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Executive Director

**Funding Provided by:**

*Town of Chapel Hill*  
*Orange County*  
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**PO Box 307**

**104 Jones Ferry Road**  
**Suite C**

**Carrboro, NC 27510**

919.967.1545

Fax 919.968.4030

**Date: August 21, 2009**

**To: Mayor Foy and the Chapel Hill Town Council**

**From: Robert Dowling, Executive Director**

**Re: Quarterly status report for quarter ended June 30, 2009**

The last quarter of fiscal year 2008-09 featured the following highlights:

1. Four Land Trust homes were resold
2. We commenced rehab work in Culbreth Park
3. We began construction of two new homes in Carrboro
4. The board of directors voted to change our name

**Four homes resold** – An existing Land Trust home sold in each of four developments: Legion Road, Greenway Condominiums, Rosemary Place and Pacifica. \$25,000 of subsidy from the Town of Chapel Hill was required to enable the three Chapel Hill homes to resell at affordable prices. The Pacifica home did not require additional subsidy. In the fiscal year 2008-09 we sold 16 homes, three of which were new to the Land Trust. The 13 Land Trust homes that resold required \$122,000 of additional subsidy to enable them to remain affordable.

**Culbreth Park** – At the request of the Town Council, we began managing repairs on seven Culbreth Park homes that are part of the Town's affordable housing stock. These homes were built in the early 1990's as part of an affordable housing program. Several of the homes had fallen into severe disrepair. We hired a general contractor to replace roofs, HVAC systems, hot water heaters and install new siding. We expect this work to be completed under budget in the current quarter.

**Two new homes in Carrboro** – We began construction of two energy-efficient homes on Crest Street just behind the very first Land Trust home on Pleasant Drive. These homes will make use of Advanced Energy's System Vision building practices, which guarantee heating and cooling costs. They are both 3BR, 2 and ½ BA homes that are easily walkable to downtown Carrboro. Both homes will sell for effective prices of about \$125,000 and will each include more than \$50,000 of subsidy.

**Name Change** – In order to create a more memorable name that better describes the nature of our work, the Board voted to rename the organization **Community Home Trust**. Since our mission is to hold homes in trust for future generations rather than land, we expect that we will become known as the Home Trust rather than the Land Trust.

Other significant activities from the past quarter:

- We prevented a foreclosure of a home in Hillsborough by paying off the bank and selling the home out of the Home Trust. By preventing the foreclosure we maintained our relationship with the lender and enabled the County to recapture almost \$11,000 of subsidy that otherwise would have been lost.

- We prevented a second foreclosure by assuming mortgage payments for an owner who lost his job and relocated. We have made repairs to this home, serviced the mortgage and made the HOA payments since April. The townhome is now under contract and should close by the end of this month.
- We have worked closely with several other owners who have fallen behind in their monthly obligations. We know that some of these owners will be forced to sell their homes rather than risk foreclosure.
- As of this writing more than 12% of our homeowners –17 in total--are at least 2 payments behind in their financial obligations, which include mortgage payments, HOA dues and stewardship fees.
- It has become very obvious that the current economic decline has been very difficult for many of our owners, who by definition are low wealth people. As incomes decline and jobs are lost, these individuals and families are vulnerable to losing their homes because most lack the financial resources necessary to weather the downturn. We have addressed this problem by tightening our standards and trying to make our homes more affordable to our buyers.
- We are seeing increasing demand for our one-on one financial counseling services due to the economic decline and its impact on our homeowners. We received a grant of \$2500 from Wells Fargo to support our homebuyer education program for fiscal year 2009-2010.
- We have spent a good bit of time interviewing candidates for our Funds Development position. As of this date we have not yet made a hiring decision.
- We have been very busy selling condominiums in the East 54 development. Twenty-three 1BR and 2BR units will become available by mid-September. As of this date we have contracts on eleven units. We hope to have 15 contracts in place by mid-September and we are hopeful the remaining units will sell by year-end.
- As our inventory of Home Trust homes increases from the current 137 to perhaps 190 over the next 12 months, the demands on this organization will increase significantly. We will have more homes to sell, more buyers to prepare for ownership, more property management responsibilities, more administrative obligations, more resales and more need for maintenance assistance. Although we have the staffing needed to manage our current volume of work, I expect we will need to increase our staff capacity in the next fiscal year to handle a 38% increase in our inventory.