

AFFORDABLE RENTALS, INC
A NON-PROFIT SERVING CHAPEL HILL, CARRBORO AND ORANGE
COUNTY

October 16, 2009

Mayor Kevin Foy
Town Council Members
Town of Chapel Hill
405 Martin Luther King, Jr Blvd
Chapel Hill, NC 27514

Re: Property Transfer and Dissolution of Affordable Rentals, Inc

Dear Mayor Foy and Town Council Members,

Affordable Rentals, Inc (ARI) is a non-profit organization with the objective of providing rental housing to people earning less than 50% of the area's median income. Since 2001, ARI has acquired 15 rental units and has become a self-sustaining organization.

The Town of Chapel Hill was instrumental in helping us to acquire one of our properties, by providing a total of \$73,244.83 in 2004. Of that total, \$72,000 was in the form of a promissory note for the purchase price of our unit, 113-A Ashley Forest. The balance covered closing costs.

The Board of ARI has completed a thorough strategic planning process and has come to the conclusion that it would be in the best interest of all parties (ARI, The Town of Chapel Hill, Orange County, EmPOWERment, Inc, and our tenants) if we were to transfer our properties and all other assets and debts to EmPOWERment, Inc and then dissolve.

ARI has no paid staff and cannot foresee a time when we will be able to afford a staff. This means that our ability to grow is limited, and perhaps curtailed altogether. We could continue to operate as we are, but we question the wisdom of doing so.

EmPOWERment, Inc has increased its holdings in rental housing, serving the same population that ARI serves. Thus, our objectives will continue to be met.

We want to stress that there are significant efficiencies and savings that can be obtained by transferring our properties to EmPOWERment, Inc. Those efficiencies and savings are discussed in one of the attachments.

We have consulted with the Executive Director of EmPOWERment, Delores Bailey, and with the Board of EmPOWERment. They are willing and able to accept our properties. Currently, we contract with EmPOWERment for property management services, so

accepting the properties should add little if any to the staff workload. They will, of course, accept and abide by the terms of ARI's contract with the Town of Chapel Hill.

I have attached a document that gives a detailed discussion of ARI's current financial status, which is positive, and our reasons for wanting to make this move. I also attach a copy of our 2009 budget and our year-to-date financial report through September 30, 2009. Our 2008 audited financial statements were sent to Ms. Loryn Clark, The Town of Chapel Hill, in August 2009.

We welcome questions from you and Town staff members and hope to conclude the process by December 31, 2009.

Regards,

Nora G. Esthimer
President, ARI Board of Directors