

Grants for Buying, Building, or Remodeling a Home in 2021

Resale housing inventory in Colorado Springs is currently at an all time low, making it difficult for many to find a house within their budget. Even if you are able to find a home, often you will get caught in a bidding war or the house may be taken off of the market before you can make an offer. And if you remember back to your basic economics course, low inventory plus high demand equals price increases, placing that dream of owning a home even further out of reach for some.

Buying a lot and building a home is a feasible solution for some, but what if you don't have the time or resources to invest in a new build? For a lot of people, even saving up enough to cover a down-payment and closing costs is a daunting financial task. Luckily there are several government grants and programs available to assist eligible homebuyers realize their dreams of home-ownership.

Repairing or Remodeling

203(k) Rehab Mortgage Insurance

One solution to the inventory shortage is to purchase a fixer-upper at a more affordable price point and conduct the needed repairs and modernizations yourself. The [Rehab Mortgage Insurance program](#) helps protect buyers from relying on improvement loans with high interest rates and short repayment times.

Section 203(k) allows homebuyers to combine the initial purchase of the home and the necessary renovations into a single long-term loan, which can either be at a fixed or adjustable interest rate. Part of the loan goes toward paying the seller, while the rest is placed into an escrow account and released to the buyer as renovations are completed. The total rehabilitation cost must be at least \$5000 to qualify, but can cover up to a full rebuild as long as the original foundation remains in place.

VA Disability Housing Grants

If you are a veteran with a service-related disability that requires specific housing arrangements, you may qualify for either the [Specially Adapted Housing \(SAH\) grant or the Special Home Adaptation \(SHA\) grant](#). Which grant you qualify for will depend on the nature of your disability. If you are awarded one of these grants, the funds can be used all at once or split into as many as 6 separate transactions throughout your lifetime.

With an SAH grant, you could receive up to \$100,896 to help offset the cost of building or remodeling a home suited to your unique needs. The SHA grant has a maximum of \$20,215 to put toward the purchase or remodel of a permanent residence. Both of these grants are also available to veterans who need to renovate a temporary residence, but with a lower maximum grant amount.

DOE Weatherization Assistance Program

The U.S. Department of Energy weatherizes approximately 35,000 houses a year for low-income households, using DOE funds. To qualify, you must be at or below 200% of the poverty income guidelines and priority is given to seniors, families with a disabled member, and

families with children. The [Weatherization Assistance Program \(WAP\)](#) focuses on whole house weatherization, starting with an energy audit to determine where improvements should be made. These improvements save households approximately \$283 per year, while addressing potential health and safety concerns.

USDA Section 504 Home Repair Program

If you live in an eligible area and your family's income is 50% below the median income, you may be eligible for either a [loan or grant through the USDA](#) to conduct necessary home repairs. Grants must be used to remedy health and safety concerns, whereas a repair loan can also be used to improve or modernize the home and property.

USDA loans can be repaid over a 20-year period and are fixed at a 1% interest rate. Grant applicants must be 62 or older and unable to repay a repair loan. The Section 504 program's maximum loan amount is \$20,000 and the maximum grant amount is \$7500, however, the loan and grant can be combined for a total of \$27,500 as long as the recipient is able to pay back a portion of the loan.

FEMA Housing Assistance

The Federal Emergency Management Agency offers a number of services to those affected by presidentially-declared emergencies, such as a natural disaster. These services range from childcare to medical-expense reimbursement and include [housing assistance](#) for those whose homes are damaged.

The Individuals and Households Program offers rent assistance to individuals who must find temporary lodgings due to unlivable conditions, as well as lodging reimbursement for short-term hotel stays. FEMA also has funds available for home repairs that are not covered by insurance, which can include replacing a destroyed home.

Buying

NHF Down Payment Assistance

For those struggling to save enough for a down payment, the [National Homebuyers Fund's \(NHF\) Down Payment Assistance program](#) is here to help. The NHF provides eligible homebuyers with up to 5% their mortgage amount to help cover the down payment and closing costs. The program also makes provisions for homeowners that need assistance to refinance their mortgage.

DPA comes in the form of either a gift or a 0%-interest second mortgage that is forgiven after three years, so you will not want to apply for this program if you are planning to move again in the near future. You do not have to be a first-time homebuyer to apply for this program, and it is available for both low- and middle-income homebuyers. You will have to work with a NHF participating lender to qualify.

CHFP FirstStep

Colorado residents are also eligible to apply for [FirstStep through the Colorado Housing and Finance Authority](#). FirstStep offers first-time homebuyers and eligible veterans a 30-year fixed-rate mortgage.

Upon approval for the loan, borrowers can apply for up to 4% down-payment assistance in the form of a zero-interest second mortgage with no monthly-payments. The second mortgage must be repaid in full upon sale or refinance. Borrowers must complete a homebuyer education course and contribute at \$1000 of their own funds.

Fannie Mae's HomePath

[Fannie Mae's HomePath](#) program offers a free educational course in either English or Spanish for first time homebuyers. Upon completion of the course, which prepares you for sustainable home-ownership, buyers are eligible for up to 3% closing cost assistance. Closing cost assistance is only available for HomePath properties owned by Fannie Mae, however.

HUD's Revitalization Areas

[Revitalization Areas](#) are HUD-designated locations that are intended to promote homeownership opportunities under the National Housing Act. Homes within a Revitalization Area are eligible for special programs that provide significantly discounted sale prices to buyers.

Under the Asset Control Areas (ACA) program, homes that are foreclosed on and returned to FHA ownership are offered to ACA participants at steeply discounted rates. Properties that are appraised at \$25,000 or less can be purchased for \$100; properties appraised between \$25,000 and \$50,000 are discounted by \$24,900; and all other properties are offered to participants for 50% of the appraisal value.

The HUD also funds the Good Neighbors Next Door sales program within Revitalization Areas, which sells eligible properties to teachers, EMTs, fire-fighters, and law enforcement officers at 50% of the listed price.

USDA Guaranteed Loan Program

In addition to their home repair loan, the [USDA offers a guaranteed loan program](#) that allows low- to middle-income homebuyers to purchase, build, or remodel a home with 100% financing within eligible areas. The program provides a 90% loan guarantee to approved lenders, removing the risk from the lender and therefore eliminating the need for a down-payment.

Section 184 Indian Home Loan Guarantee Program

[Section 184](#) is specifically designed to promote home-ownership and access to capital among American Indian and Alaskan Native communities. The program allows eligible borrowers to get into homes for a low down-payment by guaranteeing that the lender will be repaid in full in the event of a foreclosure.

Under Section 184, borrowers can secure a loan under \$50,000 with a 1.25% down-payment. Loans over \$50,000 require a 2.25% down-payment. The loan can be applied to buying, building, or remodeling a home either on or off tribal lands.