**INTRODUCTION**

PHAs may permit a family to use any of the special housing types discussed in this chapter. However, the PHA is not required to permit families to use these housing types, except that PHAs must permit use of any special housing type if needed as a reasonable accommodation for a person with a disability and the PHA must permit a family to lease a manufactured home and space with assistance under the program. The PHA may also limit the number of families who receive HCV assistance in these housing types.

**☑ Decision Point: What special housing types should the PHA offer?**

### Things to Consider

* The model plan chose as its default policy not to offer any special housing types, except where required. However, for ease of use, the model plan does contain policy language for each special housing type in the event that the PHA does grant use as a reasonable accommodation.
* In Notice PIH 2021-05, HUD reminded PHAs of the benefits of offering the shared housing option. Offering shared housing can increase housing opportunities for families in market areas with tight rental conditions or with a prevalence of single-family housing. In addition, many PHAs are unable to lease up to their full voucher allocation due to increased per-unit-costs (PUC). Offering shared housing as an option can result in a lower PUC.
* Many PHAs offer the homeownership option as a special housing type as well.
* If a PHA decides to not offer any special housing types other than as required for purposes of reasonable accommodation, use Option 1.
* If a PHA decides to offer any special housing types, use Option 2, amended as appropriate (listing all special housing types offered).

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

Families will not be permitted to use any special housing types, with the following exceptions:

If needed as a reasonable accommodation so that the program is readily accessible to a person with disabilities; and

The PHA must permit a family to lease a manufactured home and space with assistance under the program.

Policy language is included in this chapter where relevant in the event the PHA does grant use as a reasonable accommodation or when a family leases a manufactured home and space.

🞎 *Option 2*: *Delete the model plan language. Complete and insert the language below.*

Families will be able to utilize the following special housing types:

Manufactured homes and space

**[List other special housing types to be offered.]**

Families will not be permitted to use any other special housing types not listed, unless needed as a reasonable accommodation to ensure that the program is readily accessible to a person with disabilities. However, policy language is included in this chapter where relevant in the event the PHA does grant use as a reasonable accommodation.

🞎 *Option 3:* *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**PART I: SINGLE ROOM OCCUPANCY**

No policy decisions are required.

**PART II: CONGREGATE HOUSING**

No policy decisions are required.

**PART III: GROUP HOME**

No policy decisions are required.

**PART IV: SHARED HOUSING**

**15-IV.A. OVERVIEW**

**☑ Decision Point: Will the PHA consider ways in which families may be assisted in finding shared housing?**

### Things to Consider

* When shared housing is offered as a housing option, HUD encourages PHAs to consider ways in which the families may be assisted in finding shared housing, including for-profit shared housing matching (such as roommates or single-family homes) and online sites that charge a fee for their matching services, or no-profit shared housing matching services. HUD further encourages PHAs to include information about this housing possibility in the family’s voucher briefing.
* PHAs may look up shared housing options on the internet and provide families with a list of viable internet resources. In addition, the family can be advised that they may conduct their own internet search. Although this is a recommended approach, families should be cautioned not to enter into a rental agreement nor to provide any deposit or rental down payments until tenancy is approved by the PHA.
* If the PHA decides to provide families with information regarding the shared housing option, including a list of viable resources at briefing and upon request, and to caution families not to enter into any rental agreement or pay any deposit or rental amount, use Option 1.
* If the PHA decides to provide information regarding the shared housing option but no information on shared housing resources, use Option 2.
* *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA will provide information to families regarding the shared housing option, including a listing to families of any known for-profit or non-profit shared housing matching services in the community at briefing, and upon request. Families will be advised they can conduct their own internet search. Families will be cautioned to not enter into any rental agreement or pay any deposit or rental payment until the tenancy is approved by the PHA.

🞎 *Option 2*: *Delete the model plan language. Complete and insert the language below.*

The PHA will provide information to families regarding the shared housing option at briefing but will not provide any listings or information of housing matching services in the community.

🞎 *Option 3:* *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: Will the PHA work with local jurisdictions to find solutions that encourage affordable housing and are consistent with fair housing laws?**

### Things to Consider

* In Notice PIH 2021-05, HUD states that PHAs should work with local jurisdictions to find solutions that encourage affordable housing and are consistent with the Fair Housing Act, Title VI, and other federal, state, and local fair housing laws. HUD further states that PHAs should inform HUD if they encounter barriers to shared housing that may conflict with fair housing laws.
* PHAs should work with local entities to encourage affordable housing solutions, ensuring that such solutions are consistent with fair housing laws.
* If the PHA decides to work with other entities within the local jurisdiction to identify and encourage affordable housing solutions, ensuring those solutions meet fair housing requirements, use Option 1.
* If the PHA decides not to work with local entities, use Option 2.
* *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA will work with local jurisdictions as necessary to identify solutions consistent with fair housing laws and will inform HUD if the PHA encounters barriers to shared housing that conflict with fair housing laws.

🞎 *Option 2*: *Delete the model plan language. Complete and insert the language below.*

Although the PHA will not seek out solutions within the jurisdiction, the PHA will inform HUD if the PHA encounters barriers to shared housing that conflict with fair housing laws.

🞎 *Option 3:* *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**15-IV.B. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION**

No policy decisions are required.

**15-IV.C.** **SHARED HOUSING: HOUSING QUALITY STANDARDS**

No policy decisions are required.

**PART V: COOPERATIVE HOUSING**

No policy decisions are required.

**PART VI: MANUFACTURED HOMES**

**15-VI.A. OVERVIEW**

No policy decisions are required.

**15-VI.B. SPECIAL REQUIREMENTS FOR MANUFACTURED HOME OWNERS WHO LEASE A SPACE**

No policy decisions are required.

**15-VI.C. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION**

**Payment Standards**

No policy decisions are required.

**Utility Allowance [24 CFR 982.624]**

No policy decisions are required.

**Space Rent [24 CFR 982.622]**

No policy decisions are required.

**Amortization Costs**

No policy decisions are required.

**Housing Assistance Payment [24 CFR 982.623(a)]**

No policy decisions are required.

**Eligible Housing Expenses [24 CFR 982.623(b)]**

No policy decisions are required.

**Rent Reasonableness [24 CFR 982.622(b)]**

No policy decisions are required.

**Distribution of HAP [24 CFR 982.623(c)]**

**☑ Decision Point: If the HAP exceeds monthly rent to owner, will the PHA pay the balance to the family, lender, or utility company?**

### Things to Consider

* If the PHA elects to pay the lender or the utility company directly, the PHA must notify the family of the amount paid to the lender or the utility company and must pay any remaining balance directly to the family.
* *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

If the housing assistance payment exceeds the portion of the monthly rent due to the owner, the PHA will pay the balance to the family.

🞎 *Option 2*: *Delete the model plan language and insert the language below.*

If the housing assistance payment exceeds the portion of the monthly rent due to the owner, the PHA will pay the lender or utility company, in an amount no greater than the amount due for the month to each, respectively, subject to the lender’s or utility company’s willingness to accept the PHA’s payment on behalf of the family. The PHA will notify the family of the amount paid to the lender or utility company and will pay any remaining balance directly to the family.

🞎 *Option 3:* *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**Single HAP to Family [24 CFR 982.623.(d)]**

**☑ Decision Point: Will the PHA make the entire HAP payment to the family?**

### Things to Consider

* If the PHA exercises this option, the PHA may not make any payments directly to the lender or utility company.
* *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA will not exercise the option to pay a single HAP and will pay HAP directly to the owner.

🞎 *Option 2*: *Delete the model plan language and insert the language below.*

The PHA will make the entire housing assistance payment to the family, and the family will be responsible for paying the owner. The owner is responsible for collecting the full amount of the rent and other charges under the lease directly from the family. The PHA is not responsible for any amounts owed by the family to the owner and may not pay any claim by the owner against the family.

The PHA and owner of the manufactured home space will still execute the HAP contract, and the owner will still be responsible for fulfilling all of the owner obligations under the HAP contract, including but not limited to complying with housing quality standards and rent reasonableness requirements. The owner’s acceptance of the family’s monthly rent payment during the term of the HAP contract serves as the owner's certification to the reasonableness of the rent charged for the space in accordance with 24 CFR 982.622(b)(4).

🞎 *Option 3:* *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**15-VI.D. MANUFACTURED HOMES: HOUSING QUALITY STANDARDS [24 CFR 982.621]**

No policy decisions are required.

**PART VII: HOMEOWNERSHIP**

[24 CFR 982.625 through 982.643]

**15-VII.A. OVERVIEW** **[24 CFR 982.625]**

The homeownership option is used to assist a family residing in a home purchased and owned by one or more members of the family. A family assisted under this option may be newly admitted or an existing participant in the HCV program.

The PHA must have the capacity to operate a successful HCV homeownership program as defined by the regulations.

**☑ Decision Point: What criteria should be used to demonstrate PHA capacity?**

Things to Consider

* The regulations state that a PHA can demonstrate its capacity to successfully operate a Section 8 homeownership program in one of three ways:
* Establish a minimum homeowner down payment requirement of at least 3 percent of the purchase price and require that at least one percent of the purchase price come from the family’s personal resources.
* Require that financing for purchase of a home under its Section 8 homeownership program complies with secondary mortgage market underwriting requirements; or complies with generally accepted private sector underwriting standards.
* The PHA otherwise demonstrates in its Annual Plan that it has the capacity, or will acquire the capacity, to successfully operate a Section 8 homeownership program.
* The easiest way to establish this capacity would be to select either of the first two options above. Our default policy selects the first.
* If you have already established this capacity in your PHA Plan, the language in the Plan should be inserted here.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA has instituted a minimum homeowner down payment requirement of at least three percent of the purchase price and requires that at least one percent of the purchase price come from the family's personal resources.

🞎 *Option 2*: *Edit the model plan by adding the language below.*

The PHA requires that financing for purchase of a home under its Section 8 homeownership program complies with secondary mortgage market underwriting requirements; or complies with generally accepted private sector underwriting standards

🞎 *Option 3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: What type of homeownership assistance should be offered, the monthly homeownership assistance payments, down payment assistance, or both?**

Things to Consider

* Although the regulations allow for both types of assistance to be offered, the down payment assistance grant cannot be offered until HUD publishes a notice in the *Federal Register*. It is unknown when this will happen. Therefore, the model plan language only offers the monthly homeownership assistance payments.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA will offer the monthly homeownership assistance payments to qualified families.

🞎 *Option 2*: *Edit the model plan by adding the language below.*

The PHA will offer both the monthly homeownership assistance payments and the down payment assistance program (when permitted by HUD). Families selected to receive homeownership assistance will have the choice between the two options.

🞎 *Option 3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**15-VII.B. FAMILY ELIGIBILITY [24 CFR 982.627]**

The family must meet all of the requirements listed in the regulations before the commencement of homeownership assistance.

The PHA may establish an income standard that is higher than the federal minimum and may establish other initial requirements that families are required to meet as long as these standards are included in the PHA’s administrative plan.

**☑ Decision Point: Should the PHA establish a higher minimum income standard for disabled and/or non-disabled families?**

Things to Consider

* For ease of administration, the PHA may want to utilize the same standard for all families.
* The PHA may want to ensure financial feasibility by establishing a higher standard for all families.
* The PHA should obtain advice from a local mortgage banker to determine, for the area in which the PHA is located, whether the federal minimum income requirement is adequate to obtain a mortgage.
* The regulations state that there are certain circumstances under which a family will be considered to have met the minimum income requirements even if the family does not meet the PHA’s minimum income requirements. Option 2 includes language to ensure that the PHA policy will be consistent with this regulatory requirement.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA will not establish a higher minimum income standard for disabled and/or non-disabled families.

🞎 *Option 2*: *Edit the model plan by completing and adding the language below.*

For disabled and elderly families, there will be no additional minimum income requirement. For non-disabled families, the minimum income requirement will be $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ per year. The requirements of 982.627(c)(3) will be applicable.

🞎 *Option 3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: How should the PHA define *continuously employed?***

Things to Consider

* PHAs have the discretion to determine whether and to what extent interruptions are considered to break continuity of employment during the year. The PHA may count successive employment during the year.
* The Form HUD-50058 instructions use four months as the period for which a family can have an interruption of assistance and remain “continuously assisted.” Therefore, it is reasonable to use the same timeframe to define “continuously employed.”
* Assisted families are likely to have some break in employment. Therefore, a policy on allowing for a break in employment is reasonable.
* If four months seems unreasonable, a PHA may choose a shorter time frame (see Option 2).

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

Families will be considered “continuously employed” if the break in employment does not exceed four months.

🞎 *Option 2*: *Edit the model plan by adding substitute language as shown below.*

Families will be considered “continuously employed” if the break in employment does not exceed two months.

🞎 *Option 3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: Should the PHA count self-employment in a business when determining the family’s employment status and history?**

Things to Consider

* The regulations at 24 CFR 5.609 count self-employment in a business as income. Therefore, it makes sense to consider self-employment when looking at the family’s employment history.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA will count self-employment in a business when determining whether the family meets the employment requirement.

🞎 *Option 2*: *Edit the model plan by adding the language below.*

The PHA will not count self-employment in a business when determining whether the family meets the employment requirement.

🞎 *Option 3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: Should the PHA establish additional initial requirements for family eligibility?**

Things to Consider

* The regulations allow PHAs to establish additional requirements as long as they are described in the PHA’s administrative plan.
* The additional eligibility criteria in the model plan are similar to those that a PHA often uses to deny a family’s request to move.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA will impose additional eligibility requirements. To be eligible to participate in the homeownership option, families must meet the following criteria:

The family has had no family-caused violations of housing quality standards within the past year.

The family is not within the initial one-year period of a HAP Contract.

The family owes no money to the PHA.

The family has not committed any serious or repeated violations of a PHA-assisted lease within the past year.

🞎 *Option 2*: *Edit the model plan by adding the language below.*

The PHA will not impose any additional initial requirements for family eligibility.

🞎 *Option 3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**15-VII.C. SELECTION OF FAMILIES [24 CFR 982.626]**

The PHA may limit homeownership assistance to families or purposes defined by the PHA, and may prescribe additional requirements for commencement of homeownership assistance for a family. Any such limits or additional requirements must be described in the PHA administrative plan.

**☑ Decision Point: How many homeownership units will be available for families?**

Things to Consider

* Although HUD allows the PHA to offer homeownership assistance for all families on the program, there are many additional tasks required in the administration of this program.
* The PHA may want to start small and, as the program becomes better organized and is operating more smoothly, the number of families can be increased.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA will administer up to five new homeownership units per year. The PHA may exceed the number of units planned per year if it is necessary as a reasonable accommodation for a person with a disability. If this occurs, the PHA may reduce the number of homeownership units offered in subsequent years.

🞎 *Option 2*: *Edit the model plan by filling in the blank and adding the language below.*

The PHA will administer up to \_\_\_\_ new homeownership units per year. The PHA may exceed the number of units planned per year if it is necessary as a reasonable accommodation for a person with a disability. If this occurs, the PHA may reduce the number of homeownership units offered in subsequent years.

🞎 *Option3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: What selection process should the PHA use in the event there are more interested and potentially eligible families than homeownership units available?**

Things to Consider:

* If PHAs have more families interested than slots available, the PHA must set up a selection process.
* There are no HUD requirements on how to establish a system of selection.
* PHAs can manage a homeownership option waiting list, similarly to how the HCV waiting list is managed: select according to date and time, use a lottery system, establish preferences, etc.
* PHAs may want to establish preferences so that families who are already participating in, or have graduated from, an economic self-sufficiency program (see Option 1) or the PHA’s FSS program (see Option 2), are selected first.
* To ensure equal access to the homeownership option, the model plan’s preference language states that all elderly and disabled families will automatically be given the preference.
* Additional preferences a PHA may want to consider include: length of participation in an economic self-sufficiency program, length of employment, level of income, and available financing.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

Families who have been participating in an economic self-sufficiency program for at least six months, or have graduated from such a program, will be given preference over other families. Elderly and disabled families will automatically be given this preference.

Within preference and non-preference categories, families will be selected according to the date and time their application for participation in the homeownership option is submitted to the PHA.

All families must meet eligibility requirements as defined in Section 15-VII.B.of this plan.

🞎 *Option 2*: *Edit the model plan by adding the language below.*

Families who have been participating in the PHA’s Family Self-Sufficiency program for at least six months, or have graduated from the FSS program, will be given preference over other families. Elderly and disabled families will automatically be given this preference.

Within preference and non-preference categories, families will be selected according to the date and time their application for participation in the homeownership option is submitted to the PHA.

All families must meet eligibility requirements as defined in Section 15-VII.B.of this plan.

🞎 *Option 3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**15-VII.D. ELIGIBLE UNITS [24 CFR 982.628]**

This section describes HUD requirements relative to the types of units that are eligible to receive assistance under the homeownership option.

**No PHA policy decisions are required.**

**15-VII.E. ADDITIONAL PHA REQUIREMENTS FOR SEARCH AND PURCHASE [24 CFR 982.629]**

It is the family’s responsibility to find a home that meets the criteria for voucher homeownership assistance. The PHA may establish the maximum time that will be allowed for a family to locate and purchase a home and may require the family to report on their progress in finding and purchasing a home. If the family is unable to purchase a home within the maximum time established by the PHA, the PHA may issue the family a voucher to lease a unit or place the family’s name on the waiting list for a voucher.

**☑ Decision Point: How much time should the PHA give the family to locate and purchase a home and should extensions be granted?**

Things to Consider

* Depending on the market, 3-4 months is a reasonable time period for purchasers to locate a home. It is reasonable to expect that financing and actual purchase of the home may take an additional 3-4 months.
* Extensions to these periods may be warranted, particularly while the family is arranging for financing. Therefore, it is good practice for the policy to allow for extensions for good cause.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The family will be allowed 120 days to identify a unit and submit a sales contract to the PHA for review. The family will be allowed an additional 120 days to close on the home. PHAs may grant extensions to either of these periods for good cause. The length of the extension(s) will be determined on a case-by-case, but in no case will an extension exceed a total of 125 days. The maximum amount of time a family will be given to locate and complete the purchase of a home under the homeownership option is 365 days.

During these periods, the family will continue to receive HCV rental assistance in accordance with any applicable lease and HAP contract until the family vacates the rental unit for its purchased home.

All requests for extensions must be submitted in writing to the PHA prior to the expiration of the period for which the extension is being requested. The PHA will approve or disapprove the extension request within 10 business days. The family will be notified of the PHA’s decision in writing.

🞎 *Option 2*: *Edit the model plan by filling in the blanks and adding the language below.*

The family will be allowed days to identify a unit and submit a sales contract for review. The family will be allowed an additional days to close on the home. PHAs may grant extensions to either of these periods for good cause. The length of the extension(s) will be determined on a case-by-case, but in no case will an extension exceed a total of days. The maximum amount of time a family will be given to locate and complete the purchase of a home under the homeownership option is days.

All requests for extensions must be submitted in writing to the PHA prior to the expiration of the period for which the extension is being requested. The PHA will approve or disapprove the extension request within 10 business days. The family will be notified of the PHA’s decision in writing.

During these periods, the family will continue to receive HCV rental assistance in accordance with any applicable lease and HAP contract until the family vacates the rental unit for its purchased home.

🞎 *Option 3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: Should the PHA require the family to report on their progress in locating and purchasing a home?**

# Things to Consider

* Requiring families to report progress on locating and purchasing a home will keep the PHA informed of any obstacles the family is facing and could be used by the PHA when determining whether or not to extend a family’s search or purchase time.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The family will be required to report their progress on locating and purchasing a home to the PHA every 30 days until the home is purchased.

🞎 *Option 2*: *Edit the model plan by adding the language below.*

The family will not be required to report their progress on locating and purchasing a home.

🞎 *Option 3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: If the family cannot locate a unit and complete the purchase of it within the maximum allowed time frame, what will the PHA do?**

# Things to Consider

* If a family is receiving voucher rental assistance under a HAP contract at the time the homeownership search and purchase time period expires, the family will continue to receive rental assistance.
* On the other hand, if the family is not receiving assistance under a HAP contract at the time the search and purchase time period expires, the PHA will either have to issue the family a voucher for rental assistance (see Option 1) or place the family’s name on the waiting list (see Option 2).

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

If the family cannot complete the purchase of a unit within the maximum required time frame, and is not receiving rental assistance under a HAP contract at the time the search and purchase time period expires, the family will be issued a voucher to lease a unit.

🞎 *Option 2*: *Edit the model plan by adding the language below.*

If the family cannot complete the purchase of a unit within the maximum required time frame, and is not receiving rental assistance under a HAP contract at the time the search and purchase time period expires, the family will be placed on the HCV waiting list.

🞎 *Option 3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**15-VII.F. HOMEOWNERSHIP COUNSELING [24 CFR 982.630]**

Before commencement of homeownership assistance for a family, the family must attend and satisfactorily complete the pre-assistance homeownership and housing counseling program required by the PHA (pre-assistance counseling).

Any homeownership counseling provided to families in connection with this section must be conducted by a HUD certified housing counselor working for an agency approved to participate in HUD’s Housing Counseling Program.

**☑ Decision Point: Will the PHA require families to participate in additional counseling after commencement of homeownership assistance?**

# Things to Consider

* Offering ongoing counseling may be an administrative burden to the PHA.
* On the other hand, many families may need ongoing counseling in order to ensure successful homeownership.
* If a PHA decides to offer ongoing counseling, choose Option 2. Note that if selecting Option 2, the PHA must also develop and insert into the policy criteria to determine who will be allowed, and who will be required, to participate. Allowable criteria will vary from jurisdiction to jurisdiction, so the PHA must make this determination for itself—**Option 2 cannot be adopted as-is.**

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

Families will not be required to participate in ongoing counseling after commencement of homeownership assistance.

🞎 *Option 2*: *Edit the model plan by adding the language below.*

The following families must attend and complete post-purchase ongoing homeownership counseling:

***[Insert criteria for required participation, and if necessary, for allowable participation.]***

🞎 *Option 3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**15-VII.G. HOME INSPECTIONS, CONTRACT OF SALE, AND PHA DISAPPROVAL OF SELLER [24 CFR 982.631]**

**Home Inspections**

The PHA may not start monthly homeownership assistance payments until the PHA has inspected the unit and has determined that the unit meets housing quality standards. An independent inspector selected and paid for by the family must also inspect the unit.

**☑ Decision Point: What process should be used for the PHA inspection?**

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

When the family locates a home they wish to purchase and submits a copy of their purchase offer/contract, the PHA will conduct an inspection within 10 business days. Any items found not to meet housing quality standards must be repaired before the unit can be determined eligible for the homeownership program.

🞎 *Option 2*: *Edit the model plan by filling in the blank and adding the language below.*

When the family locates a home they wish to purchase and submits a copy of their purchase offer/contract, the PHA will conduct an NSPIRE inspection within \_\_\_ business days. Any items found not to meet HQS must be repaired before the unit can be determined eligible for the homeownership program.

🞎 *Option 3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: Should the PHA require the family’s independent inspector to have professional credentials?**

## Things to Consider

* Requiring inspectors to have professional credentials helps protect the family’s interest and better ensures that the inspector has an adequate amount of knowledge and training.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The family must hire an independent professional inspector, whose report must be submitted to the PHA for review. This inspector must be a member of the American Society of Home Inspectors (ASHI) or other recognized professional society, or a licensed engineer. The inspector cannot be a PHA employee or contractor.

🞎 *Option 2*: *Edit the model plan by adding the language below.*

The family must hire an independent professional inspector, whose report must be submitted to the PHA for review. No specific credentials are required. The inspector may not be a PHA employee.

🞎 *Option 3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: If the unit otherwise complies with housing quality standards, but major problems are noted in either inspection (e.g., roof will need to be replaced in the near future), will the PHA deny approval of the home?**

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA will review the professional report in a timely fashion and, based on the presence of major physical problems, may disapprove the purchase of the home.

If the PHA disapproves the purchase of a home, the family will be notified in writing of the reasons for the disapproval.

🞎 *Option 2*: *Edit the model plan by adding the language below.*

The PHA will review the professional report in a timely fashion and, based on the presence of major physical problems, may advise the family not to purchase the home. The family may choose to purchase the home in spite of the PHA’s advice.

🞎 *Option 3*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: Should the PHA require an annual inspection?**

Things to Consider

* The PHA is not required to do an annual inspection or any inspections after the initial inspection. However, if the PHA intends to perform this inspection, the PHA may require the family to make the improvements or may recommend improvements to the family.
* The requirement for the annual inspection is determined here, while the family obligations are discussed in 15-VII.I. Therefore, the policy adopted under this decision point should correspond to the policy adopted under Section 15-VII.I. For example, if a PHA opts not to inspect units receiving homeownership assistance, then no inspection policy is needed under Section 15-VII-I.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

While the family is receiving homeownership assistance, the PHA will conduct an inspection every other year.

🞎 *Option 2*: *Edit the model plan by adding the language below.*

While the family is receiving homeownership assistance, the PHA will conduct an inspection on an annual basis.

🞎 *Option 3*: *Edit the model plan by adding the language below.*

The PHA will not conduct inspections while the family is receiving homeownership assistance.

🞎 *Option 4*: *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**15-VII.H. FINANCING [24 CFR 982.632]**

The PHA may establish requirements for financing purchase of a home under the homeownership option. This may include requirements concerning qualification of lenders, terms of financing, restrictions concerning debt secured by the home, lender qualifications, loan terms, and affordability of the debt.

A PHA may not require that families acquire financing from one or more specified lenders, thereby restricting the family’s ability to secure favorable financing terms.

**☑ Decision Point: How much review and approval of the loan will the PHA perform?**

Things to Consider

* If the purchase of the home is financed with FHA mortgage insurance, such financing is subject to FHA mortgage insurance requirements.
* The PHA may establish requirements or other restrictions concerning debt secured by the home.
* The PHA may review lender qualifications and the loan terms before authorizing homeownership assistance. The PHA may disapprove proposed financing, refinancing or other debt if the PHA determines that the debt is unaffordable, or if the PHA determines that the lender or the loan terms do not meet PHA qualifications. In making this determination, the PHA may take into account other family expenses, such as childcare, unreimbursed medical expenses, homeownership expenses, and other family expenses as determined by the PHA.
* All PHA financing or affordability requirements must be described in the PHA administrative plan.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

As a check against predatory lending, the PHA will review the financing of each purchase transaction, including estimated closing costs. The PHA will review the loans for features, such as balloon payments, adjustable-rate mortgages, and unusually high interest rates, all of which are prohibited. The PHA also will not approve “seller financing” or “owner-held” mortgages. Beyond these basic criteria, the PHA will rely on the lenders to determine that the loan will be affordable to program participants.

🞎 *Option 2*. *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: Should the PHA require a minimum down payment with a specified percent coming from the purchaser’s personal funds?**

Things to Consider

* PHA’s must demonstrate their capacity to successfully operate a Section 8 homeownership program. Section 15-VII.A. states that in order to demonstrate this capacity, the PHA will 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 policy chosen here must be consistent with the policy in Section 15-VII.A.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The mortgage the family applies for must require a minimum down payment of at least three percent of the sales price with one percent 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 one percent 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.

🞎 *Option 2*. *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: Will the PHA allow an FSS family to utilize its escrow account for a down payment and/or closing costs?**

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA will approve a family’s request to utilize its Family Self-Sufficiency escrow account after final disbursement for down payment and/or closing costs when purchasing a unit under the HCV homeownership option.

🞎 *Option 2*. *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**15-VII.I. CONTINUED ASSISTANCE REQUIREMENTS; FAMILY OBLIGATIONS [24 CFR 982.633]**

Before commencement of homeownership assistance, the family must execute a statement in which the family agrees to comply with all family obligations under the homeownership option.

Families who violate their obligations under the homeownership option will have their assistance terminated in accordance with the policies in Chapter 12.

**☑ Decision Point: If the PHA requires any inspections after the initial inspection, should the PHA require the family to make the repairs or should the inspection be done on an advisory basis?**

Things to Consider

* The PHA is not required to do an annual inspection or any inspections after the initial inspection. However, if the PHA intends to perform this inspection, the PHA may require the family to make the improvements or may recommend improvements to the family.
* Requiring the family to correct deficiencies may cause the family to lose their homeownership assistance.
* The inspection requirements after the initial inspection are discussed in 15-VII.G; family obligations are discussed in this part. Therefore, this policy must correspond to the policy adopted by the PHA under Section 15-VII.G.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

Any inspection the PHA conducts after the initial inspection will be done on an advisory basis. The family will be encouraged to make the repairs but will not be required to do so as a condition of ongoing assistance.

🞎 *Option 2*: *Edit the model plan by adding the language below.*

Any deficiencies noted on any inspection after the initial inspection will have to be corrected by the family within 30 calendar days as a condition of continued assistance.

🞎 *Option 3*. *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**15-VII.J. MAXIMUM TERM OF HOMEOWNER ASSISTANCE [24 CFR 982.634]**

This section describes limitations on the amount of time families may receive homeownership assistance.

**No policy decisions are required.**

**15-VII.K. HOMEOWNERSHIP ASSISTANCE PAYMENTS AND HOMEOWNERSHIP EXPENSES** **[24 CFR 982.635]**

The monthly homeownership assistance payment is the lower of: the voucher payment standard minus the total tenant payment, or the monthly homeownership expenses minus the total tenant payment. The payment standard amount may not be lower than what the payment standard amount was at commencement of homeownership assistance.

The PHA may pay the homeownership assistance payments directly to the family, or at the PHA’s discretion, to a lender on behalf of the family. If the assistance payment exceeds the amount due to the lender, the PHA must pay the excess directly to the family.

The PHA must adopt policies for determining the amount of homeownership expenses to be allowed by the PHA in accordance with HUD requirements.

**☑ Decision Point: What homeownership expenses will the PHA allow?**

Things to Consider

* The HUD-50058 Instruction Booklet, Section 15 provides basic information on homeownership expenses.
* Some of the homeownership expenses are based on actual costs, while others are based on an allowance determined by the PHA.
* For homeownership expenses that are based on actual costs, and also for utility allowances, the policy language below corresponds with the definitions provided in the HUD-50058 Instruction Booklet.
* A Fannie Mae publication suggests that a good rule of thumb is to set aside 1 percent of the purchase price for maintenance and emergency repairs. However, the publication also states that the amount should be adjusted as appropriate (e.g. an older house may require more maintenance and repairs).
* For the monthly maintenance allowance, and the monthly major repair/replacement allowance, the policy language below is based on the 2021 estimate of a qualified home insurance company that repair and maintenance averages $170 per month. 70% of that figure was used in the model plan ($120). It is recommended that PHAs review home insurance company repair and maintenance cost estimates in their area, but the default amount may be used.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA will allow the following homeownership expenses:

**Monthly homeownership payment**. This includes principal and interest on initial mortgage debt, taxes and insurance, and any mortgage insurance premium, if applicable.

**Utility allowance**. The PHA’s utility allowance for the unit, based on the current HCV utility allowance schedule.

**Monthly maintenance/major repair/replacement allowance**. A single monthly maintenance/repair/replacement allowance will be provided at $120 per month.

**Monthly co-op/condominium assessments**. If applicable, the monthly amount of co-op or condominium association operation and maintenance assessments.

**Monthly principal and interest on debt for improvements**. Principal and interest for major home repair, replacements, or improvements, if applicable.

**Land lease payments**. Land lease payments where a family does not own fee title to the real property on which the home is located.

🞎 *Option 2*. *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: Will the PHA pay the homeownership assistance payment to the family or to the lender?**

Things to Consider

* The PHA may want to ensure that the lender receives the PHA’s payment and, therefore, the PHA may want to pay the mortgage company directly.
* The lender may require that the payment come only in one check. Therefore, the PHA may have to pay the family and have the family pay the mortgage company.
* The PHA may wish to make the payment directly to the family to enhance the family’s self- sufficiency.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA’s housing assistance payment will be paid directly to the family. It will be the family’s responsibility to make the entire payment to the lender. The PHA may make an exception if the family requests the payment to go directly to the lender, and this arrangement is acceptable to the mortgage company. If the assistance payment exceeds the amount due to the lender, the PHA must pay the excess directly to the family.

🞎 *Option 2*: *Edit the model plan by adding the language below.*

The PHA’s housing assistance payment will be paid directly to the lender unless the mortgage company refuses to accept payments from more than one source. In such case, the PHA’s housing assistance payment will be paid directly to the family. If the assistance payment exceeds the amount due to the lender, the PHA must pay the excess directly to the family.

🞎 *Option 3*. *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**15-VII.L. PORTABILITY [24 CFR 982.636, 982.637, 982.353(b) and (c), 982.552, 982.553]**

Subject to the restrictions on portability included in HUD regulations and PHA policies, a family may exercise portability if the receiving PHA is administering a voucher homeownership program and accepting new homeownership families. The receiving PHA may absorb the family into its voucher program or bill the initial PHA.

**No policy decisions are required** (see Section 15-VII.M).

**15-VII.M. MOVING WITH CONTINUED ASSISTANCE [24 CFR 982.637]**

A family receiving homeownership assistance may move with continued tenant-based assistance. The family may move with voucher rental assistance or with voucher homeownership assistance. Continued tenant-based assistance for a new unit cannot begin so long as any family member holds title to the prior home.

**☑ Decision Point: Will the PHA’s policies on restricting moves also apply to families participating in the homeownership option?**

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

For families participating in the homeownership option, requests to move will be approved and/or denied in accordance with PHA policies in Chapter 10.

🞎 *Option 2*. *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: Should the PHA require additional counseling when a family wishes to move to another unit? Should this be required of some or all families?**

Things to Consider

* The requirement for pre-assistance counseling (982.630) is not applicable. However, the PHA may require that the family complete additional counseling (before or after moving to a new unit with continued assistance under the homeownership option).
* Because circumstances are changing, the PHA may wish to have the family attend additional counseling.
* The policy adopted in this section, should be consistent with the policy the PHA adopts related to ongoing homeownership counseling under Section 15-VII.F.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA will not require additional counseling of any families who move with continued assistance.

🞎 *Option 2*. *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**15-VII.N. DENIAL OR TERMINATION OF ASSISTANCE [24 CFR 982.638]**

At any time, the PHA may deny or terminate homeownership assistance in accordance with HCV program requirements in 24 CFR 982.552 (Grounds for denial or termination of assistance) or 982.553 (Crime by family members).

The PHA may also deny or terminate assistance for violation of participant obligations described in 982.551 or 982.633 and in accordance with its own policy.

In addition, homeownership assistance for a family terminates automatically 180 calendar days after the last homeownership assistance payment on behalf of the family. However, a PHA may grant relief from this requirement in those cases where automatic termination would result in extreme hardship for the family.

**☑ Decision Point: Under what circumstances will the PHA grant relief from the automatic termination of homeownership assistance 180 days following the PHA’s last housing assistance payment on behalf of the family?**

Things to Consider

* To provide the PHA with maximum flexibility, the model plan language does not specifically define “extreme hardship,” but instead provides examples of circumstances that may qualify as such. In addition, it allows the PHA to make decisions on a case-by-case basis.
* The model plan language requires the family to request relief from automatic termination at least 30 days prior to the date it would take place. The PHA could require a longer or shorter timeframe.
* To ensure that the waiver is not open-ended, the model plan states that the PHA will not postpone termination of homeownership assistance beyond an additional 90 days.
* If you do not want to make exceptions to this requirement, select Option 2.

 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

In order for the PHA to consider granting relief from the requirement to automatically terminate homeownership assistance 180 days following the PHA’s last housing assistance payment on behalf of the family, the family must submit a request to the PHA at least 30 days prior to the date of automatic termination. The request must include an explanation of the circumstances that will cause an extreme hardship for the family (e.g., the imminent loss of income or employment) as well as documentation supporting the request. The PHA will determine on a case-by-case basis whether to grant relief from the requirement and for what period of time. In no case will the PHA postpone termination beyond an additional 90 days.

🞎 *Option 2*: *Edit the model plan by adding the language below.*

The PHA will not grant relief, under any circumstances, from the requirement to automatically terminate homeownership assistance 180 calendar days after the PHA makes the last housing assistance payment on behalf of the family.

🞎 *Option 3:* *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**☑ Decision Point: What termination policies will the PHA follow for families participating in the homeownership option?**

Things to Consider

* For ease of administration, the termination policies for the homeownership option are based on Form HUD-52649, Statement of Homeowner Obligations Housing Choice Homeownership Voucher Program. The form includes homeowner obligations as well as a list of reasons for which the PHA may deny or terminate homeownership assistance.

🞎 *Option 1*: *Use the model plan language shown below. No changes to the model plan are needed.*

The PHA will terminate a family’s homeownership assistance if the family violates any of the homeowner obligations listed in Section 1, as well as for any of the reasons listed in Section 2 of Form HUD-52649, Statement of Homeowner Obligations Housing Choice Homeownership Voucher Program.

In making its decision to terminate homeownership assistance, the PHA will consider alternatives as described in Section 12-II.C and other factors described in Section 12-II.D. Upon consideration of such alternatives and factors, the PHA may, on a case-by-case basis, choose not to terminate assistance.

Termination notices will be sent in accordance with the requirements and policies set forth in Section 12-II.F.

🞎 *Option 2*. *Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

**FINALIZING THE DOCUMENT**

Take a final look at the changes you have made in this chapter of the administrative plan.  
Have you:

(1) Added or subtracted any exhibits at the end of the chapter?  Yes  No.

(2) Added, subtracted or reordered any major sections (at the A, B, or C level?)  Yes  No

If you answered yes to either of these questions, you must adjust the chapter to match your changes.

**☑ Decision Point: Are any changes required to this chapter?**

No. No changes to the model plan are needed.

Yes. Edits only. Edit and insert PHA language as appropriate.

Yes. PHA changed the organization of the chapter. Adjust the chapter to reflect your changes **and** review the rest of the document to make sure that any references to section numbers are correct.

**☑ Decision Point: Are changes required in other chapters as a result of changes to this chapter?**

Check the “Things to Consider” under each decision point to identify if changes to the model plan policy will require changes to policies in other chapters of the plan.

No. Changes to other chapters are not necessary.

Yes. Changes to the following chapters are also required: