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Town of Chapel Hill
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PO Box 307
104 Jones Ferry Rd.
Suite C
Carrboro, NC 27510
919.967.1545
919.968.4030 fax

Date: February 3, 2010

Mayor Kleinschmidt and Member of Council
Chapel Hill, NC

Dear Mayor Kleinschmidt and Members of the Town Council:

The Community Home Trust had a banner year in 2009 when we sold 36 homes to low-income homebuyers. This unusually high volume of activity was driven by the Council's inclusionary housing policy, which required that we sell twenty condominiums in the East 54 development. I am pleased to report that we have sold all of our East 54 condos in Phase I and we look forward to Phase II in the spring.

In 2010 we expect to sell more than 40 homes, most of which will be new to our inventory of affordable homes. There are currently more than 160 homes in the Home Trust inventory; by December of this year we expect to reach almost 200 homes.

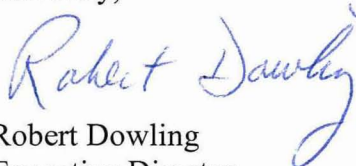
As Council members know, because of stagnant HUD income limits, it has been difficult to maintain the affordability of our housing stock without additional subsidy. Typically we have to add subsidy to homes that resell in order to maintain their affordability to low-income families. CDBG and HOME funds have been invaluable sources of subsidy to create and maintain affordability of Home Trust properties.

Although we have about \$200,000 of HOME funds unused from 2008-09 and 2009-10, we expect to use \$50,000 to \$70,000 before the end of this fiscal year. We expect to use the balance of our allocation in fiscal year 2010-11. With regard to CDBG funds, we have about \$70,000 of unused funds, but we expect to use about half of that amount in the current fiscal year.

Given the vagaries of the housing market, it is difficult for us to predict when Home Trust homes will resell, or when private sector developers will initiate already approved developments such as 140 West Franklin. But based upon what we know at this time and what developments might get built in 2011, we believe we will need an additional \$75,000 of HOME funds and \$75,000 of CDBG funds for homebuyer assistance. In addition, we will ask for \$30,000 of HOME funds for operations.

I want to thank the Council for all the support you have provided to the Home Trust over the past decade. We have worked hard to create a program that allows low income families to live in affordable, well maintained homes that are integrated into the larger community. Our success would not have been possible without your support.

Sincerely,


Robert Dowling
Executive Director