



Homeownership Program Bulletin

December 1, 2004

Program Bulletin #2004-22

**To: CalHFA Approved Lenders
& California Public Housing Authorities**

HUD – SECTION 8 HOUSING CHOICE VOUCHER PROGRAM (for Homeownership)

The California Housing Finance Agency (CalHFA) is pleased to announce opportunities for Public Housing Authorities (PHA's) to partner with CalHFA in offering below-market financing and subordinate loans to qualified first-time homebuyers who receive monthly assistance for homeownership expenses through the HUD Section 8 Housing Choice Voucher Program ("Program").

Pursuant to Congressional authority, HUD has authorized states and PHA's to provide this assistance using funds available through the Section 8 rental voucher program. Each PHA may choose to participate in offering the Program for homeownership but are not required to do so.

CalHFA does not provide funding or administer this Program but has approved its use in partnership with our first mortgages and subordinate loans by those PHA's approved by CalHFA. The Section 8 voucher entitles the participant to a subsidy known as the Housing Assistance Payment which will be added to the borrower's gross income for CalHFA Tax Act Compliance and all CalHFA loans participating with the Section 8 assistance must be service-released to CalHFA Loan Servicing.

Attached is a program description which better explains the partnership, what steps PHA's need to take to become a partner and how to get more information. This information is also available on our web site at www.calhfa.ca.gov including links to CalHFA approved PHA's and the Department of Housing and Community Development's list of PHA's in California.

For questions about this bulletin, contact CalHFA Homeownership Programs by phone 916.324.8088; by fax 916.324.6589; by email at homeownership@calhfa.ca.gov and you can always visit CalHFA's web site at: www.calhfa.ca.gov

Please send all loan files and documents to:
CalHFA Homeownership Programs
1121 L Street, 7th Floor
Sacramento, CA 95814

Attachment

H U D - SECTION 8 HOUSING CHOICE VOUCHER PROGRAM (for Homeownership)

The Section 8 Housing Choice Voucher Program enables qualified first-time homebuyers to receive monthly assistance for homeownership expenses in lieu of monthly rent aid. Pursuant to Congressional authority, HUD has authorized states and Public Housing Authorities (PHA's) to provide this assistance using funds available through the Section 8 rental voucher program. The PHA's may choose to participate in offering the Section 8 for homeownership but are not required to do so. Under the Program at least 30% of the eligible homebuyers' income will go to pay the homeownership expenses with Section 8 covering the remainder.

The California Housing Finance Agency (CalHFA) does not provide funding or administer this program but has approved its use in partnership with our first mortgages and subordinate loans by those PHA's approved by CalHFA.

Attached is a listing of approved PHA's approved by CalHFA. A copy of the Department of Housing and Community Development's list of PHA's in California can be found on their web site at www.hcd.ca.gov/hpd/hrc/tech/contacts.htm.

Steps for PHA to Become Approved

Step 1: PHA needs to submit in writing their desire to partner with CalHFA and attach copies of their Master Plan or 5-Year Plan and any other related material. All requests must be sent to:

California Housing Finance Agency
Homeownership Special Programs
1121 L Street, 7th Floor
Sacramento, CA 95814

Step 2: Homeownership Special Programs staff will review the documentation submitted. The PHA will be contacted if further clarification is needed.

Step 3: Homeownership Special Programs will facilitate a meeting and/or conference call with the PHA and one or more of CalHFA's approved lenders (selected by the PHA) to discuss the requirements of both entities. Program qualifications and borrower eligibility will be disclosed and the most restrictive criteria will be identified. Additionally, lenders will be advised of the subsidy, known as the Housing Assistance Payment, which will be added to the borrower's gross income for CalHFA Tax Act Compliance and all CalHFA loans participating with the Section 8 assistance will be service-released to CalHFA Loan Servicing.

Step 4: The PHA will be added to the list of approved PHA's to partner with CalHFA.

Important Program Highlights

The PHA's will be solely responsible for all program eligibility, administration, training/counseling, reporting and annual review of the homeowners who receive Section 8 assistance.

Eligible prospective homebuyers or those wanting more information must contact their local PHA for details.

CalHFA and the PHA may have different eligibility requirements. The most restrictive requirements will apply.

All prospective homeowners must be able to meet the CalHFA Homeownership Program guidelines which basically are:

- Be a first-time homebuyer, which is defined as a person(s) who has not had an ownership interest in their primary residence during the previous three years.
- Have an annual household/family income that does not exceed income limits for the family size and county in which the home is located.

- Have enough money to cover the required down payment (usually 3% to 5%) plus closing costs. Some restrictions apply to gifts.
 - To help with this requirement, CalHFA offers down payment assistance programs and programs to help with closing costs. Plus, these programs can be combined with the first mortgage programs. A list of these and other programs can be found at www.calhfa.ca.gov/homeownership/programs.

- Property must be owner occupied for the term of the loan, unless refinanced or sold.

- Meet credit, income and loan requirements of the CalHFA lender and the mortgage insurer.

- Be a citizen or other national of the United States or a qualified alien as defined by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).

All properties must meet CalHFA eligibility requirements which are:

- Priced at or below the limits established by CalHFA for new or existing homes (income and sales price limits slightly higher in Federally designated "Targeted Areas").
- Either a newly constructed or existing (previously owned) home
- Eligible properties include:
 - Single family residence (detached)
 - Five acre maximum
 - An attached residence (a half-plex that is not part of a planned unit development (PUD) or condominium)
 - A detached unit within a PUD
 - A condominium or attached unit in a PUD. (Check with lender for eligible condominiums.)

Public Housing Authorities Partnering with CalHFA on the HUD
Section 8 Housing Choice Voucher Program
(For Homeownership)

City of Benicia Housing Authority
28 Riverhill Drive
Benicia, CA 94510
(707) 745-2071

City of Oakland Housing Authority
1619 Harrison Street
Oakland, CA 94612
(510) 874-1500
www.oakha.org

Housing Authority of the
County of Santa Clara
505 West Julian Street
San Jose, CA 95110
(408) 993-2990
www.hacsc.org