



Date: January 23, 2012

To: Mayor Kleinschmidt and the Chapel Hill Town Council

From: Robert Dowling, Executive Director

Re: Quarterly status report for quarter ended December 31, 2011

The second quarter of the 2011-2012 fiscal year included the following highlights:

1. We sold three homes, all of which were resales
2. We hired two new staff members
3. We continued to analyze our model to adjust for reduced federal subsidies
4. We began marketing townhomes in Ballentine

Three homes sold – We were pleased to sell three existing Home Trust homes during the quarter. Two of those were townhomes and the third was a condominium in Meadowmont. However, each of these homes required more than \$30,000 of federal subsidy, which is a concern going forward as these subsidy funds decline. One townhome remains unsold after nine months and we plan to purchase that home. The owner had purchased a new home and moved out last summer and can no longer bear the burden of two mortgages. In order to sell homes more quickly, we need to increase our outreach efforts and create more awareness of the housing opportunities that are available to low-income households.

New staff – We hired a new Sales Associate and a new Buildings Manager to replace staff members who moved on to other opportunities. Our Sales Associate, Deanna Carson is a licensed Housing Counselor who has good experience, and is quickly learning the nuances of our model. Bret Holmstrom, our new Buildings Manager, brings good experience in property management. His efforts will be critical to addressing our long-term maintenance challenges.

Adjusting to reduced federal subsidies – Given the reductions in HOME and CDBG funding, and given our need for subsidy to ensure long-term affordability and maintenance, we must look at new ways of accomplishing our mission. The 2012 HUD income limits remain below the limits of 2004, which is the root cause of our affordability challenge for existing Home Trust homes. We also will need subsidy for the condos being built at 140 West Franklin and the townhomes in the Ballentine development. Clearly, we cannot count on federal monies being available in the future to meet our needs. As a result, the staff is examining revisions to our model that the board will be reviewing in the coming weeks.

Selling townhomes in Ballentine – M/I Homes commenced construction of the first eight affordable townhomes in the new Ballentine development in Carrboro. They expect to obtain certificates of occupancy in April. We have begun the selling process and hope to be able to sell two of the homes to families earning more than 80% AMI in order to reduce our need for subsidy. Selling to higher income households will require approval from the Board of Aldermen and most likely a revision to the Carrboro development ordinance.

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