HCV Homeownership Program Lender FAQ

What is the HCV Homeownership Program?

The Housing Choice Voucher (HCV) Homeownership Program was created to assist low-income homebuyers in purchasing a home. The program is funded by the Department of Housing and Urban Development (HUD) and administered by local public housing authorities (PHAs).

The Program allows homebuyers to use federal subsidy to pay a portion of their monthly mortgage for up to 10 years, or longer for eligible families.

Financing

Families are responsible for securing financing on their own. The PHA does not finance the loan, nor do they determine the maximum amount of loan a family qualifies for.

Knowledgeable lenders are key to the success of the program. The use of HCV Homeownership funding is not restricted to certain mortgage loan products or lenders.

Assistance payments as income

Once the family has been determined to be qualified and provided a voucher, they will receive a monthly assistance payment (HAP) to assist them with homeownership expenses. The monthly HAP payments can be paid either to the lender or directly to the family.

Down Payment

The PHA typically does not provide down payment assistance directly, however they will work with the family as they build up their own savings and connect with resources for securing sufficient funds to meet down payment requirements.

Does the mortgage subsidy fluctuate?

The mortgage subsidy is calculated based on the homeowner's income. If their income decreases, the subsidy increases, and if their income increases, the subsidy decreases accordingly. Therefore, the sum of the subsidy and homeowner's portion remains the same.

How can I learn more?

Contact your local PHA to find out if they have an HCV Homeownership Program. You can find your local PHA at this website: https://resources.hud.gov/. They will connect you with an expert who will provide you with more information about the program and answer any questions you may have.

Financing Models:

Single mortgage, HAP as income
Underwriters consider the HAP as an additional source of income. Underwriters can inflate the HAP by 25% and add it to other income sources for total gross income. Then use qualifying ratios of gross income to determine the PITI* payments the borrower can afford.

Single mortgage, HAP as additional mortgage payment
Underwriters use the full HAP to offset PITI payments. First, they qualify applicants for a monthly PITI payment using qualifying ratios of gross income, then add the full amount of the monthly HAP to the borrower's monthly cash portion to get the total monthly resources available to pay the PITI.

Two mortgage model
This is a variant of the HAP as offset model in that it applies the entire HAP towards paying down the mortgage. The HAP is used to determine and pay towards a second mortgage while the borrower's income is used to determine and pay towards the first mortgage.

*PITI is Principle, Interest, Taxes and Insurance