

Chapter 21

SPECIAL HOUSING TYPES

[24 CFR 982.601]

SHA will subsidize the following special housing types:

1. Single room occupancy housing;
2. Congregate housing; and
3. Leased shared housing.

A. Single Room Occupancy [24 CFR 982.602, 603, 604]

A single person may reside in a single room occupancy (SRO) housing unit and receive assistance under the Housing Choice Voucher Program. SHA will use a separate lease and Housing Assistance Payment Contract for each assisted person residing in an SRO unit under the tenant-based Housing Choice Voucher Program. [24 CFR 982.603]

The payment standard for participants residing in an SRO unit who have a tenant-based Housing Choice Voucher is 75 percent of SHA's zero-bedroom (studio) payment standard.

The payment standard for participants residing in an SRO unit who have a tenant-based certificate is 75 percent of the zero-bedroom FMR.

The payment standard for SRO project-based units is described in Chapter 5.

Utility Estimate

The utility estimate for an assisted person residing in an SRO unit is the same as a studio unit.

Housing Quality Standards

SHA will ensure that all SRO units approved for the program are in compliance with all of the Housing Quality Standards for SROs as regulated in 24 CFR 982.605.

B. Congregate Housing [24 CFR 982.606, 607]

An elderly person or a person with disabilities may reside in a congregate housing unit and be assisted under the Housing Choice Voucher Program.

SHA shall require a separate lease and HAP Contract for each assisted participant in a congregate care unit.

The payment standard for a family that resides in a congregate housing unit is the zero-bedroom (studio) payment standard on SHA's payment standard schedule.

Exception: If there are two or more rooms in the unit (not including kitchen or sanitary facilities), the payment standard for a family that resides in a congregate housing unit is the one-bedroom payment standard amount.

Housing Quality Standards

SHA will ensure that all congregate housing units approved for the program are in compliance with all of the Housing Quality Standards for congregate housing as regulated in 24 CFR 982.609.

C. Leased Shared Housing [24 CFR 982.615, 982.616]

Occupancy

An assisted family may reside in shared housing, along with other persons who are assisted or not assisted.

SHA may approve a live-in aide to reside with a family in order to care for a person with a disability, according to the guidelines for approving a live-in aide described in Chapter 1. An approved live-in aide will be counted in determining family size and the number of bedrooms to be subsidized.

The owner of a shared housing unit may reside in the unit; however, housing assistance may not be paid on behalf of an owner.

SHA will not approve assistance for a person or family that is related by blood or marriage to a resident owner.

There will be a separate Housing Assistance Payment Contract and lease for each assisted family residing in a shared housing unit.

Rent and HAP Contract

The rent to owner for the family may not exceed the pro-rata portion of the reasonable rent for the shared housing dwelling unit. The term "pro-rata portion" means the ratio derived by dividing the number of bedrooms in the private space available for occupancy by a family by the total number of bedrooms in the unit. For example, for a family entitled to occupy three bedrooms in a five-bedroom unit, the family's pro-rata portion would be 3/5th of the rent for the unit.

The reasonable rent must be in accordance with the guidelines established in Chapter 13, Owner Rents, Rent Reasonableness, and Payment Standards.

Maximum Subsidy

For a family that resides in a shared housing unit, the payment standard is the lowest of:

1. The payment standard amount according to SHA's payment standard schedule for the family unit size;
2. The pro-rata portion of the payment standard amount on SHA payment standard for the shared housing unit size; or
3. The pro-rata portion of the gross rent of the unit.

Utility Allowance

The utility allowance for an assisted family living in shared housing is the pro-rata portion of the utility allowance for the shared housing unit.

Housing Quality Standards

SHA will ensure that all shared housing units approved for the program are in compliance with all of the Housing Quality Standards for shared housing as regulated in 24 CFR 982.618.

D. SHA Section 8 Voucher Home-ownership Program [SHA board resolution 4737 dated March 15, 2004]

SHA in partnership with King County Housing Authority (lead agency) is receiving FY02 ROSS Home-ownership Supportive Services funding. As part of the grant application, SHA agreed to dedicate 30 Housing Choice Vouchers toward home-ownership, in the form of one-time down-payment assistance.

SHA will observe the regulations cited in 24 CFR 982.625 regarding home-ownership assistance, except in the areas noted below, where SHA shall use its Moving to New Ways status and block grant authority to create its own policies in order to respond better to local conditions and take a regional approach to home-ownership.

Requirement	24 CFR 982 Reference	SHA Procedure	Rationale
Environmental Requirements	982.626(3) C. Requires flood insurance for units in special flood hazard areas.	Any insurance requirements left to discretion of lender(s)	SHA is providing down payment assistance and will not impose requirements in areas for which we have no expertise. Lender and buyer will respond to insurance issues.
Minimum Income	982.627(8)(3) PHA has right to establish higher income than 2,000 hrs. X minimum wage	Minimum household income of \$27,500	FSS home-ownership experience shows that on average household income needs to be \$30,000 to purchase home in this area.
Disregard of welfare income	982.627(8)(3) PHA to disregard welfare income for all participants except elderly or disabled family	TANF income not counted unless adult(s) household member receives grant for taking care of grandchild or foster child	Do not want to punish adult who is not on TANF but is taking care of TANF eligible child.
Exception to minimum income required by SHA	982.627(8)(3) - For non-elderly and disabled participants, participants can by-pass minimum household income of \$27,500, as set by SHA, if the family: (i) demonstrates that it has been pre-qualified or pre-approved for financing; (ii) pre-qualified or pre-approved financing meets requirements of PHA regarding financing and lenders; (iii) pre-qualified and pre-approved financing amount is sufficient to purchase unit that meets HQS in the PHA's jurisdiction	24 CFR 982 exception cited for not meeting \$27,500 for non-elderly and non-disabled households will not apply.	Desire to simplify home-ownership program requirements and avoid creating false expectations regarding what level of income is needed for homeownership for households whose members are capable of working.

<p>Employment</p>	<p>982.627(3)(d)(i) One or more adult members of family must currently be employed on full-time basis</p>	<p>Combined household members who will be on title to purchased unit will have combined work hours of at least 40 hours weekly. Exception to this policy will be for a household where adult earns minimum income of \$27,500, but due to taking care of disabled or elderly adult and/or child works less than 37.5 hours weekly.</p>	<p>Desired outcome is focus on income and not hours worked by one household member. For example, may have situation where one member works 30 hours a week and another household member works 10 hours per week. Income is same as if one person worked full-time</p>
<p>HQS inspection by PHA</p>	<p>982.628 & 982.631 - Requires PHA to inspect unit to ensure unit meets HQS standards, in addition to inspection by private professional inspector</p>	<p>Will only require independent professional inspection prior to down payment assistance provided, and that private inspector verify HQS standards are met.</p>	<p>SHA procedures to reflect what happens in regular lending market, without excessive government involvement.</p>
<p>Terms of financing</p>	<p>982.632 PHA may make requirements concerning qualification of lenders or terms of financing</p>	<p>Preference is for fixed-rate fully amortized mortgage up to 30 years. Adjustable rate mortgages are permissible as long as maximum interest rate will not exceed 8% during term of mortgage. SHA and non-profit implementing partners will review maximum ARM rate semi-annually to determine if this rate should be adjusted. SHA at its sole discretion may approve seller financing. Any financing with balloon payments is prohibited. Use of other financial terms due to religious convictions must be approved in advance by SHA.</p>	<p>FSS clients who have purchased homes have primarily used fixed rate loans which allows clients to plan for future. In some cases for FSS clients, ARMs have been appropriate. SHA to maintain approval of seller financing in order to avoid predatory lending practices. Islam religion does not allow for members to take out interest bearing loans.</p>
<p>Down Payment Assistance</p>	<p>982.643: A PHA may not offer down payment assistance under this paragraph until HUD publishes a notice in the FEDERAL REGISTER</p>	<p>SHA will offer down payment assistance under this program.</p>	<p>SHA clients have greatly benefited from down payment assistance programs as with FSS program. HUD published CFR regulations on 10/18/02, but has never published a final notice.</p>

<p>Down Payment Assistance</p>	<p>982.643 Maximum down payment assistance grant may not exceed twelve times the difference between the payment standard and the total tenant payment. 24 CFR 982 silent on any savings requirements</p>	<p>SHA to provide up to \$15,000 in down payment assistance. Household must have \$2,000 in savings for down payment. SHA will provide \$12,000 grant, and will match dollar for dollar additional savings from \$2,001 to \$5,000. For example, if client has \$3,000 in savings, they would receive a total down payment assistance package of \$13,000. Participants must demonstrate that savings have occurred overtime, as demonstrated through 3 months of bank (or similar financial) statements.</p>	<p>Cost of housing in this area is too costly to make significant difference to household unless sizeable down payment assistance is offered. If household needs to have at least \$27,500 in annual income, the HAP payment under HUD rule would be too little to make significant difference to client. If SHA were to provide a different amount of down payment assistance for household size relative to number of bedrooms in unit purchased, then we may inadvertently steer clients to areas outside of Seattle where housing is cheaper.</p>
<p>Down Payment Requirements Relative to Unit Price</p>	<p>982.625 (g)(1) PHA establishes a minimum homeowner down payment requirement of at least 3 percent of purchase price and requires at least one percent of the purchase price come from family's personal resources.</p>	<p>SHA will not require a minimum percentage of price for down payment but will require a minimum of \$2,000 of personal savings as noted above.</p>	<p>SHA and non-profits will be cautious to avoid any form of predatory lending, however, lender and borrower agree upon exact amount of down payment. (!2,000 is</p>
<p>Two households purchasing home.</p>	<p>CFR appears to be silent on this issue.</p>	<p>A resident may purchase a home with another household as long as both households have at least one household member on title. Each household must live in public housing and meet all program eligibility criteria.</p>	<p>Some households may want to jointly purchase a house</p>
<p>Geographical area for where units may be purchased</p>	<p>CFR appears to be silent on this issue when assistance is provided for down payment. If monthly mortgage payment assistance is provided then a household may purchase a unit outside of PHA jurisdiction under certain circumstances 982.625</p>	<p>SHA participants may purchase homes in City of Seattle, King, Pierce, Snohomish and Kitsap counties</p>	<p>Promote regional approach to housing; allow clients freedom to live where they want and to live close to place of work.</p>