

WHAT IS THE S8 HOUSING CHOICE VOUCHER (HCV) HOMEOWNERSHIP PROGRAM?

The housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments.

The homeownership option in the housing choice voucher program (Voucher Homeownership Program) offers public housing agencies the administrative flexibility to expand homeownership efforts in their communities. The basic premise of the homeownership option is that the subsidy payment that assists a program participant with the rent may instead be used to help a first-time homeowner pay for their monthly homeownership expenses. The idea to permit tenant-based rental assistance to be used as homeownership assistance was first authorized when the Housing and Community Development Act of 1992 created section 8(y) of the United States Housing Act of 1937. However, the program as initially enacted was not viable, and Congress subsequently amended section 8(y) as part of the Quality Housing and Work Responsibility Act of 1998. **HUD** issued the proposed and final rules for the Voucher Homeownership Program in 1999 and 2000 respectively.

In order to be eligible for Bernalillo County's homeownership program, a family must meet the following criteria:

1. The family must be a current voucher program participant with Bernalillo County. (The City of Albuquerque at this time is not administering this program so their voucher holders are not eligible.)
2. The family must have good credit. (620 or above)
3. The family must qualify as a first-time homeowner.
4. The annual income of at least one of the adult family members who will own the home at the commencement of homeownership assistance must be equal to or greater than the Federal minimum hourly wage multiplied by 2000 hours. Except in the case of elderly or disabled families, welfare assistance may not be counted in determining if the family meets the minimum income requirement.
5. The annual income of a disabled family wishing to participate in this program must equal the monthly Federal Supplemental Security Income (SSI) multiplied by 12 months.
6. Except in the case of elderly or disabled families, one or more adult members of the family who will own the home must be currently

employed on a full-time basis (defined to mean not less than an average of 30 hours per week); and has been continuously so employed for at least 1 year. BCHD has discretion to determine whether, and to what extent, an employment interruption, successive employment, and self-employment satisfies the employment requirement.

7. The family must also satisfy any other initial eligibility requirements established by BCHD in the administrative plan.

PRE-ASSISTANCE HOMEOWNERSHIP COUNSELING

Eligible families wishing to participate in this program must attend and satisfactorily complete a homeownership-counseling program. BCHD has entered into an agreement with local HUD-approved housing counseling agencies to provide this training. Disabled families are referred to Independent Living Resource Center (ILRC) Housing Services, and working families are referred to Southwest Neighborhood Housing Services (SWNHS).

FINDING A HOME

It is the family's responsibility to find a home that is eligible for the voucher homeownership assistance program.

A family coming off the waiting list or porting in from another Housing Authority will be required to rent for one full year before they are eligible to participate in the Homeownership Option.

If the family is already a rental voucher participant and is determined to be eligible, BCHD may authorize the family to search for a home to purchase without the interruption of their rental assistance.

Families participating in this program may select an eligible unit anywhere within BCHD's jurisdiction. BCHD has entered into a Memorandum of Understanding (MOU) with Sandoval County that allows families to purchase homes in Rio Rancho and the Town of Bernalillo **only**. Families purchasing in the unincorporated areas of Bernalillo County, Rio Rancho or the Town of Bernalillo are eligible for the Smart Choice loan product from the New Mexico Mortgage Finance Authority (MFA), if families purchase in the City Limits they can use the Mortgage or Payment Saver.

When a family locates a unit they wish to purchase, it is the family's responsibility to insure that a home warranty inspection is done on the home by an independent professional inspector. This inspector must be certified by the American Society of Home Inspectors or a similar national organization. The family will be responsible for the cost of this inspection. This inspection is designed to serve as a protection to the family to ensure

that the condition and life expectancy of major systems and appliances in the unit are known prior to the purchase of the home. New Construction homes will require a Certificate of Occupancy and Builders Warranty in lieu of the Independent Inspection. New Manufactured Housing will require a FHA Compliance Report Inspection in lieu of the Independent Inspection. BCHD is responsible for conducting an initial Housing Quality Standards (HQS) Inspection and should be done prior to the Home Warranty Inspection. The HQS inspection is used to determine if the current condition of the unit meets HUD's inspection requirements.

FINANCING

It is anticipated that mortgage lenders will consider the voucher assistance when underwriting the loan and the underwriting standards of the individual lender and/or financing program will apply. The participating family ultimately is responsible for securing their own financing. They will also be responsible for 3% of sales price of home as the down payment. Of this 3%, the higher of 1% or \$500.00 must come from the buyer's personal resources. Voucher funds may not be used to assist with financing costs, such as down payment or closing costs. **(Down payment assistance products can be used for 2% of the closing cost, so the family really only needs to come in with 1%, the home inspection can be part of this 1%).**

HOMEOWNERSHIP ASSISTANCE PAYMENTS

BCHD will make the monthly homeownership Housing Assistance Payment (HAP) directly to the lender on behalf of the family, unless other arrangements are made by the family and lender and approved by BCHD. All HAP payments will be made by Direct Deposit only. **(BCHD will provide the lender with numbers to use to qualify the families for their maximum mortgage amount based on what their housing voucher is worth).**

FAMILY SHARE

The Homeownership family is responsible for all homeowner expenses not covered by the HAP payment. For instance, if the monthly homeownership expense exceeds the payment standard, the family is responsible for paying the difference, in addition to the required Total Tenant Payment (TTP) which is the mandated 30% required by HUD.

CONTINUED ASSISTANCE

The family must comply with the terms of the mortgage in order to qualify for continued assistance from BCHD. If there is a death of a title-holding family member, the assistance may be continued pending settlement of the estate. Working families will be required to continually work throughout their participation in the Homeownership Program unless they become disabled, or are receiving unemployment or workers compensation. Families who stop receiving unemployment or workers compensation will be required to return to work within 60-days or they will be terminated from the Homeownership Program.

TIME LIMITS

Except for elderly and disabled families, S8 homeownership assistance may only be paid for a maximum period of 15 years if the initial mortgage incurred to finance the purchase of the home has a term that is 20 years or longer. In all other cases, the maximum term of homeownership assistance is 10 years.

Providing the family continues to qualify as an elderly and/or disabled household there will be no time limit on homeownership. **(However, these time limits are subject to the family being eligible for assistance under the Section 8 Program.)**

After 10-years the family will now have equity in the home that will be considered an asset and will in turn increase the family's portion of the mortgage.

PURCHASING ANOTHER HOME

The participating family may sell its home to purchase another home under the homeownership program. However, the total amount of time the family receives assistance on both homes is counted towards the time limit.

BCHD will not commence voucher assistance (either rental or home ownership) for occupancy of another unit so long as any family member owns any title or interest in the prior home.

TERMINATION OF ASSISTANCE

Among those reasons that BCHD may deny or terminate homeownership assistance is:

- The family does not comply with voucher program requirements at 24CFR 982.552 or for criminal activity as defined by 24CFR 982.553.
- The family does not comply with family obligations described at 24CFR 982.551 or 24CFR 982.633

BCHD must terminate voucher homeownership assistance for the family if the family is disposed from the home pursuant to a judgment or order of foreclosure on any mortgage-securing debt incurred to purchase the home. The PHA may permit a family subject to a foreclosure action to move to a new unit with voucher rental assistance. However, BCHD **must** deny such permission and terminate the family's participation in the housing choice voucher program if the family defaulted on an FHA-insured mortgage and the family fails to demonstrate that it has (1) conveyed the title to the home to HUD or HUD's designee and (2) has moved from the home within the period established or approved by HUD.