

Attention Realtors and Lenders:

The Housing Authority's Section 8 Program Can Now Provide Monthly Subsidies to First Time Homebuyers

The Housing Choice Voucher (Section 8) Homeownership Program has recently expanded to include a homeownership option. Low income families can now receive a monthly Section 8 subsidy from the Housing Authority to help them make a mortgage payment. Here's how the program works:

Housing Assistance Payment

The Housing Authority's monthly subsidy is calculated by subtracting 30% of the family's monthly income from the Housing Authority-established payment standard. Currently, the payment standard for a 3-bedroom unit is \$1669. For instance, a family with a monthly income of \$2,000 would receive a subsidy of \$1069 per month, or \$1669 minus 30% of their income (\$600). This amount can vary depending on family circumstances, and would decrease as the household income increases, or vice versa. Also, if the payment standard is higher than the family's actual monthly household expenses, the calculation would be based on the actual expenses.

Family Eligibility Requirements

- Families must have already been on the Section 8 program as a renter for at least one year.
- Families must meet a minimum employment requirement. At least one adult member of the household must be employed at least 30 hours per week.
- Families must meet a minimum income requirement that is tied to the Federal minimum wage. Currently, that income requirement is \$10,300 per year. Income from welfare does not apply towards this minimum income requirement.

Downpayment and Financing

- Families must have a 3% downpayment. Up to 2% can be a gift from a relative.
- Lenders are encouraged to take the value of the subsidy into consideration when qualifying families for a mortgage.
- Subsidies are provided for up to 15 years.
- No adjustable-rate mortgages or balloon payment are permitted under the program.

Type of Home

- Families can purchase a single family home, a condominium, or a manufactured home.
- Homes must pass a Housing Quality Standards (HQS) inspection conducted by the Housing Authority. Homes must also be inspected by a home inspector certified by the American Society of Home Inspectors.

Homebuyer Education

The Housing Authority will provide an informational seminar for interested families to educate them about the homebuying process.

For More Information

Section 8 tenants interested in participating in the program should call the Housing Authority at (831) 464-0170 Ext 300.

Lenders interested in participating in the program should contact Sue Hoge at (831) 464-0170 ext. 240. First Time Homebuyer and MCC Participating Lenders are already eligible to participate in this program. Other lenders should contact the Housing Authority for information about becoming a participating lender.