



GHA Fact Sheet Series

For information:
Justin Herter
Public Information Officer
(409) 765-1923
pio@ghatx.org

Lease to Purchase

The goal of the Lease to Purchase Voucher Homeownership Program is to expand homeownership opportunities to low-to-moderate income (*below 80 percent of Area Median Income*) Housing Choice Voucher households who are not able to secure a traditional first mortgage. The Lease to Purchase Program will also serve to revitalize neighborhoods through the acquisition and the rehabilitation of vacant properties that will be ultimately purchased.

While traditional homeownership is an avenue for some, many low income families are not ready for homeownership immediately upon deciding to purchase a home. Credit problems and/or limited cash flow can hinder families who want to obtain an affordable mortgage. In order to widen the opportunities for homeownership, the GHA has begun development of its first Lease to Purchase Program. An innovative wealth building strategy for low income families, this program will allow families with Housing Choice Vouchers to build equity prior to the purchase of a home. The GHA looks forward to utilizing this model to encourage investment on Galveston Island, while also offering an exciting new option for homeownership for lower income families.

Formally known as a *Lease with option to Purchase*, Lease to Purchase programs are common real estate transactions that combine elements of a traditional lease that conclude in a right of first refusal to purchase the property after a specified time period. Lease to Purchase agreements can contribute to both individual family and communal stability in areas that currently lack investment vitality. A thriving Lease to Purchase Program could become a “first in” strategy for Hurricane Ike affected neighborhoods, with private investment to follow the GHA’s lead.

Lease to Purchase agreements typically occur over a period of three to five years. The GHA model will plan to combine family rental payments with their Housing Choice Voucher payments through a standard yearly lease over the determined rental period. Families will accrue funds for a down payment while also attending homebuyer counseling classes during their lease period. After the lease is terminated, families can exercise their exclusive option to purchase the home from the property owner if they so choose.