

Quincy Housing Authority

Section 8 Housing Choice Voucher

Homeownership Policy



July 1, 2017

I. INTRODUCTION

In order to further the Quincy Housing Authority's ("QHA") goal of providing increased housing opportunities to low income families, the QHA will offer a Section 8 Homeownership Program. The Section 8 Homeownership Program will be limited to ten (10) new participants each year. Section 8 Participants may utilize their voucher to participate in the program. Further, the Section 8 Administrative Plan provides for a priority for up to ten (10) applicants each year who are QHA federal or state public housing residents who wish to participate in the Section 8 Homeownership Program. Applicants for the Homeownership Program must be in good standing, and meet all requirements of both the Section 8 and Homeownership Program. HUD regulations are subject to change and regulations as amended by HUD will govern where applicable

HOMEOWNERSHIP OPTION

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 the homeownership option may be a newly admitted or an existing participant in the program. The QHA provides one form of homeownership assistance for a family: monthly homeownership assistance payments. However, the QHA will offer either monthly homeownership assistance payments or a single down payment assistance grant, if necessary as a reasonable accommodation for a person with disabilities in accordance with 24 CFR Part 982.601 (b)(3). The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and useable by persons with disabilities in accordance with part 8 of this title. (See 24 CFR Part 982.316 concerning occupancy by a live-in aide.)

II. INTIAL ELIGIBLILITY REQUIREMENTS

List of initial requirements. Before commencing homeownership assistance for a family, the PHA must determine that all of the following initial requirements have been satisfied:

The family is qualified to receive homeownership assistance (see 24 CFR Part 982.627);

The unit is eligible (see 24 CFR Part 982.628); and

The family has satisfactorily completed the PHA program of required pre-assistance homeownership counseling (see 24 CFR Part 982.630).

Environmental requirements. The PHA is responsible for complying with the authorities listed in 58.6 of this title requiring the purchaser to obtain and maintain flood insurance for units in special flood hazard areas, prohibiting assistance for acquiring units in the coastal barrier resources system, and requiring notification to the purchaser of units in airport runway clear zones and airfield clear zones. In the case of units not yet under construction at the time the family enters into the contract for sale, the additional environmental review requirements referenced in 24 CFR Part 982.628(e) of this part also apply, and the PHA shall submit all relevant environmental information to the responsible entity or to HUD to assist in completion of those requirements.

III. ADMISSION TO THE SECTION 8 HOMEOWNERSHIP PROGRAM

Priority will be given in the following order:

- a. Families that have graduated from the FSS program and meet the Section 8 Housing Choice Voucher Homeownership eligibility requirements
- b. Families that have verified that they meet the eligibility requirements and are acceptable for lender/loan requirements by a qualified lender with qualified loan products.
- c. All other eligible families

Any Quincy Housing Authority Public Housing Tenant or Section 8 Participant may apply for the Section 8 Homeownership Program. The Family Self Sufficiency Coordinator shall accept applications on a rolling basis, and maintain an accurate waiting list of all applicants. When a slot becomes available, the Family Self Sufficiency Coordinator will select the next available applicant for an intake interview. The Family Self Sufficiency Coordinator will interview the applicant to ensure that all the information contained in their Homeownership Application is current and that the applicant is eligible for homeownership.

If the Family Self Sufficiency Coordinator determines that a family meets minimum eligibility criteria, he/she shall refer the family to the Director of Leased Housing who will perform a program eligibility review, and if eligible, issuance a Certificate of Eligibility to enable the applicant to shop for a home. This document will assist the applicant in determining the maximum sales price and loan amount in the pre-qualification process in conjunction with their lender.

The issuance of a Certificate of Eligibility does not guarantee that a participant will have the ability to secure a homeownership loan. Other considerations such as the housing market, an applicant's credit history, total indebtedness, and current income will be factors that will determine a participant's ability to secure a home mortgage. All participants will qualify independently through a mortgage lender of their choice.

III. ELIGIBILITY REQUIREMENTS FOR FAMILIES

The family must meet all eligibility requirements of the Section 8 program, including eligible immigration status, income requirements, employment requirements, minimum down payment requirements, good standing, and must meet the definition of 1st time homebuyer.

1st time homebuyer:

The Section 8 Homeownership Program is only available to first time homebuyers. To qualify as a "first time homebuyer" the assisted family may not include any person who owns a "present ownership interest" in a residence or owned an interest during the three years before the commencement of homeownership assistance for the family. Such interest includes ownership of title or of cooperative membership shares. 1st time homebuyer includes a single parent or displaced homemaker, who, while married, owned a home with his or her spouse, or resided in a home owned by his or her spouse.

Income:

At commencement of homeownership assistance, the family must demonstrate that gross annual income is not less than federal minimum hourly wage x 2000 hours. Welfare assistance will not count when determining gross annual income, unless the family is an elderly or disabled family. Welfare assistance is defined by HUD in

24 CFR part 5.603. This definition reads as follows: “Welfare or other payments to families or individuals, based on need, that are made under programs funded, separately or jointly, by Federal, State or local governments.”

Based on the HUD ruling issued on October 18, 2002, that establishes a separate national standard for those families whom are disabled, the minimum income standard will be equal to the monthly Federal SSI benefits for an individual living alone (or paying for his/her share of food and housing costs) multiplied by twelve.

All changes in family composition must be reported prior to the change to their HAP Specialist and the Family Self Sufficiency Coordinator. The Certificate of Eligibility will reflect the applicable subsidy standard QHA assigns to the family based upon the family’s size and composition.

Employment Requirements:

The family must demonstrate that one or more adult members of the family who will own the home at the commencement of homeownership assistance is currently employed for not less than an average of 30 hours per week, and has been continuously so employed during the year before commencement of homeownership assistance for the family. A preference for participation in the QHA’s Section 8 Homeownership Program will be provided to families who have been continuously employed (for an average of 30 hours a week) for over two (2) years.

If there are interruptions in employment exceeding thirty (30) days this will be considered to break the “continuity of employment”. Self-employment in a business shall be considered employment if the family reports and verifies same on recertification forms and on tax returns.

The employment requirement does not apply to an elderly family or a disabled family. Furthermore, if a family, other than an elderly family or a disabled family, includes a person with disabilities, the QHA shall grant an exception from the employment requirement if the QHA determines that an exemption is needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

Minimum Down Payment Requirements:

The family must have at least three (3) percent of the purchase price for participation in the Section 8 Homeownership Program and this money must come from the family’s personal resources. The QHA will give preference for participation in the Section 8 Homeownership Program to those applicants who have a five (5) percent down payment. Again, at least three (3) percent must come from personal resources.

The participant will also be responsible for the payment of the closing costs or settlement costs that are customarily incurred upon the sale of a property. Closing costs include title insurance fees, escrow fees, attorney costs and other necessary fees associated with the purchase of a home.

Good Standing:

The family must be in good standing with the QHA and their Section 8 landlord, if applicable. In “good standing” means the tenant has paid rent on time over the preceding 12 month period, and has not violated any lease provisions or family obligation. The family shall provide a statement from their landlord or property manager to document “good standing”.

A Quincy Housing Authority tenant or Section 8 participant determined ineligible for participation in the Section 8 Homeownership Program may request an informal hearing in accordance with program rules.

IV. ELIGIBLE UNITS

Only a single family dwelling, or single unit in a cooperative or condominium is eligible for purchase under the Section 8 Homeownership Program. The homeownership option is **not** available for units receiving Section 8 Project Based assistance. The Homeownership Option is only available to families receiving or who will be receiving Tenant-Based assistance. A home may be purchased under the homeownership option, if at the time the QHA determines that the family is eligible to purchase the home, the home is either under construction or already existing.

One-family houses, single dwelling units in a cooperative or condominium development, and manufactured homes that are permanently installed on land that will be owned by the family (or where the family has the right occupy the land for at least 40 years) are eligible for purchase under the homeownership voucher program. Homeownership assistance may not be used to purchase a property that includes other residential or commercial space that will be leased by the homeowner. The unit must be an existing unit or already under construction at the time the family enters into the contract of sale.

V. PHA REQUIREMENTS FOR FAMILY SEARCH AND PURCHASE

Families will be provided with a period of 180 days to select the home, secure financing and purchase the property. Any extension beyond 180 days will be made at the sole discretion of the Director of Leased Housing, based upon the recommendation from the FSS Coordinator. If the family does not purchase a home during the search time, the family may not re-apply for the Homeownership Program for another twelve months following the expiration date of the Certificate of Eligibility. QHA require additional homeownership counseling prior to issuance of a second Certificate of Eligibility.

VI. HOMEOWNERSHIP COUNSELING REQUIREMENTS

Families must successfully complete first time homebuyer counseling, which is performed by Neighborhood Housing Services and/or Quincy Community Action Program, and provide written verification of such successful completion to the QHA. The family must complete the homebuyer counseling within one year of purchasing a home, or they will be required to attend the first time homebuyer counseling again. The QHA has entered into a Memorandum of Understanding with the Neighborhood Housing Services and Quincy Community Action Program regarding the provision of said counseling services.

The following topics will be included in the homeownership counseling sessions:

- Home maintenance;
- Budgeting and money management;
- Credit Counseling;
- How to negotiate the purchase price of a home;
- Obtaining financing and loan pre-approvals;
- Finding a home;

Advantages of purchasing in areas of low poverty concentration; Fair Housing, Fair Housing Lending, and local Fair Housing enforcement agencies; and Information about the Real Estate Settlement Procedures Act (RESPA), State and Federal Truth in Lending laws, and ways to avoid predatory lending.

VII. HOME INSPECTION, CONTRACT OF SALE, AND PHA DISAPPROVAL OF SELLER

Inspections:

When a home is selected, the family must have two inspections performed. One inspection is to be performed by the QHA or its designee to determine that the home meets HUD's Housing Quality Standards. An inspection must also be performed by a licensed independent inspector. This inspection is to be paid for by the family and the inspector must prepare a full inspection report. A copy of the independent inspection report must be given to the QHA. A certificate of lead paint compliance must also be given to the QHA.

Although not required by regulation, the Quincy Housing Authority will conduct annual inspections of homes purchased through the homeownership program to insure that housing quality standards continue to be met.

Contract of Sale:

The contract of sale must contain a seller certification that the seller is not debarred, suspended or subject to a limited denial of participation. QHA will provide the buyer with an Addendum to the Residential Purchase Agreement. Both the buyer and seller must execute the earnest money agreement and Addendum. The contract of sale shall also provide for a pre-purchase inspection.

PHA disapproval of seller:

The QHA will encourage families to obtain a fixed year mortgage for a 20 or 30 year term. If a family is approved for a variable rate mortgage or a balloon financing, the QHA will generally not approve such arrangements. However, upon request for the family, the QHA will review the financing arrangement with the family and retains the authority to approve balloon financing or variable rate note in extenuating circumstances. Seller financed arrangement will not be approved, unless the seller is a non-profit. Financing for purchase of a home under the Section 8 Homeownership Program will 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.

VIII. FINANCING PURCHASE OF HOME; AFFORDABILITY OF PURCHASE

It is the responsibility of the family to secure financing for the home purchase. The issuance of the Certificate of Eligibility does not guarantee that a family has the ability to secure financing for a home purchase. The FSS Coordinator and/or partner agencies will provide guidance to potential home buyers to ensure they avail themselves of various down payment assistance programs, optimum loan packages, mortgage interest rates, and ways to avoid predatory lending practices.

The family must supply the QHA with the specific financing terms and all other monthly expenses associated with the home (i.e. taxes, water and sewer, insurance, repairs [can be based on inspection report] and maintenance costs). The QHA will review this information, taking into consideration other monthly costs of the family such as unreimbursed medical, child care or other costs. The QHA will then determine if the

purchase is “affordable” to the family. Generally, a purchase will not be approved if the Section 8 subsidy plus 40% of the family’s adjusted monthly income will not cover the costs associated with the home. The QHA will also consider whether it is feasible that the family will be able to continually afford the purchase over the life of the mortgage.

The QHA’s decision as to affordability will be given to the family in writing. The family may request, in writing, an informal review with the Director of Program Management or her designee to review this decision.

If the family is an FSS or MassLEAP graduate, the escrow may be used to meet 50% of the down payment and closing costs contribution requirements established by QHA.

IX. HOMEOWNER OBLIGATIONS

Before housing assistance begins the family and PHA must execute a statement of homeowner obligations. The family must comply with the following obligations:

To the extent required by the QHA, the family must attend and complete ongoing homeownership and housing counseling.

The family must comply with the terms of any mortgage securing debt incurred to purchase the home (or any refinancing of such debt).

So long as the family is receiving homeownership assistance, use and occupancy of the home is subject to 982.551 (h) and (I) which read as follows:

(h) Use and occupancy of unit.

The family must use the assisted unit for residence by the family. The unit must be the family’s only residence.

The composition of the assisted family residing in the unit must be approved by the QHA. The family must promptly inform the QHA of the birth, adoption or court-awarded custody of a child. The family must request QHA approval to add any other family members as an occupant of the unit. No other person (i.e. nobody but members of the assisted family) may reside in the unit (except for a foster child or live-in aide as provided in paragraph (h)(4) of this section).

The family must promptly notify the QHA if any family member no longer resides in the unit.

If the QHA has given approval, a foster child or a live-in-aide may reside in the unit. The QHA has the discretion to adopt reasonable policies concerning residence by a foster child or a live-in-aide and defining when QHA consent may be given or denied. Such policies are outlined in the Section 8 Administrative Plan.

Members of the household may engage in legal profitmaking activities in the unit, but only if such activities are incidental to primary use of the unit for residence by members of the family.

The family must not sublease or let the home.

The family must not assign or transfer the home:

(i) Absence from unit.

The family must supply any information or certification requested by the QHA to verify that the family is living in the unit, or relating to family absence from the unit, including any QHA requested information or certification on the purposes of family absences. The family must cooperate with the QHA for this purpose.

The family must promptly notify the QHA of absence from the unit.

The family may grant the mortgage on the home for debt incurred to finance purchase of the home or any refinancing of such debt.

Upon death of a family member who holds, in whole or in part, title to the home ownership of cooperative membership shares for the home, homeownership assistance may continue pending settlement for the decedent's estate, notwithstanding transfer to title by operation of law to the decedent's executor or legal representative, so long as the home is solely occupied by the remaining family members in accordance with 982.551(h).

The family must supply required information to the PHA in accordance with 982.551(b) which reads as follows:

(b) Supplying required information:

The family must supply any information that the PHA or HUD determines is necessary in the administration of the program, including submission of required evidence of citizenship or eligible immigration status (as provided by 24 CFR Par 5). "Information" includes any requested certification, release or other documentation.

The family must supply any information requested by the QHA or HUD for use in a regularly scheduled reexamination or interim reexamination of family income and composition in accordance with HUD requirements.

The family must disclose and verify social security numbers (as provided by part 5, subpart B) and must sign and submit consent forms for obtaining information in accordance with said part.

Any information supplied by the family must be true and complete.

In addition to other required information, the family must supply any information as required by the PHA or HUD concerning:

Any mortgage or other debt incurred to purchase the home, and any refinancing of such debt (including information needed to determine whether the family has defaulted on the debt, and the nature of any such default), and information on any satisfaction or payment of the mortgage debt.

Any sale or other transfer of any interest in the home or

The family's homeownership expenses.

The family must notify PHA before the family moves out of the home.

The family must notify the PHA if the family defaults on a mortgage securing and debt incurred to purchase the home.

During the time the family receives homeownership assistance no family member may have any ownership interest in any other residential property.

The family must comply with the obligations of a participant family described in 982.551., however the following provisions do not apply under the homeownership options: 982.551(c),(d),(e),(f), and (j).

The members of the family must not commit fraud, bribery or any other corrupt or criminal act in connection with the programs. The members of the family may not engage in drug related criminal activity, or violent criminal activity. 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 for or a different unit, under any duplicative federal, State or local housing assistance program.

X. MAXIMUM TERM OF HOMEOWNERSHIP ASSISTANCE

Before the Housing Assistance begins, the Family and the QHA must execute a Statement of Homeownership Obligations. Homeownership assistance may only be paid while the family is residing in the home. If the family moves out of the home, the QHA may not continue homeownership assistance after the month when the family moves out.

Except for elderly or disabled families Section 8 Homeownership Assistance may only be paid for a maximum period of 15 years if the initial mortgage incurred to finance the home has a term of 20 years or longer. In all other cases, the maximum term of Homeownership assistance is 10 years. 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 Section 8 Homeownership Assistance.)

If a non-elderly/non-disabled family purchases its first home with a 30 year mortgage. The maximum term to receive assistance is 15 years. After five years, the family sells the first house and moves to another unit. This time family mortgage loan is for 15 years. Since the family received five years of housing assistance in the first unit, they can receive up to 10 years in the second unit.

The term limits for homeownership assistance do not affect the family's eligibility for voucher rental assistance. A family that has reached the end of its maximum term for homeownership assistance can, if it chooses, sell the owned unit, and apply to the PHA for voucher assistance in a rental unit. The family cannot, however, re-apply for participation in the homeownership program.

The term limits do not apply to elderly or disabled families (head of household or spouse is elderly or disabled). In the case of an elderly family, the exception only applies if the family meets the definition for 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.

In either case, should the family no longer qualify as a disabled or elderly family, the maximum term becomes applicable from the date homeownership assistance commenced. However, the family must be provided least 6 months of homeownership assistance after the maximum term becomes applicable.

XI. AMOUNT AND DISTRIBUTION OF MONTHLY HOMEOWNERSHIP ASSISTANCE PAYMENT

Federal regulations govern the calculation of Housing Assistance Payments (“HAP”), which are the funds paid on behalf of the family. Currently HAP is the lesser of Homeownership Expenses less TTP or the QHA’s Payment Standard less TTP. Under the QHA’s Section 8 Homeownership Program the HAP will be sent to the participant. The participant is responsible for making timely payments to the lender. .

The PHA will annually reexamine the family income and composition and make appropriate adjustments to the amount of the monthly HAP.

XII. AMOUNT AND DISTRUBUTION OF MONTHLY HOMEOWNERSHIP ASSISTANCE PAYMENT

A Homeownership Expense is a factor in determining affordability. In addition, it may be utilized to determine the amount of homeownership assistance to be paid by the QHA on behalf of the family.

Homeownership Expense includes the following costs:

Principal and interest on initial mortgage debt, any refinancing of such debt, and any mortgage insurance premium incurred to finance purchase of the home;

Real estate taxes and public assessments on the home;

Home Insurance;

The QHA allowance for maintenance expenses: QHA will calculate \$50 per month toward maintenance costs.

The QHA allowance for costs of major repairs and replacements: QHA will calculate \$100 per month toward the cost of major repairs and replacement:

The QHA utility allowance for the home; and principal and interest on mortgage debt incurred to finance costs for major repairs, 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 QHA 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.

XIII. PORTABILITY

The Housing Authority will either administer or work with a local Housing Authority if the family finds a home out of the local area.

A family may qualify to move and purchase a home outside of the QHA's jurisdiction with continued homeownership assistance if the receiving PHA is administering a voucher homeownership program and is accepting new homeownership families. The family must attend the briefing and counseling sessions required by the receiving PHA. The receiving PHA will determine whether the financing and the physical condition of the home are acceptable.

XIV. MOVE WITH CONTINUES TENANT-BAED ASSISTANCE

Restriction on Moves:

Under the QHA's homeownership program families cannot move more than one time per year. The family may not move during the first year of homeownership. All initial rules will apply to a move such as required inspection and affordability restrictions.

XV. DENIAL OR TERMINATION OF ASSISTANCE FOR FAILY

The family shall only be entitled to assistance in so far as HUD regulations and QHA policy allow. Any tenant may be terminated if the family is in violation of any homeownership obligations, family obligations, mortgage obligations, contract terms, or program requirements. Further, a tenant shall not be eligible for assistance if they are determined over income, or otherwise ineligible based on program guidelines.

XVI. ADMINISTRATIVE FEES

The QHA shall be paid the administrative fee described in 24 CFR 982.152 (b) for each month that homeownership assistance is paid by the QHA on behalf of the participant family.

XVII. RECAPTURE

The QHA shall not impose or enforce any requirement for the recapture of voucher homeownership assistance on the sale or refinancing of a home purchased with assistance under the homeownership option, unless there was an act of fraud or misrepresentation of a material fact in order to obtain a benefit. The HCV homeownership recapture provision does not apply to any other program funds that may be used in the transaction.