



CITY OF HARRISONBURG
OFFICE OF THE
CITY MANAGER

HARRISONBURG CITY HALL
409 SOUTH MAIN STREET, HARRISONBURG, VA 22801
OFFICE (540) 432-7701 • FAX (540) 432-7778

To: Ande Banks, City Manager
From: Liz Webb, Housing Coordinator
Date: August 5, 2024
Re: SPARC Program

Summary:

The City of Harrisonburg has received a SPARC allocation from Virginia Housing and will administer this program to support affordable homeownership during the current fiscal year.

Background:

Sponsoring Partnerships and Revitalizing Communities (SPARC) is a program offered by Virginia Housing to help sponsors support and leverage their homeownership efforts. Sponsors may be local governments, housing authorities, or housing nonprofits.

SPARC reduces mortgage loans by one percent from the published Virginia Housing first-time homebuyer rate, for the duration of a 30-year mortgage. This tool can bridge the gap to make affordable homeownership a possibility for more people.

SPARC program sponsors partner with lenders and identify eligible homebuyers. Homebuyers must complete housing counseling and training, qualify for a Virginia Housing loan, and work with a Virginia Housing-approved lender. Buyers must also be eligible under any program requirements set by the sponsor, such as income or location restrictions.

The role of the sponsor is to work with lenders to originate the VHDA mortgage loan for eligible borrowers, and to sign off on the lender's SPARC "lock" which they submit to Virginia Housing. Sponsors also maintain files documenting eligibility and effectively manage the allocation.

Sponsors are selected annually by Virginia Housing through a competitive process. Applicants must carry out housing-related activities such as services and/or education in affordable housing. They also must align with one of three Virginia Housing priority areas: community revitalization; rural housing; or underserved markets. Harrisonburg is considered an underserved region.

The City of Harrisonburg applied for SPARC in May. The allocation request is formula-based and equals the average home sale price times the anticipated number of households: $\$298,570 \times 7 = \$2,090,000$. The City's allocation is intended to serve the footprint of the City of Harrisonburg, for households up to 100% area median income. Through this program, the City's fee waiver program will also be highlighted, as will the availability of local housing counseling services.

The City was notified of selection in July and onboarding has been completed. Outreach to lenders and other regional SPARC sponsors is starting, and program details are being finalized.



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Key Issues: N/A

Environmental Impact: N/A

Fiscal Impact:

Prior Actions: N/A

Alternatives:

Community Engagement: N/A

Recommendation: N/A

Attachments: Presentation

Review: N/A