HOUSING AUTHORITY
OF THE COUNTY OF SANTA CRUZ

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# Housing Choice Voucher (Section 8) Homeownership Program Eligibility Information& Policy

The Housing Choice Voucher (HCV) Homeownership Program provides eligible families with the opportunity to use their housing assistance toward homeownership, with monthly assistance applied to eligible homeowner expenses rather than rent. The program is open to all eligible participants who meet all eligibility requirements and are prepared to take the steps toward purchasing a home.

**Here are the parameters:**

- Must be a Section 8 program participant for at least one year and in good standing.
- Must have at least 3% as a down-payment. 2% of that can be in the form of a gift, however most lenders will require more than 3% down.
- Must be able to qualify for a standard mortgage. No co-signers or family loans are allowed.
- One adult in the household must be employed, working at least 30 hours per week *(This requirement does NOT apply to an elderly or disabled family).*
- There are certain wage conditions, which will be determined in the end, by the lender.
- You must find a real estate agent to work with, a home to buy, and bank to loan you money. The Housing Authority does not have lists of Agents, banks, or any homes (for sale or foreclosures).
- You pay up to 40% of the monthly homeownership costs with the Housing Authority paying the rest, directly to the financial agency that holds your loan.
- The maximum term of assistance is 15 years for loans of 20+ years and 10 years in all other cases except for elderly or disabled families.
- Your monthly homeownership costs cannot exceed 40% of your monthly adjusted income. Homeownership costs include the principle and interest on the loan, insurance, property taxes, mortgage insurance (if your down payment is less than 20%), utility allowance, Homeowner Association Fee (applicable to Condos, Townhomes, mobile home parks), monthly repair fees.
- Must attend Housing Counseling. Once you are prepared to purchase a home, Google HUD Housing Counseling Agency near me to discover how to take that course.
- You may be able to combine the S8 Homeownership with another local program, but you will be responsible for contacting that program to work out the details.

**Using Google or another search engine:**

- CalHFA for information on buying a home and loans you may qualify for
- City of Santa Cruz Measure O program for information on purchasing a home using the Measure O program in the City of Santa Cruz.
- County of Santa Cruz Measure J program for information on purchasing a home using that program in the County of Santa Cruz.
- City of Watsonville Home buyer program.

**First steps:**

- Locate a lender you wish to work with to see how much money you qualify to borrow. Ask how much money you'd need for a down payment.
- Start a savings account for your down-payment.
- If you have a Section 8 Housing Choice Voucher, ask staff for information about the family self-sufficient program that may assist you to save funds for a down payment.
- Locate a real estate agent you wish to work with to locate a unit you can purchase.

Housing Authority of the County of Santa Cruz. (2026, April 24). *Housing Choice Voucher Program (Section 8) Administrative Plan* (Homeownership program section)

The Housing Authority of the County of Santa Cruz has elected to offer the homeownership option that is available in the Section 8 Housing Choice Voucher program. The purpose of this program is to allow eligible families to purchase a home using the Housing Choice Voucher.

**Family Participation Requirements**

1. A preference will be given for current or past FSS (Family Self Sufficiency) participants.
2. This program shall be open only to those families who have been assisted under the Section 8 Housing Choice Voucher program for one year and are in good standing as participants in the Housing Choice Voucher program.
3. There is no limit on the number of vouchers that may be used for the Homeownership Program.
4. There will be no additional local eligibility requirements except those imposed by the regulations.
5. CFR 982.627(d) (2) gives the Housing Authority the discretion to determine whether and to what extent interruptions are considered to break the continuity of employment during the year. The Housing Authority of the County of Santa Cruz will consider a household member to be continuously employed if their gross annual wages total at least the minimum wage times 30 hours per week.

**Housing Counseling**

1. Pre-homeownership counseling is mandatory for all participants in the Homeownership program and will include those items required by regulation. (24CFR 982.630)
2. If a family purchases a home using Section 8 homeownership assistance and later sells that home to purchase another, the pre-homeownership counseling requirements will not be imposed again for the second purchase.

**Capacity Test**

The Housing Authority meets the Capacity Test set forth in 24CFR 982.625 in the following ways:

1. The Housing Authority has established a minimum down payment requirement of at least three percent (3%) of the purchase price. At least one percent (1%) must come from the family's personal resources.
2. The Housing Authority requires that financing for purchase of a home under the Homeownership program comply with generally accepted private sector underwriting standards. In particular, no adjustable-rate mortgages or balloon payment will be permitted.

**Locating a Unit**

1. There are no shopping deadlines imposed on families who are interested in purchasing a home. Because the homeownership option is available only to families currently receiving Section 8 rental assistance, their rental voucher will remain in effect as they search for a unit to purchase. The rental voucher will be converted to a homeownership voucher during the escrow process. If a family wishes to transfer to another unit and is issued a transfer voucher, the usual requirement to locate a unit within regular voucher search term applies, regardless of whether the family chooses to move to another rental unit or wishes to purchase a home under the homeownership option. Therefore, it is highly recommended that families remain in their current unit while they undertake a search to locate a unit to purchase.
2. If a family cannot locate a unit to purchase, their rental voucher will remain in effect.

**Down Payment and Financing**

1. Cash down payment and equity requirements shall be the same as those required under "Capacity Test", subsection 1.

2. Prospective purchasers must demonstrate that they have adequate cash reserves to pay for the required home inspection in addition to the down payment.
3. The home inspection must be conducted by a home inspector certified through the American Society of Home Inspectors or other comparable certification to be approved by the Housing Authority on a case-by-case basis.
4. For the purposes of calculating the housing assistance payment, "Home-ownership expenses" shall be defined as those homeownership expenses listed in 24CFR 982.635 and shall include homeownership association dues.
5. The first mortgage lender shall be responsible for determining whether the family can afford the financing being offered. The Housing Authority will not be responsible for determining the affordability of the financing.
6. Lenders participating in the program must be approved by the Housing Authority.
7. Adjustable-rate mortgages and balloon payments will not be permitted in the Homeownership program.
8. The Housing Authority must approve any refinancing or additional debt recorded against the property. The Housing Authority will record a notice against the property requiring such prior approval. In order to approve refinancing or additional debt, the Housing Authority will determine whether the family's income is sufficient to pay any additional debt service.
9. Assistant payments will be made directly to the purchaser or lender, depending on the lender's requirements.

**<u>Continuation of Assistance</u>**

1. The family must notify the Housing Authority if they receive a Notice of Default.
2. The Housing Authority will not prohibit families from making more than one move during any, one-year period.
3. The Housing Authority will not require families using the homeownership option to be FSS participants; however, a preference will be given to current or past FSS participants.
4. The Housing Authority will not require post-purchase HQS inspections.
5. In the case of a mortgage default, the Housing Authority has the option of granting the family a rental voucher to continue their assistance. Such determinations will be made on a case-by-case basis and will take into consideration the circumstances leading to the default, including but not limited to employment layoffs, a family member becoming disabled, and/or the death or departure of a family member.
6. The ongoing payment of real estate taxes is not a requirement for participation in the homeownership program. It is the responsibility of the homeowner to ensure that their taxes are paid. The lender may, at their discretion, monitor to ensure that taxes are paid.
7. In calculating the housing assistance payment, the Housing Authority will allow a monthly allowance for maintenance expenses, to be adjusted from time to time if needed.
8. In calculating the housing assistance payment, the Housing Authority will allow a monthly allowance as a reserve for major repairs, to be adjusted from time to time if needed.