

PROGRAM: HUD Housing Choice Voucher Programs **Completely New Information**

AGENCY: Department of Housing and Urban Development (HUD)

DESCRIPTION: Housing choice vouchers allow very low-income families to choose and lease or purchase safe, decent, and affordable privately-owned rental housing. The various types of vouchers include Conversion Vouchers, Family Unification Vouchers, Homeownership Vouchers, Project Based Vouchers, Tenant Based Vouchers, Vouchers for People with Disabilities, and Welfare-to-Work Vouchers.

- Conversion Vouchers: Conversion vouchers assist PHAs with relocation or replacement housing needs that result from the demolition, disposition, or mandatory conversion of public housing units. Also, conversion vouchers include providing assistance to families living in section 8 projects for which the owner is opting out of the HAP contract, HUD is taking enforcement action against owners with project-based assistance, and projects for which the owner is prepaying the mortgage.
- Family Unification Vouchers: Family unification vouchers are made available to families for whom the lack of adequate housing is a primary factor in the separation, or threat of imminent separation, of children from their families or in the prevention of reunifying the children with their families. Family unification vouchers enable these families to lease or purchase decent, safe and sanitary housing that is affordable in the private housing market. Interested families should contact their local PHA.
- Homeownership vouchers: For those who want to purchase their first home but need help meeting the monthly mortgage and other homeownership expenses via the local PHA
- Project Based Vouchers: PHA can attach up to 20 percent of its voucher assistance to specific housing units if the owner agrees to either rehabilitate or construct the units, or the owner agrees to set-aside a portion of the units in an existing development. Rehabilitated units must require at least \$1,000 of rehabilitation per unit to be subsidized, and all units must meet HUD housing quality standards.
- Tenant Based Vouchers: Tenant-based vouchers increase affordable housing choices for very low-income families.
- Vouchers for People with Disabilities: There are three options for people with disabilities, mainstream vouchers (any age family that cares for a person with disabilities), designated housing vouchers (non-elderly families who would be eligible for public housing if occupancy were not restricted to elderly households), and certain development vouchers (non-elderly families that care for a disabled person and do not currently receive housing assistance).
- Welfare-to-Work Vouchers: These vouchers were designed to address the lack of stable, affordable housing available to families attempting to transition from welfare to self-sufficiency. For a program overview, visit <http://www.hud.gov/offices/pih/programs/hcv/wtw/overview.cfm> .

ELIGIBILITY:

- **Conversion Vouchers:** If a family lives in a public housing unit that scheduled to be demolished, disposed of or converted, they will be contacted by the PHA when they are eligible for a conversion voucher. Families living in projects that are affected by the owner's decision to opt-out of a Section 8 project-based contract, or by the owner's decision to prepay the mortgage, will be notified by the owner to contact the PHA. PHAs having jurisdiction in a community where the projects are located for either of the two categories are eligible to submit an application for housing choice conversion voucher funding. In order to be eligible, the PHA must have:
 1. A HUD approved application for demolition or disposition, a HOPE VI revitalization plan, or a plan for removal (mandatory conversion) of public housing units under Section 33 of the U.S. Housing Act of 1937, or

2. Jurisdiction in the areas where a project is located, and
 3. The owner is opting out of a Section 8 project-based contract, prepaying a HUD issued mortgage, subject to an enforcement action brought against the owner by HUD.
- **Family Unification Vouchers:** PHAs authorized under state law to develop or operate housing assistance programs may apply. Each NOFA identifies allocation areas, amount of funds available per area and the selection criteria for rating and ranking applications. Families are eligible for these vouchers if they meet two conditions: (1) The public child welfare agency (PCWA) has certified that this is a family for whom the lack of adequate housing is a primary factor in the imminent placement of the family's child, or children, in out-of-home care, or in the delay of discharge of a child, or children, to the family from out-of-home care, and (2) The PHA has determined the family is eligible for a housing choice voucher.
 - **Homeownership vouchers:** First-time homeowner or cooperative member.
 - No family member has owned or had ownership interest in their residence for at least three years.
 - Except for cooperative members, no member of the family has any ownership interest in any residential property.
 - Minimum income requirement: Except in the case of disabled families, the qualified annual income of the adult family members who will own the home must not be less than the Federal minimum hourly wage multiplied by 2,000 hours. For disabled families, the qualified annual income of the adult family members who will own the home must not be less than the monthly Federal Supplemental Security Income (SSI) benefit for an individual living alone multiplied by 12. The PHA may also establish a higher minimum income requirement for either or both types of families. Except in the case of an elderly or disabled family, welfare assistance is not counted in determining whether the family meets the minimum income requirement.
 - Employment requirement: Except in the case of elderly and disabled families, one or more adults in the family who will own the home is currently employed on a full-time basis and has been continuously employed on a full-time basis for at least one year before commencement of homeownership assistance.
 - Additional PHA eligibility requirements: The family meets any other initial eligibility requirements set by the PHA.
 - Homeownership counseling: The family must attend and satisfactorily complete the PHA's pre-assistance homeownership and housing counseling program.
 - **Project Based Vouchers:** PHAs refer families, who have already applied to a PHA for housing choice vouchers and are on the PHA's waiting list, to properties that have project-based voucher assistance when units become vacant.
 - **Tenant Based Vouchers:** Very low-income families (i.e. families with incomes below 50% of area median income) and a few specific categories of families with incomes up to 80% of the area median income are eligible. These include families that are already assisted under the 1937 U.S. Housing Act, such as families physically displaced by public housing demolition and owners opting out of project-based section 8 housing assistance payments (HAP) contracts. To determine eligibility, the PHA compares the family's annual income (gross income) with the HUD-established very low-income limit or low-income limit for the area. The family's gross income cannot exceed this limit.
 - **Vouchers for People with Disabilities:** For details on mainstream vouchers, visit <http://www.hud.gov/offices/pih/programs/hcv/pwd/mainstream.cfm> , designated housing vouchers, visit <http://www.hud.gov/offices/pih/programs/hcv/pwd/designated.cfm> , and certain development vouchers, visit <http://www.hud.gov/offices/pih/programs/hcv/pwd/certain.cfm> .
 - **Welfare-to-Work Vouchers:** For an overview, visit

PROGRAM/LOAN STRUCTURE:

- Conversion Vouchers: Upon being notified of HUD approval of their plan for the demolition or disposition or mandatory conversion of public housing units, the PHA is also notified to submit the housing choice voucher program application. Also, PHAs will be invited to apply for conversion vouchers by HUD when an owner opts-out of a Section 8 project-based contract or elects to prepay a HUD issued mortgage.

The PHA then compares the family's annual income (gross income) with the HUD-established very low-income limit or low income limit for the area to determine if a family is eligible for a conversion voucher; the family cannot earn more than this limit. In the case of mortgage prepayments, moderate income families may be eligible for assistance.

Families that are affected by the conversion action will automatically receive a voucher if the family meets all other program requirements.

- Family Unification Vouchers: Public Housing Agencies (PHAs) respond to notices of funding availability (NOFAs). The PHA compares the family's annual income (gross income) with the HUD-established very low-income limit or low income limit for the area. The family's gross income cannot exceed this limit.
 - For Both, It is the responsibility of a family to find a unit that meets their needs. If the family finds a unit that meets the housing quality standards, the rent is reasonable, and the unit meets other program requirements, the PHA executes a HAP contract with the property owner. This contract authorizes the PHA to make subsidy payments on behalf of the family.
 - If the family moves out of the unit, the contract with the owner ends and the family can move with continued assistance to another unit. In the case of a housing conversion action, the family also has the option to select to remain in the former project-based unit.
 - The PHA pays the owner the difference between 30 percent of family income and PHA determined payment standard or the gross rent whichever is lower. In some cases (e.g., housing conversion actions) gross rent may be higher than the payment standard and the family will receive the benefit of an "enhanced" voucher
- Homeownership vouchers: To apply for a housing choice voucher at the local PHA. Monthly homeownership expenses include:
 - Mortgage principal and interest,
 - Mortgage insurance premium,
 - Real estate taxes and homeowner insurance,
 - PHA allowance for utilities,
 - PHA allowance for routine maintenance costs,
 - PHA allowance for major repairs and replacements,
 - Principal and interest on debt to finance major repairs and replacements for the home, and
 - Principal and interest on debt to finance costs to make the home accessible for a family member with disabilities if the PHA determines it is needed as a reasonable accommodation.
- The housing assistance payment (HAP) is the lesser of either the payment standard minus the total tenant payment or the family's monthly homeownership expenses minus the total tenant payment.
- The monthly tenant payment is generally 30% of the family's adjusted monthly income.
- Families that are eligible may purchase a home outside the initial jurisdiction if the PHA, but the family may only use the voucher to purchase a unit in an area where the family is income eligible at admission to the program.
- Project Based Vouchers: The PHA and the owner execute an agreement to enter into housing

assistance payments (HAP) contract. Under this contract the owner agrees to construct or rehabilitate the units, and the PHA agrees to subsidize the units upon satisfactory completion of the rehabilitation or construction. Upon satisfactory completion of the rehabilitation or construction and for existing development, the PHA and the owner execute a HAP contract for a ten-year term that is dependent on availability of funding under the PHA's ACC with HUD. The HAP contract establishes the initial rents for the units and the contract term, and describes the responsibilities of the PHA and the owner. HAP contracts can be renewed subject to availability of funding.

The PHA must adopt a written policy for selection of units to which assistance will be attached and must publicly advertise that it will accept owner proposals for the project-based voucher program.

Generally, rents are set based upon market comparables and may not exceed 110% of the published existing housing fair market rents. Substandard rental housing is eligible if rehabilitation costs are at least \$1,000 per unit.

- Tenant Based Vouchers: Families apply to a [local public housing agency](#) (PHA) that administers this program. When an eligible family comes to the top of the PHA's housing choice voucher waiting list, the PHA issues a housing choice voucher to the family.
- Vouchers for People with Disabilities: For details on mainstream vouchers, visit <http://www.hud.gov/offices/pih/programs/hcv/pwd/mainstream.cfm> , designated housing vouchers, visit <http://www.hud.gov/offices/pih/programs/hcv/pwd/designated.cfm> , and certain development vouchers, visit <http://www.hud.gov/offices/pih/programs/hcv/pwd/certain.cfm> .
- Welfare-to-Work Vouchers: For an overview visit <http://www.hud.gov/offices/pih/programs/hcv/wtw/overview.cfm>

QUALIFICATION/CRITERIA COMMENTS:

- Conversion Vouchers, Family Unification Vouchers, and Tenant Based Vouchers: A family may choose a unit anywhere in the United States where there is a PHA that administers a tenant-based voucher program. However, the family may only use the voucher to rent a unit in an area where the family is income eligible at admission to the program.

HUD makes a special allocation of funds to the PHA when it approves the PHA's demolition or disposition application. Similarly, when an owner opts-out of a Section 8 project-based contract or the owner prepays the mortgage, HUD makes a special allocation to the PHA.

- Homeownership vouchers: The home must pass an initial housing quality standards inspection conducted by the PHA and an independent home inspection before the PHA may approve the purchase by the family. There is no preference based on the fact that you desire to use your voucher for homeownership. There is no time limit for an elderly household or a disabled family. For all other families, there is a mandatory term limit of 15 years if the initial mortgage incurred to finance purchase of the home has a term that is 20 years or longer, and for all other cases the maximum term of homeownership assistance is 10 years. The Regulations are found in [24 CFR Part 982](#) (particularly see sections 625-642).
- Project Based Vouchers: There are no appropriations for this program and HUD does not allocate funding for project-based voucher assistance. Instead, funding for project-based vouchers comes from funds already obligated by HUD to a PHA under its annual contributions contract (ACC). The PHA can use up to 20 percent of its housing choice vouchers for project based vouchers. Any eligible family on a PHA's housing choice voucher waiting list that is interested in moving into the specific project is eligible.

The PHA pays the owner the difference between 30 percent of family income and the gross rent for the unit. Under the project-based voucher program, a PHA enters into an assistance contract with the owner for specified units and for a specified term. The PHA refers families from its waiting list to the project owner to fill vacancies. Because the assistance is tied to the unit, a family who moves from the project-based unit does not have any right to continued housing assistance. However, they may be eligible for a tenant based voucher when one becomes available. Contact the [local PHA](#) to determine

- whether the PHA administers a project-based voucher program and to obtain information.
- Vouchers for People with Disabilities: For details on mainstream vouchers, visit <http://www.hud.gov/offices/pih/programs/hcv/pwd/mainstream.cfm> , designated housing vouchers, visit <http://www.hud.gov/offices/pih/programs/hcv/pwd/designated.cfm> , and certain development vouchers, visit <http://www.hud.gov/offices/pih/programs/hcv/pwd/certain.cfm> .
 - Welfare-to-Work Vouchers: For an overview, visit <http://www.hud.gov/offices/pih/programs/hcv/wtw/overview.cfm> .
 - For all variations of the voucher program, regulations are found in 24 CFR Part 982.
 - Visit the homepage at www.hud.gov or call the federal office (202) 708-1112