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Executive Director
Robert Dowling

Date: August 20, 2013

To: Mayor Kleinschmidt and the Chapel Hill Town Council
From: Robert Dowling, Executive Director
Re: Quarterly status report for quarter ended June 30, 2013

The final quarter of the 2012-2013 fiscal year included the following highlights:

1. We sold 5 homes, three of which were new to our inventory
2. We worked through challenges to sell condos at 140 West Franklin
3. We faced two potential foreclosures
4. Our long time Sales Manager resigned

Five homes sold – We sold three townhomes, one duplex unit and one condominium. Of these five homes, four were on the market for more than eight months. In order to sell these homes, we increased the use of subsidy and reduced prices. We used \$165,250 of subsidy to sell these homes, \$50,250 of which came from the NC Housing Finance Agency. For the entire 2012-13 fiscal year, we sold twenty-one homes, eight of which were new to our inventory. We used \$396,000 of subsidy, or about \$19,000 per unit sold. For the 2012-13 fiscal year, we had an operating deficit of about \$40,000.

140 West challenges – We had expected to begin closing on the 18 affordable condos in 140 West during the last quarter. However, we had to clear away legal issues with the developer and parking issues with the Town before we could begin executing purchase contracts. With those matters now resolved, we have signed eight contracts – all on two bedroom condos. We have one 2BR unit and nine 1BR units remaining to sell. Unfortunately, there is not much interest in the 1BR condos.

Two potential foreclosures – In thirteen years and more than 280 transactions, we have not had one foreclosure. We have always prevented foreclosures by working with our homeowners to terminate their ground leases and pay off their lenders. Recently, we have been stymied by two potential foreclosures that have absorbed a great deal of staff time. In neither case has the homeowner nor the lender been cooperative. One owner declared bankruptcy and the other has walked away from her property, leaving us to clean up her mess while we negotiate with the lender.

Hopefully, both of these situations will work themselves out over time, but in any case, we are learning new lessons.

Staff turnover - Losing a long time staff person is never easy, but our staff is adjusting quickly and doing great work for our home buyers and sellers. We are re-evaluating our staffing needs to determine how best to serve our mission and the community that requires our services.