**175**

Source: *Community Home Trust*

2.5 Student Housing

This section describes the options for student housing within the Town of Chapel Hill. On-campus housing provides approximately 50% of full-time undergraduate students with housing while the remaining students seek off-campus alternatives.

2.5.1 Student Enrollment

The fall 2010 enrollment for the University of North Carolina at Chapel Hill was 29,390 students. Of the total current enrollment, 63% are enrolled in undergraduate studies, 28% are graduate students, and slightly less than 10% are seeking professional degrees. Over the past several years, enrollment growth has been minimal, adding only 300 to 400 total students annually. On average, approximately 100 of the new students are undergraduates while 200 to 300 are graduate level students. Projected 2015 enrollment for UNC Chapel Hill is 29,447 students.

2.5.2 On-Campus Student Housing

Currently, 9,700 beds are available on the UNC Chapel Hill campus for students. These on-campus units house an estimated 45%-50% of all full-time, undergraduate students. 98% of first-time students live in on-campus housing. This number drops to below 80% for sophomores.

There are five areas of the campus that have housing components: South Campus; Odum Village; Middle Campus; North Campus; and Granville Towers. South, Middle and North Campuses are all dormitory style housing and consist of one-, two-, and three-student rooms. South Campus contains the most on-campus housing with over 3,832 beds - 40% of the total. The next largest housing area is North Campus which contains 3,052 beds. Middle Campus contains just over 1,000 beds making it the smallest of the residential dormitories.

The options for on-campus apartments include Granville Towers with 1,300 beds and Odum Village with 457 beds. On-campus apartments make up less than one-fifth of on-campus housing. UNC Chapel Hill's on-campus apartments have one-, two-, three-, and four-bedroom options available. Odum Village is planned to be removed from campus in 2012. The future plans to redevelop Odum Village will not significantly change the amount of on-campus student housing since the apartment contains less than 5% of the total on-campus housing.

2.5.3 Off-Campus Student Housing

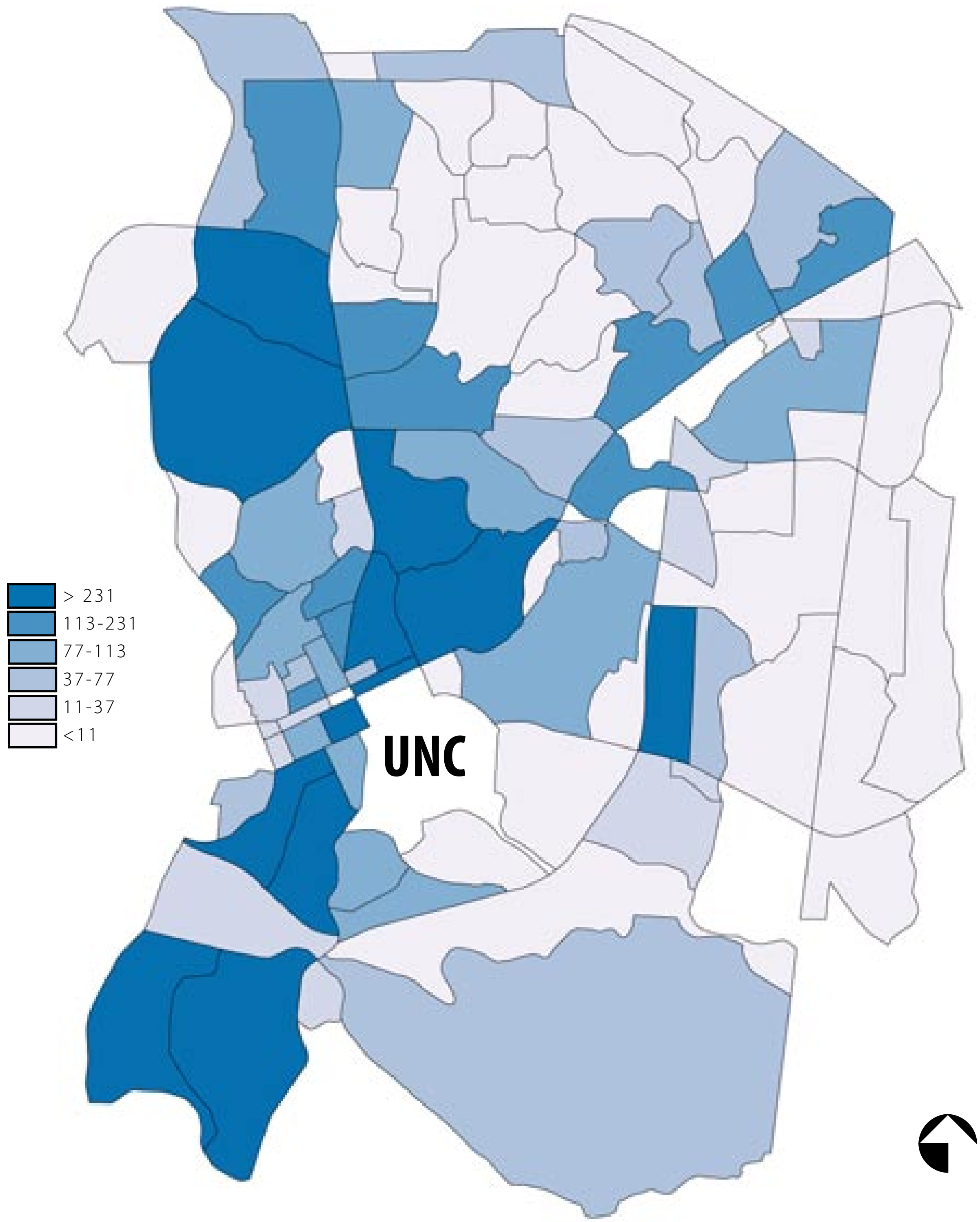
Using data provided to the Triangle Model Bureau by the University in 2005, for the 2035 Long Range Transportation Plan, this report was able to estimate that there are 7,425 students living in off-campus housing within the Town of Chapel Hill. Given the number of available on-campus housing, this means that there are 17,125 UNC students living within Town boundaries, and approximately 12,265 students live off-campus, outside of Chapel Hill.

2.5.4 Plans for Future On-Campus Housing

Carolina North is a planned project that will add 200,000 square feet of student housing aimed at graduate students as well as faculty and staff beds, making up almost 40% of the total on-campus housing.

2.5 Student Housing

2.5A STUDENT HOUSEHOLDS BY TRAFFIC ANALYSIS ZONES (TAZ)
Chapel Hill, North Carolina



Source: ***2035 Long Range Transportation Plan***

3 HOUSING DEMAND

This section provides an overview of the factors that will influence future demand for housing within the Town of Chapel Hill. It analyzes key areas driving demand for housing, reviews past growth trends, and shows estimated demand based on population projects for the Town and region.

3.1 Indicators of Demand

3.1.1 Population Projections

Using projections provided by the North Carolina Office of Budget and Management (see Figure 3.1B), the population of the Chapel Hill Housing Market Area (HMA) will rise from 469,000 in 2010 to 550,195 in 2020 - a 17.4% growth rate and an addition of 81,500 people. Between 2020 - 2030, the region is projected to add another 78,650 people.

Orange County is projected to add 15,350 people in the next 10 years, 1,535 annually. This equates to 19% of the HMA's population growth during this period. By far the fastest growth is anticipated in Durham County, which grew by 21.3% between 2000 and 2009, and is anticipated to grow another 20% until 2020.

These projections show that the region around Chapel Hill, which has grown in the past 20 years, shows little to no sign of slowing down. If one uses the average household size for the Chapel Hill HMA in 2009 (2.64), then the projected population growth over the next 10 years equates to an additional 30,871 households.

Figure 3.1C demonstrates population projections for the Town of Chapel Hill based on "step-down" method using projection data for the HMA.

3.1.2 Employment Projections

As discussed in Chapter 1, the Durham-Chapel Hill MSA economy is poised to emerge from the 2007-09 recession in a strong position, especially when compared to the U.S. economy. Moody's Economy.com projects that the Durham-Chapel Hill MSA (which does not include the relatively stable and fast growing Raleigh-Cary MSA) will add over 25,000 jobs between 2010 and 2014, a growth rate of 8.9%. This includes an increase in Gross Metro Product of 14.8% and a drop of Unemployment from 7.8% in 2009, to 4.6% in 2014. This data suggest that employment will continue to grow in the region, thus sustaining population growth, both natural and through in-migration.

3.1.3 Quality of Life Indicators

There are a number of factors that make Chapel Hill a particularly attractive community to live. In a DirectionFinder® Community Survey prepared for Chapel Hill in 2009, 90% of residents who were surveyed reported that they were satisfied with the Town's Quality of Life. 73% responded that they were satisfied with the overall appearance of the town. Additionally, 87% reported that they were satisfied with the level of services provided by the Town.

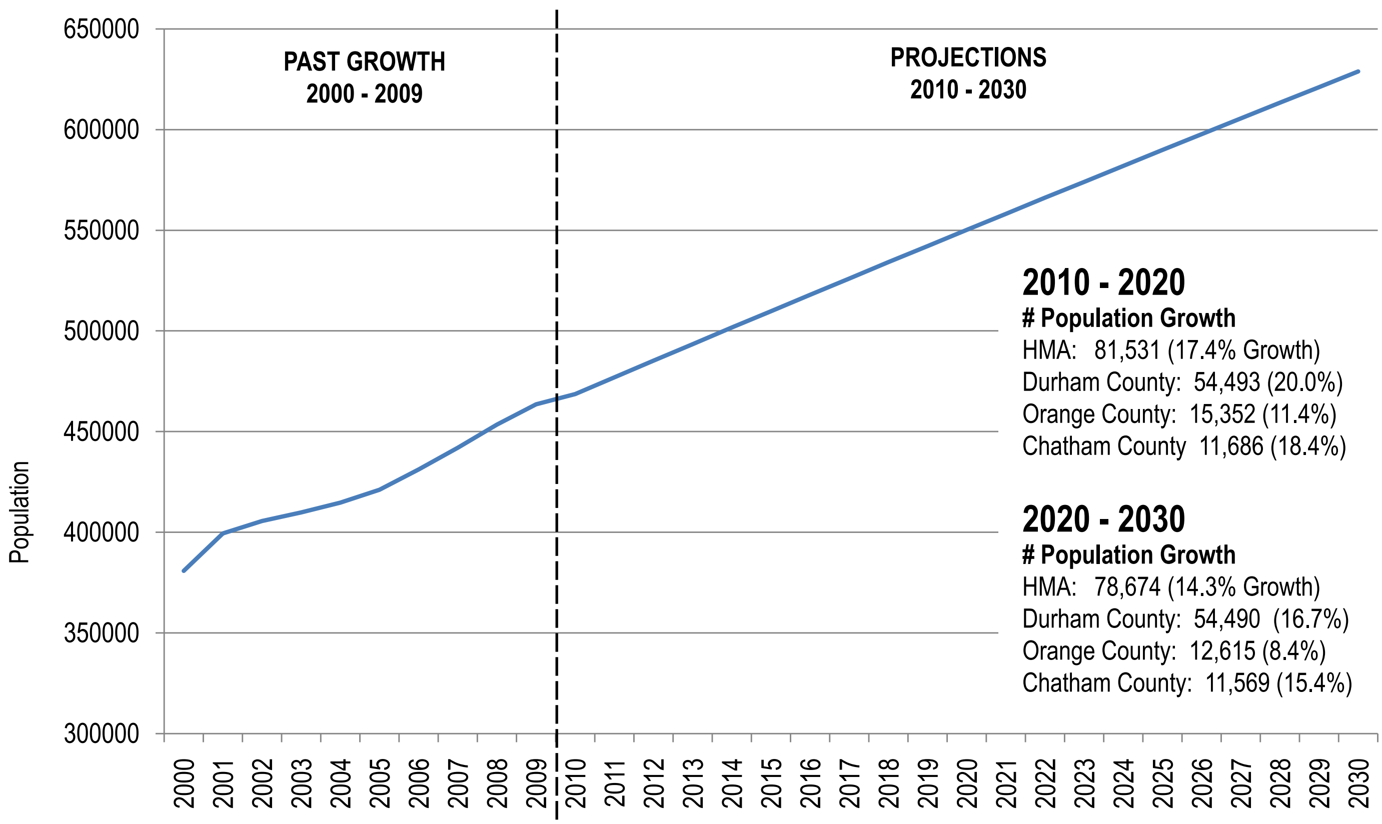
3.1A ECONOMIC INDICATORS
Durham-Chapel Hill MSA

2003	2004	2005	2006	2007	2008	2009	INDICATORS	2010	2011	2012	2013	2014
19.6	19.5	21.2	25.1	27.7	27.3	26.6	Gross Metro Product	27.7	28.8	30.0	30.9	31.8
259.5	263.8	268.8	278.8	286.9	290.9	283.9	Total Employment	282.3	286.3	294.7	302.3	307.5
5.4	4.4	4.3	3.9	3.9	4.8	7.8	Unemployment Rate	8.0	7.2	5.3	4.9	4.6

Source: *Moody's Analysts*

3.1 Indicators of Demand

3.1B POPULATION PROJECTIONS - AVERAGE ANNUAL GROWTH
Chapel Hill Housing Market Area (HMA)



Source: North Carolina Office of Budget and Management

3.1C POPULATION PROJECTIONS
Chapel Hill HMA

Geography	Notes	Population Projections 2010-2020	2020-2030
Chapel Hill HMA		81,531	78,674
Orange County	19% of HMA	15,352	12,615
Town of Chapel Hill	Avg. of 40.6% of County	6,233	5,122
	Annual Change	623	512

Source: *North Carolina Office of Budget and Management & DCI Analysis*

3.1D SCHOOL DISTRICT RANKINGS
Raleigh-Durham Area - 2008

School District	Students	Rank Score	State Rank (153 total)
Chapel Hill - Carrboro	11,632	0.817	14
Orange County Schools	7,032	0.655	38
Wake County Schools	137,706	0.645	43
Franklin County Schools	8,475	0.510	77
Chatham County Schools	7,721	0.485	84
Durham Public Schools	31,670	0.232	127

Source: *SchoolDigger.com*

3.2 Past Housing Demand

There is no doubt that the local School System plays an enormous role in the choice of households to live in Chapel Hill. According to rankings compiled by SchoolDigger.com, the Chapel-Hill Carrboro school system ranked 14th best in the entire State of North Carolina in 2008. This was by far the highest ranking of Raleigh-Durham CMSA schools. Although Orange County scored second highest among Triangle region districts, two other adjacent districts - Chatham County and Durham Public Schools, ranked much lower, at #84 and #127 respectively.

In the Community Survey, 90% of residents surveyed responded that the quality of public schools played an important role when deciding to live in the Town of Chapel Hill.

3.2A HOUSING UNIT AND HOUSEHOLD CHANGE 1990-2000
Various Geographies

			Durham County	Orange County	Chatham County	Chapel Hill HMA	Town of Chapel Hill
1	**Households 1990**	a	72,297	36,104	15,293	123,694	13,780
2	**Households 2000**	a	89,015	45,863	19,741	154,619	17,808
3	**Total Housing Demand 1990-2000**		**16,718**	**9,759**	**4,448**	**30,925**	**4,028**
4	**Housing Units 1990**	a	77,710	38,683	16,642	133,035	14,850
5	**Housing Units 2000**	a	**95,452**	**49,289**	**21,358**	**166,099**	**18,976**
6	**New Housing Units 1990-2000**		17,742	10,606	4,716	33,064	4,126
11	**% Vacancy**		5.8%	8.0%	5.7%	6.5%	2.4%
	NOTES						
a.	U.S. Census						
b.	American Community Survey (ACS)						
c.	U.S. Census New Residential Construction Index						
d.	Vacancy Buffe structures, etc.						

3.2 Past Housing Demand

3.2B RENTER HOUSEHOLD GROWTH 2009-2014
Town of Chapel Hill

Income Range	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5+ Person Household	TOTAL
$0-$10,000	59	-43	-22	-9	-6	**-21**
$10,000 - $20,000	49	28	-8	-8	-1	**60**
$20,000 - $30,000	36	-12	-10	2	10	**26**
$30,000 - $40,000	12	-13	1	5	2	**7**
$40,000 - $50,000	54	15	17	10	12	**108**
$50,000 - $60,000	17	-4	13	4	4	**34**
$60,000+	213	191	89	62	49	**604**
TOTAL	**440**	**162**	**80**	**66**	**70**	**818**

Source: U.S. Census, *Ribbon Demographics & Nielsen Claritas*

3.2C OWNER HOUSEHOLD GROWTH 2009-2014
Town of Chapel Hill

Income Range	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5+ Person Household	TOTAL
$0-$10,000	11	10	-2	-2	0	**17**
$10,000 - $20,000	17	9	0	1	2	**29**
$20,000 - $30,000	-22	-11	-4	-3	-4	**-44**
$30,000 - $40,000	11	-17	5	-12	-4	**-17**
$40,000 - $50,000	-19	-2	1	-1	-7	**-28**
$50,000 - $60,000	-22	-28	-13	-8	-4	**-75**
$60,000+	180	221	121	78	49	**649**
TOTAL	**156**	**182**	**108**	**53**	**32**	**531**

Source: U.S. Census, *Ribbon Demographics & Nielsen Claritas*

3.2 Past Housing Demand

3.2D HOUSING UNIT AND HOUSEHOLD CHANGE 2000-2008
Various Geographies

			Durham County	Orange County	Chatham County	Chapel Hill HMA	Town of Chapel Hill		
							Low	Middle	High
1	**Households 2000**	a	89,015	45,863	19,741	154,619	17,808		
2	**Households 2008**	b	102,616	49,369	22,794	174,779	20,626	21,479	22,332
3	**Total Housing Demand 2000-2008**		**13,601**	**3,506**	**3,053**	**20,160**	**2,818**	**3,671**	**4,524**
4	**Housing Units 2000**	a	95,452	49,289	21,358	166,099	18,976		
5	**New Housing Units 2000-2008**	b	**24,070**	**5,517**	**4,179**	**33,766**	**4,851**		
6	**Total Housing Units 2008**		115,687	54,806	25,537	199,865	23,827		
7	**Removals (0.05%)**		578	274	128	999	119		
8	**Adjusted Housing Units 2008**		115,109	54,532	25,409	198,866	23,708		
9	**Over / Undersupply**		10,469	2,011	1,126	13,606	1,426	1,180	934
10	**Vacant Units**		12,493	5,163	2,615	24,087	3,082	2,229	1,376
11	**% Vacancy**		10.9%	9.5%	10.3%	12.1%	13.0%	9.4%	5.8%
12	**Less Vacancy Buffer (5%)**	c	5.9%	4.5%	5.3%	7.1%	8.0%	4.4%	0.8%
13	**Adjusted Housing Oversupply**		6,737	2,436	1,345	14,143	1,896	1,043	190
14	**Avg. Annual Household Growth**		1,700	438	382	2,520	352	459	466
15	**Years to Absorb Oversupply**		**3.96**	**5.56**	**3.52**	**4.17**	**5.38**	**2.27**	**0.34**

NOTES

a **U.S. Census**

b **American Community Survey (ACS)**

c **Vacancy Buffer assumes 5% of all Housing Units are vacant at any given time due to time between sales, second homes, unoccupiable/distressed structures, etc.**

3.3 Future Housing Demand

3.3A PROJECTED HOUSING DEMAND 2008 - 2020
Various Geographies

			Durham County	Orange County	Chatham County	Chapel Hill HMA	Town of Chapel Hill Low	Town of Chapel Hill Middle	Town of Chapel Hill High
1	**Population 2008**	a	263,048	126,985	63,373	453,406		54,972	
2	**Population Projection 2015**	b	326,073	141,560	69,434	537,067		57,473	
3	**Population Projection 2020**	b	336,970	148,559	75,263	561,092		60,437	
4	**Average Household Size 2008**		2.36	2.34	2.66	2.59		2.22	
6	**Estimated Households 2015**		**138,167**	**60,496**	**26,103**	**224,765**		**25,889**	
7	**Household Change 2008-2015**		35,551	11,127	3,309	49,986		4,410	
8	**% Household Change 2008-2015**		35%	23%	15%	29%		21%	
9	**Total Housing Demand 2008-2015 (Adjusted for Oversupply)**	c	**28,813**	**8,690**	**1,964**	**39,468**	**2,513**	**3,366**	**4,219**
10	**Average Permits Per Year**		4,116	1,241	281	5,638	359	481	603
11	**Estimated Households 2020**		**142,784**	**63,615**	**28,294**	**234,693**		**27,224**	
13	**Household Change 2008-2020**		40,168	14,246	5,500	59,914		5,745	
14	**% Household Change 2008-2020**		39%	29%	24%	34%		27%	
15	**Total Housing Demand 2008-2020 (Adjusted for Oversupply)**	c	**33,431**	**11,810**	**4,156**	**49,396**	**3,848**	**4,701**	**5,554**
16	**Average Permits Per Year**		2,786	984	346	4,116	321	392	463

NOTES

a American Community Survey (ACS)

b North Carolina Office of Budget and Management

c Oversupply taken from Figure 3.2D

3.3 Future Housing Demand

3.3B RENTAL UNIT DEMAND BY AFFORDABLE HOUSING CATEGORY 2009-2014
Town of Chapel Hill

	1 Person	2 Person	3 Person	4 Person	5+ Person
80% to Above Area Median Income	38,000+	43,400+	48,850+	54,250+	58,600+
Estimated # of New Households	287	199	105	64	51
Low Income (80% or below AMI)	38,000	43,400	48,850	54,250	58,600
Estimated # of New Households (cumulative)	202	28	15	19	26
Very Low Income (50% or below AMI)	23,750	27,150	30,550	33,900	36,650
Estimated # of New Households (cumulative)	116	28	0	2	11
Extremely Low (30% of below AMI)	14,250	16,300	18,350	20,350	22,000
Estimated # of New Households (cumulative)	84	18	0	0	2

Source: *Ribbon Demographics & Nielsen Claritas, DCI Analysis*

3.3C POTENTIAL DEMAND FOR RENTAL UNITS 2009 - 2014
Town of Chapel Hill

	Studio / 1 Bedroom	2 Bedroom	3 Bedroom
Market Rate Rental Units	287 - 408	237 - 294	57 - 115
Affordable Housing (80% or below of AMI)	202 - 245	34 - 60	7 - 13
Very Low Affordable Housing (50% or below of AMI)	84 - 93	9 - 18	0 - 2

Source: *Ribbon Demographics & Nielsen Claritas, DCI Analysis*

4 HOUSING AFFORDABILITY & NEEDS ASSESSMENT

This Section addresses both Affordable Housing, as well as "Housing Affordability." While the topic of Affordable Housing typically addresses the housing needs of households with incomes below a certain threshold, it is important not to ignore general housing affordability throughout Chapel Hill. Indicators from Section 2 demonstrate that Chapel Hill can be an extremely expensive place to live, especially for households looking to purchase a home. This Section will compare area incomes to existing housing products to determine what types of households can afford what types of housing in Chapel Hill. This will include households in Chapel Hill, and the wider Durham-Chapel Hill Region. Affordability can be a major factor in future community growth, not only in raw population, but also growth and/or stability in diversified market segments that contribute to the overall quality of life of a community, including young and old, students and families, professionals and service employees.

4.1 Summary of Housing Affordability

4.1.1 Income / Wages

Affordability is measured using several different incomes. Median Household Incomes (MHI) gives a general sense of incomes available for housing in a region. HUD uses its own Area Median Income (AMI) figure to calculate affordability for low-income units. This number may differ from the MHI as HUD typically adjusts its figures annually, based on the number of people in a household. MHI, on the other hand, is measured through the Census and/or American Community Survey (ACS) and can have a wide range depending on the size of the geography. For family households, HUD uses the Area Median Family Income (AMI), a figure used by the Community Home Trust and other entities providing affordable housing to families (see Section 2).

Below is a representative summary of income related indicators used in the analysis of Housing Affordability in Chapel Hill.

Median Household Income (MHA):	$50,943
Median Family Income (MFI):	$89,734
Area Median Family Income (AMFI):	$65,500*

**AMFI is same for Orange, Durham and Chatham Counties*

4.1.2 Affordability Categories

There are three primary categories of housing when discussing Housing Affordability: Affordable Housing, Workforce Housing; and Market-Rate Housing. Each of these categories have defining characteristics, but the income rates that are assigned to them vary based on their geographic location. This Section attempts to define a general income range for each of these categories.

"Affordable" housing is typically defined units controlled to house lower income residents or families, earning 0% to 80% of the Area Median Income (AMI). It is this category that qualifies for significant funding from the Department of Housing and Urban Development for various types of public/affordable housing projects, described in Section 2.4 on pages 34 to 38. Affordable housing has several different sub-categories, including "Extremely Low" (30% or below AMI); "Very-Low (50% or below AMI), and "Low" (80% or below AMI).

HUD estimates AMI at the MSA level. As of 2010, the median income for Orange County was $65,500. As part of the same MSA, this AMI figure is also used for Durham and Chatham counties. Using this figure, which is aggregated with size of household, one can quickly calculate that "Low Income" households have a median annual income of $52,400 or below, "Very-Low Income" = $32,750 or below, and "Extremely Low Income" = $19,650 or below.

However, there is a potential gap between households that quality for affordable units within the Chapel Hill HMA and the Town of Chapel Hill itself. The American Community Survey estimates the median family income for the Town of Chapel Hill ranges between $80,508 and $98,506, with a mid-point of $89,507. This is one-third higher than the AMI for Orange County and creates an income gap of $23,007.

4.1 Summary of Housing Affordability

The resulting "gap" may seem inconsequential - $71,605 is a very good household income, regardless that it is lower than area median - but it does play a role in the affordability of Chapel Hill housing, which is expensive. This is especially true of the for-sale housing. The implications of this gap will be discussed throughout this Section.

"Workforce" housing is intended for residents / families with occupations that are supportive to the local economy or government, but which may be priced out of local housing markets. Good examples include nurses, teachers, police, firemen, hospital, and service employees. The exact categories included for a community depend on the price of local housing and the targeted type of housing. Based on hourly wage data provided by the Bureau of Labor Statistics for the Raleigh-Durham-Cary Region, occupations such as teacher's aides, office clerks, construction workers and retail / service employees earn less than what is required to own a typical home or apartment. By addressing workforce housing, it is important to compare income to median or average pricing. The point of workforce housing is not only to provide housing close to employment to reduce transportation costs and keep employees in the area, but to provide decent, quality housing, which they could obtain in another community.

4.1A POTENTIAL "GAP" FOR AFFORDABLE HOUSEHOLDS
Chapel Hill vs. Orange County / Durham MSA

	Orange County HUD Median Income (2010)	Chapel Hill ACS Median Family Income (2008)
100%	$65,500	$89,507
80% of Median	$52,400	$71,605
50% of Median	$32,750	$44,753
30% of Median	$19,650	$26,852

Source: *Department of Housing & Urban Development (HUD) & The American Community Survey*

"Market-Rate" housing includes units that are sold or rented at market rates. The precise market-rate depends on a number of factors, including size, age, amenities and location of the housing. In some communities, there can be a large gap between market-rate units and affordable units, and in others they may overlap. Estimates for household incomes that can afford market-rate housing are found in Figure 4.2C.

4.1B ESTIMATED MONTHLY PAYMENTS FOR AFFORDABLE HOUSEHOLDS
HMA Median Income

	Income Limit Category	1 Person	2 Person	3 Person	4 Person
1	Extremely Low (30%) Income Limits	$15,000	$17,100	$19,250	$21,400
2	Monthly Payment (>30% of Income)	$375	$428	$481	$535
3	Very Low (50%) Income Limits	$24,950	$28,500	$32,100	$35,650
4	Monthly Payment (>30% of income)	$624	$713	$803	$891
5	Low (80%) Income Limits	$39,950	$45,650	$51,350	$57,050
6	Monthly Payment (>30% of income)	$999	$1,141	$1,284	$1,426

Source: *HUD & DCI Analysis*

4.2 Rental Affordability

Fair Market Rents (FMR) for Chapel Hill are supplied by HUD and shown in Chapter 2. These rental rates are shown for Orange County as a whole. The Study compared these Fair Market Rents to actual Market Rate rents, compiled from information available from the 20 Apartment Complexes identified in Figure 2.3A. Overall, the average cost of a 1 bedroom unit is about equal to the FMR, while 2 and 3 bedroom units are $100-$200 higher per month. There were too few studio units available to make a comparison.

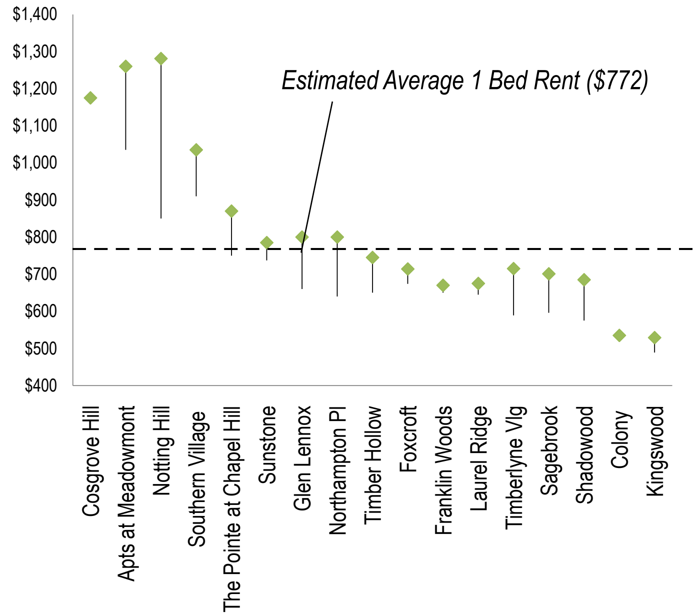
It is important to note that the cost of rental units in Chapel Hill varies greatly. A 1 bedroom unit's average monthly rent is $772, but range between a low of $480 in Kingswood or Colony Apartments to just below $1,300 in Southern Village Apartments, Notting Hill or Cosgrove Hill. Two bedroom units are similarly dispersed, with a low of $554 at Kingswood to a high of $1,300-$1,600 in Notting Hill.

A major difficulty in determining rental unit affordability is the preponderance of student households, which are estimated to take up at least one-third of all rental units within the Town. Figure 4.2D shows the cost burden associated with rental units. According to the ACS, 63% of renter-occupied households are "cost-burdened," meaning that they pay more than 30% of their income on housing. However, these numbers are bound to include students who, without any or very little income, would skew these results.

Similarly, according to data compiled by *Ribbon Demographics*, there are approximately 4,877 households in Chapel Hill that qualify for 30% or below AMI. About 9.5% of these are households with residents 55 or older. The likelihood that 43% of all non-student renter-occupied households fall within the category is extremely low.

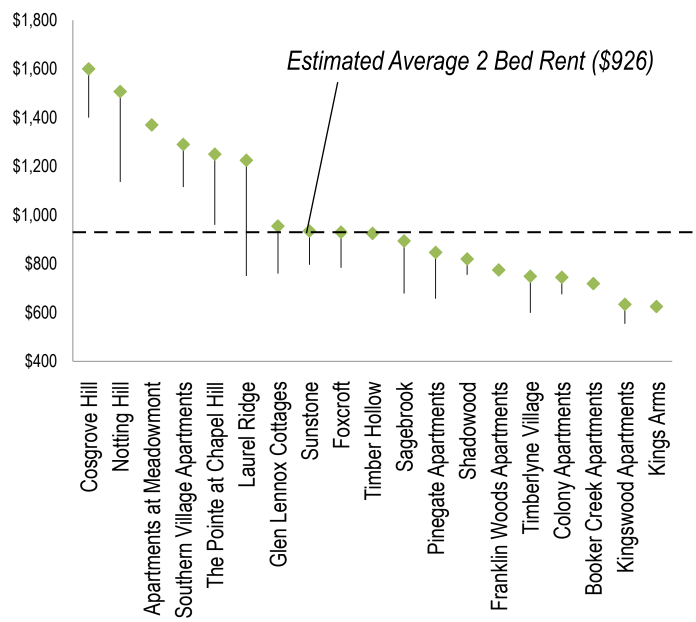
According to published rent rates, 15 of the 20 major apartment complexes have units that are affordable to households at or below 50-80% of AMI (see Figure 4.2H). However, there are many more 1 bedroom apartments that

4.2A DISTRIBUTION OF 1 BEDROOM RENTS
Chapel Hill Apartment Complexes



Source: ***Composite Websites (apartments.com, apartment guide, forrent.com)***

4.2B DISTRIBUTION OF 2 BEDROOM RENTS
Chapel Hill Apartment Complexes



Source: ***Composite Websites (apartments.com, apartment guide, forrent.com)***

4.2 Rental Affordability

carry this affordability rate than larger units - 12 of 20 had affordable 2 bedroom units, and only 2 of 7 had affordable 3 bedroom units (of complexes that had 3 bedroom units).

Affordability difficulties come into play when considering older rental units compared to newer units. The most recently built apartment buildings, including the Apartments at Meadowmont, Southern Village Apartments, Cosgrove Hill, Notting Hill, are the most expensive units available. In some cases these apartments have a 50% higher than the average rent rate (see Figures 4.2A and 4.2B). The difference between the newer units and the fair market rents for the county are illustrated in 4.2C below, in terms of the income required.

4.2C HOURLY WAGES NEEDED TO AFFORD FAIR MARKET RENT
Orange County

Unit Type	Hourly Wage	Equivalent Salary
Efficiency FMR ($542)	$10.42	$21,680
1 Bedroom FMR ($742)	$14.27	$29,680
2 Bedroom FMR ($832)	$16.00	$33,280
3 Bedroom FMR ($1,172)	$22.54	$46,880

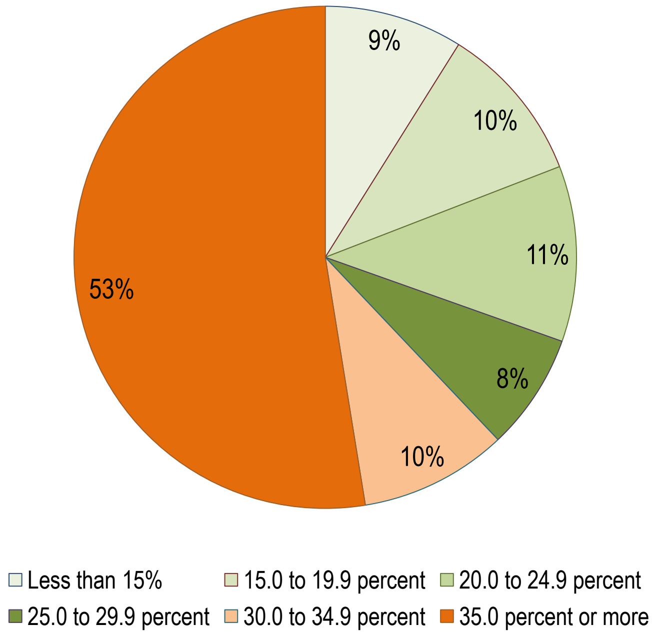
Source: *Department of Housing & Urban Development (HUD) & DCI Analysis*

4.2D HOURLY WAGES NEEDED TO AFFORD NEWLY CONSTRUCTED RENTAL UNITS
Chapel Hill, NC

Unit Type	Hourly Wage	Equivalent Salary
1 Bedroom ($1,073)	$20,63	$42,920
2 Bedroom ($1,343)	$25.82	$53,720

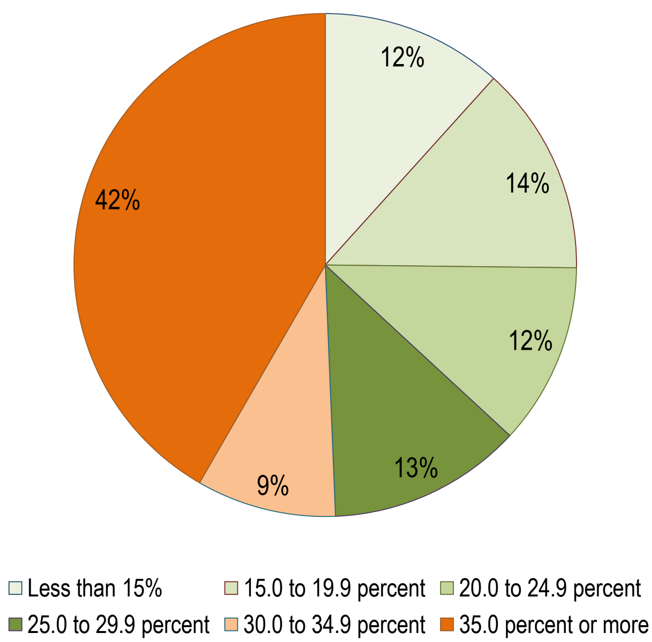
Source: *Notting Hill, Alta Springs, Apartments at Meadowmont, Southern Village Apartments, Cosgrove Hill*

4.2E RENTER OCCUPIED COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME (2008)
Chapel Hill, NC



Source: *American Community Survey (ACS)*

4.2F RENTER OCCUPIED COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME (2008)
Durham - Chapel Hill MSA



Source: *American Community Survey (ACS)*

4.2 Rental Affordability

4.2G ADVERTISED RENTS FOR CHAPEL HILL APARTMENT COMPLEXES

HMA Median Income

	Apartment Complex	1 Bed	2 Bed	3 Bed
1	Timber Hollow	$650 - $745	$899 - $925	
2	Shadowwood	$575 - $685	$755 - $820	
3	Notting Hill	$850 - $1,281	$1,136 - $1,507	$1,187 - $1,473
4	Southern Village Apts	$910 - $1,035	$1,115 - $1,290	$1,495 - $1,570
5	The Pointe at Chapel Hill	$750 - $870	$960 - $1,250	$1,420 - $1,460
6	Apts at Meadowmont	$1,035 - $1,260	$1,345 - $1370	$1,725 - $1,775
7	Northampton Plaza	$640 - 800		
8	Pinegate Apts	$477 - $637	$657 - $847	
9	Kingswood Apts	$489 - $529	$554 - $634	
10	Franklin Woods Apts	$650 - $670	$755 - $775	
11	Booker Creek Apts		$699 - $719	
12	Sunstone	$737 - $785	$796 - $935	
13	Sagebrook	$596 - $701	$678 - $894	
14	Laurel Ridge	$645 - $675	$750 - $1,225	
15	Cosgrove Hill	$1,160 - $1,175	$1,400 - $1,600	$1,920 - $2,320
16	Foxcroft	$674 - $714	$784 - $930	$865 - $930
17	Glen Lennox Cottages	$660 - $800	$760 - $955	$880 - $1,100
18	Timberlyne Village	$589 - $715	$599 - $749	
19	Kings Arms		$600 - $625	
20	Colony Apartments	$525 -$535	$675 - $745	

= Affordable to Low Income Households

Source: ***Composite Websites (apartments.com, apartment guide, forrent.com)***

4.2 Rental Affordability

4.2H RENTAL UNIT AFFORDABILITY CHART
Advertised Rents for Rental Units in Apartment Complexes

	Income Limit Category	30%	50%	80%	100%	120%
	2-PERSON FAMILIES					
1	Annual Income	$17,119	$28,532	$45,650	$57,063	$68,476
2	Monthly Housing Expense (30% of Income)	$428	$713	$1,141	$1,427	$1,712
3	Avg. Available Rental Unit (1 Bedroom)	$772	$772	$772	$772	$772
4	Affordability Gap	($344)	($59)	$369	$655	$940
5	Avg. Available Rental Unit (2 Bedroom)	$926	$926	$926	$926	$926
6	Affordability Gap	($498)	($213)	$215	$501	$786
	3-PERSON FAMILIES					
7	Annual Income	$19,256	$32,094	$51,350	$64,188	$77,025
8	Monthly Housing Expense (30% of Income)	$481	$802	$1,284	$1,605	$1,926
9	Avg. Available Rental Unit (2 Bedroom)	$926	$926	$926	$926	$926
10	Affordability Gap	($445)	($124)	$358	$679	$1,000
11	Avg. Available Rental Unit (3 Bedroom)	$1,383	$1,383	$1,383	$1,383	$1,383
12	Affordability Gap	($902)	($581)	($99)	$222	$543
	4-PERSON FAMILIES					
13	Annual Income	$21,394	$35,657	$57,050	$71,313	$85,576
14	Monthly Housing Expense (30% of Income)	$535	$891	$1,426	$1,783	$2,139
15	Avg. Available Rental Unit (2 Bedroom)	$926	$926	$926	$926	$926
16	Affordability Gap	($391)	($35)	$500	$857	$1,213
17	Avg. Available Rental Unit (3 Bedroom)	$1,383	$1,383	$1,383	$1,383	$1,383
18	Affordability Gap	($848)	($492)	$43	$400	$756

Source: ***Department of Housing & Urban Development (HUD) and DCI Analysis***

4.3 For-Sale Affordability

4.3.1 Overview

Section 2.2 discussed the rising values of for-sale housing in Chapel Hill, especially compared to the rest of the Triangle Region. This Section attempts to quantify the impact of those housing values on household types and incomes that would be required to afford market-rate for-sale housing in Chapel Hill. Figure 4.3C on page 57 illustrates the "Affordability Gap" for different types of for-sale housing, including Single Family - Detached units, and Single Family - Attached units (Townhomes), and Condominiums. The figure shows the average monthly cost of a mortgage (before taxes and insurance) for each type of for-sale housing unit. This is then compared to the payment a household in a different income bracket is capable making. If the resulting "Gap" is negative, then a household in that income bracket would be "Cost-Burdened" to own such a home, meaning that the household would need to spend a larger proportion of their income, or wouldn't have the capacity to afford the home at all.

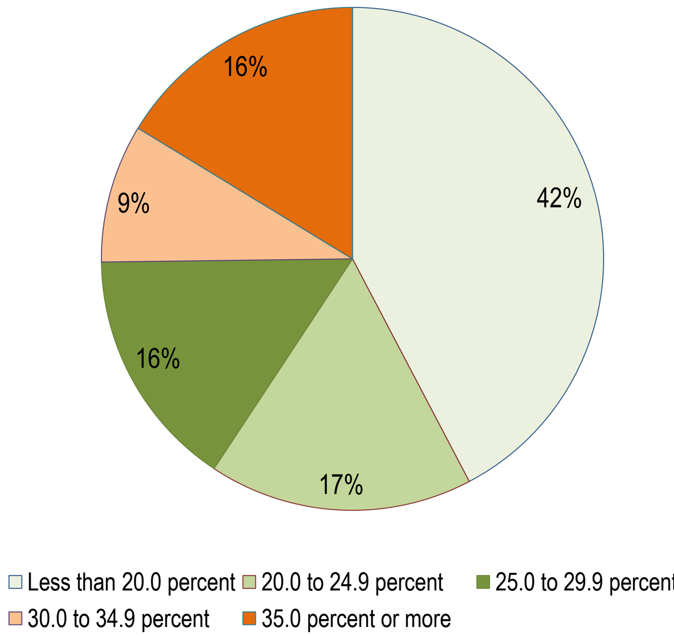
4.3.2 Attached Housing Affordability

This exercise demonstrates that, based on purchase price only, available Townhome and Condominium units are affordable for 2-4 person households that have incomes of 80% of AMI or above. In most cases, the average condominium unit is affordable even to 2-4 person households with an income as low as 50% of AMI. However, these costs do not reflect condominium association dues that may be charged on top of a PITI payment. Information on existing condominium dues was insufficient to conduct a broad-based analysis. However, it is possible that monthly costs for condominium ownership could be $200-400 a month, depending on location, quality of unit and types of amenities.

4.3.3 Detached Housing Affordability

Single Family - Detached Units are shown to be unaffordable to a large portion of households. In this scenario, the ONLY income category that can afford the average cost of a single

4.3A OWNER OCCUPIED COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME (2008)
Chapel Hill, NC



Source: *American Community Survey (ACS)*

4.3B 90+ DAY MORTGAGE DELINQUENCY 3RD QUARTER, 2010
Various Geographies

Geography	Delinquency Rate
Orange County	**2.1%**
Durham County	3.9%
Chatham County	3.6%
Person County	3.4%
Wake County	3.1%
Franklin County	4.2%
Johnston County	4.7%
North Carolina	4.1%
United States	5.3%

Source: *Federal Reserve Bank of New York*

4.3 For-Sale Affordability

4.3C FOR SALE UNIT AFFORDABILITY GAP (Monthly Payments less Taxes and Insurance)

HMA Median Income vs. Median Sales Prices

			30%	50%	80%	100%	120%
Two Person Households	1	Annual Income	$17,119	$28,532	$45,650	$57,063	$68,475
	2	Monthly Housing Expense (30% of Income)	$428	$713	$1,141	$1,427	$1,712
	3	Avg. Monthly Cost of Single Family Mortgage	$1,575	$1,575	$1,575	$1,575	$1,575
	4	Affordability Gap	($1,147)	($862)	($434)	($148)	$137
	5	Avg. Monthly Cost of Condominium Mortgage	$735	$735	$735	$735	$735
	6	Affordability Gap	($307)	($22)	$406	$692	$977
	7	Avg. Monthly Cost of Townhome Mortgage	$1,150	$1,150	$1,150	$1,150	$1,150
	8	Affordability Gap	($722)	($437)	($9)	$277	$562
Three Person Households	9	Annual Income	$19,256	$32,094	$51,350	$64,188	$77,025
	10	Monthly Housing Expense (30% of Income)	$481	$802	$1,284	$1,605	$1,926
	11	Avg. Monthly Cost of Single Family Mortgage	$1,575	$1,575	$1,575	$1,575	$1,575
	12	Affordability Gap	($1,094)	($773)	($291)	$30	$351
	13	Avg. Monthly Cost of Condominium Mortgage	$735	$735	$735	$735	$735
	14	Affordability Gap	($254)	$67	$549	$870	$1,191
	15	Avg. Monthly Cost of Townhome Mortgage	$1,150	$1,150	$1,150	$1,150	$1,150
	16	Affordability Gap	($669)	($384)	$134	$455	$776
Four Person Households	17	Annual Income	$21,394	$35,657	$57,050	$71,313	$85,576
	18	Monthly Housing Expense (30% of Income)	$535	$891	$1,426	$1,783	$2,139
	19	Avg. Monthly Cost of Single Family Mortgage	$1,575	$1,575	$1,575	$1,575	$1,575
	20	Affordability Gap	($1,040)	($684)	($149)	$208	$564
	21	Avg. Monthly Cost of Condominium Mortgage	$735	$735	$735	$735	$735
	22	Affordability Gap	($200)	$156	$691	$1,048	$1,404
	23	Avg. Monthly Cost of Townhome Mortgage	$1,150	$1,150	$1,150	$1,150	$1,150
	24	Affordability Gap	($615)	($259)	$276	$633	$989

ASSUMPTIONS

To reflect average housing costs, this Study used the mean of all home sales between 2000 and mid-year 2010. It should be noted that this reflects *lower* value than the average sales in 2010. This is meant to provide a proxy for "market adjustment," as housing prices nation-wide return to values from the start of the decade.

All monthly payments reflect a 360 month mortgage at 5% interest and a 20% Down Payment.

Single Family Detached = $366,448 (mid-year 2010 avg = $444,727)

Condominium = $171,173 (mid-year 2010 avg = $226,572)

Townhome = $267,665 (mid-year 2010 avg = $273,197)

Source: HUD, Triangle MLS, DCI Analysis

4.3 For-Sale Affordability

family detached home in is a four-person household making above 100% of AMI. For smaller households, affordability is within reach only at the 120% of AMI level. Considering this involves only an average priced single family home, the affordability of available housing units of this type may be an area of concern for the community.

4.3.4 Externalities

Although the rise in prices in for-sale housing has much to do with market demand (see Section 2), there are several non-market related externalities that have an influence over for-sale housing prices in Chapel Hill. Three of these are discussed below.

PROPERTY TAX RATES

Property taxes in the Durham-Chapel Hill MSA are generally higher than those in the Raliegh-Cary MSA. Chapel Hill has a number of property tax components that gives it the highest rate of any community in the Triangle area, separate from special municipal districts (a property in Downtown Chapel Hill, for example, would carry the highest tax rate due to its location in the Downtown Revitalization Municipality District). Property taxes average 1.54% of total value. Of this rate, 56% is county tax, 32% is Chapel Hill tax, and 12% is a special Carrboro-Chapel Hill school tax. In comparison, Raleigh and Cary, both in Wake County, have typical property tax rates of 0.99% and 0.94% respectively - again, without being located in a special municipal district.

The impact of Chapel Hill's tax rate on residential real estate is illustrated in Figure 4.3E. This scenario envisions the sale of the same single family home in Chapel Hill, Durham, Raleigh and Cary. All price and financial details are the same, except for the municipal tax rate. Given this scenario, the same priced home in Chapel Hill would cost 2.8% more a month than the same unit in Durham, 8.6% more a month than in Raleigh, and 9.5% higher than in Cary.

4.3D COMMUNITY TAX RATES (2009 / 2010)
Selected Communities

Tax	Chapel Hill	Durham	Raleigh	Cary
Local Tax	0.494	0.545	0.3735	0.33
County Tax	0.858	0.6911	0.534	0.534
Fire Tax		0.05	0.08	0.08
School District Tax	0.1884			
Capital Tax		0.0619		
TOTAL	**1.54***	**1.35**	**0.99**	**0.94**

Source: ***Orange, Durham and Wake Counties***

** Does not include Chapel Hill Stormwater Management Fee, which is a fee of $39.00 per year charged for every 2,000 square feet or portion thereof of impervious surface for single family and most commercial properties.*

*** Does not include location in special municipal district*

4.3 For-Sale Affordability

4.3E SAMPLE HOUSING PAYMENT FOR SAME PROPERTY BASED ON VARIABLE TAX RATES
Chapel Hill, Durham, Raleigh & Cary

		Chapel Hill	Durham	Raleigh	Cary
1	**Price of Home (= to Assessment)**	$225,000			
2	**Down Payment (20%)**	$45,000			
3	**Loan Payment**	$180,000			
4	**Interest**	5%			
5	**Months**	360			
6	**Monthly Payments**	$966.28			
7	**Tax Rate**	1.54%	1.35%	0.99%	0.94%
8	**Annual Taxes**	$3,465	$3,038	$2,228	$2,115
9	**Monthly Taxes**	$289	$253	$186	$176
10	**Monthly Payment (Before Insurance)**	$1,255.03*	$1,219.40	$1,151.90*	$1,142.53
11	**% Higher Monthly Payment than**	Durham	2.82%		
12		Raleigh	8.64%		
13		Cary	9.50%		

Source: ***DCI Analysis***

** Does not include Chapel Hill Stormwater Management Fee, which is a fee of $39.00 per year charged for every 2,000 square feet or portion thereof of impervious surface for single family and most commercial properties.*

*** Does not include location in special municipal district*

4.3 For-Sale Affordability

CONSTRUCTION COSTS

The U.S. Census' New Residential Construction Index conducts a survey of builders to gain an understanding of how much in housing value is spent on construction projects. A detailed comparison of construction figures shows an interesting trend. According to the index, the 3,600 housing units built between 2000 and 2009 in the Town of Chapel Hill cost an estimated $652 million to construct. This equates to approximately $181,000 per unit. This is the highest average cost per unit of the four major communities in the Triangle Region, just ahead of Cary's $174,000 per unit, and well ahead of Durham and Raleigh, both of which range between $121,000 and $130,000.

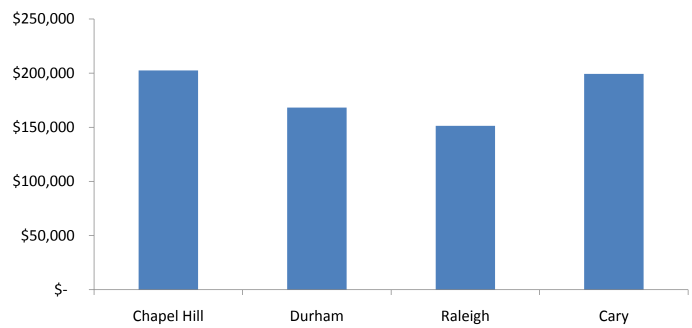
Figure 4.3F shows the cost of single family residential construction. It illustrates how the construction costs for all housing types are higher in Chapel Hill than its urban counterparts. The construction costs reflected here would include both "hard" costs of construction, as well as "soft" costs such as overhead and profit.

The most likely reason for this variance in construction costs is the size of home being built. Consider Figure 4.3G. When adjusted for the average size of a single family home sold in the last decade, the housing construction costs in Chapel Hill, Raleigh and Cary even out to $70-$76 per square foot - much closer than the significant 33.8% difference in total construction cost between Chapel Hill and Raleigh. Indeed, the average home in Chapel Hill is one-fourth larger than the average home in Raleigh.

LAND VALUE

To understand housing prices, it is often helpful to understand the original cost of land where housing is built, a factor that can play a major role in a final sales or rental price. Data from the Triangle MLS was used to compare the sales of vacant parcels in Chapel Hill with those in Raleigh, Durham and Cary. It should be noted that the information from the MLS most likely does not represent the total spectrum of

4.3F COST OF CONSTRUCTION OF SINGLE FAMILY
Chapel Hill vs. Durham, Raleigh & Cary



Source: ***New Residential Construction Index***

4.3G SINGLE FAMILY CONSTRUCTION COSTS ADJUSTED FOR UNIT SIZE
Orange, Durham and Wake Counties

Community	Average Construction Cost	Avg. Size of SF Unit Sold in 2000s	Cost per Sq. Ft.
Chapel Hill	$202,472	2,678	$75.61
Raleigh	$151,333	2,154	$70.26
Cary	$199,236	2,597	$76.72

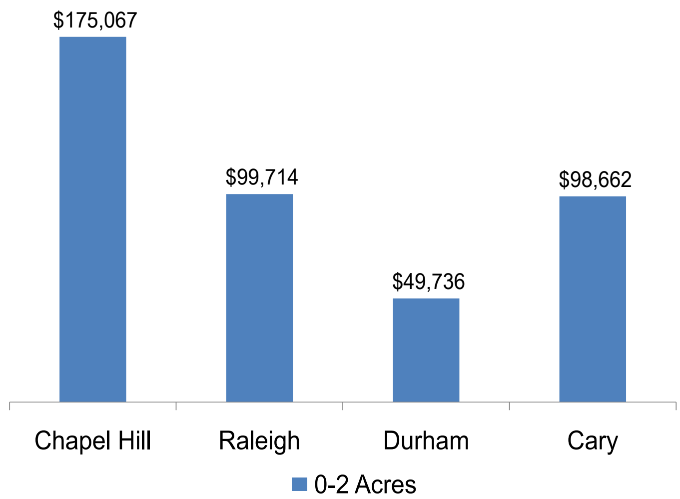
Source: ***New Residential Construction Index, Triangle MLS***

4.3 For-Sale Affordability

land sales in these communities, but with 3,901 transactions between 2000 and 2010, it at least represents a good sample size to draw some initial conclusions.

Vacant land that was sold in 2010 for these four communities were broken into 3 categories. The first category is parcels of 0-2 acres which made up 73% of these transactions. With an average size of 0.63 acres, this category represents the assumption of "improved" vacant land - parcels that carry infrastructure such as roads and utilities. These would be ready-to-build sites, most likely located in a sub-division. The 2nd category is a middle category of 2-5 acres, which represents land large enough for a small sub-division or an estate-type housing unit. The 3rd category was 5 acres or above. With an average acreage size of 15.9, this Report assumes that this category represents "raw" land - vacant land like farmland that has limited utility connections or internal road systems, both of which would need to be provided in order for the tract to be sub-divided.

4.3H IMPROVED LAND COST PER ACRE (2000-2010)
Town of Chapel Hill and Comparison Geographies



Source: *Triangle Multiple List Serve (MLS)*

The price of improved land reflects the costs associated with land purchase, road and infrastructure construction or hook-up, permits and other fees paid to the local government, profit, and all other overhead associated with preparing the land for development including staff time, project time, carrying costs, etc.

The results of determining the price per acre for improved land shows an interesting trend. At an average sales price of $175,000 per acre, improved land sales are far and away the highest in the Region, 75% higher than prices in Raleigh or Cary. If one assumes that the cost of providing infrastructure is similar across the Region, and that a 0.63 acres represent a "finished," ready to build lot.

HOMEOWNER ASSOCIATION (HOA) DUES

A fourth cost component is HOA dues. Available information on HOA dues by neighborhood association was not available to incorporate into this report, and thus is not reflected in the analysis on the next page. However, it is necessary to consider that some neighborhoods may apply such a fee on top of the PIT payment calculated in Figure 4.3I.

SUMMARY

The potential impact of these externalities is illustrated in Figure 4.3I, on page 62. This chart shows a hypothetical newly constructed single family home, and what the monthly payment would be to own that house given varying unit sizes, land costs, construction costs and tax rates between the four major communities in the Triangle area. These factors combine to result in a housing price that far exceeds the sample from any other community, with monthly payment 62-64% higher than either Durham or Raleigh, and 34% higher than Cary.

4.3 For-Sale Affordability

4.3l MONTHLY COSTS OF NEWLY CONSTRUCTED SINGLE FAMILY HOUSING UNIT
Chapel Hill, Durham, Raleigh & Cary

			Chapel Hill	Durham	Raleigh	Cary
1	Size of Parcel	a	0.63 acres			
2	Cost of Land & Infrastructure (per acre)	b	$175,067	$49,736	$99,714	$98,662
3	Land / Infrastructure Cost		$110,292	$31,334	$62,820	$62,157
4	Size of Unit (Avg. for Community)	a	2,680	1,866	2,150	2,600
5	Construction Cost Per Unit	b	$77.87	$90,15	$70.39	$76.63
6	Total Construction Cost		$208,692	$168,220	$151,339	$199,238
7	Cost of Marketing & Other Soft Costs (5%)		$15,949	$9,978	$10,708	$13,070
8	Price of Home		**$334,933**	**$209,531**	**$224,866**	**$274,465**
9	Loan Payment (20% Down payment)		$267,946	$167,625	$179,893	$219,571
10	Interest		5%			
11	Months		360			
12	Monthly Payments		$1,438.40	$899.85	$965.70	$1,178.71
13	Tax Rate	c	1.54%	1.35%	0.99%	0.94%
14	Annual Taxes		$5,158	$2,829	$2,226	$2,580
15	Monthly Taxes		$430	$236	$186	$215
16	Monthly Payment (Before Insurance)*		**$1,868.22**	**$1,135.57**	**$1,151.22**	**$1,393.71**

17	% Higher Monthly Payment than		**Durham**	**64.52%**
18			**Raleigh**	**62.28%**
19			**Cary**	**34.05%**

NOTES

a **Triangle MLS**

b **New Residential Construction Index**

c **Orange, Wake & Durham Counties**

** Monthly Payment is a PIT payment (Payment, Interest, Taxes) that does not reflect insurance or other monthly dues such as condominium fees or HOA fee.*

4.3 For-Sale Affordability

4.3J FOR SALE UNIT AFFORDABILITY GAP (Monthly Payments INCLUDING Taxes and Insurance)

HMA Median Income vs. Median Sales Prices

			80%	100%	125%	150%	175%
Two Person Households	1	Annual Income	$45,650	$57,063	$71,329	$85,595	$99,860
	2	Monthly Housing Expense (30% of Income)	$1,141	$1,427	$1,783	$2,140	$2,497
	3	Avg. Monthly Cost of Single Family Mortgage	$2,350	$2,350	$2,350	$2,350	$2,350
	4	Affordability Gap	($1,209)	($923)	($567)	($210)	$147
	5	Avg. Monthly Cost of Condominium Mortgage	$1,100	$1,100	$1,100	$1,100	$1,100
	6	Affordability Gap	$41	$327	$683	$1,040	$1,397
	7	Avg. Monthly Cost of Townhome Mortgage	$1,725	$1,725	$1,725	$1,725	$1,725
	8	Affordability Gap	($584)	($298)	$58	$415	$772
Three Person Households	9	Annual Income	$51,350	$64,188	$80,234	$96,281	$112,328
	10	Monthly Housing Expense (30% of Income)	$1,284	$1,605	$2,006	$2,407	$2,808
	11	Avg. Monthly Cost of Single Family Mortgage	$2,350	$2,350	$2,350	$2,350	$2,350
	12	Affordability Gap	($1,066)	($754)	($344)	$57	$458
	13	Avg. Monthly Cost of Condominium Mortgage	$1,100	$1,100	$1,100	$1,100	$1,100
	14	Affordability Gap	$184	$505	$906	$1,307	$1,708
	15	Avg. Monthly Cost of Townhome Mortgage	$1,725	$1,725	$1,725	$1,725	$1,725
	16	Affordability Gap	($441)	($120)	$281	$682	$1,083
Four Person Households	17	Annual Income	$57,050	$71,313	$89,141	$106,969	$124,797
	18	Monthly Housing Expense (30% of Income)	$1,426	$1,783	$2,229	$2,674	$3,120
	19	Avg. Monthly Cost of Single Family Mortgage	$2,350	$2,350	$2,350	$2,350	$2,350
	20	Affordability Gap	($924)	($567)	($121)	$324	$770
	21	Avg. Monthly Cost of Condominium Mortgage	$1,100	$1,100	$1,100	$1,100	$1,100
	22	Affordability Gap	$326	$683	$1,129	$1,574	$2,020
	23	Avg. Monthly Cost of Townhome Mortgage	$1,725	$1,725	$1,725	$1,725	$1,725
	24	Affordability Gap	($299)	$58	$504	$949	$1,395

ASSUMPTIONS

To reflect average housing costs, this Study used the mean of all home sales between 2000 and mid-year 2010. It should be noted that this reflects *lower* value than the average sales in 2010. This is meant to provide a proxy for "market adjustment", as housing prices nation-wide return to values from the start of the decade.

All monthly payments reflect a 360 month mortgage at 5% interest and a 20% Down Payment.
Taxes = 1.54% (from Figure 4.3D), Insurance = 1.5% of Home Value

Single Family Detached = $366,448 (mid-year 2010 avg = $444,727)

Condominium = $171,173 (mid-year 2010 avg = $226,572)

Townhome = $267,665 (mid-year 2010 avg = $273,197)

Source: HUD, Triangle MLS, DCI Analysis

4.4 Workforce Affordability

4.4.1 Rental Housing

Figure 4.4A illustrates a spectrum of occupations, from service workers on one end to professional occupations on the other. Average wages for these occupations in the Raleigh-Cary-Durham CSA were taken from the Bureau of Labor Statistics (BLS) and compared to the cost of renting a 2 or 3 bedroom rental unit in Chapel Hill - assuming that spending does not exceed 30% of income.

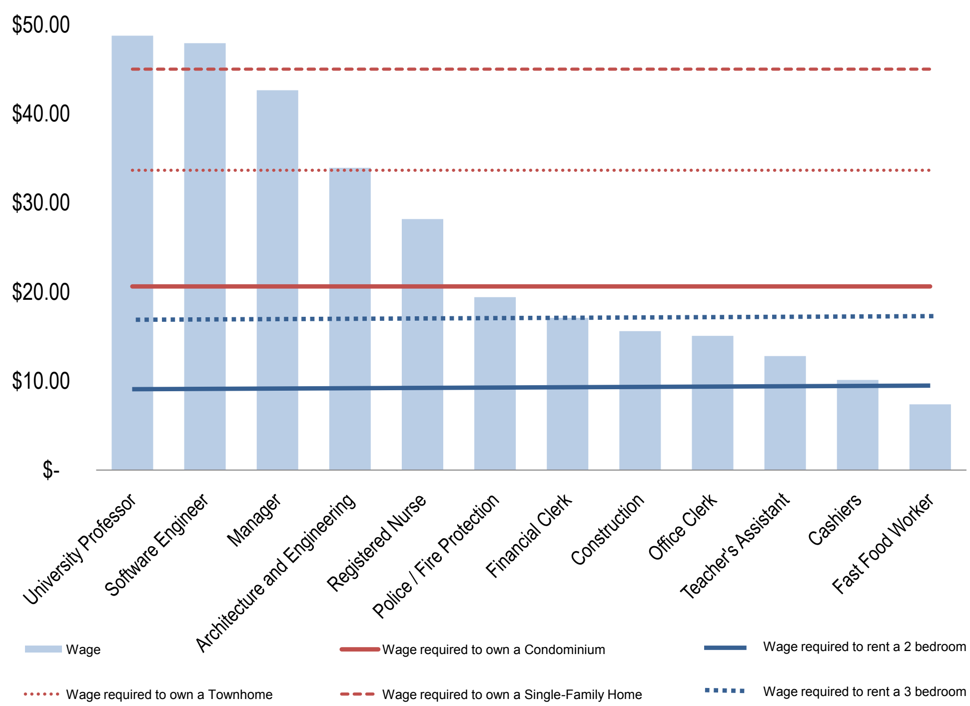
While 2 bedroom units are affordable to most occupations shown, 3 bedrooms are unaffordable to everyone but nurses and higher paying occupations. Occupations like office clerks or cashiers cannot afford a median-priced 2 bedroom apartment. This, of course, changes with 2 income households, but for single households, or family households with only 1 income, Chapel Hill's rental market is relatively unaffordable for lower wage service and professional occupations. As shown in Section 4.3, only units of lower quality are available to these households.

4.4.2 For-Sale Housing

Average wages for the Triangle Region were compared to the cost of owning a median priced single family, townhome or condominium unit.

The data shows that most of the traditional "workforce" occupations, such as police/fire, construction, clerks, etc. cannot afford a significant portion of housing types in Chapel Hill. Most can afford a median priced condominium, but that housing type typically does not appeal to larger, especially family, households. Single family attached and detached products are out of range. Furthermore, unlike the rental market, the single family detached housing segment is all but unaffordable to even two-income households, if both of those incomes are in the lower end of the occupational spectrum - the $10-$17 range.

4.4A HOUSING AFFORDABILITY BASED ON SELECTED OCCUPATIONS - RENTAL HOUSING
Raleigh-Cary-Durham CSA Occupational Wages



Source: Bureau of Labor Statistics

4.5 Housing Needs Assessment

4.5.1 For-Sale Housing

Based on data from the past 10 years, the greatest housing need within the Town is affordable single family detached units. The combination of higher costs, higher taxes and the housing bubble have made single family homes all but unaffordable to a large percentage of area households. Without being cost-burdened, it is estimated that a 2-4 person household must have an income of $85,000 - $95,000 to afford an *average* priced home sold in Chapel Hill during the last decade. Only about 27% of all households within the Durham-Chapel Hill Metro Area fall into this category.

The problem is exacerbated for single person households. Wage data shows that even single person households with a high level of professional employment - like a manager or architect - would have difficulty affording the majority of housing within the Town.

One of the Town's largest assets is the quality of its school system. However, due to prices, there are many segments that are priced out of the market, and therefore cannot benefit from the schools. This includes middle class family households of various ages and sizes. Existing housing values preclude single income family households, and ensures that dual income earners must average at least $50,000 per person.

An essential element to this growing need is the cost of new housing, including housing that has been built over the past decade. Older, mid-century housing stock is relatively affordable (relative being compared to the Region), but that supply is finite and not available in large supply due to slow turn-over. As has been demonstrated in this Report, new construction of housing is more costly in Chapel Hill than in nearby communities. This higher cost of housing has arguably driven the increase in home prices as much if not more than the market increases generated by the housing bubble.

With housing stock in good quality and limited vacancy, the opportunities to address this need lies within new construction. To the extent possible, encouraging compact and/or attached for-sale housing products may help in establishing more affordable market-rate products. Still prices according to market-based value (construction, land, taxes, etc.) for smaller or attached housing would bring down costs to a more manageable range. Attached housing, like townhomes, can offer the benefits of single family homes that particularly appeal to families, while maximizing land to the point where the price is lower. Furthermore, new single family detached homes can meet market demand through much smaller square footage. For example, a 1600 square foot home would yield a price of at least 25% lower than the average 2,680 home estimated in Figure 4.3G - just due to lower construction cost.

While the market has demonstrated demand for larger sized homes in the past, the overall latent demand for housing within Chapel Hill should ensure demand for smaller products - just as the Town has seen dramatically increased interest in Townhome products over the past decade.

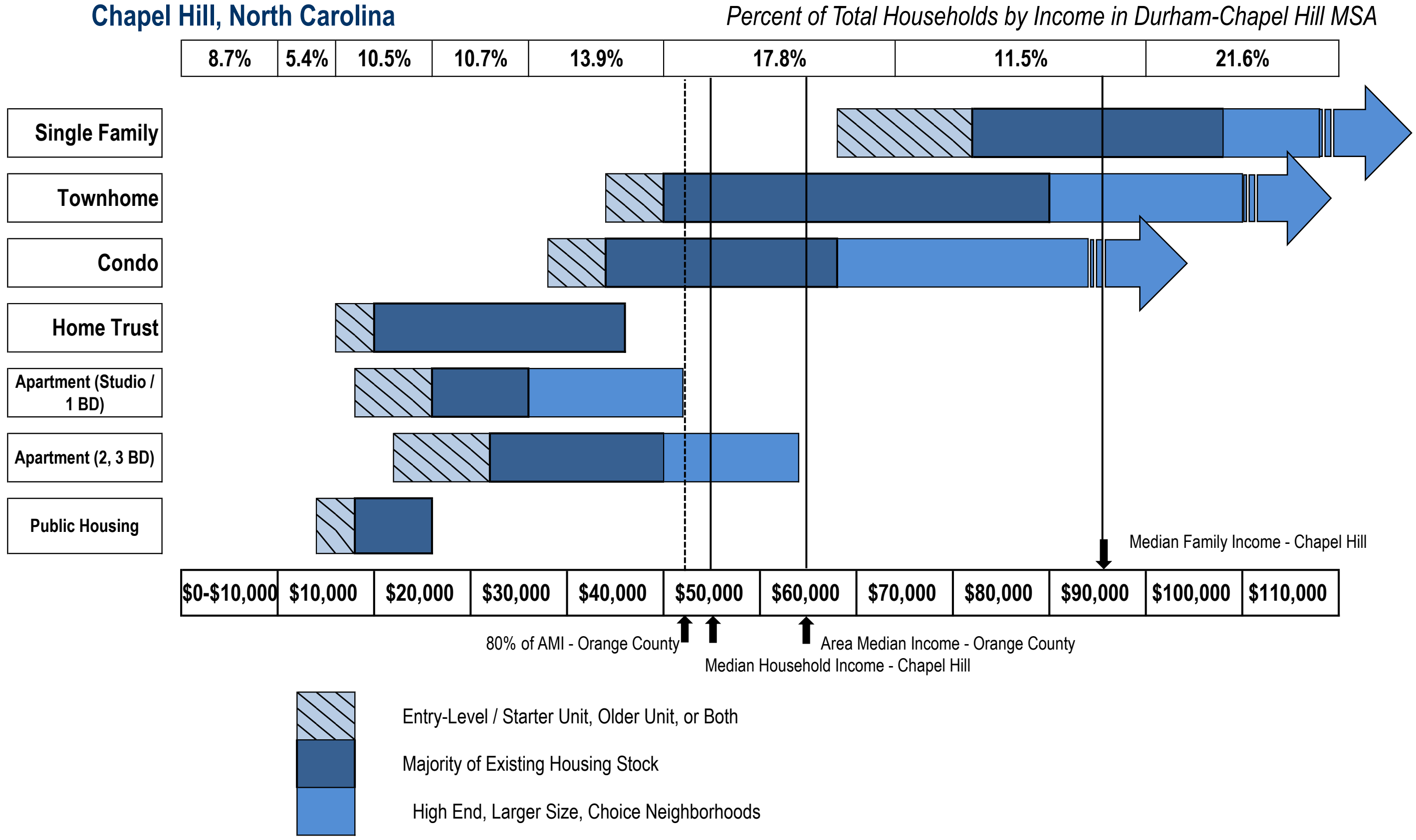
4.5.2 Rental Housing

Needs within the rental market relate to two themes: (1) the gap in price between older units and newer units is fairly large; and (2) the impact of the financial crisis on the number of homes who qualify for owner-occupied housing vs. rental housing.

Demand for affordable rental units is likely to increase in the near future. However, it is important to note that this demand does not necessarily come from growing numbers of affordable households - which is actually very low - but from residents who may be displaced due to potential redevelopment initiatives. The redevelopment of the Colony Apartments, off of Ephesus Church Road, as well as the Glen Lennox

4.5 Housing Needs Assessment

4.5A HOUSING COST VS. HOUSEHOLD INCOME
Chapel Hill, North Carolina



Source: ***Triangle MLS & US Census***

The chart above summarizes the relationship between household income and housing costs in Chapel Hill. Based on available data, a range of housing costs was established for seven major categories of housing that exist within the Town. The range illustrated above correlates to the income required to afford each housing segment. The range takes into consideration affordability based on avoiding cost burden, which translates into housing payments that do not exceed 30% of a household's income.

4.5 Housing Needs Assessment

4.5B SUMMARY OF LOCAL HOUSING NEEDS
Chapel Hill, NC

For-Sale Housing	Rental Housing	Workforce Housing	Low Income Housing
Single Family units for house-holds 100% - 175% of AMI	More affordable newly constructed rental units	Rental / For-Sale Units for Households 80%-120% of AMI	Additional Public Housing
Units for Family Households - Low Income to Middle Class - seeking proximity to school system.	Replacement Units for existing rental units likely to redevelop	Units for middle income workforce currently priced out of the market.	Replacement for existing non-subsidized affordable units likely to redevelop
Units for Single Professional Households	Supply of rental units for growing market-rate segment that chooses rental vs. ownership		

Cottages, off of Highway 54, are two affordable apartment complexes that could see redevelopment in the near future. Both serve lower income households. If one can conceive of these and other lower end apartments redeveloping in the future, there could be a demand for as many as 1,000 - 2,000 affordable rental units just from households displaced from existing inventory.

Construction of new rental units has been limited compared to construction of single family or condominium units. Those that have been constructed sit at the very top of the price range, such as in Meadowmont ($1,000 - $1,775 a month) or Southern Village ($910 - $1,570). These prices are well above the average for the Town, as well as the rents needed to serve low or very low income households. The price point of newer rental units is important as the real estate market starts to see a slight shift from a focus on owner-occupied housing to rental housing. While Chapel Hill has not experienced foreclosures on the same scale as other areas of North Carolina, the change in home mortgage financing to a more traditional system may mean that many of the households who were looking to purchase a home over the past 10-15 years may instead opt for rental housing.

It is possible that new rental units will need to be subsidized in order to make them affordable to households in need. Given the price of some new rental units, this may include both affordable households, as well as market-rate households. Another option is a more widespread use of development that utilizes Low Income Housing Tax Credits (LIHTC). As one of the most prevalent funding sources used to develop affordable housing across the country, LIHTC may be useful in providing new, quality rental units that are affordable to certain households. Given the growing issues with affordable housing in Chapel Hill, LITHC may be an ideal market for new projects, especially in replacing affordable units removed due to redevelopment.

4.5.3 Workforce Housing

Personnel supportive to the local government and economy, such as police, fire, low level administrative positions, etc., are largely priced out of middle or higher quality rental or for-sale units - and completely priced out of single family detached product. The only opportunities within the Town are small, low-end condominium or townhome units, as well as lower to mid tier rental units - though not recently built

4.5 Housing Needs Assessment

rental units.

These jobs represent the core of the Town's workforce, and the very definition of workforce housing. The inability of this segment to afford housing generates longer commuting times, as well as the inability to partake in the very services they are provided by the Town. Needs vary by whether these workers are 2-4 person households, but generally they represent middle aged people with families, and thus would typically demand some sort of single family product.

Though these households do not necessarily fall into "affordable" housing categories, there is a need for affordable housing for this segment, which can range from 80% to 120% or above the Area Median Income.

4.5.4 Public Housing

Barriers to affordable housing have been discussed throughout this Report. Very low and extremely low households have a particularly difficult time finding housing. The only housing available to these households is either low end market rate apartments, or subsidized housing in the form of public housing or Section 8 vouchers.

However, the needs of this market segment are somewhat mitigated by the fact that the Town has relatively few low income households (not including students), as high priced housing has driven these residents to much more affordable housing in neighboring areas, particularly Durham. Future household demand does not reflect a significant growth in these households. However, there is enough potential demand (see figure 3.3C) for the Town to consider the need for 80-90 additional public housing units over the next 5 years, serving households at 50% or below AMI.

4.5.5 Future Considerations

Regional forces could have a major impact on Chapel Hill's housing market in the future. As discussed in this Study, population growth and housing demand is projected to continue being strong into the next decade. Chapel Hill's growth rate, which is slower than the Region, is a product of more controlled growth and eventual "build-out" of most of the Town. Pressure from regional growth is likely to have continued impact on the local housing market. Indeed, despite some non-market based factors, high housing prices in Chapel Hill are due in no small part to the intrinsic demand to live within Town boundaries.

The new decade represents a cross-roads of sorts for Chapel Hill. On-going housing demand is likely to continue to pressure the local housing market, keeping prices on for-sale and rental units high, thus exacerbating affordability issues. Meanwhile, developable land within Town boundaries is dwindling. With pressure from all major real estate markets - residential and commercial - it is not difficult to envision a full-buildout of available land in Town by 2020. If affordable housing is a consideration of the Town moving forward, it must carefully consider how it can achieve affordability for the market segments in most need, but also how to keep housing affordability in the near future.

APPENDIX

A.1 Photo Inventory

Single Family Homes








A.1 Photo Inventory

New Urban Neighborhoods

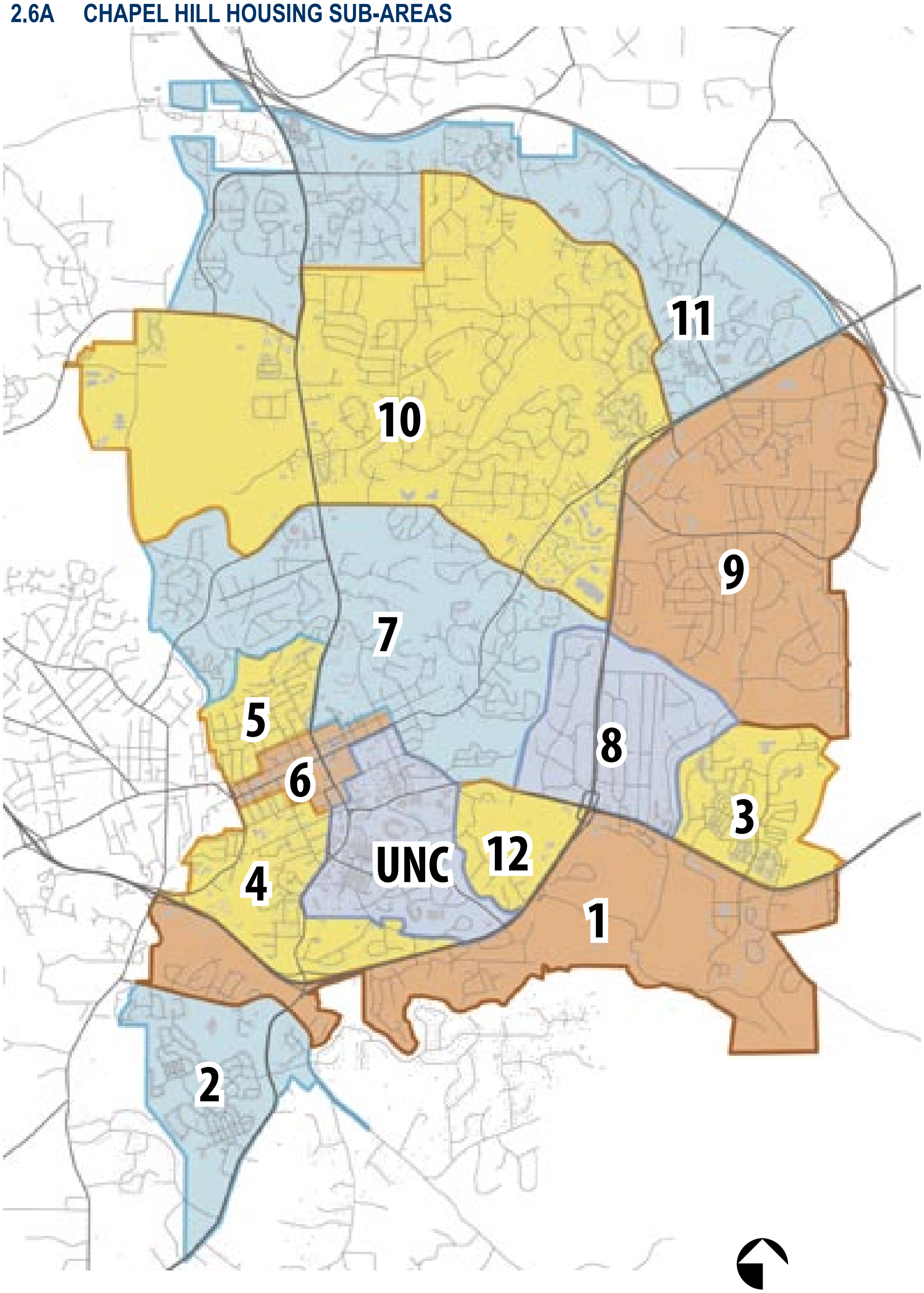
A.1 Photo Inventory

Multi Family / Apartments

A.2 Chapel Hill Housing by Sub-Areas

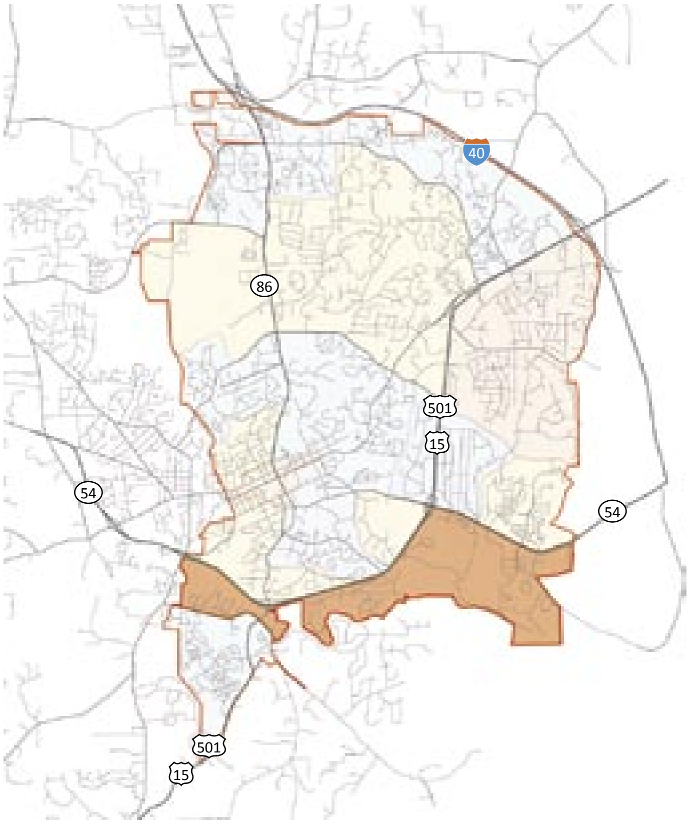
This section provides a detailed account of housing typology and value within 11 distinct sub-areas of Chapel Hill. These sub-areas are illustrated in figure 2.6A, below, each representing particular type, mix and era of housing stock.

2.6A CHAPEL HILL HOUSING SUB-AREAS



A.2 Chapel Hill Housing by Sub-Areas

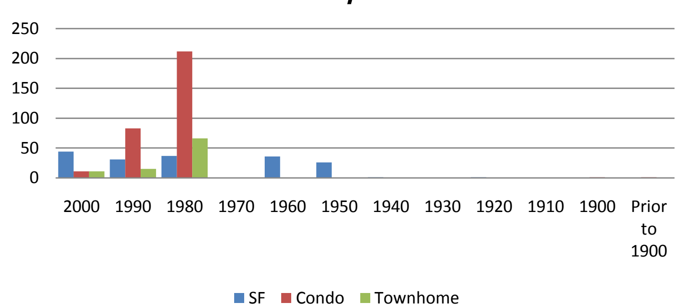
1. South of 15-201



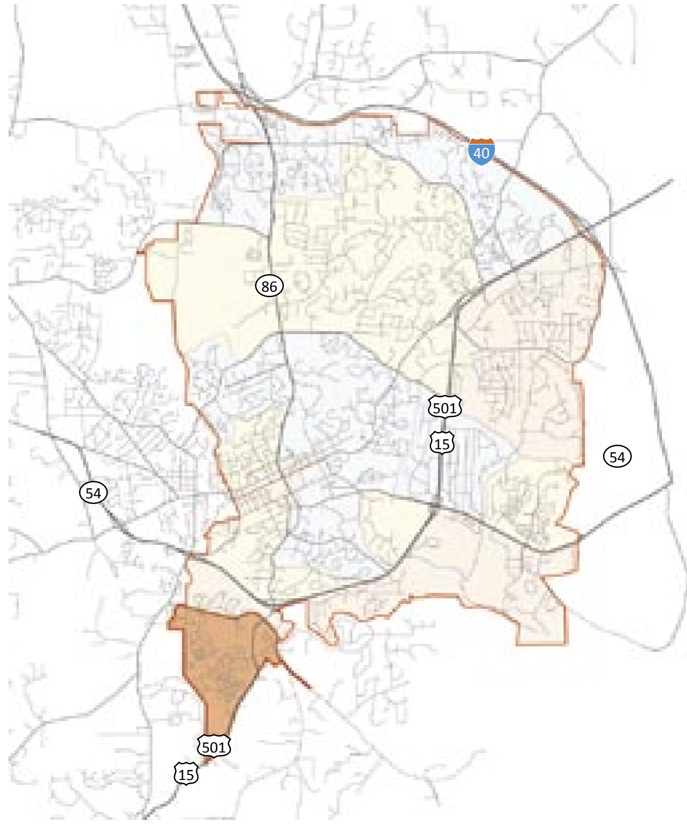
1.2-C For-Sale Transaction Summary 2000-2010

	SF	Condo	Townhome	TOTAL
Summary (2000-2010)				
Transactions	176	308	92	**576**
New Units	44	11	11	**66**
Avg. Sales Price	$ 432,493	$ 142,584	$ 200,617	**$ 240,436**
Med. Sales Price	$ 380,000	$ 136,000	$ 194,670	**$ 166,500**
Avg. Price / SF	$ 150	$ 120	$ 168	**$ 135**
Square Feet	2,877	1,191	1,191	**1,785**
Bedrooms	4	2.22	2.66	**2.80**
Year Built	1983	1988	1989	**1986**

Transactions by Decade Built



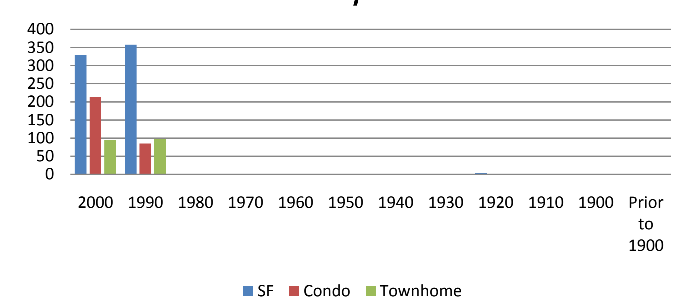
2. Southern Village



1.2-C For-Sale Transaction Summary 2000-2010

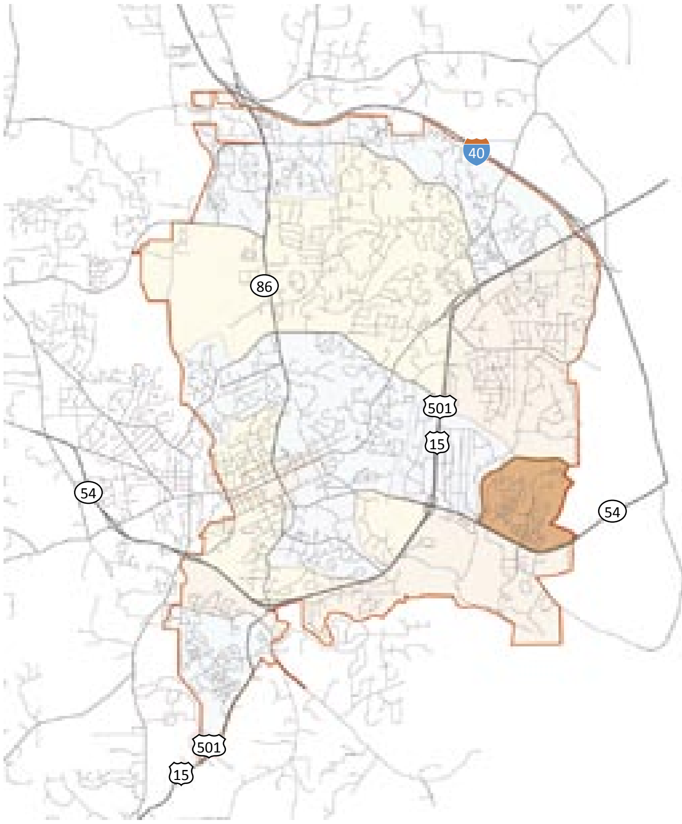
	SF	Condo	Townhome	TOTAL
Summary (2000-2010)				
Transactions	692	299	193	**1184**
New Units	329	214	95	**638**
Avg. Sales Price	$ 426,637	$ 175,396	$ 283,201	**$ 339,809**
Med. Sales Price	$ 398,500	$ 169,900	$ 278,000	**$ 309,000**
Avg. Price / SF	$ 153	$ 169	$ 273	**$ 153**
Square Feet	2,793	1,036	1,036	**2,224**
Bedrooms	4	1.65	2.94	**3.12**
Year Built	1998	2000	1999	**1999**

Transactions by Decade Built



A.2 Chapel Hill Housing by Sub-Areas

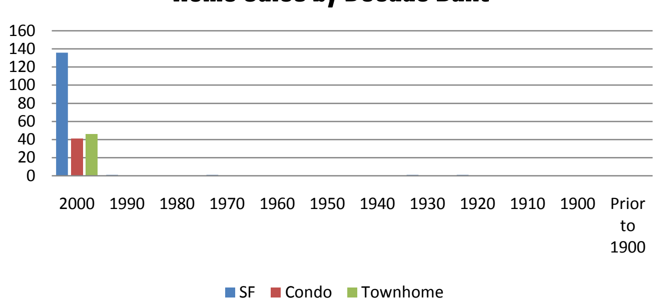
3. Meadowmont



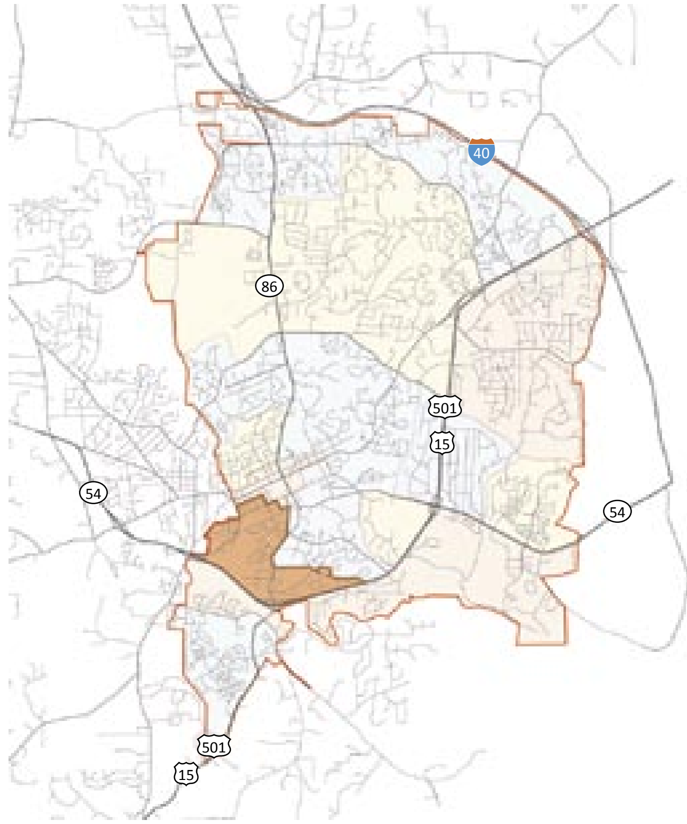
1.2-C For-Sale Transaction Summary 2000-2010

		SF		Condo		Townhome		TOTAL
Summary (2000-2010)								
Transactions		140		41		46		**227**
New Units		136		41		46		**223**
Sales Price	$	706,256	$	455,170	$	857,576	**$**	**691,570**
Med. Sales Price	$	653,500	$	365,000	$	754,418	**$**	**650,000**
Avg. Price / SF	$	191	$	261	$	226	**$**	**205**
Square Feet		3,694		1,742		3,789		**3,376**
Bedrooms		4		1.98		3.11		**3.58**
Year Built		2002		2003		2004		**2003**

Home Sales by Decade Built



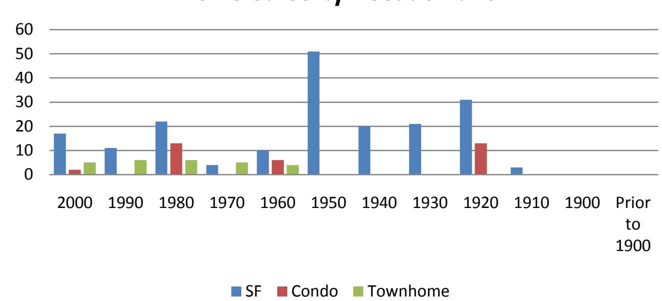
4. Southside



1.2-C For-Sale Transaction Summary 2000-2010

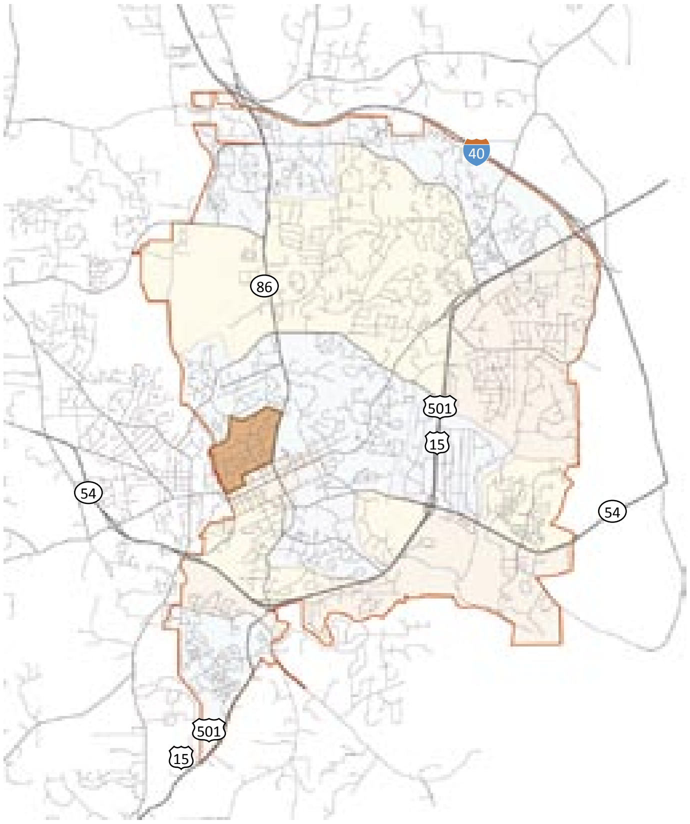
		SF		Condo		Townhome		TOTAL
Summary (2000-2010)								
Transactions		190		34		26		**250**
New Units		17		2		5		**24**
Avg. Sales Price	$	388,883	$	188,447	$	252,577	**$**	**347,462**
Med. Sales Price	$	369,500	$	180,250	$	269,950	**$**	**305,000**
Avg. Price / SF	$	180	$	183	$	157	**$**	**177**
Square Feet		2,156		1,030		1,613		**1,964**
Bedrooms		3		2.06		2.50		**3.12**
Year Built		1957		1961		1987		**1961**

Home Sales by Decade Built



A.2 Chapel Hill Housing by Sub-Areas

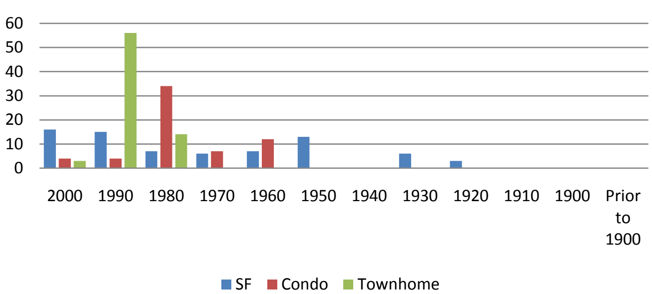
5. Northside



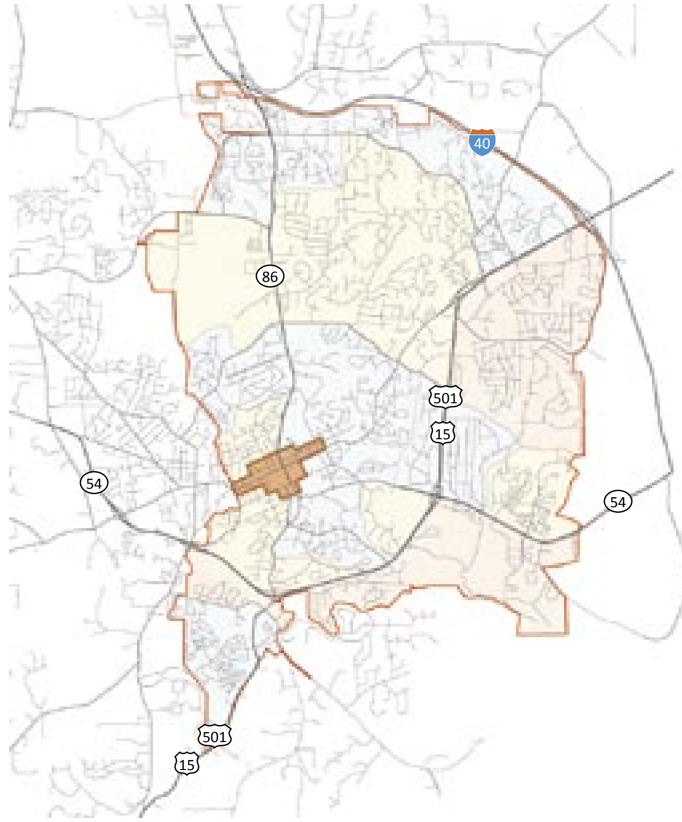
1.2-C For-Sale Transaction Summary 2000-2010

	SF		Condo		Townhome		TOTAL
Summary (2000-2010)							
Transactions		97		61		73	**231**
New Units		16		4		3	**23**
Avg. Sales Price	$	224,800	$	136,382	$	255,594	**$ 211,183**
Med. Sales Price	$	158,000	$	113,500	$	269,000	**$ 165,000**
Avg. Price / SF	$	159	$	134	$	149	**$ 151**
Square Feet		1,411		1,020		1,711	**1,402**
Bedrooms		3		2.26		2.75	**2.74**
Year Built		1969		1982		1994	**1980**

Home Sales by Decade Built



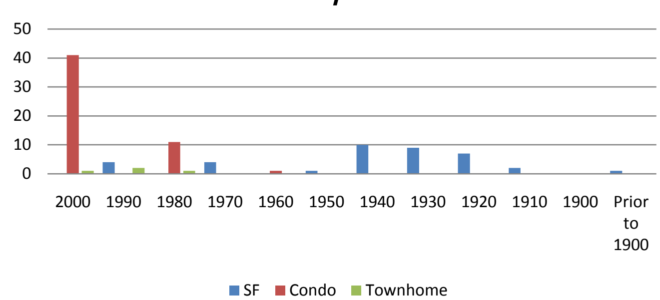
6. Downtown



1.2-C For-Sale Transaction Summary 2000-2010

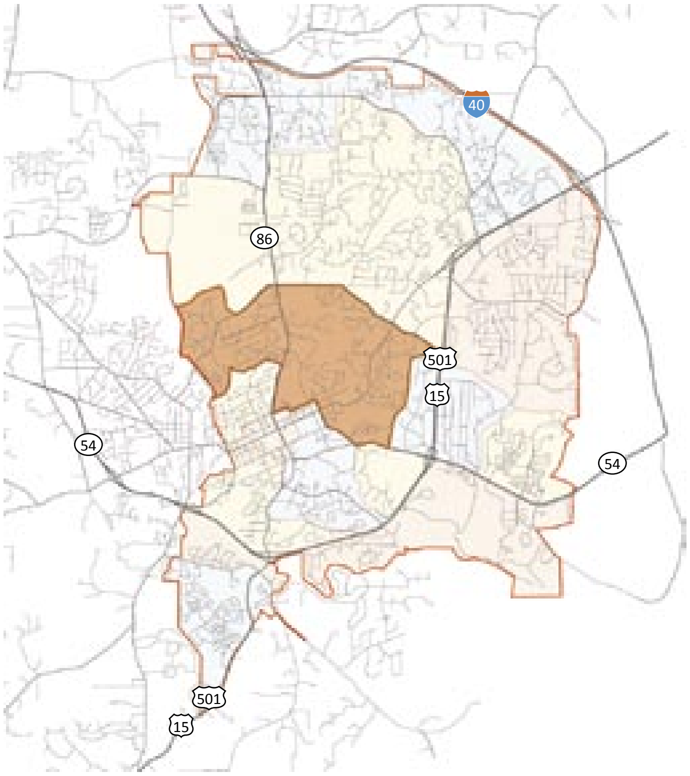
	SF		Condo		Townhome		TOTAL
Summary (2000-2010)							
Transactions		41		53		4	**98**
New Units		0		41		1	**42**
Avg. Sales Price	$	342,261	$	283,178	$	227,098	**$ 305,607**
Med. Sales Price	$	270,000	$	302,650	$	227,245	**$ 294,450**
Avg. Price / SF	$	203	$	240	$	127	**$ 211**
Square Feet		1,686		1,180		1,787	**1,446**
Bedrooms		3		1.92		2.50	**2.50**
Year Built		1936		2000		1995	**1973**

Home Sales by Decade Built



A.2 Chapel Hill Housing by Sub-Areas

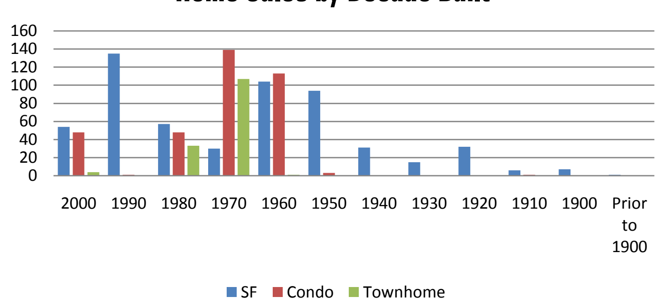
7. Historic Core



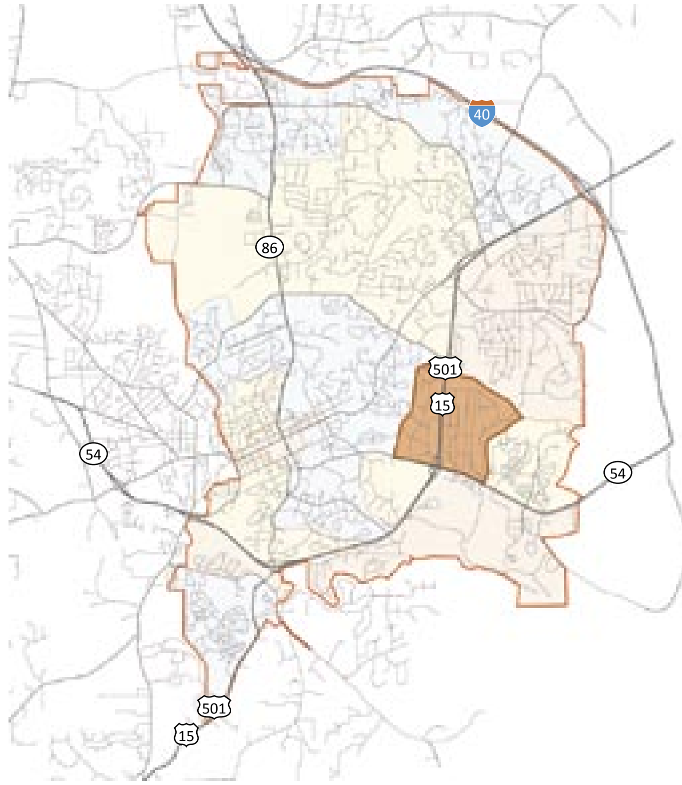
1.2-C For-Sale Transaction Summary 2000-2010

	SF	Condo	Townhome	TOTAL
Summary (2000-2010)				
Transactions	569	353	145	**1067**
New Units	54	48	4	**106**
Avg. Sales Price	$ 445,172	$ 117,156	$ 163,896	**$ 298,429**
Med. Sales Price	$ 377,000	$ 94,000	$ 146,000	**$ 220,000**
Avg. Price / SF	$ 171	$ 110	$ 104	**$ 150**
Square Feet	2,601	1,067	1,579	**1,988**
Bedrooms	3.72	2.11	2.70	**3.05**
Year Built	1970	1976	1978	**1973**

Home Sales by Decade Built



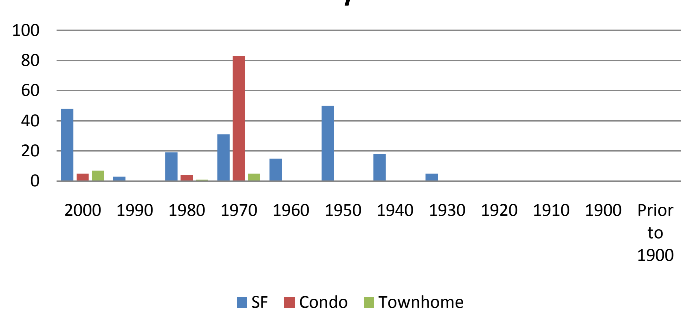
8. Glen Lennox



1.2-C For-Sale Transaction Summary 2000-2010

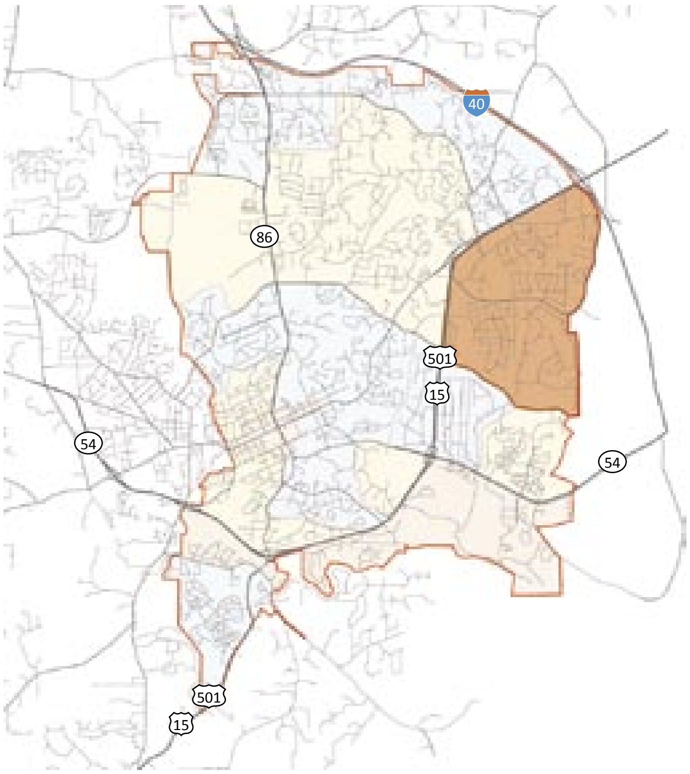
	SF	Condo	Townhome	TOTAL
Summary (2000-2010)				
Transactions	189	92	13	**294**
New Units	48	5	7	**60**
Avg. Sales Price	$ 496,682	$ 137,538	$ 190,874	**$ 370,775**
Med. Sales Price	$ 459,000	$ 134,750	$ 209,000	**$ 285,000**
Avg. Price / SF	$ 165	$ 118	$ 135	**$ 157**
Square Feet	3,008	1,164	1,409	**2,360**
Bedrooms	4	2.18	2.23	**3.31**
Year Built	1973	1976	1993	**1975**

Home Sales by Decade Built



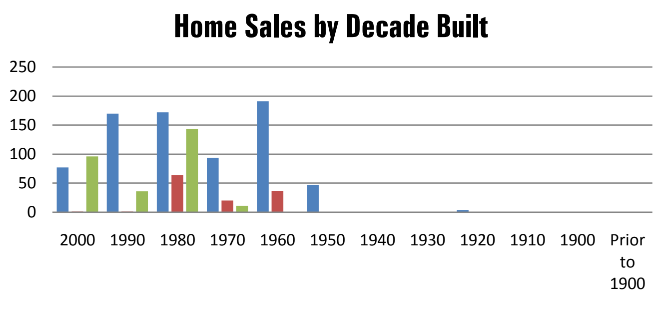
A.2 Chapel Hill Housing by Sub-Areas

9. Ephesus Church

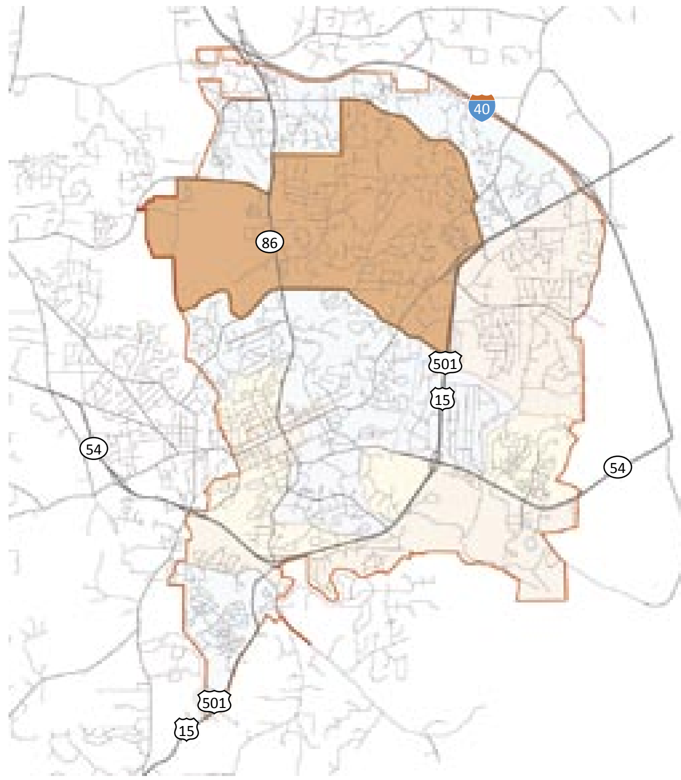


1.2-C For-Sale Transaction Summary 2000-2010

	SF		Condo		Townhome		TOTAL
Summary (2000-2010)							
Transactions	755		123		286		**1164**
New Units	77		1		96		**174**
Avg. Sales Price	$	360,952	$	119,103	$	181,737	**$ 291,362**
Med. Sales Price	$	252,900	$	113,500	$	163,700	**$ 222,000**
Avg. Price / SF	$	150	$	106	$	128	**$ 142**
Square Feet	2,401		1,125		1,421		**2,047**
Bedrooms	4		2.07		2.46		**3.18**
Year Built	1980		1978		1992		**1983**

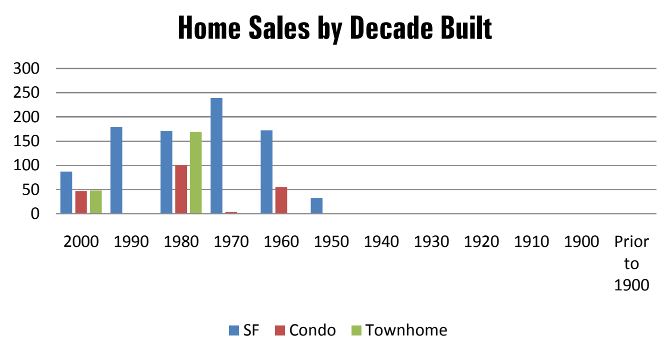


10. Forest Home



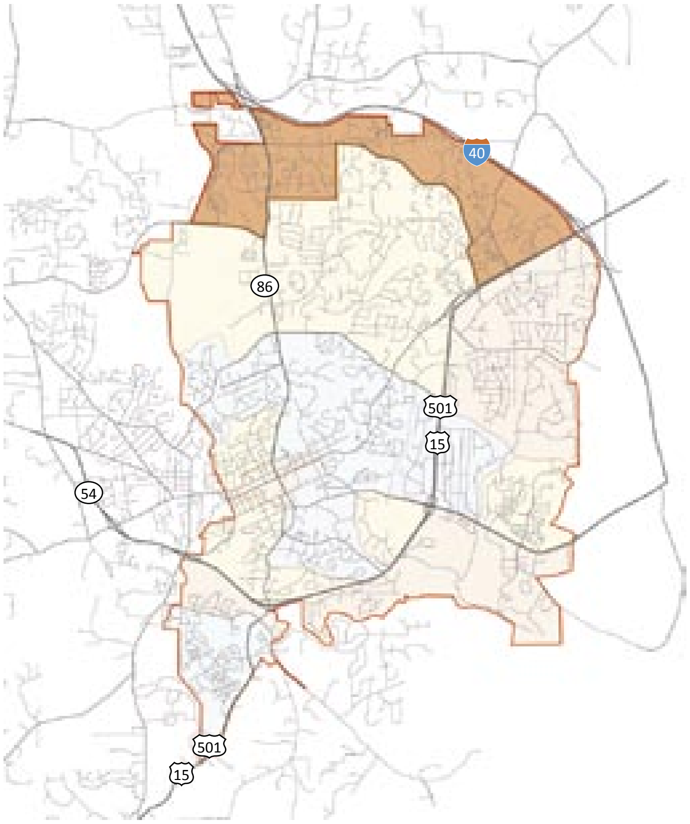
1.2-C For-Sale Transaction Summary 2000-2010

	SF		Condo		Townhome		TOTAL
Summary (2000-2010)							
Transactions	884		208		217		**1309**
New Units	87		47		48		**182**
Avg. Sales Price	$	397,322	$	133,455	$	259,346	**$ 332,521**
Med. Sales Price	$	343,524	$	114,500	$	173,500	**$ 279,000**
Avg. Price / SF	$	148	$	129	$	165	**$ 147**
Square Feet	2,680		1,036		1,571		**2,262**
Bedrooms	4		2.02		2.73		**3.40**
Year Built	1980		1984		1989		**1982**



A.2 Chapel Hill Housing by Sub-Areas

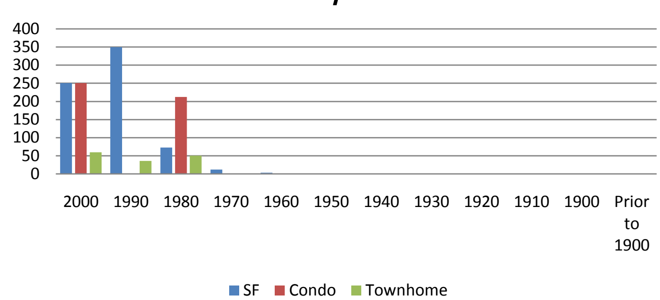
11. Northern Fringe



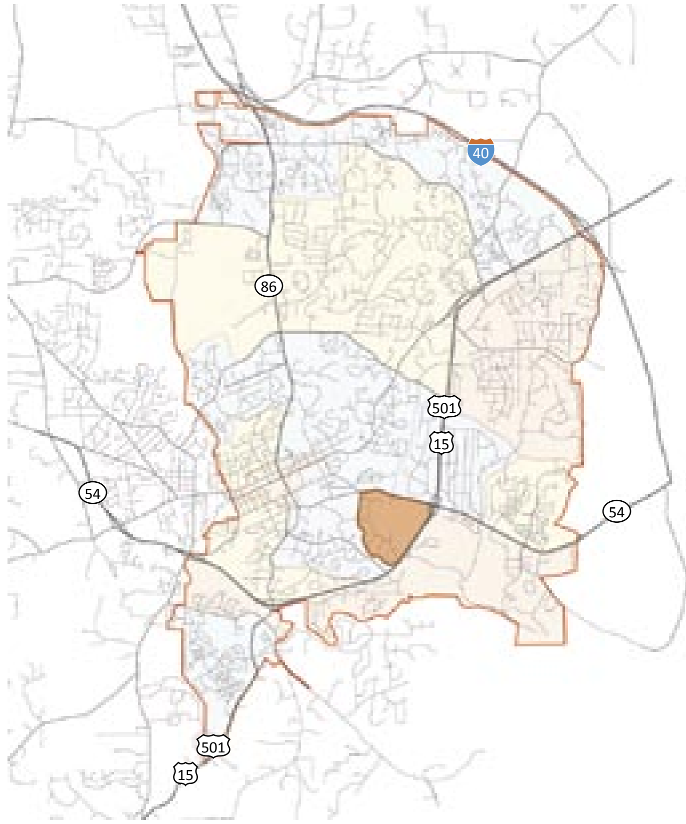
1.2-C For-Sale Transaction Summary 2000-2010

	SF		Condo		Townhome		TOTAL
Summary (2000-2010)							
Transactions		689		464		146	**1299**
New Units		251		251		60	**562**
Avg. Sales Price	$	412,268	$	167,345	$	217,213	**$ 302,859**
Med. Sales Price	$	370,750	$	178,900	$	199,000	**$ 269,930**
Avg. Price / SF	$	142	$	132	$	131	**$ 137**
Square Feet		2,909		1,265		1,664	**2,209**
Bedrooms		4		2.22		2.88	**3.27**
Year Built		1996		1995		1995	**1996**

Home Sales by Decade Built



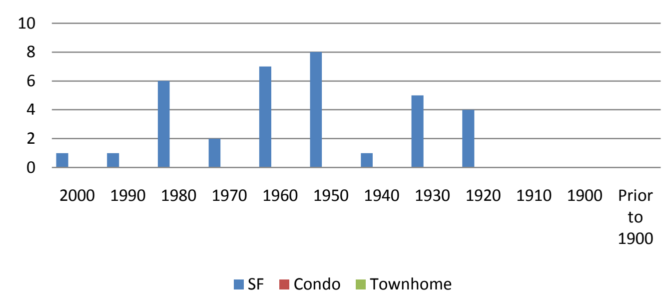
12. Laurel Hill



1.2-C For-Sale Transaction Summary 2000-2010

	SF		Condo		Townhome		TOTAL
Summary (2000-2010)							
Transactions		35		0		0	**35**
New Units		1		0		0	**1**
Avg. Sales Price	$	642,582	$	-	$	-	**$ 642,582**
Med. Sales Price	$	600,000	$	-	$	-	**$ 600,000**
Avg. Price / SF	$	191	$	-	$	-	**$ 191**
Square Feet		3,369		-		-	**3,369**
Bedrooms		4		0.00		0.00	**4.11**
Year Built		1960		0		0	**1960**

Home Sales by Decade Built



A.3 HISTA TABLES

3.2A OWNER HOUSEHOLDS
Under Age 55 Years - Chapel Hill, NC (2009)

Income Range	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5+ Person Household	TOTAL	%
$0-$10,000	0	0	0	0	0	**0**	**0%**
$10,000 - $20,000	0	0	0	0	0	**0**	**0%**
$20,000 - $30,000	43	14	7	5	4	**73**	**2%**
$30,000 - $40,000	75	46	17	32	26	**196**	**5%**
$40,000 - $50,000	67	60	20	22	13	**182**	**4%**
$50,000 - $60,000	70	30	51	48	7	**206**	**5%**
$60,000+	312	870	921	1011	345	**3,459**	**84%**
TOTAL	**567**	**1,020**	**1,016**	**1,118**	**395**	**4,116**	

Source: U.S. Census, *Ribbon Demographics & Nielsen Claritas*

3.2B OWNER HOUSEHOLDS
Under Age 55 Years - Chapel Hill, NC (2009)

Income Range	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5+ Person Household	TOTAL
$0-$10,000	92	40	2	6	1	**141**
$10,000 - $20,000	141	49	4	1	3	**198**
$20,000 - $30,000	150	50	5	0	6	**211**
$30,000 - $40,000	152	85	38	7	5	**287**
$40,000 - $50,000	134	86	0	1	13	**234**
$50,000 - $60,000	110	137	28	7	13	**295**
$60,000+	512	1,648	419	123	81	**2,783**
TOTAL	**1,291**	**2,095**	**496**	**145**	**122**	**4,149**

Source: U.S. Census, *Ribbon Demographics & Nielsen Claritas*

A.3 HISTA TABLES

3.2D RENTER HOUSEHOLDS
Under Age 55 Years - Chapel Hill, NC (2009)

Income Range	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5+ Person Household	TOTAL
$0-$10,000	1,153	1,221	142	54	39	**2,609**
$10,000 - $20,000	754	700	213	117	21	**1,805**
$20,000 - $30,000	503	463	134	56	54	**1,210**
$30,000 - $40,000	467	383	164	59	37	**1,110**
$40,000 - $50,000	224	409	146	72	45	**896**
$50,000 - $60,000	121	355	120	96	19	**711**
$60,000+	339	584	332	206	175	**1,636**
TOTAL	**3,561**	**4,115**	**1,251**	**660**	**390**	**9,977**

Source: U.S. Census, *Ribbon Demographics & Nielsen Claritas*

3.2E RENTER HOUSEHOLDS
Age 55+ Years - Chapel Hill, NC (2010)

Income Range	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5+ Person Household	TOTAL
$0-$10,000	216	28	3	2	0	**249**
$10,000 - $20,000	204	3	3	3	1	**214**
$20,000 - $30,000	186	34	4	0	1	**225**
$30,000 - $40,000	63	44	17	6	7	**137**
$40,000 - $50,000	64	20	0	1	2	**87**
$50,000 - $60,000	52	6	17	3	0	**78**
$60,000+	197	135	18	0	1	**351**
TOTAL	**982**	**270**	**62**	**15**	**12**	**1,341**

Source: U.S. Census, *Ribbon Demographics & Nielsen Claritas*