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Funding Provided by:

*Town of Chapel Hill
Orange County
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Date: April 22,2009

To: Mayor Foy and the Chapel Hill Town Council
From: Robert Dowling, Executive Director
Re: Quarterly status report for quarter ended March 31,2009

The quarter was highlighted by three significant activities:

1. Closing on three Land Trust properties
2. The search for an operations manager
3. Managing foreclosure risks

Three Land Trust closings – Three existing Land Trust properties resold in the quarter; one each in Rosemary Place, Greenway and Vineyard Square. Only the Vineyard Square home required additional subsidy. We used \$13,000 of CDBG funds to reduce the price of a 2BR unit from \$95,000 (the seller's price) to \$82,000. As of today there are seven existing Land Trust homes being resold. Three of these resales are due to the owners' inability to afford their monthly financial obligations.

Operations Manager - We received more than 150 resumes and interviewed twelve candidates before hiring our new operations manager, Anita Badrock. Anita brings valuable operating experience, strong people skills and positive energy to the organization. She will slowly assume responsibilities for managing our homeownership program, our property management program and our construction program. Anita will receive much of her training from Christine Westfall, who has served as the interim operations manager for the past nine months.

Managing foreclosure risk – As I have mentioned in recent quarterly reports, increasing numbers of our homeowners are delinquent in making timely payments on their mortgages, HOA dues and stewardship fees. During the quarter, we intervened and prevented two foreclosures. In one instance we paid off the bank note and in another we agreed to bring the bank note current while we are marketing the home for resale. Working with delinquent homeowners is absorbing increasing amounts of staff time as we pursue collections, provide counseling, work with lenders and unfortunately, undertake legal remedies. The Land Trust board recently approved a reserve fund to assist homeowners who experience temporary financial difficulties, but this reserve will not benefit owners who are chronically late making payments.

Other significant activities from the past quarter:

- We continued the necessary pre-development activities to build two homes on Crest Street in Carrboro. Both of these homes will have sprinklers and will meet green building standards causing the homes to be energy efficient and easy to maintain.
- The board and staff became more knowledgeable about fundraising, which was the focus of our February retreat. We expect to hire a staff person later this year who will be focused on fundraising.

Looking forward, we will increase our focus on selling twenty two (22) condominiums in the East 54 development that are expected to be completed in September. To date we have reservations for seven of these units. We hope to sell all of these condominiums before the end of the year. Fifteen Greenbridge condos will follow in early 2010, as will phase II of East 54.

During the past six months we have come to better understand the challenges of preparing low-income individuals and families for the responsibilities of ownership. This economic downturn has had a significant impact on our homeowners and on the organization. Low-income people have very little to cushion themselves against adverse circumstances. It is a strength of the land trust model that we serve as a partner to our homeowners and are available to assist in a variety of ways, particularly at difficult times. However, this same strength causes stresses within the organization as our workload mounts.

Our long-term success, and the ultimate success of inclusionary housing, is very much dependent upon our ability to maintain a committed, well managed and creative organizational staff. We recognize that these are difficult times, and financial resources are scarce, but the implicit expectations for this organization are higher than ever. We need to sell up to 40 new homes into the Land Trust in 2009-10, manage 12-18 resales and provide the property management and counseling services necessary to enable our homeowners to be successful. These are high expectations, but they are not beyond our reach.

I trust that our board, our local government funders and our local community recognize the magnitude of the expectations. We need to be aware of our organizational capacity so that expectations do not outpace our ability to successfully manage the workload. Having hired an operations manager, I am confident that we will become more productive and better able to manage our growing portfolio of properties.

A handwritten signature in cursive script, reading "Robert Hawley". The signature is written in dark ink on a white background.