

## SUMMARY – RENTAL VS. HOMEOWNERSHIP ASSISTANCE

The following is a summary of the major provisions of the voucher homeownership program, showing how they compare and contrast with provisions of the rental voucher program.

<b>EXHIBIT 1.1</b>	<b>Comparison between Rental Voucher Assistance &amp; Homeownership Voucher Assistance</b>	
	<b>RENTAL</b>	<b>HOMEOWNERSHIP</b>
<b>Optional for PHA w/ Tenant-Based Program</b>	NO	Yes
<b>Program Funding</b>	Funding provided to support a variety of tenant-based housing types	No special funding or set-aside from HUD, PHA uses the current acc funds and allocation
<b>Applicant Selection</b>	Voucher waiting list, using pha's selection criteria	Voucher waiting list, using PHA's selection criteria, or current rental voucher participants
<b>Eligibility</b>	Income, other PHA screening criteria	Income, other PHA screening criteria plus • Mandatory hud requirements on minimum income, employment, etc. • Optional PHA requirements
<b>Initial Payment Standard</b>	90-110% of fmr, or higher or lower with hud approval	Same amount and criteria as rental payment standard at the commencement
<b>Subsidy Calculation</b>	HAP = lower of payment standard or gross rent minus ttp, annually adjusted to qualification of family or unit size	HAP = lower of payment standard or monthly homeownership expense minus ttp, annual adjusted to qualification of family or unit size, but at annual recertification, will not fall below the payment standard amount at the commencement of the homeownership assistance
<b>Participant Training</b>	Applicant briefing	Housing counseling
<b>Voucher Issuance</b>	Yes	NO. PHA may provide letter of good-standing or other indication family is eligible to use voucher assistance for homeownership
<b>Housing Search</b>	Family responsible for finding suitable unit	Family responsible for finding suitable unit and for securing financing
<b>Portability</b>	To any jurisdiction with tenant-based rental voucher program	To any jurisdiction with tenant-based homeownership program that is accepting new applicants
<b>Time Limits on Housing Search</b>	At least 60 days, or longer at PHA discretion	Time limits on finding and purchasing units set by PHA
<b>Participant Notice to PHA</b>	Request for Tenancy Approval	Proposed Contract of Sale
<b>Physical Inspection</b>	Initial HQS Inspection and Annual hqs required	Initial hqs inspection plus professional independent housing inspection required, Annual hqs is PHA option
<b>PHA Review of Cost</b>	Review of rent reasonableness always required	Review of rate and terms of financing may be required by the PHA
<b>40% Affordability Cap</b>	Applicable	Not applicable

Exhibit 1.1	<i>(continued...)</i> Comparison between Rental Voucher Assistance & Homeownership Voucher Assistance	
	RENTAL	HOMEOWNERSHIP
Failure to Find Housing – Current Participant	Rental assistance continues in current unit	Rental assistance continues in current unit
Failure to Find Housing – New Admission	Applicant re-applies when waiting list is open or is placed at the end of the waiting list	Applicant re-applies when waiting list is open. PHA policy may also permit offer of rental voucher or return to top of waiting list
Up-front Costs	HAP funds may not be used for security deposit	HAP funds may not be used for down payment and closing costs. <i>(PHAs will be permitted to implement a separate one-time down payment assistance grant program in the future.)</i>
HAP Contract	Between owner and PHA	No HAP Contract – Family signs Statement of Homeowner Obligations, PHA has no contract with the lender
Effective Date of Assistance	HAP begins on 1st day of HAP Contract ( <i>1st day of lease</i> )	HAP begins when family's first mortgage payment is due ( <i>assuming family has taken possession of the unit</i> )
Monthly HAP Payments	To owner	To family or to lender
Annual Reexamination of Family Income	Yes	Yes
Annual HQS Inspection	Required	Not required by HUD, but PHA may require
Time Limits on Assistance	None	10-15 years, depending on mortgage term – term limit does not apply to elderly or disabled families
Compliance with Family Obligations	Required as condition for continued assistance	Required as condition for continued assistance; PHA may establish additional post-purchase requirements for families
Eligible Housing Types	Apartments, co-ops, condos, single family, manufactured homes, etc.	Buyer can purchase single family, a condominium, manufactured homes, 1-side of a duplex, row house. Unit must be on a permanent foundation and owner must have rights to the land for at least 40 years
Recapture of HAP Subsidy	None	HAP assistance may not be recaptured; hud has eliminated this provision from the original regulations. Other funds that are not hap can still contain recapture provisions
Eligible Housing Expense	Rent and utilities, including pad rent and condo fee	Principle, taxes, homeowner's insurance, interest, utilities, maintenance escrow amount, replacement escrow, condo fees, land lease for 40+ years, etc.
Treatment of Home owned in Net Family Assets	Equity value of home included in determining net family assets	Equity value of home excluded from calculation in determining net family assets
Restrictions on Owners/Sellers	Family may not lease from owners who are suspended, debarred, or have LDP by HUD	PHA may have additional criteria for disapproval of owners Family may not purchase from an owners who are suspended, debarred, or have LDP by HUD.