



Shared Equity Homeownership

What Is It?

Since July 2009, the City of Alexandria's home purchase assistance programs have included an **equity sharing** policy. This means that if the City's loan represents 20% of your purchase price, then you will be asked to provide 20% of your appreciation as a price discount to the next income-eligible buyer when you decide to re-sell the property. As an example, if you purchase a home for \$250,000 and receive \$50,000 in downpayment assistance, then the City holds a 20% equity share in your home. If you sell your home five years later and find that your home has appreciated to a value of \$300,000, then you would share 20% of the \$50,000 in appreciation, in this case \$10,000, as a price discount to the next buyer (in addition to repaying your original City loan). Therefore, the resale price would be \$290,000.

Homebuyers assisted through the City's programs must comply with **marketing requirements** when the assisted home is being re-sold. For a period of six months, owners must attempt to locate an income-eligible, first-time buyer who is eligible for City purchase assistance. The City will assist the homeowner in marketing the unit to potential purchasers. Participants should contact the Office of Housing when selling their home for more detailed guidance on the resale and marketing process.

These program restrictions are enforced through a **deed of covenants, conditions and restrictions** that each buyer will sign at the time purchasing the home. These restrictions describe the resale and discount process and other requirements of the programs. Buyers should read this document carefully and should contact their program coordinator with any questions.

These program elements are intended to preserve the important homeownership benefits provided through City purchase assistance, to help preserve affordable homeownership opportunities for future homebuyers, and to maximize limited financial resources. These benefits include overcoming big downpayment requirements, reducing housing costs through 0% interest financing, and, in many cases, eliminating the cost of monthly mortgage insurance.

To get the latest information on the City's affordable housing programs, [sign up for eNews here](#). You will also receive updates on affordable rental and home purchase opportunities with your subscription.