



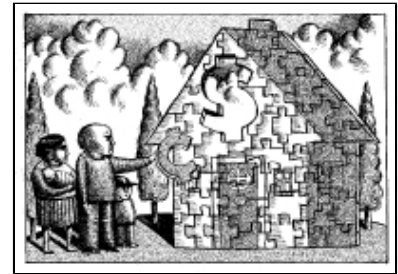
Print this Page

[Return to story](#)

LET'S BE 'REGIONABLE' IN OUR APPROACH

November 9, 2008 12:36 am

THE LACK of affordable housing has been a regional issue in the Fredericksburg area for several years. Ironically, the region's population and housing growth, which have led the commonwealth over the last 20 years, have been largely because of the relative affordability of local housing compared with housing costs in Northern Virginia.



The region's strong population growth and the rising affluence associated with the higher salaries of many area workers who commute daily to jobs in the Washington and Richmond metro areas have spurred local employment growth in retail, personal and health-care services, and government sectors, creating jobs for many school teachers, policemen, firefighters, retail clerks, bank tellers, restaurant and hotel workers, etc. These local workers generally earn considerably less than those who make the long commute to high-paying jobs elsewhere.

Local workers still share the "American Dream" to own their own home (or rent a reasonably priced apartment), to live comfortably and "affordably" within their means, and to pursue their ambitions.

DEFINE 'AFFORDABLE'

"Affordable" housing is usually defined as housing that costs--either in mortgage or rent payments--no more than 30 percent of a householder's income. While Spotsylvania and Stafford counties enjoy higher incomes than the state or national average, local work-force housing affordability in 2007 was much lower--particularly for owner-occupied households--than for that of the state or the nation.

In 2007, 57.3 and 55.6 percent of owner-occupied households with incomes below \$75,000 a year in Spotsylvania and Stafford counties, respectively, had mortgage costs at 30 percent or more of their household incomes. This is compared with 42.7 and 42.8 percent for the state and national average, respectively.

Also in 2007, local elected officials serving on the George Washington Regional Commission recognized the importance of housing affordability and established a regional Affordable Housing Task Force to address regional housing needs. This included local affordable-housing and real-estate experts who had begun meeting in 2002 to study this issue.

Picking up on the work of the earlier group, the new task force has proposed a housing program to

acquire, repair, and re-sell bank-foreclosed homes.

Bank foreclosures disrupt the lives of residents directly affected by the loss of their homes and the related destruction of their personal credit rating. Bank foreclosures also harm the entire community. Home values drop based on reduced fair-market value of the foreclosed properties when they finally are re-sold, eroding the equity in neighboring homes and undermining the tax base of the community.

Local governments in the Fredericksburg area have experienced all of these negative side effects of the current foreclosure epidemic, as the region has sustained an outsized share of the foreclosure problem statewide: 15 percent of statewide foreclosures compared with only 4 percent of the state population.

To ensure that new homeowners are better prepared for the challenges of home-ownership, the regional task force plan has mandatory counseling components. Also, would-be homeowners must pass a pre-qualification financial review. This review matches eligible buyers with a program home and a financial package that meets their needs and fits their household budgets. Within six months of moving in, homeowners would participate in post-closing counseling sessions, to help them maintain their homes and credit ratings.

To qualify for low-interest first-time home loans, any damage to the foreclosed homes bought through the program must be repaired or "rehabbed" to pass federal standards. To help deliver rehabbed homes to the market at the most affordable price, the task force is asking for sponsorship from area businesses, while localities are being asked to waive certain recording and permit fees and the property taxes on the acquired properties for the time they are being repaired and marketed for sale. Many prospective homebuyers are already on waiting lists for these opportunities, should such an affordable home program materialize.

FEDERAL ASSISTANCE

In July, Congress approved \$3.92 billion in the Economic Recovery and Housing Act to help local governments deal with the foreclosure problem, through a federal housing program that allows precisely the kinds of actions proposed by the regional task force. Local governments may choose either to apply individually through the state for federal foreclosure-assistance funds to start a local program or agree to work together through the GWRC and its task force to apply for federal foreclosure-assistance funds.

Either way, the implemented programs will: (1) restore many homes to productive use; (2) stabilize neighborhood property values; (3) improve local property-tax revenues; (4) help many local workers realize and sustain the "American Dream" of homeownership; and (5) provide an important economic stimulus to local construction and real-estate sectors hard-hit by the housing slump.

Taking a regional approach in implementing a foreclosure-recovery program will provide multiple benefits, including:

Greater efficiency in program implementation (through one administrative unit, rather than five).

Better coordination of regional home-buyer counseling, property acquisition, and appraisal programs.

Greater buying power and negotiation "leverage" in dealing with banks and other program partners.

Easier coordination of public awareness and promotional programs through media outlets.

WE CAN WORK TOGETHER

At times, the benefits of regional cooperation among local governments are hard to see. On this occasion, our local governments find themselves in the same boat, and working together is the most practical option. With the exception of Fredericksburg's housing program, no local government has established a housing program, with staff, to tackle this problem, particularly within the 18 months provided to "obligate" federal funds to a local foreclosure-recovery plan.

Under these circumstances, following the regional task force plan provides local governments with the most efficient mechanism to do this program, and an opportunity to demonstrate that they can work together to address a long-standing regional need.

Kevin F. Byrnes is director of regional planning and regional demographer for the George Washington Regional Commission.

Copyright 2008 The Free Lance-Star Publishing Company.