



**ADMINISTRATIVE PLAN  
FOR THE HOMEOWNERSHIP PROGRAM**

**Housing Authority of the  
County of Riverside**

**2008**

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## Chapter 1

### **GENERAL PROVISIONS**

The Public Housing Reform Act of 1998 includes language that allows the United States Department of Housing and Urban Development (HUD) to assist Section 8 Housing Choice Voucher Program (HCVP) recipients to purchase a home. HUD published the Section 8 Homeownership Program Final Rule that implemented this option under Section 8(y) of the U.S. Housing Act of 1937 that authorized a public housing agency (PHA) to provide tenant-based assistance for an eligible family that purchases a home. The rule became effective on October 12, 2000. CFR 982.625(c) 1i enables the Housing Authority to provide monthly homeownership assistance payments to eligible families.

The Housing Choice Voucher (HCV) Homeownership Program (HP) allows qualified participants the option to purchase a home and use the HCV Housing Assistance Payment (HAP) towards mortgage payments and other allowable housing costs.

The purpose of the Homeownership Program Administrative Plan is to establish policies for carrying out the program in a manner consistent with HUD requirements and local objectives. The Plan covers both admission and participation in the program. The HACR is responsible for complying with all changes in HUD regulations pertaining to these programs. If such changes conflict with this Plan, HUD regulations will have precedence.

The HACR's policies and practices are designed to provide assurances that all persons with disabilities will be provided reasonable accommodations so that they may fully access the housing program. Persons requiring special accommodations due to a disability must notify the HACR, in writing, of their needs. In matters where the HACR has discretion, waivers to existing policy shall be determined by the Executive Director or designee.

## **A. FAMILY ELIGIBILITY REQUIREMENTS**

The HCV Homeownership Program (HP) of the Housing Authority of the County of Riverside (HACR) is available to qualified Section 8 participants. Participation in the Homeownership Program is voluntary. Applicants must meet the following criteria to be considered for the HACR HP.

### **1. First-Time Homeowner**

An eligible Section 8 HCVP family must be considered a first-time home buyer. A first-time home buyer means that no member of the household has had any interest or ownership in any residence during the three years before applying for homeownership assistance or at the commencement of participation in the homeownership program. The purchaser must sign a sworn application attesting that they have not owned a home. In addition, the last three years tax returns will be reviewed to ascertain that no mortgage interest or real estate tax deductions have been claimed.

Single parents or displaced homemakers who owned a home while married or resided in a home owned by a spouse also qualify as first time homebuyers.

Families with a disabled family member may request approval for a waiver of the first time homebuyer requirement if required as a reasonable accommodation for a disability.

### **2. Minimum Income Requirements**

Calculation of income-eligibility for the HCV Homeownership Program for the purpose of determining income-eligibility for admission to the program will be conducted under the guidelines for HCV rental assistance as noted in this Administrative Plan.

The head of household, spouse or other adult member(s) of the household that will hold title to the home must have a combined annual gross income of not less than 60% of the Median Family Income adjusted for the family size and must not exceed 80% of the Median Family Income as determined by HUD.

A family that does not meet this requirement, but does meet all other HP requirements, may request a waiver provided the family can demonstrate that:

- a. Head of household, spouse or other adult member(s) of the household that will hold title to the home have a combined annual gross income of not less than the California State minimum wage multiplied by 2,000.
- b. In the case of a disabled family, the monthly Federal Supplemental Security Income (SSI) benefit for an individual living alone, or paying his or her share of food and housing costs multiplied by twelve.

Welfare assistance may not be included in the minimum gross annual income above,

except for elderly or disabled families. Welfare assistance includes payments from Cal Works/TANF (Cash Aid for needy families), Supplementary Security Income (SSI) that is subject to an income eligibility test, food stamps, general assistance (GA); or other welfare assistance as specified by HUD.

### **3. Minimum Employment Requirements**

One or more adult members of the household that will hold title to the home must be currently employed and working not less than an average of 30 hours per week and has been so continuously employed for one year prior to execution of the sales agreement.

Once escrow has closed, employment by the adult member of the household that holds title to the home must continue at least 30 hours per week. Should an event arise that the homeowner loses employment a 90 day grace period will be granted for them to regain fulltime employment.

Employment requirements do not apply to elderly or disabled families that otherwise qualify for HP.

A family with a member with disabilities may request an exemption from the work requirements if needed as a reasonable accommodation for the disabled family member.

The HACR's Executive Director and/or designees may also consider whether and to what extent an employment interruption is considered permissible in satisfying the employment requirement. The Executive Director may also consider successive employment during the one-year period and self-employment in a business.

### **4. Minimum Down Payment Requirements**

- a. The family must demonstrate the ability to provide a minimum of three percent (3%) down payment on the home.
- b. At least one percent (1%) of the down payment must come from the family's personal resources.
- c. FSS participants may use FSS escrows towards this requirement. Families with an Individual Development Account (IDA) may also count these funds towards the minimum down payment.
- d. The minimum down payment requirement may be waived for families with a disabled family member, if they qualify for special loan products offered by the Lender as a reasonable accommodation for a disability.

### **5. Other Program Requirements**

- a. The family must have completed an initial HCV lease term and completed the family's first annual recertification in the HCV Program. The family must terminate a current lease agreement in compliance with the lease when transitioning into homeownership.
- b. The family must verify that no family member has previously defaulted on a mortgage loan assisted under the HCV HP.

c. The head of household and any adult member that will hold title to the home must successfully complete a HUD approved homeownership and housing counseling program approved in advance by the HACR. At a minimum, the counseling will cover the following:

- Home Maintenance
- Budgeting and money management
- Credit Counseling
- Financing
- Locating a home
- Fair housing, predatory lending
- Truth in lending, RESPA

d. Family members may not owe any debt to the HACR or other housing authority.

e. The family must maintain a good tenant standing with its landlord and the HACR.

This includes, but not limited to:

- In compliance with HUD Family Obligations under the HCV Program,
- Adhering to the requirements of the lease agreement;
- No outstanding debts to the landlord or to any utility company;
- Report all Household Income;
- Passing the most recent Housing Quality Standards (HQS) inspection with no significant tenant-caused failure items.

## **B. Eligible Units**

HCV Homeownership assistance may be used to purchase units within the jurisdiction of the HACR that are under construction or already existing at the time the HACR issues a Homeownership Voucher to the eligible family. In addition, a unit not yet under construction at the time the family contracts to purchase a home is also eligible. The family unit size will be determined as is for the Section 8 Rental Voucher Program.

### **1. Unit types**

- a. One unit property (single family residence).
- b. A single dwelling unit in a cooperative, condominium or planned use development.
- c. A manufactured home with a permanent foundation, if the family has the right to occupy the same site for a period of at least forty (40) years.
- d. The unit must be seller occupied or vacant for at least ninety (90) days; an exception is where the tenants are purchasing the unit in which they have been residing.

### **2. HCV Housing Quality Standards**

The unit must be inspected by the HACR and satisfy the Housing Quality Standards (HQS) for the HCV Program before HP assistance can begin. The HQS inspection will be

completed prior to the independent inspection to prevent the family from the added expense of an inspection in the event the home has major damage or necessary repairs that the Seller will not agree to repair and/or the buyer, made aware of the repairs, no longer wishes to purchase the home.

In the event the subject property receives a public complaint after escrow closes, the HACR reserves the right to do a HQS inspection.

### **3. Independent Inspection**

The unit must be inspected by a licensed independent inspector designated and paid by the family, and pre-approved by the HACR. This inspection must cover, at a minimum, all major building systems and components including:

- Foundation and structure
- Housing interior and exterior
- Roofing
- Plumbing
- Electrical systems
- Heating systems

The HACR must receive and approve a copy of the inspection report before HP assistance will commence. The HACR may disapprove a unit for assistance under HP because of information obtained through the inspection report, even if the unit passes the HQS inspection.

### **4. Other Requirements for Eligible Units**

The seller of the home may not be on the HUD list of debarred and suspended contractors, or subject to a limited denial of participation under 24 CFR Part 24.

### **C. Issuance of Voucher**

Once approved for participation in the HCV HP, the family will be issued a HP Voucher subject to the following requirements:

- The family must execute a statement in which the family agrees to comply with all family obligations under the Homeownership Option.
- The HACR will issue the family a Homeownership Voucher for a period of 180 days.
- It is the family's responsibility to find a home that meets the criteria for voucher homeownership assistance.
- The HACR may require families unable to locate a suitable unit during the term of the Voucher to wait for a period of one year to re-apply for HP.
- The HACR may grant an extension due to extenuating circumstances. Extensions will be granted at the discretion of the HA.
- The family must report its progress towards locating and purchasing a unit if requested by the HACR.

If the family is unable to locate an acceptable unit for purchase during the term of the HP Voucher, the HACR may, at its discretion, issue the family a Voucher for rental assistance.

If the family submits a purchase contract to the HACR that is not approved due to reasons other than the family's lack of compliance, the HACR will add back the number of days to the Voucher that it took to review the contract.

#### **D. Purchase Agreement**

Prior to execution of the offer to purchase, or the Purchase Agreement, the financing terms must be provided by the family to the HACR for approval.

The Purchase Agreement must include the following:

- Specify the price and other terms of the sale by the seller to the purchaser.
- Provide that the purchaser will arrange for a pre-purchase inspection of the unit by an independent licensed inspector selected by the purchaser.
- State that the purchaser is not obligated to purchase the unit unless such inspections are satisfactory to both the HACR and purchaser.
- Provide that the purchaser is not obligated to pay for any necessary repairs.
- Provide that the purchaser is not obligated to purchase if the mortgage financing terms, or any other terms, are not approved by the HACR, and
- Contain a seller certification from the HACR that the seller has not been debarred, suspended, or subject to a limited denial of participation under 24 CFR part 24.
- The sale price of the home must be affordable to the family, as determined by the HACR and the Lender. The price shall be considered affordable if the monthly homeownership expenses payable by the family do not exceed (50%) of the family's total monthly gross income.

#### **E. Financing of Purchase**

The family must allow the HACR to review the terms of the mortgage secured to purchase the property before close of escrow. The HACR may disapprove proposed financing, refinancing or other debt if the HACR determines that the debt is unaffordable to the family or if the HACR determines that the lender or the loan terms do not meet HACR or HUD qualifications. The family must locate and qualify for a mortgage that meets the following requirements:

- a. The mortgage must be determined to be affordable by the HACR. The HACR may take into account expenses such as interest, taxes and insurance when determining affordability. The family's portion of the monthly homeownership expenses may not exceed (50%) of the family's total monthly gross income.
- b. Short-term mortgages with large final "balloon payment" will not be allowed.
- c. Interest only mortgages will not be allowed.
- d. Only fully amortized, fixed rate mortgages will be allowed.
- e. The family may not obtain private first mortgage financing from a family member or

any other private source.

- f. The mortgage must be provided, insured, or guaranteed by the State or Federal government and comply with secondary mortgage market underwriting requirements.

## **F. Calculation of Homeownership Assistance Payment**

Calculation of income –eligibility for the HCV Homeownership Program for the purpose of determining income eligibility for admission to the program, or for determining the family’s total tenant payment, or for determining the amount of the Homeownership Assistance Payment (HAP) which will be conducted under the guidelines for HCV rental assistance as noted in this Administrative Plan, except as noted otherwise in this section.

### **1. Occupancy of Home**

The HAP will only be paid while the family resides in the home. If the family moves out of the home, the HACR will discontinue payment of the HAP commencing with the month after the family moves out, unless there is a written agreement between the Lender and HACR specifying a specific time period of notification prior to discontinuing the HAP.

- a. Amount of monthly homeownership assistance payment. While the family is residing in the home, the HACR 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.
- b. Initial Payment Standard. The initial payment standard for a family is the lower of the payment standard for the family unit size (Voucher size); or the payment standard for the size of the home.
- c. Payment Standard for subsequent reexaminations. Reexaminations (interims and annual reexaminations) will use a Payment Standard that is the greater of the payment standard (as determined in accordance with the initial payment standard at the commencement of homeownership assistance; or the Payment Standard in effect at the time of the reexamination as determined using the requirements of Section F(1)(b) of this plan. At no time will the HACR use a Payment Standard less than the initial Payment Standard at the close of escrow.
- d. The HACR will use the same Payment Standard schedule, Payment Standard amounts, and Subsidy Standards for the HP as for the rental voucher program.
- e. Exception rent areas. If the home is located in an exception payment standard area, the HACR must use the appropriate payment standard for the exception payment standard area.
- f. Affordability of housing costs. Total monthly homeownership expenses payable by the family, as defined in (g) below, must be less than (50%) of the family’s total gross income.
- g. Homeownership expenses. The HACR will use the following expenses to determine the total homeownership expense for calculation of the HAP:
  - 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.

- Utility allowance for the home as determined by the HACR.
- h. 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 HACR has determined that allowance of such costs as homeownership expenses is needed as a reasonable accommodation for the disabled family.

## **2. Cooperative and Condominiums**

For cooperative members only (owners of condos) the following cooperative charges will also be used toward the homeownership expense:

- a. Charges included in the cooperative occupancy agreement including payment for real estate taxes and public assessments on the home;
- b. Cooperative or condominium operating charges or maintenance fees assessed by the condominium or cooperative homeowner association.

## **3. HAP Payment**

- a. The HACR will pay the HAP according to the terms established in the agreement the HACR and Lender have entered into. If the assistance payment exceeds the amount due to the lender, the excess will be paid directly to the family.
- b. The HACR will provide the lender with notice of the amount of the HAP and amount of the family's portion of the total homeownership expenses prior to close of escrow.
- c. Procedure for termination of homeownership assistance.  
The family shall be entitled to the same termination notice and informal hearing procedures set forth in this Administrative Plan for participants in the HCV rental assistance program.
- d. Automatic termination of HAP.  
Homeownership assistance for a family terminates automatically 180 calendar days after the last HAP paid on behalf of the family. The HACR has the discretion to grant relief from this requirement in those cases where automatic termination would result in extreme hardship for the family.

## **4. Income Changes**

- a. Changes in income must be reported in writing within 10 days of the occurrence. Changes will be processed if they are anticipated to continue for sixty (60) or more days. Once these changes have been verified, the HACR will process an interim to be applied, the first of the following month the change was reported.

## **G. Maximum Term of Homeownership Assistance**

The time limits below apply to all family members having an ownership interest in the unit during the time that homeownership payments are made; and, the spouse of any member of the household who has an ownership interest in the unit during the time that

homeownership payment are made. All families, including families that become elderly during the term of the homeownership assistance are subject to the following maximum terms:

- Initial mortgage term of twenty (20) years or longer. The maximum term of homeownership assistance will be fifteen (15) years.
- Initial mortgage term of less than twenty (20) years. The maximum term of homeownership assistance will be ten (10) years.

If, during the course of homeownership assistance, the family ceases to qualify as elderly or disabled, the maximum term as defined in Section G will become applicable from the date homeownership assistance commenced. The HACR will provide a family at least six (6) months of homeownership assistance after the maximum term becomes applicable provided the family is otherwise eligible to receive homeownership assistance.

The initial maximum term limit applies if the family receives assistance for more than one home purchase, even if received from another housing authority.

## **H. Portability**

The HACR will permit portability of the homeownership assistance (the HACR's portion) to another jurisdiction, provided the receiving jurisdiction operates a similar homeownership program for which the applicant qualifies and for which the receiving PHA is accepting new homeownership families.

### **1. Incoming Portable Families**

- a. may purchase a unit within the jurisdiction of the HACR, provided the HACR is accepting new homeownership families at the time of the purchase.
- b. must be under rental assistance in Riverside County for 12 months prior to application for HCV Homeownership.
- c. must meet the education, counseling, and all other HP requirements of the HACR.
- d. must be certified by initiating Housing Authority that the family is in good standing with that HA and Landlord.

The HACR must promptly notify the initial HA 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 HACR.

### **2. Outgoing Portable Families**

- a. may purchase a unit within the receiving jurisdiction, provided they are accepting new homeownership families at the time of the purchase.
- b. must meet the education, counseling, and all other HP requirements of the receiving Housing Authority.
- c. must be certified by the initiating HACR that the family is in good standing with the Housing Authority and Landlord.
- d. the initiating HACR must promptly notify the HA, 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 HA.

## **I. Move with Continued Tenant-Based Assistance**

A family receiving HACR homeownership assistance may purchase and move to a new unit with continued voucher homeownership assistance as long as no family member owns any title or other interest in the prior home. A family receiving homeownership assistance may move to a new unit with continued voucher homeownership assistance no more than once every five (5) years.

### **1. Purchase of a new unit**

A family receiving homeownership assistance may purchase and move to a new unit with continued assistance, provided that the family fulfills all requirements of the HP at the time of the purchase of the new unit. The following applies to a family purchasing a new unit under the HP:

- a. The family will not be eligible to move with continued assistance for a period of five (5) years after the initial purchase.
- b. The HACR may, at its discretion, require the family to complete a new housing counseling program or receive additional counseling prior to close of escrow.
- c. The requirement that the family must be a first time homebuyer is not applicable.
- d. The HACR may deny permission to move with continued assistance in the case of lack of funding or if the HACR has denied or terminated assistance to the family under section N below.

### **2. Sale of Original HP Unit and Return to Tenant-Based Rental Assistance**

The HACR may, at its discretion, allow a family to return to tenant-based rental assistance. The following applies to a family returning to tenant-based rental assistance:

- a. The HACR may deny permission to move with continued assistance in the case of lack of funding or if the HACR has denied or terminated assistance to the family as defined under Section K of this plan.
- b. The HACR will not commence continued tenant-based assistance for occupancy of a rental unit so long as any family member owns any title or other interest in the home previously assisted through the HP. In addition, Eighteen (18) months must have passed since the family's receipt of homeownership assistance.

## **J. Denial or Termination of Assistance**

The HACR shall deny or terminate homeownership assistance for the family in accordance with the requirements of this section. The HACR, at its discretion, may allow the family to return to tenant-based rental assistance under conditions in Section I (2).

- Failure to report all household income.
- Failure to comply with Housing Authority County of Riverside HCV Homeownership

- Program requirements.
- Failure to comply with any HUD Family Obligations.
  - The family defaults on the mortgage(s).

**K. Recapture**

The HACR will not recapture any Homeownership Voucher payments unless there was an act of fraud or misrepresentation of material facts in order to obtain a benefit. The HCV HP recapture provision does not apply to any other program funds that may be used in the transaction.

**L. Waiver or Modification of Homeownership Policies**

The Executive Director of the HACR, and/or designees shall have the discretion to waive or modify any provision of the Homeownership Program or policies not governed by statute or regulation for good cause or to comply with changes in HUD regulations or directives.