



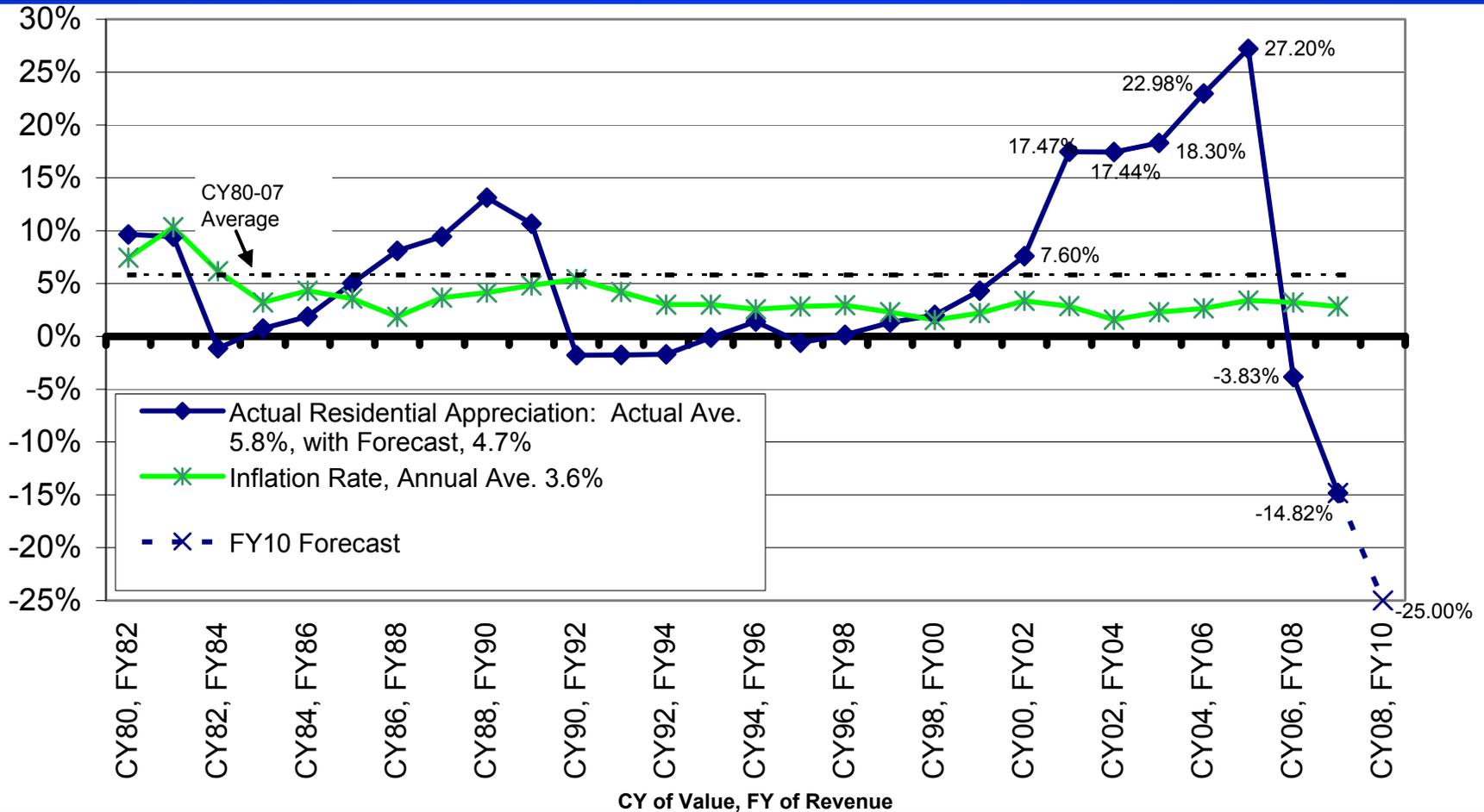
Prince William County Government

*Prince William County Real  
Estate Market Update*

*Senate Finance Committee Hearing*

*September 18, 2008*

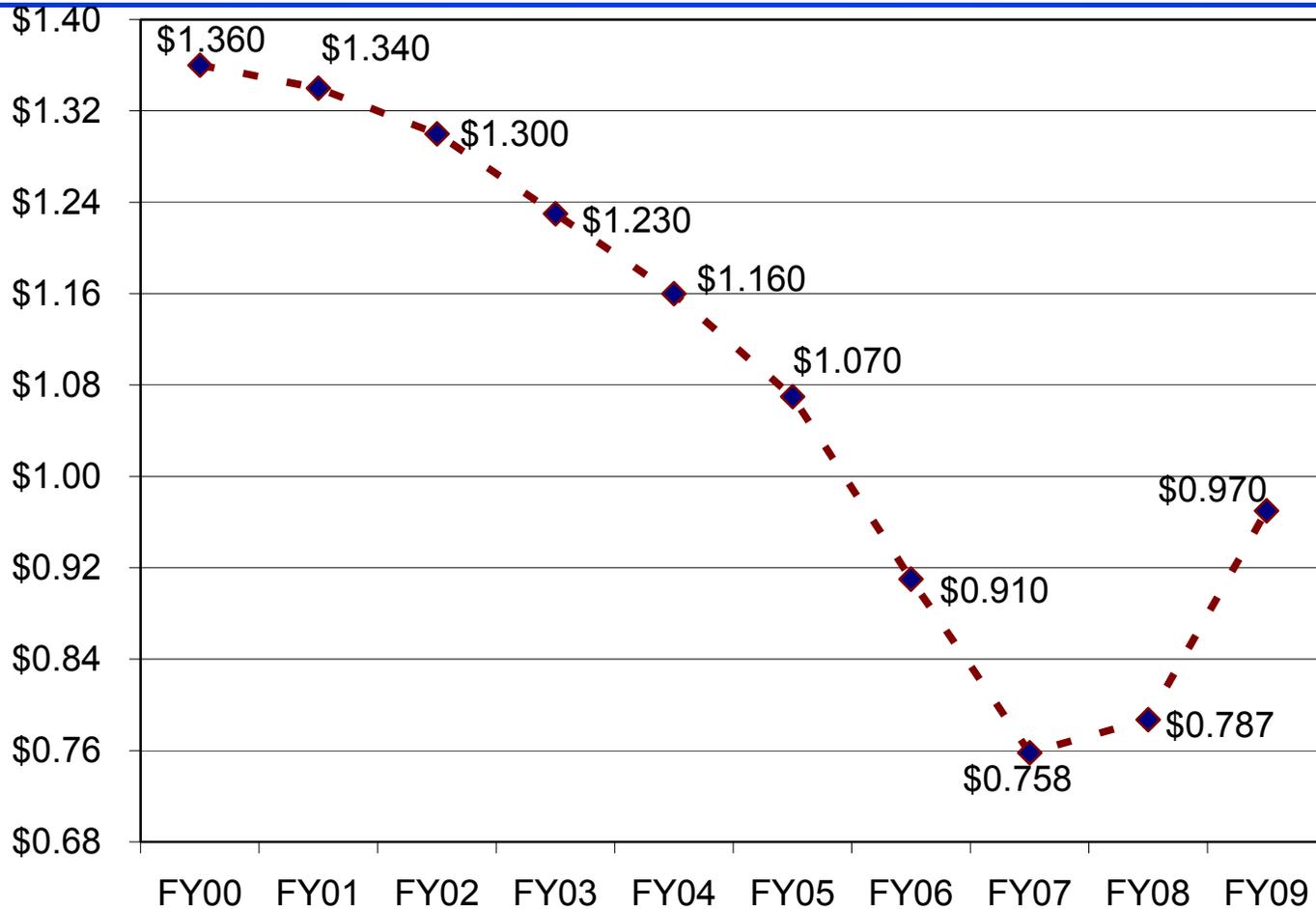
# History of Real Estate Appreciation in Prince William County



Date: 9/18/2008

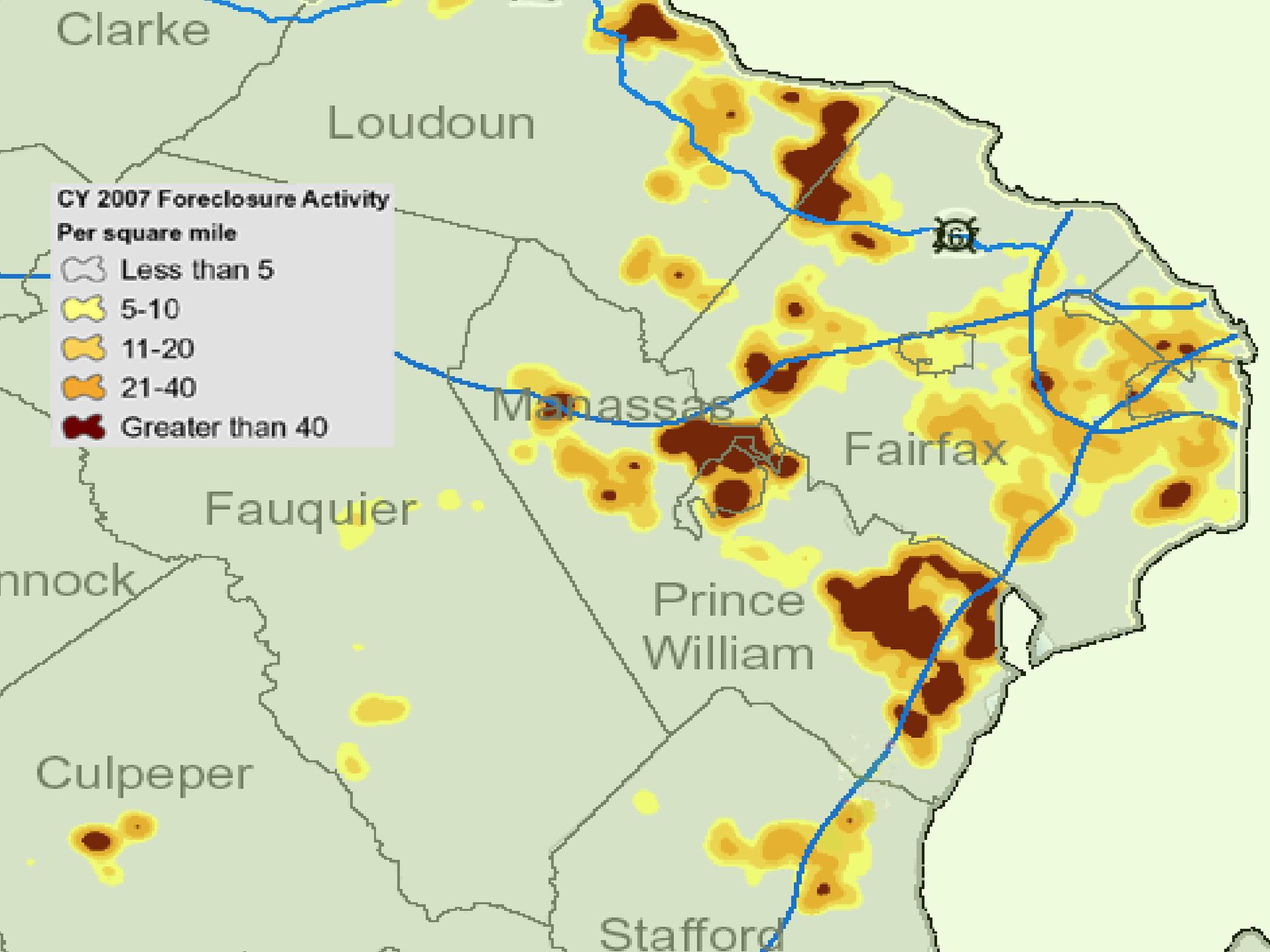


# History of Prince William County Real Estate Tax Rate

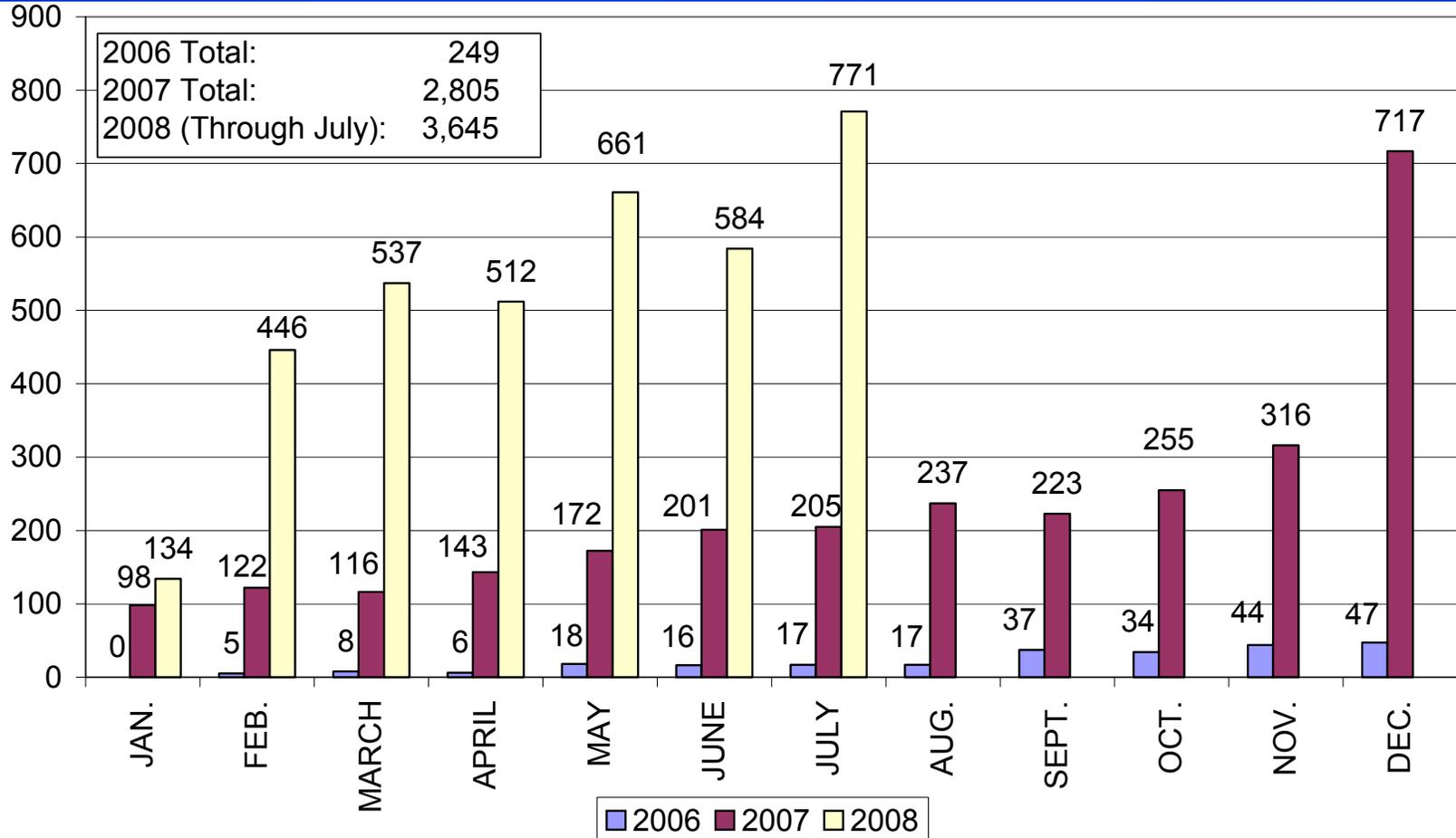


Date: 9/18/2008





# Foreclosures in PWC



Date: 9/18/2008



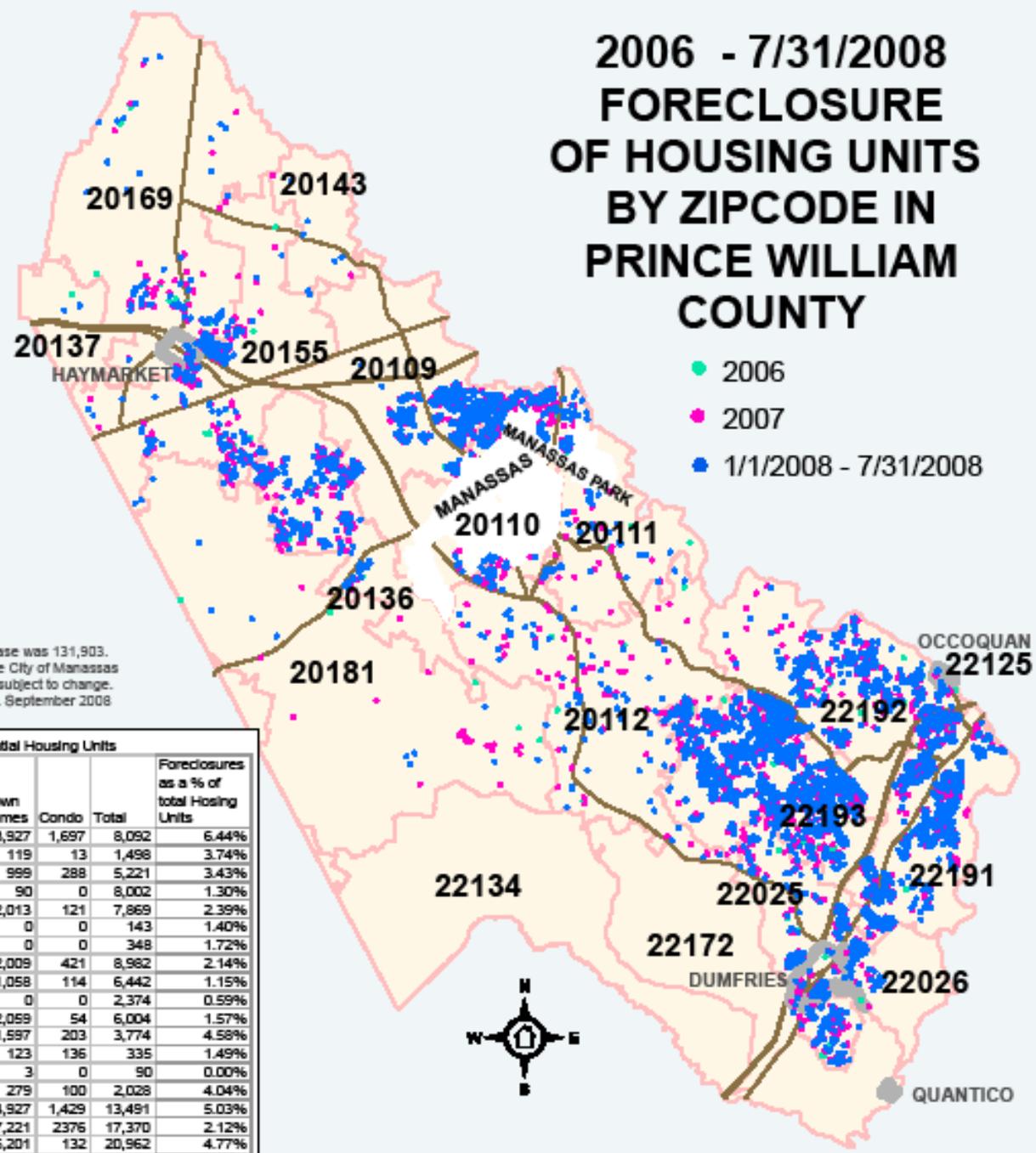
Month	Count of Recorded Foreclosures		
	2006	2007	2008
January	0	98	134
February	5	122	446
March	7	117	537
April	6	143	514
May	18	172	661
June	16	205	603
July	17	206	771
August	19	237	
September	36	226	
October	35	257	
November	43	316	
December	50	726	
<b>Total</b>	<b>252</b>	<b>2825</b>	<b>3666</b>

-  Main Roads
-  Cities of Manassas & Manassas Park
-  TOWN
-  Zip Codes Boundary

Total number of residential parcels as of 3/27/2008 in the Assessments database was 131,903. No information is included for properties located in the City of Manassas or the City of Manassas Park. Data from recorded foreclosures only. Data used to create this map is subject to change. Prepared by Prince William County Assessments Office, Finance Department, September 2008

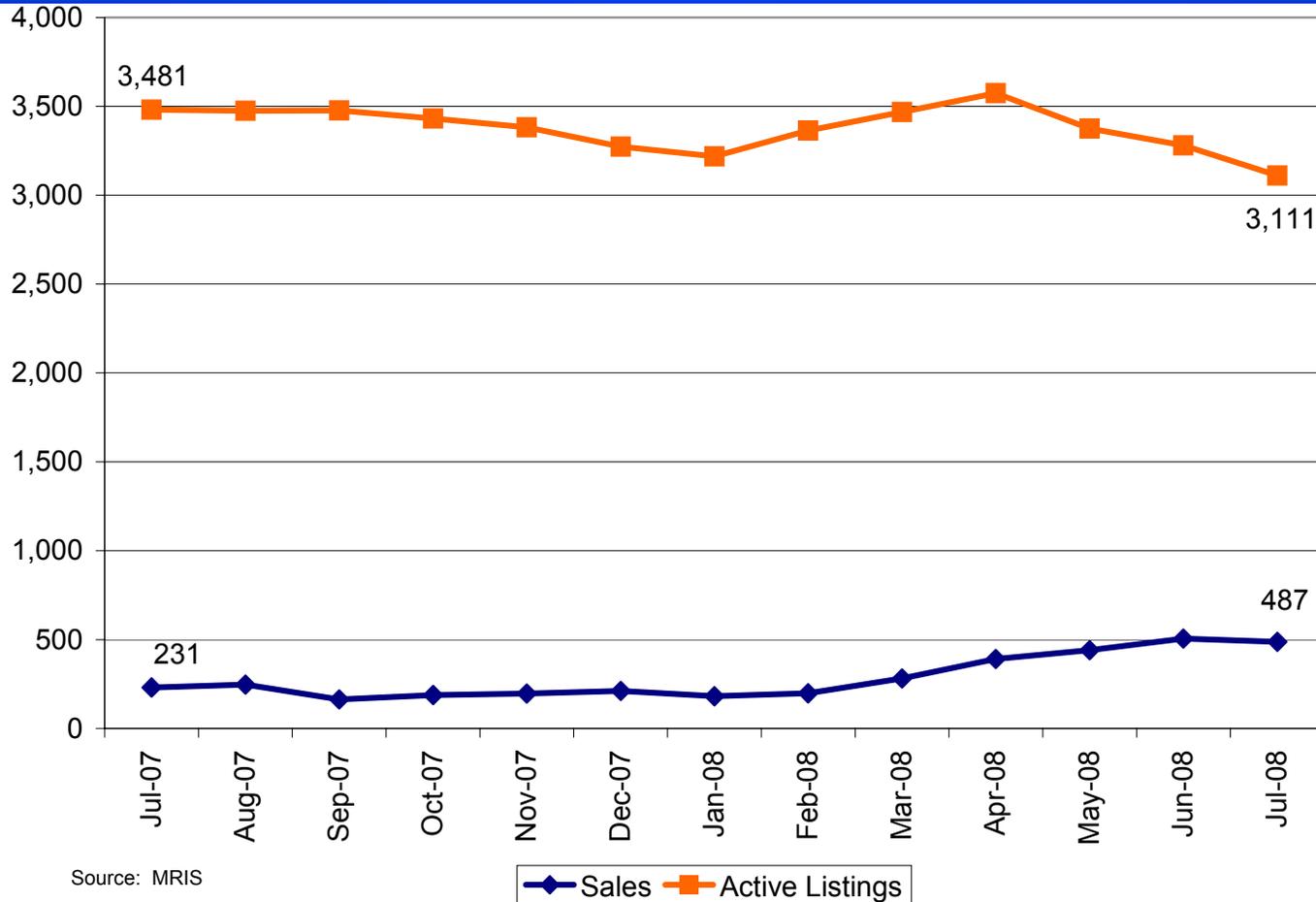
# 2006 - 7/31/2008 FORECLOSURE OF HOUSING UNITS BY ZIPCODE IN PRINCE WILLIAM COUNTY

-  2006
-  2007
-  1/1/2008 - 7/31/2008



1/1/2008 - 8/4/2008 Housing Units Foreclosures					All Residential Housing Units					Foreclosures as a % of total Hosing Units
ZIP	NAME	Single Family	Town homes	Condo	TOTAL	Single Family	Town homes	Condo	Total	
20109	SUDLEY	148	311	62	521	2,468	3,927	1,697	8,092	6.44%
20110	MANASSAS	52	4	0	56	1,366	119	13	1,498	3.74%
20111	BUCKHALL	102	76	1	179	3,934	999	288	5,221	3.43%
20112	HOADLY	104	0	0	104	7,912	90	0	8,002	1.30%
20136	BRISTOW	121	64	3	188	5,735	2,013	121	7,869	2.39%
20137	BROAD RUN	2	0	0	2	143	0	0	143	1.40%
20143	CATHARPIN	6	0	0	6	348	0	0	348	1.72%
20155	GAINESVILLE	130	55	7	192	6,552	2,009	421	8,982	2.14%
20169	HAYMARKET	53	21	0	74	5,270	1,058	114	6,442	1.15%
20181	NOKESVILLE	14	0	0	14	2,374	0	0	2,374	0.59%
22025	MONTCLAIR	32	61	1	94	3,891	2,059	54	6,004	1.57%
22026	DUMFRIES	77	93	3	173	1,974	1,597	203	3,774	4.58%
22125	OCCOQUAN	2	1	2	5	76	123	136	335	1.49%
22134	QUANTICO	0	0	0	0	87	3	0	90	0.00%
22172	TRIANGLE	65	17	0	82	1,649	279	100	2,028	4.04%
22191	WOODBRIIDGE	350	308	20	678	7,135	4,927	1,429	13,491	5.03%
22192	LAKE RIDGE	98	224	47	369	7,773	7,221	2376	17,370	2.12%
22193	DALE CITY	676	323	1	1000	15,629	5,201	132	20,962	4.77%
<b>TOTAL</b>		<b>2,032</b>	<b>1,558</b>	<b>147</b>	<b>3,737</b>	<b>74,316</b>	<b>31,625</b>	<b>7,084</b>	<b>113,025</b>	<b>3.31%</b>

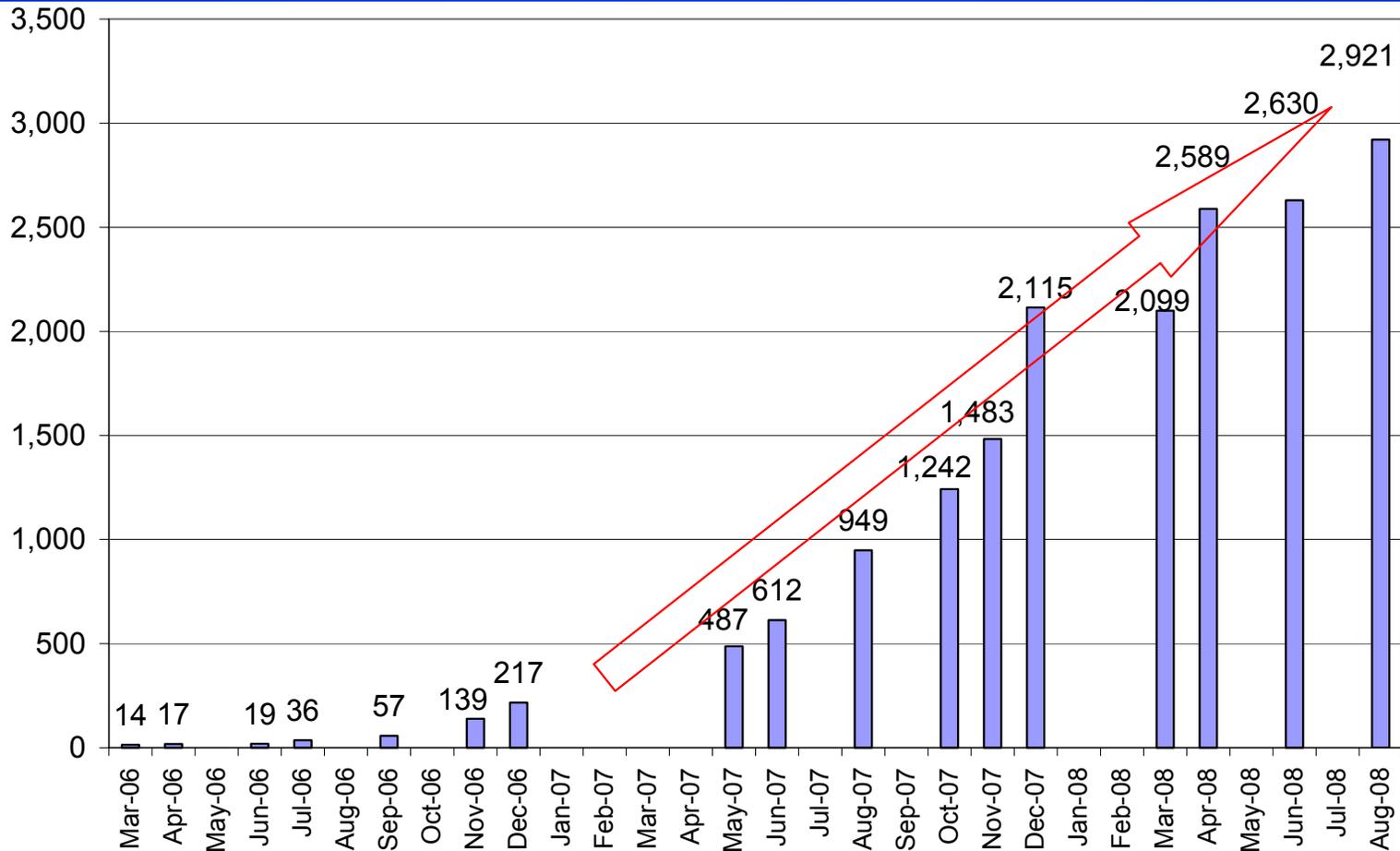
# Single Family Home Sales and Active Listings - July 2007 to July 2008



Date: 9/18/2008



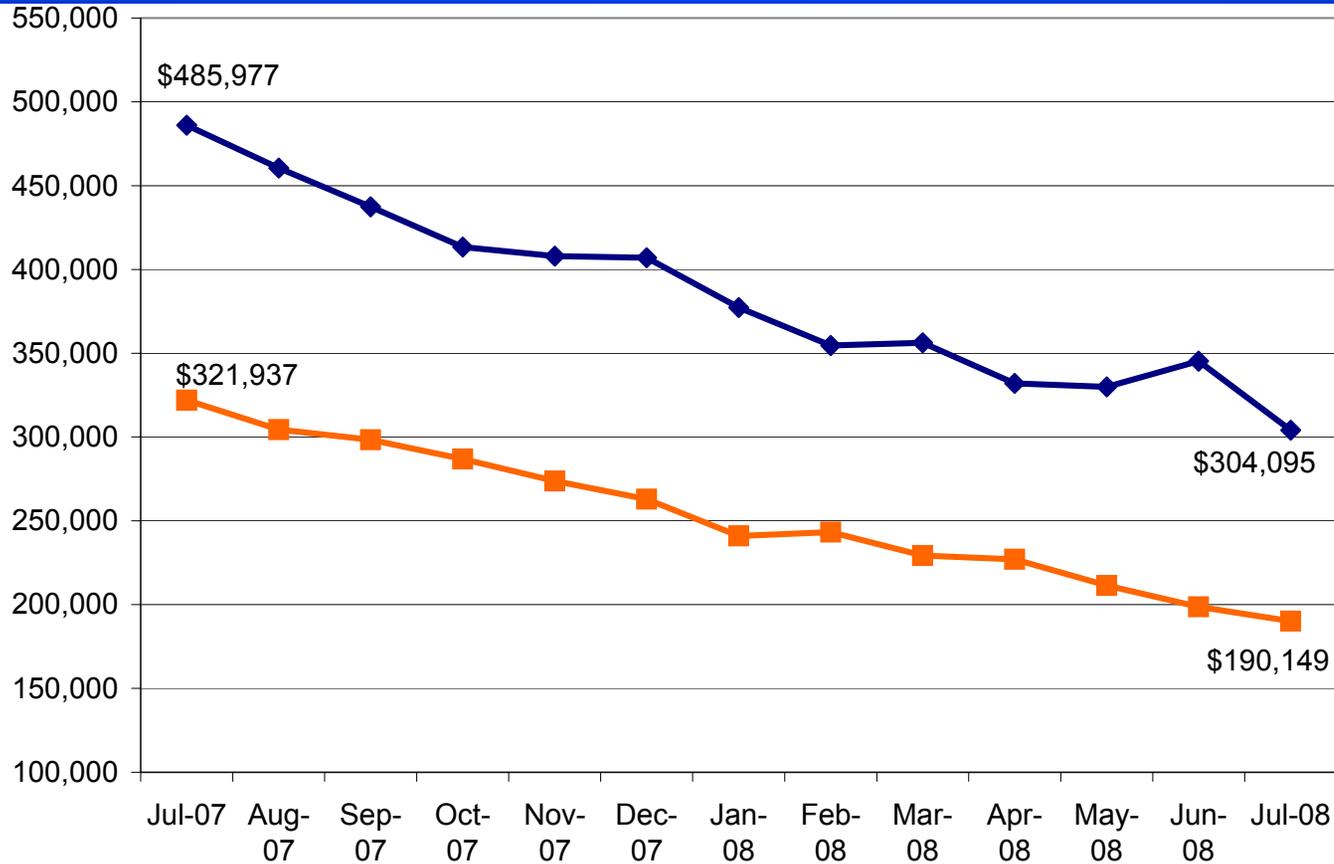
# Balance of Foreclosures as of Date Indicated



Date: 9/18/2008



# Prince William County Average Sales Price – Single Family and Townhomes



Source: MRIS

◆ Single Family Avg. Sold Price    ■ Townhome Avg. Sold Price

Date: 9/18/2008



# Prince William County Average Sales Price – Single Family and Townhomes

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	July 07	July 08	% Change
Single Family Average Sold Price	\$485,977	\$304,095	-37.4%
Townhome Average Sold Price	\$321,937	\$190,149	-40.9%

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Date: 9/18/2008



# Volatility Between Neighborhoods Within Residential Real Estate Markets

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- Always had disparity between residential and non-residential properties
  
- Now volatility within the residential market – neighborhoods are experiencing dramatic differences in the extent of market value declines
  - ◆ Fairness and equity issues
  - ◆ Transparency in assessments process
    - Loss of credibility in annual re-assessment
    - Loss of trust and confidence in government



# Other Major Revenue Sources And Impact on County Operating Budget

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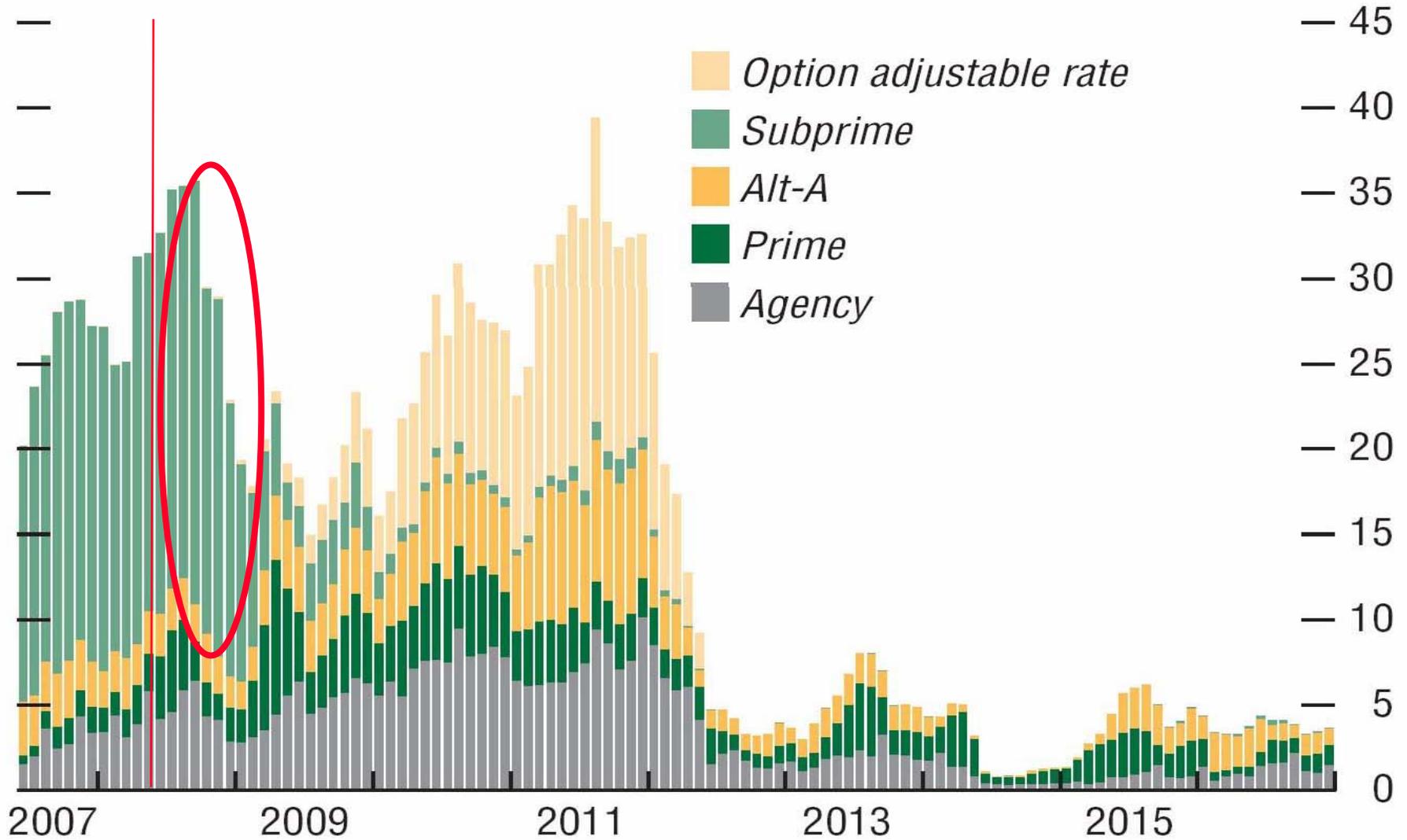
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- Personal Property Tax
    - ◆ New auto sales declining nearly 20% during the past year
    - ◆ New trucks selling for as much as a 20% discount
    - ◆ Existing trucks depreciating at an accelerated rate
  
  - Sales Tax revenue declined nearly four percent (3.7%) from prior fiscal year
  
  - Business license (BPOL) revenue declined over seven percent (7.2%) from prior fiscal year
  
  - County agencies preparing scenarios where budgets are reduced 33% due to local and additional state budget reductions
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# Monthly Mortgage Rate Resets

*(First reset in billions of U.S. dollars)*



Source: Credit Suisse.

# Why the Foreclosures are in Prince William County

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## □ The Perfect Storm of Ingredients

- ◆ Construction Boom – PWC was the leading edge as Ffx became built-up
- ◆ Large pool of lower income and first-time buyers
- ◆ Existing stock of lower priced homes
- ◆ Sub-Prime Loans – the Turbo Fuel
- ◆ The Invisible Speculator – Playing the market w/New Homes
  - PWC was a speculator's dream



# Foreclosures and Vacant Property Are Toxic

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- ❑ Foreclosures drive down prices.
- ❑ Foreclosures discourage buyers.
- ❑ Foreclosures and Vacancies require costly County oversight to maintain properties not being kept up.
- ❑ Multiple vacant and foreclosed properties present a danger of neighborhood decay and can foster crime and graffiti.



# What Can Be Done?

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- Since Fall of 2007, PWC Finance Staff studying ways to aid housing market.
- Limitations
  - ◆ No budgeted funds to support the effort
  - ◆ County would not underwrite the effort via a subsidy
  - ◆ County could not utilize any debt issuance that would count against its ceiling on debt.
- CXO Foreclosure Task Force
  - ◆ Members drawn from OEM, Finance, Public Works, Planning, Housing, Coop. Extension, and CAO



# Overview of “Home Help” Initiative

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- Longstanding desire to have PWC Police, Fire, and Educators live in the County
- High housing costs have resulted in many of these workers being forced to live in outlying areas
- Current housing market downtrend has resulted in hundreds of homes in the County being placed in foreclosure and depressing home prices generally
- “Home Help” is designed to offer incentives for qualifying County employees to relocate inside the county borders and simultaneously reduce the inventory of homes for sale inside the county



# Possible Funding Mechanism

## Pass Thru CD Financing

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- County makes market rate investment in 10-yr CD with participating local bank in the amount required to fund an employee's mortgage.
- Employee purchases home in the County (foreclosure may be bought at below-market prices).
- The bank provides a mortgage loan to the employee at a below market rate, but with a positive spread to the rate it is paying on the CD. i.e. CD rate = 3.9%; mortgage rate = 4.9%, amortized as a 30-year loan.
- Downpayment assistance options may be developed.



# Outlook

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- January 1, 2009 Landbook
  
- FY10-14 Fiscal Plan
  
- FY10-15 Capital Improvement Program
  
- Additional Shocks
  - ◆ General Economy
  
  - ◆ State Budget Reductions
  
  - ◆ Real Estate Market

