



# KEYS TO THE CITY

## The City of Alexandria's Homeownership Programs from the 1970s to Today

For over four decades, the City of Alexandria has worked to make homeownership achievable, affordable, and sustainable for city residents and workers. Homeownership programs have ranged from rehab and new construction projects to training, counseling, and financial assistance. The City's Housing Trust Fund and federal Community Development Block Grant and HOME programs, as well as partnerships with local non-profits and state agencies, have supported the City's homeownership efforts and enabled them to evolve as housing needs have changed.

### HOMEOWNERSHIP PROGRAMS FOSTER DIVERSITY, COMMUNITY PRESERVATION, HOUSING STABILITY, WEALTH CREATION, AND FINANCIAL SUSTAINABILITY.

and frequently reducing housing costs and by creating wealth through equity. Due to high rents in the city (the average monthly rent for a 2-bedroom in 2017 was \$2,016), condominium homeownership can be more affordable than renting. In addition, affordable homeownership and financing provide Alexandria workers and city employees opportunities to live closer to their jobs.

**Rehabilitation programs** play an important role in improving quality of life and preserving diversity and community in the city by enabling lower-income and long-time Alexandrians to remain in their homes safely, comfortably, and affordably.

City-supported **trainings, workshops, and counseling services** work to ensure that homebuyers are prepared for the responsibilities of homeownership, that homeowners are equipped with the tools needed to avoid foreclosure, that condominium and homeowner associations are fiscally sustainable and governed effectively, and that real estate and lending providers comply with fair housing laws.

There are many individual and community benefits to the city's homeownership initiatives. **Affordable units and loan programs** help low- to moderate-income homebuyers build financial security by stabilizing

**Affordable homeownership** allows a low- to moderate- income homeowner to pay no more than approximately **1/3** of gross income on mortgage payments, property taxes, utilities, condo fees, and insurance. This enables the homeowner to meet other important needs such as healthcare, education, childcare, and savings.

**5,000+** persons counseled

**1,000+** first-time homebuyer loans closed

**550+** home rehabilitation loans closed

**200** City-supported RTA home improvement projects completed

**120** affordable for-sale set-asides units constructed/pledged

**30** NSP/ANSP units acquired, renovated and sold to first-time homebuyers



Markeda, an elementary school teacher, recently closed on her first home created through the City's Affordable Set-Aside program.

#### OUR HOMEOWNERSHIP PROGRAMS HAVE PROVIDED AFFORDABLE HOMES TO A:

- TAXI DRIVER • OFFICE ADMINISTRATOR • TEACHER • SMALL BUSINESS OWNER • POLICE OFFICER • ACCOUNTING CLERK • CASHIER • BARBER • ADMINISTRATIVE ASSISTANT • DEPUTY SHERIFF I • BUILDING ENGINEER • NANNY • NURSE • SERVER • ASSISTANT BRANCH MANAGER • ADMISSION SUPPORT SPECIALIST • SECURITY OFFICER • BUSINESS AREA MANAGER • COOK • HR SPECIALIST • UNIVERSITY RESEARCHER • KIDS' CLUB DIRECTOR • GOVERNMENT ANALYST • YOUTH DEVELOPMENT TEAM LEADER • TRAINING SPECIALIST • INSPECTION SUPPORT COORDINATOR • CREDIT UNION EMPLOYEE + MANY OTHERS

\$730k



A librarian and a nurse can afford less than half the cost of an average single-family home in the city

\$210k

\$315k

\$315k



A bank manager can afford only two-thirds the cost of an average condominium in the city

# Barriers to homeownership

Historically there have been a number of challenges that prevented many Americans from achieving homeownership. These have included discrimination in the real estate and lending industries; the high cost of housing; sluggish wage growth; inadequate savings for down payment and closing costs; poor credit history and access to credit; lack of understanding and information about the homebuying process; language barriers; and, increasingly, high levels of student debt. Despite limited resources, the City has used creative approaches and public-private-nonprofit partnerships to help break down these barriers.

**Wages are not keeping pace with housing costs pushing homeownership beyond the reach of many Alexandrians.**

33%

Growth in median household income in Washington, D.C. region (2000-2017)

178%

Growth in average assessed value of residential properties in the city (2000-2017)

## Bricks, mortar, and a little elbow grease: expanding homeownership opportunities in the City

Two city programs currently create affordable for-sale units—the Affordable Set-Aside and Neighborhood Stabilization Programs. Long-term resale restrictions now ensure units remain affordable to future homebuyers for **40 years!**

### AFFORDABLE SET-ASIDE PROGRAM

Homeownership set-asides are affordable units in newly constructed townhouse and condominium projects that are pledged during the development approval process (affordable rental set-asides units are created through a similar process). Sale prices are discounted to levels affordable to buyers earning 80-100% of the area median income (AMI) and factor in monthly condominium fees. Downpayment and closing cost assistance further deepen levels of affordability to 60-70% AMI.

Set-aside units (pictured below) are created in projects that use bonus density and/or height, that elect to convert a voluntary monetary contribution into on-site or off-site affordable units, and/or that incorporate affordable units during the rezoning process.

**111** ownership set-aside units have been constructed since 1995 (9 additional units have been pledged)

### NEIGHBORHOOD STABILIZATION PROGRAM

At the height of the housing and foreclosure crisis in 2008, the federal government introduced the Neighborhood Stabilization Program (NSP) to help communities affected by high rates of foreclosure. NSP provided grant funding to acquire, rehabilitate, and re-sell distressed properties in targeted neighborhoods.

As part of the program, the City, in partnership with the Alexandria Housing Development Corporation and Rebuilding Together Alexandria, received approximately \$1 million through the Virginia Department of Housing and Community Development (DHCD). This initiative proved so successful that the City expanded the program citywide using HOME and CDBG funding. In 2011 DHCD recognized the City as a high performing partner!

**30** units have been renovated and sold since 2009 to first-time homebuyers earning up to 100% of the area median income



With the help of corporate and individual volunteers, Habitat for Humanity families invest more than 400 hours in “sweat equity” to build their homes. Since the mid 1990s, Habitat’s Northern Virginia affiliate has built eight affordable units in Alexandria. Most of the original owners still reside in the city!



Cameron Station

The Prescott



Cambria Square

The Preston



**Rebuilding Together Alexandria (RTA)**, a City grantee since 2001, brings volunteers, communities, and resources together to improve the homes and lives of Alexandrians in need. It has leveraged over \$7.5 million in in-kind value to perform critical repairs, essential maintenance, and energy efficiency improvements at no cost to homeowners. The City has supported over **200 projects** to date!

## Homeownership... for the long-term

The City's Office of Housing works closely with state and local partners to support the long-term success of homeowners.

**A homebuyer receiving City purchase assistance completes pre-purchase training, as well as individual counseling, designed to ensure the homebuyer understands key homeownership concepts and responsibilities.**

One of the most effective ways to make sure first-time homebuyers are successful is to provide pre-purchase training and counseling. The City supports nonprofit agencies and other partners offering VHDA-certified homebuyer training, a free six-hour training

available throughout the region in English and in Spanish. The Office of Housing also provides resource and referral services to anyone facing housing-related hardships, including financial challenges or foreclosure.

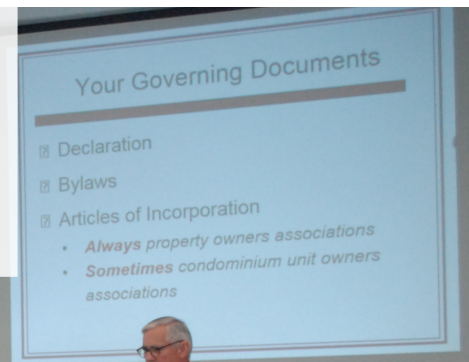
**40 YEARS AND COUNTING!**

Rehabilitation is another important tool to help low- and moderate-income homeowners remain in their homes safely, comfortably, and affordably. For over forty years, the City's **Home Rehabilitation Loan Program** has been providing no-interest, deferred payment loans for the design and construction of home improvements. Loan repayments help support the program.

### HOW SHARED EQUITY WORKS

Shared equity means that a purchaser of a city-assisted affordable home shares a small portion of any increased property value (appreciation) at the time of sale with a future income-eligible, first-time homebuyer. Along with re-sale restrictions, shared equity provisions help to preserve affordable homeownership opportunities in the City.

In 2017, the City and Alexandria-based community-interest law firm Mercer Trigiani sponsored a series of free workshops related to condominium and other community-interest associations. The classes educated first-time homebuyers and existing residents about the structure and governance of condominium communities; helped communities understand fair housing law related to community association management; and provided training on managing and amending governing documents.



The City supports trainings, workshops, and counseling on a range of topics:  
**Affording homeownership • Financial management • Personal budgeting • Default and delinquency • Foreclosure prevention • Condominium governance, rights, and responsibilities**



# Welcome home!

The **Homeownership Assistance Program (HAP)** is the City's longest running purchase assistance initiative. When created, this federally funded program served households earning up to 80% of area median income. To broaden support to households, the City established the Moderate Income Homeownership Program in 1997 with resources from the Housing Trust Fund. In 2004, it also introduced the **Employee Homeownership Incentive Program (EHIP)** to help City and ACPS employees purchase homes in Alexandria. EHIP has issued over 120 loans to date!

Funded by the HOME Program and developer contributions, HAP continues to provide loans up to \$50,000 based on household income and size. The loans help buyers of City-assisted units meet downpayment requirements, reduce housing costs through 0% interest-financing, and, in many instances, eliminate monthly mortgage insurance. The loans are repaid at the time of sale and re-issued to new participants. Equity share provisions keep homes affordable when resold.

.....

## **"I now have everything I wasn't expecting to have"— A journey to stability and independence**

*Onelio's extraordinary journey to homeownership has been one of perseverance, courage, and hard work, as well as one of community support. As a young teen, Onelio found himself homeless and alone. He entered the foster care system and worried he would become just another number and just another kid who would not graduate. To help make ends meet, he took a job at a sandwich shop in Tysons Corner commuting each way by bus for up to an hour from Alexandria.*

*It was at T.C. Williams High School that Onelio discovered a welcoming community of teachers and social workers who inspired and cared about him. In 2010 he was awarded the Faculty Award. Onelio was not only the first person in his family to graduate from high school, but also the first person to go to college. Following graduation, Onelio began to work for the City. We are thrilled to share that Onelio recently bought his first home through the Flexible Homeownership Assistance Program!*



**Participating in the Flexible Homeownership Assistance Program through the City of Alexandria has helped my family achieve one of our biggest goals much sooner than we imagined. My children have been involved in the homebuying process with me every step of the way. At their young age, they've seen first hand the diligence, sacrifices and commitment it took from taking the very first step of completing the homebuyer's class, to successfully closing on the home. We're so grateful that we were able to purchase our first home right here in Alexandria, with family and friends nearby.**

**Deirdra, a first-time homebuyer and mom of two**

## **THE CITY'S HOMEOWNERSHIP WORK WOULD NOT BE POSSIBLE WITHOUT ITS PARTNERS!**

Our thanks go to: U.S. Department of Housing and Urban Development • Virginia Housing Development Authority and its network of loan originators • Virginia Department of Housing and Community Development • Counseling agencies including AHOME, First Home Alliance, and Housing Counseling Services • Private lenders • Rebuilding Together Alexandria • Alexandria Redevelopment and Housing Authority • Alexandria Housing Development Corporation • Habitat for Humanity of Northern Virginia • Numerous private developers

## **LOOKING FORWARD**

Demand for affordable homeownership opportunities will remain high as housing costs continue to accelerate. Innovative approaches and public-private-nonprofit partnerships are critical to maintaining and expanding affordability in the City, as are supporting existing tools and services. These include the city's shared-equity and re-sale restrictions, Fair Housing Testing Program, housing counseling, condominium governance training, and bonus density and height program.

*We are excited to announce that nine new affordable set-aside homeownership units (pictured below) are anticipated in Potomac Yard in 2020-2021!*

