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Robert Dowling

Date: April 7, 2017

To: Mayor Pam Hemminger and the Chapel Hill Town Council
From: Robert Dowling, Executive Director
Re: Quarterly status report for quarter ended March 31, 2017

The third quarter of the 2016-17 fiscal year included the following highlights:

1. We sold two homes, both of which were new to our inventory
2. We clarified the affordable housing requirements of a recently approved development
3. We began due diligence on an opportunity to expand our model
4. We were approved as a HUD-certified counseling agency

Two homes sold – Although home sales in the first quarter of every calendar year are generally slow, this year was remarkably slow. Like last year, we closed on just two properties in the March quarter. But unlike last year, we had very few existing homeowners approach us about selling their homes. We're hoping the pace quickens in this second quarter. In any case, the two homes we sold are both newly constructed homes in the Ramsley development in Chapel Hill. The developer was permitted to sell the homes at prices that were affordable to families earning 100% of area median income. The Town approved \$10,000 of subsidy for each home. Both buyers earn more than 80% of the area median income.

Clarified affordable housing requirements – We worked with the developers of the Merin Road development on their affordable housing plan. The Town must approve the affordable housing plan in order for the developer to obtain a ZCP. We ironed out details about the homeowner association and the need for a sub-association to manage the affordable townhomes.

Due diligence on a new opportunity – We began reviewing a new opportunity that would expand our business model outside of the community land trust model. We have a right of first refusal on a 58-unit, affordable apartment complex in Carrboro. The property owner wants to convey the property to us this year. Our due diligence has focused on the financial results, which seem to be problematic. We are still investigating the causes of the under-performance. We will soon be contracting with a firm to evaluate the property condition. Lastly, we will be meeting with residents to listen to their concerns. We hope to complete our due diligence by June 30th.

HUD-certified agency - Early in 2017, HUD approved our application to be designated a certified counseling agency, which means we can provide financial counseling to citizens of Orange County and beyond. The counseling will focus on credit repair, budgeting and pre-purchase counseling to better enable clients to purchase homes (though not necessarily from CHT).