

**ACTION ITEM  
BOARD OF SUPERVISORS**

**DATE** November 20, 2008

**TO** Board of Supervisors

**FROM** Anthony Romanello, ICMA-CM  
County Administrator



**ISSUE** Presentation by Bob Wilson, Executive Director, GWRC, on Affordable Housing Task Force

**STAFF RECOMMENDATION** N/A

**BUDGET IMPACT** N/A

**ATTACHMENTS** (2)

[1] Affordable Housing Task Force Response [ ] Reso/Ord/Proc #

[2] Regional Memorandum of Understanding [ ] Reso/Ord/Proc #

[ ] [ ] Reso/Ord/Proc #

**REVIEW** [ ] County Administrator's Office \_\_\_\_\_

[ ] Legal \_\_\_\_\_

[ ] Budget Division \_\_\_\_\_

[ ] Consent Agenda

[ ] Other Business

[ ] Public Hearing

[ ] Discussion Item

[X] Presentation

[ ] Unfinished Business

[ ] New Business

**PRESENTATION BY:** Bob Wilson, Executive Director, GWRC  
Affordable Housing Task Force

**ELECTION DISTRICT** N/A

## **GWRC Affordable Housing Task Force Response to: Virginia Neighborhood Stabilization Program *Readiness and Capacity to Proceed***

Please provide some baseline information of the readiness and capacity of your locality (Region) to carryout the Neighborhood Stabilization Program

### **1) Provide a description of the areas of concentration bank-owned homes in your locality**

See Figure 1 (next page), illustrating June 2008 regional geographic patterns of “financially-distressed” properties, including 448 foreclosures, shown with a red dot. Geographic concentrations of foreclosures can be seen in North Stafford Co, west of I-95 along Rt 610, and southern Stafford, northeast of the City of Fredericksburg. Concentrations of foreclosures can be found in northern Spotsylvania Co in the subdivisions southwest of the City, below Rt 3, and also in neighborhoods near the County Courthouse. Caroline Co concentrations of REO properties are in the newer subdivisions in the Ladysmith area and along Rt 207, just east of I-95. No discernible pattern is evident in King George Co.

June 2008- 474 properties within PD-16 were foreclosed. In October of 2008 there were 83 in default and 785 bank owned and 330 up for auction.

### **2) Discuss the status of your identification of ownership and the condition of affected properties.**

The Central Virginia housing Coalition (CVHC) Housing Counselor receives notification from the three largest REO's on a monthly basis. CVHC's counselor also receives notification on a daily basis the foreclosure list for seven counties. CVHC visually inspects the properties that we are interested in and do a HQS inspection.

Ownership research has not begun yet in the Counties, however, the City has identified affected properties and the owner of record on the tax rolls. The general condition of REO properties, by jurisdiction, is summarized below.

#### Spotsylvania Co.

Spotsylvania County information indicates that approximately 90% of foreclosed properties were owner occupied single family homes that show an average resale value of \$250,000, compared to approximately 10% townhouse availability. Possible exceptions to these would include a few neighborhoods with new construction and heavy investor ownership. Ages of properties trend 7-9 years old, usually not well-maintained due to routine maintenance issues and in most cases have physical damage (i.e. missing appliances & fixtures, drywall damage, and mold. In some cases all appliances, heating and cooling system and water systems have been removed.) These conditions are potentially issues for any future lender that normally would require repair prior to funding a loan on a resale.

Most highly-affected neighborhoods in Spotsylvania County include Salem Fields (Brookfield\*, Fairfield, Villages & The Glen), Chancellor Green, Chancellor Hills, Fawn Lake\*, Holleybrooke, Lake Wilderness, Lancaster Gate, Lee's Parke\*, Mill Garden, Raintree, Spotsylee and The Timbers.

\* NOTE these subdivisions are heavy with investor-owned properties, are newer in age and a little better condition.

#### Stafford Co.

Stafford County shows trends heavier towards townhouse foreclosures, with only 40% of estimated foreclosures being single family homes. With a heavy military influence in the area, ownership appears to lean towards investor rentals which may have a shorter unit life span due to tenant wear and tear (i.e. abuse).



Most highly-affected neighborhoods in Stafford Count include Aquia Harbour\*, Charlestown Commons, Devon Green, England Run, Hampton Oaks, Heather Hills, Park Ridge, Potomac Hills, St Georges Estates\*, Stafford Lakes, Stafford Mews, Stafford Oaks, Stafford Meadows, Vista Woods\* and Widewater Village\*

\* NOTE these subdivisions are the only ones with single family homes, the rest are townhomes  
Information obtained for this assessment is from the local Multiple Listing Service

### Caroline Co

Caroline Co has one major neighborhood identified- Lake LandOr, while secondary neighborhoods include Lake Caroline and Ladysmith Village

### King George Co

King George only has 1 major subdivision-Presidential Lakes, mostly rural properties but far less

### **3) Describe existing programs that you have in place or designed to address these properties.**

CVHC has the capacity for one-on-one pre-purchase counseling, credit counseling, homeownership classes, post purchase and pre-purchase, homebuyer workshops, loss mitigation, home maintenance, financial literacy, and soon reverse mortgage counseling

Additionally CVHC works with VHDA and DHCD with the SPARC Program that helps with low interest mortgage loans and down payment assistance CVHC also has an "Affordable Housing" program (GAL-2) where we purchase land and build or build on the owners land

City Affordable housing programs in the City of Fredericksburg are implemented, in part, through the City's Housing Office which is supported by a CDBG entitlement grant from HUD City housing staff are organizing an NSP program response, drawing on a waiting list of identified clients in need of better housing, using area non-profits to purchase the homes, providing down payment, closing cost and rehab funding assistance from the NSP program and using the City's existing renovation contractors to repair REO home for resale

Counties Lacking any public housing programs, GWRC and the AHTF are unaware of any existing public programs to address REO properties in the counties of the Region On-going efforts include some projects of affordable housing non-profits (e.g. GFHFH, CVHC, Project Faith and HOME) and some private sector rezoning proposals for mixing affordable and market-rate housing in a mixed use development (e.g. Summit Crossing in Spotsylvania Co)

### **4) Discuss your relationship with banks or other financing partners that may provide financing which can be leveraged with NSP funding. Include local resources that may be available**

PNC Bank has been represented on the regional Affordable Housing Task Force and has expressed strong interest in supporting local public and non-profit efforts to implement the NSP and regional "For Sale by Region" affordable workforce housing program PNC representatives have expressed a willingness to structure a \$250,000 line of credit for both Habitat for Humanity and the Central Virginia Housing Coalition, to facilitate each organization's participation in the regional NSP program Moreover, PNC Bank is the lender that supports many of CVHC's existing projects

**5) Describe homeownership and special needs housing programs you operate and waiting lists for those programs**

Greater Fredericksburg Habitat for Humanity (GFHFH)

GFHFH builds in the City of Fredericksburg and the Counties of King George, Stafford, and Spotsylvania. GFHFH families must be at 50% AMI or below to qualify for a GFHFH home. Currently GFHFH has 7 approved families on a waiting list that would be able to move into a rehabilitated home immediately upon completion. These families have received homeowner training and are approved for a GFHFH 0% interest mortgage. Our office receives 2-3 calls a week from families seeking information on our program. If sufficient foreclosed properties are available in the price range that will meet the income levels of our families, we would bring another group of families into the program to begin the training and "sweat equity" requirements.

Central Virginia Housing Coalition - CVHC is currently working with several banks

- PNC- financing a tax credit project \$2.1 million
- First Citizens – an established line of credit of \$300,000
- C&F Mortgage- SPARC approved lender
- Virginia Partners Bank – stock holder and new relationship
- BB&T – SPARC approved
- BK of America – FHA & VHDA approved lender
- VHDA & DHCD partnership

Project Faith Project FAITH, Inc. is a not-for-profit charitable housing organization processing a IRS 501 c3 tax exemption designation. Certified by the Commonwealth of Virginia, Project FAITH is a Community Housing Development Organization (CHDO). Project FAITH, Inc. is the parent organization to Project FAITH in Action - a volunteer inter-faith network funded by the Robert Wood Johnson Foundation. Housing projects include:

- Expansion of "Johnny's House" - an additional 4 single resident occupancy units in the form of a duplex to the existing 2 bedroom structure
- Angelwood Apts - Master planned for 90 one and two-bedroom multi-family rental units, to be developed in Phases. Phase 1 offers the first 24 universally-designed units in King George County, Phase 2 will offer 32 Universally Designed one, two and three bedroom garden style, multi-family rental units.

Currently, Project Faith has a waiting list for 250+ future housing clients.

Housing Opportunities Made Economical (HOME) - unable to contact

**6) Discuss program elements where you see the need for assistance or collaborative involvement by DHCD, VHDC or state or national non profit partners.**

DHCD & VHDA can assist with Gap Financing for projects thereby providing leveraging with outside financing sources. These funds may also be used as matching funds when required. Funds for these sources can also be used for rehabilitation projects to preserve affordable housing inventory. The question does not mention localities but they can assist with tax abatement, waive permit fees, reduce water/sewer hook up fees, etc., to keep the cost of the property to be sold down.

**7) Detail your plans to connect potential homebuyers with specific properties and mortgage financing. Include in your discussion if you plan to use intermediaries or if this will be carried out directly by your locality.**

The localities in the Region, acting individually or collectively through GWRC and the Affordable Housing Task Force, intend to work with existing affordable housing providers in the Region, to coordinate purchase, rehab and resale of REO properties to eligible buyers

**Greater Fredericksburg Habitat for Humanity (GFHFH)**

Each GFHFH family will be matched to an appropriate property based on family size, special needs, and location preferences. GFHFH will hold the 0% mortgage on any homes sold to our families. This is the model for GFHFH homeownership and is a key enabler to get 50% AMI families into the program.

**Central Virginia Housing Coalition (CVHC)**

**8) Describe your plans for acquiring or gaining control of properties in targeted area**

CVHC has a background and a proven track record of obtaining leveraged funds for the purpose of providing affordable housing. CVHC would use NSP for leveraging additional funds from local banks for the purchase of a property, for the cost of the rehab, and for CVHC carrying cost until the property is sold. CVHC would pull clients from their waiting list to ensure that the property would not sit empty for long periods of time.

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**Please submit this to DHCD by November 7, 2008**

This information should be submitted to Chris Thompson  
via email at [Chris.Thompson@dhcd.virginia.gov](mailto:Chris.Thompson@dhcd.virginia.gov) or  
by mail to

Virginia Department of Housing and Community Development,  
501 North Second Street, Richmond, VA 23219

## RESOLUTION NO 08-29

**RECOMMENDING LOCALITY ENDORSEMENT OF A REVISED MEMORANDUM OF UNDERSTANDING FOR REGIONAL AFFORDABLE HOUSING**

**WHEREAS**, the George Washington Regional Commission (“the Commission”) approved Resolution No 08-22 on July 21, 2008, which recommended local endorsement of a Memorandum of Understanding (MOU) for Regional Affordable Housing, and,

**WHEREAS**, the federal *Housing and Economic Recovery Act of 2008* (House Resolution 3221), which provides significant federal financial assistance to individual homeowners threatened with home foreclosure as well as to local governments nationwide impacted by foreclosures, and which was signed by President Bush on July 30, 2008 and subsequently codified as Public Law No 110-289, and,

**WHEREAS**, the Commission’s Regional Affordable Housing Task Force (AHTF) has developed a program proposal known as the “Foreclosure Sale By Region” (FSBR) program to guide and coordinate the efforts of local governments, non-profits and businesses in a comprehensive program to address affordable housing needs in the Region through the acquisition, rehabilitation and resale of foreclosed properties taken over by banks, as well as to expand home ownership and consumer credit counseling efforts to empower citizens to be successful homeowners through this program, and,

**WHEREAS**, the Commission’s AHTF has reviewed the original MOU and endorsed revisions to it to reference the recommended regional foreclosure program and to acknowledge passage of the recent federal legislation which provides funding that could be used to implement the FSBR program, and,

**WHEREAS**, the opportunity to implement this regional affordable housing program depends, in part, upon local endorsement of the recommended FSBR program and local agreement to coordinate Community Development Block Grant (CDBG) applications so as to comply with Virginia Department of Housing and Community Development guidelines for regional CDBG project implementation, and,

**WHEREAS**, local elected officials from throughout Planning District 16 will assemble on September 30, 2008 to be briefed on the AHTF report and the MOU previously endorsed by the Commission

**NOW, THEREFORE, BE IT RESOLVED** that the George Washington Regional Commission recommends that its five member localities agree to the terms of the “Revised Memorandum of Understanding for Regional Affordable Housing” (attached hereto) through affirmative resolutions of the Fredericksburg City Council and the Boards of Supervisors of the four member counties

Adopted by the George Washington Regional Commission at its duly called meeting of October 27, 2008 in the City of Fredericksburg, Virginia, a quorum being present

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Mark Dudenhefer, Chairman

October 27, 2008

**DRAFT**

**Revised Memorandum of Understanding Among the Principal Localities of  
Planning District 16 Regarding Affordable Housing\***

We, the undersigned elected officials representing the City of Fredericksburg and the Counties of Caroline, King George, Spotsylvania and Stafford, acknowledge the need for affordable housing within our Region and are therefore dedicated to addressing this problem on a local and regional basis. Therefore, we will cooperate and work with the George Washington Regional Commission's Affordable Housing Task Force to

- 1 Ascertain the degree of need for affordable housing within each locality,
- 2 Work with the community non-profit organizations, and the private sector to help find affordable housing solutions,
- 3 Evaluate the local and regional need for affordable housing in local and regional comprehensive plans as required by the Code of Virginia (§15 2-2223)<sup>1</sup> and consider the development of a Regional Housing Plan,
- 4 Consider, upon the recommendation of the GWRC, such programs as
  - a The "Foreclosure Sale by Region" (FSBR) program recommended by the Affordable Housing Task Force, and
  - b Regional coordination of local Community Development Block Grant (CDBG) applications to the Virginia Department of Housing and Community Development for federal CDBG foreclosure assistance and foreclosure prevention counseling funds,
- 5 Ensure accessibility issues are addressed in workforce housing,
- 6 Explore avenues of financing such as grants, low interest loans, and bonds through local, state and national housing and lending organizations for affordable housing throughout the Region,
- 7 Solicit local citizen and business community input and educate citizens on workforce housing issues, and
- 8 Consider Task Force recommendations as related to local ordinances and zoning

*\* Approved by the Affordable Housing Task Force, September 9, 2008*

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<sup>1</sup> "The plan shall include the designation of areas and implementation of measures for the construction, rehabilitation and maintenance of affordable housing, which is sufficient to meet the current and future needs of residents of all levels of income in the locality while considering the current and future needs of the planning district within which the locality is situated." Code of Virginia (§15 2-2223)