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Funding Provided by:

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Date: August 27, 2007

To: Mayor Foy and the Chapel Hill Town Council

From: Robert Dowling, Executive Director

Re: Quarterly status report for quarter ended June 30, 2007

The second quarter of 2007 was highlighted by four activities:

1. Hosting the NC Community Land Trust conference
2. Marketing of existing Land Trust properties
3. Analyzing the long-term affordability of condominiums
4. Re-thinking our organizational structure

The NC Community Land Trust conference – More than 125 people from NC and six other states attended our two-day conference in April. More and more communities, including Asheville, the Outer Banks and Wilmington are investigating the CLT model to ensure that affordable homes remain affordable in perpetuity. We were very fortunate to have John Davis and Mary O'Hara from Burlington Associates leading the seminars. Based upon the positive evaluations we received from participants, the conference was successful in educating government and nonprofit attendees in the nuances of the CLT model. The conference was funded by an economic development grant secured by Congressman Price.

Sales and Marketing – We sold five homes during the quarter, only one of which was new to the Land Trust. The others were all re-sales of existing Land Trust homes at Greenway, Legion Road, Rosemary Place and Culbreth Park. We expect to re-sell at least 12 homes in 2007, which is the same number of re-sales as 2006. Our owners typically re-sell when their circumstances change, such as when they get married and their household income increases significantly. Most sellers of Land Trust homes purchase homes outside of Orange County. As our inventory of homes increases, so too will our volume of re-sale transactions.

Long term affordability of condominiums - During the quarter we worked with the developers of Greenbridge and East 54 to determine if the proposed transfer fees would be sufficient to keep the units affordable and well maintained. Our analysis, which required assistance from both developers, has proven to be a useful tool that we will use on all development proposals going forward.

In the past we have focused our affordability analyses on the initial sales of inclusionary units. Henceforth, we will project affordability over twenty-five or thirty years to provide elected officials and planning staffs with a more comprehensive view of the affordability of proposed inclusionary units.

Organizational structure - A re-thinking of our organizational structure is warranted given the following circumstances:

- We revised our model such that we will be more engaged in the long-term maintenance of our properties
- We received increased funding to hire a property manager
- We began the search for a new construction manager
- We will begin planning for a significant increase in sales activity

To elaborate on the last bullet, we recognize that our sales volume is going to increase sharply in 2009 and 2010 due to inclusionary units coming to the Land Trust in Chapel Hill and Carrboro (and Hillsborough). Over the past several years we have sold between 20 and 25 homes a year. In 2009 and 2010 we may be expected to sell up 150 homes in a 24-month period. Although we cannot manage that many transactions with our current structure, we will be examining creative ways to handle the increased volume without significant increases to staffing.

As the executive director, I am responsible for managing the organization to successfully accomplish our mission and meet the expectations of the board of directors and our government funders. Hiring talented employees and increasing our organizational productivity will be essential as we take on the twin challenges of property management and greatly increased sales activity. Although these are formidable challenges, I believe the Land Trust has an opportunity to establish a new standard of success for affordable housing providers. By providing truly affordable homes that are integrated into new neighborhoods, and by insuring that our homes will remain affordable and well maintained over time, our homes will be successful both for our homeowners and for the surrounding community.

This is the vision that we aspire to and we know that as we achieve this vision we will become a model for other affordable housing initiatives throughout the country. Of course this vision cannot be realized without the support of our local governments.

I want to thank the Town Council, the Board of County Commissioners, the Board of Aldermen and the Board of Commissioners for the support you have provided to the Land Trust over the years. I very much appreciate your patience and understanding as we work to better understand how this model will best serve the citizens of Orange County.

