

## Section 8 Homeownership Option Fact Sheet

- ◇ On September 12, 2000 HUD published the Final Rule for the Section 8 Homeownership Option. Housing agencies now have **the choice to offer current or new participants on the Housing Choice Voucher Program (Section 8) the opportunity to use their housing choice vouchers for homeownership expenses**, including mortgage payments, maintenance costs, and condominium fees.
- ◇ HUD is **not providing any additional funding** for housing agencies to implement the homeownership option.
- ◇ Housing agencies **may choose to limit the program size or target a particular population** (e.g. family self-sufficiency participants or households where the head or a member has a disability) but may not set aside a certain number of subsidies or establish a separate waiting list.
- ◇ At least one member of an **eligible household must be employed full-time** defined as working at least 30 hours per week. This employment requirement is waived for elderly and disabled households.
- ◇ The **minimum income is set at the Federal minimum hourly wage multiplied by 2000 hours**, currently \$10,300 a year, not including welfare payments. Welfare or benefits payments may count toward total income, but not toward the minimum income requirement, although such payments may be counted towards the annual minimum for elderly and disabled participants.

According to the final rule issued on October 18, 2002, PHAs are allowed to establish a higher minimum income standard than the uniform standard described above. **However, this final rule also establishes a separate national standard for disabled households.** This minimum income standard will be equal to the monthly Federal Supplemental Security Income (SSI) benefits for an individual living alone (or paying his or her share of food and housing costs) multiplied by twelve.

- ◇ Generally, the **family must be a first-time homeowner**. The exceptions are for single parents or displaced homemakers or for a family with a member with disabilities for whom the homeownership option is a reasonable accommodation.
- ◇ Housing agencies can **adopt their own financing standards**, such as down payment requirements. (HUD requires a minimum 1% cash contribution by the borrower toward the down payment.) These standards can be consistent with FHA, lender, and/or secondary market requirements to facilitate access by households to mortgage financing. Other homeownership subsidies (such as down payment assistance or secondary financing) may be used in conjunction with the HCVP assistance to make homeownership affordable.
- ◇ Households must receive **home buyer counseling** consistent with HUD standards for such counseling. Housing agencies may provide this themselves or may partner with a HUD-approved counseling agency in their area. This counseling must be provided free of charge to the household.
- ◇ The **housing assistance payment for the homeownership subsidy** is 30% of monthly adjusted income, or Monthly Homeownership Expenses (mortgage, utilities, maintenance reserve) if less. These payments may be made directly to the homeowner.
- ◇ A home must **pass an HQS inspection** and the household must arrange **an independent home inspection** before purchase. Annual HQS inspections following home purchase are allowable but not required.
- ◇ The **HCVP family obligations** also apply to participants utilizing the homeownership option.
- ◇ The **maximum term for homeownership assistance** is 15 years if the mortgage term is 20 years or more and 10 years otherwise. This term limit does not apply to elderly and disabled households.