

# The Section 8 Homeownership Voucher Program 8(y)

KRISTEN ARNOLD,  
HUD HOUSING  
SPECIALIST

HOUSING VOUCHER  
MANAGEMENT AND  
OPERATIONS  
DIVISION

1

## 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

2



The PHA needs to demonstrate capacity 982.625(g)

---



The Homeownership Option is part of the PHA Administrative Plan



Waitlist



Design a Successful Program

## Program Start Up

3

§ 982.627 Eligibility requirements for families.

Families must obtain a voucher through their local PHA

\*New or Current Participants

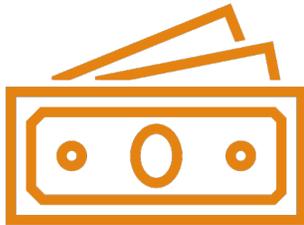


Basic eligibility for housing voucher assistance

Families must be first-time homebuyers	Not defaulted on 8(y) mortgage	No other homeownership interest (some exceptions)	Meet income and employment standards	HUD Homebuyer Counseling	Additional PHA Criteria
--	--------------------------------	---	--------------------------------------	--------------------------	-------------------------

4

# Financing



PHA has the discretion to establish requirements for financing purchase of a home to be assisted under the homeownership option.

- Program Design and Partnerships
  - underwriting standards
  - lending intuitions
  - down payment assistance programs
  - financial and credit counseling
  - FSS/Savings

5

## Units §982.628

### ❖ Eligible

- ❖ Owner occupied
- ❖ Meets HQS
- ❖ Title
- ❖ One Unit
- ❖ Seller in Good Standing

### ❖ PHA Owned Units

- ❖ Definition/Controlling Interest
- ❖ Tenant Notice
- ❖ Independent Agency to Perform Tasks

### ❖ New Construction

- ❖ Environmental Review
- ❖ Construction Completed

6

# Housing Assistance Payment (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.

## No HAP Contract-Statement of Homeowner Obligations Form

- <https://www.hud.gov/sites/documents/52649.PDF>

7

# Payment & Amount



HAP is the *lower of*:

The payment standard minus the total tenant payment; or  
The family's monthly homeownership expenses minus the total tenant payment.



PHA pays HAP to either:

Directly to the family or  
At the discretion of the PHA, to a lender on behalf of the family. If assistance payment exceeds the amount due to the lender, the PHA pay the excess directly to the family.

8

# Continued Assistance and Family Obligations

## TERM OF VOUCHER ASSISTANCE

- V 15 YEARS IF MORTGAGE IS >20 YEARS
- V 10 YEARS IF MORTGAGE IS <20 YEARS
- V EXCEPTION FOR ELDERLY AND DISABLED FAMILIES

- § FAMILY COMPLIANCE
- § PORTABILITY
- § TERMINATION
- § SWITCHING TO A RENTAL ASSISTANCE VOUCHER

EXHIBIT I.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 I.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. (PHAs will be permitted to implement a separate one-time down payment assistance grant program in the future.)
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 (assuming family has taken possession of the unit)
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 owners who are suspended, debarred, or have LDP by HUD.

11

# Challenges

---



**LACK OF INFORMATION**



**THE MARKET**



**AFFORDABILITY GAP**



**LIMITED STAFFING**

12

Help!

Connect

Contact your field office

Online Resources

- [Homeownership - HUD | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)
- [Housing Choice Voucher Homeownership Webinar - HUD Exchange](#)
- [Public Housing and Voucher Programs - HUD Exchange](#)
- [FAQs - HUD Exchange](#)

13

## NEW Homeownership TA Resources

Published September 2022 on the HUD Exchange

- TA Guidebook
- PPT
- Webinar-*available*
- Video-*available*
- Flyers-*available*
- FAQs-*available*

DEMO of new HCV Homeownership Landing Page on HUD Exchange

14

## FAQ

**Q. Non-elderly and non-disabled families are required to be employed full time for at least 1-year in order to qualify for the program. Is there any continuous employment obligation once they are on the program?**

**A.** It is not a regulatory requirement. However, the PHA can include it as a local option for the non-elderly/nondisabled family to remain continuously eligible for the program. If they do include it as a local option, they must include the provisions in the homeownership portion of the Administrative Plan and allow for hardship provisions for loss of employment. In addition, PHAs are strongly encouraged to include the provisions in a local statement of homeownership obligations, since this requirement is not on the HUD Statement of Homeownership Obligation Form

15

An example  
of a  
continuous  
employment  
provision  
could be as  
follows:

***Continuous Employment Obligations for a non-elderly/non-disabled family***

- *The applicant head of household, spouse or an adult on the mortgage document must remain continuously employed (no less than 30 hours per week) while participating in the program.*
- *Part-time employment of multiple adults totaling over 30 hours per week, does not constitute full-time employment.*

*For continued eligibility purposes, continuous employment is defined two ways. Continuous employment by the head, spouse or an adult member of the household on the mortgage as full time employment (average of 30 hours per week) with no gap in employment lasting more than four weeks total (30 hours x 48 weeks = 1,440 hours) or earned income received by the head, spouse or co-head during the past year greater than the federal minimum wage times 2,000 hours.*

*The employment requirement is not applicable to elderly or disabled families.*

*Mitigating circumstances and flexibility. Continuous employment beyond initial eligibility is a PHA discretionary policy but if adopted is a standard and should be applied consistently across the program.*

16

## FAQ

### Does the zero HAP for 180-day rule for the HCV Rental Program apply to the HCV HO program?

Not exactly. While the rule is similar, the HCV HO Program allows for additional discretion by the PHA. For example, the PHA can adopt hardship criteria that would allow the family to extend past the 180 day provision. An example of a policy could be as follows: Participation in the HCV Homeownership Program shall continue until such time as the assistance payment amounts to zero for a period of 180 days. At that time the family will no longer be eligible and the HAP will be terminated. However, should the family go to zero HAP, for 180 consecutive days, the SHA reserves the right to extend the period past 180 days, should there be documented extenuating circumstances for an extension to the time period.

Such documented extenuating circumstances include but is not limited to:

- Death in the family
- Loss of employment or income due to no fault of the family
- Documentation of a medical or financial hardship beyond the control of the family for a member of the assisted household

§ 982.635(e) **Automatic termination of homeownership assistance.** Homeownership assistance for a family terminates automatically 180 calendar days after the last homeownership assistance payment on behalf of the family. However, a PHA has the discretion to grant relief from this requirement in those cases where automatic termination would result in extreme hardship for the family.