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Executive Director
Robert Dowling

Date: January 26, 2015

To: Mayor Kleinschmidt and the Chapel Hill Town Council
From: Robert Dowling, Executive Director
Re: Quarterly status report for quarter ended December 31, 2014

The second quarter of the 2014-15 fiscal year included the following highlights:

1. We sold seven homes, three of which are new to our inventory
2. The board approved hiring a Director of Operations
3. We continue to face significant challenges with lenders
4. Releasing the first Home Trust home from our inventory

Seven homes sold – The seven homes sold in the quarter required \$155,000 of subsidy, \$75,000 of which came from the NC Housing Finance Agency. One of the four resales was sold to a buyer who earned more than 80% of median income. The three new homes were all in the Ballentine development in Carrboro. As of December 31st there were 232 homes in our inventory, 191 of which are in Chapel Hill; 41 of which are in Carrboro. As of this date we are actively marketing eleven homes, five of which will be new to our inventory. Of the eleven homes, four are under contract.

Director of Operations – The Home Trust board approved hiring a Director of Operations during the current fiscal year. We have been without a person in this position for the past 18 months, which the board determined was detrimental to the well being of the organization. We hope to hire someone to fill this position early in 2015.

Challenges with lenders – As I have written about in the past, our homebuyers continue to have very limited options obtaining mortgage loans. We are hopeful that more lenders will be willing to make loans to our buyers once all the local governments approve providing lenders with an unrestricted, fee simple interest as collateral. However, to significantly increase our mortgage options, lenders must be able to sell Home Trust loans on the secondary market. This represents a formidable obstacle, but one that we are investigating.

The first Home Trust home - In August we re-purchased the very first Home Trust home from the long-time owners. This old, Carrboro mill house needs a good bit of work before it can be resold to another low income buyer. Unfortunately, we have already invested about \$165,000 in this property. We have investigated the option of redeveloping the property, but that is not financially feasible. As mentioned in my last quarterly report, the Home Trust board approved selling this home out of our inventory of affordable homes. After conferring with the Carrboro Board of Aldermen, we expect to sell the home out of our inventory and hopefully recoup our investment (which includes HOME funds).