A Silver Lining: A Creative Response to A Critical Problem

The Foreclosure Crisis

In 2008, a financial crisis gripped the nation. The financial markets had become entangled in risky mortgage transactions and predatory lending, leading to a frozen capital market and widespread foreclosures. Fairfax County was not immune. In the first two quarters of calendar year 2008, there were 7,399 foreclosures in Fairfax County, a dramatic increase of 728 percent from 2006. The impact of the foreclosure crisis on Fairfax County was damaging to the economy and the community. Property values declined, and homeowners faced foreclosure and even the threat of homelessness, and in some communities, homes sitting vacant became neglected. To address the issue, in June 2008, the Fairfax County Board of Supervisors approved the Silver Lining Initiative, designed to tackle the foreclosure problem in the county and help stabilize impacted neighborhoods while at the same time increasing opportunities for additional affordable workforce housing.

Fairfax County identified and funded the initiative, which included:

- assistance to homeowners at-risk of foreclosure through counseling and education;
- gap financing, in the form of below-market, shared equity second trusts, for first-time homebuyers to purchase foreclosed homes;
- financing to non-profits to purchase foreclosed homes to rent to the homeless and disabled.

Later in the year, as federal Neighborhood Stabilization Funds (NSP) became available, these funds were wrapped into the county's already existing Silver Lining program.

First-Time Homebuyers' Program
The foreclosure crisis created opportunity for first-time homebuyers who found that options for homeownership were still possible through the FCRHA. Through the county's First-Time Homebuyer's Program:

- 120 households became first-time homebuyers in FY 2009;
- 63 households became first-time homebuyers in FY 2010;
- 72 loans totaling more than $15.4 million of Sponsoring Partnerships and Revitalizing Communities (SPARC) funds were awarded as low-interest first trust mortgages in FY 2009;
- 43 loans totaling more than $7.2 million of SPARC funds were awarded as low-interest first trust mortgages in FY 2010;
- Nearly 5,000 clients were assisted via phone or walk-in consultations in each fiscal year;
- 45 Public Housing families, 25 PPH families and 23 families from the Housing Choice Voucher Homeownership Program took advantage of the opportunity for personal finance education, credit counseling and homeownership education.

Since 2008, nearly 70 first-time homebuyer households purchased foreclosed homes in Fairfax County using federal, state and county funds through the county's Silver Lining Initiative.