

Home Ownership Vouchers

The Housing Choice Voucher (HCV) program helps low-income families transition from renting to homeownership.

The U.S. Department of Housing and Urban Development (HUD) provides this assistance to people who are already receiving rental assistance. Under the program, eligible individuals can receive a voucher that can be used to pay for certain homeownership expenses, including mortgage payments, homeowners insurance and property taxes.

To participate in the program, a person must be a first-time homebuyer and meet income and credit score guidelines. For example, in 2022, a family had to earn at least \$14,500 a year. There are also employment requirements, though they do not apply to elderly or disabled families. As of 2022, participants had to work at least 30 hours a week and have at least one year of employment history. Participants must satisfactorily complete the pre-assistance home ownership and housing counseling program.



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REAL ESTATE 101

Qualified Opportunity Zones

The Qualified Opportunity Zone program encourages economic growth in underserved communities. Created by the 2017 Tax Cuts and Jobs Act it provides tax incentives for investors to invest in and develop in these communities. The goal is to help create jobs, stimulate economic growth and revitalize communities. Investors who invest capital gains in a QOF can defer paying taxes on those gains. If they hold the investment for at least five years, the tax is reduced by 10%, and if held for 15 years, it is reduced by 15%. If they hold the investment for 10 years, all gains are tax-free.

PUBLIC HOUSING AGENCIES

HUD has turned over the administering of this voucher program to local public housing agencies (PHA). They exist to help low-income families, the elderly and people with disabilities find safe and affordable housing. They may even provide supportive services such as job training, financial counseling and health care referrals.

PHAs must follow the HUD-established guidelines and federal regulations. PHAs may set additional criteria or eligibility requirements for people who want to participate in the voucher program. For example, some require a minimum level of savings and no debt.

Not every PHA offers the voucher program in their jurisdiction. The program is also subject to funding availability and may not always be

accessible. Sometimes there is a waiting list to receive assistance through the program.

COUNSELING AND EDUCATION

The voucher program provides counseling and education to participants on topics such as budgeting, credit repair and home maintenance. Participants must attend homeownership counseling and education sessions before purchasing a home.

Some of these classes are available online and fees, if any, are usually very small.

Anyone who provides this counseling and education must have a HUD certification and work for a HUD-approved housing counseling agency.

AMOUNT OF BENEFITS

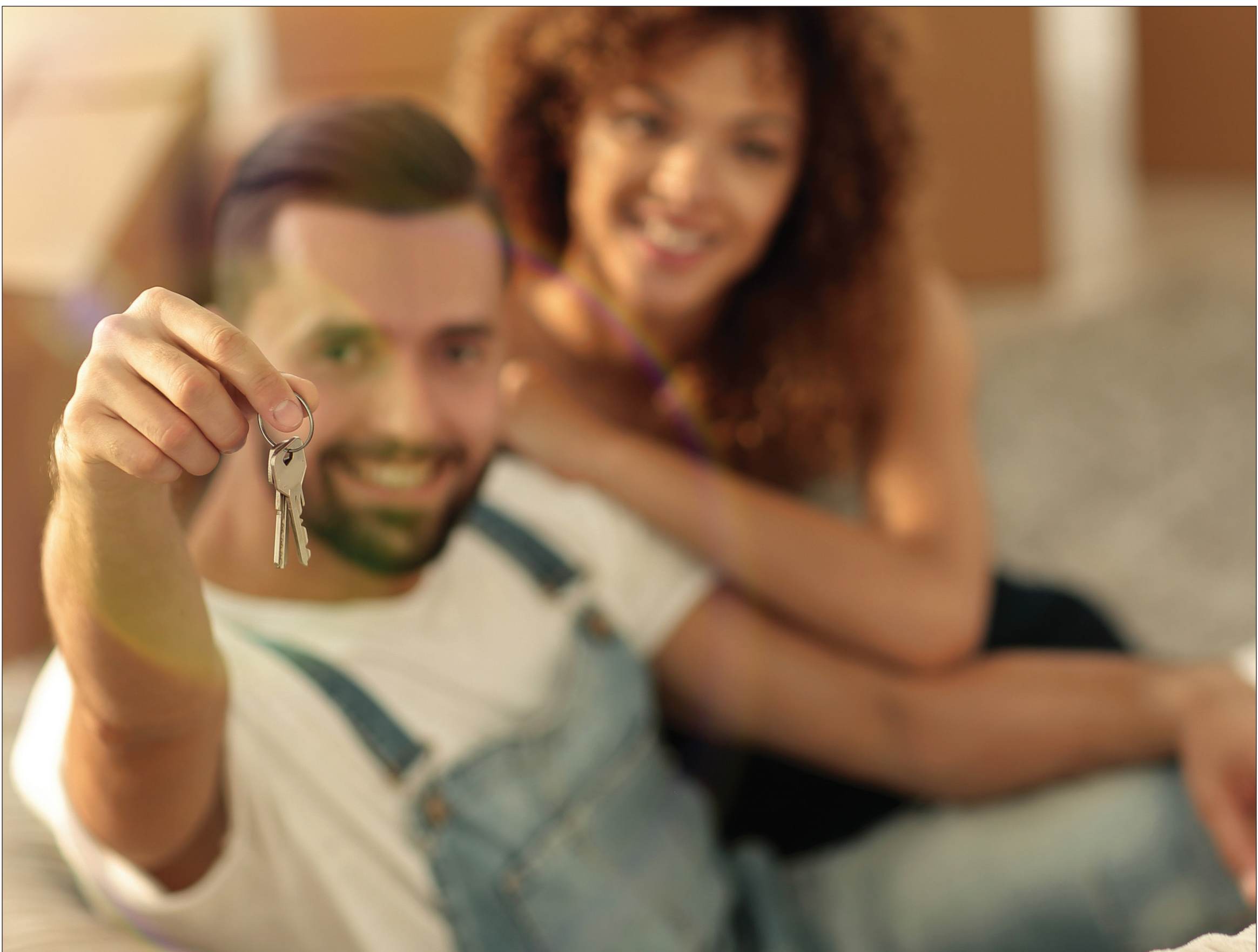
The voucher program allows families to choose a home, though they are encouraged to consider several housing choices. The PHA will approve any final housing choice as it must meet an acceptable level of health and safety. They will inspect the home and make sure the price is reasonable.

The PHA calculates how much housing assistance is allowable. It is typically based on the family's monthly adjusted income. They will pay a portion of the monthly mortgage payment, though homeowners are expected to pay about 30% of their monthly income themselves.

HUD also provides a \$200 fee for every homeownership closing.

Assistance is usually limited to a 10- to 15-year period after which time the home owners have to pay the full amount of the mortgage.

While there are a lot of steps to the process, it can help people build equity in their own homes rather than see the money lost to rent.



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HOMEWISSE GLOSSARY

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Second mortgage: A loan taken out behind the first mortgage, perhaps at the purchase or even at a later date when the owner needs funds and the equity is sufficient.

SOURCE: MLS.com

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