Chapter 15

SPECIAL HOUSING TYPES

[24 CFR 982 Subpart M]

INTRODUCTION

The PHA may permit a family to use any of the special housing types discussed in this chapter. However, the PHA is not required to permit families receiving assistance in its jurisdiction to use these housing types, except that PHAs must permit use of any special housing type if needed as a reasonable accommodation for a person with a disability. The PHA also may limit the number of families who receive HCV assistance in these housing types and cannot require families to use a particular housing type. No special funding is provided for special housing types.

Special housing types include single room occupancy (SRO), congregate housing, group homes, shared housing, cooperative housing, manufactured homes where the family owns the home and leases the space, cooperative housing, and homeownership [24 CFR 982.601].

This chapter consists of the following three parts. Each part contains a description of the housing type and any special requirements associated with it. Except as modified by this chapter, the general requirements of the HCV program apply to special housing types.

MHA Policy

The PHA will permit use of the Housing Choice Voucher in Group Homes and Manufactured Homes. The PHA has indefinitely suspended use of the Housing Choice Voucher for Homeownership.

Part I: GROUP HOMES

15-I.A. Description

A group home is a state-licensed facility intended for occupancy by elderly persons and/or persons with disabilities. The group home consists of residents' bedrooms, which can be shared by no more than two people, and a living room, kitchen, dining area, bathroom, and other appropriate social, recreational, or community space that may be shared with other residents. No more than 12 persons may reside in a group home. This includes assisted and unassisted residents, and any live-in aides.

15-I.B Occupancy

Elderly persons or persons with disabilities may live in group homes. If approved by MHA, a live-in aide may live in the group home with a person with disabilities. The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities. Except for live-in aides, all persons living in a group home, whether assisted or not, must be elderly persons or persons with disabilities. Persons living in a group home must not require continual medical or nursing care.

15-I.C HQS

In addition to the generally applicable Housing Choice Voucher Program HQS requirements, group homes require the following:

- Sanitary Facilities: Group homes must have at least one bathroom in the unit, with a flush toilet that can be used in privacy, a fixed basin with hot and cold running water, and a shower or bathtub with hot and cold running water. A group home may contain private or common bathrooms. However, no more than four residents can be required to share a bathroom.

- Food Preparation and Service: Group home units must contain a kitchen and dining area with adequate space to store, prepare, and serve food. The facilities for food preparation and service may be private or may be shared by the residents. The kitchen must contain a range, an oven, a refrigerator, and a sink with hot and cold running water. The sink must drain into an approvable public or private disposal system.

- Space and Security: Group homes must contain at least one bedroom of appropriate size for every two people, and a living room, kitchen, dining area, bathroom, and other appropriate social, recreational, or community space that may be shared with other residents.

- Structure and Material: To avoid any threat to the health and safety of the residents, group homes must be structurally sound. Elevators must be in good condition. Group homes must be accessible to and usable by residents with disabilities.

• Site and Neighborhood: Group homes must be located in a residential setting. The site and neighborhood should be reasonably free from hazards to the health, safety, and general welfare of the residents, and should not be subject to serious adverse conditions, such as:

- Dangerous walks or steps
- Instability
- Flooding, poor drainage
- Septic tank back-ups
- Sewage hazards
- Mud slides
- Abnormal air pollution
- Smoke or dust
- Excessive noise
- Vibrations or vehicular traffic
- Excessive accumulations of trash
- Vermin or rodent infestation, and
- Fire hazards.

The housing quality standards applicable to lead-based paint do not apply.

15.I.D Payment Standard and HAP Calculation

Unless there is a live-in aide, the family unit size for an assisted occupant of a group home is 0-or 1-bedroom. If there is a live-in aide, the aide must be counted in determining the household's unit size. The payment standard used to calculate the HAP is the lower of the payment standard for the family unit size or the pro-rata share of the payment standard for the group home size. The pro-rate share is calculated by dividing the number of persons in the assisted household by the number of persons (assisted and unassisted) living in the group home.

The HAP for an assisted occupant in a group home is the lower of the payment standard minus the TTP or the gross rent minus the TTP. The utility allowance for an assisted occupant in a group home is the pro-rata share of the utility allowance for the group home.

15.I.E Rent Reasonableness

The rents paid for participants residing in group homes are subject to generally applicable standards for rent reasonableness. The rent for an assisted person must not exceed the pro-rata portion of the reasonable rent for the group home. In determining reasonable rent, the PHA should consider whether sanitary facilities and facilities for food preparation and service are common facilities or private facilities.

Part II: MANUFACTURED HOMES

15.II.A. Description

A manufactured home is a manufactured structure, transportable in one or more parts, that is built on a permanent chassis, is designed for use as a principal place of residence, and meets the Housing Choice Voucher Program HQS. Program provisions for the leasing of manufactured homes apply when the family leases the manufactured home unit and the manufactured home space.

15.II.B Occupancy

There are no program restrictions on who may occupy a manufactured home. The PHA must allow a family to lease a manufactured home and space with assistance under the program. The PHA may provide assistance to a family that owns the manufactured home and leases only the space.

MHA Policy

> The program will provide assistance to a family that owns the manufactured home and leases only the space.

15.II.C. HQS

The manufactured home must meet all HQS performance requirements and acceptability criteria. In addition, the following requirements apply:

> Manufactured Home Tie-Downs: A manufactured home must be placed on the site in a stable manner, and must be free from hazards such as sliding or wind damage. The home distributes and transfers the loads imposed by the unit to appropriate ground anchors to resist overturning and sliding.

15.II.D. Payment Standard and HAP Calculation

The payment standard for a manufactured housing unit and space is the payment standard for units of the same size on the PHA's payment standard schedule. The HAP for a manufactured home is the lower of the payment standard minus the TTP or the gross rent minus the TTP. The rent paid to the owner includes the rent for the unit, for the manufactured home space, and maintenance, services, and utilities that the owner provides under the lease.

15.II.E. Rent Reasonableness

The PHA must determine that the rent paid to the owner for a manufactured home is reasonable based on rents for comparable unassisted units.

MANUFACTURED HOME SPACE RENTAL

15.II.F Description

A PHA may provide rental assistance to a family that owns its own manufactured home and leases only the manufactured home space. For families leasing the manufactured home space under the Housing Choice Voucher Program, the rent to the owner includes payment for maintenance and services that the owner provides under the lease for the space. The rent to the owner does not include the cost of utilities and trash collection, but if these are provided by the owner, the owner may charge the family a separate fee. Otherwise, the tenant receives a utility allowance for any tenant-paid utilities.

MHA Policy

> Assistance will be provided where a family executes a lease to rent the manufactured home space from the owner of the space and the PHA executes a HAP contract with the owner of the space.

15.II.G Occupancy

Although PHAs are not required to provide assistance to families who own their manufactured home and lease the home space, there are no program restrictions as to who may receive assistance for the rental of a manufactured home space. In determining the annual income of families leasing manufactured home spaces, the value of the family's equity in the manufactured home in which the family resides is not counted as a family asset.

15.II.H HQS

The manufactured home and space must meet all HQS performance requirements and acceptability criteria. In addition, the following requirements apply:

> Manufactured Home Tie-Downs: A manufactured home must be placed on the site in a stable manner, and must be free from hazards such as sliding or wind damage. The home must be securely anchored by a tie-down device that distributes and transfers the loads imposed by the unit to appropriate ground anchors to resist overturning and sliding.

15.II.I Payment Standard and HAP Calculation

Section 112 of HOTMA changed the monthly HCV HAP calculations for manufactured home space rentals. The definition of space rent is amended to include the monthly payments made by the family to amortize the cost of purchasing the manufactured home (including any required insurance and property taxes), in addition to the actual rent that is charged for the manufactured home space, the owner maintenance and management's charges for the space and the applicable allowance for tenant-paid utilities. The purpose of this change is to allow the HCV program to subsidize the other main housing cost for a manufactured home owner besides the space rent, which is the monthly loan payment the family makes to repay the loan that financed the family's purchase of the home.

The separate FMR and payment standard previously used for manufactured home space rentals was eliminated on January 18, 2017. The payment standard used by the PHA to calculate the HAP for a manufactured home owner is now the same payment standard that would be used for an ordinary rental unit of the same bedroom size under the PHA's HCV program, based on the HUD published FMR for the area.

The PHA must notify the family to supply documentation if the family is currently making monthly loan payments for the purchase of the manufactured home and the amount of the monthly loan payment, which also includes any required insurance and property taxes that are part of the family's monthly loan payment to the lender. The PHA must inform the family to promptly report to the PHA any change in the monthly loan amount or if the family stops making the monthly loan payment, and that failure to do so is grounds for termination of assistance.

MHA Policy:

> The standard of documentation is the two most recent and consecutive loan payment statements generated by the lender and the family's evidence (cancelled checks, bank statement, or credit card bills) of recent payment of the loan amount.
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> MHA must also have documentation on the date that the loan originated and the end date.

The monthly HAP for a manufactured home space rental is the lower of:

a) The PHA payment standard minus the family's total tenant payment; or
b) The rent of the manufactured home space (including eligible housing expenses minus the family total tenant payment.

The payment standard amount that is used is from the PHA's HCV program payment standard schedule for the area where the manufactured home is located. The same rule that applies to the HCV program , for determining which bedroom size payment standard applies to manufactured home space rentals, where the payment standard amount is the lower of:

a) The payment standard amount for the family unit size (i.e. the bedroom size that the family qualifies for based on its size and composition under the PHA's subsidy standards), or
b) The payment standard amount for the actual size (number of bedrooms) of the family's manufactured home.

The rent of the manufactured home is the total of:

a) The rent charged for the manufactured home space;
b) Owner maintenance and management charges for the space the owner must provide under the lease;
c) Monthly payments made by the family to amortize the cost of purchasing the manufactured home, including required insurance and property taxes; and
d) The applicable PHA utility allowances for tenant-paid utilities.

The owner of the space and the family must enter a written lease for the space and the lease must include the HCV tenancy addendum.

The rent to the owner must not include the cost of utilities and trach collection for the manufactured home. If the owner of the space charges the family a separate fee for the cost of utilities or trash collection, the PHA does not include these actual separate charges in the rent to the owner. Instead, the PHA applies the PHA utility allowances for the utilities and the trash collection to the calculation of total rent, as opposed to using the actual fee the owner is charging the family for utilities or trash collection provided by the owner.

HAP Calculation: Family's monthly loan payments for the purchase of the manufactured home

> The monthly payment made by the family to amortize the cost of purchasing the manufactured home is the debt service established at the purchase of the manufactured home. The monthly loan payment made by the family may also include amounts that are required by the lender to cover property taxes and insurance on the manufactured home.
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> In order to be eligible, the monthly loan payments in question must be for the original purchase of the home, or a refinance of that original loan under certain conditions. Other loans that are subsequently taken by the family, including loans were the manufactured home is used as collateral for the loan, are not included in the HAP calculation.
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> Monthly payments to pay off the home purchase loan must still be being made by the family in order to be included in the rent calculation. The HAP calculation for a family that has already repaid the loan or did not take out a loan to purchase the manufactured home must not include any amount for loan payments.
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> The family must promptly report any changes in the monthly loan payment to the PHA and the PHA must adjust the HAP amount accordingly. PIH Notice 2017-18 provides a detailed explanation of the components of the monthly loan payment and which of the components may be included in the HAP calculation.

Utility Allowance for Tenant Supplied Utilities: The utility allowance for tenant supplied utilities are from the PHA utility allowance schedule. The PHA is also required to establish utility allowance for manufactured home space rentals that for the first twelve months of assistance must include a reasonable amount for utility hook up charges payable by the family if the family actually incurs the expenses because of a move. After the twelve months of assistance, the PHA no longer includes the hook up allowances. The utility allowances for manufactured home spaces must not cover the cost payable by a family to cover digging a well or installation of a septic system.

HAP to Space Owner: Under the manufactured home space rental, the PHA pays the HAP directly to the owner of the manufactured home space. It is likely that in most cases where the family is currently making monthly loan payments for the purchase of the home, the HAP will exceed the rent to the space owner. If the HAP amount exceeds the rent to the space owner, the PHA has several options on to whom it will provide the balance of the HAP.

The options are as follows:

1) The entire HAP balance may go to the family;
2) The remainder of the HAP balance may go to either the lender or the utility provider or to both the lender and the utility suppliers

The PHA must designate the order in which the remaining HAP balance will be paid and describe the how the remainder of the HAP shall be allocated. As the PHA is not required to pay neither the lender nor utility company MHA will reduce administrative burden and pay the remaining HAP balance to the family.

15.II.J Rent Reasonableness

The PHA must not approve a lease for a manufactured home space until the PHA determines that the initial rent to the owner for the space is reasonable rent, and the rent to the owner for space must not exceed a reasonable rent during the assisted tenancy. In addition, the PHA must re-determine that the current rent to the owner is a reasonable rent at least annually during the assisted tenancy. This is a more frequent rent reasonableness requirement than what normally applies in the HCV program

In determining that the rent for the manufactured home space is reasonable in comparison to rent for other comparable manufactured home spaces, the PHA must consider the location and size of the space, and any services and maintenance to be provided by the owner in accordance with the lease. The rent for the space must not be more than rent charged by the owner for unassisted rental of comparable spaces in the same manufactured home park or elsewhere. The owner must give the PHA information, as requested, on rents charged by the owner for other manufactured home spaces.

The PHA does not take the condition or characteristics of the manufactured home or the family's monthly loan payments into consideration when determining if the owner's rent for the space is reasonable. The overall cost of the housing is not a factor in determining rent reasonableness, only the space rental is considered.

Part III: Homeownership

15.III.A Homeownership Program

The U.S. Department of Housing and Urban Development defines first-time homeowner in 24 C.F.R. §982.4(b) as "[a] family in which no member owned any present ownership interest in a residence of any family member during the three years before commencement of homeownership assistance for the family." This term includes a single parent or a displaced homemaker who, while married, owned a home with his or her spouse, or resided in a home owned by his or her spouse.

MHA Policy

> The MHA has elected to indefinitely suspend the first-time homebuyer homeownership option to participants in the Housing Choice Voucher Program. However, the program will continue to administer the voucher(s) currently used for homeownership.

15.III.B Eligible Units

To be considered for homeownership assistance, the housing unit must be either a one (1) unit property (including a manufactured home) or a single dwelling unit in a cooperative or condominium.

15.III.C Additional Program Requirements for Participation

> MHA Policy
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> All applicants for homeownership assistance must be participants in good standing with the Housing Choice Voucher Program and have a credit score of at least 680 points. In addition, all applicants, except elderly and disabled, must have at least 3 percent of the estimated sales price saved prior to applying for the program.
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> The homeownership Voucher will be issued for sixty (60) days with two (2) sixty (60) day extensions after the participant finds a home to purchase. Participants will be allowed 120 days to obtain financing and close on the property.
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> These allowable periods may be extended to provide reasonable accommodation for a household that includes a person with disabilities or for individual circumstances.
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> If a family fails to complete the purchase of a home within the period allowed, the family may retain the voucher for tenant-based rental assistance. The family may reapply for homeownership after one (1) year.

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Non-elderly and non-disabled homeownership assistance applicants must be full-time employees for at least one (1) full year at the time they apply for the program. Full-time employment is defined as having worked at least thirty (30) hours per week for fifty-two (52) consecutive weeks at a rate of at least the prevailing minimum wage.

15.III.D Minimum Income Requirements

MHA Policy

Homeownership assistance applicants must have at least $20,800 of earned income to be eligible for the program. If an applicant's earned income decreases prior to closing on an eligible unit, the household may be deemed ineligible if the unit is no longer affordable. However, for elderly or disabled applicants the minimum income requirement is twelve (12) times the monthly SSI/SSD amount for the State of New Jersey. All Housing Choice Voucher Program participants that are interested in participating in the homeownership option will be required to furnish the program with a tax return transcript for the most current year or period available.

Applicants who can demonstrate that they have been self-employed for at least one (1) full year may be eligible for homeownership assistance provided they have earned at least the required $20,800 annual income over the previous twelve (12) months.

For Elderly/Disabled Households in the homeownership program, as stipulated in 24 C.F.R. §982.627(d)(3), there are no employment standards or hours of work required for an elderly family or a disabled family. Welfare assistance will be counted when determining the minimum annual income for an elderly family or a disabled family (see Definitions in 24 C.F.R. §5.403).

15.III.E Counseling Before Commencement of Homeownership

MHA Policy

Within 120 days before the commencement of the first attempt at homeownership, the participant (head of household or spouse) will be required to complete a pre-homeownership counseling course.

15.III.F Financing the Purchase of a Home

MHA Policy

The program will prohibit the following types of financing for purchase of a home: Balloon payments and variable interest rates. All mortgages must be for a thirty (30) year term at a fixed rate.

The MHA may review lender qualifications and the mortgage loan terms before authorizing homeownership assistance.

The MHA will disapprove proposed financing, refinancing or other debt if it determines that the debt is unaffordable, or if it determines that the lender or the loan terms do not meet program qualifications. In making such determinations, the MHA may take into account other family expenses, such as child care, unreimbursed medical expenses, homeownership expenses, and other family expenses as determined by the MHA.

15.III.G Refinancing, Home Equity and Second Mortgage

MHA Policy

For the duration of the MHA's assistance, homeowners must consult with MHA prior to applying for a home equity loan or a second mortgage.

Program participants who are interested in refinancing their existing mortgages must first consult MHA. Only requests for refinancing for the following reasons will receive consideration:

1. To refinance the current principal owed if the new interest rate is at least 1.25 percent below the homeowner's original mortgage lock-in rate. This difference should yield a "break even" period in approximately three (3) years.

2. To draw upon the earned equity in the home if the new interest rate is at least 1.0 percent below the homeowner's original mortgage lock-in rate and the homeowner does not have the financial resources to:

Replace a major system (electrical, plumbing, roofing, heating, air conditioning, structural) that has failed and the cost exceeds $20,000; or

Pay for unexpected medical expenses for a household member that is not covered by medical insurance.

Any refinancing plan must be reviewed by MHA and will be approved or denied depending on the household's total annual income and the affordability of the reworked debt package. When reviewing all requests, the MHA will consider the following:

Original purchase price;

Original mortgage rate;

Remaining principal; and

The application and closing costs associated with refinancing, and the new lender.

All lenders must have the ability to accept two (2) payments – one (1) from the household and one (1) from the program. At no time will MHA approve the refinancing of a mortgage above the original mortgage amount. In addition, the MHA will approve only one (1) request to refinance during the term of a program participant's participation in the program.

If a homeowner proceeds with refinancing and/or obtaining a home equity loan or a second mortgage without DCA's approval, they may be terminated from the program.

15.III.H Maximum Purchase Price

MHA Policy

The MHA will institute a maximum purchase price for homes eligible to participate in the homeownership program. The maximum purchase price is $200,000. Any sales contracts submitted that exceed this maximum purchase price will be denied.

15.III.I Minimum Down Payment Requirement

MHA Policy

A minimum homeownership down payment requirement of 3 percent of the purchase price is required for participation in the homeownership program. For elderly and disabled participants, only 1 percent must be from the participant's funds. The remaining 2 percent can be a gift or a grant.

15.III.J Determination of Homeownership Expenses

MHA Policy

The following homeownership expenses will be allowed:

- Principal and interest on initial mortgage debt;
- Any refinancing of such debt;
- Any mortgage insurance premium incurred to finance the purchase of the home;
- Real estate taxes and public assessments on the home;
- Homeowner's insurance;
- An allowance for maintenance expenses and the cost of major repairs and replacements (these amounts will be determined on a case-by-case basis);
- A monthly allowance for utilities;
- Principal and interest on mortgage debt incurred to finance the cost of major repairs, replacements or improvements to the home;
- Homeownership association fees;
- Condominium fees and service assessments;

Fees for renting a manufactured home space, if required by a participant who purchases a manufactured home; and

Debt incurred to finance the cost of modifications to the property to make it accessible for a family member who is a person with disabilities.

15.III.K. Homeownership Assistance Payment for Mortgage

MHA Policy

The MHA will pay homeownership assistance payments directly to the lender on behalf of the family.

15.III.L. Housing Quality Standards Inspections

MHA Policy

MHA will conduct an initial housing quality standards evaluation of all homes that are purchased under the homeownership option. These evaluations will enable the program to assess the conditions of the homes and to provide any counseling or training that may be needed to sustain the homeownership opportunity for participating families. Once a housing unit passes the initial housing quality standards inspection, the MHA may conduct annual inspections in order to ensure the home remains in good repair.

15.III.M. Payment Standard

MHA Policy

The payment standard utilized at the commencement of homeownership assistance will remain the same for the duration of program participation (up to 15 years for non-elderly or non-disabled and up to 30 years for elderly or disabled.

15.III.N. Annual Reexaminations

MHA Policy

At the time of a Homeownership Program participant’s annual reexamination, the program will also review a credit report to determine if there is any additional debt linked to the property.