



BOARD OF  
DIRECTORS

Alan Lee  
*President*

Gordon Merkley  
*Secretary*

Jess Brandes

Cresha Cianciolo

Kathleen  
Ferguson

Jennifer Ferris

Lisa Inman

Michelle Johnson

Jaimie Lee

Jim Merritt

Penny Rich

Maryann Toone

Jim Ward

Jonathan Weiler

Executive  
Director  
*Robert Dowling*

**Date: August 18, 2014**

To: Mayor Kleinschmidt and the Chapel Hill Town Council  
From: Robert Dowling, Executive Director  
Re: Quarterly status report for quarter ended June 30, 2014

The final quarter of the 2013-14 fiscal year included the following highlights:

1. We sold seven homes, four of which were new to our inventory
2. We continue to face significant challenges with lenders
3. We have increased need for reserves

**Seven homes sold** – Of the four new homes, two were in 140 West Franklin and two were in the Ballentine development. The seven homes sold in the quarter required \$189,000 of subsidy, \$130,000 of which was used to purchase the single family home at 113 Milton Avenue. This single family home was substantially renovated and sold in June. For the fiscal year, we sold 40 homes, 24 of which were new to our inventory. We used \$541,500 of subsidy, which averages \$13,538 per home. As of June 30<sup>th</sup> there were 228 homes in our inventory, 191 of which are in Chapel Hill; 37 of which are in Carrboro. Our portfolio consists of 37 single family homes, 103 townhomes and 87 condominiums. As of June 30<sup>th</sup> we owned four of these homes, two of which are rented to low-income households. We are marketing the other two for sale to low income buyers.

**Challenges with lenders** – As I have discussed in the past, our home buyers continue to have difficulty accessing mortgages. Most lenders are unwilling to make loans to our buyers because they are unable to sell the loans. For the past two years, most of our buyers have obtained loans from First South Bank. These loans are funded by the NC Housing Finance Agency, which allocated \$5 million for Home Trust mortgages. We have used about \$4 million of these funds, which will be exhausted in early 2015. We are working on several new lending options, but the obstacles seem to be formidable. We must identify new lenders to ensure the continued success of our program.

**Need for reserves** - Circumstances recently required that we purchase another Home Trust property from one of our homeowners. The cost of that purchase was \$122,000, which increased the amount of our reserves that are invested in our properties to about \$460,000. As stated above, two of the properties we own are rented, two are for sale and this latest home will require a significant amount of work before it can be resold. We also have another homeowner facing a foreclosure hearing in September. We may need to pay off that bank loan as well in order to prevent the foreclosure. That would increase the amount of reserves invested in Home Trust properties to about \$590,000. As our portfolio grows, these situations have also grown; however, our ability to intercede and rescue homeowners with our own reserves is approaching our limit. In the future, we may need assistance from our government partners to prevent foreclosures.