

## Department of Planning and Budget 2012 Fiscal Impact Statement

**1. Bill Number:** SB644

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Colgan

**3. Committee:** General Laws and Technology

**4. Title:** Foreclosure counseling pilot program.

**5. Summary:** Directs the Director of the Department of Housing and Community Development (DHCD) to establish a foreclosure counseling pilot program for Prince William County and the Cities of Manassas and Manassas Park under which qualified employees of the department will provide foreclosure counseling to homeowners at no charge. Counseling will include facilitated negotiations between homeowners and mortgagees for the purpose of reaching an agreement for mortgage loan modification or other agreement in an attempt to avoid foreclosure or to mitigate damages if foreclosure is unavoidable. Participation in the program is optional. The Director is required to report on the effectiveness of the program. The measure expires July 1, 2017.

**6. Budget Amendment Necessary:** Yes. Item 108.

**7. Fiscal Impact Estimates:** Preliminary. See item 8, below.

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2012	0	0	-
2013	600,000	7	GF
2014	600,000	7	GF
2015	600,000	7	GF
2016	600,000	7	GF

**8. Fiscal Implications:** This bill will have an expenditure impact to DHCD. The impact is scalable. The department estimates that it will require \$600,000, from the general fund, in each fiscal year, and seven positions. It is anticipated that each counselor will be able to assist 150-200 homeowners annually. The program can be structured based on the amount of funding provided; additional funding would allow the department to provide services to more homeowners, and less funding would allow the department to provide services to fewer homeowners.

Under the provisions of SB 644, DHCD will use its own employees to provide foreclosure counseling services directly to homeowners facing the threat of foreclosure within Prince

William County and the Cities of Manassas and Manassas Park. In addition to working directly with affected homeowners, the program will require the agency to conduct workshops and outreach programs for educating the public within the affected localities of resources that may be available to assist in avoiding foreclosure.

To provide the required services and minimize travel expenses, staff will need to be based within the proposed service area. In addition to providing direct services to affected homeowners, this bill requires the department to provide the Governor and the General Assembly with annual reports regarding the effectiveness of the program and impediments to foreclosure counseling services. It is estimated that the program expenses will be as follows:

Category	Annual Costs
Salaries and Benefits(7 positions @ \$50,000/annum salary plus fringe and benefits)	\$467,488
Rent (\$20/ sq. ft. @ 2,450 sq. ft.)	\$49,000
Supplies, telecom, computer and VITA charges	\$14,420
Travel	\$7,000
Annual Cost of Counselor Certifications	\$3,500
Educational outreach; program evaluation and reporting	\$58,592
Total	\$600,000

**9. Specific Agency or Political Subdivisions Affected:** Department of Housing and Community Development, Cities of Manassas and Manassas Park, Prince William County.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** The latest available data from sources tracking foreclosure at the local level suggests that in 2011 over 400 homes entered the foreclosure process each month in the area addressed by SB 644. This is consistent with other data sources. The 2010 American Community Survey 1-Year estimate was that there were nearly 83,000 homes with a mortgage in Prince William County. Approximately 0.5 percent (.005) of homes in this region of the state were entering foreclosure each month, which would have been about 415 households in Prince William in September 2010, which is again consistent with more recent numbers.

The Prince William County Cooperative Extension currently provides housing counseling services. These services are available at no cost.

Senator Colgan proposed a member amendment for \$300,000, from the general fund, in FY 2013 and \$600,000, from the general fund, in FY 2014.

**Date:** 1/29/12

**Document:** G:\Budget Development\2012 Legislation\SB644.doc