CHAPTER 15

HOMEOWNERSHIP

15.0   INTRODUCTION

The HA may offer current, eligible HCV participating families the option of purchasing a home and continuing the family's assistance in the form of monthly homeownership payments. HACSC's Moving to Work activities apply to the homeownership program.

15.1   FAMILY ELIGIBILITY REQUIREMENTS

24 CFR 982.626 (a): "Before commencing homeownership assistance for a family, the PHA must determine that all of the following initial requirements have been satisfied: (1) The family is qualified to receive homeownership assistance."

Policy:

Participation in the Section 8 Homeownership Program is voluntary. Current Section 8 participants who wish to use their voucher for a home purchase must:

- Meet the general requirements for continued participation in the Section 8 HCV rental program;

- Be in full compliance with their lease and Section 8 Program requirements;

- Have fully repaid any outstanding debt to the Housing Authority;

- Have at least one adult employed full time (minimum of 30 hours per week) who has been continuously employed during the year before commencement of homeownership assistance. Families in which the Head of Household or Spouse is elderly or disabled are exempt from this requirement;

- Be a first time homeowner;

- Not have any member who has a present ownership interest in the residence prior to commencement of homeownership assistance;

- Have completed an HA-approved homeownership counseling program; and

- Meet an HA-approved lender's income and credit requirements and qualify for an HA-approved loan.

15.2   PURCHASE TIMELINE REQUIREMENTS

24 CFR 982.629 (a): "The PHA may establish the maximum time for a family to locate a home, and to purchase the home."

Policy:

Due to the nature of the housing market in the Santa Clara County, the HA has not established a maximum time that will be allowed for a family to locate and purchase a home. The HA may ask the family to periodically report their progress to the HA.

The HA may re-confirm the family's eligibility for the homeownership program or revoke the family's eligibility, if appropriate (i.e., if the family has become non-compliant in the HCV rental program or the HA has closed or terminated the homeownership program).

15.3   FINANCING

24 CFR 982.632 (e): "All PHA financing or affordability requirements must be described in the PHA administrative plan."

Policy:

The family is responsible for securing financing. The HA has established financing requirements as listed below and may disapprove proposed financing if the HA determines that the debt is unaffordable. The HA may prohibit the following forms of financing:

- Balloon payment loans
- Variable interest rate loans
- Negative amortization loans
- Seller financing, on a case-by-case basis
- Other financing determined to be "predatory lending"

The HA will require a minimum cash down payment of three percent of purchase price to be paid by the participating household. At least one percent must come directly from the family's resources.

15.4   PARTNERSHIPS WITH AGENCIES AND LENDERS

24 CFR 982.632 (c): "The PHA may establish requirements or other restrictions concerning debt secured by the home."

Policy:

The HA encourages partnerships with local agencies and lenders to assist eligible families in obtaining homeownership financing. Current local partners include:

> - The City of San Jose Redevelopment Agency and Housing Department;
> - Neighborhood Housing Services of Silicon Valley; and
> - Acorn Housing Services.

15.5 HOMEOWNERSHIP ASSISTANCE PAYMENTS

24 CFR 982.635 (a): "While the family is residing in the home, the PHA shall pay a monthly homeownership assistance payment on behalf of the family that is the lower of:
(1) The payment standard minus the total tenant payment; or
(2) The family's monthly homeownership expenses minus the total tenant payment."

24 CFR 982.635 (e) (1): "The PHA shall adopt policies for determining the amount of homeownership expenses to be allowed by the PHA in accordance with HUD requirements."

> **Policy:**
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> In determining the amount of the homeownership assistance payment, the HA will use the same payment standard schedule, payment standard amounts, and subsidy standards as those described in this plan for the HCV Program.
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> The HA will pay the monthly homeownership assistance payment to the family or to the lender at the discretion of the HA.
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> Some homeownership expenses are allowances or standards determined by the HA in accordance with HUD Regulations. These allowances are used in determining expenses for all homeownership families and are not based on the condition of the home.
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> Homeownership expenses include:
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> - Principal and interest on mortgage debt
> - Mortgage insurance premium
> - Taxes and insurance
> - The HA allowance for routine maintenance costs
> - The HA allowance for major repairs and replacements
> - Principal and interest on debt for improvements
> - Homeowner Association dues

15.6 MAXIMUM TERM OF HOMEOWNERSHIP ASSISTANCE

24 CFR 982.634 (a): "Except in the case of a family that qualifies as an elderly or disabled family, the family members… shall not receive homeownership assistance for more than:
> - **Fifteen years, if the initial mortgage incurred to finance purchase of the home has**

> **a term of 20 years or longer; or**
- **Ten years in all other cases."**

24 CFR 982.634 (c) (1): "As noted in paragraph (a) of this section, the maximum term of assistance does not apply to elderly and disabled families. (2) In the case of an elderly family the exception only applies if the family qualifies as an elderly family at the start of homeownership assistance. In the case of a disabled family, the exception applies if at any time during receipt of homeownership assistance the family qualifies as a disabled family."

Policy:

For families in which the Head of Household or Spouse is elderly or disabled, homeownership assistance payments may continue for the term of the mortgage.

If the family ceases to qualify as elderly or disabled during the course of homeownership assistance, the maximum term becomes applicable from the date assistance commenced.