

City of Alexandria Affordable Set-aside Sales Units Program

PROGRAM DESCRIPTION AND BUYER SELECTION PROCESS

The City of Alexandria's Affordable Set-aside Sales Units Program is a home-purchase program in which a limited number of newly constructed homes are made available to low and moderate income first time homebuyers at deeply discounted prices. The units are price and resale restricted for up to 40 years. The unit must be the owner's primary residence and cannot be rented out during the affordability period. In addition, during the affordability period, owners of set-aside units wishing to sell the home must re-sell at a discounted sale price to another income-eligible, first-time home buyer.

All applicants to the Affordable Set-aside Sales Units Program must be eligible for the City's Flexible Homeownership Assistance Program (FHAP). Basic eligibility criteria and current income limits are attached.

Affordable Set-aside Sales Units are subject to restrictive covenants and conditions which remain in place during the affordability period for the unit. Purchasers of Set-aside Units should read these conditions and covenants very carefully and should have a full understanding of the price controls and re-sale provisions tied to the unit. The Office of Housing can provide a sample copy of the covenants and conditions, though the specific requirements of the document may vary between developments. Sale prices for the newly constructed Affordable Set-aside Sales Units are currently as follows:

One bedroom - \$175,000
Two bedroom - \$225,000
Three bedroom - \$275,000

Upon resale, the property will be subject to an equity share discount based on the original discount provided by the developer divided by the purchase price of the property.

Basic Eligibility Criteria

Applicants wishing to purchase an Affordable Set-aside Unit are required to submit the following documents to the Office of Housing:

1. A certificate verifying completion of a Virginia Housing Development Authority (VHDA) training for first time homebuyers. Applicants must complete the class in person (online training will not be accepted for this program). The certificate should have been issued within the most recent 12 month period. Eligible purchasers must also complete a two-hour individual counseling session with a City-approved counselor prior to closing.
2. A completed program prescreening form,

3. A current lender pre-approval letter qualifying the buyer for the amount of the purchase (including City FHAP assistance). The pre-approval must be based on a full-document loan within acceptable debt-to-income ratios of the Office of Housing and VHDA. All applicants who purchase a home will be required to have fixed-rate mortgages. The program will not permit adjustable rate mortgages with less than ten years fixed rate term, interest-only mortgages or negative amortization loans.
4. The lender should contact the Office of Housing for guidance and acceptable ratios.

Buyer Selection Process

Larger households (households of 3 or more): To ensure that the household size is appropriate for the available set-aside property, the Office of Housing will maintain a “Large Household” eligibility list to serve households with one or more dependent children under the age of 18 and to those with one or more disabled dependents residing in the home. The Office of Housing will select households at random from a list of eligible applicants. These households will have equal access to units with two or more bedrooms. If eligible buyers are not identified among applicants on the Large Household list, buyers may be selected among those eligible on the Small Household list.

Small Households (one or two person households): One and two-person households with neither children nor disabled dependents will be eligible in random drawings for one bedroom units. These households will have equal priority in the random drawing. Eligible applicants on this list may also have access to larger set-aside units if no interested purchasers have been identified from the Large Household list.

The City may offer priority status to target populations such as Housing Choice Voucher Homeownership applicants or City and Alexandria City School employees. Once confirmed as eligible buyers, households will be referred to sales staff in order of their selection to execute a purchase contract. Prior to executing a purchase contract, all selected purchasers should read and fully understand the deed restrictions which describe the resale and affordability requirements of the City of Alexandria’s Affordable Set-aside Program. Buyers will also be required to execute a “Disclosure and Certification of Purchase Discount” which documents the total purchase discount provided for the unit that will be used in determining the sales price should the unit be resold during its affordability period.