



Homeowner Programs

Agenda



Org Chart

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Art Thomas,
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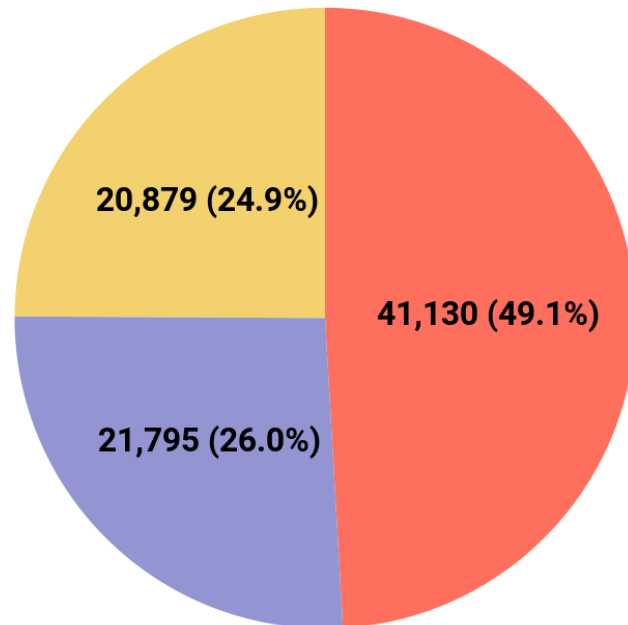
Sam Gates,
Housing Program Specialist
(Asset Manager)

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Management Analyst

Housing Use in the City

Housing Ownership: How housing is legally structured and assessed

● Rental ● Fee simple ● Condominium

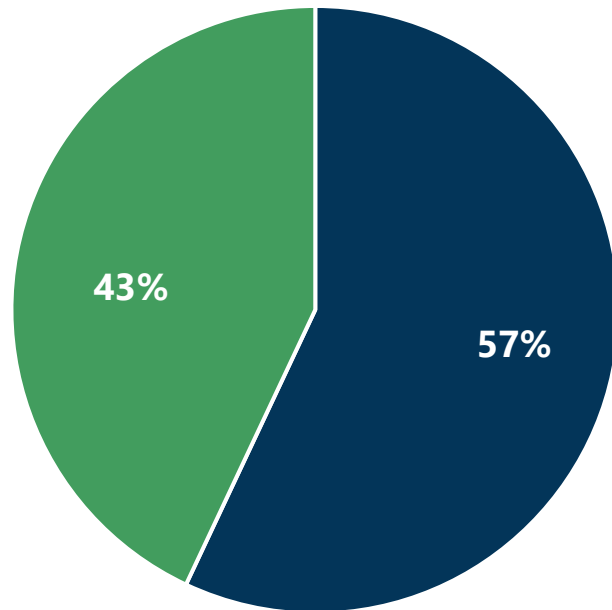


Fee simple means you have complete ownership of land and any buildings on it – you can use, sell, or pass it on. Fee simple units consist of single-family detached and attached units. Some single-family attached units (townhomes) are structured as condominiums.

Homeownership in the City

Housing Ownership: How housing is being used

■ Renter Households ■ Homeowner Households



Source(s): ACS 5-Year Estimates, 2022; City of Alexandria

What is the homeownership ratio in Fairfax or Arlington?

Fairfax County: 68.3%

Arlington County: 41.8%

Source: ACS 5-year estimate, 2023

Who can afford to own in the City?

\$1,020,588

2023 Average Sales Price

\$593,000

2023 Median Sales Price



\$962,276

**AVERAGE SINGLE-FAMILY,
FEE SIMPLE ASSESSED
VALUE**

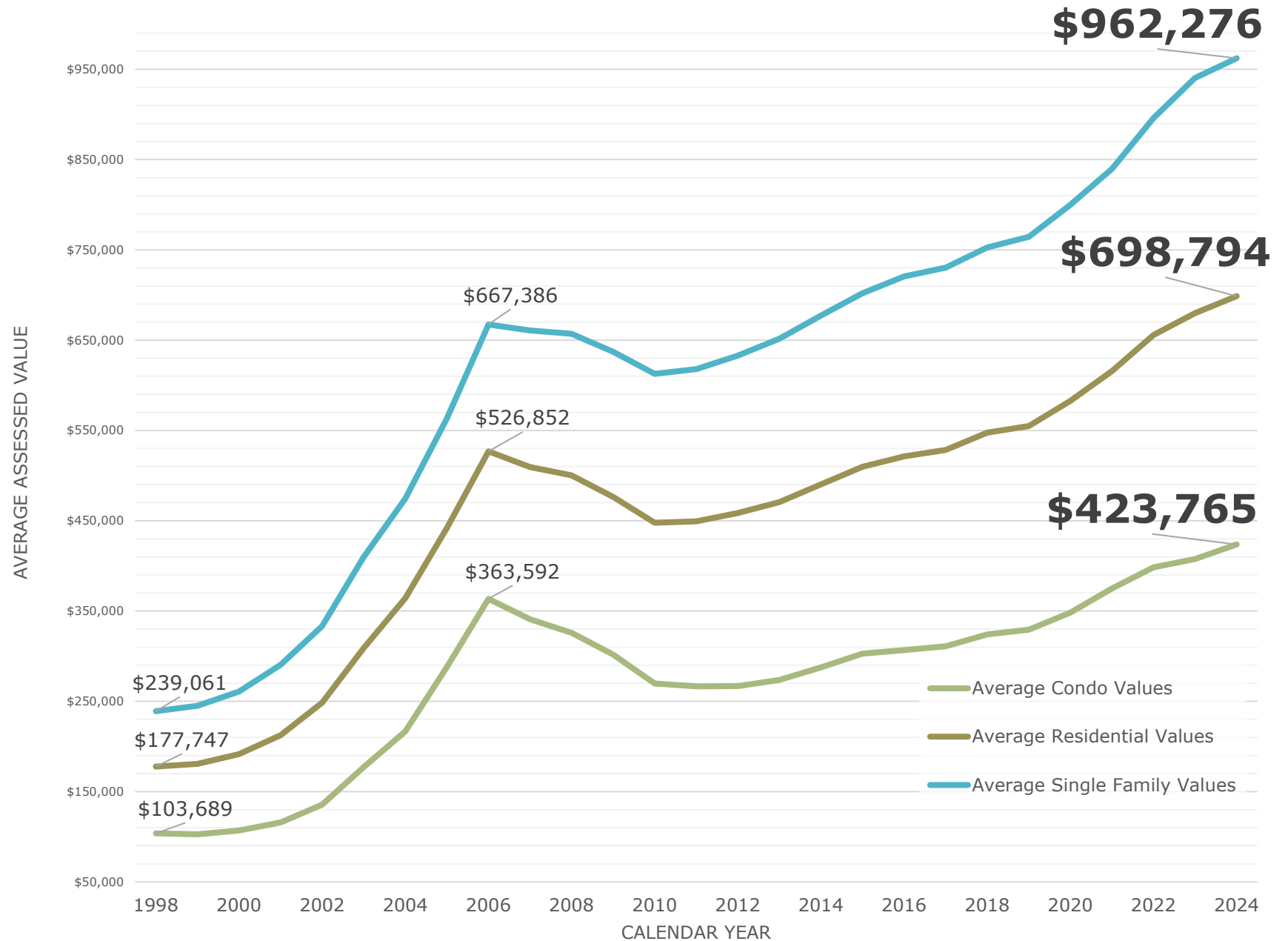


\$423,765

**AVERAGE CONDOMINIUM
ASSESSED VALUE**

High condominium fees can jeopardize the relative affordability of older units.

Average Residential Assessed Value 1998-2024



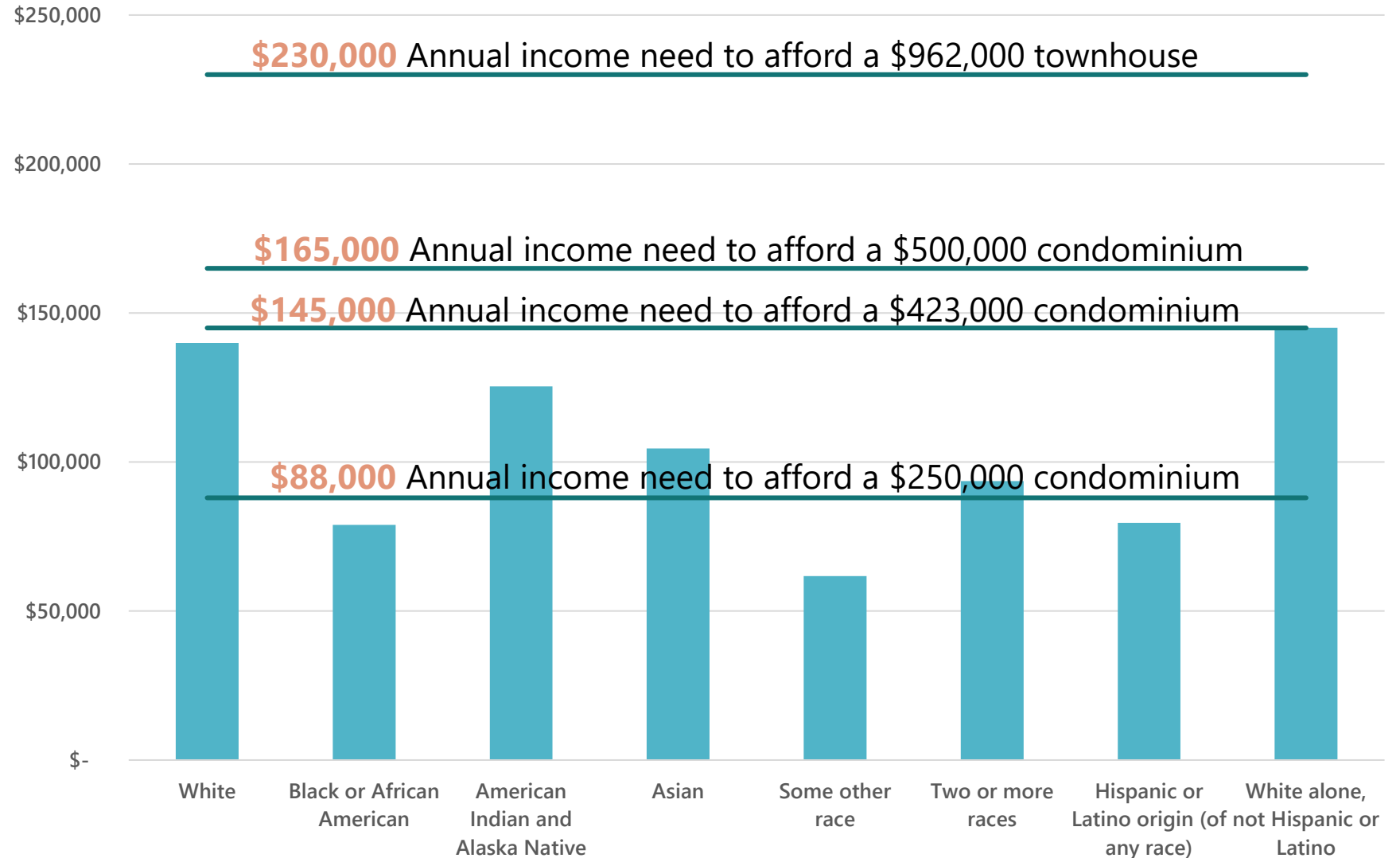
Who can afford to own in the City?

Assumptions and Notes:

The **attainability analysis** shown is based on the following generalized assumptions if you were purchasing a home this fall:

- \$0 consumer/revolving debt;
- An interest rate of 6.5%;
- Condo fees ranging from \$500 to \$800/month based on unit size and a \$300 HOA fee for the townhouse;
- Real estate tax rate effective 2024 of \$1.135 per \$100 of sales price;
- Standard closing costs, down payment, and prepaids, as well as a downpayment of approx. 7% (20% for the \$962k townhouse).

Attainability of Homeownership Today by Median Household Income by Race and Ethnicity

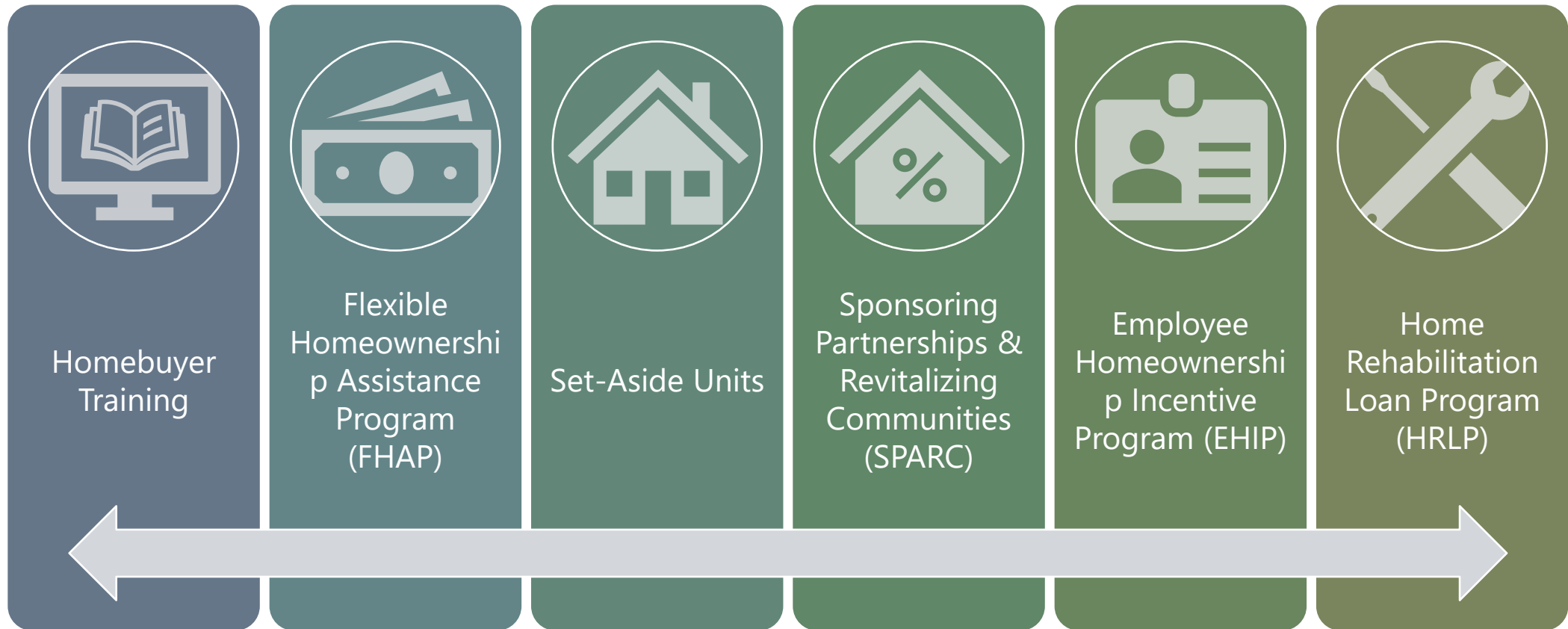


Attainability

- For many Alexandrians, downpayment and closing cost assistance are critical
- The City's Homebuyer Programs aim to expand homeownership opportunities to moderate income buyers, who without this assistance are unable to afford the upfront costs and market-rate prices of for-sale homes in the City.



City's Homeownership Programs



Source of Homebuyer Units

- Alexandria Neighborhood Stabilization Program (ANSP) *
- Set-aside Homeownership Program
- Resale Restricted Homeownership Program
- Resale Restricted Workforce Homeownership Program
- City-sponsored Homeownership Partnerships

Homebuyer Training

- Free first-time homebuyer training offered through Virginia Housing (typically monthly) in English and Spanish in-person and virtual
- The program covers personal finance, managing credit, the role of the lender, working with a real estate agent, home inspections, and closing day.
- Successful completion of the training gives first-time homebuyers access to Virginia Housing's below-market interest rates and to the City's homeownership program.



6-hour
HUD Approved
Course

Flexible Homeownership Assistance Program (FHAP)

- Provides a second trust loan of up to \$50,000 in deferred payment, equity share, 0% interest financing
- Income limits, depending on program, up to 100% of area median income (\$154,700 for a family of 4)
- Assistance may only be used to buy properties that Office of Housing markets for sale

FHAP Basic Eligibility

- Must be a first-time homebuyer
- Must live or work within the corporate limits of the City of Alexandria
- Have a gross annual income within current limits
- Complete required homebuyer training and a counseling session.

Area Median Income

Area Median Income (AMI)

Income levels that are established annually by the Department of Housing and Urban Development for households of different sizes, **where half of the households in the region earn more and half earn less.** [2024 AMIs by household size](#), along with associated maximum rents, are available online.

%AMI	1 Person	2 People	3 People	4 People	5 People	6 People
30%	\$ 32,500	\$ 37,150	\$ 41,800	\$ 46,400	\$ 50,150	\$ 53,850
40%	\$ 43,320	\$ 49,520	\$ 55,720	\$ 61,880	\$ 66,840	\$ 71,800
50%	\$ 54,150	\$ 61,900	\$ 69,650	\$ 77,350	\$ 83,550	\$ 89,750
60%	\$ 64,980	\$ 74,280	\$ 83,580	\$ 92,820	\$ 100,260	\$ 107,700
80%	\$ 86,640	\$ 99,040	\$ 111,440	\$ 123,760	\$ 133,680	\$ 143,600
100%	\$ 108,300	\$ 123,800	\$ 139,300	\$ 154,700	\$ 167,100	\$ 179,500
120%	\$ 129,960	\$ 148,560	\$ 167,160	\$ 185,640	\$ 200,520	\$ 215,400



In 2024, the AMI for a 4-person household for the Washington, DC region is **\$154,700.**

Sample FHAP Shared Appreciation

This example illustrates how shared appreciation and homeowner equity amounts may be calculated for a typical FHAP loan. In this example, the **original purchase price** is **\$325,000** and the **FHAP loan** is **\$50,000**. Assuming a resale price of \$380,000, the appreciation and equity amounts are calculated as shown here.

Original Purchase Price	\$325,000.00
City loan	\$50,000.00
Equity Share	15.38%
Current Market Value & Resale Price	\$380,000.00
Minus Original Purchase Price	\$325,000.00
Equity Appreciation	\$55,000.00
Appreciation \$55,000 x Equity Share 15.38%	\$8,459.00
Market Value	\$380,000.00
Minus Discount	\$8,459.00
Resale Price	\$371,541.00

Sample Resale of Set-aside Unit + Loan

The Set-aside Homeownership Program provides a limited number of affordable, resale-restricted units through the development process. This example illustrates the formula for the resale of a set-aside unit with a discount and City loan. In this example, the original purchase price is assumed to be \$225,000 with a FHAP loan of \$40,000. The formula shows how the resale price of \$246,775 is calculated.

Original Purchase Price:	\$225,000
Original Market Value:	<u>\$850,000</u>
Discount:	\$625,000
Equity Share:	73.52% (Discount ÷ Original Market Value)

At Resale

Current Market Value:	\$950,000
Minus Original Market Value:	<u>\$850,000</u>
Total Equity:	\$100,000

Total Equity Calculation: \$100,000 (Total Equity) x 73.52% (Equity Share) = \$73,520 City's Equity Share; Seller's Equity Share = \$26,480

City Loan Equity Share

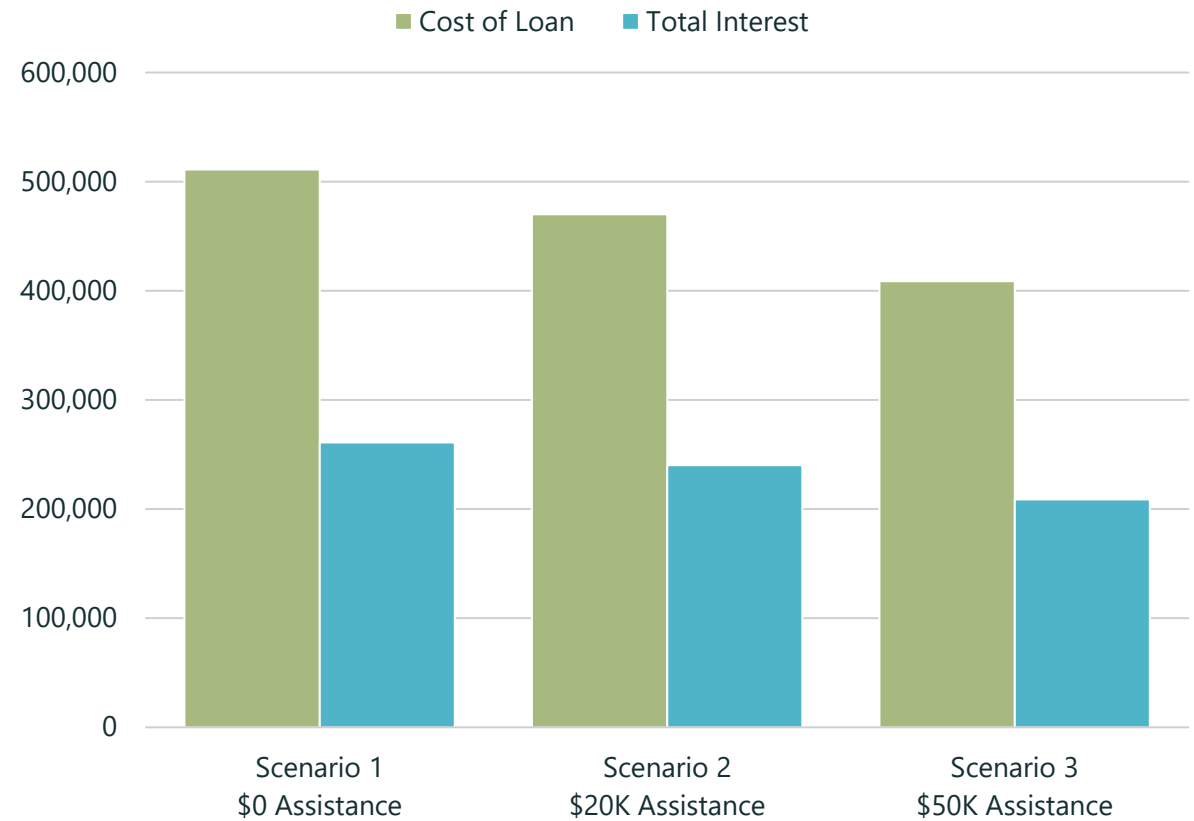
Original Purchase Price:	\$225,000
City Loan Amount:	<u>\$40,000</u>
City Loan Equity Share:	17.77% (City Loan Amount ÷ Original Purchase Price)

Seller's Loan Share: \$26,480 (Seller's Equity Share) x 17.77% = \$4,705
City's Share & Contributions: \$73,520 (City's Equity Share) + \$4,705 (Seller's Loan Share) = \$78,225 + \$625,000 (Discount) = \$703,225

Current Market Value: \$950,000 (Market Value) - \$703,225.49 (minus City's Share & Contributions) = **\$246,775 Resale Price**

Why FHAP? Payment Comparison

Sales Price: \$250,000	Scenario 1 \$0 Assistance	Scenario 2 \$20K Assistance	Scenario 3 \$50K Assistance
Loan Amount	\$250,000	\$230,000	\$200,000
Loan Period in Years	30	30	30
Annual Interest Rate	5.50%	5.50%	5.50%
Principal & Interest Payment	\$1,419	\$1,306	\$1,136
Total Interest	\$261,010	\$240,129	\$208,808
Total Monthly Loan Payments	\$1,419	\$1,306	\$1,136
Monthly Savings	0	\$114	\$284
Savings Over Life Loan	\$0	\$40,881	\$102,202
Cost of Loan	\$511,010	\$470,129	\$408,808



Affordable For-Sale Units



9 affordable homeownership units at the Dylan in Potomac Yard were marketed and sold in 2023. Income eligible buyers were selected through a public lottery.

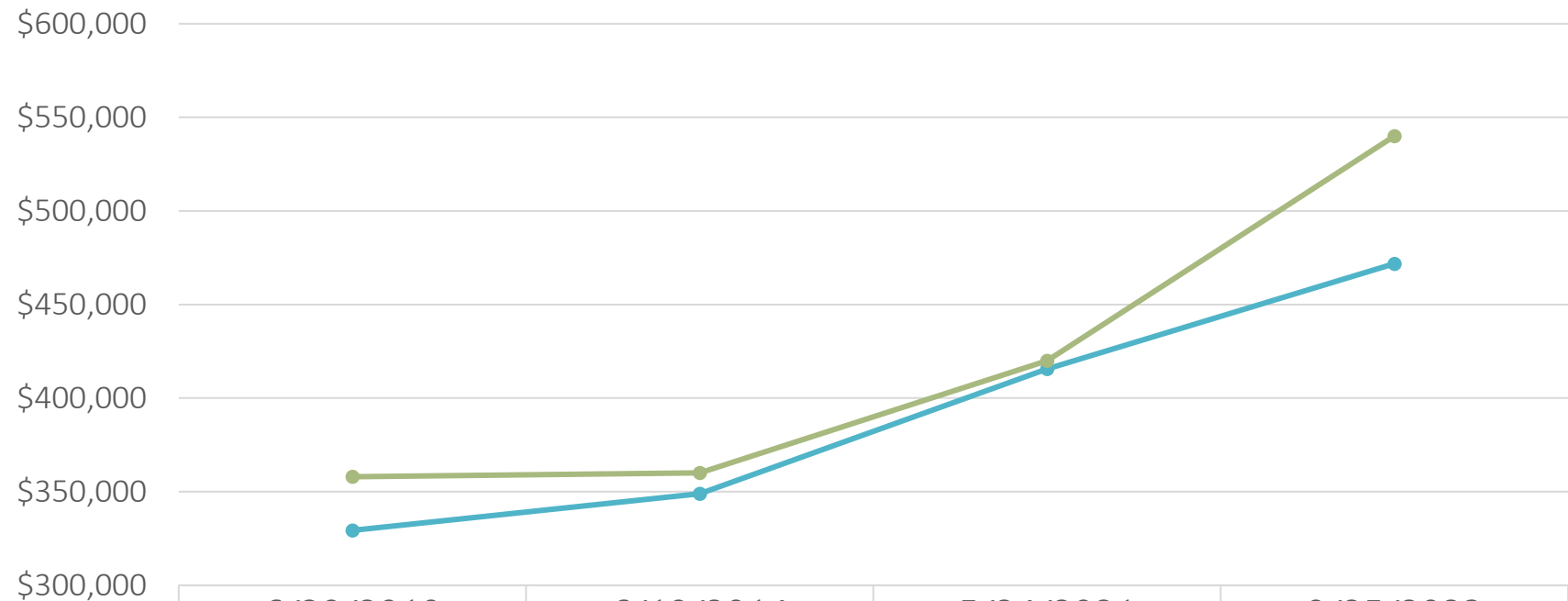
A limited number of affordable for-sale units are marketed through eNews in existing and new buildings.



36 affordable homeownership units (31 townhomes and five multifamily condominium units) are being constructed by Housing Alexandria as part of the mixed-ability Seminary Road project.

Set-Aside Resale Analysis

Old Dominion Blvd.



—●— \$ Purchase Price

—●— \$ Appraised / Market

6/29/2010

6/18/2014

5/24/2021

8/25/2023

\$329,360

\$349,000

\$415,572

\$471,818

\$358,000

\$360,000

\$420,000

\$540,000

Sponsoring Partnerships & Revitalizing Communities (SPARC)

- SPARC funding supports the City's efforts to increase affordable homeownership for income-qualified first-time homebuyers
- Funding is made possible by Virginia Housing (VH) and applies only to VH mortgages
- The City applies for SPARC funding annually, for FY 2025 we received \$7.1M.
 - *In FY 2023 – 14 families or individuals were served*
 - *In FY 2024 – 16 families or individuals were served*
- To qualify, you must purchase a home in the City of Alexandria corporate limits, live or work in the City for six months prior to requesting SPARC funding, and have an annual household income at or below [100% area median income](#)

SPARC funds reduce VH mortgage loans **1% lower** than their published First-Time Homebuyer mortgage interest rate!

Employee Homeownership Incentive Program (EHIP)

[EHIP Brochure](#)

- EHIP assistance available to eligible City employees who regularly work 20 hrs/week or more
- Eligible purchases include condominiums, townhomes, cooperative housing, and detached homes with a sales prices of up to \$725,000
- EHIP funds may be used for down payment, closing costs, or any other costs incurred in the purchase that are *paid at settlement*
- In order not to trigger a repayment, the employee must occupy the home purchased using EHIP as their primary residence



\$15,000

EHIP provides an interest-free, deferred payment loan of up to \$15,000 for home purchases in the City of Alexandria

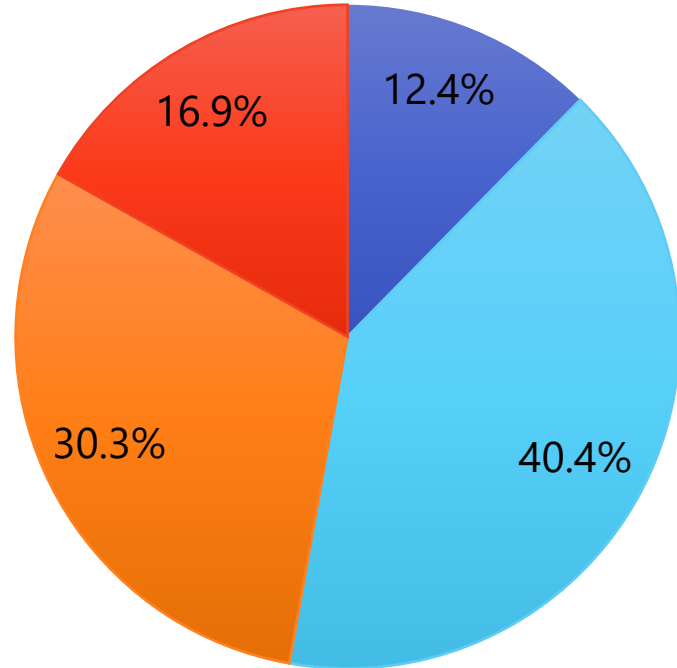
Homeownership Loan Portfolio

- There are 619 active loans in the City's Homeownership portfolio, with an overall average loan amount of \$32,750.
- The loans are all deferred interest*, meaning there are no monthly payments or interest associated with them as long as property remains owner-occupied.
- Since FY 2013, the City has supported 114 borrowers with downpayment and closing cost assistance through the homeownership programs, totaling over \$4.7 million in program expenditures.

** Interest will accrue at a rate of 8% if and when a loan goes into default.*

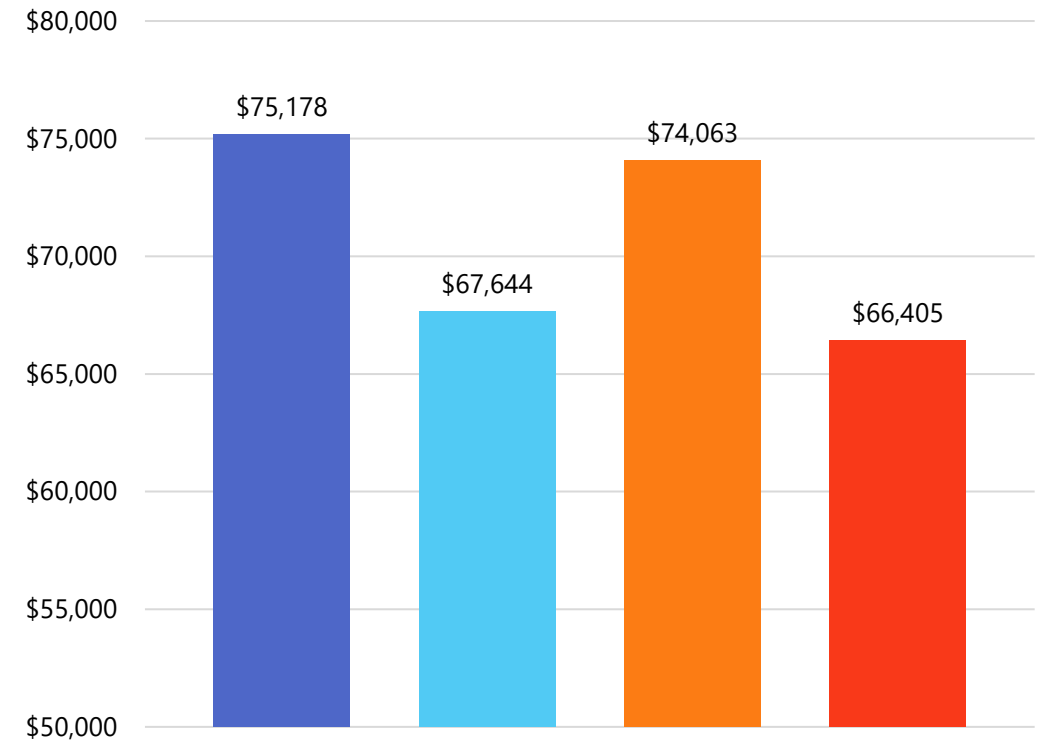
Borrowers by Racial/Ethnic Group

Percentage of Borrowers Assisted



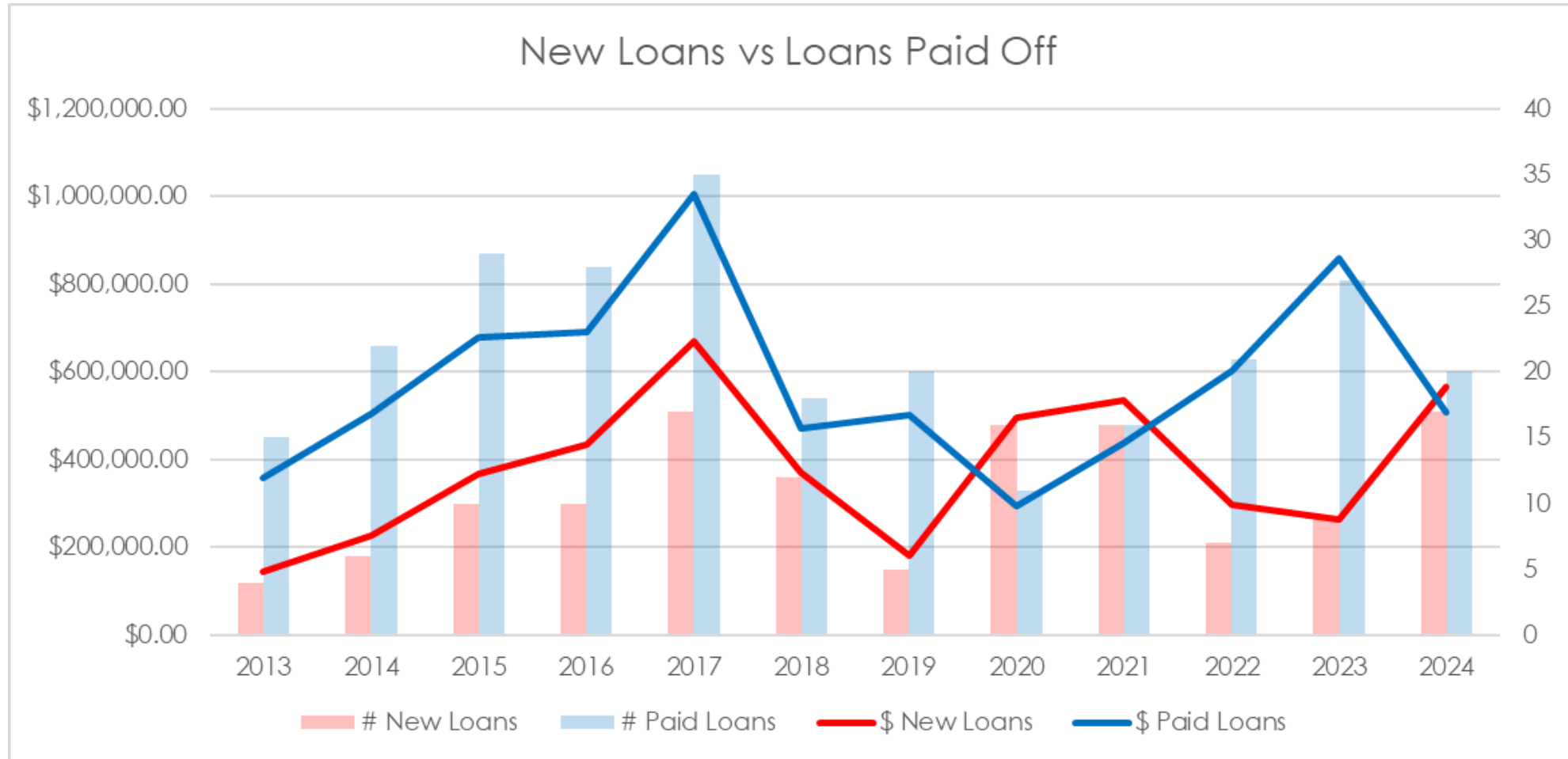
■ Asian ■ Black or African American ■ White alone, not Hispanic or Latino ■ Hispanic or Latino

Average Annual Income



FY 2013 – Present

Year to Year Loan Performance



Home Rehabilitation Loan Program (HRLP)



Overview

- Provides loans to low-income homeowners to fund repairs and improvements that are required for the health, safety or accessibility needs of the owners or are needed to preserve and extend the life of the property.
- Construction Loan Limit: capped at \$135,000* for single-family residences and \$75,000* for condominium units.
- Soft Costs: for moving, storage, temporary relocation (apartment rental) may be funded above the construction loan limit resulting in a HRLP loan exceeding \$135,000.

* *Construction loan limits may be exceeded in cases where owners must address lead-based paint abatement activities within the scopes of their projects.*

HRLP Loan Terms and Requirements

- 99-year loan term, with 0% interest.
- Owners must have equity in their home to secure the proposed HRLP loan.
- Loan repayment is required when owners sell residence or when property is no longer their primary residence.
- Loans are funded by CDBG and HOME.
- Income limits: Owners must meet the HRLP Family Income Limits of 80% AMI:

% AMI	1 Person	2 People	3 People	4 People
80%	\$ 86,640	\$ 99,040	\$ 111,440	\$ 123,760

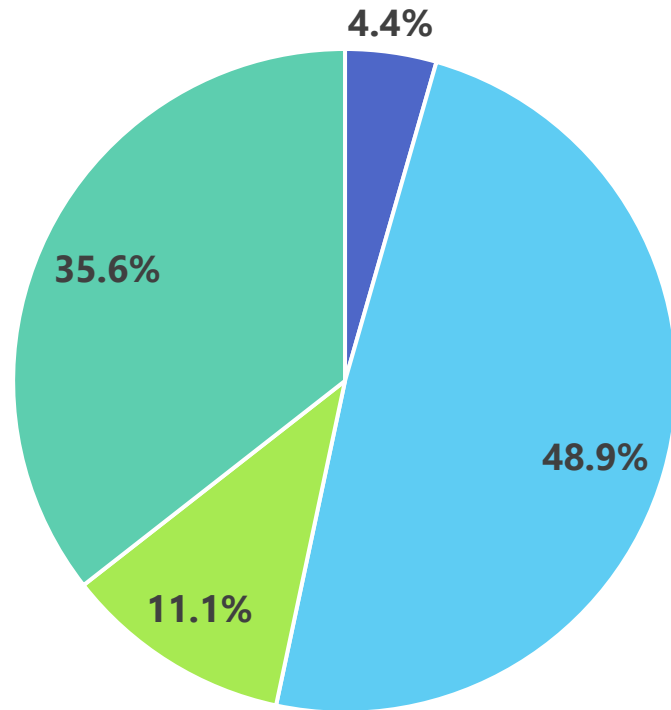


HRLP Loan Portfolio

- There are 122 active loans in the City's Rehabilitation portfolio, with an overall average loan amount of \$66,847.
- Since FY 2013, the City has supported 83 rehab loans, totaling over \$5.7 million in program expenditures

HRLP Borrowers by Race/Ethnicity

Percentage of Borrowers Assisted



Average Annual Income



■ Asian ■ Black or African American ■ Hispanic or Latino, any race ■ White alone, not Hispanic or Latino

FY 2013 – Present

Homeownership Programs

Research & Program Assessment

- An analysis of programs in Arlington, Loudoun, Fairfax, Washington, D.C., and Montgomery Counties was completed, as well as a review of Arlington County's Homeownership Study Recommendations
- General program variations are minor
 - *Montgomery County – most generous (covers closing costs) but financing from Maryland's Mortgage Purchase Program does not require that borrower's currently live or work in Montgomery County.*
 - *Loudoun County - Public Employee Homeownership Grant Program (PEG) up to \$25K.*

Arlington Homeownership Study

Recommendations

Existing Programs

- Moderate-Income Purchase Assistance Program
 - Expand partnership with pre-approved lenders and housing counselors
 - Establish a tiered assistance structure, along with set-aside funding that will better prioritize the communities seeking funding, more specifically households earning between 80% to 100% AMI.
- Affordable Dwelling Unit Program
 - Determine if resale restrictions are limiting wealth-building opportunities
- Condominium Support
 - Develop strategies to minimize financial challenges unique to condo owners (e.g., home repair loans and special assessment support)
 - Create a controlled escrow program allowing ADU condo owners to finance repairs/upgrade upon the sale of the property

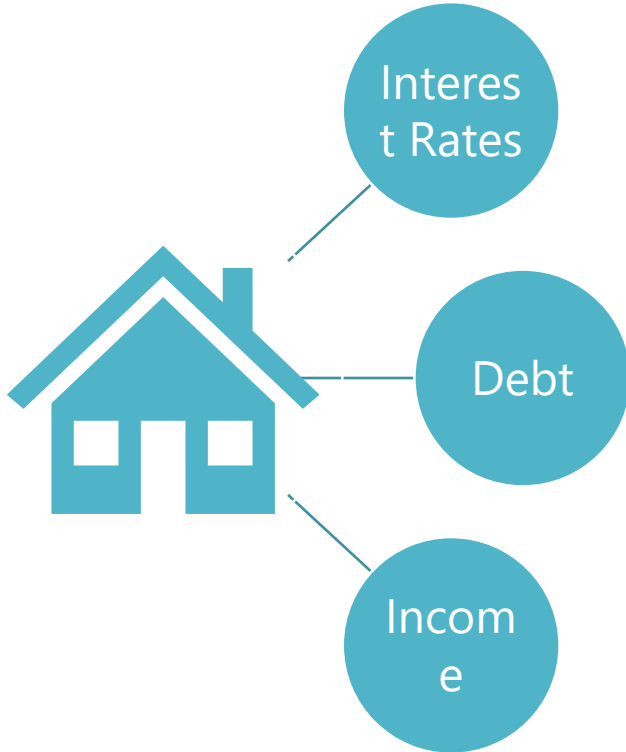
Arlington Homeownership Study

Recommendations

New Programs

- Homebuyer Cohort Pilot Program
 - Provide education, guidance, technical assistance, and support to low-and-moderate income renters
- Home Improvement Loan Program
 - Relaunch Home Improvement Loan Program (HIP) to support existing homeowners in maintain their housing
- Homeownership Production Fund
 - Incentivize the creation of affordable ownership housing through Expanded Housing Options (EHO) permits. Consider Right of First Refusal (ROFR) for affordable EHO units created through the fund.

Interactive Calculator



This interactive loan calculator is intended for educational and illustrative purposes only. It is not a commitment to lend, nor does it guarantee the accuracy or results of the calculations. The variables impacting homeownership affordability may vary based on individual circumstances and market conditions. Please consult a financial advisor or lending institution for precise and tailored advice.

Summary of Borrower's Transaction

100. Gross Amount Due from Borrower			
Contract sales price	\$	275,000	
Personal property	\$	-	
Settlement charges to borrower (line 1400)	\$	10,044	
Adjustment for items paid by seller in advance			
City/town taxes MM/DD/YY to MM/DD/YY	\$	-	
Assessments MM/DD/YY to MM/DD/YY	\$	-	
Condo Dues MM/DD/YY to MM/DD/YY	\$	-	
120. Gross Amount Due from Borrower			
		\$	285,044
200. Amount Paid by or in Behalf of Borrower			
Deposit or earnest money	\$	-	
Principal amount of new loan(s)	\$	207,000	
Existing loan(s) taken subject to	\$	49,440	
Adjustments for items unpaid by seller			
City/town taxes MM/DD/YY to MM/DD/YY	\$	-	
Assessments MM/DD/YY to MM/DD/YY	\$	-	
220. Total Paid by/for Borrower		\$	256,440
300. Cash at Settlement from/to Borrower			
Gross amount due from borrower (line 120)	\$	285,044	
Less amounts paid by/for borrower (line 220)	\$	(256,440)	
Cash <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	\$	28,604	

Settlement Charges				Paid from Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
700. Total Real Estate Broker Fees	6.00%	\$	16,500		
Division of commission (line 700): 3% to Seller's Agent; 3% to Buyer's Agent					
Commission paid at settlement		\$	-	\$	16,500.00
800. Items Payable In Connection With Loan True Cost					
Loan Origination Fee	1.00%	\$	2,070	\$	2,070
Processing Fee		\$	200	\$	200
Underwriting Fee		\$	275	\$	275
Appraisal Fee	POC	\$	500	\$	500
Tax Service Fee		\$	81	\$	81
Flood Determination Fee		\$	18	\$	18
Credit Report		\$	50	\$	50
Total Lender Fees:		\$	3,194	\$	3,194
900. Items Required By Lender To Be Paid In Advance					
Per Diem Interest	15 days	\$	170	\$	170
Hazard Insurance	1st Year Premium	\$	662	\$	662
Total Pre Pairs:		\$	833	\$	833
1000. Reserves Deposited With Lender					
Homeowners Insurance	6 months @ \$ 55	\$	331	\$	-
City Property Tax	6 months @ \$ 260	\$	1,561	\$	-
Total Escrows:		\$	1,892	\$	1,561
1100. Title Charges					
Settlement or Closing Fee	to ABC Settlement	\$	450	\$	450
Abstract or Title Search	to ABC Settlement	\$	213	\$	213
Owners Title Insurance	to ABC Settlement	\$	550	\$	550
Lenders Title Insurance	to ABC Settlement	\$	621	\$	621
Recording	to ABC Settlement	\$	81	\$	81
Release	to ABC Settlement	\$	60	\$	-
Insured Closing Letter Fee		\$	195	\$	195
Total Title Charges:		\$	2,170	\$	2,110
1200. Government Recording and Transfer Charges					
Recording Fees		\$	100	\$	100
Transfer Taxes - Deeds		\$	916	\$	916
Transfer Taxes - Deed of Trusts or Mortgages		\$	856	\$	856
Total Government Charges		\$	1,872	\$	1,872
1300. Additional Settlement Charges					
Survey		\$	-	\$	-
Home Inspection		\$	475	\$	475
Total Additional Charges:		\$	475	\$	475
1400. Total Settlement Charges (enter lines 103, Section J and 502 K)		\$	10,044	\$	16,560

At-A-Glance

Sales Price:	\$	275,000
HOA:	\$	250

Financing

Annual Household Income:	\$	85,000
First Trust Loan Amount	\$	207,000
City Assistance	\$	50,000
Interest Rate (First Trust)		2.000%
LTV		✓ 75.27%
Housing Ratio		✓ 18.78%
Debt Assumption	\$	350
Debt-to-Income Ratio		✓ 23.72%

Monthly Housing Payment (PITI)

P&I Payment	\$	765
Hazard Insurance	\$	55
Real Estate Tax	\$	260
MMI	\$	50.00
HOA	\$	250
Total	\$	1,330

Housing 2040 Considerations

- Funding Constraints – the City’s homeownership programs currently operate as a revolving fund.
- Consider increasing FHAP assistance to support lower AMI's and/or ensure affordability of older resale restricted units.
- Explore option to provide reduced interest financing to help expand funding for more first-time homebuyer programs
 - Example: A City loan of \$30,000 fixed at 2.5% over 20 years has a monthly payment of \$159 and total interest paid of \$8,153 over the life of the loan
- Other ideas?

Contact Us

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* Se habla Español

Q&A

