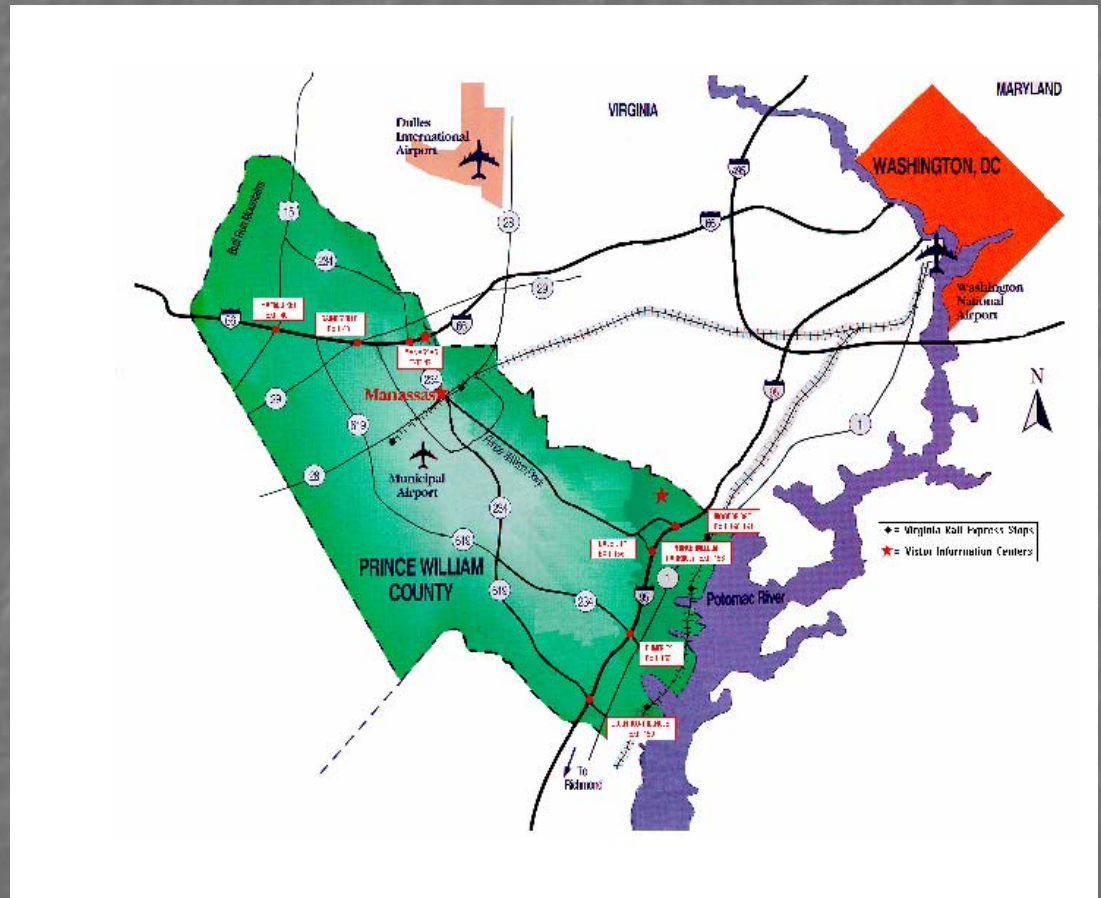


# Virginia Association of Counties

November 10, 2008

# About Prince William County, Virginia

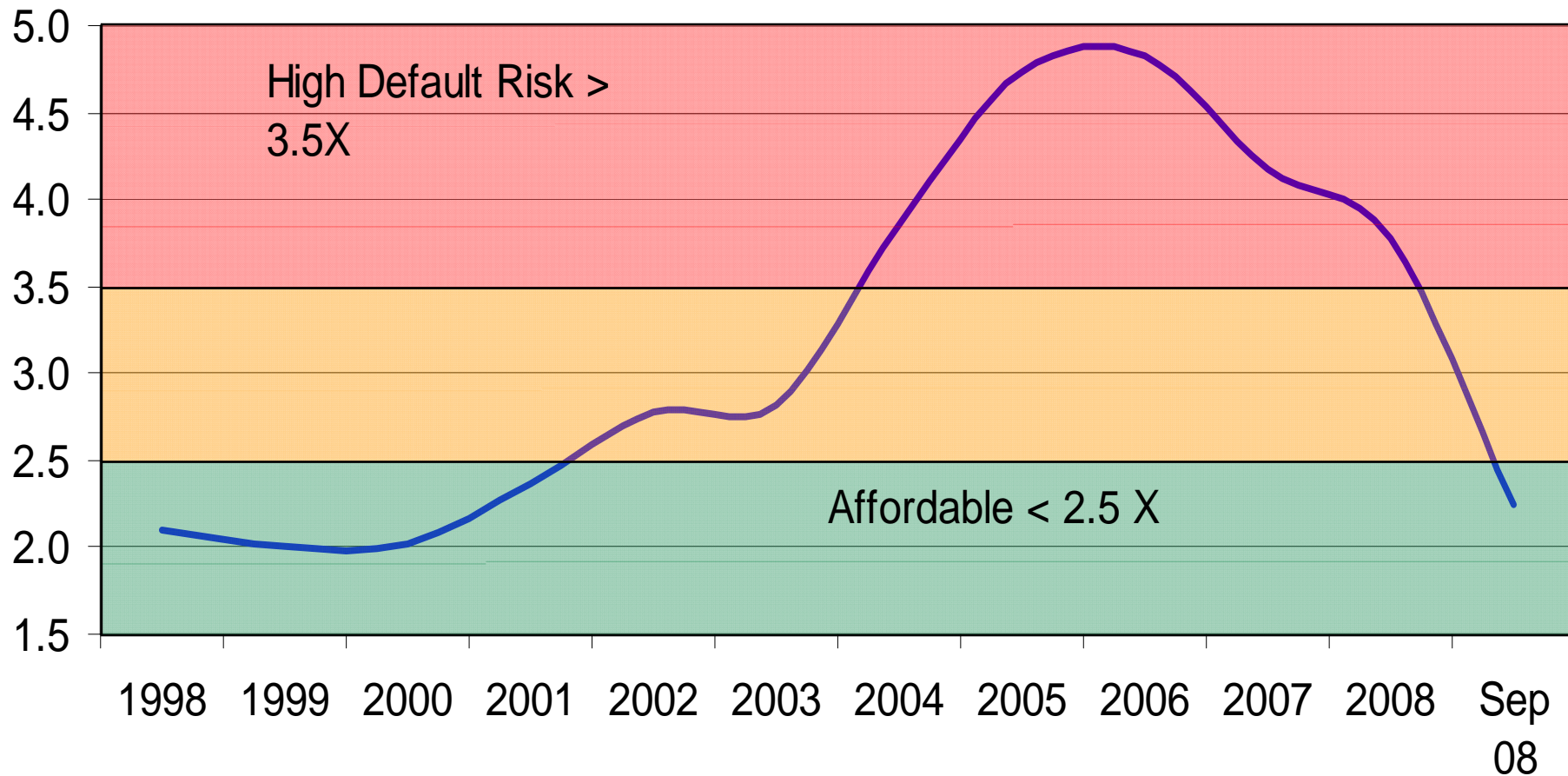
- Suburb of Washington, D.C.
- Population Approximately 389,000
- FY 09 General Fund Budget \$893.9 – Includes \$433.7M Transfer to Schools
- All Funds \$2.34 Billion
- 3,701 FTE Employees
- Eight-Member Elected Board of County Supervisors
- Appointed County Executive



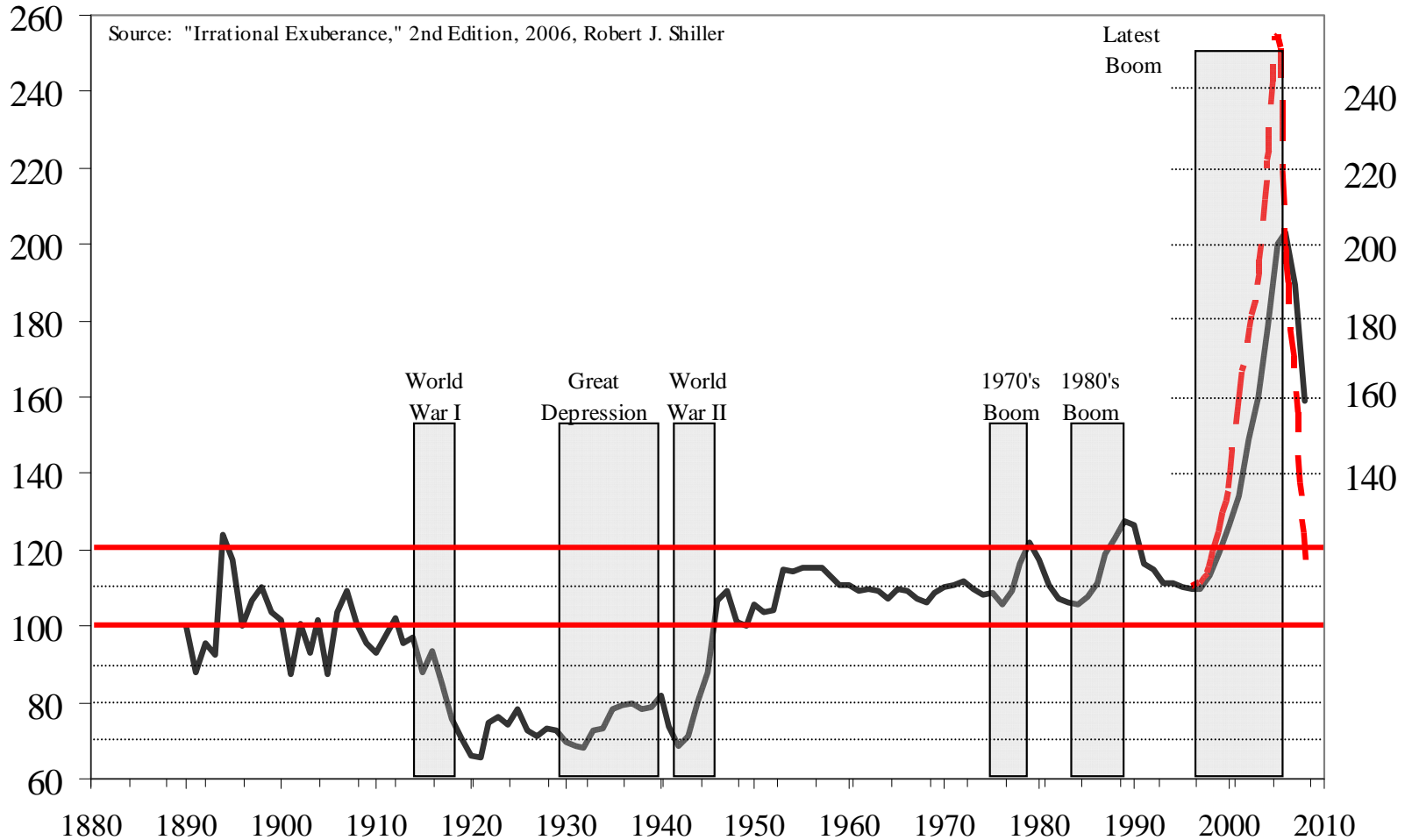
# Today's Discussion

- Foreclosures in Prince William County
- Assessment Impact
- Service Impact
- Housing Strategies

# Affordability Index - Median Home Price/Median Household Income

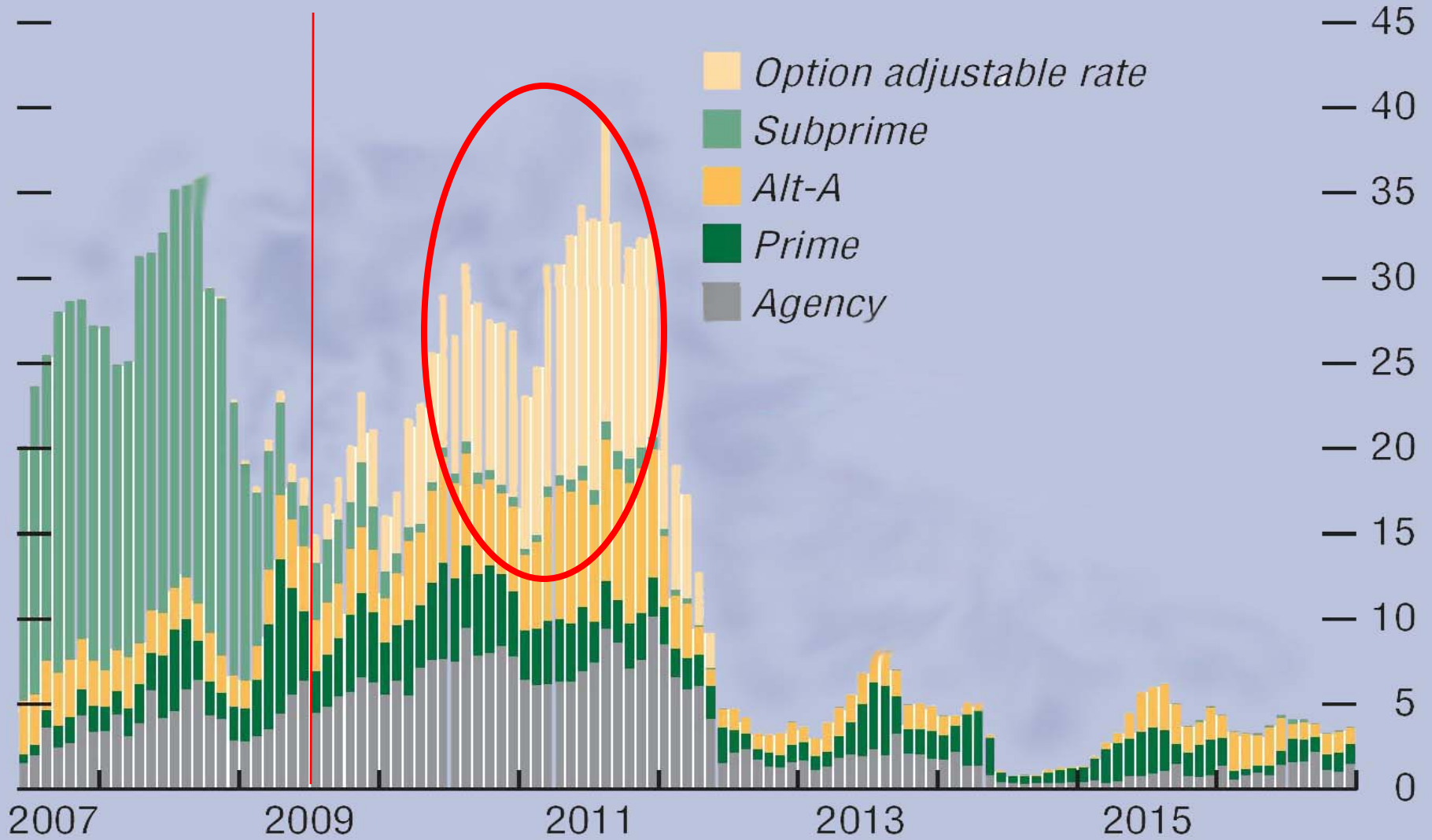


# An Indexed History of Home Values

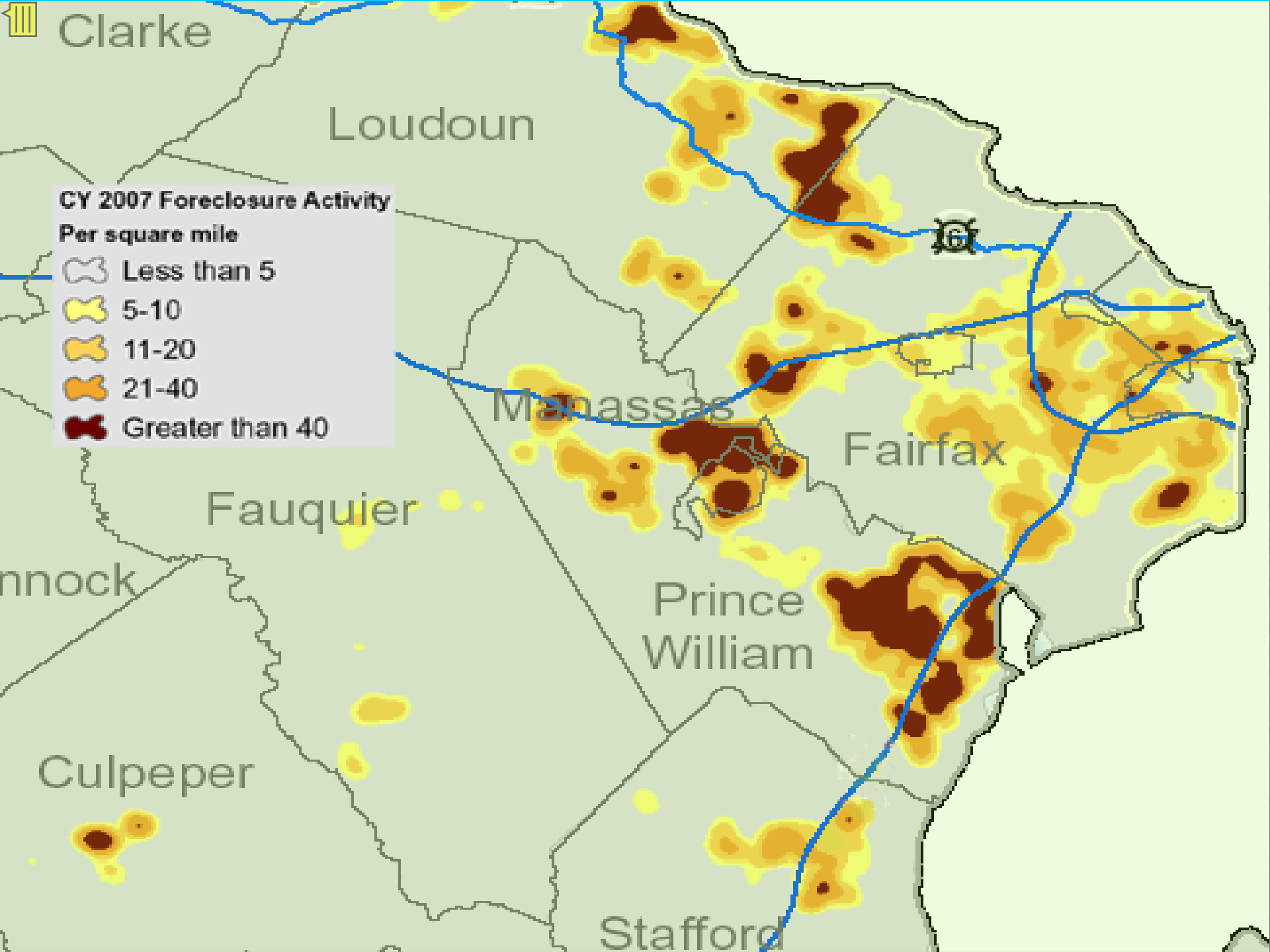




**Figure 1.7. Monthly Mortgage Rate Resets**  
*(First reset in billions of U.S. dollars)*



Source: Credit Suisse.



Clarke

Loudoun

**CY 2007 Foreclosure Activity**

Per square mile

- Less than 5
- 5-10
- 11-20
- 21-40
- Greater than 40

Manassas

Fairfax

Fauquier

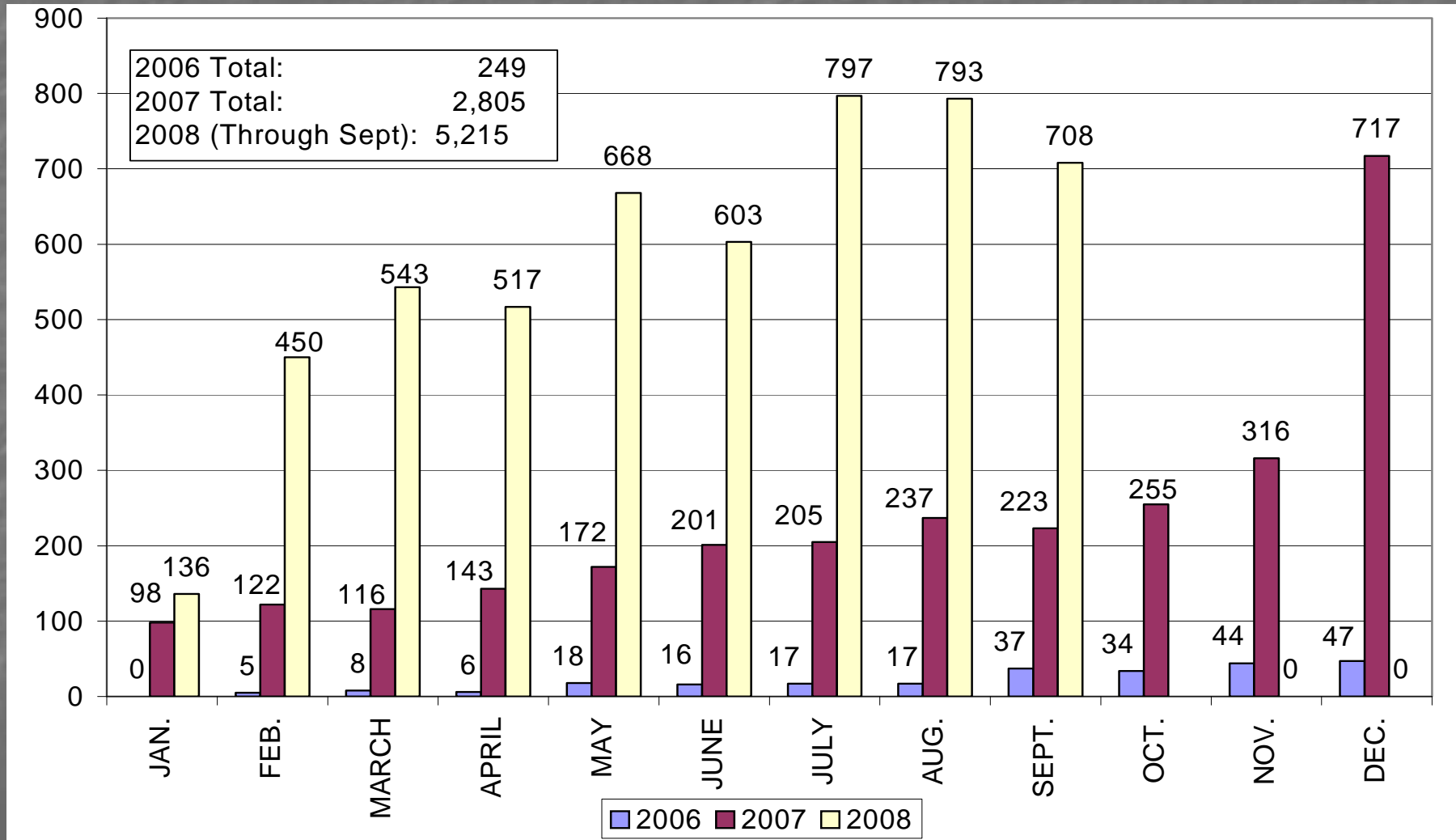
annock

Prince William

Culpeper

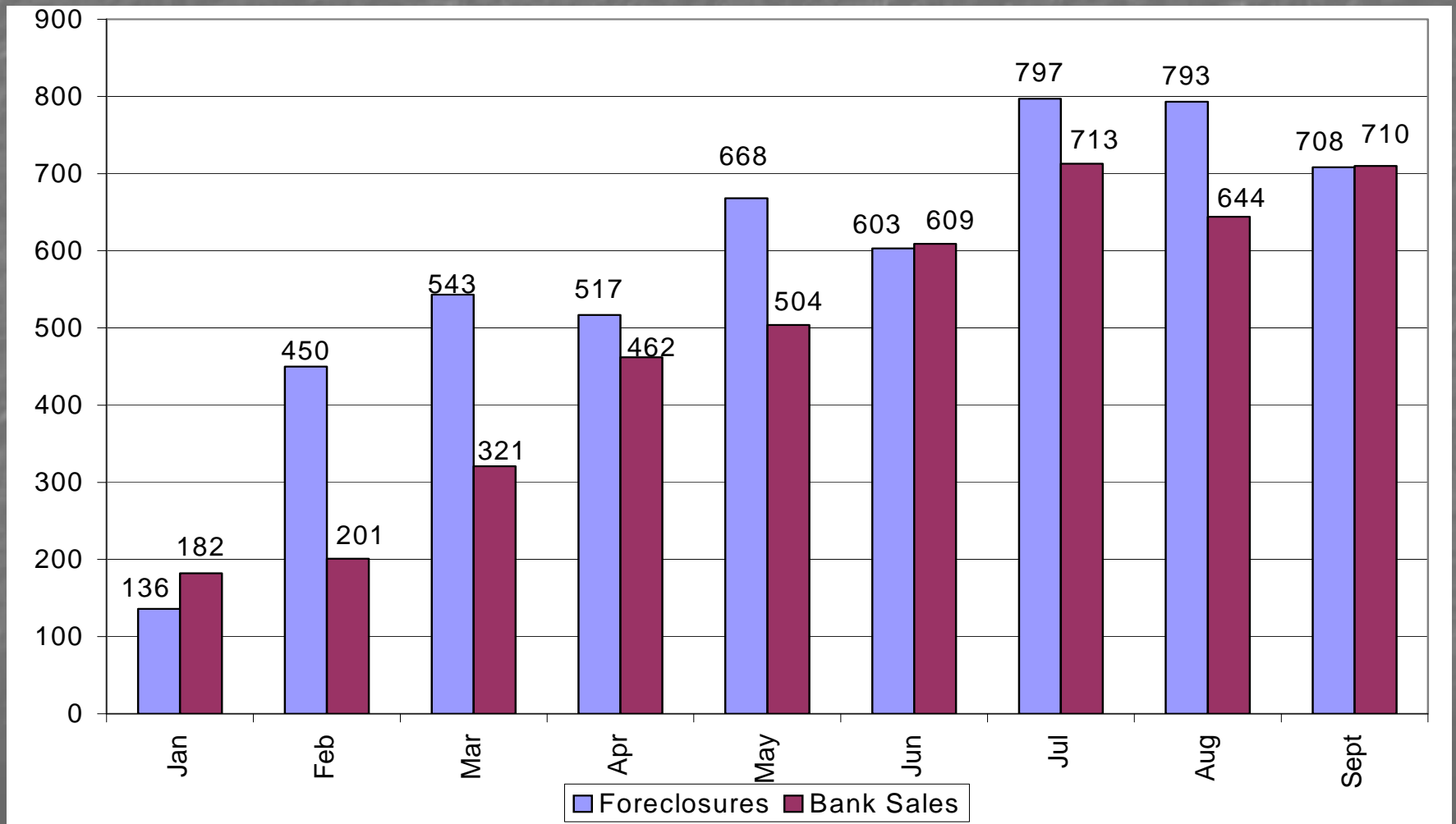
Stafford

# Foreclosures in PWC

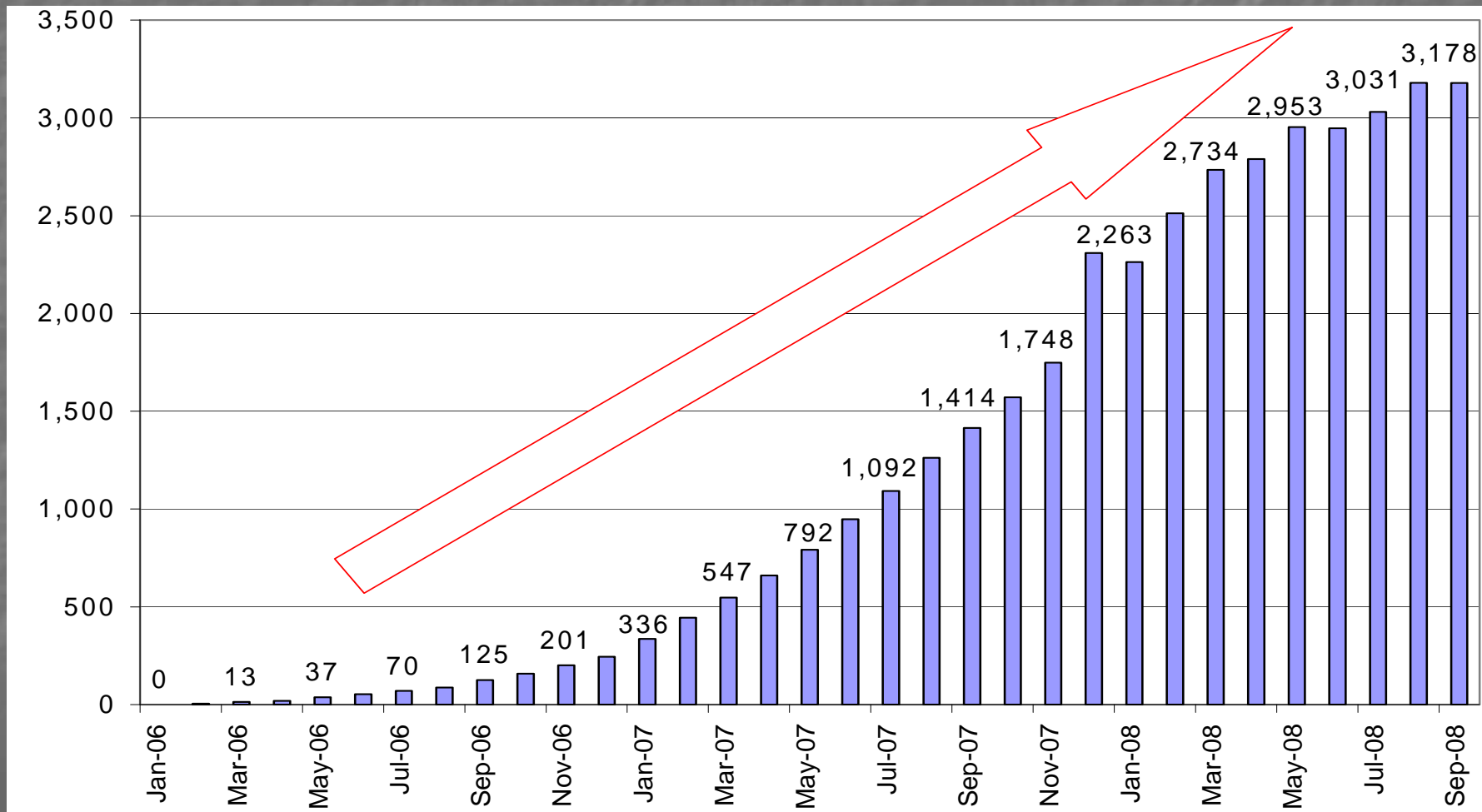




# When will monthly bank sales surpass monthly foreclosures?

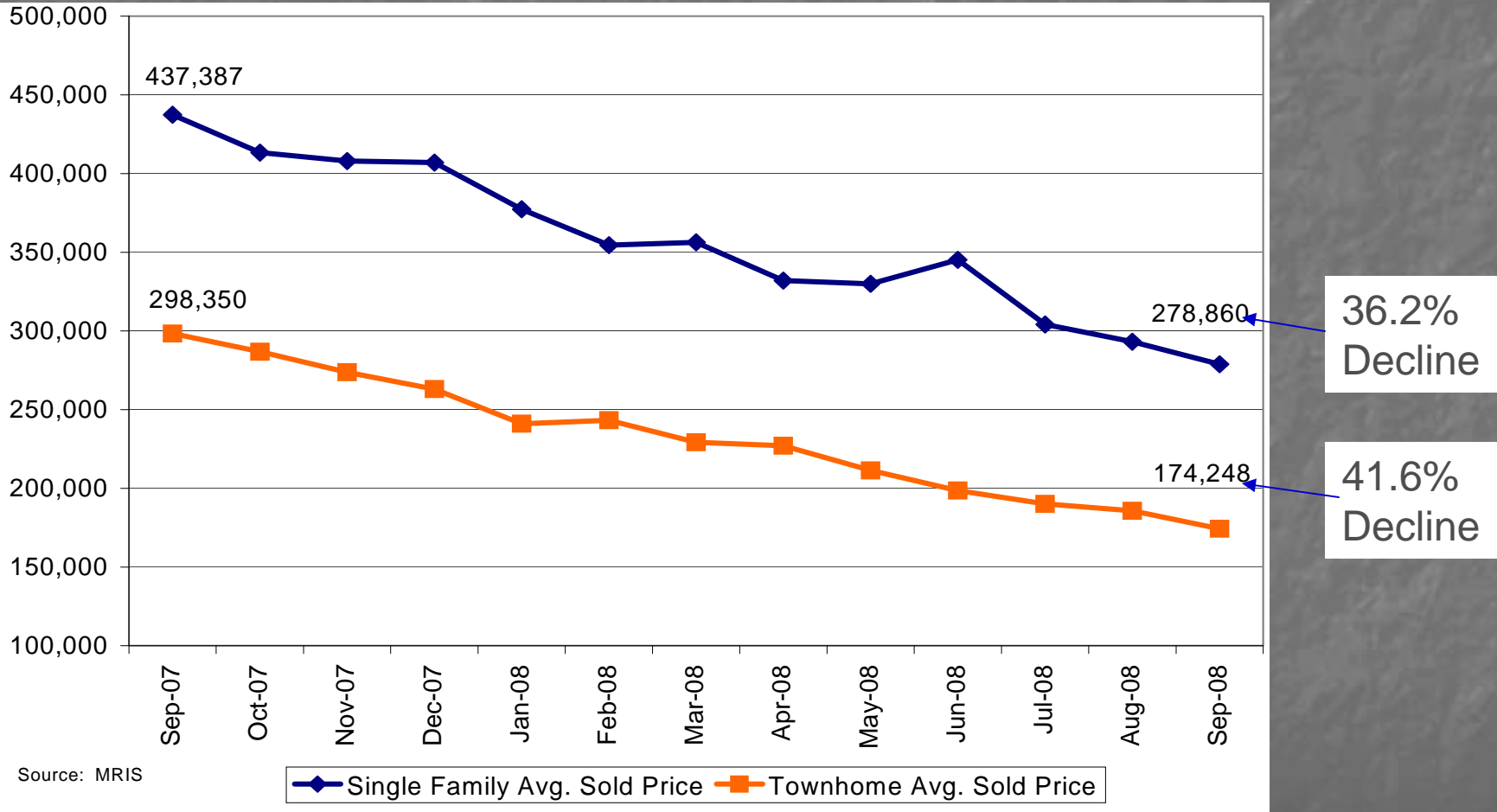


# Balance of Foreclosures as of Date Indicated



# Assessment Impact

# Average Sales Price – Single Family and Townhomes



# Life Cycle of a Foreclosed Home

## ■ Dale City Single-family home

- Constructed in 1967
- 1,981 square feet living area
- 0.27 acres
- Three bedrooms, two full bathrooms

## ■ Sale History

- Sold in June 1989: \$139,900
- Sold in October 2002: \$205,000
- Sold in October 2005: \$418,000
- Foreclosed in March 2007
- January 1, 2008 Assessment: \$327,300
- Sold by bank in June 2008: \$129,675
- Indicated reduction in value from 2008 assessment: 60.4%



# Life Cycle of a Foreclosed Home

## ■ Yorkshire Townhouse

- Constructed in 1974
- 1,224 square feet living area
- 0.03 acres
- Three bedrooms, one and a half bathrooms

## ■ Sale History

- Sold in April 1999: \$73,500
- Sold in December 2003: \$159,900
- Sold in August 2004: \$205,000
- January 1, 2006 Assessment: \$247,100
- Foreclosed in October 2007
- January 1, 2008 Assessment: \$205,700
- Sold by bank in August 2008: \$60,000
- Indicated reduction in value from 2008 assessment: 70.8%





# Life Cycle of a Foreclosed Home

## ■ Gainesville Single-family home

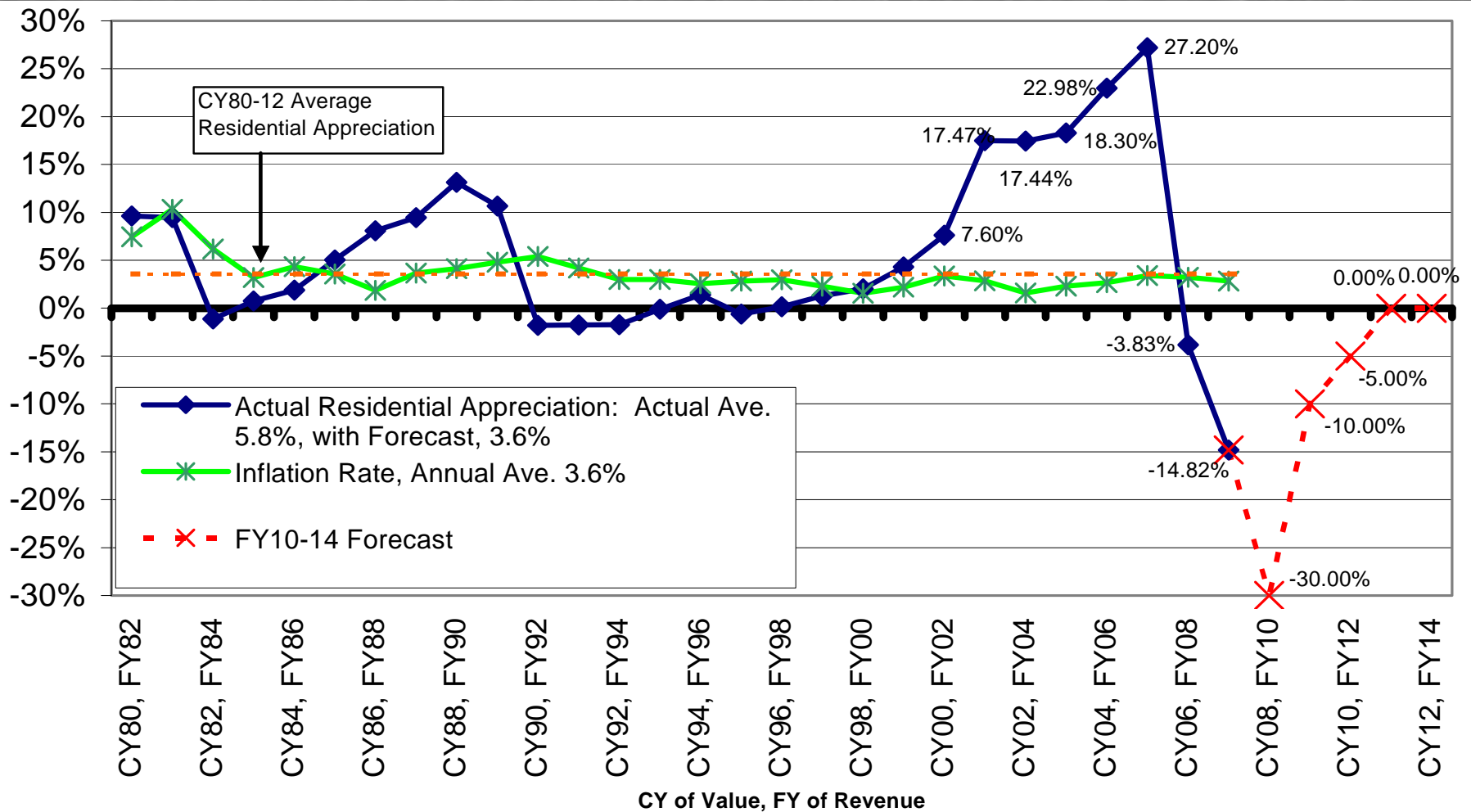
- Constructed in 2006
- 3,312 square feet living area
- 0.18 acres
- Four bedrooms, three and a half bathrooms



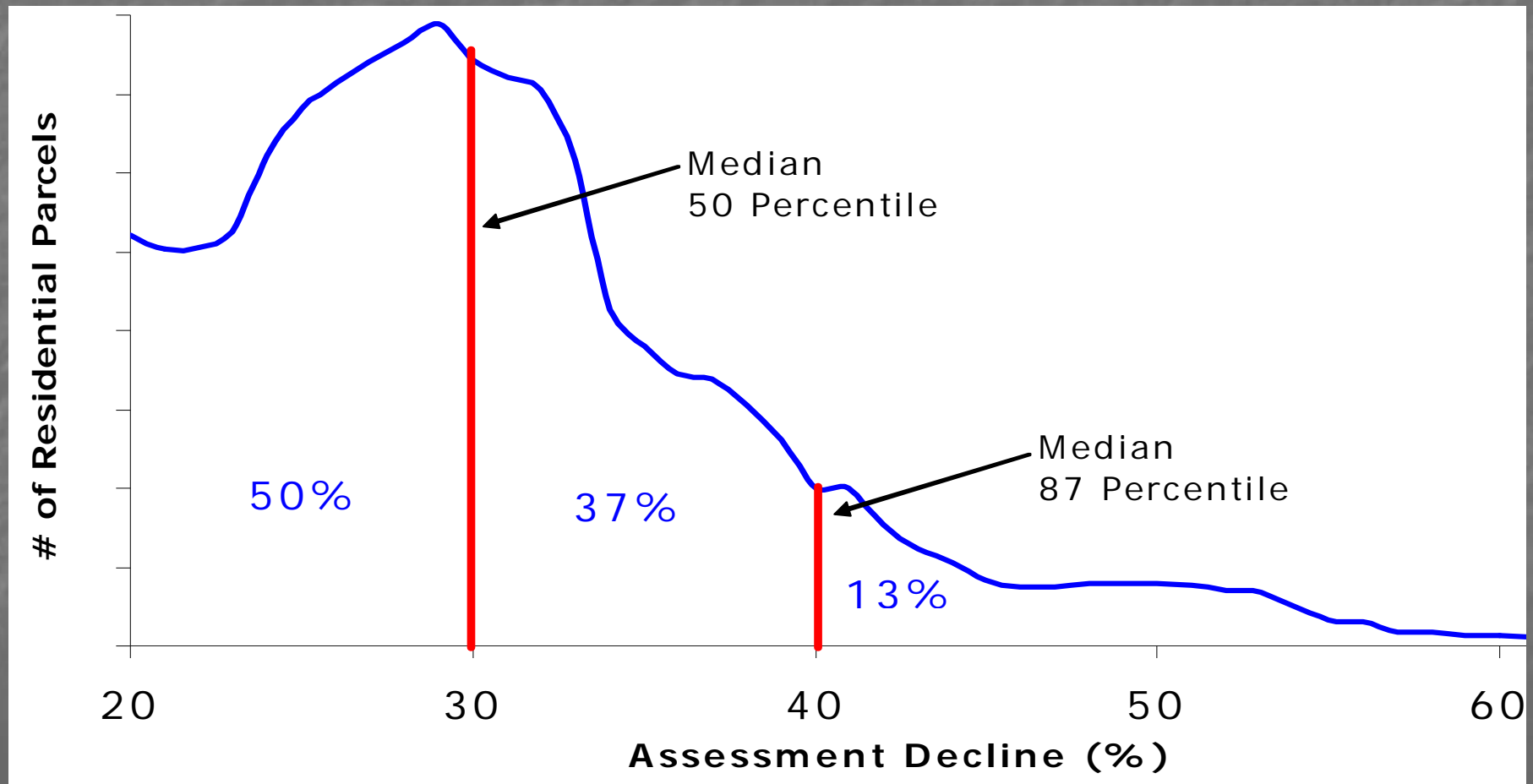
## ■ Sale History

- Sold in December 2006: \$533,570
- Foreclosed in May 2008
- January 1, 2008 Assessment: \$474,800
- Sold by bank in June 2008: \$350,000
- Indicated reduction in value from 2008 assessment: 26.3%

# History of Real Estate Appreciation in PWC



# Preliminary Distribution of Residential Property by Assessment Decline



# Service Impacts

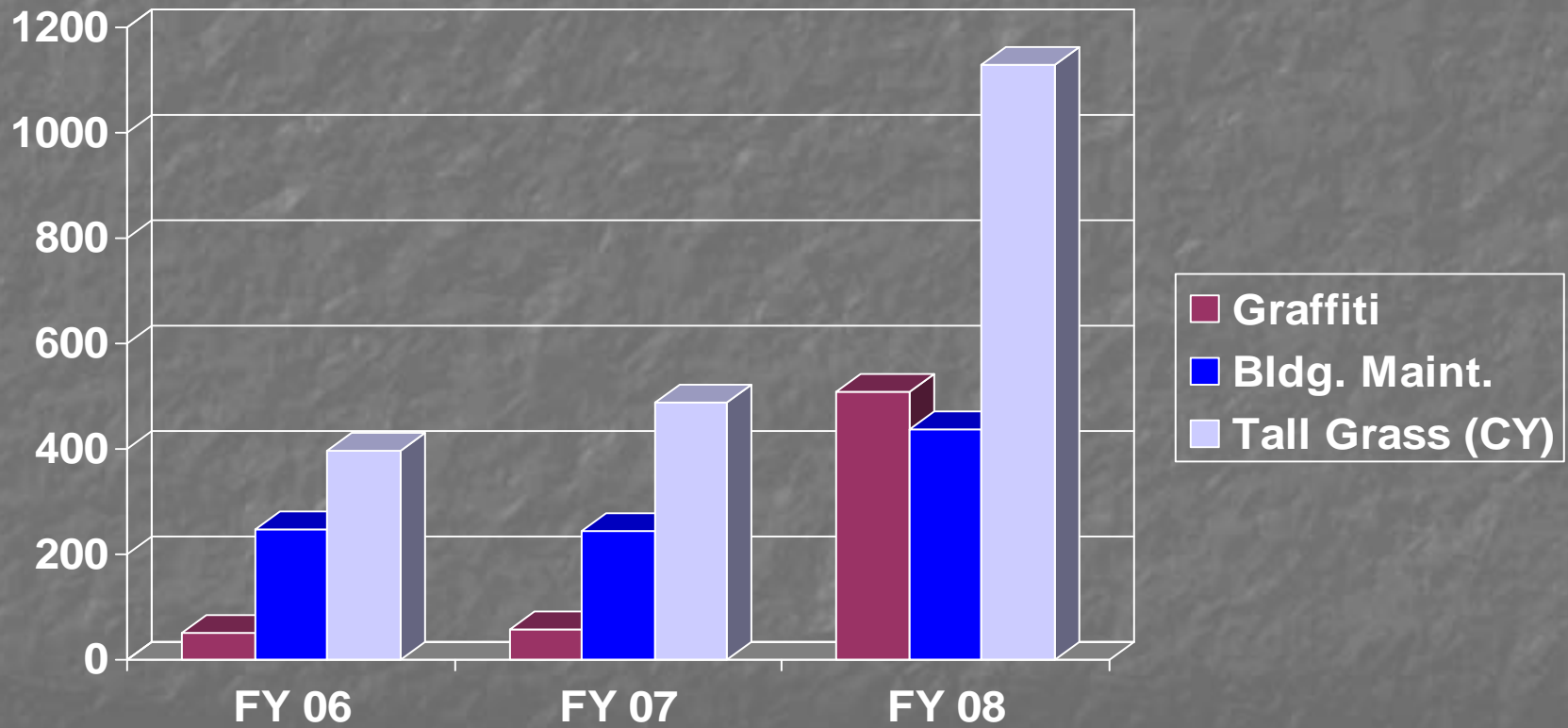


# Initial Neighborhood Impacts

- Poor Appearance
- Tall Grass/Weeds
- Trash and Debris



# Visible Neighborhood Impacts





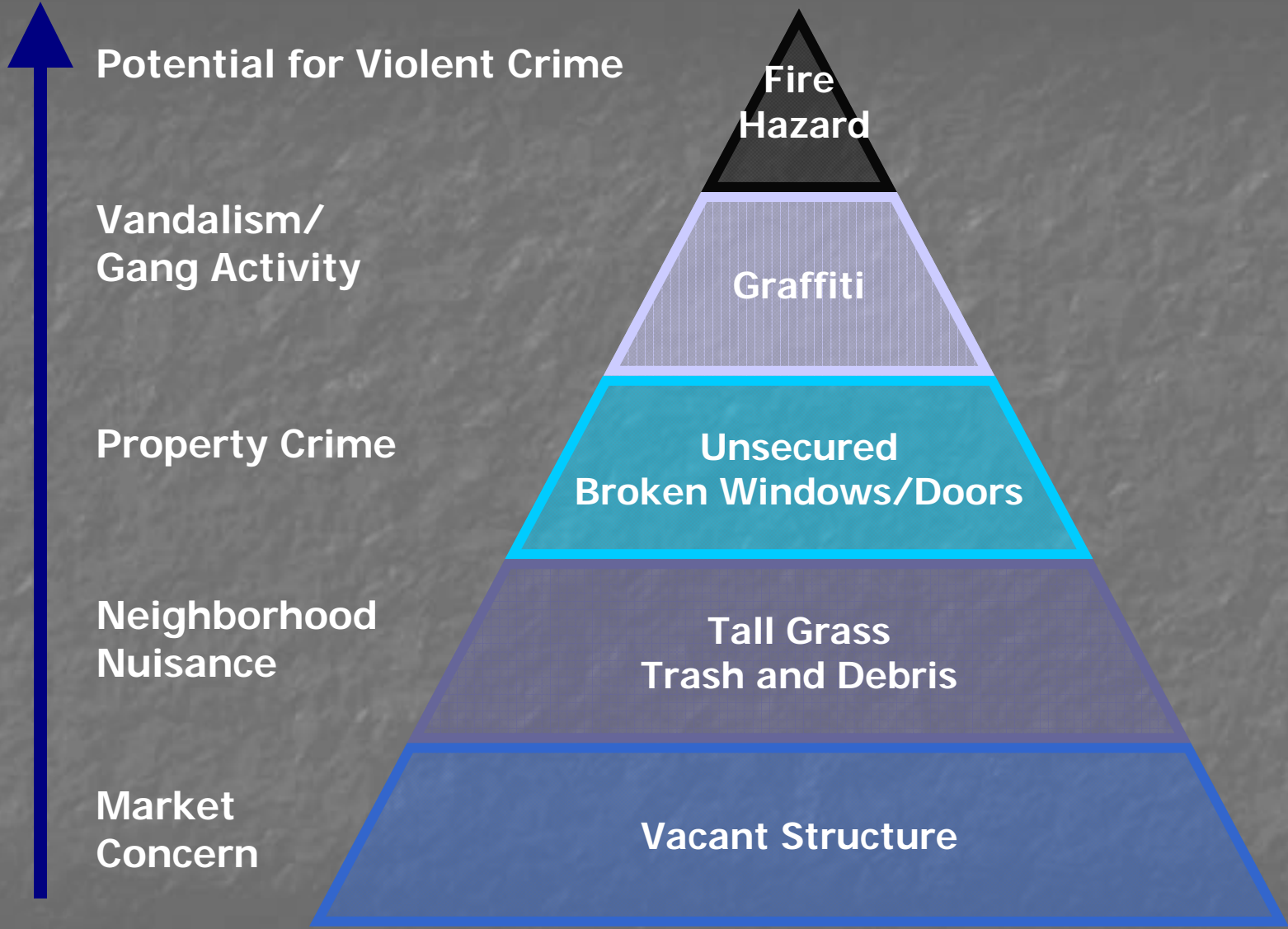
# Neighborhood Impacts

- Public Safety

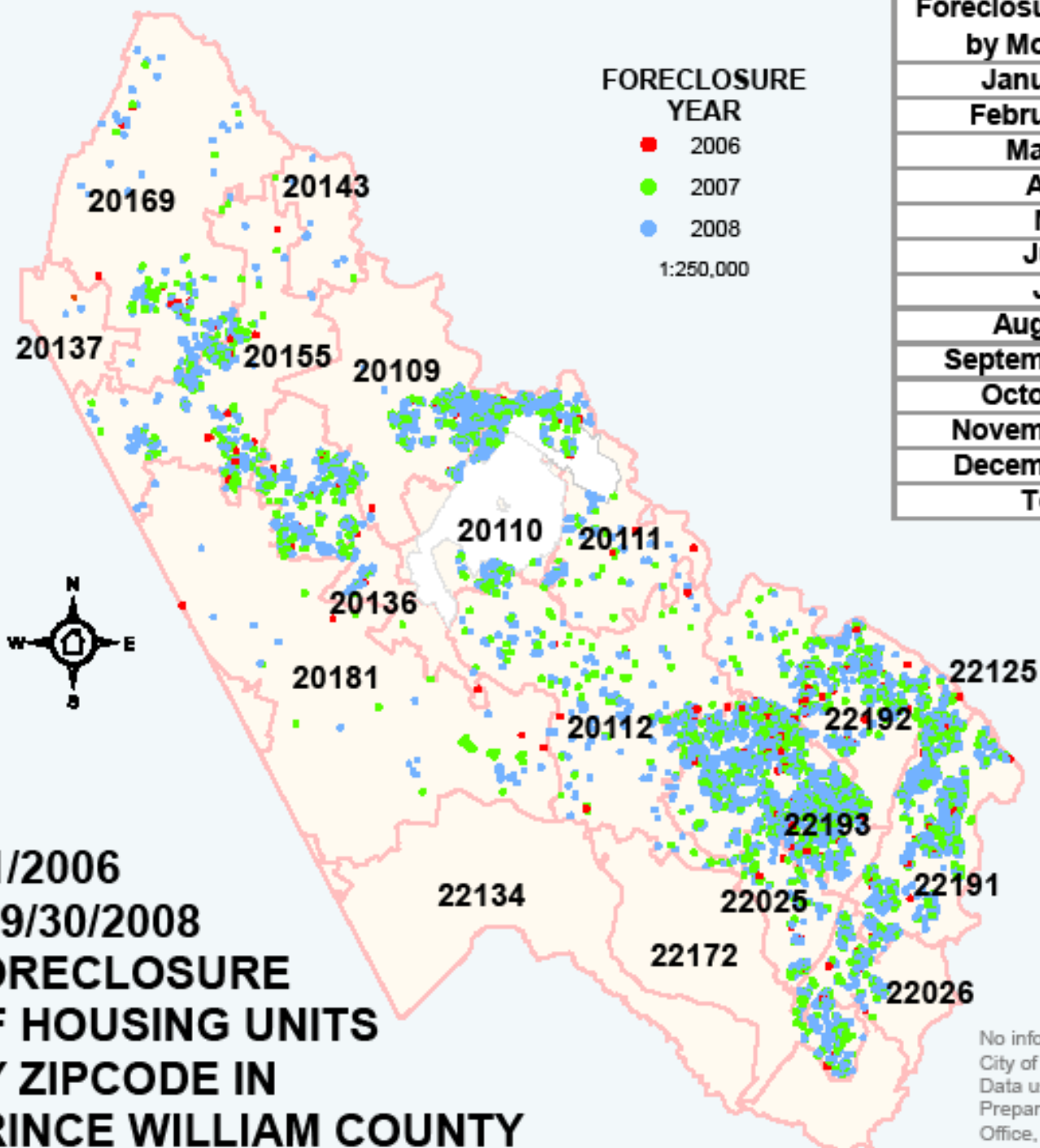
- Unsecured Structures
- Unsecured Pools
- Attractive Nuisance
- Trespassers
- Vandalism / Graffiti

- Property Values

- Unable to Sell/Increased Rentals



**1/1/2006  
to 9/30/2008  
FORECLOSURE  
OF HOUSING UNITS  
BY ZIPCODE IN  
PRINCE WILLIAM COUNTY**



**FORECLOSURE  
YEAR**  
■ 2006  
■ 2007  
■ 2008  
 1:250,000

Foreclosures by Month	2006	2007	2008
January	0	98	136
February	5	122	450
March	8	116	543
April	6	143	517
May	18	172	668
June	16	201	603
July	17	205	797
August	17	237	793
September	37	223	708
October	34	255	
November	44	316	
December	47	717	
<b>Total</b>	<b>249</b>	<b>2,805</b>	<b>5,215</b>

Zip	All Foreclosures	Still Unsold
20109	1,080	362
20110	124	40
20111	363	131
20112	264	124
20136	415	134
20137	2	
20143	11	5
20155	478	152
20169	203	83
20181	61	37
22025	249	93
22026	391	172
22125	7	4
22172	170	75
22191	1,408	614
22192	839	356
22193	2,135	908

No information is included for properties located in the City of Manassas or the City of Manassas Park. Data used to create this map is subject to change. Prepared by Prince William County Assessments Office, Finance Department. October 2008

# Public Safety Research Findings

- 6.7% increase in violent crime when 3 of 100 homes in neighborhood vacant
- Blocks with unsecured structures have 2x the crime rate of similar blocks with secure structures
- Increased fear, decreased comfort level of neighbors in close proximity to vacant structures



# Challenges

- Meeting citizen expectations
- Workload priorities
- Funding constraints
- Recouping out of pocket costs
- Staff retention and morale
- Planning for the future

# Available Tools

- Code Enforcement
  - Self help codes for grass, trash/debris, graffiti
- Education and Outreach
  - Community Activists/Groups
  - Neighborhood Watch



# Legislative Changes Needed

- Vacant Property Registry
- Impact Fees for Vacant Properties
- Additional Self-Help Remedies
  - Property maintenance
  - Graffiti abatement costs
- Alternative Service Methods

# Housing Strategies

# Housing Strategy

- Three-Pronged Attack on the Housing Problem Covers Many Angles
- Home Help Initiative
- Home Help Plus Proposal
- HUD Neighborhood Stabilization Funds
  - \$4.1 million



# Home Help Plus

- Means testing adjunct program for Home Help buyers
- Utilizes \$200,000 in proffer funds to provide downpayment assistance to income qualified applicants
- Income restricted up to 120% of area median income
- Specific program details being developed

# Neighborhood Stabilization Program

- July 31, 2008, President Bush Signs Housing and Economic Recovery Act of 2008 (HERA)

Goal: Designed to provide funding mechanisms for the Federal, State and Local Governments to address the Housing Crisis

- Direct Funding to State and Local Governments:  
The Act appropriated \$3.92 billion for grants to State and Local governments, of which Prince William County received \$4,134,612 for the Prince William Area and the State received \$38,747,931



# Neighborhood Stabilization Program

## Allowed Program Activities and Use of funding:

- a. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared equity loans for low – and moderate – income homebuyers
- b. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties
- c. Establish land banks for homes that have been foreclosed upon

# Neighborhood Stabilization Program

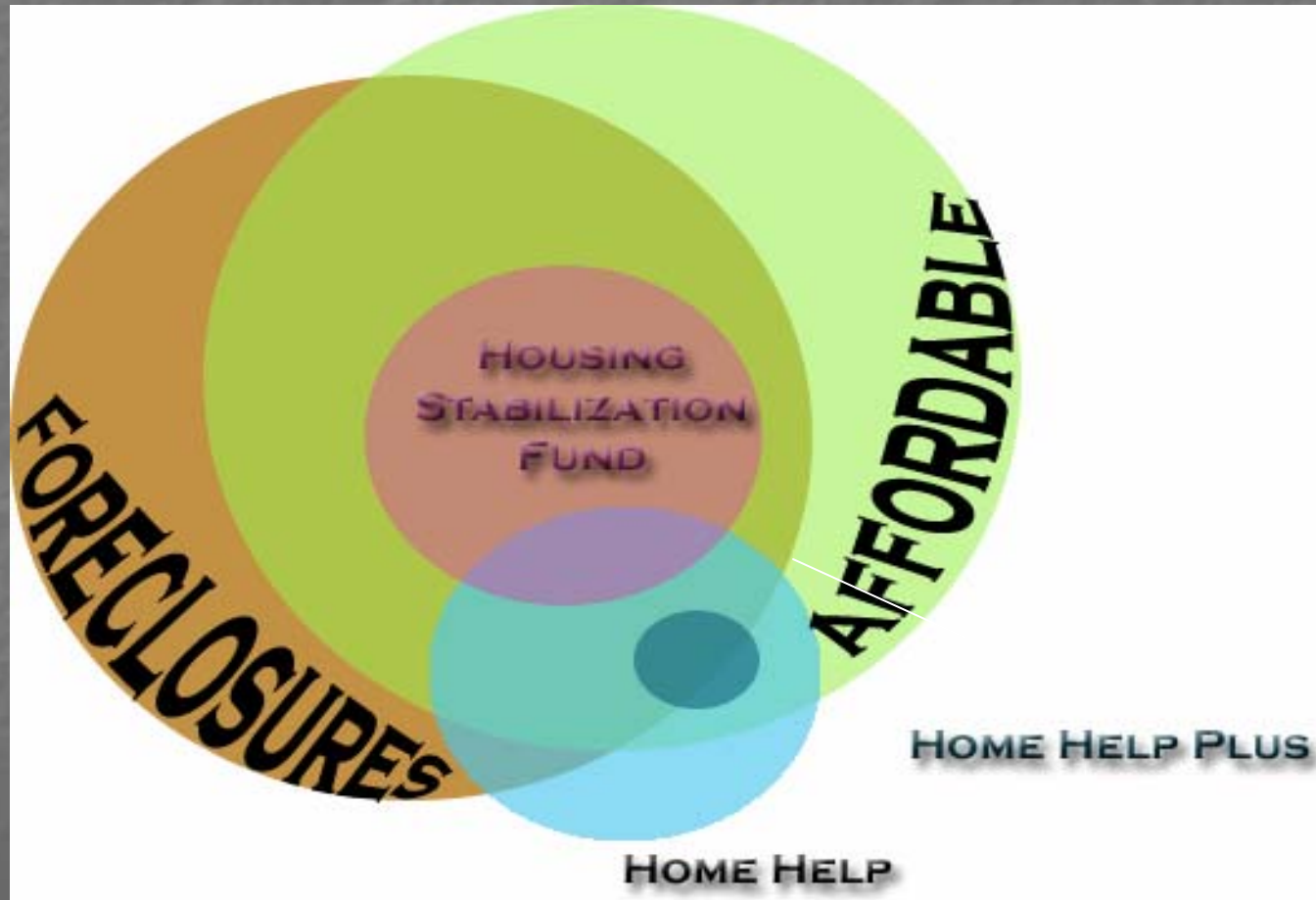
- d. Demolish blighted structures
- e. Redevelop demolished or vacant properties
- f. Funds must be obligated within 18 months of execution of the HUD contract
- g. Serve families at or below 120% of AMI
- h. Target areas of the County and the Cities with the highest need (Highest # of foreclosures/Sub-prime Loans and areas facing a high number of foreclosures)

# Comparison of Programs

Home Help	Home Help Plus	HUD Neighborhood Stabilization Funds
-----------	----------------	---

<b>Who Can Participate</b>	First Responders, Teachers and other County Employees	First Responders, Teachers and other County Employees	Open
<b>Primary Benefit</b>	Interest Rate Reduction	Downpayment Assistance	Downpayment Assistance
<b>Income Restrictions</b>	None	120% of AMI	120% of AMI
<b>Loan Type</b>	FHA/VA	FHA/VA	FHA/VA
<b>Home Price Restrictions (maximum)</b>	\$301,183	\$301,183	To Be Determined
<b>Home Type Restrictions</b>	Existing Homes Only	Existing Homes Only	Foreclosures Only
<b>Owner Occupancy Required</b>	Yes	Yes	Yes
<b>First-Time Buyer Requirement</b>	No	No	No
<b>Is Benefit Repayable?</b>	No	Yes	Yes
<b>Total Funding Available</b>	\$50 million	\$200 thousand	\$4.1 million

# How the Programs Address the Problem



# Questions?

## Thank you

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