



DEPARTMENT OF COMMUNITY DEVELOPMENT
Housing Authority
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Equity Sharing Policy - Frequently Asked Questions

1. Who qualifies for the Equity Sharing Policy?
 - a. Any Homeowner who is currently under a First Time Home Buyers Program and/or a Substantial Rehabilitation Loan with the City of Irwindale, who has entered into an Affordable Housing agreement sometimes referred to as a Regulatory Agreement, with either the Irwindale Housing Authority or former Irwindale Community Redevelopment Agency.
2. When did the Equity Sharing Policy go into effect?
 - a. The policy was adopted on July 14, 2021 by the Irwindale Housing Authority Board.
3. What does the Equity Sharing Policy do?
 - a. It allows homeowners to amend their Affordable Housing Regulatory Agreement, so that the percentage of the equity sharing appreciation amount retained by homeowners is now larger than the amount allowed previously.
 - b. The Policy did not modify when Equity Sharing is triggered as it only changed the calculations to be more beneficial to homeowners.
4. What is Equity Sharing?
 - a. Equity Sharing allows sale of owner-occupied units at the market rate or to a buyer who does not income-qualify under State regulations, prior to expiration of the 45-year affordability period, so long as the agency's investment of moneys from the Low and Moderate Income Housing Fund is protected. Among other things, this means the agency's loan must be repaid in full.
5. What is a Regulatory Agreement?
 - a. A recorded agreement between the homeowner and the Irwindale Housing Authority or former Irwindale Community Redevelopment Agency that sets forth the terms and conditions of the agency's affordable housing program including the 45-year affordability period and Equity Sharing requirements and procedures.

6. What is the Equity Sharing Appreciation Amount (ESAA)?
 - a. The ESAA is the difference between the sale price and the original purchase price of the home, paid by the homeowner.
7. How can I benefit from the Equity Sharing Policy?
 - a. Homeowners are required to submit an application to amend their current Affordable Housing Regulatory Agreements. Once the agreement is amended, the homeowner could realize increased equity benefits but only after the sale of the home.
8. How can I apply?
 - a. You can submit an application to the Community Development Department, Monday through Thursday from 7:30 a.m. – 6:00 p.m.
9. Do I need to sell my house?
 - a. Yes, the benefits under the Policy cannot be attained if the homeowners do not sell their home prior to expiration of the affordable housing period, which is usually 45 years.
10. How will I know the value of my property?
 - a. The homeowners would need to get their home appraised by a Certified Appraiser.
11. Will I receive any money under the Equity Sharing Policy?
 - a. There cannot be any financial gain until the property is sold.
12. Will this policy allow me to pay back the City's loan and terminate my obligations under the Regulatory Agreement?
 - a. No, although you can pay back the City's loan the affordability covenants remain with the property until the full term of the Affordability Period expires (usually 45 years).
13. How long is the Affordability Period?
 - a. The period commencing on the date of recordation of the agreement and ending a number of years thereafter in accordance with the terms of the Regulatory Agreement, usually forty-five (45) years.
14. What is the First Time Homebuyer Program (FTHP) Equity Sharing Ratio?
 - a. For the FTHP, the Authority loan will be forgiven by 1/30 on an annual basis for 30 years after which time the entire loan will be forgiven. During that 30-year period, the equity sharing ratio ("ESR") will be 15%, meaning the Authority will retain 15% of equity sharing appreciation amount (ESAA) and the homeowner will retain 85% of the ESAA; thereafter, until expiration of the 45-year period, the 15% ESR will decrease by 1% per annum.

b. Example:

- i. Assume agency loan term of 30 years, ESAA of \$200,000 and sale just after year 35 of 45-year term. Under this assumption:
 1. The Authority loan has been forgiven after 30 years. Therefore, the homeowner is not required to repay any portion of the loan.
 2. After applying a 10% ESR (15% is reduced by 1 % per year for 5 years resulting in an ESR of 10%) to the \$200,000 ESAA, the amount of sale proceeds retained by the Authority is \$20,000 and the homeowner retains the remaining \$180,000.

15. What is the Substantial Rehabilitation Program (SRP) Equity Sharing Ratio?

- a. For the SRP, the Authority loan will be forgiven by 1/20 on an annual basis for 20 years after which time the entire loan will be forgiven. During that 20-year period, the equity sharing ratio ("ESR") will be 10%, meaning the Authority will retain 10% of the ESAA and the homeowner will retain 90% of the ESAA; thereafter, until expiration of the 45-year period, the 10% ESR will decrease by 0.4% per annum.

b. Example:

- i. Assume agency loan term of 20 years, ESAA of \$200,000 and sale just after year 25 of 45-year term. Under this assumption:
 1. The Authority loan has been forgiven after 20 years. Therefore, the homeowner is not required to repay any portion of the loan.
 2. After applying an 8% ESR (10% is reduced by 0.4% per year for 5 years resulting in an ESR of 8%) to the \$200,000 ESAA, the amount of sale proceeds retained by the Authority is \$16,000 and the homeowner retains the remaining \$184,000.

16. What does the City do with the money they collect from the sale?

- a. Any excess monies collected from the sale retained by the agency are to be deposited in the Low and Moderate Income Housing Fund used toward State-mandated affordable housing.