



The Section 8 Homeownership Voucher Program 8(y)

KRISTEN ARNOLD, HUD HOUSING SPECIALIST

HOUSING VOUCHER MANAGEMENT AND OPERATIONS DIVISION

The Basics

- ▶ This program implements the "homeownership option" authorized by section 8(y) of the U.S. Housing Act.
- ▶ Under the section 8(y), the homeownership option, a PHA may provide voucher assistance for an eligible family that purchases a dwelling unit for residence by the family.
- ▶ Homeownership is considered a "special housing type" and PHAs may choose whether to implement the program and allow the use of the homeownership option to voucher participants.
- ▶ HUD does not provide additional units and/or special funding for PHAs that elect to provide the homeownership option for program participants.
- ▶ Down Payment Assistance (not authorized)
- ▶ 24 CFR § 982.625-982.643

Program Start Up

- ▶ The PHA needs to demonstrate capacity 982.625(g)
- ▶ The Homeownership Option is part of the PHA Administrative Plan
- ▶ Waitlist
- ▶ Design a Successful Program

Requirements-Families

- ▶ Families must obtain a voucher through their local PHA
- ▶ Basic eligibility for housing voucher assistance +
 - ▶ Families must be first-time homebuyers §982.627(b)
 - ▶ Meet income and employment standards §982.627(c)

Monthly Payments-HAP

- ▶ Initial Payment Standard
 - ▶ The PHA must use the same **payment standard schedule, payment standard amounts, and subsidy standards** pursuant to §982.402 and §982.503 for the homeownership option as for the rental voucher program.
- ▶ Subsidy Calculation
 - ▶ HAP-is the lower of the payment standard **OR** the actual monthly homeownership expense for the unit **minus the total tenant payment** (*TTP*). § 982.635
- ▶ No HAP Contract-Statement of Homeowner Obligations Form
 - ▶ <https://www.hud.gov/sites/documents/52649.PDF>

Purchasing the Home

- ▶ Qualifying For a Mortgage
 - ▶ Underwriting and the HAP Payment
- ▶ Housing Search
- ▶ PHA requirements for financing purchase of a home §982.632
- ▶ Homeownership Counseling §982.630
- ▶ Eligible Units
- ▶ HQS-§982.631 (b)
- ▶ Contract of Sale- §982.631 (c)

On-going Administration

- ▶ Annual & Interim Reexamination §982.516
 - ▶ Unlike the rental assistance program, there is a floor payment standard, once the family has closed on a home under the program.
- ▶ Family Obligations-covered in the form
- ▶ Term Limits on Assistance §982.634.
 - ▶ 20-year mortgage-15 years
 - ▶ <20 -year mortgage-10 years of assistance
 - ▶ The term limits do not apply to elderly or disabled families (*head, spouse or sole member is elderly or disabled*) at the time of purchase
- ▶ Families Can Move with Homeownership Assistance
- ▶ PIC and Reporting

50058 Form

15. Homeownership Vouchers

15a.	Is family now moving to this home? (Y or N)		15a.
15b.	Date (mm/dd/yyyy) of initial HQS inspection		15b.
15c.	Did family move into your PHA jurisdiction under portability? (Y or N) (if no, skip to 15f)		15c.
15d.	Cost billed per month (put 0 if absorbed)	\$	15d.
15e.	PHA code billed		15e.
15f.	Monthly homeownership payment (PITI & MIP if applicable)	\$	15f.
15g.	Utility allowance	\$	15g.
15h.	Monthly maintenance allowance	\$	15h.
15i.	Monthly major repair/replacement allowance	\$	15i.
15j.	Monthly Co-op/Condominium assessments	\$	15j.
15k.	Monthly principal and interest on debt for improvements, if any	\$	15k.
15m.	Gross homeownership expense: 15f + 15g + 15h + 15i + 15j + 15k	\$	15m.
15n.	Payment standard for family	\$	15n.
15p.	Lower of 15m and 15n	\$	15p.
15q.	TTP: copy from 9j	\$	15q.
15r.	HAP: 15p minus 15q (if 15q is larger, put 0)	\$	15r.

Subsidy Calculation (if prorated, skip to 15aa)

15s.	Total family share: 15m minus 15r	\$	15s.
------	-----------------------------------	----	------

Prorated Subsidy Calculation

15aa.	Normal total HAP: copy from 15r	\$	15aa.
15ab.	Total number eligible		15ab.
15ac.	Total number in family		15ac.
15ad.	Proration percentage: 15ab ÷ 15ac		15ad.
15ae.	Prorated HAP: 15aa X 15ad	\$	15ae.
15af.	Mixed family total family share: 15m minus 15ae	\$	15af.

50058 Form

15.	Homeownership Vouchers
Note:	Complete if program type is Homeownership (line 1c= VO) and type of action is New Admission (2a= 1), Annual Reexamination (2a= 2), Interim Reexamination (2a= 3), Portability Move-in (2a= 4), or Other Change of Unit (2a= 7).
Line 15a:	Indicate if the family is now moving into the home.
Line 15b:	Date of the initial housing quality standards (HQS) inspection.
Line 15c:	Indicate whether or not the household will move or has moved into the PHA's jurisdiction under portability.
Line 15d:	Monthly amount billed to the initial PHA for the family's housing assistance payment (HAP) amount, on-going administrative fee, and any utility reimbursement to the family.
Note:	Enter 0 if the family was absorbed by the receiving PHA.
Line 15e:	The initial PHA's 2-letter state code and 3-digit identification number.
Note:	For help obtaining the initial PHA's identification number, contact the appropriate HUD field office, the HA Profiles Web Site within PIC or the PIC Help Hotline at 1-800-366-6827.
Line 15f:	The monthly homeownership cost.
Note:	Includes principal and interest on initial mortgage debt, taxes and insurance (PITI) and any mortgage insurance premium (MIP), if applicable.
Line 15g:	The PHA's utility allowance for the unit.
Line 15h:	The amount of PHA's allowance for the homeowner's monthly routine maintenance costs.
Line 15i:	The amount of the PHA's allowance for the homeowner's major home repairs and replacements.
Line 15j:	If applicable, enter co-op occupancy charges or condominium association assessments.
Line 15k:	The amount of principal and interest for debt associated with home improvements on the unit.
Line 15m:	Calculation of tenant's total cost of homeownership. Sum of 15f through 15k.
Line 15n:	Enter the lower of the payment standard for the unit size as indicated on the family's Voucher or the payment standard for the unit size that the family actually owns.
Line 15p:	The lower of gross homeownership expense (line 15m) and the payment standard for the family (line 15n).
Line 15q:	Total tenant payment (TTP). Copy from 9j.
Line 15r:	The amount of monthly homeownership assistance payment (HAP). Subtract total tenant payment (TTP) (line 15q) from the lower of 15m and 15n (line 15p).
Note:	If the TTP (line 15q) is larger, enter 0.
Line 15s:	Total amount the family contributes toward homeownership. Subtract housing assistance payment (HAP) (line 15r) from gross homeownership expense (line 15m).
Line 15aa:	The amount of the normal total housing assistance payment.
Line 15ab:	Total number of family members eligible for homeownership subsidy based on the Noncitizens Rule.
Line 15ac:	Total number of family members in the household.
Note:	Include all family members, including ineligible noncitizen family members (3i= 1N). Do not include live-in aides or foster children/adults.
Line 15ad:	Percentage of family eligible for homeownership subsidy. Divide the total number eligible (line 15ab) by the total number in family (line 15ac).
Note:	Do not include live-in aides or foster children and adults. Include ineligible noncitizen family members as part of the total family number.
Line 15ae:	The total prorated amount of the homeownership assistance payment (HAP) to the homeowner. Multiply normal total HAP (line 15aa) by the proration percentage (line 15ad).
Line 15af:	The mixed family total family contribution based on the proration calculation. Subtract the prorated housing assistance payment (HAP) (line 15ae) from the gross homeownership expense (line 15m).

EXHIBIT 1.1 Comparison between Rental Voucher Assistance & Homeownership Voucher Assistance		
	RENTAL	HOMEOWNERSHIP
Optional for PHA w/ Tenant-Based Program	NO	Yes
Program Funding	Funding provided to support a variety of tenant-based housing types	No special funding or set-aside from HUD, PHA uses the current acc funds and allocation
Applicant Selection	Voucher waiting list, using pha's selection criteria	Voucher waiting list, using PHA's selection criteria, or current rental voucher participants
Eligibility	Income, other PHA screening criteria	Income, other PHA screening criteria plus • Mandatory hud requirements on minimum income, employment, etc. • Optional PHA requirements
Initial Payment Standard	90-110% of fmr, or higher or lower with hud approval	Same amount and criteria as rental payment standard at the commencement
Subsidy Calculation	HAP – lower of payment standard or gross rent minus ttp, annually adjusted to qualification of family or unit size	HAP – lower of payment standard or monthly homeownership expense minus ttp, annual adjusted to qualification of family or unit size, but at annual recertification, will not fall below the payment standard amount at the commencement of the homeownership assistance
Participant Training	Applicant briefing	Housing counseling
Voucher Issuance	Yes	NO. PHA may provide letter of good-standing or other indication family is eligible to use voucher assistance for homeownership
Housing Search	Family responsible for finding suitable unit	Family responsible for finding suitable unit and for securing financing
Portability	To any jurisdiction with tenant-based rental voucher program	To any jurisdiction with tenant-based homeownership program that is accepting new applicants
Time Limits on Housing Search	At least 60 days, or longer at PHA discretion	Time limits on finding and purchasing units set by PHA
Participant Notice to PHA	Request for Tenancy Approval	Proposed Contract of Sale
Physical Inspection	Initial HQS inspection and Annual hqs required	Initial hqs inspection plus professional independent housing inspection required, Annual hqs is PHA option
PHA Review of Cost	Review of rent reasonableness always required	Review of rate and terms of financing may be required by the PHA
40% Affordability Cap	Applicable	Not applicable

Exhibit 1.1	(continued...) Comparison between Rental Voucher Assistance & Homeownership Voucher Assistance	
	RENTAL	HOMEOWNERSHIP
Failure to Find Housing – Current Participant	Rental assistance continues in current unit	Rental assistance continues in current unit
Failure to Find Housing – New Admission	Applicant re-applies when waiting list is open or is placed at the end of the waiting list	Applicant re-applies when waiting list is open. PHA policy may also permit offer of rental voucher or return to top of waiting list
Up-front Costs	HAP funds may not be used for security deposit	HAP funds may not be used for down payment and closing costs. <i>(PHAs will be permitted to implement a separate one-time down payment assistance grant program in the future.)</i>
HAP Contract	Between owner and PHA	No HAP Contract – Family signs Statement of Homeowner Obligations, PHA has no contract with the lender
Effective Date of Assistance	HAP begins on 1st day of HAP Contract (1st day of lease)	HAP begins when family's first mortgage payment is due <i>(assuming family has taken possession of the unit)</i>
Monthly HAP Payments	To owner	To family or to lender
Annual Reexamination of Family Income	Yes	Yes
Annual HQS Inspection	Required	Not required by HUD, but PHA may require
Time Limits on Assistance	None	10-15 years, depending on mortgage term – term limit does not apply to elderly or disabled families
Compliance with Family Obligations	Required as condition for continued assistance	Required as condition for continued assistance; PHA may establish additional post-purchase requirements for families
Eligible Housing Types	Apartments, co-ops, condos, single family, manufactured homes, etc.	Buyer can purchase single family, a condominium, manufactured homes, 1-side of a duplex, row house. Unit must be on a permanent foundation and owner must have rights to the land for at least 40 years
Recapture of HAP Subsidy	None	HAP assistance may not be recaptured; HUD has eliminated this provision from the original regulations. Other funds that are not HAP can still contain recapture provisions
Eligible Housing Expense	Rent and utilities, including paid rent and condo fee	Principle, taxes, homeowner's insurance, interest, utilities, maintenance escrow amount, replacement escrow, condo fees, land lease for 40+ years, etc.
Treatment of Home owned in Net Family Assets	Equity value of home included in determining net family assets	Equity value of home excluded from calculation in determining net family assets
Restrictions on Owners/Sellers	Family may not lease from owners who are suspended, debarred, or have LDP by HUD	PHA may have additional criteria for disapproval of owners. Family may not purchase from an owner who is suspended, debarred, or has LDP by HUD.

Challenges

- ▶ Lack of Information
- ▶ The Market
- ▶ Affordability Gap
- ▶ Limited Staffing

Opportunities

- ▶ Know your market and your families
- ▶ Collaborate
- ▶ Be innovative

Leverage

- ▶ CDBG
- ▶ HOME
- ▶ FSS-Family Self Sufficiency
- ▶ Local homebuyer programs
- ▶ State IDAs (individual development accounts)
- ▶ PH Conversion
- ▶ Habitat

Help!

- ▶ HUD is working on developing current, comprehensive and clear tools for PHAs to utilize in their implementation of voucher homeownership programs.
- ▶ Connect
- ▶ Contact your field office
- ▶ Go to the website
[https://www.hud.gov/program_offices/public indian housing/programs/hcv/homeownership](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/homeownership)