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Executive Director  
*Robert Dowling*

**Date: August 10, 2016**

To: Mayor Hemminger and the Chapel Hill Town Council  
From: Robert Dowling, Executive Director  
Re: Quarterly status report for quarter ended June 30, 2016

The last quarter of the 2015-16 fiscal year included the following highlights:

1. We sold eight homes, four of which are new to our inventory
2. The board approved participating in inclusionary rental housing
3. We had an operating surplus of about \$36,000 in 2015-16
4. The board approved an additional \$15,000 to be invested into our properties

**Eight homes sold** – The April to June quarter is typically busy with contracts and closings. This year we sold three new homes in the Burch Kove neighborhood and one new home in South Grove in Chapel Hill. We also resold three existing townhomes and one existing single family home. We only used \$40,000 of subsidy selling these eight homes, in part because four of the homes were sold to households over 80% AMI. Of the \$40,000 in subsidy, \$22,000 came from the NC Housing Finance Agency. As of June 30, 2016 there were 246 homes in our inventory, 201 of which are in Chapel Hill; 45 of which are in Carrboro.

**Inclusionary rental housing** – The board determined that we have the expertise and capacity to assist the Towns with administering their inclusionary rental programs. This would entail working with developers who have agreed to provide inclusionary rental units in their developments. We can assist with income verifications and compliance with the terms of the special use permits. However, the board determined that we lack the capacity to become an owner and manager of rental properties.

**Operating surplus** – Due to a variety of factors, the Home Trust will show an operating surplus (before depreciation and extraordinary items) of about \$36,000 for 2015-16. In January, we had projected a \$28,000 surplus due to free rent associated with our new office space and capitalized expenses associated with new furniture and our copier. Since January, our personnel expenses have been less than projected, resulting in the higher than expected surplus. All of this surplus is being rolled forward into 2016-17, in which we are projecting a deficit of about \$50,000.

**Additional investment in properties** – Each year, the Home Trust board includes funds in the budget to assist our homeowners and homeowner associations with long term maintenance of our properties. In 2015-16, the board approved \$45,000 for these Property Expenses. In the fourth quarter of the fiscal year, when it became apparent that we would have a surplus for the year, the board increased this funding to \$60,000. These funds are invaluable to keeping our homes in good condition over time – particularly to the homeowner associations we manage in Meadowmont and on Legion Road.