

Attachment G

Description of Homeownership Programs

The Fairfax County Redevelopment and Housing Authority (FCRHA) sponsors a variety of homeownership programs through the Homeownership Branch of the Fairfax County Department of Housing and Community Development (HCD). Those programs include:

- First-Time Homebuyers Program (FTHB): Offers affordably priced townhomes and condominiums – both new and resale – and below market mortgages to first-time homebuyers. The FTHB Program is comprised of a variety of elements including for-sale units produced under the Affordable Dwelling Unit (ADU) Program, which has been providing opportunities to low- moderate-income households since 1992. For-sale ADUs are offered at sale prices well below the sale price of other homes in the same development. The homes are sold directly by area builders or current owners and range from \$70,000- \$160,000 in price, depending on the type and size of the home. These townhomes and condominiums are located throughout Fairfax County within many communities that offer amenities such as swimming pools, tennis courts, jogging trails and tot lots. First-Time Homebuyer units are provided under provisions of Fairfax County's Affordable Dwelling Unit Ordinance. (Under the ADU program, the FCRHA also has the right to purchase up to one-third of new affordable units offered by a developer. These units are then rented by the FCRHA to qualified households.) It should also be noted that, in the past couple of years, the First-Time Homebuyers Program has had an opportunity to offer several condominiums in active adult communities. As more of these communities are built, there will be more senior units available for purchase through the First-Time Homebuyers Program. Finally, the FCRHA also encourages staff to make a special effort to see if any families currently residing in public housing or renting units through one of its programs may qualify to purchase a unit. As of November 2006, 45 households in the FCRHA's Public Housing, Housing Choice Voucher, and Fairfax County Rental Program are have been certified for homeownership and are waiting for units to come available; this represents 6.5 percent of the 682 current homeownership-certified households.
- SPARC (Sponsoring Partnerships And Revitalizing Communities): SPARC is a low interest mortgage program available to first-time homebuyers using a Virginia Housing Development Authority (VHDA) loan product for their first trust mortgage. The interest rate on a SPARC loan is a ½ percent below the interest rate of the VHDA loan product used.
- Home Stride: Home Stride is a loan program available to first-time homebuyers using a Virginia Housing Development Authority (VHDA) loan product for their first trust mortgage. Home Stride allows eligible buyers to borrow up to the lesser of 10 percent of the sales price or \$25,000 to pay the down-payment and closing costs. Payments and interest are deferred for the first 3 years of the loan. After this deferment period, the interest rate of the loan is 5 percent for the remaining 27 years of the loan. The loan has no pre-payment penalties and can be paid in full at any time.

- Home Equity Loan Program (HELP): HELP is a partnership between low-income first-time homebuyers and Fairfax County that can help bring the dream of buying a home within reach. Under HELP, approved applicants can receive up to \$91,767 in homebuyer assistance, which is provided in two pieces: up to \$21,767 in down-payment and closing cost assistance; and up to \$70,000 in second mortgage assistance. HELP funds are used to close the gap between an affordable first mortgage and the sales price of a market rate home in Fairfax County. Under the terms of a HELP loan, the funds are provided to each eligible low-income homebuyer as a deferred payment loan with a 30-year term. If the assisted homebuyer should choose to sell the house during the 30-year term, he or she is required to repay the entire amount of HELP assistance to the FCRHA. In addition, the FCRHA is also entitled to a proportionate share of accrued equity in the unit. For example, if a homebuyer's HELP loan represented 35 percent of the entire purchase price, the FCRHA's equity share at resale would be 35 percent of the accrued equity in that unit. If the homebuyer maintains principal residency in the unit for the entire 30-year term, the HELP loan is forgiven and no repayment is due. However, even after the 30-year term has expired, the FCRHA continues to retain a claim to a proportionate share of equity. The FCRHA also retains the right of first refusal at resale. HELP receives its funding through HUD's HOME Investment Partnerships Program (HOME) and the American Dream Down-payment Initiative (ADDI).
- Homebuyer Education: Demonstrating completion of a homebuyer education program is a mandatory pre-requisite to use any Fairfax County homebuyer programs. Most new homebuyers complete the Virginia Housing Development Authority (VHDA) Homeownership Class. HCD is also now providing credit education for homebuyers.
- Section 8 (Housing Choice Voucher) Homeownership Program: A complete description of the FCRHA Section 8 Homeownership program can be found in Attachment F.