

Apr 1, 2009 thru Jun 30, 2009 Performance Report

Grant Number: B-08-UN-51-0002	Obligation Date:
Grantee Name: Prince William County, VA	Award Date:
Grant Amount: \$4,134,612.00	Contract End Date:
Grant Status: Active	Reviewed By HUD: Original - In Progress
Submitted By: No Submitter Found	

Disasters:

Declaration Number

NSP

Plan Description:

The Prince William Area has experienced a substantial number of foreclosures. To identify the areas hardest hit within Prince William County and the City of Manassas and Manassas Park census tracts were used to determine the current foreclosure data, areas with high percentage of homes financed by subprime loans and areas likely to face a significant rise in the rate of home foreclosures identified in Realty Trac Data. The data indicates that there are 10 neighborhoods in Prince William County Census Tracts 9002,9004,9006,9007, 9008, 9009, 9012, 9015, 9016 and 9017 which all have a HUD Risk Score above 7. For the City of Manassas all 4 census tracts showed foreclosure rates of over 11% and a HUD Risk Score above 6. For Manassas Park the HUD Risk Score was also above 6.

Recovery Needs:

To address the national foreclosure crisis and to address those areas trying to recover from the effects of foreclosure and declining property values funding is provided by the Housing and Economic Recovery Act of 2008 through HUD's Community Development Block Grant (CDBG) Program. The targeted Neighborhood Stabilization Program (NSP) funds will be used to purchase foreclosed homes at a discount and to rehabilitate or redevelop them in order to respond to rising foreclosures and falling home values.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	4,134,612
Total CDBG Disaster Recovery Grant Funds Budgeted	N/A	4,134,612
Program Funds Drawdown	0	0
Obligated CDBG DR Funds	0	0

Expended CDBG DR Funds	88,093.78	88,093.78
Match Contributed	0	0
Program Income Received	0	0
Program Income Drawdown	0	0

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	99.99	0
Minimum Non-Federal Match	0	0
Limit on Public Services	620,191.8	0
Limit on Admin/Planning	413,461.2	88,093.78
Limit on State Admin	0	0

Overall Progress Narrative:

Before Agreements had been signed for NSP1 funding the Office of Housing and Community Development began the process of providing information to citizen regarding the Prince William Area's funding to address the foreclosure problems facing the Area. Numerous workshops provided as meetings with Realtors and lending institutions. In addition Competitive Workshops were conducted to solicit applications from non-profit and faith based organizations who work with persons at or below 50% of AMI. Three non-profits were selected to begin the foreclosure purchase.

Activities

Grantee Activity ID: 190300-Admin	Projected Start Date: 03/03/2009
Activity Category: Administration	Projected End Date: 09/03/2010
Activity Status: Under Way	National Objective: N/A
Responsible Organization: Office of Housing and Community Development	

	This Report Period	To Date
Total Projected Budget from All Sources	N/A	413,461
Total CDBG Disaster Recovery Grant Funds Budgeted	N/A	413,461
Program Funds Drawdown	0	0
Obligated CDBG DR Funds	0	0

Expended CDBG DR Funds	88,093.78	88,093.78
Match Contributed	0	0
Program Income Received	0	0
Program Income Drawdown	0	0

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total

No Performance Measures Found

Activity Description:

General administration and oversight of Neighborhood Stabilization Program (NSP).

Location Description:

Prince William County Office of Housing and Community Development 15941 Donald Curtis Drive, Suite 112 Woodbridge, Virginia 22191

Activity Progress Narrative:

Administrative funding for pre-award cost associated with the preparation and submitting of the NSP Substantial Amendment, environmental reviews, and other administrative actions necessary to receive NSP entitlement funding. Administrative expenditures also including general NSP administration after approval of NSP Substantial Amendment and Agreement signing. NSP regulations allow up to 10% of NSP funds and up to 10% of program income earned for general administration and planning activities.

Activity Location:

Address	City	State	Zip
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No Activity Locations Found

Other Funding Sources Budgeted - Detail

Match Sources	Amount
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No Other Match Funding Sources Found

Other Funding Sources	Amount
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No Other Funding Sources Found

Grantee Activity ID: 190300-Competitive	Projected Start Date: 03/03/2009
Activity Category: Acquisition - general	Projected End Date: 09/03/2010
Activity Status: Under Way	National Objective: NSP Only - LH - 25% Set-Aside
Responsible Organization: Office of Housing and Community Development	

	This Report Period	To Date
Total Projected Budget from All Sources	N/A	1,033,653
Total CDBG Disaster Recovery Grant Funds Budgeted	N/A	1,033,653
Program Funds Drawdown	0	0
Obligated CDBG DR Funds	0	0
Expended CDBG DR Funds	0	0
Match Contributed	0	0
Program Income Received	0	0
Program Income Drawdown	0	0

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/5
# of housing units	0	0	0	0/0	0/0	0/5
# of Households benefitting	0	0	0	0/5	0/0	0/5
# of Persons benefitting	0	0	0	0/5	0/0	0/5

Activity Description:

NSP Eligible Use: HERA 2301 (c) (3) (A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared equity loans for low and moderate income homebuyers. CDBG Eligible Activity: 570.201(n) Direct Homeownership Assistance. Under CDBG program, assistance provided to facilitate homeownership may be in the form of subsidizing interest rates and mortgage principal amounts, payment of closing cost and downpayment assistance to LMI homebuyers, acquiring guarantees for mortgage financing from private lenders, and financing the acquisition by LMI persons of housing they already occupy. The assistance may be provided by the grantee through a subrecipient. CDBG Eligible Activity: 570.202 Acquisition for Rehabilitation. Use this code when property is acquired in order that it may be rehabilitated for housing. This code may be used to reflect the cost of only acquisition if the rehabilitation costs will be paid from another source, or it may also include both the cost of acquisition and rehabilitation if the cost of the rehabilitation is also paid with CDBG funds. \$1,033,653, which is 25%, of the NSP allocation will be set aside for the competitive process. All

beneficiaries must be 50% or below AMI, and will therefore be used to meet the low income housing requirement for those below 50% AMI. It is anticipated that applicants for funding will propose affordable rental activities that will provide long term affordable housing opportunities not only for low income, but special needs populations. Some of our non-profits that are more geared to providing homeownership opportunities may propose affordable homeownership activities which would serve this low income group. If so, homeownership projects would be given equal consideration in the competitive process.

- duration or term of assistance;

Subrecipients undertaking affordable rental activities through the competitive process will be required to continue use as a rental property serving low income persons for twenty years.

- a description of how the design of the activity will ensure continued affordability.

NSP funds provided to Subrecipients for acquisition/rehabilitation will be secured as a Deed of Trust in the land records of Prince William County deferred and forgiven after thirty years, including shared market appreciation based on a ratio of NSP funds to the total project cost. Deed restrictions will be in place for twenty years to ensure that the property continues use as affordable housing for households at or below 50% AMI. In exchange for the financing from the County, the owner agrees to restrictions on rent and tenant incomes based on Home Investment Partnership (HOME) Rent Limits as published by HUD to ensure affordability for the twenty year period. The twenty year affordability provision is secured by a Deed of Easement and Declaration of Restrictive Covenants running with the land that remains in force even if the property is sold and/or the loan is repaid prior to the expiration of the affordability period. For acquisition activities, include discount rate

- discount rate will be 15% below current market appraised value

For financing activities, include:

- range of interest rates

NSP funding under the competitive process would be 0%, deferred loan forgiven after thirty years. Total Budget: (Include public and private components) NSP funds \$1,033,653 Applicants will be encouraged to leverage other financing resources to maximize use of NSP funds. Exact estimates of other private resources are not available at this time. Virginia Housing Development Authority (VHDA) is a potential financing partner who may provide lower interest loans to entities purchasing through the NSP Program. Details of VHDA involvement in providing financing for NSP acquisitions have not been announced although Prince William County officials have provided input and will support all efforts to leverage other financing.

Location Description:

All projects funded through the competitive process must be located within the following NSP Census Tracts 9002, 9004, 9006, 9007, 9008, 9009, 9012, 9015, 9016, 9017.

Activity Progress Narrative:

The NSP Competitive Activity is to address the NSP regulations that requires 25% of the NSP allocation be set aside for persons at or below 50% of AMI. Below is a listing of activities by date of steps taken. No closing have taken place during this reporting period. Several contracts to purchase have been unsuccessful due to bidding escalations plus the 15% discount requirement. It appears that many of the properties are being purchased by investors to either flip or use for rental. With the change in the discount purchase price being lowered to 1% of the appraised price this should help with more contracts being accepted. Prior to entering into an Agreement with HUD a Competitive Application process was undertaken to select organizations. Newspaper advertisement and mass mailing regarding competitive application process for NSP funds was done December 2008. NSP Competitive Application Workshops were held on January 18, 2009 at 8:00 AM and 6:00 PM with applications due February 17, 2009. The NSP Competitive Application Team was provided training on how to evaluate applications and provided submitted applications on February 19, 2009 with comments and scoring recommendations due by March 3, 2009. Three nonprofits were selected based upon scores. Catholics for Housing \$399,500 to assist 5 homebuyers purchase and rehabilitate properties. Good Shepherd Housing Foundation and Northern Virginia Family Service \$400,000 each (total \$800,000) to purchase and rehabilitate 3 properties each (6 properties total) to be used as affordable rental housing for

households below 50% AMI. The nonprofits were notified on March 5, 2009 and were required to attend a mandatory training on the use of NSP funds on April 6, 2009. On April 15, 2009 Agreements were signed with the 3 selected nonprofits. Good Sheperd Housing Foundation and Northern Virginia Family Service have been previewing properties and writing contracts to purchase but have been unsuccessful in obtaining ratified contracts due to competition from investors making cash offers with escalation clauses. Catholics for Housing are working with families to complete the necessary 8 hours of Homebuyer Counseling before looking for properties.

Activity Location:

Address	City	State	Zip
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No Activity Locations Found

Other Funding Sources Budgeted - Detail

Match Sources	Amount
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No Other Match Funding Sources Found

Other Funding Sources	Amount
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No Other Funding Sources Found

Grantee Activity ID: 190300-MCMP	Projected Start Date: 03/03/2009
Activity Category: Homeownership assistance to low- and moderate-income households	Projected End Date: 09/03/2010
Activity Status: Under Way	National Objective: NSP Only - LMMI
Responsible Organization: Manassas Housing Trust Fund, Inc.	

	This Report Period	To Date
Total Projected Budget from All Sources	N/A	314,290
Total CDBG Disaster Recovery Grant Funds Budgeted	N/A	314,290
Program Funds Drawdown	0	0
Obligated CDBG DR Funds	0	0
Expended CDBG DR Funds	0	0
Match Contributed	0	0

Program Income Received	0	0
Program Income Drawdown	0	0

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	0	0/0	0/0	0/8
# of Households benefitting	0	0	0	0/4	0/4	0/8

Activity Description:

NSP Eligible Use: HERA 2301 (c) (3) (A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared equity loans for low and moderate income homebuyers. CDBG Eligible Activity: 570.201(n) Direct Homeownership Assistance. Under CDBG program, assistance provided to facilitate homeownership may be in the form of subsidizing interest rates and mortgage principal amounts, payment of closing cost and downpayment assistance to LMI homebuyers, acquiring guarantees for mortgage financing from private lenders, and financing the acquisition by LMI persons of housing they already occupy. The assistance may be provided by the grantee through a subrecipient. CDBG Eligible Activity: 570.202 Acquisition for Rehabilitation. Use this code when property is acquired in order that it may be rehabilitated for housing. This code may be used to reflect the cost of only acquisition if the rehabilitation costs will be paid from another source, or it may also include both the cost of acquisition and rehabilitation if the cost of the rehabilitation is also paid with CDBG funds. Downpayment, closing cost and rehabilitation through the City of Manassas Foreclosure Rehabilitation Acquisition Program will be targeted to neighborhoods in the hardest hit Census Tracts within the City of Manassas and Manassas Park. Continued affordability for NSP homebuyers assisted with downpayment, closing costs, and rehabilitation funds will be ensured through a thirty year Deed restriction including a share of market appreciation based on a ratio determined by the amount of NSP funds used for acquisition/rehabilitation to the total acquisition/rehabilitation costs. Deed restrictions will require that the property be maintained as the borrower's principal residence, and will not be subordinated for refinances that remove equity. After thirty years, the loan will be forgiven. The City will use the policies already established in the City's existing Homeownership Assistance Program. The Deed for downpayment and closing cost assistance will be secured in second position in the land records of Prince William County. The rehabilitation loan will be secured in third position in the land records of Prince William County. The principal amount of NSP funds, along with a share of market appreciation based on the ratio of NSP funds to the total acquisition costs will become due and payable when the property ceases to be the principal residence, is sold, the primary loan is refinanced for the purpose of removing equity from the property, the borrower fails or neglects to pay the taxes, assessments, or premiums for hazard, flood (if required) or mortgage insurance, terms of the deed of trust are violated, or 30 years lapse, whichever occurs first. For acquisition activities, include discount rate • discount rate will be 15% below current market appraised value For financing activities, include: • range of interest rates NSP funding for acquisition/rehabilitation would be 0%, deferred loan forgiven after thirty years. Total Budget: (Include public and private components) \$ 314,290 NSP Funds \$1,572,000 Private Mortgage Financing \$ 28,000 Borrower downpayment Contribution \$1,914,290 Total

Location Description:

City of Manassas allocation of NSP funds totaling \$227,696 will be targeted to neighborhoods in the hardest hit Census Tracts within the City of Manassas 9101, 9102, and 9104. City of

Manassas Park allocation of NSP funds totaling \$86,594 will be targeted to an older neighborhood "Manassas Park" in Census Tract 9201 with the highest number of current foreclosures which also has been designated with a high risk score in HUD's Foreclosure and Abandonment Risk Data.

Activity Progress Narrative:

First quarter homebuyer activities occurred mainly in areas of program development and marketing. Policies and Procedures were developed for the Foreclosure Rehabilitation Acquisition Program (FRAP), program forms and marketing materials were developed. Three informational sessions were held to inform the general public and industry partners about the FRAP Program. Each session was comprised of a detailed presentation about the Program, and an opportunity for interested applicants to meet Realtors, Lenders, and Settlement Companies who were trained on Program requirements and wished to work with prospective purchasers. Each session was attended by approximately 80 prospective purchasers, and 28 industry partners. One Housing Specialist was hired, and was in training to work with the applicants from application through settlement. One Administrative Support person was transferred within the Office to provide administrative support for NSP activities. Prospective homebuyers began attending the required 8 hours of homebuyer education. Upon completion of the educational component, the prospective homebuyer submits a completed application packet. During this quarter five applications were received. Applicants are working with Realtors. Several have written contracts, but none have been ratified by the bank owners to date.

Activity Location:

Address	City	State	Zip
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No Activity Locations Found

Other Funding Sources Budgeted - Detail

Match Sources	Amount
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No Other Match Funding Sources Found

Other Funding Sources	Amount
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No Other Funding Sources Found

Grantee Activity ID:

190300-PWC

Projected Start Date:

03/03/2009

Activity Category:

Homeownership assistance to low- and moderate-income households

Projected End Date:

09/03/2010

Activity Status:

Under Way

National Objective:

NSP Only - LMMI

Responsible Organization:

Office of Housing and Community Development

	This Report Period	To Date
Total Projected Budget from All Sources	N/A	2,373,208
Total CDBG Disaster Recovery Grant Funds Budgeted	N/A	2,373,208
Program Funds Drawdown	0	0
Obligated CDBG DR Funds	0	0
Expended CDBG DR Funds	0	0
Match Contributed	0	0
Program Income Received	0	0
Program Income Drawdown	0	0

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	0	0/0	0/0	0/50
# of Households benefitting	0	0	0	0/15	0/35	0/50

Activity Description:

NSP Eligible Use: HERA 2301 (c) (3) (A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared equity loans for low and moderate income homebuyers. CDBG Eligible Activity: 570.201(n) Direct Homeownership Assistance. Under CDBG program, assistance provided to facilitate homeownership may be in the form of subsidizing interest rates and mortgage principal amounts, payment of closing cost and downpayment assistance to LMI homebuyers, acquiring guarantees for mortgage financing from private lenders, and financing the acquisition by LMI persons of housing they already occupy. The assistance may be provided by the grantee through a subrecipient. CDBG Eligible Activity: 570.202 Acquisition for Rehabilitation. Use this code when property is acquired in order that it may be rehabilitated for housing. This code may be used to reflect the cost of only acquisition if the rehabilitation costs will be paid from another source, or it may also include both the cost of acquisition and rehabilitation if the cost of the rehabilitation is also paid with CDBG funds. Continued affordability for NSP homebuyers assisted with downpayment, closing costs, and rehabilitation funds will be ensured through a thirty year Deed restriction including a share of market appreciation based on a ratio determined by the amount of NSP funds used for acquisition/rehabilitation to the total acquisition/rehabilitation costs. Deed restrictions will require that the property be maintained as the borrower's principal residence, and will not be subordinated for refinances that remove equity. After thirty years, the loan will be forgiven. The County will use the policies already established in the County's existing Homeownership Assistance Program, and Rehabilitation Acquisition Program. The Deed for downpayment and closing cost assistance will be secured in second position in the land records of Prince William County. The rehabilitation loan will be secured in third position in the land records of Prince William County. The principal amount of NSP funds, along with a share of market appreciation based on the ratio of NSP funds to the total acquisition costs will become due and payable when the property ceases to be the principal residence, is sold, the primary loan is refinanced for the

purpose of removing equity from the property, the borrower fails or neglects to pay the taxes, assessments, or premiums for hazard, flood (if required) or mortgage insurance, terms of the deed of trust are violated, or 30 years lapse, whichever occurs first. For acquisition activities, include discount rate • discount rate will be 15% below current market appraised value For financing activities, include: • range of interest rates NSP funding for acquisition/rehabilitation would be 0%, deferred loan forgiven after thirty years. Total Budget: (Include public and private components) \$ 2,373,208 NSP Funds \$ 10,021,500 Private Mortgage Financing \$ 178,500 Borrower Downpayment Contribution \$ 12,573,208 Total

Location Description:

All projects funded through the program must be located within 10 census tracts in Prince William County which were the identified areas hit hardest with foreclosures. The census tracts are 9002, 9006, 9007, 9008, 9009, 9012, 9015, 9016, 9017.

Activity Progress Narrative:

First quarter homebuyer activities occurred mainly in areas of program development and marketing. Policies and Procedures were developed for the Foreclosure Rehabilitation Acquisition Program (FRAP), program forms and marketing materials were developed. Three informational sessions were held to inform the general public and industry partners about the FRAP Program. Each session was comprised of a detailed presentation about the Program, and an opportunity for interested applicants to meet Realtors, Lenders, and Settlement Companies who were trained on Program requirements and wished to work with prospective purchasers. Each session was attended by approximately 80 prospective purchasers, and 28 industry partners. One Housing Specialist was hired, and was in training to work with the applicants from application through settlement. One Administrative Support person was transferred within the Office to provide administrative support for NSP activities. Prospective homebuyers began attending the required 8 hours of homebuyer education. Upon completion of the educational component, the prospective homebuyer submits a completed application packet. During this quarter five applications were received. Applicants are working with Realtors. Several have written contracts, but none have been ratified by the bank owners to date.

Activity Location:

Address	City	State	Zip
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No Activity Locations Found

Other Funding Sources Budgeted - Detail

Match Sources	Amount
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No Other Match Funding Sources Found

Other Funding Sources	Amount
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No Other Funding Sources Found