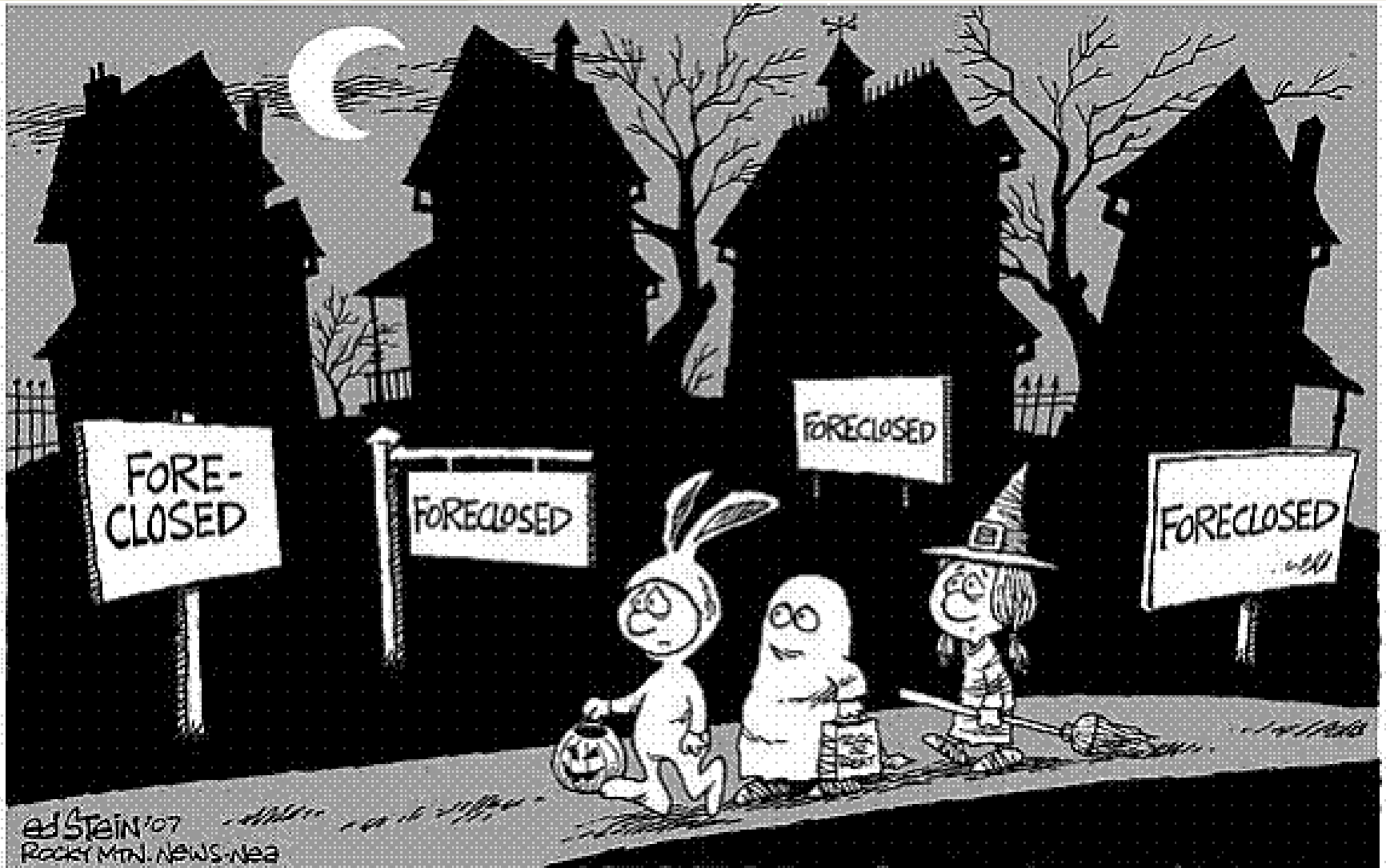


Fairfax County's Response to the Foreclosure Crisis and the Neighborhood Stabilization Program



October 27, 2008

Board of Supervisors Housing Committee



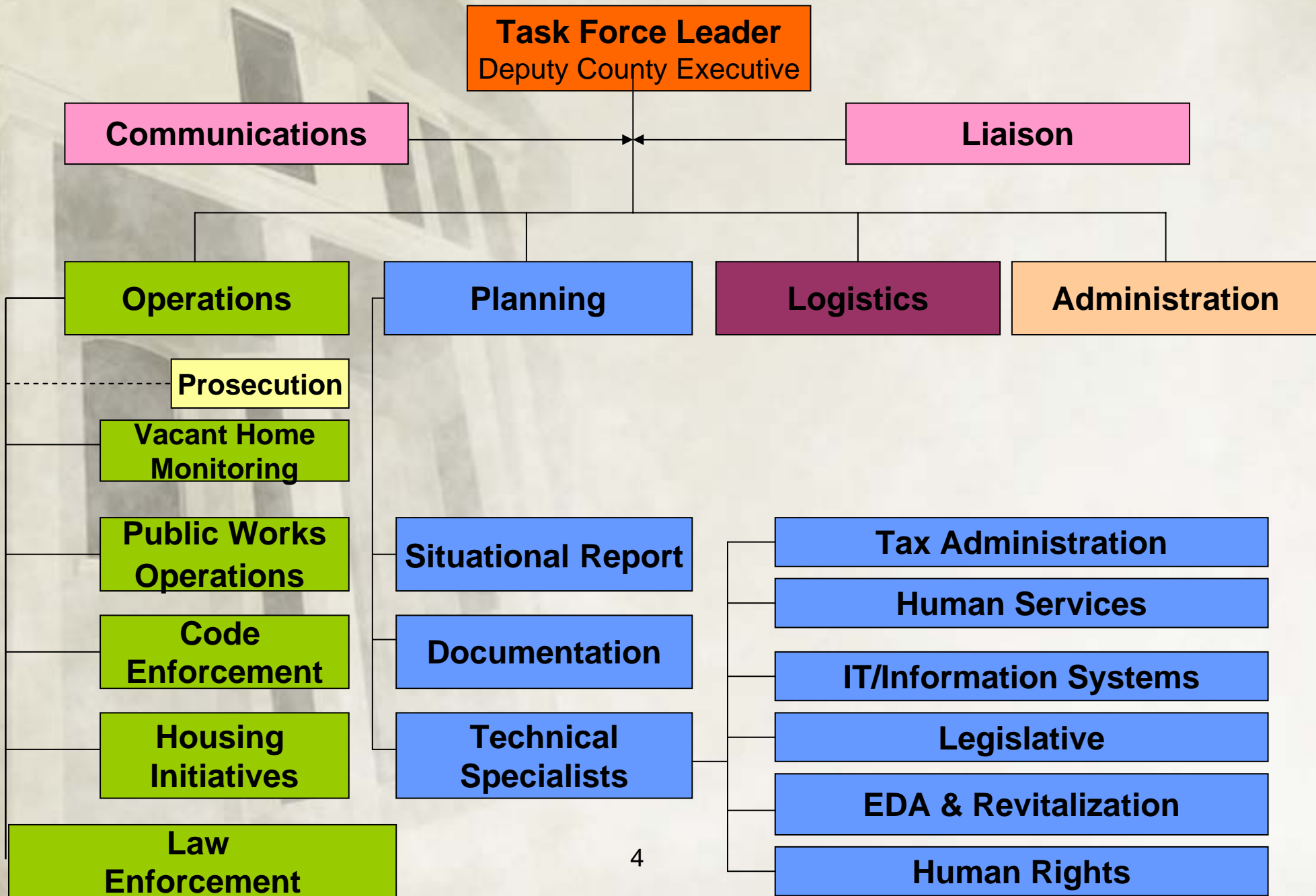
HAUNTED HOUSES



The Foreclosure Crisis in Fairfax County

- **3,518** foreclosures occurred in the first quarter of 2008
- **3,881** foreclosures took place in the second quarter of 2008
- As of the end of August, there were a total of 2,117 net foreclosures
- Fairfax County foreclosures appear to be clustered in specific areas of the County, which include Springfield, Annandale, Herndon, Centreville, and the Richmond Highway Corridor

The Fairfax County Response to the Foreclosure Crisis





Board of Supervisors Foreclosure Initiative

- On June 30, 2008 the Board of Supervisors approved groundbreaking new foreclosure initiative
- Three-pronged approach consists of:
 - Assistance to homeowners in distress
 - “Silver Lining” Initiative – helping first-time homebuyers purchase foreclosed properties
 - Neighborhood preservation efforts



Status of the Initiative

- Counseling began in June 2008; 424 persons counseled (as of 10/22/2008)
- Implementation of the Silver Lining Initiative and Neighborhood Preservation efforts underway
 - Six bank-owned, foreclosed properties purchased using shared-equity second trusts to date
- Upcoming events:
 - Video release: Foreclosure 101
- Preparing for implementation of the federal Housing and Economic Recovery Act of 2008
 - Neighborhood Stabilization Program Applications Due December 1
 - Coordinate with Virginia DHCD to access state funding



Housing and Economic Recovery Act Components

- Low-income housing tax credits/tax exempt bonds:
- Establishment of National Housing Trust Fund
- Government Sponsored Enterprise reform
- “Hope for Homeowners” Program:
 - ✓ Authorizes FHA to refinance up to \$300 billion in at-risk mortgages
- Neighborhood Stabilization Program

Neighborhood Stabilization Program (NSP)

- \$3.92 billion was appropriated nation wide to tackle one of the major effects of the foreclosure crisis – Abandoned or Foreclosed Homes
- Household Eligibility:
 - ✓ Funds may be used to assist households earning up to 120 % of AMI (county program proposed to serve 100 percent of AMI);
 - ✓ 25% of funds must serve very low-income households (50% AMI and below)
- Funds must be obligated in 18 months; expended in four years
- Must serve areas with greatest number of foreclosures



The Neighborhood Stabilization Program Nationally

- 50 States and 250 local governments and municipalities are to receive funds in January/February 2009.
- Virginia state allocation is \$38.7 million.
- Fairfax County allocation is \$2.8 million.
- Fairfax County one of only two local jurisdictions in Virginia to receive direct allocation.



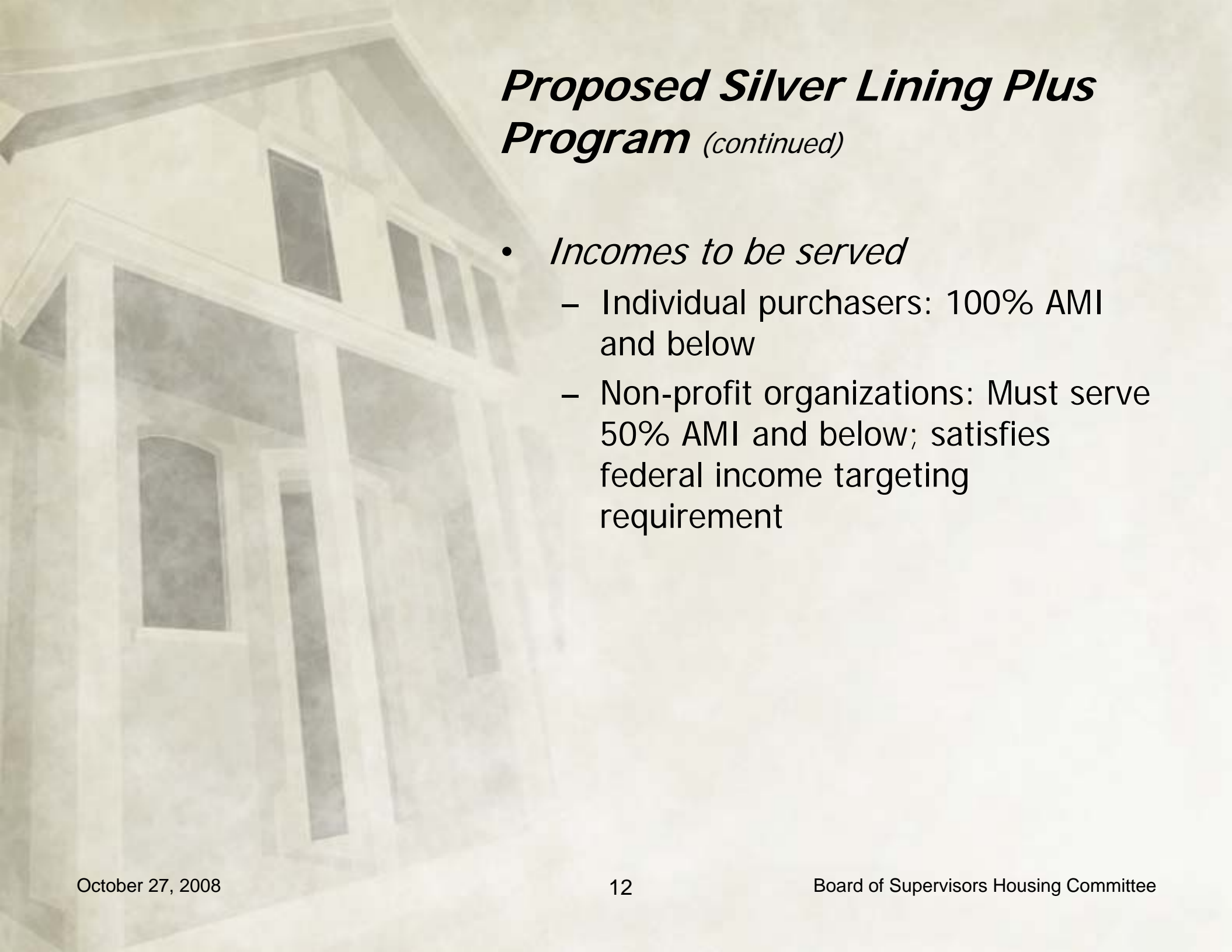
Incorporating NSP Funds into the Fairfax County Foreclosure Initiative: *Silver Lining Plus*

- The Silver Lining Initiative is the primary means by which staff proposes to implement the federal Neighborhood Stabilization Program funds; this program will be known as “**Silver Lining Plus**”
- Will use federal funds first
- Will apply for additional federal funding through the State in 2009



Proposed Silver Lining Plus Program

- *Allocation of Funding:*
 - First-time homebuyers: 54%, or \$1.5 million for equity-shared second trusts. Limited to purchase of foreclosed single family and townhouse units
 - Non-profits: 36%, or \$1 million for no-interest deferred loans to non-profits buying foreclosed units, including condominiums
 - Administration: 10%, or \$280,000



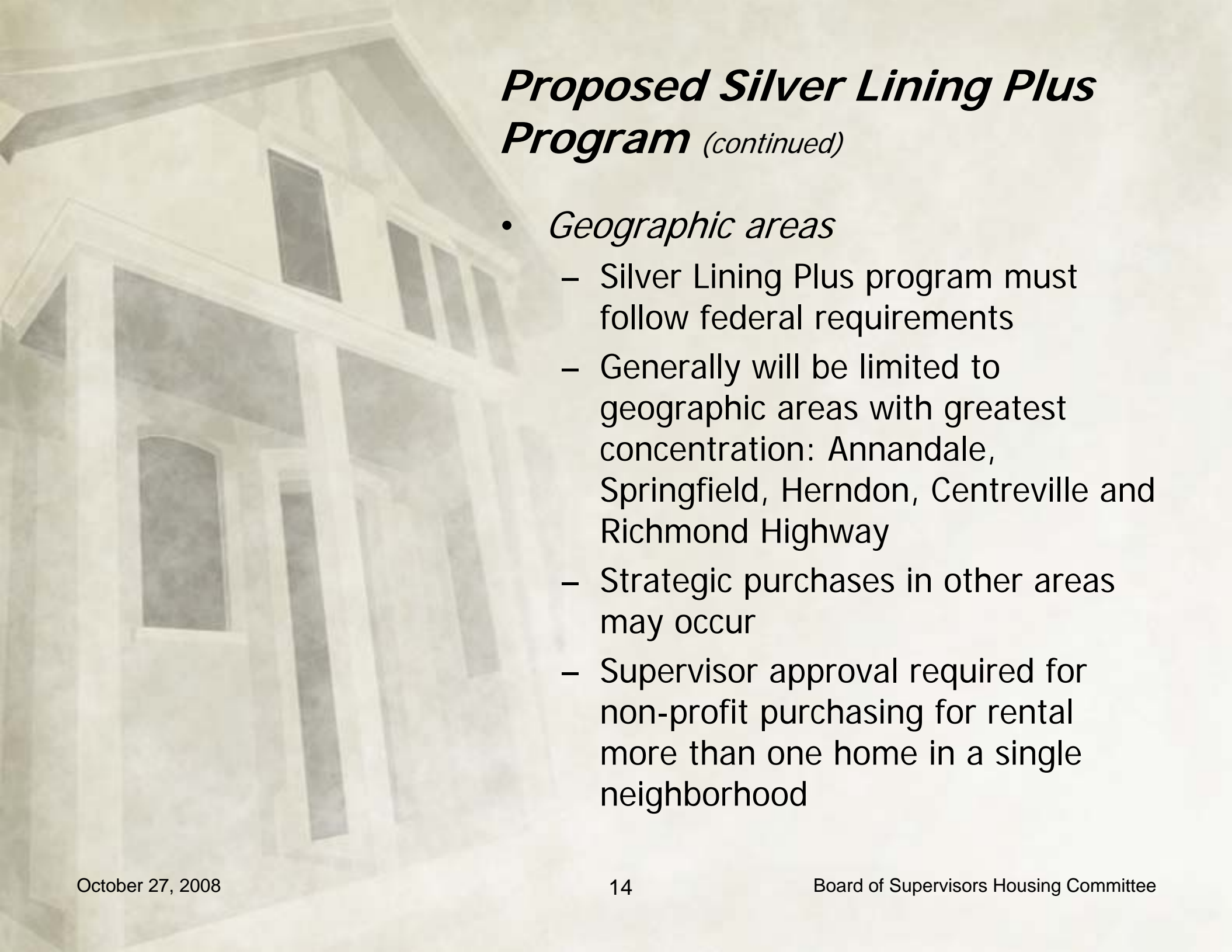
Proposed Silver Lining Plus Program *(continued)*

- *Incomes to be served*
 - Individual purchasers: 100% AMI and below
 - Non-profit organizations: Must serve 50% AMI and below; satisfies federal income targeting requirement

Proposed Silver Lining Plus Program *(continued)*

- Purchase price limits and maximum shared equity*

Unit Type	Purchase Price Limit	Silver Lining Plus: Proposed FCRHA Maximum Loan	Comparison to Existing Silver Lining Initiative
Condominium (non-profits only)	\$174,000	\$90,000	Not applicable
Townhouse	\$270,000	\$66,350	\$91,676
Single Family	\$362,790	\$91,676	\$91,676

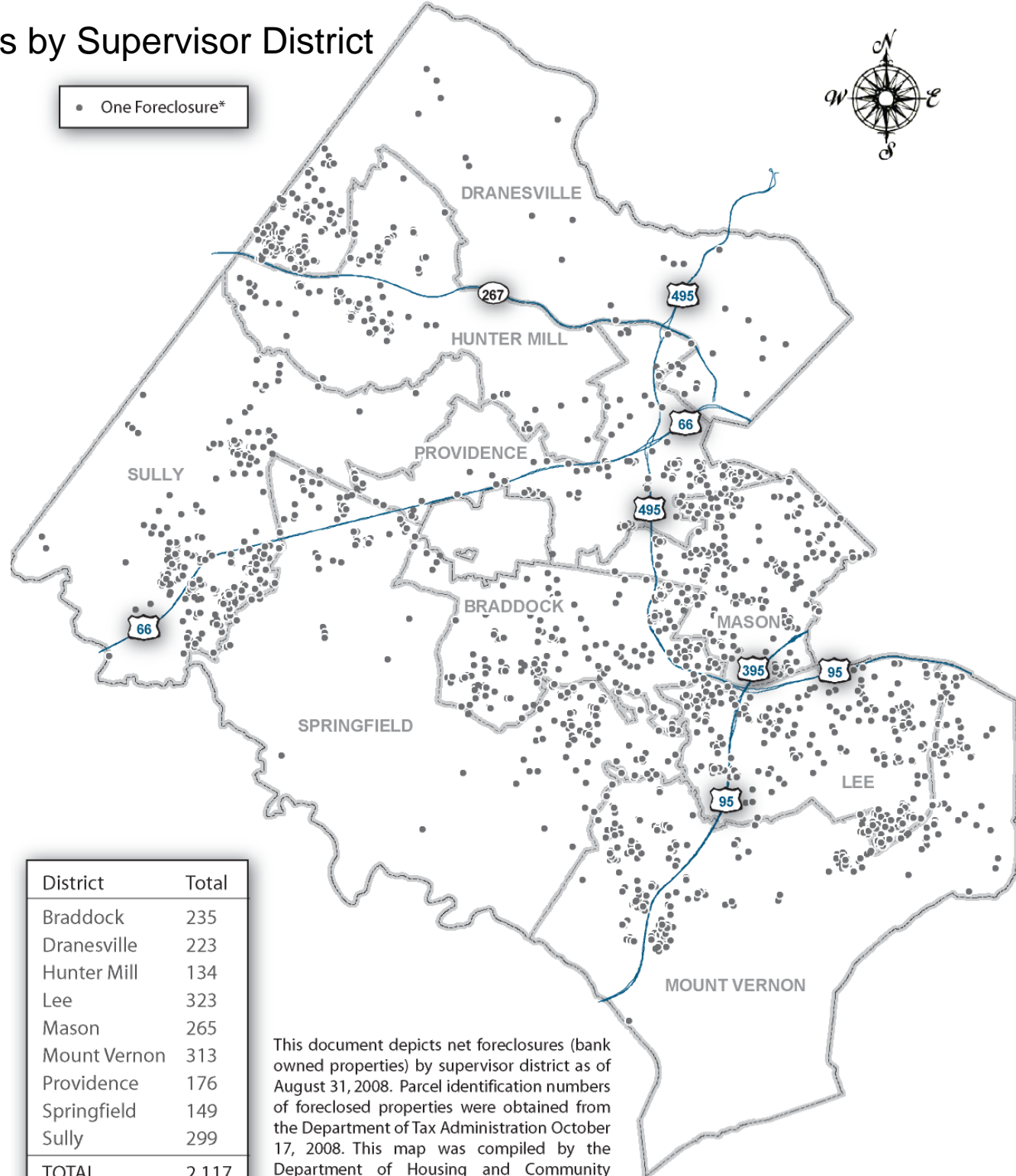


Proposed Silver Lining Plus Program *(continued)*

- *Geographic areas*
 - Silver Lining Plus program must follow federal requirements
 - Generally will be limited to geographic areas with greatest concentration: Annandale, Springfield, Herndon, Centreville and Richmond Highway
 - Strategic purchases in other areas may occur
 - Supervisor approval required for non-profit purchasing for rental more than one home in a single neighborhood

Net Foreclosures by Supervisor District


• One Foreclosure*



District	Total
Braddock	235
Dranesville	223
Hunter Mill	134
Lee	323
Mason	265
Mount Vernon	313
Providence	176
Springfield	149
Sully	299
TOTAL	2,117

This document depicts net foreclosures (bank owned properties) by supervisor district as of August 31, 2008. Parcel identification numbers of foreclosed properties were obtained from the Department of Tax Administration October 17, 2008. This map was compiled by the Department of Housing and Community Development October 23, 2008.

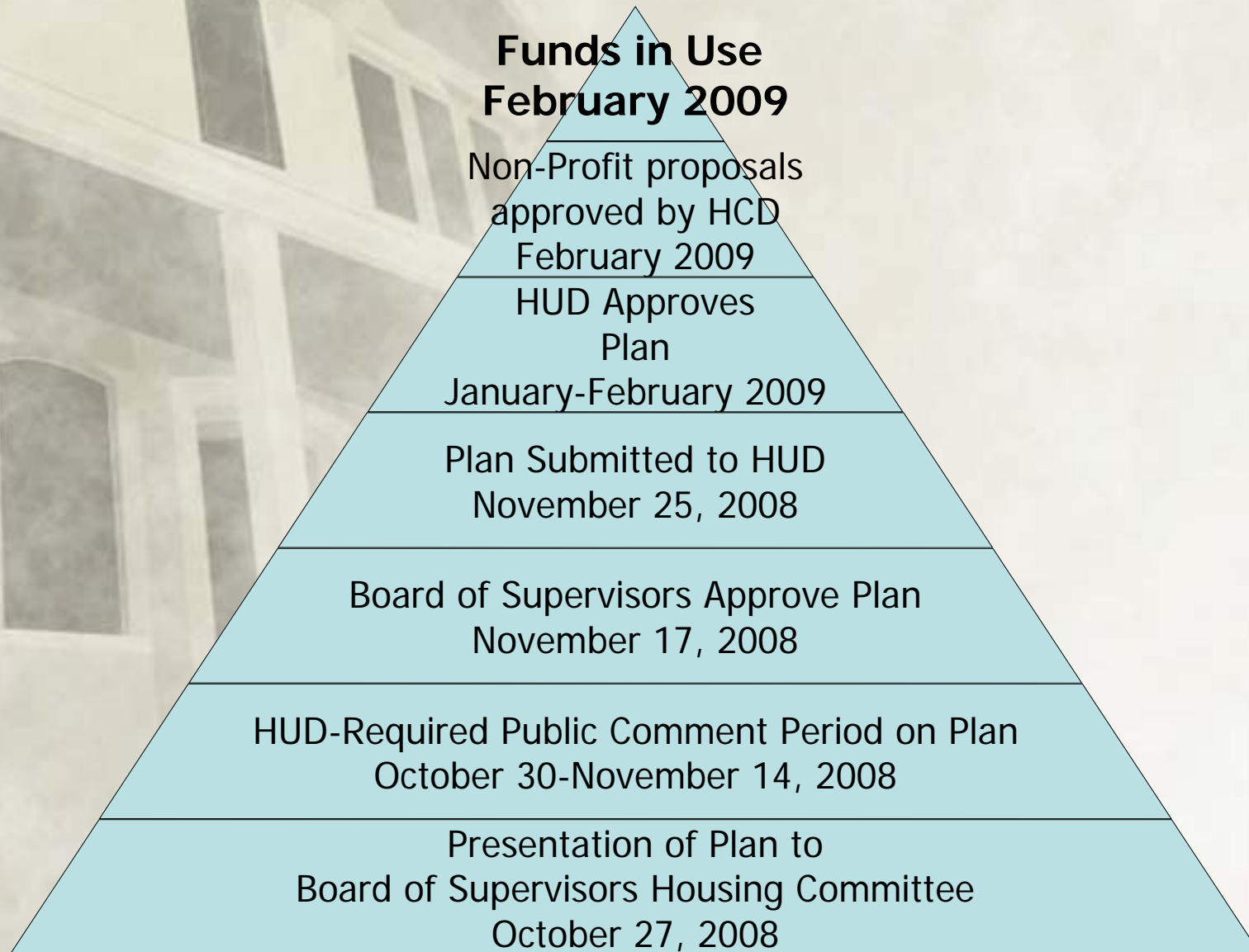
*Some points may be hidden due to overlap



Proposed Silver Lining Plus Program *(continued)*

- *Financing terms*
 - 30-year affordability period; loan is forgiven after 30 years
 - At sale or transfer in Years 1-30, the greater of the principle and interest or the FCRHA equity share is due and payable
 - Income recertification at Year 15; if over 120% AMI:
 - Deferred simple interest will begin to accrue
 - Recommend sale and loan terms be adopted for Silver Lining as well; affordability period applies to both programs

Neighborhood Stabilization Program: Next Steps





- **Questions**
- **Discussion**