

# STATE OF COLORADO



Colorado Department of Human Services

*people who help people*

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## OVERVIEW OF THE CDHS/SHHP HOUSING CHOICE VOUCHER HOMEOWNERSHIP PROGRAM

While homeownership rates are at record highs across the country, disabled individuals and families, who are frequently low-income, rarely experience the dream of homeownership. Through a partnership between the U.S. Department of Housing and Urban Development (HUD), the Division of Supportive Housing and Homeless Programs (SHHP), the Colorado Housing and Finance Authority (CHFA), and the Colorado Housing Assistance Corporation (CHAC) disabled families in Colorado now have more homeownership opportunities than ever before.

In January 2000 with HUD's authorization, SHHP began a pilot program to begin a statewide homeownership demonstration program for persons with disabilities. The program allows a person or family who is receiving HUD Housing Choice Voucher assistance from SHHP, to use the voucher towards the purchase of a home. Since the program's inception, SHHP and its partners have helped to move 100 families from rental situations to homeownership.

Homeownership for this population provides:

- An increased sense of stability
- Membership in a community
- Pride in ownership

### **How the Program Works: Partnership**

The partnership between SHHP, HUD, CHFA and CHAC is the backbone of the program. SHHP began working with its 60 local service providers across the state to make the homeownership program a reality. These local coordinators are tasked with making flexible housing and case management services available to Voucher participants who purchase a home. These services often include individual case management, counseling, budget assistance, health, mental health, and employment assistance. Certified counseling agencies also provide mandatory pre-purchase counseling to homebuyers.

CHFA provides the critical financing piece of this equation through the development of HomeAccess, a loan program that provides financing to very low-income people with mental and physical disabilities who cannot qualify for existing home loan products. Through HomeAccess, CHFA provides below market rate loans and soft-second mortgages for down payment assistance.



CHFA additionally buys and services loans originated by other lenders, streamlining the process for SHHP by requiring them to work with only one loan servicer. Since its inception, CHFA has purchased over \$50.7 million in HomeAccess loans, helping 586 households achieve homeownership. The Colorado Housing Assistance Corporation (CHAC) also provides down payment assistance and has provided such assistance to 76 out of 100 SHHP Housing Choice Voucher homeowners.

### **What a Family Must Do to Qualify**

For a disabled household to pursue homeownership through the Housing Choice Voucher Homeownership Program, the family must:

- Have a Housing Choice Voucher issued by SHHP.
- Have received rental assistance for one year.
- Be a participant of the Section 8 program in good standing.
- Meet the HUD definition of first-time homebuyer (the participant has not had ownership interest in a home in the past three years).
- Sign a statement of Homeowner Obligations.
- Complete pre-purchase homeowner counseling classes before entering into a sales contract.
- Provide a cash down payment of \$750.
- Provide the lender and real estate professionals with all pertinent documentation.
- Family meets the annual income criteria, currently \$7476 for an individual with a disability, and \$13,700 for non-disabled participants.
- One or more adult family members of non-disabled household must be currently employed at least 30 hours per week, and have been employed continuously for the previous year.

Homeowners receive a variety of services including:

- Housing and credit counseling prior to becoming a homeowner
- Downpayment assistance
- A 30-year mortgage with a fixed rate of 3%
- Housing Choice Voucher Program Assistance
- Support and counseling after they become homeowners

Elderly and people with disabilities are eligible to receive their mortgage subsidy for the life of the mortgage. Non-disabled homeowners may receive Housing Choice Voucher assistance for a maximum of 15 years.

#### **Profile of a Typical Financial Package**

- Single-person household with a gross income of \$14,129 (22% of AMI)
- Cost of home: \$122,320
- Homebuyer's Monthly Payment: \$213.00
- SHHP Monthly Payment: \$366.00
- First Mortgage from CHFA: \$98,600
- Second Mortgage from CHFA: \$10,000
- Third Mortgage from CHAC: \$6,000
- Fourth Mortgage from CHAC: \$3,500

## Facts

Program Start Date	2000
Total Number of participants	271
Homeowners since the beginning of the program	100
Homeowners who sold their home	4
Homeowners who are now paying their full mortgage	3
Foreclosed Homeowners	2
Deceased Homeowners	2
Number of Counties that have Homeowners	17
Average Income of the Homeowners	\$14,129
Average Home price	\$122,320

This program is the result of a strong collaboration between

- SHHP
- Department of Housing and Urban Development (HUD)
- Colorado Housing and Finance Authority (CHFA)
- US Department of Agriculture/Rural Development
- Colorado Housing Assistance Corporation
- Lenders
- Realtors
- Nonprofit service providers around Colorado

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