



Housing Choice Voucher
Homeownership Program
Housing Authority of Billings

Voucher Homeownership Program

- Basic concept -- Instead of using voucher subsidy to help family with rent, homeownership option allows first-time homeowner to use voucher subsidy to meet monthly homeownership expenses

Family Eligibility For Homeownership Option

- Current voucher program participant for a minimum of 1 year
- Be a recipient in good standing
- Meet HUD definition of first time home buyer

HUD Minimum Income Requirements

- Non-disabled families
 - Federal minimum wage multiplied by 2000 hours (\$14,500)
- Disabled families
 - Monthly Federal Supplemental Security Income (SSI) benefit for individual living alone multiplied by 12 ($\$733 \times 12 = \8796)
- Except for elderly and disabled families, welfare assistance may not be considered in determining if family meets requirement

Family Eligibility

- Full Time Employment (not applicable for elderly and disabled families)
 - currently employed full-time (not less than an average of 30 hours a week)
 - has been continuously employed for at least one year
 - HAB may allow a 2 month interruption

Family Eligibility cont.

- Families who have been participating in the HAB's Family Self-Sufficiency program for at least one year, or have graduated from the FSS program, will be given preference over other families.
- Elderly and disabled families will automatically be given this preference.

Pre-Assistance

Homeownership Counseling

- Eligible family must attend and satisfactorily complete homeownership counseling program required by PHA
- Currently offered by HRDC

Financing

- Family must be able to secure a conventional mortgage through a qualified lender
- Family must have a minimum down payment of 3% of purchase price
(refer family to all Down Payment Assistance Programs: HRDC ida, City of Billings, Homestart etc)
- Family contribution from personal resources at least 1%

Homeownership Voucher Option

- Family is responsible for finding eligible unit to purchase instead of rent
- HAB will make monthly homeownership assistance payment on behalf of the new homeowner
- HAB makes payment to lender (limited access account)

Homeownership Voucher Subsidy

- Payment standard determines maximum subsidy in voucher program
- PHA uses same payment standard for both renters and homeowners
- Homeownership family: payment standard will never be less than payment standard at time homeownership assistance commences for the home

Housing Assistance Payment

- Family must pay at least Total Tenant Payment (TTP), may pay more
- Monthly homeownership assistance payment is calculated as the lesser of:
 - Payment standard minus TTP
 - Monthly homeownership expenses minus TTP

Homeownership Expenses

- **PITI:**
 - Principal and interest on mortgage debt
 - Mortgage insurance
 - Real estate taxes
 - Home insurance
- **HAB allowance for utilities**

Homeownership Expenses

- Homeownership expenses (cont)
 - PHA allowance for routine maintenance
 - PHA allowance for major repairs
 - Principal and interest on mortgage debt for major repairs
 - If home is a coop or condo, may include coop or condo operating charges or maintenance fees

Family Share

- Family is responsible for all homeownership expenses not covered by the HAP payment
- If homeownership expenses exceed the payment standard, family pays the difference out-of-pocket in addition to TTP

Family Share

- 40% of adjusted monthly income limitation does not apply to homeownership families (law limits amount family may pay for rent)

Example 1

PITI	\$ 518	
Utility Allowance	\$ 121	
3% PITI (repairs & maintenance)	\$ 16	
HO Expenses (PITI + UA + 3%)	\$ 655	
TTP (30% of AMI)	\$ 391	
Payment Standard for Unit Size: 2	\$ 797	
Payment Standard for Family Size: 1	\$ 590	
Lower of the two Payment Standards		\$ 590
Payment Standard – TTP (590-391)	\$199	
Home Expenses – TTP (655-391)	\$264	
HAP = Lower of the two		\$ 199

Example 1 cont.

Client Pays:		
PITI – HAP (518 – 199)	\$319	
Beginning Payment Standard	\$590	
(Payment Standard cannot go below)		

Example 2

PITI	\$ 1242	
Utility Allowance (4 bedroom)	\$ 243	
3% PITI (repairs & maintenance)	\$ 37	
HO Expenses (PITI + UA + 3%)	\$ 1523	
TTP (30% of AMI)	\$ 479	
Payment Standard for Unit Size: 4	\$ 1067	
Payment Standard for Family Size: 4	\$ 1067	
Lower of the two Payment Standards		\$ 1067

Example 2 cont.

However, Payment Standard is below beginning Payment Standard. Required to use Beginning Payment Standard	\$1239	
Payment Standard – TTP (1239-479)	\$ 760	
Home Expenses – TTP (1523-479)	\$1044	
HAP = Lower of the two		\$ 760
Client Pays:		
PITI – HAP (1242-760)	\$ 482	
Beginning Payment Standard	\$1239	
(Payment Standard cannot go below)		

Continued Assistance

- Family obligations include:
 - comply with the terms of mortgage
 - family's only residence/no other ownership interest in residential property
 - report changes in composition/income
 - no subletting or leasing
 - other family obligations under voucher program

Continued Assistance

- **Statement of Homeowner Obligations**
 - written agreement signed by family to comply with all family obligations under homeownership option

Time Limits

- Time limits do not apply to elderly or disabled families
- Maximum term
 - 15 years if the initial mortgage has term of 20 years or longer
 - 10 years in all other cases
 - Time limit applies from initial purchase

Homeownership Vouchers

For More Information:

[http://portal.hud.gov/hudportal/HUD?src=/program_offices/
public_indian_housing/programs/hcv/homeownership](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/homeownership)