§ 906.3

Low-income family is defined in the 1937 Act, 42 U.S.C. 1437a(b)(2).

Non-public housing unit means a housing unit that does not receive assistance under the 1937 Act (other than Section 8 assistance).

PHA Plan means the 5-year or annual plan required under section 5A of the 1937 Act, 42 U.S.C. 1437c–1, and its implementing regulations at 24 CFR part 903.

Purchase and Resale Entity (PRE) means an entity that acquires units for resale to low-income families in accordance with this part.

§ 906.3 Requirements applicable to homeownership programs previously approved by HUD.

(a) Any existing section 5(h) or Turnkey III homeownership program continues to be governed by the requirements of part 906 or part 904 of this title, respectively, contained in the April 1, 2002, edition of 24 CFR, parts 700 to 1699. The use of other program income for homeownership activities continues to be governed by agreements executed with HUD.

(b) A PHA may convert an existing homeownership program, or a specific number of the units in such a program, to a homeownership program under this part with HUD approval.

Subpart B—Basic Program Requirements

§ 906.5 Dwelling units and types of assistance that a PHA may make available under a homeownership program under this part.

(a) A homeownership program under this part may provide for sale of:

(1) Units that are public housing units; and

(2) Other units owned, operated, assisted, or acquired for homeownership sale and that have received the benefit of 1937 Act funds or are to be sold with the benefit of 1937 Act funds (non-public housing units). In selecting such units to be sold in a homeownership program under this part, the PHA shall not select units such that it could not comply with §906.7(a).

(b) A homeownership program under this part may provide for financing to eligible families (see §905.15 of this title) purchasing dwelling units eligible under paragraph (a) of this section under the program, or for acquisition of housing units or developments by the PHA for sale under the program.

(1) Under this part, a PHA may use assistance from amounts it receives under the Capital Fund under section 9(d) of the 1937 Act or from other income earned from its 1937 Act programs to provide assistance to public housing residents only to facilitate the purchase of homes (e.g., counseling, closing costs, that portion of the down payment not required to be supplied from the purchaser’s funds under the provisions of §906.15(c), financing, and moving assistance). Public housing residents may use such assistance to purchase the unit in which they reside, another public housing unit, or a residence not located in a public housing development.

(2) A PHA may provide financing assistance for other eligible purchasers from other income, i.e., funds not from 1937 Act programs, such as proceeds from selling public housing units, loan repayments, and public housing debt forgiveness funding not already committed to another purpose.

(3) In accordance with the rules and regulations governing the Section 8(y) Homeownership Option, found in 24 CFR part 982 subpart M, a PHA may make its housing choice voucher funds available to provide assistance to a family purchasing a unit under this part. A family receiving assistance under the Section 8(y) program and participating in a homeownership program under this part must meet the requirements of both programs.

(c) A PHA must not use 1937 Act funds to rehabilitate units that are not public housing units.

§ 906.7 Physical requirements that a property offered for sale under this part must meet.

(a) Property standards. A property offered for sale under a homeownership program must meet local code requirements (or, if no local code exists, the housing quality standards established by HUD for the Section 8 Housing Choice Voucher Program, 24 CFR part 982) and the relevant requirements of
§ 906.11 Eligible purchasers.

Entities that purchase units from the PHA for resale to low-income families (purchase and resale entities or PREs) and low-income families are eligible to purchase properties made available for sale under a PHA homeownership program.

§ 906.13 Right of first refusal.

(a) In selling a public housing unit under a homeownership program, the PHA or PRE must initially offer the unit to the resident occupying the unit, if any, notwithstanding the requirements of §§906.15(a) and 906.15(c).

(b) This program does not require the PHA, when selling a unit that is a non-public housing unit, to offer the unit for sale first to the current resident of the unit.

§ 906.15 Requirements applicable to a family purchasing a property under a homeownership program.

(a) Low-income requirement. Except in the case of a PHA’s offer of first refusal to a resident occupying the unit under §906.13, a family purchasing a property under a PHA homeownership program must be a low-income family, as defined in section 3 of the 1937 Act (42 U.S.C. 1437a), at the time the contract to purchase the property is executed.

(b) Principal residence requirement. The dwelling unit sold to an eligible family must be used as the principal residence of the family.

(c) Financial capacity requirement. Eligibility must be limited to families who are capable of assuming the financial obligations of homeownership, under minimum income standards for affordability, taking into account the unavailability of public housing operating subsidies and modernization funds after conveyance of the property by the PHA. A homeownership program may, however, take account of any available subsidy from other sources. Under this affordability standard, an applicant must meet the following requirements:

(1) Cost/income ratio. On an average monthly estimate, the amount of the applicant’s payments for mortgage...