



HOUSING CHOICE VOUCHER

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CHAPTER 15

CHAPTER 15 SPECIAL HOUSING TYPES, PROGRAMS, AND PILOTS

[24 CFR 982 Subpart M]

INTRODUCTION

The PHA 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 receiving assistance in its jurisdiction to use these housing types, except that the PHA must permit use of any special housing type if needed as a reasonable accommodation for a person with a disability. The PHA also may limit the number of families who receive HCV assistance in these housing types and cannot require families to use a particular housing type. No special funding is provided for special housing types. Unless specifically modified by the regulations, inspection standards apply to special housing types (Single Room Occupancy, Congregate Housing, Group Homes, Shared Housing, Manufactured Homes, Homeownership units) [Notice PIH 2023-28].

Special housing types include single room occupancy (SRO), congregate housing, group homes, shared housing, cooperative housing, manufactured homes where the family owns the home and leases the space, and homeownership [24 CFR 982.601]. A single unit cannot be designated as more than one type of special housing. The PHA cannot give preference to households that wish to live in any of these types of housing and cannot require households to select any of these types of housing [New HCV GB, *Special Housing Types*, p. 3].

This chapter consists of the following nine parts. Each part contains a description of the housing type and any special requirements associated with it. Except as modified by this chapter, the general requirements of the HCV program apply to special housing types.

Part I: Single Room Occupancy

Part II: Congregate Housing

Part III: Group Homes

Part IV: Shared Housing

Part V: Cooperative Housing

Part VI: Manufactured Homes (including manufactured home space rental)

Part VII: Homeownership

Part VIII: Moderate Rehabilitation Program

Part IX. Family Self-Sufficiency Program

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PART I: SINGLE ROOM OCCUPANCY

[24 CFR 982.602 through 982.605] Form HUD-52641; New HCV GB, *Special Housing Types*, p. 4]

15-I.A. OVERVIEW

A single room occupancy (SRO) unit provides living and sleeping space for the exclusive use of the occupant but requires the occupant to share sanitary and/or food preparation facilities with others. More than one person may not occupy an SRO unit. HCV regulations do not limit the number of units in an SRO facility, but the size of a facility may be limited by local ordinances.

When providing HCV assistance in an SRO unit, a separate lease and HAP contract are executed for each assisted person, used (form HUD-52641) with the special housing type specified in Part A of the HAP contract, as follows: “This HAP contract is used for the following special housing type under HUD regulations for the Section 8 voucher program: Single room occupancy (SRO) housing.”

MSHDA Policy

This housing type is not permitted by MSHDA except for Veterans Affairs Supportive Housing (HUD-VASH) vouchers and as an approved reasonable accommodation. When approved via a reasonable accommodation, MSHDA will follow the guidance issued in HUD’s Guidebook on Special Housing Types.

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

The payment standard for SRO housing is 75 percent of the zero-bedroom payment standard amount on the PHA’s payment standard schedule.

The utility allowance for an assisted person residing in SRO housing is 75 percent of the zero-bedroom utility allowance.

The HAP for an assisted occupant in an SRO facility is the lower of the SRO payment standard amount minus the TTP or the gross rent for the unit minus the TTP.

15-I.C. NATIONAL STANDARDS FOR THE PHYSICAL INSPECTION OF REAL ESTATE (NSPIRE)

Inspection requirements described in Chapter 8 apply to SRO housing except that sanitary facilities, and space and security characteristics must meet local code standards for SRO housing. In the absence of applicable local code standards for SRO housing, the following standards apply:

- *Access*: Access doors to the SRO unit must have working locks for privacy. The occupant must be able to access the unit without going through any other unit. Each unit must have immediate access to two or more approved means of exit from the building, appropriately marked and leading to safe and open space at ground level. The SRO unit must also have any other means of exit required by State or local law.
- *Fire Safety*: All SRO facilities must have a sprinkler system that protects major spaces. “Major spaces” are defined as hallways, large common areas, and any other areas specified in local fire, building, or safety codes. SROs must also have hard-wired smoke detectors, and any other fire and safety equipment required by state or local law.

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Sanitary facilities and space and security standards must meet local code requirements for SRO housing. In the absence of local code standards, the requirements discussed below apply [24 CFR 982.605].

- *Sanitary Facilities:* At least one flush toilet that can be used in privacy, a lavatory basin, and a bathtub or shower in proper operating condition must be provided for each six persons (or fewer) residing in the SRO facility. If the SRO units are leased only to males, flush urinals may be substituted for up to one half of the required number of toilets. Sanitary facilities must be reasonably accessible from a common hall or passageway to all persons sharing them and may not be located more than one floor above or below the SRO unit. They may not be located below grade unless the SRO units are located on that level.
- *Space and Security:* An SRO unit must contain at least 110 square feet of floor space, and at least four-square feet of closet space with an unobstructed height of at least five feet, for use by the occupant. If the closet space is less than four square feet, the habitable floor space in the SRO unit must be increased by the amount of the deficiency. Exterior doors and windows accessible from outside the SRO unit must be lockable.

For SRO housing, 24 CFR 5.703(d) only applies to the extent that the SRO unit contains the room or facility referenced in 24 CFR 5.703(d). Because no children live in SRO housing, the inspections applicable to lead-based paint do not apply.

PART II: CONGREGATE HOUSING

[24 CFR 982.606 through 982.609] Form HUD-52641; New HCV GB, *Special Housing Types*, p. 6]

15-II.A. OVERVIEW

Congregate housing is intended for use by elderly persons or persons with disabilities. A congregate housing facility contains a shared central kitchen and dining area and a private living area for the individual household that includes at least a living room, bedroom, and bathroom. Food service for residents must be provided.

If approved by the PHA, a family member or live-in aide may reside with the elderly person or person with disabilities. The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in congregate housing, a separate lease and HAP contract are executed for each assisted family, and the standard form of the HAP contract is used (form HUD-52641) with the special housing type specified in Part A of the HAP contract, as follows: “This HAP contract is used for the following special housing type under HUD regulations for the Section 8 voucher program: Congregate housing.”

MSHDA Policy

This housing type is not permitted by MSHDA except for Veterans Affairs Supportive Housing (HUD-VASH) vouchers or as an approved reasonable accommodation. When approved via a reasonable accommodation, MSHDA will follow the guidance issued in HUD’s Guidebook on Special Housing Types.

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

The payment standard for an individual unit in a congregate housing facility is based on the number of rooms in the private living area for the assisted family. If there is only one room in the unit (not including the bathroom or the kitchen, if a kitchen is provided), the PHA must use the payment standard for a zero-bedroom unit. If the unit has two or more rooms (other than the bathroom and the kitchen), the PHA must use the 1-bedroom payment standard.

The HAP for an assisted occupant in a congregate housing facility is the lower of the applicable payment standard minus the TTP or the gross rent for the unit minus the TTP.

The gross rent for the unit for the purpose of calculating HCV assistance is the shelter portion (including utilities) of the resident's monthly housing expense only. The residents' costs for food service should not be included in the rent for a congregate housing unit.

15-II.C. NATIONAL STANDARDS FOR THE PHYSICAL INSPECTION OF REAL ESTATE (NSPIRE)

Inspection requirements as described in Chapter 8 apply to congregate housing except for the requirements stated below.

Congregate housing is not subject to the requirement that the dwelling unit must have a kitchen area. In place of the inspection standards related to food preparation and refuse disposal, congregate housing must have a refrigerator of appropriate size in the private living area of each resident, a central kitchen and dining facilities located within the premises and accessible to the residents, and food service for the residents, that is not provided by the residents themselves.

The congregate housing must contain adequate facilities and services for the sanitary disposal of food waste and refuse, including facilities for temporary storage where necessary.

Inspections applicable to lead-based paint do not apply unless a child under the age of six is expected to reside in the unit.

PART III: GROUP HOME

[24 CFR 982.610 through 982.614; Form HUD-52641; New HCV GB, *Special Housing Types*, p. 8]

15-III.A. OVERVIEW

A group home is a state-licensed facility intended for occupancy by elderly persons and/or persons with disabilities. Except for live-in aides, all persons living in a group home, whether assisted or not, must be elderly persons or persons with disabilities. Persons living in a group home must not require continuous medical or nursing care.

A group home consists of bedrooms for residents, which can be shared by no more than two people, and a living room, kitchen, dining area, bathroom, and other appropriate social, recreational, or community space that may be shared with other residents. No more than 12 persons may reside in a group home including assisted and unassisted residents and any live-in aides.

If approved by the PHA, a live-in aide may live in the group home with a person with disabilities. The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

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When providing HCV assistance in a group home, a separate lease and HAP contract is executed for each assisted family. The standard form of the HAP contract is used (form HUD-52641) with the special housing type specified in Part A of the HAP contract, as follows: “This HAP contract is used for the following special housing type under HUD regulations for the Section 8 voucher program: Group home.”

MSHDA Policy

This housing type is not permitted by MSHDA except for Veterans Affairs Supportive Housing (HUD-VASH) vouchers or as an approved reasonable accommodation.

When approved via a reasonable accommodation, MSHDA will follow the guidance issued in HUD’s Guidebook on Special Housing Types.

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

Unless there is a live-in aide, the family unit size (voucher size) for an assisted occupant of a group home must be zero- or 1-bedroom, depending on the PHA’s subsidy standard. If there is a live-in aide, the aide must be counted in determining the household’s unit size.

The payment standard used to calculate the HAP is the lower of the payment standard for the family unit size or the pro rata share of the payment standard for the group home size. The pro rata share is calculated by dividing the number of persons in the assisted household by the number of persons (assisted and unassisted) living in the group home. The number of persons in the assisted household equals one assisted person plus any PHA-approved live-in aide.

The HAP for an assisted occupant in a group home is the lower of the payment standard minus the TTP or the gross rent minus the TTP.

The utility allowance for an assisted occupant in a group home is the pro rata share of the family unit size to the utility allowance for the group home.

The rents paid for participants residing in group homes are subject to generally applicable standards for rent reasonableness. The rent for an assisted person must not exceed the pro rata portion of the reasonable rent for the group home. In determining reasonable rent, the PHA must consider whether sanitary facilities and facilities for food preparation and service are common facilities or private facilities.

15-III.C. NATIONAL STANDARDS FOR THE PHYSICAL INSPECTION OF REAL ESTATE (NSPIRE)

The entire unit must comply with inspection requirements described in Chapter 8, except for the standards that relate to sanitary facilities, food preparation and refuse disposal, space and security, structure and materials, and site and neighborhood and stated below.

- ***Sanitary Facilities*** A group home must have at least one bathroom in the facility, with a flush toilet that can be used in privacy, a fixed basin with hot and cold running water, and a shower or bathtub with hot and cold running water. A group home may contain private or common bathrooms. However, no more than four residents can be required to share a bathroom.
- ***Food Preparation and Service*** Group home units must contain a kitchen and dining area with adequate space to store, prepare, and serve food. The facilities for food preparation and service may be private or may be shared by the residents.

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The kitchen must contain a range, an oven, a refrigerator, and a sink with hot and cold running water. The sink must drain into an approvable public or private disposal system.

- **Space and Security** Group homes must contain at least one bedroom of appropriate size for every two people, and a living room, kitchen, dining area, bathroom, and other appropriate social, recreational, or community space that may be shared with other residents. Doors and windows accessible from outside the unit must be lockable.
- **Structure and Material** To avoid any threat to the health and safety of the residents, group homes must be structurally sound. Elevators must be in good condition. Group homes must be accessible to and usable by residents with disabilities.
- **Site and Neighborhood** Group homes must be located in a residential setting. The site and neighborhood should be reasonably free from disturbing noises and reverberations, and other hazards to the health, safety, and general welfare of the residents, and should not be subject to serious adverse conditions, such as:
 - Dangerous walks or steps
 - Instability
 - Flooding, poor drainage
 - Septic tank back-ups
 - Sewage hazards
 - Mud slides
 - Abnormal air pollution
 - Smoke or dust
 - Excessive noise
 - Vibrations or vehicular traffic
 - Excessive accumulations of trash
 - Vermin or rodent infestation, and
 - Fire hazards.

The inspection standards applicable to lead-based paint do not apply unless a child under the age of six is expected to reside in the unit.

PART IV: SHARED HOUSING

[24 CFR 982.615 through 982.618; Form HUD-52641; Notice PIH 2021-05; New HCV GB, *Special Housing Types*, p. 11]]

15-IV.A. OVERVIEW

Families in markets with tight rental conditions or with a prevalence of single-family housing may determine a shared housing living arrangement to be a useful way to secure affordable housing. PHAs offering shared housing as a housing solution may also experience some reduction in the average per-unit-cost (PUC) paid on behalf of assisted families.

Shared housing is a single housing unit occupied by an assisted family and another resident or residents. The unit may be a house or an apartment. The shared unit consists of both common space for use by the occupants of the unit and separate private space for each assisted family.

An assisted family may share a unit with other persons assisted under the HCV program or with other unassisted persons.

Shared housing may be offered in a number of ways, including for-profit co-living (such as a boarding house, single bedroom with common living room/kitchen/dining room) run by a private company [Notice PIH 2021-05].

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The owner of a shared housing unit may reside in the unit, but housing assistance may not be paid on behalf of the owner. The resident owner may not be related by blood or marriage to the assisted family.

If approved by the PHA, a live-in aide may reside with the family to care for a person with disabilities. The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

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 nonprofit shared housing matching services. HUD further encourages PHAs to include information about this housing possibility in the family's voucher briefing.

PHAs should be aware of potential local legal barriers to HCV participants using shared housing, which can create additional obstacles for shared housing:

- Municipalities may have occupancy limits for the number of unrelated persons who may share a housing unit.
- Local zoning codes for single family housing may restrict occupancy in certain areas to households whose family members are related by blood.

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. PHAs should inform HUD if they encounter barriers to shared housing that may conflict with fair housing laws.

When providing HCV assistance in shared housing, a separate lease and HAP contract are executed for each assisted family. The standard form of the HAP contract is used (form HUD-52641) with the special housing type specified in Part A of the HAP contract, as follows: "This HAP contract is used for the following special housing type under HUD regulations for the Section 8 voucher program: Shared housing."

MSHDA Policy

This housing type is not permitted by MSHDA except for Veterans Affairs Supportive Housing (HUD-VASH) vouchers or as an approved reasonable accommodation. When approved via a reasonable accommodation, MSHDA will follow the guidance issued in HUD's Guidebook on Special Housing Types.

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

The payment standard for a family in shared housing is the lower of the payment standard for the family unit size (voucher size) or the pro rata share of the payment standard for the shared housing unit size.

The pro rata share is calculated by dividing the number of bedrooms available for occupancy by the assisted family in the private, non-shared space by the total number of bedrooms in the unit.

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Example: Family holds a two-bedroom voucher.

Shared housing unit size: bedrooms available to assisted family = 2

Total bedrooms in the unit: 3

2 Bedrooms for assisted family

÷ 3 Bedrooms in the unit

.667 pro-rata share

2 BR payment standard: \$1200

3 BR payment standard: \$1695.

$\$1695 \times .667$ (pro-rata share) = \$1131.

\$1131 is lower than the \$1200 payment standard for the 2 BR family unit size.

\$1131 is the payment standard used to calculate the HAP.

The HAP for a family in shared housing is the lower of the payment standard minus the TTP or the gross rent minus the TTP.

The utility allowance for an assisted family living in shared housing is the lesser of the pro rata share of the utility allowance for the shared housing unit or the utility allowance for the family voucher size.

Example: A family holds a 2-bedroom voucher. The family decides to occupy 3 out of 4 bedrooms available in the unit.

The utility allowance for a 4-bedroom unit equals \$200

The utility allowance for a 2-bedroom unit equals \$100

The pro rata share of the utility allowance is \$150 (3/4 of \$200)

The PHA will use the 2-bedroom utility allowance of \$100.

The rents paid for families living in shared housing are subject to generally applicable standards for rent reasonableness.

The rent paid to the owner for the assisted family must not exceed the pro-rata portion of the reasonable rent for the shared unit. In determining reasonable rent, the PHA may consider whether sanitary and food preparation areas are private or shared.

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15-IV.C. NATIONAL STANDARDS FOR THE PHYSICAL INSPECTION OF REAL ESTATE (NSPIRE)

The PHA may not give approval to reside in shared housing unless the entire unit, including the portion of the unit available for use by the assisted family under its lease, meets the inspection standards.

Inspection requirements described in Chapter 8 apply to shared housing except for the requirements stated below.

- *Facilities Available for the Family* Facilities available to the assisted family, whether shared or private, must include a living room, a bathroom, and food preparation and refuse disposal facilities.
- *Space and Security* The entire unit must provide adequate space and security for all assisted and unassisted residents. The private space for each assisted family must contain at least one bedroom for each two persons in the family.

The number of bedrooms in the private space of an assisted family must not be less than the family unit size (voucher size). A zero-bedroom or 1-bedroom unit may not be used for shared housing.

PART V: COOPERATIVE HOUSING

[24 CFR 982.619; New HCV GB, *Special Housing Types*, p. 14]

15-V.A. OVERVIEW

This part applies to rental assistance for a cooperative member residing in cooperative housing. It does not apply to assistance for a cooperative member who has purchased membership under the HCV homeownership option, or to rental assistance for a family that leases a cooperative housing unit from a cooperative member.

A cooperative is a form of ownership (nonprofit corporation or association) in which the residents purchase memberships in the ownership entity. Rather than being charged “rent” a cooperative member is charged a “carrying charge.” The monthly carrying charge includes the member’s share of the cooperative debt service, operating expenses, and necessary payments to cooperative reserve funds. It does not include down payments or other payments to purchase the cooperative unit or to amortize a loan made to the family for this purpose.

The occupancy agreement or lease and other appropriate documents must provide that the monthly carrying charge is subject to Section 8 limitations on rent to owner, and the rent must be reasonable as compared to comparable unassisted units.

When providing HCV assistance in cooperative housing, the standard form of the HAP contract is used with the special housing type specified in Part A of the HAP contract, as follows:

“This HAP contract is used for the following special housing type under HUD regulations for the Section 8 voucher program: Cooperative housing.”

MSHDA Policy

This housing type is permitted as follows:

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- Housing Conversion Actions where in-place families residing in a Cooperative receive tenant-protection vouchers or enhanced vouchers; or
- Verification is received from the applicant/participant and the property management agent that the family did not and will not purchase a membership in the cooperative while receiving HCV assistance from MSHDA. In these cases, the participant has an ownership interest in the corporation that owns the property(ies). MSHDA will accept a "leasing COOP" in which the shareholder does not have the option to sell their share for a profit or loss.

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

The payment standard and utility allowance are determined according to regular HCV program requirements.

The HAP for a cooperative housing unit is the lower of the payment standard minus the TTP or the gross rent (monthly carrying charge for the unit, plus any utility allowance) minus the TTP. The monthly carrying charge includes the member's share of the cooperative debt service, operating expenses, and necessary payments to cooperative reserve funds. The carrying charge does not include down payments or other payments to purchase the cooperative unit or to amortize a loan made to the family for this purpose.

15-V.C. NATIONAL STANDARDS FOR THE PHYSICAL INSPECTION OF REAL ESTATE (NSPIRE)

All standard inspection requirements apply to cooperative housing units. There are no additional inspection requirements. The PHA remedies described in 24 CFR 982.404 do not apply. Rather, if the unit and premises are not maintained in accordance with inspection standards, the PHA may exercise all available remedies regardless of whether the family or cooperative is responsible for the breach of inspections.

No housing assistance payment can be made unless unit meets inspection standards, and the defect is corrected within the period as specified by the PHA and the PHA verifies correction (see Chapter 8).

In addition to regular inspection deficiencies, inspection deficiencies by the family include failure to perform any maintenance for which the family is responsible in accordance with the terms of the cooperative occupancy agreement [HCV GB].

PART VI: MANUFACTURED HOMES

[24 CFR 982.620 through 982.624; FR Notice 1/18/17; New HCV GB, *Special Housing Types*, p. 15;]]

15-VI.A. OVERVIEW

A manufactured home is a manufactured structure, transportable in one or more parts, which is built on a permanent chassis, and designed for use as a principal place of residence. HCV-assisted families may occupy manufactured homes in three different ways.

- (1) A family can choose to rent a manufactured home already installed on a space and a PHA must permit it. In this instance program rules are the same as when a family rents any other residential housing, except that there are special inspection requirements as provided in 15-VI. D below.

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- (2) A family can purchase a manufactured home under the Housing Choice Voucher Homeownership program.

MSHDA Policy

MSHDA will permit a family to rent a manufactured home when the rental of the unit covers both the manufactured housing and the space.

- (3) HUD also permits an otherwise eligible family that owns a manufactured home to rent a space for the manufactured home and receive HCV assistance with the rent for the space as well as certain other housing expenses. A PHA may, but is not required to, provide assistance for such families.

MSHDA Policy

Families will only be permitted to use the homeownership and manufactured special housing types for reasonable accommodation. When approved via a reasonable accommodation, MSHDA will follow the guidance issued in HUD's Guidebook on Special Housing Types.

15-VLB. SPECIAL REQUIREMENTS FOR MANUFACTURED HOMEOWNERS WHO LEASE A SPACE

Family Income

In determining the annual income of families leasing manufactured home spaces, the value of the family's equity in the manufactured home in which the family resides is not counted as a family asset.

Lease and HAP Contract

There is a designated HAP Contract (form HUD-52642) and designated Tenancy Addendum (form HUD 52642-A) for this special housing type.

15-VLC. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION [FR Notice 1/18/17]

Payment Standards

The PHA payment standard for manufactured homes is determined in accordance with 24 CFR 982.505 and is the payment standard used for the PHA's HCV program. It is based on the applicable FMR for the area in which the manufactured home space is located.

The payment standard for the family is the lower of the family unit size (voucher size) or the payment standard for the number of bedrooms in the manufactured home.

Utility Allowance

The PHA must establish utility allowances for manufactured home space rental. For the first 12 months of the initial lease term only, the allowance must include an amount for a utility hook-up charge if the family actually incurred a hook-up charge because of a move.

This allowance will not be given to a family that leases in place. Utility allowances for manufactured home space must not include the costs of digging a well or installing a septic system.

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If the amount of the monthly assistance payment for a family exceeds the monthly rent for the manufactured home space (including the owner's monthly management and maintenance charges), the PHA may pay the remainder to the family, lender, or utility company.

Space Rent

The rent for the manufactured home space (including other eligible housing expenses) is the total of:

- The rent charged for the manufactured home space;
- Owner maintenance and management charges for the space;
- The monthly payments made by the family to amortize the cost of purchasing the manufactured home, including any required insurance and property taxes; and
- The applicable allowance for tenant-paid utilities.

Amortization Costs

The monthly payment made by the family to amortize the cost of purchasing the manufactured home is the debt service established at the time of application to a lender for financing the purchase of the manufactured home if monthly payments are still being made. Any increase in debt service due to refinancing after purchase of the home may not be included in the amortization cost. Debt service for set-up charges incurred by a family may be included in the monthly amortization payments made by the family. In addition, set-up charges incurred before the family became an assisted family may be included in the amortization cost if monthly payments are still being made to amortize the charges.

Housing Assistance Payment

The HAP for a manufactured home space under the housing choice voucher program is the lower of the payment standard minus the TTP or the manufactured home space rent (including other eligible housing expenses) minus the TTP.

Rent Reasonableness

Initially, and at least annually thereafter, the PHA must determine that the rent for the manufactured home space is reasonable based on rents for comparable manufactured home spaces. The PHA must consider the location and size of the space, and any services and maintenance to be provided by the owner. By accepting the monthly housing assistance payment, the owner of the manufactured home space certifies that the rent does not exceed rents charged by the owner for comparable unassisted spaces in the same manufactured home park or elsewhere.

If requested by the PHA, the owner must give the PHA information on rents charged by the owner for other manufactured home spaces.

15-VI.D. NATIONAL STANDARDS FOR THE PHYSICAL INSPECTION OF REAL ESTATE (NSPIRE)

Under either type of occupancy described in 15-VI. A above, the manufactured home must meet all inspection performance requirements and acceptability criteria discussed in Chapter 8 of this plan. In addition, the following requirement applies:

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Manufactured Home Tie-Down

A manufactured home must be placed on the site in a stable manner and must be free from hazards such as sliding or wind damage. The home must be securely anchored by a tie-down device that distributes and transfers the loads imposed by the unit to appropriate ground anchors to resist overturning and sliding.

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.

MSHDA Policy

MSHDA 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.

There are two forms of homeownership assistance described in the regulations: monthly homeownership assistance payments and single down payment assistance grants. However, PHAs may not offer down payment assistance until and unless funding is allocated by Congress. Since this has not yet happened, only monthly homeownership assistance may be offered.

MSHDA Policy

MSHDA will offer monthly homeownership assistance payments for families that receive HCV assistance and meet the qualification. If needed, reasonable accommodations so that the program is readily accessible to and usable by persons with disabilities will be made available. MSHDA will determine what is reasonable based on the specific circumstances and individual needs of the person with a disability.

MSHDA will approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

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

If the PHA offers the homeownership option, participation by the family is optional. However, the family must meet all of the requirements listed below before the commencement of homeownership assistance. The PHA may also establish additional initial requirements as long as they are described in the PHA administrative plan.

- The family must have been admitted to the Housing Choice Voucher program.

MSHDA Policy

The family must have a MSHDA Housing Choice Voucher for at least one year prior to enrollment.

- The family must qualify as a first-time homeowner or be a cooperative member.

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- The family satisfies the minimum income requirement.
 - For disabled families, the family must meet the minimum income requirements equal to the current Federal Supplemental Security Income (SSI) monthly payment for an individual living alone, multiplied by 12.
 - For all other families, the family must have a gross annual income equal to the Federal minimum wage multiplied by 2,000, based on the income of adult family members who will own the home. The PHA may establish a higher income standard for families. However, a family that meets the federal minimum income requirement, but not a minimum income standard established by the PHA, will be considered to meet the minimum income requirement if it can demonstrate that it has been pre-qualified or pre-approved for financing that is sufficient to purchase an eligible unit.

MSHDA Policy

For non-disabled families, the minimum annual income requirement will align with the Michigan Minimum Wage Rate multiplied by 1,560 hours (30 hours a week multiplied by 52 weeks). MSHDA may consider exceptions.

For elderly and disabled families, the family must meet the minimum income requirements equal to the current maximum Federal Supplemental Security Income (SSI) monthly payment for an individual living alone, multiplied by 12. This income requirement can be met with any source income as outlined in Exhibit 6-1 of this Administrative Plan.

- The family must satisfy the employment requirements by demonstrating that one or more adult members of the family who will own the home at commencement of homeownership assistance is currently employed on a full-time basis (the term 'full-time employment' means not less than an average of 30 hours per week); and has been continuously employed during the year before commencement of homeownership assistance for the family.
 - The employment requirement does not apply to elderly and disabled families. In addition, if a family, other than an elderly or disabled family includes a person with disabilities, The PHA must grant an exemption from the employment requirement if the PHA determines that it is needed as a reasonable accommodation.

MSHDA Policy

Families must meet the income requirements for two years prior to commencement of homeownership assistance.

Families will be considered “continuously employed” if the break in employment is due to reasons such as approved leave, temporary layoffs including education staff, and childbirth. In other words, although the participant is not currently working, they are still considered employed with their employer.

MSHDA will count self-employment in a business when determining whether the family meets the employment requirement. The family must provide two years of tax returns.

- For elderly or disabled families, the PHA shall include welfare assistance payments for adult family members who will own the home in determining whether the family meets the minimum income requirement. It will not be included for other families.

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- The PHA shall not commence homeownership assistance for a family that includes an individual who was an adult member of a family at the time when such family received homeownership assistance and defaulted on a mortgage securing debt incurred to purchase the home.
- Except for cooperative members who have acquired cooperative membership shares prior to commencement of homeownership assistance, no family member has a present ownership interest in a residence at the commencement of homeownership assistance for the purchase of any home.
- Except for cooperative members who have acquired cooperative membership shares prior to the commencement of homeownership assistance, the family has entered a contract of sale in accordance with 24 CFR 982.631(c).
- The family also satisfies any other initial requirements established by the PHA (see § 982.626(b)). Any such additional requirements must be described in the PHA Administrative Plan.

MSHDA Policy

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

1. The family has had no family-caused violations of HUD's Inspection standards within the past year.
2. The family is not within the initial one-year period of a HAP Contract.
3. The family owes no money to MSHDA, another PHA, or their landlord.
4. The family has not committed any serious or repeated violations of a PHA-assisted lease within the past year.
5. The family does not engage in threatening, violent, or abusive behavior toward MSHDA personnel or partners.
6. The participant is considered a first-time homeowner - defined as any member of the assisted family as not having owned a residence in the three years prior to the homeownership assistance. The term "first-time homeowner" includes a single parent or displaced homemaker (as those terms are defined in 12 U.S.C. 12713) who, while married, owned a home with his or her spouse, or resided in a home owned by his or her spouse.

Note: the "first-time homeowner" assisted family may not include a member who has:

- current or previous ownership of any residential property, regardless of whether the family used the property as its principal residence, within the three years prior to receiving homeownership assistance;
- "present ownership interest" in a residence during the three years before the commencement of homeownership assistance for the family;

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- previously received assistance through the homeownership program (Exceptions will be considered by MSHDA on a case-by-case basis, such as divorce, death of a spouse).
7. If more than the HCV Head of Household are on the mortgage, the other borrower must also qualify based on all eligibility criteria.
 8. If eligible, enroll in and successfully engage the Family Self-Sufficiency (FSS) Program to work directly with a Local Housing Counseling Agency's (LHCA) HUD Certified Housing Counselors to set goals aligned with eligibility criteria of homeownership program. If not eligible for FSS, must work closely with LHCA to set goals aligned with eligibility criteria of homeownership program.
 9. The participant must register for, and complete financial capability and homebuyer education workshops.
 10. The family must be free of Temporary Assistance for Needy Families (TANF) for one year prior to enrollment and upon commencement of homeownership.
 11. The participant must have:
 - All three credit scores at or above MSHDA Homeownership Division minimum standard
 - No collections or judgments
 - Bankruptcies discharged for at least three years prior to enrollment
 - All debts paid off (student loan and auto balances assessed on a case-by-case basis)
 - On-time payments including rent and utilities for at least one year
 - Minimum savings of at least \$2,000 toward 1% of the purchase price including Private Home Inspection and Appraisal
 - Ability to save at least \$50 monthly toward a maintenance reserve fund of at least \$1,500 that will support ongoing maintenance throughout the life of the loan
 12. Liquid Assets - All participants in the Homeownership program cannot have more than \$10,000 in liquid assets. All liquid assets in excess of \$10,000 must be used toward the down payment and principal reduction of the home purchase to be eligible for the program. Liquid assets include cash, securities, and equity in real property or mobile home.
 13. Secure financing
 14. Locate an eligible unit.
 15. Live in the home purchased through the HCV Homeownership Program option as their primary residence for the duration of HCV Homeownership assistance.

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EXCEPTIONS TO ELIGIBILITY CRITERIA AND FINANCING FOR ELDERLY AND DISABLED FAMILIES §982.627, 982.632, 982.633, 982.634, 982.635

In order for the following exceptions to apply, adult family members must meet the definition of a disabled person, or elderly person as defined in the Administrative Plan.

MSHDA Policy

MSHDA's HCV Homeownership Program provides for reasonable accommodations for Persons with Disabilities by incorporating the exceptions to the eligibility criteria as detailed below. All other eligibility criteria apply.

The following are the **three exceptions** for disabled and elderly persons:

1. *Household Eligibility Exception*

Families who have income from public assistance issued to adult family members who are elderly and/or disabled; and who will own the home, may be permitted to include their public assistance in determining the minimum income requirement. This exception to public assistance income only applies to families which satisfy the statutory definition of an elderly or disabled family. This exception to public assistance income does not apply in the case of a family that includes an elderly or disabled person other than head or spouse where the head or spouse is not also elderly or disabled.

A live-in aide may be permitted if needed for a person with disabilities. A waiver to not include the aide's income and household size may be granted based on the merits of individual cases.

2. *Financing and Terms of Mortgage Exception*

The maximum term for homeownership assistance for people who are not elderly or disabled is 15 years if the mortgage term is 20 years or greater, 10 years if the mortgage term is less than 20 years. The term limit does not apply to elderly or disabled families if:

- in the case of an elderly family, the family qualifies as an elderly family at the commencement of homeownership assistance, and
- in the case of a disabled family, at any time during receipt of homeownership assistance the family qualifies as a disabled family. A disabled family is one in which the head, spouse, or cohead is a person with disabilities.

If, during the course of homeownership assistance, the family ceases to qualify as a disabled or elderly family, the maximum term becomes applicable from the date homeownership assistance commenced. However, such a family must be provided at least six months of homeownership assistance after the maximum term becomes applicable provided the family is eligible to receive HCV homeownership assistance.

3. *Calculation of Monthly Housing Assistance*

a. **Payment:**

If a member of the household is a person with disabilities, debt incurred to finance costs for attendant care and auxiliary apparatus will be considered when calculating the Housing Assistance Payment. Structural modifications to the home will be reviewed and approved by MSHDA.

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MSHDA will explore, with the family, the best mechanism (i.e., grant, loan) to finance the accessibility improvements. Also note that barrier free modifications will only be considered. Barrier free includes accessibility for persons with sensory disabilities.

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

Unless otherwise provided (under the homeownership option), 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.

MSHDA Policy

MSHDA will administer up to 175 homeownership vouchers and may exceed at MSHDA's discretion.

Elderly and disabled families will be given preference for participation.

Families who have been successfully participating in MSHDA's Family Self-Sufficiency Program, or have graduated from the FSS program, will be given preference over other families.

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

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

The PHA must determine that the unit satisfies all of the following requirements:

- The unit is eligible.
 - The unit may not be any of the following:
 - A public housing or Indian housing unit;
 - A unit receiving Section 8 project-based assistance;
 - A nursing home, board and care home, or facility providing continual psychiatric, medical, or nursing services;
 - A college or other school dormitory;
 - On the grounds of penal, reformatory, medical, mental, or similar public or private institutions.
- The unit is either a one-unit property (including a manufactured home) or a single dwelling unit in a cooperative or condominium.
 - For a unit where the family will not own fee title to the real property (such as a manufactured home), the home must have a permanent foundation, and the family must have the right to occupy the site for at least 40 years.
- The unit has been inspected by a PHA inspector and by an independent inspector designated by the family.
- The unit satisfies the HQS.

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The PHA may not commence homeownership assistance for occupancy of a home if the PHA has been informed (by HUD or otherwise) that the seller of the home is debarred, suspended, or subject to a limited denial of participation under 2 CFR part 2424.

Families may enter into contracts of sale for units not yet under construction. However, the PHA will not commence homeownership assistance for the family for that unit until:

- Either the responsible entity completes the environmental review as required by 24 CFR part 58 and HUD approved the environmental certification and request for release of funds prior to commencement of construction or HUD performed an environmental review under CFR part 50 and notified the PHA in writing of environmental approval of the site prior to construction commencement; and
- Construction of the unit has been completed, and the unit has passed the required inspection and independent inspection as addressed elsewhere in this chapter.

For PHA-owned units all of the following conditions must be satisfied:

- The PHA informs the family, both orally and in writing, that the family has the right to purchase any eligible unit and a PHA-owned unit is freely selected by the family without PHA pressure or steering.
- The unit is not ineligible housing.
- The PHA obtains the services of an independent agency to inspect the unit for compliance for inspection, review the independent inspection report, review the contract of sale, determine the reasonableness of the sales price and any PHA provided financing. All of these actions must be completed in accordance with program requirements.

15-VII.E. ADDITIONAL 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.

MSHDA Policy

- The family will be allowed 90 days to identify a unit and submit a sales contract to MSHDA for review.
- 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.
- The family will be allowed an additional 90 days to close on the home.
- MSHDA may grant extensions to identify a unit and submit a sales contract or allow time to close on the home for good cause or as an approved reasonable accommodation. The length of the extension(s) will be determined on a case-by-case, but in no case will a single extension exceed a total of 90 days.

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If a unit is not identified within this timeframe, the participant must wait one year from first initial pre-approval to reapply to the KTO Program.

- All requests for extensions must be submitted in writing to MSHDA prior to the expiration of the period for which the extension is being requested.
- 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.

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.

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.

HUD suggests the following topics:

- a. Home maintenance (including care of the grounds);
- b. Budgeting and money management;
- c. Credit counseling;
- d. How to negotiate the purchase price of a home;
- e. How to obtain homeownership financing and loan pre-approvals, including a description of types of financing that may be available, and the pros and cons of different types of financing;
- f. How to find a home, including information about homeownership opportunities, schools, and transportation in MSHDA jurisdiction;
- g. Advantages of purchasing a home in an area that does not have a high concentration of low-income families and how to locate homes in such areas;
- h. Information on fair housing, including fair housing lending and local fair housing enforcement agencies; and
- i. Information about the Real Estate Settlement Procedures Act (12 U.S.C. 2601 et seq.) (RESPA), state and Federal truth-in-lending laws, and how to identify and avoid loans with oppressive terms and conditions.

The PHA may also offer additional counseling after commencement of homeownership assistance (ongoing counseling). If the PHA offers a program of ongoing counseling for participants in the homeownership option, the PHA shall have discretion to determine whether the family is required to participate in the ongoing counseling.

MSHDA Policy

Financial Capabilities, Homebuyer Education, and Pre-purchase housing counseling will be provided by MSHDA's Local Housing Counseling Agency partners.

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Homeowners are required to attend Post-purchase education annually, based on the need of the family.

Homeowners will be required to work with a HUD Certified Housing Counselor for post-purchase or foreclosure housing counseling, based on the need of the family.

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 professional inspector selected by and paid for by the family must also inspect the unit.

MSHDA Policy

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

The independent inspection must cover major building systems and components, including foundation and structure, housing interior and exterior, and the roofing, plumbing, electrical, and heating systems. The independent inspector must be qualified to report on property conditions, including major building systems and components.

The PHA may not require the family to use an independent inspector selected by the PHA. The independent inspector may not be a PHA employee or contractor, or other person under control of the PHA. However, the PHA may establish standards for qualification of inspectors selected by families under the homeownership option.

The independent inspector must provide a copy of the inspection report both to the family and to the PHA. Even if the unit otherwise complies with the HQS (and may qualify for assistance under the PHA's tenant-based rental voucher program), the PHA shall have discretion to disapprove the unit for assistance under the homeownership option because of information in the inspection report.

MSHDA Policy

The family must hire an independent professional inspector, whose report must be submitted to MSHDA for review. This inspector must be a member of a recognized professional society, or a licensed engineer. The inspector cannot be a MSHDA employee or contractor.

MSHDA may disapprove a unit for assistance based on information in the independent inspector's report, even if the unit was found to comply with inspection standards.

While the family is receiving homeownership assistance, MSHDA may conduct an inspection every other year and provide recommendations on repairs.

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Contract of Sale

Before commencement of monthly homeownership assistance payments, a member or members of the family must enter into a contract of sale with the seller of the unit to be acquired by the family. The family must give The PHA a copy of the contract of sale. The contract of sale must:

- Specify the price and other terms of sale by the seller to the purchaser.
- Provide that the purchaser will arrange for a pre-purchase inspection of the dwelling unit by an independent inspector selected by the purchaser.
- Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser.
- Provide that the purchaser is not obligated to pay for any necessary repairs.
- Contain a certification from the seller that the seller has not been debarred, suspended, or subject to a limited denial of participation under CFR part 24.

A contract for the sale of a unit not yet under construction must meet all above requirements, and requirements below.

- The purchaser is not obligated to purchase the unit unless an environmental review has been performed and the site received environmental approval prior to commencement of construction in accordance with 24 CFR 982.628.
- The construction will not commence until the environmental review has been completed and the seller has received written notice from the PHA that environmental approval has been obtained. Environmental approval may be conditioned on the contracting parties' agreement to modifications to the unit design or to mitigation actions.
- Commencement of construction in violation of the section above voids the purchase contract and renders homeownership assistance under 24 CFR part 982 unavailable for purchase of the unit.

Disapproval of a Seller

In its administrative discretion, the PHA may deny approval of a seller for any reason provided for disapproval of an owner in § 982.306(c).

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. The PHA must establish policies describing these requirements in the administrative plan.

MSHDA Policy

MSHDA will assist with the participant securing favorable financing terms. As a check against predatory lending, MSHDA will review the financing of each purchase transaction, including estimated closing costs.

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MSHDA will review the loans for features, such as balloon payments, adjustable-rate mortgages, and unusually high interest rates, all of which are prohibited. MSHDA will not approve “seller financing” or “owner-held” mortgages. Beyond these basic criteria, MSHDA will work closely with the lenders to determine that the loan will be affordable to program participants.

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. MSHDA 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.

MSHDA 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.

Families, Lenders, and Counselors must consider the following when selecting a Mortgage Product:

1. MSHDA does not permit balloon payment and variable interest rate loans for homeowner financing.
2. Seller financing is prohibited.
3. Financing for purchase of a home under its HCV homeownership program must be provided, insured, or guaranteed by the State or Federal government, comply with secondary mortgage market underwriting requirements, or comply with generally accepted private sector underwriting standards; or if the purchase of a home is financed with FHA mortgage insurance, financing is subject to FHA mortgage insurance requirements.

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

Homeownership assistance may only be paid while the family is residing in the home. If the family moves out of the home, the PHA may not continue homeownership assistance after the month when the family moves out. The family or lender is not required to refund the PHA the homeownership assistance for the month when the family moves out.

Before commencement of homeownership assistance, the family must execute a statement of family obligations in the form prescribed by HUD [form HUD-52649]. In the statement, the family agrees to comply with all family obligations under the homeownership option.

The family must comply with the following obligations:

- ***Ongoing counseling.*** To the extent required by the PHA, the family must attend and complete ongoing homeownership and housing counseling.
- ***Compliance with mortgage.*** The family must comply with the terms of any mortgage securing debt incurred to purchase the home (or any refinancing of such debt).

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- ***Prohibition against conveyance or transfer of home.*** The family may not convey or transfer ownership of the home, except for purposes of financing, refinancing, or pending settlement of the estate of a deceased family member. Use and occupancy of the home are subject to 24 CFR 982.551 (h) and (i).
- ***Supplying required information.*** The family must supply information to the PHA in accordance with 24 CFR 982.551(b). The family must further supply any information required by the PHA or HUD concerning mortgage financing or refinancing, sale, or transfer of any interest in the home, or homeownership expenses.
- ***Notice of move-out.*** The family must notify the PHA before the family moves out of the home.
- ***Notice of mortgage default.*** The family must notify the PHA if the family defaults on a mortgage securing any debt incurred to purchase the home.
- ***Prohibition on ownership interest on second residence.*** During the time the family receives homeownership assistance under this subpart, no family member may have any ownership interest in any other residential property.
- ***Additional PHA requirements.*** The PHA may establish additional requirements for continuation of homeownership assistance for the family (for example, a requirement for post-purchase homeownership counseling or for periodic unit inspections while the family is receiving homeownership assistance). The family must comply with any such requirements.
- ***Other family obligations.*** The family must comply with the obligations of a participant family described in § 982.551. However, the following provisions do not apply to assistance under the homeownership option: § 982.551(c), (d), (e), (f), (g) and (j).

MSHDA Policy

MSHDA has outlined additional Homeowner Obligations including notifying MSHDA on the satisfaction of the mortgage debt, and Post-purchase housing counseling and education requirements in the Statement of Homeowner Obligations Form (HO-103). If *Key to Own Participants* do not meet these responsibilities the participants may be terminated from the HCV Homeownership Program.

An assisted family, or members of the family, may not receive Section 8 tenant-based assistance while receiving another housing subsidy, for the same unit or for different unit under any duplicative Federal, State, or local housing assistance program.

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

Except in the case of a family that qualifies as an elderly or disabled family, other family members (described below) shall not receive homeownership assistance for more than:

- 15 years, if the initial mortgage incurred to finance purchase of the home has a term of 20 years or longer; or
- 10 years, in all other cases.

The maximum term described above applies to any member of the family who:

- Has an ownership interest in the unit during the time that homeownership payments are made; or

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- Is the spouse of any member of the household who has an ownership interest in the unit during the time homeownership payments are made.

In the case of an elderly family, the exception only applies if the family qualifies as an elderly family at the start of homeownership assistance. In the case of a disabled family, the exception applies if at any time during receipt of homeownership assistance the family qualifies as a disabled family.

If, during the course of homeownership assistance, the family ceases to qualify as a disabled or elderly family, the maximum term becomes applicable from the date homeownership assistance commenced. However, such a family must be provided at least 6 months of homeownership assistance after the maximum term becomes applicable (provided the family is otherwise eligible to receive homeownership assistance).

If the family has received such assistance for different homes, or from different PHAs, the total of such assistance terms is subject to the maximum term described in this part.

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

While the family is residing in the home, the PHA shall pay a monthly homeownership assistance payment on behalf of the family that is equal to the *lower of*:

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

In determining the amount of the homeownership assistance payment, the PHA must use the same payment standard schedule, payment standard amounts, and subsidy standards as those described in this plan for the Housing Choice Voucher program.

The payment standard amount may not be lower than what the payment standard amount was at commencement of homeownership assistance.

The payment standard for a family is the greater of:

- the payment standard as determined at the commencement of homeownership assistance for occupancy of the home; or
- the payment standard at the most recent regular reexamination of family income and composition since the commencement of homeownership assistance for occupancy of the home.

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

Homeownership expenses for a homeowner (other than a cooperative member) may only include amounts allowed by the PHA to cover:

- Principal and interest on initial mortgage debt and any mortgage insurance premium incurred to finance purchase of the home;
- Real estate taxes and public assessments on the home;
- Home insurance;

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- The PHA allowance for maintenance expenses;
- The PHA allowance for costs of major repairs and replacements;
- The PHA utility allowance for the home;
- Principal and interest on mortgage debt incurred to finance costs for major repairs, replacements or improvements for the home. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if the PHA determines that allowance of such costs as homeownership expenses is needed as a reasonable accommodation so that the homeownership option is readily accessible to and usable by such person;
- Land lease payments (where a family does not own fee title to the real property on which the home is located; see § 982.628
- For a condominium unit, condominium operating charges or maintenance fees assessed by the condominium homeowner association.

Homeownership expenses for a cooperative member may only include amounts allowed by the PHA to cover:

- The cooperative charge under the cooperative occupancy agreement including payment for real estate taxes and public assessments on the home;
- Principal and interest on initial debt incurred to finance purchase of cooperative membership shares and any refinancing of such debt;
- Home insurance;
- The PHA allowance for maintenance expenses;
- The PHA allowance for costs of major repairs and replacements;
- The PHA utility allowance for the home; and
- Principal and interest on debt incurred to finance major repairs, replacements, or improvements for the home.

If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if the PHA determines that allowance of such costs as homeownership expenses is needed as a reasonable accommodation so that the homeownership option is readily accessible to and usable by such person.

- Cooperative operating charges or maintenance fees assessed by the cooperative homeowner association.

MSHDA Policy

MSHDA will use the following amounts when determining homeownership expenses:

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

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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 \$100 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.

MSHDA'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. MSHDA 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, MSHDA must pay the excess directly to the family.

Each Annual Re-examination after the family moves to homeownership will occur on the first of the month 12 months or greater

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.

The family must attend the briefing and counseling sessions required by the receiving PHA. The receiving PHA will determine whether the financing for, and the physical condition of the unit, are acceptable. The receiving PHA must promptly notify the initial PHA if the family has purchased an eligible unit under the program, or if the family is unable to purchase a home within the maximum time established by the PHA.

MSHDA Policy

A family may qualify to move outside of MSHDA's jurisdiction with continued homeownership or tenant-based assistance under the voucher program if **all** of the following criteria apply:

- For homeownership assistance, the receiving PHA must be absorbing the voucher, be able to administer the homeownership option, and be accepting new homeownership families.
- The family must sell its current home and pay all mortgages and liens on the property in order to purchase and port to another home.
- The receiving PHA will:

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- Have the same administrative responsibilities of the initial PHA except that some administrative functions (e.g., issuance of a voucher or execution of a tenancy addendum) do not apply.
- Must absorb the family into its voucher program.
- Will determine if financing and physical condition of the unit is acceptable and all homeownership policies apply.
- The maximum term of homeownership assistance applies to the cumulative time the family has received homeownership assistance. The total must not exceed the maximum term of 15 years unless elderly or disabled.

Note: All portability policies that are in place for the HCV rental assistance program are applicable to the HCV homeownership program.

All homeownership program eligibility criteria will apply, i.e., the family must be a participant with MSHDA's rental program for one year and in good standing, etc.

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

A family receiving homeownership assistance may move with continued tenant-based assistance or with voucher homeownership assistance.

The PHA must determine that all initial requirements have been satisfied if a family that has received homeownership assistance wants to move with continued homeownership assistance. However, the following do not apply:

- The requirement that a family must be a first-time homeowner is not applicable.
- The requirement for pre-assistance counseling is not applicable. However, the PHA may require that the family complete additional counseling (before or after moving to a new unit with continued homeownership assistance)

Continued tenant-based assistance for a new unit cannot begin so long as any family member holds title to the prior home. However, when the family or a member of the family is or has been the victim of domestic violence, dating violence, sexual assault, stalking or human trafficking and the move is needed to protect the health or safety of the family or family member (or any family member has been the victim of a sexual assault that occurred on the premises during the 90-calendar-day period preceding the family's request to move), such family or family member may be assisted with continued tenant-based assistance even if they own any title or other interest in the prior home.

The PHA may deny permission to move to a new unit with continued voucher assistance:

- If the PHA has insufficient funding to provide continued assistance, or;
- In accordance with 24 CFR 982.638, regarding denial or termination of assistance.
- The PHA must deny the family permission to move to a new unit with continued voucher rental assistance if:
 - The family defaulted on an FHA-insured mortgage; and
 - The family fails to demonstrate that the family has conveyed, or will convey, title to the home, as required by HUD, to HUD or HUD's designee; and

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The family has moved, or will move, from the home within the period established or approved by HUD.

MSHDA Policy

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

MSHDA may require families who move with continued assistance to work directly with their Local Housing Counseling Agency's HUD Certified Housing Counselor to prepare for the transition including listing and selling their current property, preparing for a new mortgage pre-approval, or transitioning from homeownership back into a rental unit.

MSHDA will allow a family receiving homeownership assistance to purchase another home with continued assistance if **all** of the following criteria are met:

1. The family has not had a mortgage loan default.
2. The family sells its current home in order to purchase another with homeownership assistance.
3. There are no recapture provisions associated with the family's home; therefore, the family may keep any profits or proceeds from the sale of the home
4. All eligibility criteria applicable to the first home purchase are met. The only exception to the eligibility requirements is that the family need not meet the first-time homebuyer requirement.
5. All counseling deemed necessary by MSHDA has been satisfactorily completed.
6. An independent home inspection on the subsequent purchase has been completed and approved by MSHDA.
7. The financing mechanism for this subsequent purchase has been submitted and approved by MSHDA.
8. The maximum term of homeownership assistance applies to the cumulative time the family has received homeownership assistance. The total must **not** exceed the maximum term of 15 years.

MSHDA will only allow one move by the family during any one-year period.

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 24 CFR 982.553 (Crime by family members).

The PHA may also deny or terminate assistance for violation of participant obligations described in 24 CFR Parts 982.551 or 982.633 and in accordance with its own policy, with the exception of failure to meet obligations under the Family Self-Sufficiency program as prohibited under the alternative requirements set forth in FR Notice 12/29/14.

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Homeownership assistance for a family automatically terminates 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.

MSHDA Policy

In order for MSHDA to consider granting relief from the requirement to automatically terminate homeownership assistance 180 days following the MSHDA's last housing assistance payment on behalf of the family, the family must submit a written request to MSHDA 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. MSHDA 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 MSHDA postpone termination beyond an additional 90 days.

The PHA must terminate voucher homeownership assistance for any member of family receiving homeownership assistance that is dispossessed from the home pursuant to a judgment or order of foreclosure on any mortgage (whether FHA insured or non-FHA) securing debt incurred to purchase the home, or any refinancing of such debt.

MSHDA Policy

MSHDA 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, MSHDA 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, MSHDA 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.

PART IX. FAMILY SELF-SUFFICIENCY PROGRAM [24 CFR Part 984]

The PHA Administers a Family Self-Sufficiency Program in compliance with 24 CFR Part 984 with funding received from HUD. The Family Self-Sufficiency (FSS) Program allows The PHA to develop local strategies to help HCV families obtain or improve employment that will lead to economic independence and self-sufficiency.

The PHA partners with state agencies, human service agencies, schools, non-profits, local units of government, businesses, and other local partners to develop a comprehensive program that gives participating FSS families the skills and experience needed to enable them to obtain and maintain suitable employment.

The PHA's FSS program also helps participants to achieve other goals such as improving their credit scores, earning a degree, and moving to homeownership. Goal setting and service delivery are coordinated through a contracted case manager referred to as the FSS Resource Coordinator.

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Families are provided support through job, education, and human service delivery systems to address personal and financial barriers to economic growth. The FSS Program offers an escrow account program which puts money into an interest-bearing account as families raise their household earned income during participation in the FSS Program. If they successfully graduate the program, they receive the money in their escrow account tax-free.