

| Factor | Sub Factor (from NOFA) | Amendment 4 – Addition of Census tracts to reflect current foreclosure patterns in Sussex County |
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| 1 – Need | Target Geography | <p>DSHA is requesting permission to amend our plan of action under NSP 2 to add Census tracts 507.02 and 501.02. Sussex County has been tracking foreclosures by Census tract and generally has less than five qualifying properties a month available for purchase in the three NSP 2 Census tracts and sometimes just one. Generally, the properties are high-priced resort homes, rather than a home that can be made affordable to people working and living in Sussex County year round. The Census tracts previously approved continue to be of interest, as these areas are generally difficult areas to create affordable housing. Prices in these Census tracts are generally higher due to the resort nature of the market. Sussex would like to continue to monitor these markets and identify foreclosed properties to be marketed under NSP to allow working families otherwise priced out of this market to live closer to areas of employment.</p> <p>In addition, we would like to add Census tracts 507.02 and 501.02 to be able to meet our target by adding foreclosed homes in these Census tracts to the inventory available to potential homebuyers.</p> |
| 1 – Need | Market Conditions | <p>Current conditions: Our data indicates that the homes in the 511 Census tract are primarily 2nd homes or vacation properties. Even with a distressed real estate market, these homes are being advertised at a median of \$445,000. It would not be unusual to see foreclosed properties listed for over \$1 million. The 511 Census tract is primarily coastline that is, for the most part, made up of more bodies of water than actual land mass. Because of the proximity of water, these properties are in demand solely by wealthy retirees or vacationers. Currently, our data demonstrates that there is only one qualifying property currently available for purchase in this Census tract, listed at \$459,900. With affordability in mind, it is near impossible to achieve success in this tract.</p> <p>The other Census tracts, 510.01 and 509, currently have six qualifying properties available for purchase. However, as previously mentioned this number fluctuates, as does the list price. These six homes have a median price of \$204,950.</p> <p>Request: Census tract 507.02 is a coastal community, because it lies to the west of Rt. 1, the foreclosed properties are listed for significantly less than the same house was during the real estate boom of a few years ago. Affordable housing has always been difficult to locate in this area because of its easy access to the coastal regions. This tract is comprised of the Lewes and Millsboro areas,</p> |

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| | | <p>which are centrally located for employment centers based in the coastal regions or the Rt. 113 and Rt. 24 corridors. Also, Sussex County has designated areas within this tract as a targeted area (i.e., Oak Orchard, Layton-Davis Road) numerous times for Community Development Block Grant (CDBG) funding. It will allow the County to continue its investment in the area through expanding homeownership. Further, we have many full-time professionals that work in schools, hospitals, medical centers, restaurants and retail that cannot live near their place of employment. NSP 2 will allow these professionals to purchase an affordable home near their work, cutting down on travel time. NSP 2 funding is necessary in this Census tract, as foreclosed homes, while semi-affordable, are distressed and unmaintained. NSP 2 would bring attention to these vacant, foreclosed homes to create vibrant, full-time occupancy.</p> <p>Census tract 501.02, while it lies several miles north of the coastal tracts, it is an asset to our program. This tract is almost entirely comprised of the Town of Lincoln and a portion of Milford. Foreclosed homes in this Census tract are more affordably priced, and will allow Sussex County to assist a much lower-income population than the Census tracts located near the coastline. Further, Sussex County has designated areas within this tract as a targeted area numerous times for Community Development Block Grant funding (i.e., Greentop Road, Cedar Creek). It will allow the County to continue its investment in the area through homeownership. Tract 501.02 is located near the Rt. 113 and Rt. 1 corridors, allowing for easy access to major employment areas, such as Dover, Milford, Georgetown, and the coast.</p> |
| 2 - Demonstrated Capacity | Past Experience | <p>In addition to the past experience indicated in our original application, Sussex County now has significant experience in using NSP 1 funds to assist low- and moderate-income people in Sussex County to access homeownership in the communities where they work.</p> <p>Sussex County was extremely successful in the implementation of NSP 1. The County plans to maintain consistency, and utilize the same models in NSP 2 as were used in NSP 1. Sussex County received \$2 million in NSP 1 funds from DSHA and assisted twenty-eight (28) low- and moderate-income households. Twenty (20) of those households were assisted through the County's own consumer-driven model, which utilized a soft-second mortgage financing mechanism that allowed the homebuyer to use NSP for downpayment, closing costs, and necessary rehabilitation. The additional eight (8) households were assisted through our nonprofit partners' models (i.e., Habitat for Humanity and Milford Housing). We plan to utilize these partners in NSP 2 as well.</p> |

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| 3 - Soundness of Approach | Completion Schedule | Due to changes in foreclosure patterns over the past few years, availability of foreclosed homes in some of the targeted Census tracts have shrunk to just a few expensive vacation homes that it would not be prudent to subsidize the levels required to make them affordable to moderate-income people. With the possibility of some foreclosed moderately-priced homes in these Census tracts and the addition of two tracts further inland, Sussex will fully expect to meet our completion schedule. Sussex County expects to assist nine households with the funds appropriated. If our request to add Census tract 507.02 and 501.02 is approved, this will be quite achievable, as this will significantly increase the number of foreclosed homes to choose from. If we are unable to add these Census tracts, we will be concerned about the completion schedule due to the expensive sales price and limited availability of foreclosed homes in the 509, 510.01, and 512 tracts in recent months. |
| 3 - Soundness of Approach | Income Targeting | The income-targeting provisions remain the same as in the original application. |
| 3 - Soundness of Approach | Continued Affordability | The continued affordability provisions remain the same as in the original application. |
| 3 - Soundness of Approach | Consultation & Outreach | In addition to the consultation and outreach provisions in our original application, Sussex County staff continues to consult with local real estate professionals, as well as participate in the available First Look programs to identify the most suitable properties for our NSP 2. |
| 3 - Soundness of Approach | Performance Monitoring | The performance monitoring remains the same as in the original application. |
| 4. Leverage | Leverage \$ | This proposed amendment does not leverage any additional resources for the Delaware NSP 2. |
| 4. Leverage | Rubric | N/A – Only foreclosed properties will be addressed in the Sussex County target areas. |
| 5. Sustainability | N/A | |
| 6. Neighborhood Transformation | N/A | |