

Resale Formulas, Sales, & Resales Assessment Tool

This tool was produced in 2010 by Cornerstone Partnership, one of two organizations that merged in 2016 to create Grounded Solutions Network.

This assessment tool is part of the Affordable Homeownership Technical Assistance Toolkit.



Affordable Homeownership Technical Assistance Toolkit



Stewardship Principles

Comprehensive Program Assessment

Module 1: Program and Business Planning

Module 2: Affordable Pricing

Module 3: Mortgage Financing of Resale-Restricted Homes

Module 4: Marketing and Selection of Affordable Homes

Module 5: Resale Formulas, Sales and Resales of Resale-Restricted Homes

Decision Guide

◆ **Assessment Tool**

Technical Assistance Tool Pack

Module 6: Support, Monitoring and Enforcement

Module 7: Home Repair and Replacement Reserve Funds

The Cornerstone Partnership provides a peer network for homeownership programs that preserve long-term affordability and community stability, helping more hard-working people buy homes today, maintain those homes and keep them affordable in the future. The Cornerstone Partnership is a program of NCB Capital Impact funded by the Ford Foundation.

MODULE 5: Resale Formula and Sales and Resales Assessment

Module Assessment

Stewardship Principles

We strive to scale the affordable homeownership industry through partnerships at local and regional levels and across sectors, bringing together organizations and jurisdictions around common stewardship principles.

A public or nonprofit agency should design its program to espouse these principles which are intended to guide the implementation of programs that invest public or philanthropic resources to reduce the cost of homeownership and seek to preserve this public investment for maximum impact. The principles fall into six categories as listed below – the full list of principles is available at www.affordableownership.org.

Impact-Driven - Set and track goals that reflect community priorities.

Balanced - Build wealth for owners while preserving the community interest.

Targeted - Focus on buyers who need help but are likely to succeed.

Managed - Steward the public investment to ensure long-term community benefit.

Safe - Ensure sound mortgage financing.

Understandable - Educate buyers on program requirements.

This module assessment is meant to be used to assess the extent to which a program applies high impact practices in support of the stewardship principles. A consultant uses the results from the module assessment to create a Technical Assistance plan.



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NCB Capital Impact uses its depth of experience, cooperative approach, and diverse network of alliances to generate critical investments that create a high quality of life for low income people and communities. For more information about NCB Capital Impact, go to www.ncbcapitalimpact.org.

Module # 5 Assessment -- Resale Formulas, Sales and Resales of Resale-Restricted Homes

Materials to Collect During Comprehensive Assessment:

- Resale formula
- Deed Restriction or Ground Lease

Materials to Collect During Detailed Assessment

- Outreach materials describing the program and its restrictions
- Resale data
- Applicant selection policy
- Lottery process (if applicable)
- Waiting list policy (if applicable)
- Resale transaction checklist

A. Resale Formulas

Summary of Comprehensive Assessment Results

1. Describe the program's resale pricing formula. Is it linked to an index? What are the variables affecting pricing?			
2. Do the program's outreach materials clearly explain the resale formula to potential buyers?	<input type="checkbox"/> Yes	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> No
3. Does the program periodically evaluate the effectiveness of the resale formula in meeting its program goals?	<input type="checkbox"/> Yes	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> No
4. Does every buyer participate in a workshop or one-on-one meeting at which the resale formula is clearly explained with examples by program staff or a neutral third party?	<input type="checkbox"/> Yes	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> No

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5. Has the program successfully maintained affordability over time? If yes, how does the program know?	<input type="checkbox"/> Yes	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> No
6. Does the program track how much equity homeowners have accumulated? If yes, how does the program keep track?	<input type="checkbox"/> Yes	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> No
7. Does the resale formula include credits for capital improvements? If yes, please describe.	<input type="checkbox"/> Yes	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> No
8. Does the resale formula include deductions for damages or needed repairs? If yes, please describe.	<input type="checkbox"/> Yes	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> No

These questions correspond with questions 1 – 8 in Section #5 of the Comprehensive Program Assessment for the Affordable Homeownership Technical Assistance Toolkit.

Detailed Program Assessment

1. What was the initial affordability of your program's homes (%AMI)?
2. What is the affordability of your program's homes at resale (%AMI)?
3. How does the affordability of your resale homes compare to:
 - a. New homes within your program?
 - b. Comparable market rate homes?
4. If you offer credit for capital improvements, what is the goal of that credit?
5. What has the impact of that credit been on affordability of the homes in your program?
6. Has the credit been effective in achieving your intended goal?
7. Has the process for determining credit gone smoothly or has it been contentious?
8. Does your program have any articulated secondary goals? If so, list them.
9. On average, is your resale formula effective in achieving these secondary goals?
10. Do you track the condition of your homes over time?

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11. Is there evidence that your homes are being adequately maintained over time?
12. Have there been any seller disputes regarding the resale formula price at the time of resale? Please explain.

B. Initial Sales and Resales

Summary of Comprehensive Assessment Results

1. How are eligible buyers for resale homes identified?			
2. Does the program ensure that homes are resold only to eligible buyers?	<input type="checkbox"/> Yes	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> No
3. Have any program homes been sold to ineligible homebuyers? Please describe the circumstances.	<input type="checkbox"/> Yes	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> No
4. Does the program have a written policy describing what repairs are required at resale?	<input type="checkbox"/> Yes	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> Not
5. Does the program have a process for inspecting homes prior to transfer and ensuring that required repairs are made?	<input type="checkbox"/> Yes	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> No

These questions correspond with questions 9 – 13 in Section #5 of the Comprehensive Program Assessment for the Affordable Homeownership Technical Assistance Toolkit.

Detailed Program Assessment

1. How does your program select homebuyers?
 - a. First come, first served
 - b. Lottery
 - c. Preferences (please list)
2. Does your applicant selection process create unnecessary steps for your staff (e.g., holding a lottery

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- or implementing preferences where there are only a few buyers)?
3. Does your process raise potential buyer's expectations unnecessarily or require too much from them before they are selected for a home?
 4. If your program maintains a waiting list, how long is it?
 5. How often is your list updated?
 6. Does your program help identify the buyer?
 7. Does the seller identify the buyer and refer them to your program?
 8. Do sellers and buyers work with real estate professionals?
 9. Does your staff directly participate in the closings?
 10. Do you require specific repairs at resale?
 11. Who is responsible for paying for required repairs?
 12. Describe your process for notifying potential buyers on the waiting list that a home is available.
 13. If your program maintains a waiting list, is it effective in identifying buyers for resales in a timely manner?
 14. How do you educate real estate professionals about your program?
 15. How often does your program receive real estate referrals for buyers who are not eligible?
 16. What is the average length of time between the notice of intent to sell and the execution of a purchase and sale agreement?
 17. What is the average length of time between the execution of the purchase and sale agreement and the closing?
 18. Describe in detail the inspection and repair process required by your program. Has your process been effective? Has it been contentious?
 19. Describe the role of your staff at closing.
 20. Which of the following best fits your purchase option process:
 - a. We exercise our option and resell the house to an eligible buyer.
 - b. We exercise our option and assign it to an eligible buyer.
 - c. We do not exercise our option, but allow the sale to go directly between the seller and an eligible buyer.

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21. Do you charge a transfer fee to support your operations?

Module Overview Questions

1. What changes are you planning, or would you like to see in your resale formula, initial sales and resales?
2. What challenges do you have with implementing your resale formula, making initial sales or managing resales?
3. What sales/resales issues are most important to the program right now?

You have now completed the Assessment for Module 5: Resale Formulas, Sales and Resale of Resale-Restricted Homes.

MODULE 5: Resale Formula and Sales and Resales Assessment

Module Assessment

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