



Shared Equity Homeownership



Housing Alexandria

FOUNDATION FOR STRONGER COMMUNITY



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About us

Housing Alexandria was created in 2004 by the City of Alexandria as a non-profit whose mission was to preserve and develop affordable housing exclusively within Alexandria. Originally known as Alexandria Housing Development Corporation, not only has our name changed since our founding, but so has the scope and scale of our mission. In 2014, we served 183 rental units across four buildings; today, we serve over 1500 residents who live in over 900 rental units in nine separate buildings!

However, while we have grown immensely in size as an organization, we also understand that our mission has been and always will be to empower Alexandria and its community. That is why we are now looking beyond just rental units and turning towards affordable homeownership to help meet the growing need for affordable homebuying opportunities for residents and workers in Alexandria.



**Courtyard at The
Nexus at West Alex**

Our Vision

We envision an equitable Alexandria where all can live and have equal access to opportunity.

Our Mission

We are a non-profit community developer committed to creating and preserving quality affordable housing and community-focused spaces to empower our residents and benefit Alexandria's neighborhoods.

SEHP Overview

All homes sold through the Housing Alexandria Shared Equity Homeownership Program (SEHP) are 'Shared Equity' homes. Shared Equity homes are a unique type of homeownership that offers affordable homeownership opportunities to buyers today while maintaining affordability for buyers in the future.

In a nutshell, Housing Alexandria invests money into homes throughout Alexandria. That money acts as a down payment, making the properties more affordable. In exchange for the opportunity to purchase a high-quality home at a deep discount, buyers agree to share in the appreciated value of their home to ensure it remains affordable into the future. Resale restrictions and a resale formula, which are enforced by a legal agreement signed at purchase, allow buyers to receive a modest return on their investment while ensuring the opportunity to purchase is available for similar buyers in the future.

The Housing Alexandria SEHP was created in 2023. Currently, Housing Alexandria is building 36 homes in Alexandria to sell to eligible buyers. Housing Alexandria hopes to build a pipeline of homes to continue providing affordable homeownership opportunities to the City of Alexandria.



How shared equity works

Buying and owning a Housing Alexandria home through the SEHP is similar to any other home on the open market, but there are some differences that make Housing Alexandria homes unique. All unique aspects of the SEHP are to ensure that homes are affordable to buyers today and in the future.



At purchase: Buyers can purchase Housing Alexandria homes at an affordable price. Housing Alexandria's investment ensures that homes are deeply affordable. In some cases, the discount compared to a similar home on the market is as high as 50%.

At Resale: In exchange for the opportunity to purchase a home at such a reduced price, owners commit to limiting the resale of their home to ensure it remains affordable. At resale, owners can access 25% of the market appreciation of their home.

Maximum Resale Price: Housing Alexandria will determine the Maximum Resale Price an owner can sell their home by adding their share of the market appreciation to the original affordable purchase price of the home.

The following example illustrates purchasing a 3BR Housing Alexandria home for \$400,000 that has a market value of \$800,000. Buyers receive a deep discount at purchase (over 50%!) but commit to limiting their appreciation and the maximum resale price of the home.

At Purchase

-	\$800,000	Original Market Appraised Value
	\$380,000	Housing Alexandria Investment
=	\$420,000	Buyer's Initial Purchase Price

Buyer purchases a Housing Alexandria Home for \$420,000

At Resale

-	\$950,000	New Market Appraised Value
	\$800,000	Original Market Appraised Value
	\$150,000	Total Market Appreciation
X	25%	Seller's Share
=	\$37,500	Seller's Share of Appreciation

After seven years, the owner decides to sell the property. The market value of the home has appreciated, and they receive 25% of the appreciation.

Maximum Resale Price

+	\$420,000	Original Purchase Price
	\$37,500	Seller's Share of Appreciation
=	\$457,500	Maximum Resale Price

The seller's share of appreciation, \$37,500, is added to the original purchase price to determine the maximum resale price.

By purchasing a home through the Housing Alexandria SEHP, this buyer was able to access an affordable home, have access to \$40,000 in appreciation, walk away with a modest return on their investment, and ensure the home remains affordable for the next owner.

Shared Equity vs. Open Market

Here is a summary of differences between buying a Shared Equity Home and a home on the open market:

Shared Equity Home

Property taxes reduced by 30 – 40%

Monthly Housing Alexandria program fee of \$50

No private mortgage insurance

No downpayment required

Must sell through Housing Alexandria to income-eligible buyer

Sale price determined by resale formula

Retain 25% of market appreciation

No real estate commission when selling

Must owner occupy (limits on renting)

Open Market Home

Full property taxes

No monthly program fee

Private mortgage insurance

Downpayment typically required (5%)

Can sell on the open market to any buyer

Seller/market determines resale price

Retain 100% of market appreciation

6% real estate commission when selling

No requirements

Save with Shared Equity

A shared equity home is great value, offering the same high-quality home at a fraction of the price. This means fewer monthly housing costs and more money in your pocket for other expenses.

	Shared Equity Home	Open Market
Market Value	\$800,000	\$800,000
Housing Alexandria Investment	\$380,000	\$0
Buyer's Price	\$420,000	\$800,000
Monthly Costs		
Mortgage Payment	\$2,518	\$5,322
Taxes	\$405	\$764
Condo Fee	\$450	\$450
Insurance (Hazard)	\$50	\$50
Insurance (Mortgage)	\$0	\$367
Program Fee	\$50	\$0
Total Monthly Payment	<u>\$3,473</u>	\$6,953

How Purchasing Works

Purchasing a home through the Housing Alexandria SEHP can be broken into three distinct phases:

Application Phase

- Attend Housing Alexandria SEHP Orientation
 - Meet Program Eligibility Requirements
 - Live or work in the City of Alexandria
 - Have a household income less than 80% of AMI
 - No prior homeownership
 - Complete Homebuyer Education through Virginia Housing
 - Obtain a Lender Pre-Approval Letter
 - Submit a Complete Application Packet
-

Reservation Phase

- Complete a One-on-One Housing Counseling Session
 - Sign purchase and sale contract
 - Pay \$2000 deposit and reserve your home
-

Home Purchase Phase

- Apply for a Mortgage
- Review SEHP policies with Housing Alexandria Staff
- Review Covenant with Legal Counsel
- Mortgage Rate Lock
- Closing

Income Limits

To purchase a Housing Alexandria home, buyers must have incomes at or below 80% of the area median income (AMI). Income limits are based on family size and are typically adjusted annually by the US Department of Housing and Urban Development (HUD).

The following income limits are from 2024. If you have any questions about the current limits, please confirm them with a Housing Alexandria SEHP team member.

Please speak to a lender or financial counselor to better understand what income is considered when determining a household's total income.

Household Size	Income
1 person	\$84,400
2 person	\$96,480
3 person	\$108,560
4 person	\$120,560
5 person	\$130,240
6 person	\$139,920
7 person	\$149,520

2024 AMI Limits

80% AMI



Frequently Asked Questions

Can I make changes or improvements to my home?

Yes! You own your home and can make changes and improvements as you see fit.

Improvements made to Housing Alexandria homes that are above and beyond routine maintenance and upkeep are considered 'capital improvements. Capital improvements can result in 'capital improvement credits,' which is the value assigned to the improvement through an appraisal and added to the maximum resale price when selling a Housing Alexandria home. So, by making improvements to your house, you not only get to enjoy the changes you've made, but it also has the potential to increase your resale price if you decide to sell.

Can I refinance my mortgage?

Yes! Housing Alexandria homeowners can refinance their mortgages, but **TALK TO HOUSING ALEXANDRIA FIRST!** All refinance requests must be approved by Housing Alexandria to ensure that the loan is provided by an approved lender at reasonable terms that are affordable to you and do not risk the long-term affordability of the home.

Refinancing generally takes 2-4 weeks to complete, and additional fees may apply.

Make sure you confirm other financing like your mortgage or downpayment assistance does not limit refinancing.

Frequently Asked Questions

Who is responsible for the upkeep of my home?

You are responsible for the upkeep of your home. The Housing Alexandria SEHP will conduct periodic exterior surveys of all Housing Alexandria homes to identify signs of poor upkeep. You may be required to correct any issues identified during the surveys or when selling your home.

Condominiums or homeowners' associations may be responsible for exterior maintenance and upkeep. Contact your condo or HOA to learn more.

Can I rent my home?

Housing Alexandria homeowners can rent their homes under certain circumstances and on a 'limited basis'. All rentals must be approved by the Housing Alexandria SEHP. Short-term rentals (AirBnB, etc.) are prohibited and can result in penalties, including the resale of the home.

Be aware that condominium or homeowners' associations and mortgage lenders may restrict renting. You must understand all requirements before proceeding with a rental.

What is the ownership relation when I purchase a home from Housing Alexandria?

When you purchase a Housing Alexandria Home, you maintain 100% ownership of the property. At purchase, you will be required to sign a covenant to ensure the continued affordability of the property. Housing Alexandria has no ownership interest in your home, but the covenant does give Housing Alexandria some authority to ensure the home remains affordable.

Fee Disclosure

As a Housing Alexandria homeowner, you will be responsible for all costs associated with owning your home. This includes but is not limited to:

- Mortgage payments
- Taxes
- Insurance
- Homeowners' association and condominium fees, etc.

Interested buyers should speak with a lender or financial counselor to better understand the costs and payments required for the home they are interested in purchasing.

In addition, Housing Alexandria homeowners are responsible for several other costs unique to ownership through the Housing Alexandria SEHP. Homeowners should understand these expenses when determining if a Housing Alexandria home is right for you.

Earnest Money Deposit (\$2,000): At the time of the purchase and sales contract signing for a specific property, you must bring a check for \$2,000. The deposit will be held by Housing Alexandria in a non-interest-bearing account and will be **credited toward your closing costs**. The \$2,000 deposit acts as a pre-payment for part of your closing costs.

Program Fee (\$50/month): Each home in the Housing Alexandria SEHP will be assessed with a monthly program fee. The fee will fund the operations and long-term stewardship of the Housing Alexandria SEHP, ensuring that all homes remain affordable.

Next Steps

If you think a Housing Alexandria home is the right opportunity for you, there are a few steps you can take to prepare yourself to be a successful Housing Alexandria SEHP applicant and homeowner.

Complete a Virginia Housing Homebuyer Education Course

Homebuyer education will help prepare you for homeownership by providing more information about the home buying process, bettering your understanding of homebuyer financing and income requirements, and directing you to other available resources to prepare you for homeownership. Homebuyer education is also required by many lenders. More information can be found at:

<http://www.virginiahousing.com/homebuyers> or

<http://www.alexandriava.gov/housing-services/homebuyer-resources>

Meet with a Lender

To reserve a home in a New Housing Alexandria Community, you will be required to provide a pre-approval letter demonstrating your ability to purchase the home. Meeting with a Virginia Housing-approved lender is the first step to pre-approval. Lenders can also help you better understand your finances and ability to purchase a home. Find a Virginia Housing-approved lender at:

<http://www.virginiahousing.com/homebuyers/find-lender>

Attend Housing Alexandria SEHP Orientation

The Housing Alexandria SEHP Orientation provides buyers with an understanding of the Housing Alexandria SEHP, including the home buying process, the responsibilities of a Housing Alexandria homeowner, and the resale process. The Orientations will be offered on a regular basis, both virtually and in person. To sign up for our interested buyer mailing list and get up to date information on future orientations visit:

<https://www.housingalexandria.org/homeownership/>

**Thank you for your interest in
purchasing a Housing Alexandria home.**



Housing Alexandria

FOUNDATION FOR STRONGER COMMUNITY

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