

the HOME OWNERSHIP PLAN

- A PHA must obtain approval from HUD before implementing a homeownership program under Section 32, and therefore must submit a homeownership plan which includes the Inventory Removals Application (HUD-52860) and the Homeownership Addendum/Term Sheet (HUD-52860-C).
- Non-Qualified PHAs (as identified under the Housing and Economic Recovery Act of 2008 (HERA) must state their intent to submit a homeownership plan to HUD in their Annual PHA Plan. Qualified PHAs (as identified under HERA) must state their intent to submit a homeownership plan to HUD in their 5-Year PHA Plan. The SAC will not review any homeownership plan not addressed in a PHA Plan.
- The required items, along with supporting documentation outlines in 24 CFR Part 906.39-906.49, are intended to provide HUD with all the necessary information to assess the workability and legality of the proposed program and the PHA's capacity to implement it.



ADDITIONAL INFORMATION *for* **PUBLIC HOUSING RESIDENTS**

Public Housing Residents interested in purchasing a home should contact their local Public Housing Authority to inquire about the availability of homeownership options in their community.



for more **INFORMATION** *on the* **SECTION 32 PROGRAM**

www.hud.gov/sac

U.S. Department of Housing
& Urban Development
Special Applications Center (SAC)

77 West Jackson Blvd.
Rm. 2401
Chicago, IL 60604

TEL: 312-913-8766
312-913-8306

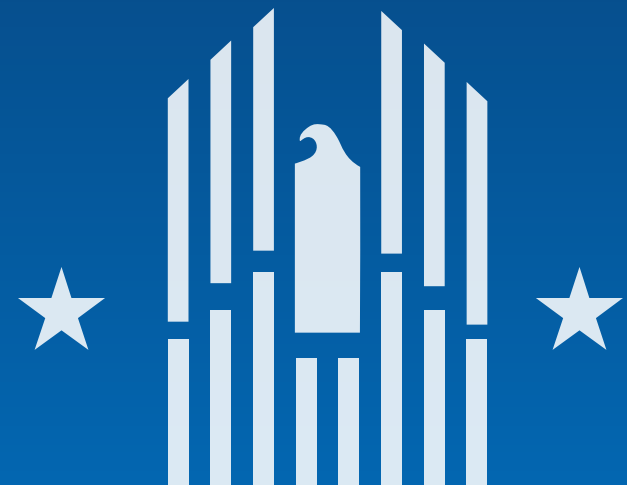
TTY: 202-708-1455

www.hud.gov

*U.S. Department of Housing
& Urban Development*

HOME OWNERSHIP *for* **PUBLIC HOUSING** **RESIDENTS**

INFORMATION *on the*
SECTION 32 PROGRAM



OVERVIEW

The Quality Housing and Work Responsibility Act (QHWRA) allows Public Housing Authorities (PHAs), through Section 32 of the U.S. Housing Act of 1937, to have the option of making their public housing dwelling units available for purchase by low-income families as their principal residence, under Section 32, PHAs may:

- Sell all or a portion of a public housing development to eligible public or non-public housing residents;
- Provide Capital Fund assistance to public housing families to purchase homes; or,
- Provide Capital Fund assistance to acquire homes that will be sold to low-income families.

ELIGIBLE PROGRAM ACTIVITIES

PHAs implementing a Section 32 program may use their funds to provide the following services:

- Subsidy to public housing residents (using Capital Funds or program income) or other low income families (using only program income) in the forms of (a) downpayment or closing cost assistance, (b) subordinate mortgages, and/or (c) below-market financing;
- Acquisition of existing homes (or homes built for the PHA by a third party 24 CFR 906.41(2)) using Capital Funds for the purpose of sale to income eligible purchasers without adding these units to the Annual Contributions Contract (ACC);
- Sale of public housing rental (ACC) units to income eligible purchasers; and
- Operation of a lease-purchase program.

ELIGIBILITY REQUIREMENTS

- **Eligible purchasers may earn up to, but not exceed 80% of Area Median Family Income (AMI).** Except in the case of a PHA's offer of first refusal to a resident occupying the unit, a PHA must certify that the applicants' income is not over 80% of AMI at the time the contract to purchase the property is executed.

- **The PHA may sell units to a Purchase and Resale Entity (PRE).** The PHA must demonstrate that the PRE has the necessary legal capacity and practical capability to carry out its responsibilities under the program and sell the units within five years from the date of acquisition; otherwise the PRE must transfer ownership of the units back to the PHA. The PHA's homeownership program also must contain a written agreement and the applicable legal documentation that specifies the respective rights and obligations of the PHA and the PRE.

- **Affordability standards must be met for the purchaser.** On an average monthly basis, the estimate of the sum of the applicant's payments for mortgage principal and interest, insurance, real estate taxes, utilities, maintenance and other recurring homeownership costs will not exceed the sum of 35% of the applicant's adjusted income and any subsidy that will be available for such payments.

- *Principal residence requirement.* The dwelling unit sold to an eligible family must be used as the principal residence of the family.

- *PHAs must require purchasers to pay a minimum downpayment.* Each household purchasing housing must use its own resources to contribute an amount of the down payment that is not less than one percent of the purchase price of the housing.

- *Other eligibility restrictions.* A PHA may establish additional limitations for households to purchase housing.

Such requirements may include employment, no past criminal activity, participation in homeownership counseling programs, or other requirements.

KEY PROGRAM FEATURES

- Section 32 can be implemented in conjunction with the Housing Choice Voucher Homeownership Program (HCVHP). The HCVHP program is described separately in the PHA's Section 8 Administration Plan, if applicable to the PHA. HCVHP can only be used in connection with units that are not currently under ACC or that are released from the ACC as a result of the sale of the unit. For example, lease to purchase programs would not be eligible for HCVHP during the lease phase.

- Nonpurchasing public housing residents may be displaced. In selling a public housing unit under a homeownership program, the PHA must initially offer the unit to the resident occupying the unit if they meet the eligibility requirements. PHAs must provide the resident with notice 90 days prior to the date of the sale of their unit, counseling, relocation expenses, and comparable replacement housing options. The right of first refusal does not extend to residents in nonpublic housing units.

