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News Release

Sussex County to use \$2M in federal funds to help residents buy foreclosed homes

Georgetown, Del., June 9, 2009: The nightmare of foreclosure has hit tens of thousands of Americans, including some right here in Sussex County. A new program, though, aims to help some individuals realize their American dream.

The Delaware Housing Authority has allocated to Sussex County \$2 million in federal funding for its Neighborhood Stabilization Program, created under the Housing and Economic Recovery Act of 2008. The program's mission is to stabilize communities that have suffered from foreclosures and abandonment by offering low- and moderate-income buyers the chance to purchase homes left vacant.

Sussex County's local program should be running by later this summer.

"The whole idea behind this initiative is to create sustainable, long-term affordability for qualified homebuyers so they can put down roots in communities that have been greatly affected by the foreclosure crisis," said Brandy A. Bennett, Sussex County's housing coordinator. "The goal is to build and strengthen a community by cutting down on vacant, foreclosed homes. That is precisely what 'stabilization' suggests."

Under Sussex County's version of the stabilization program, the County's Community Development & Housing office will work with Sussex County Habitat for Humanity, the Milford Housing Development Corp. and the Diamond State Land Trust to put buyers into homes.

Sussex County would use the federal funding to lend money to those partners, which would buy and rehabilitate the homes and then pay back the program as houses are sold to new

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buyers. Homes could not be sold for a profit, and all money collected back into the fund would be used for future NSP purchases and rehabilitation projects.

Buyers must meet eligibility and income requirements, not making more than 120 percent of area median income in order to qualify. For a typical family of four, that would equal approximately \$70,000 per year. Homes purchased must be for primary residences, not used as investment properties or second homes, and must be located within five targeted areas of the county where foreclosure rates have been the highest in the past 18 months: Georgetown, Greenwood, Laurel, Milford and Seaford ZIP codes.

County officials expect the initial seed money of \$2 million to remove as many as 25 to 30 houses from the foreclosed stock, and put those homes into the hands of new homeowners.

Sussex County also would use a portion of the federal funding to establish a homebuyer assistance program that would make up to \$50,000 in zero-interest loans available to other low- and moderate-income buyers purchasing foreclosed homes. That assistance would be secondary to the buyer's principal financing, and would be considered a lien on the property, requiring the owner to repay the amount if the home is sold to a future non-qualified buyer.

Sussex County also will partner with NCALL Research Inc. and First State Community Action Agency to provide federally required counseling for all homebuyers making use of the program. And the County will work with the Sussex County Association of REALTORS® to find potential homebuyers and target qualifying foreclosed homes.

"This is a team effort all the way around. Without this support from our partners, we would not be able to do this," said Community Development & Housing Director William Lecates, who added that the first loans should be extended and homes purchased under the program within the next 30 to 60 days. The federal funding must be used by September 2010.

"Sussex County and Delaware need an economic boost, and this will be a great way to stimulate our local economy," County Administrator David B. Baker said. "More importantly, we believe this program will offer Sussex Countians a real chance to be a part of their community, and to realize the American dream."

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