

Erie Metropolitan Housing Authority **Housing Choice Voucher Homeownership Program**

Erie Metropolitan Housing Authority established a Housing Choice Voucher homeownership option in Sandusky, Ohio, pursuant to the US Department of Housing and Urban Development's (HUD) final rule.

Eligibility Criteria

At the present time, fifty (50) Housing Choice Voucher (HCV - Section 8) program participants who have been issued a Housing Choice Voucher may utilize the subsidy to purchase rather than rent a home, subject to the following requirements:

1. A family must meet the general requirements for continued participation in the EMHA's Housing Choice Voucher tenant-based programs.
2. Current Housing Choice Voucher program participants must be in full compliance with their lease and program requirements and must terminate their current lease arrangement in compliance with the lease.
3. The family satisfies any first time homebuyer requirements where a family member must not have owned title to a principal residence in the last three years (also includes single parent or displaced homemaker who, while married, owned a home with spouse or resided in home owned by spouse). Residents of limited equity cooperatives are eligible for homeownership option.
4. If a family member previously received assistance under the homeownership option, and has defaulted on a mortgage securing debt incurred to purchase the home, they shall be barred from participation.
5. 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 purchase of a home.
6. Participants in the Housing Choice Voucher homeownership option must enroll in the homeownership education and learning program pre-purchase and post-purchase homeownership-counseling program and be deemed to be "mortgage ready" before a homeownership voucher will be issued. At a minimum, the counseling will cover the following:
 - Home maintenance;
 - Budgeting and money management;
 - Credit Counseling;
 - How to negotiate the purchase price;
 - How to obtain homeownership financing;
 - How to find a home; and
 - Advantages of purchasing and how to locate a home in an area that does not have a high concentration of low-income families.
7. Initially, the program will give priority to current and previous Family Self-Sufficiency (FSS) participants who successfully complete the FSS program and continue to be eligible for Housing Choice Voucher assistance. Families participating in FSS shall be offered the housing choice voucher. If there are any remaining vouchers, they shall be offered to families that are not participating in the Family Self-Sufficiency program.

8. A family that includes a member who is a person with disabilities may be eligible to use the homeownership option as a reasonable accommodation so that the program is readily accessible to and usable by such a person.
9. The family satisfies the employment requirements.
10. The family has not defaulted on a mortgage securing debt to purchase a home under the homeownership option.
11. 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.

Homeownership Down Payment

The Housing Authority has established a minimum homeowner down payment of at least three percent (3%) of the purchase price and requires that one percent (1%) of the purchase price come from the family's personal resources. However, the Housing Authority may wish to waive the one percent (1%) from the family's personal resources if it has coordinated down payment assistance with other available community resources.

Continued Assistance Requirements

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

The family must comply with the following obligations:

1. To the extent required by EMHA, the family must attend and complete ongoing homeownership and housing counseling.
2. The family must comply with the terms of any mortgage securing debt incurred to purchase the home (or any refinancing of such debt).
3. So long as the family is receiving homeownership assistance, the family may not sell, convey, or transfer any interest in the home to any entity or person other than a member of the assisted family residing in the home.
4. The family may grant a mortgage on the home for debt incurred to finance the purchase of the home or any refinancing of such debt.
5. Upon death of a family member who holds, in whole or in part, title to the home or ownership of cooperative membership shares for the home, homeownership assistance may continue pending settlement by the decedent's executor or legal representative, so long as the home is solely occupied by remaining family members.
6. So long as the family is receiving homeownership assistance, the family must supply required information regarding income and family composition in order to correctly calculate the total tenant payment.

7. The family must supply any information on any mortgage or other debt incurred to purchase the home, any refinancing of such debt, any sale or other transfer of any interest in the home, or the family's homeownership expenses.
8. The family must notify EMHA in writing within thirty (30) days of the action, if the family defaults on a mortgage securing any debt incurred to purchase the home.
9. The family must notify EMHA in writing within thirty (30) days before the family moves out of the home.
10. During the time the family receives homeownership assistance, no family member may have any ownership interest in any other residential property.
11. At the time of annual re-certification, the family must document that he or she is current on mortgage, insurance, and utility payments.
12. The family may not take out a home equity loan without prior written consent from EMHA.
13. The family must comply with family obligations under the Housing Choice Voucher program.
14. The family may not sublet or lease the home.
15. My/Our family (including each family member) must not commit fraud, bribery or any other corrupt or criminal action in connection with the program.
16. My/Our family (including each family member) must not participate in illegal drug or violent criminal activity.

Family Obligations

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

Time Frame of Utilization

A participating family must locate a home and sign a sales contract within one hundred and eighty (180) days.

If a participating family is unable to enter into a 'Contract of Sale' before the end of the one hundred eighty (180) day deadline, the family will be provided an additional ninety (90) days to enter into a "Contract of Sale".

Any extension beyond the two hundred seventy (270) days will be at the discretion of the Case Manager.

Portability

Families that are determined eligible for homeownership assistance may exercise the homeownership option outside of EMHA's jurisdiction if the receiving public housing authority is administering a Housing Choice Voucher homeownership program and is accepting new families into its Housing Choice Voucher homeownership program.

Income Eligibility

1. The family must demonstrate that the annual income (gross income) of the adult family members who will own the home at commencement of homeownership assistance is not less than the Federal minimum hourly wage multiplied by two thousand (2,000) hours. (Families in which the head of household or spouse is disabled or elderly are exempt from this requirement. Families with a disabled household member may request an exemption as a reasonable accommodation.)
2. Except in the case of an elderly family or disabled family, the Housing Authority shall not count any welfare assistance received by the family in determining annual income.
3. The disregard welfare assistance income only effects the determination of minimum annual income used to determine if a family initially qualifies for commencement of homeownership assistance, but it does not effect the determination of income eligibility for admission to the voucher program, calculation of the amount of total tenant payment, or calculation of the amount of homeownership assistance payments on behalf of the family.

Employment Requirements

The family must demonstrate that one or more adult members of the family who will own the home at commencement of homeownership assistance:

1. Is currently employed on full time basis (the term "full time employment" means not less than an average of thirty (30) hours per week) and has been continuously employed so during the year before commencement of homeownership assistance for the family. The employment requirement does not apply to elderly family or a disabled family. Furthermore, if a family other than elderly family or a disabled family, includes a person with disabilities, the housing authority shall grant an exemption from the employment requirement if the housing authority determines that an exemption is needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

Unit Eligibility

1. Housing Authority must determine that the unit is eligible.
2. The unit was either under construction or already existing at the time the Housing Authority determined that the family eligible for homeownership assistance to purchase the unit.
3. The unit is a one-unit property.
4. The unit has been inspected by the Housing Authority's inspector and by an independent inspector designated by the family.
5. The unit satisfies HUD's Housing Quality Standards (HQS).
6. The participant must determine and document whether or not the unit is in an airport runway clear zone or an airfield clear zone.
7. The participant must determine and document whether or not the unit is in a flood hazard area. Units in flood hazard areas must be insured for flood damage.
8. The Housing Authority may not approve a unit if the Housing Authority has been informed (by HUD or otherwise) that the seller is debarred, suspended, or subject to limited denial of participation.

Special Housing Type

Families are not permitted (including families that move into the HA program under portability procedures) to use the following special housing type:

- (1) Congregate Housing
- (2) Group home
- (3) Shared housing
- (4) Cooperative housing (excluding families that are not cooperative members)
- (5) Manufactured homes
- (6) Single room occupancy (SRO)

Independent Inspections

1. An independent professional inspector, selected by and paid for by the family, must inspect the unit. The independent inspector may not be a Housing Authority employee, Housing Authority contractor, or other person under the control of the Housing Authority. The independent inspection must cover major building systems and components, including foundation and structure, housing interior and exterior, roofing, plumbing, electrical, and heating systems. The independent inspector must be qualified to report on property conditions, including major building systems and components.
2. The independent inspector must provide a copy of the inspection report of the inspection report to both the family and the Housing Authority. The Housing Authority may not commence homeownership assistance for the family until the Housing Authority has reviewed the inspection report of the independent inspector. Even if the unit otherwise complies with the HQS (and may qualify for assistance under the Housing Authority's tenant base rental voucher program), the Housing Authority shall have discretion to disapprove the unit for assistance under the homeownership option because of information in the inspection report.

Contract of Sale

1. Before commencement of homeownership assistance, 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 Housing Authority a copy of the sale of contract, except for cooperative members who have acquired cooperative shares prior to commencement of homeownership assistance.
2. The contract of sale must:
 - a. Specify the price and other terms of sale by the seller to the purchaser.
 - b. Provide that the purchaser will arrange for a pre-purchase inspection of the dwelling unit by an independent inspector selected by the purchaser.
 - c. Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser.
 - d. Provide that purchaser is not obligated to pay for any necessary repairs.
 - e. Contain a certification from the seller that the seller has not been debarred, suspended, or subject to a limited denial of participation.

Lease Purchase Agreement

A family leasing a unit with assistance under the program may enter into an agreement with an owner to purchase the unit. So long as the family is receiving such rental assistance, all requirements applicable to families otherwise leasing units under the tenant-based program apply. Any homeownership premium included in the rent to the owner that results in a higher subsidy amount than would otherwise be paid by EMHA must be absorbed by the family.

In determining whether the rent to owner for a unit subject to a lease-purchase agreement is a reasonable amount, any homeownership premium paid by the family to the owner must be excluded when the Housing Authority determines rent reasonableness.

Permitted Ownership Arrangements

The homeownership option may be utilized in two types of housing:

1. A unit to be owned by the family, where one or more family members hold title to the home.
2. A cooperative unit, where one or more family members hold membership shares in the cooperative.

Financing

The household is responsible for obtaining financing. Financing must comply with secondary mortgage market underwriting requirements.

If financed with FHA mortgage insurance, such financing is subject to FHA mortgage insurance requirements. If the purchase of home is financed without FHA mortgage insurance requirements, FHA mortgage insurance requirements are not applicable.

Seller financing and balloon payments are prohibited forms of financing.

Voucher funds may not be used to assist with financing costs (down payment, closing cost, etc.)

Assistance Payment

The payment standard determines maximum subsidy in the voucher program. The Housing Authority will use the same voucher program payment standard amounts for homeownership. Payment standards are the greater of: (1) the payment standard at the commencement of homeownership assistance; or, (2) the payment standard at most recent re-examination since commencement of homeownership assistance.

The family's Housing Choice Voucher homeownership assistance payment (HAP) will be the lower of: (1) the Housing Choice Voucher payment standard minus the total tenant payment; or, (2) the monthly homeownership expenses minus the total tenant payment. EMHA will annually re-examine family income and composition and make appropriate adjustments to the amount of the monthly housing assistance payment.

Forty percent of adjusted monthly income limitation does not apply to homeownership families. If the homeownership expenses exceed the payment standard, the family will pay the difference, out-of-pocket, in addition to the total tenant payment.

If the family's income increases to a point that they do not receive an assistance payment, eligibility for such payments will continue for 180 calendar days. At the end of a continuous period of 180 days without any assistance payments, eligibility for Housing Choice Voucher assistance will automatically terminate.

Homeownership Expenses

Housing assistance payments will be made directly to the lender. If the housing assistance payment is greater than the mortgage payment, maintenance allowance, and tax/insurance escrow payments; the difference will be paid to the family.

Homeownership expenses include principal and interest for initial mortgage debt, real estate taxes, mortgage insurance, home insurance, utility allowance from rental voucher program, and the EMHA allowance for routine maintenance cost.

Maximum Term of Homeownership Assistance

Housing Choice Voucher assistance will only be provided for the months the family is in residence in the home. The maximum length of time a family may receive homeownership assistance is fifteen (15) years if the initial mortgage incurred to finance purchase of the Home has a term of twenty (20) years or longer. In all other cases the maximum term is ten (10) years. Elderly and disabled families are exempt from this time limit.

Maximum term of homeownership assistance applies to the total time a family receives homeownership assistance, regardless of whether the family purchases another home.

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

- (1) Has an ownership interest in the unit during the time that homeownership payments are made; or,
- (2) Is the spouse of any member of the household who has an ownership interest in the unit during the time homeownership payments are made; or,
- (3) 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 (6) months of homeownership assistance after the maximum term becomes applicable (provided the family is otherwise eligible to receive homeownership assistance in accordance with this part).

Move To A New Unit

Families are prohibited from moving to a new unit if they own title or interest in the prior home, have not resided in the home for one (1) year, and/or if the family has failed to comply with all initial requirements.

A homeownership family may purchase another home with Housing Choice Voucher assistance provided there is no mortgage loan default and the family is in compliance with the statement of homeowner obligations.

Limitations

Fifty (50) families will be assisted with homeownership assistance. At the discretion of the Housing Authority, this number may be increased.

Defaults

If a participant in the Homeownership Option defaults on his or her home mortgage loan, the participant will not be able to use his or her homeownership voucher for continued rental housing, but may reapply for the Housing Choice Voucher waiting list at such time as the Housing Choice Voucher waiting list is open to accept applications.

Denial or Termination of Assistance

EMHA shall deny or terminate homeownership assistance for the following reasons:

1. Failure to comply under basic voucher program rules.
2. Failure to comply with family obligations.
3. Mortgage default.