

Chapter 18

DISAPPROVAL OF OWNERS, LIMITATIONS ON PARTICIPATION AND CHANGES IN OWNERSHIP

[24 CFR 982.54, 982.306, 982.453]

The policies in this Chapter describe the criteria for disapproving an owner's participation in the Program.

A. Disapproval of Owner [24 CFR 982.306, 982.54(d) (8)]

An owner will not be approved if SHA is informed by HUD that:

1. The owner has been disbarred or suspended, or is subject to a limited denial of participation under 24 CFR 24;
2. The federal government has instituted an administrative or judicial action against the owner for violation of the Fair Housing Act or other federal equal opportunity requirements, and such action is pending; or
3. A court or administrative agency has determined that the owner has violated the Fair Housing Act or other federal equal opportunity requirements.

An owner may be disapproved for any of the following reasons:

1. The owner has violated obligations under a Housing Assistance Payment Contract under Section 8 of the 1937 Act (42 U.S.C. 1437f), a lease with a tenant assisted by the program, or the HUD Tenancy Addendum;
2. The owner has committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program;
3. The owner has engaged in drug-related criminal activity or any violent criminal activity;
4. The owner has a history or practice of non-compliance with Housing Quality Standards for units leased under any federal housing program;
5. The owner has a history or practice of renting units that fail to meet state or local housing codes;
6. The owner has a history or practice of failing to terminate tenancy of tenants of units assisted under Section 8 or any other federally assisted housing program for activity by the tenant, any member of the household, a guest or another person under the control of any member of the household that:
 - a) Threatens the right to peaceful enjoyment of the premises by other residents;
 - b) Threatens the health or safety of other residents, employees of SHA, or of owner employees or other persons engaged in management of the housing;
 - c) Threatens the health or safety of, or the right to peaceful enjoyment of their residences, by persons residing in the immediate vicinity of the premises; or
 - d) Is drug-related criminal activity or violent criminal activity.
7. The owner has failed to comply with regulations, the mortgage or note, or the regulatory agreement for projects with mortgages insured by HUD or loans made by HUD or with

- financing from other local or state governmental agencies;
8. The owner has engaged in actual physical abuse or has threatened abusive or violent behavior toward a resident, a member of the public, or SHA personnel. Note:
 - a) “Abusive or violent behavior” includes verbal as well as physical abuse or violence. Use of expletives that are generally considered insulting, racial epithets, or other language, written or oral, that is customarily used to insult or intimidate, may be cause for disapproval of an owner; and
 - b) “Threatening” refers to oral or written threats, or physical gestures, that communicate an intent to abuse or commit violence.
 9. The owner has not paid state or local real estate taxes, fines or assessments.

Renting from relatives

Unless the lease between the owner and the participant was effective prior to June 17, 1998, the owner may not be a parent, child, grandparent, grandchild, sister or brother of any participant. SHA may waive this restriction as a reasonable accommodation when a household member is a person with a disability.

Owners may not live in the same unit with assisted family members in a lease-shared housing arrangement unless specifically approved by HUD.

In cases where the owner and tenant bear the same last name, SHA may, at its discretion, require the participant and/or owner to state whether they are related to each other, and if so in what manner.

For purposes of this policy, “owner” includes a principal or other interested party.

B. Limitations on Owner’s Participation and Termination [24 CFR 982.453]

If an owner is guilty of frequent or serious Housing Assistance Payment (HAP) Contract violations, including repeated failure to enforce lease agreements with assisted families, or has committed fraud, bribery or any other corrupt or criminal act, or has engaged in drug related criminal activity, the HAP contract with the owner may be terminated and the owner prohibited from future participation in the program for a period of time commensurate with the seriousness of the offense.

C. Change in Ownership

A change in ownership requires execution of a new HAP Contract. SHA and the new owner may, however, complete SHA’s HAP Contract Addendum which will affirm the new owner’s agreement with the HAP Contract(s) already in effect for the affected families, and the new owner’s willingness to be bound by the terms of the existing HAP Contract.

SHA will process a change of ownership only upon the written request of the new owner and only if accompanied by a copy of the escrow statement or other document showing the transfer of title, recorded deed and the Employee Identification Number or Social Security Number of

the new owner.