



## Legislation Text

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**File #:** 22-1889, **Version:** 1

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### Resolution to Amend the Administrative Plan Regarding Chapter 15 Special Housing Types: Part VII Homeownership.

The Ann Arbor Housing Commission's Housing Choice Voucher Administrative Plan details its policies and procedures for the management of its Housing Choice Voucher (HCV) Program. The AAHC periodically revises the Plan to reflect changes in HUD regulations and changes in AAHC policies.

Staff recommend amending language to the Administrative Plan Chapter 15 Special Housing Types: Part VII Homeownership to reduce the down payment requirement from 3% to 1% and to waive down payment for participants who are approved for home loans geared towards first time low-income home buyers. Staff request Board approval of these recommended changes.

#### **PART VII: HOMEOWNERSHIP 15-VII.H. FINANCING [24 CFR 982.632]**

##### **Current PHA Policy**

Other than for purchase of a Habitat Home, the mortgage the family applies for must require a minimum down payment of at least 3% of the sales price with 1% of the down payment coming from the purchaser's personal funds. The PHA will not require that the family have any more than the minimum of 1% of their own money in the transaction. However, in cases where a lender is requiring a larger amount, the family may be held to the underwriting guidelines set by their lending institution.

If purchasing a Habitat Home, the PHA requires a minimum of \$500 down payment coming from the purchaser's personal funds. Exceptions may be granted on a case-by- case basis.

##### **Proposed PHA Policy**

The PHA will require a minimum contribution of at least 1% of the sales price coming from the purchaser's personal funds. The 1% contribution may be applied toward the down payment or closing cost including but not limited to loan fees, credit reports, inspection fees, appraisal fees, processing fees, mortgage insurance, pro-rata reserves for the insurance and taxes, settlement fees, attorney fees, title insurance and title search fees, recording fees, local transfer fees, and any other applicable charges associated with the settlement cost.

The PHA will not require that the family have any more than the minimum of 1% of their own money in the transaction. However, in cases where a lender is requiring a larger amount, the family may be held to the underwriting guidelines set by their lending institution. The family must provide proof of personal funds at the time of the purchase agreement.

If the purchaser's home loan is geared toward low-income first-time home buyers, the PHA will not require that the family have a minimum down payment. The PHA will honor a home loan product that intends to defray the costs associated with counseling, down payment assistance, closing cost, and to make the homeownership program work.

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Reviewed and Approved by: Jennifer Hall, Executive Director

WHEREAS, the Ann Arbor Housing Commission's Housing Choice Voucher Administrative Plan details its policies and procedures for the management of its Housing Choice Voucher (HCV) Program; and

WHEREAS, currently, the Administrative Plan requires potential home buyers to place a down payment of 3% of the sale price of the home with 1% coming from the buyer's personal funds; and

WHEREAS, staff recommend changing the requirement where at least 1% of the sale price of the home comes from the buyers personal funds to be used toward the settlement cost associated with the purchase of the home; and

WHEREAS, staff recommend waiving any required contribution from the family who uses a mortgage product that intends to defray the associated settlement cost to make the homeownership program work in high cost areas.

RESOLVED, that the Board of the Ann Arbor Housing Commission approve the amended language related as described in the memorandum above, to the Administrative Plan to take effect as of November 16, 2022.