

What Is the Good Neighbor Next Door Program?

Are you a teacher, police officer, firefighter, or emergency medical technician (EMT) looking for a great deal on a home? Check out the Good Neighbor Next Door program offered by the U.S. Department of Housing and Urban Development (HUD). This program can score you a residence for a significant discount if you qualify.

Find out more about the HUD Good Neighbor Next Door program, who's eligible, how it works, program pluses and minuses, and other options worth considering.

What is the Good Neighbor Next Door program?

The Good Neighbor Next Door program was created in 1992 for the purpose of revitalizing designated areas by incentivizing certain public service workers to become homeowners in those communities. Eligible participants receive a 50% discount on HUD-owned single-family home properties located within these [designated revitalization areas](#).

HUD's goal is to enhance the strength of American communities and bolster national safety. The Good Neighbor Next Door initiative advances these objectives by encouraging professionals whose daily duties intersect with community needs to purchase and remain living in homes within these areas.

"This program is a game-changer in many communities. It's about giving back to those who dedicate their lives to serving us while breathing new life into neighborhoods that need it most," explains Riley Annen, a real estate agent.

Which professions qualify for the Good Neighbor Next Door program?

Here's a list of who's qualified to purchase a home through this program and their eligibility criteria:

- Law enforcement officers. The police officer/law enforcement officer must be employed full-time by a law enforcement agency

of the federal government, a state, a unit of general local government, or an Indian tribal government; directly serve the locality in which the home is located; and be sworn to uphold and make arrests for violations of federal, state, tribal, county, township, or municipal laws.

- Teachers (pre-Kindergarten through 12th grade). According to HUD, the teacher must be employed full-time by a state-accredited public school or private school that provides direct services to students in grades pre-kindergarten through 12 and serve students from the locality where the home is located.
- Firefighters and EMTs. This person must be employed full-time by a fire department or emergency medical services responder unit of the federal government, state, unit of general local government, or Indian tribal government serving the locality where the home is located.

Additionally, the buyer must maintain employment in their profession for at least one year following the closing date. They must also commit to owning and residing in the purchased property as their primary residence for at least three years (36 months) and verify this occupancy annually. Furthermore, they must agree to execute a second mortgage and note on the property for the discrepancy between the list price and the discounted selling price.

Neither the buyer nor their spouse is permitted to have owned any residential real property within the year preceding their bid submission for the home to be acquired through the program, or to have purchased another house through the program.

How does the Good Neighbor Next Door program work?

If you qualify for a Good Neighbor Next Door home based on the restrictions listed above, your next step is to search for eligible homes by visiting Hudhomestore.gov, clicking on the “Good Neighbor Next Door Program” link, and then clicking on your state from a provided U.S. map.

There, you should be able to find qualified single-family residences located in revitalization areas. These properties remain available for purchase through the program for seven days. The availability of properties is subject to limitations, and the list of accessible properties is updated every week.

First-time homebuyers will need to use a [HUD-registered selling broker](#) in this process to submit a bid on an available HUD home. All other buyers can use either a HUD-registered selling broker or a selling agent to place a bid on their behalf. When multiple offers are received for a single property, selection will be determined through a random lottery process.

To enhance affordability, eligible buyers have the option to apply for an **FHA mortgage loan** with a minimal downpayment of only \$100 for these homes. If the purchased home requires repairs, buyers can utilize the **FHA's Section 203(k) mortgage program**.

HUD requires that you sign a second mortgage and note for the discounted amount. However, no interest or payments are necessary on this secondary mortgage, referred to as a "silent second," as long as you meet the 36-month occupancy requirement. If you default, the mortgage may become due and payable.

Good Neighbor Next Door pros and cons

Real estate expert Karina Newman, owner of iBuyers, says the Good Neighbor Next Door program has its benefits and drawbacks.

"On the positive side, there is the allure of a discounted home and the chance to make a real impact on a community – an opportunity to be part of something bigger. But your home choices may be somewhat limited, and committing to three years in one place might seem like a long-term commitment," she notes.

If you are truly committed to serving your community through your career and want an affordable way to purchase a home, this program could be ideal, according to Jim Olenbush, founder of a real estate brokerage in Austin, Texas.

“You must be comfortable moving into an area that is undergoing revitalization, with all the challenges that may entail,” he points out. “But the pros are substantial, including the 50% discount, flexible down payment options, and the tax benefits that come with buying and owning a home.”

Alternatives to the Good Neighbor Next Door program

If you are a teacher, police officer, EMT, or firefighter, you likely won't find a better deal on a home than what the HUD Good Neighbor Next Door program offers. But it's also worth exploring other options, the experts agree, including:

- An FHA loan, which makes it possible to buy a house with a credit score of just 580 and only 3.5% down
- A VA loan, which enables you to purchase a home for zero down and no mortgage insurance required (although you must be an eligible veteran, active military member, or surviving spouse)
- a USDA loan, which also can be had for no money down and no mortgage insurance, although you must purchase in a qualified rural area
- Freddie Mac's Home Possible mortgage, which requires as little as 3% down and has looser lending requirements than some other loan types
- Fannie Mae's HomeReady mortgage loan, which also requires only 3% down, provided your income does not exceed 80% of the area's median household income

“Some states also offer **special mortgage rates for teachers**. Look into local down payment assistance programs, including **those that offer grants**,” suggests Realtor Chenise Hinds.

The bottom line

Public servants who give so much to their communities can capitalize on a nice perk via the Good Neighbor Next Door program and land a

home for half-price. Just be aware of the tradeoffs involved, including the minimum occupancy duration requirement and the fact that you must reside in a revitalization zone—an area that may not be your ideal choice.

“For the right buyer, this could be an incredible chance to get your foot in the homeownership door while serving your community,” Hinds continues. “But inventory is limited, so act fast if you see a house for sale you like. And consult closely with a trusted real estate professional who can help guide you in this decision.”

FAQs

What is the Good Neighbor Next Door program?

Good Neighbor Next Door is HUD’s program that rewards law enforcement officers, teachers, firefighters, and emergency medical technicians with the opportunity to purchase a home in a revitalization area for a 50% discount if they qualify. They must agree to remain employed in their profession for a minimum of one year after the closing date. They must also commit to owning and remaining in the purchased home as their primary residence for at least three years and agree to execute a second mortgage and note on the property for the discrepancy between the list price and the discounted selling price.

What are the benefits of the Good Neighbor Next Door program?

Eligible purchasers can qualify for a 50% discount on a HUD property located in a revitalization area. They can also apply for an **FHA mortgage loan** and pay a down payment of as little as \$100. If the purchased property requires repairs, they can apply for an **FHA 203(k) mortgage loan**.

How can I find available properties under the Good Neighbor Next Door program?

You can hunt for an eligible property by visiting Hudhomestore.gov, clicking on the “Good Neighbor Next Door Program” link, and then clicking on your state from a provided U.S. map. There, you should be

able to locate qualified single-family residents. These homes remain available for purchase through the program for seven days. The availability of properties is subject to limitations, and the list of accessible properties is updated weekly.

What are the key requirements for participants in the Good Neighbor Next Door program?

To qualify for the Good Neighbor Next Door program, participants must work full-time in a qualifying profession (law enforcement, teaching, firefighting, or EMT), be employed by a government entity, and commit to residing in the purchased home as their primary residence for at least three years. Additionally, participants must not have purchased a home through the GNND program previously.

What financing options are available for purchasing a home through the Good Neighbor Next Door program?

Participants in the Good Neighbor Next Door program can utilize various financing options, including FHA loans, conventional mortgages, or other specialized loan programs. Working with lenders familiar with HUD programs and requirements can help participants navigate the financing process and secure a suitable loan for the home purchase.

Can I buy a multifamily property or duplex through the Good Neighbor Next Door program?

The Good Neighbor Next Door program typically applies to single-family homes, and HUD may have specific guidelines regarding the type of properties eligible for purchase. While multifamily properties or duplexes may not be included in the program, participants can inquire with HUD or their real estate agent for clarification on available property types.

Can I purchase a property located outside the designated revitalization areas?

No. The home must be located in a HUD-designated revitalization area and must be owned by HUD.

What happens if I need to move out of the home before the three-year residency requirement is completed?

Should a participant need to move out of the Good Neighbor Next Door property before fulfilling the three-year residency commitment, they are required to notify HUD and follow the program guidelines regarding early departures. Depending on the circumstances, HUD may provide guidance on the next steps, potential penalties, or exceptions to the residency requirement.