U.S. Department of Housing and Urban Development Office of Public and Indian Housing

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This information is required as a supplement to the HUD-52860 form for all inventory removal actions that involve based on requirements of Section 32 of the United States Housing Act of 1937 as amended ("Act") and 24 CFR Part 906, HUD will use this information to determine whether, and under what circumstances, to permit PHAs to remove from their inventories all or a portion of a public housing development, as well as to track removals for other record keeping requirements. Responses to this collection of information are statutory and regulatory to obtain a benefit. Please refer to the instructions for each section for additional guidance on how to complete this application. HUD approval of the proposed removal from inventory action in this application does not constitute HUD approval for funding of the proposed action. All capitalized terms not defined in this form have the meanings of 24 CFR part 906, except all references to development in that regulation are referred to project in this form. The information requested does not lend itself to confidentiality.

A. Overview of Homeownership Plan:

Attach a narrative overview of the proposed Homeownership Plan in accordance with the requirements of 24 CFR part 906

B. Units Proposed for the Homeownership Plan:

1	Doog the Homeownership Dien include units?	Yes
1.	Does the Homeownership Plan include units?	NT

full merude units.	No	(Financing Assistance Only)
2		

Number of Existing ACC Units:

Number of New ACC Units
 Number of PHA Acquired Non-ACC units:

Total Number of Units:

Attach any relevant information about the units proposed for the Homeownership Plan

C. PHA and PRE-Capacity:

Attach a narrative describing the PHA and its partners past experience in carrying out homeownership programs for low-income families. For PHA's that have not previously implemented a homeownership program, describe the PHA's management experience with completing public housing modernization and development projects.

D. Physical Condition of Proposed Units (and Repair or Rehabilitation): 24 CFR 906.7

Attach a narrative overview of the physical condition of the units proposed for the Homeownership Plan and description of any repair or rehabilitation plans requirements of 24 CFR part 906.7

E. Purchaser Eligibility and Selection: 24 CFR 906.11: 1. Minimum purchaser income amount and percentage of AMI: 2. Maximum purchaser income amount and percentage of AMI: 3. Minimum down-payment amount or percentage of purchase price from purchaser's own funds (must be at least 1%): 4. Describe the process for purchaser eligibility. 5. Describe priorities for selection of purchasers (e.g., residency).

6. Describe income tiering structure for eligible program purchasers (if applicable). How many homes will be set-aside for each tier?

- 7. Describe any additional requirements (including housing quality standards, accessibility requirements for persons with disabilities, environmental hazard mitigation, fulfillment of requirements of a remedial order or agreement and requirements for soft second mortgage or acquisition sale programs).
- 8. Does the plan allow for participation by families not currently residing in public housing or receiving Housing Choice Voucher assistance? Yes No

If yes, attach an affirmative fair housing marketing strategy. Specifically, this strategy must describe: (1) how the PHA (or PRE) will select non-public housing applicants, (2) any preferences for selection, (3) how selection requirements or preferences are related to the housing needs and fair housing goals or strategies in the PHA Plan, (4) how the PHA (or PRE) will inform non-public housing, income-eligible households of their eligibility to apply; and (5) outreach strategies to solicit applications from demographic groups in the housing market who are least likely to apply).

F. Consultation with Residents and Purchasers:

Attach a narrative description and overview of how the PHA consulted with residents and purchasers about the Homeownership Plan, including providing a right of first refusal, where applicable.

G. Counseling:	
1. Will the PHA be requiring participants to undergo housing counseling as	Yes
part of its Homeownership Plan?	No
2. If yes, name of Counseling Agency; and describe the Agency's experience	
in the community.	
Attach narrative or supporting documentation as necessary	
3. Describe the curriculum and scope of services for the agency under this	
homeownership proposal.	
Attach narrative or supporting documentation as necessary	
4. Describe the PHA's strategy to assist prospective homebuyers in	
accumulating their initial down-payment. Does the PHA's strategy include	
a Family Self-Sufficiency (FSS) escrow account or an Individual	
Development Account (IDA)?	
Attach narrative or supporting documentation as necessary	
5. Describe the PHA's strategy to assist prospective homebuyers in	
accumulating their initial down-payment. Does the PHA's strategy include	
a Family Self-Sufficiency (FSS) escrow account or an Individual	
Development Account (IDA)?	
Attach narrative or supporting documentation as necessary	
6. Describe the PHA's strategy to ensure that all prospective homebuyers have	
steady employment and adequate income to support homeownership costs.	
Attach narrative or supporting documentation as necessary	
7. Describe the role of Housing Choice Vouchers in your homeownership	
strategy, if applicable.	
Attach narrative or supporting documentation as necessary	

H. Sale via Purchase and Resale Entity (PRE): 24 CFR 906.19			
1. Is a PRE to be used for the sale of units? Yes \Box No \Box			
2. Entity Name and PHA affiliation (if any):			
If yes, provide additional information and supporting documentation about the PRE as indicated in the			
instructions.			

I. Non-purchasing Residents: 24 CFR 906.23 and 24 CFR 906.24

- 1. Is the PHA selling ACC Units? Yes No
- 2. Relocation Plan: Describe the planned relocation activities. *Attach narrative or supporting documentation as necessary*

J. Sale Proceeds: 24 CFR 906.31

1. After payment of all expenses, how will the sale proceeds be used? *Attach narrative or supporting documentation as necessary*

2. Complete the following table to indicate what fees (e.g., developer fee, loan administration fees, counseling		
agency fees etc.) If any are to be paid to the PHA		
Type of Fee/Description:	Amount	
	\$	
	\$	
	\$	
3. Expected sources of development income:		

K. Records, Accounts, and Reports: 24 CFR 906.33

Description of the PHA's (and PRE's, if applicable) record keeping, accounting, and reporting procedures that will be used

Attach narrative or supporting documentation as necessary

L. Timetable:

If a specific milestone does not apply to the proposed program, please check the box labeled N/A.

Activity		Date Range
Resident meetings and other consultations:	N/A	
When each source of funding will be secured:	N/A	
Units to be acquired:	N/A	
Units to be rehabilitated:	N/A	
Units to be sold:	N/A	
Marketing and outreach process:	N/A	
Duration of counseling and training:	N/A	

M. Description of the Deed or Title Restrictions - Gai	ns from Appreciation: 24 CFI	R 906.9
	Year of Resale	Rate of Forgiveness
1. Recapture Provisions		
2. Anticipated Sales Price:		
3. Types and Amounts of Direct Financing Assista	nce to be provided	
Attach narrative or supporting documentation a	s necessary	

N. Direct Financing

If there is additional direct financing (e.g. secondary mortgages or other loans) from participating local affordable homeownership program partners or private lenders attach a brief description the source of these funds and the terms of the direct financing and amount of direct financing per purchaser. Include information on the subsidy limits of the financing if applicable. Describe how the PHA's direct financing terms coordinate with the local program partners' financing terms.

O. Feasibility Statement: 24 CFR 906.40(c)

Attach a feasibility statement as described in the instructions.

P. Nondiscrimination Certification: 24 CFR 906.40(e)

Attach a nondiscrimination certification as described in the instructions.

Q. Legal Opinion: 24 CFR 906.40(f)

Attach a legal opinion as described in the instructions.

R. Board Resolution: 24 CFR 906.40(g)

Attach a board resolution as described in the instructions.

S. Section 8(y): 24 CFR 906.40(h)

Attach description of Section 8(y) Homeownership Option, found in 24 CFR part 982 subpart M

T. Additional supporting documentation for acquisition of non-public housing for homeownership § 906.41

Attach proposal contents as descried in instructions.

Instructions Homeownership Addendum Form HUD-52860-C Refer to SAC website at www.hud.gov/sac for more information

All PHAs applying for homeownership under 24 CFR part 906 are required to complete this Addendum (Term Sheet) as part of their homeownership application to HUD. This Term Sheet is required in addition to the Inventory Removal Application (HUD-52860) and will become part of the hard paper file of a PHA's approved Homeownership Plan. All homeownership plans should include narrative and supporting documentation detailing specific submission requirements.

A. Overview of Homeownership Plan.

Purpose: To inform HUD of the factual circumstances of the proposed homeownership program. *Instructions:* Provide a brief narrative that describes the goals and objectives of the proposed homeownership program. At a minimum include the method of sale (fee simple, condominium, lease-purchase, etc.), including the terms of the sale program; the source of financing, including the names of the major partners; and any unusual features regarding the conveyance or property (e.g., land swap, scattered site acquisition and development, etc.).

B. Units Proposed for the Homeownership Plan

Purpose: To provide HUD with factual information relative to the units and property to be sold through the homeownership plan.

Instructions: Complete the chart and provide a brief narrative with appropriate supporting documentation that describes in detail the property/properties to be included in the program and the units that will be sold under the program. If selling existing ACC units, the applicable development number and street addresses, specific dwellings to be sold, and bedroom distribution by size and type should already be part of the SAC application and Homeownership Plan since the PHA is required to provide it as part of the main HUD-52860 form. If not, include that information here. Include a description of the current physical conditions for a building and its fair market value, a description of physical assessment for the buildings planned for homeownership conveyance. If acquiring housing, include a description of the proposed general location of a property or street addresses of properties to be acquired, a project acquisition schedule, budget including sources of funds and acquisition, relocation, and closing costs, (where sites are identified) appraisal and environmental information, and bedroom distribution by size and type broken down by project. If offering financing assistance to households, include a description of the area in which the assistance is proposed to be used and describe method(s) of financing to be used.

C. PHA and PRE-Performance in Homeownership.

Purpose: To determine the capacity and capability of the PHA to successfully implement a homeownership program. *Instructions:* See 24 CFR 906. Attach a narrative describing the PHA and its partners past experience in carrying out homeownership programs for low-income families. For PHA's that have not previously implemented a homeownership program, describe the PHA's management experience with completing public housing modernization and development projects.

D. Physical Condition of Proposed Units (and Repair or Rehabilitation)

Purpose: To inform HUD of any physical assessments and rehabilitation projects a PHA has undertaken to comply with federal, state, or local requirements

Instructions: If the PHA plans to sell existing public housing rental units or acquire units that need repair, provide a narrative describing the process of assessment/implementing repair, identification of code violations or housing quality standard inadequacies and plans to address each code violation or inadequacy, compliance with lead based paint requirements, a cost estimate to rehabilitate buildings, obligation to make the units compliant with Section 504 and ADA, as well as any applicable state or local accessibility standards providing greater requirements than Section 504 and the ADA, and projections of estimate of repair costs in the next 7 years.

E. Purchaser Eligibility and Selection

Purpose: To provide HUD with an understanding of the PHA's priorities for project purchasers and restrictions on purchaser eligibility.

Instructions: Complete the following information on purchaser requirements. Refer to the 24 CFR 906 and briefly identify descriptions of the following homebuyer eligibility and selection requirements for the homeownership program.

Purchaser Eligibility.

- Order of preferences for potential homebuyers
- Replacement/maintenance reserve requirement (if applicable)
- Affirmative Fair Housing Marketing Plan (if applicable)
- Selection criteria
- Documentation of outreach
- Description of application process
- List of documentation needed from applicants
- Clearly defined application review criteria
- Restrictions
- Prior homeownership (if applicable)
- Occupancy requirement (principal residence)
- Employment/credit requirements (if applicable)
- Other (PHA determined restrictions)

PHA certifies that the applicant's monthly payments for mortgage and housing expenses (i.e. principal and interest, taxes, insurance, maintenance, utilities, and other regularly recurring homeownership costs (e.g. condominium fees)) do not exceed 35% of the applicant's adjusted income plus any other subsidy used for monthly payments.

F. Consultation with Residents and Purchasers

Purpose: To inform HUD of compliance with the resident consultation requirements.

Instructions: If the PHA intends to sell existing public housing, provide a narrative description of input obtained during the resident consultation process for planning, including how the PHA will provide a right of first refusal to residents (if such consultation is in addition to what was described as part of the main HUD-52860 SAC application), as well as a plan for consultation with purchasers during the implementation stage.

G. Counseling

Purpose: To provide HUD with information regarding the homeownership counseling program requirements and the PHA's counseling implementation plan.

Instructions: Complete the following questions on the homeownership counseling agency and program. *Note:* The budget should include funds for the homeownership counseling program. Note that while 24 CFR part 906 does not require a PHA to require housing counseling as part of its Homeownerships Plan, if a PHA <u>elects</u> to require such counseling as part of its Homeownership Plan, the counseling is subject to HUD's Housing Counseling Certification rule published on December 14, 2016 and known as FR 5339–F–03 and the person or entity doing the counseling (whether the PHA or an outside entity) must be a HUD-certified counselor.

H. Sale via Purchase and Resale Entity (PRE)

Purpose: To inform HUD of the structure of any ownership and sale partners the PHA will utilize. *Instructions:* Please complete information about the PRE, if the Homeownerships Plan includes the use of a PRE. In addition, if the PHA is utilizing a PRE, the plan should include the following:

- Organizational documents of the PRE;
- Regulatory and Operating Agreement between the PHA and PRE regarding the provision of operating subsidy and operation of public housing units prior to sale of the units to purchasers (Include a description indicating how much operating and capital fun subsidy is lost due to removal of these units from the PHA's inventory);
- Management agreement and plan;
- Financing documents (if any);
- Operating pro forma describing use of operating subsidy during period of PRE's ownership;
- Deed restriction or covenant running with the land assuring that the PRE will operate the units in accordance with public housing laws and regulations including 24 CFR 906.19;
- Bond for repairs or proof of insurance to cover any damage to the property during the period of PRE ownership and operation; and
- Any other materials required by HUD.

The supporting documentation regarding the PRE must describe the PRE qualifications, marketing plan, and a description of that entity's responsibilities as well as information demonstrating that the written agreement between the PRE and PHA contains or will contain the following: rights and responsibilities of parties; assurances of compliance with program requirements; assurances of deed restrictions on acquisition and resale of units; description of how the net proceeds will be determined and used; protections against fraud and misuse; limitations on overhead and profit; record keeping/reporting requirements; assurances of non-discrimination against eligible purchasers; adequate legal remedies; assurances of sale only to low-income households; a five-year limit on sale to eligible buyers; and the notification process to households (relocation, environmental review).

I. Non-purchasing Residents

Purpose: To provide information relative to the handling of displacement of residents that decline the right of first refusal for sale of their unit.

Instructions: Please provide description of plan for working with non-purchasing residents of Public Housing Units, including, notification/counseling of rights, right of first refusal, and any relocation assistance that must be provided pursuant to 24 CFR 906.24.

J. Sale Proceeds

Purpose: To determine if the PHA is in compliance with the guidelines and restrictions on use of resale proceeds and fees to support the provision of low income housing.

Instructions: Sales proceeds are defined as proceeds realized by the owner entity/developer from the sale of homeownership units after the payments of the construction loan(s), the developer fee, and all other project costs have been satisfied. Answer the following questions in narrative form for the proposed homeownership project. Please include the goals, eligible uses, and method for recycling funds. All proceeds must be used in accordance with the PHA's Annual Plan and for low-income housing purposes. If the homeownership plan utilizes a PRE, the PHA may opt to have the PRE return sale proceeds to the PHA or permit the PRE to use them for low-income housing purposes.

K. Records, Accounts, and Reports

Purpose: To determine the PHA has policies for retaining documentation of unit sales and compliance with program requirements.

Instructions: The plan must provide a description of the PHA's (and PRE's, if applicable) record-keeping, accounting, and reporting procedures that will be used. Please include a description of the record-keeping procedures used by a PHA relative to administrative records, records of the purchase, financial records, as well as, a plan for an annual report on sales of public housing units in HUD/PIC and in its PHA Plan.

L. Timetable

Purpose: To provide HUD with a timeframe for project performance, progress and completion.

Instructions: Please fill in the date range of activities including activities for the first unit sold up to and activities for the last unit sold. For example, if the PHA is acquiring units, the first unit will be acquired on 12/04 and the final unit will be acquired 12/05, the range would be 12/04 through 12/05. If a specific milestone does not apply to the proposed program, please check the box labeled N/A.

M. Description of the Deed or Title Restrictions

• Gains from Appreciation

Purpose: To determine if the PHA's provisions (where applicable) adequately protect the PHA's investment in the homeownership project.

Instructions: If the PHA is writing down the cost of construction (e.g., the construction cost exceeds the sale price/appraised value), it must consider a provision in its homeownership project to recapture all, some or none of the gains from appreciation. This provision limits the amount the subsidized original purchasers can realize due to appreciation of the property upon sale for a period of time, and is generally recorded in a deed restriction. The PHA's recapture policy on appreciation may range from no recapture to recapture of total appreciation. This provision only applies to the sharing of sale proceeds and does not address the recapture of financing that the PHA may elect to provide directly to a purchaser. If applicable, describe how the PHA will treat the gain upon resale that the subsidized buyer can realize due to appreciation of property.

• <u>Recapture Provisions</u>

Purpose: To determine if the proposed recapture provisions (where applicable) are appropriate for the target purchasers, are coordinated with direct financing terms of local partnering affordable homeownership programs, and adequately protect the PHA's and purchasers' investments in the homeownership project. **Instructions:** The PHA must set a policy regarding recapture upon resale of government-provided assistance and/or direct financing made to the purchaser to the extent that there are net proceeds. This includes the PHA down-payment, closing cost assistance, subordinate mortgage financing, or below-market financing (e.g., sale of the unit for less than appraised value of the home). However, this policy may range from no recapture of assistance to full recapture of assistance. If applicable, describe the terms of the direct financing to purchasers and terms of recapture. Describe also the method of recapture (e.g., via a promissory note). If the PHA chooses to forgive the direct financing over time, fill out the table below as applicable. (Table may be modified to reflect longer-term or shorter-term forgiveness schedule).

N. Direct Financing

If there is additional direct financing (e.g. secondary mortgages or other loans) from participating local affordable homeownership program partners or private lenders, briefly describe the source of these funds and the terms of the direct financing and amount of direct financing per purchaser. Include information on the subsidy limits of the financing, if applicable. Describe how the PHA's direct financing terms coordinate with the local program partners' financing terms.

O. Feasibility Statement

A feasibility tool consisting of a set of spreadsheets is available on the SAC website. The PHA must show there are two eligible buyers for every unit the HA intends to sell. The method of proof is at the HA's discretion. Please do not submit specific resident information like names and Social Security numbers, which should be on file in the PHA's office, subject to review.

P. Nondiscrimination Certification

A certification that shows that the PHA or PRE will administer the plan on a nondiscriminatory basis, in accordance with the Fair Housing Act, Title VI of the Civil Rights Act of 1964, Executive Order11063, other authorities cited in §5.105(a) of this title, and the implementing regulations, and will assure compliance with those requirements by any other entity that may assume substantial responsibilities for implementing the program.

Q. Legal Opinion

A letter from the PHA's legal counsel certifying that the closing documents support the narrative of the Deed and Title restrictions, and that these restrictions are in compliance with local and State law.

R. Board Resolution

A resolution from the PHA's Board of Commissioners evidencing its approval of the program.

S. Section 8(y): 24 CFR 906.40(g)

Attach description of Section 8(y) Homeownership Option, found in 24 CFR part 982 subpart M

T. Additional supporting documentation for acquisition of non-public housing for homeownership: 24 CFR 906.41

Attach proposal contents that include as described under 24 CFR 906.41.

- (a) Proposal contents. The PHA must submit an acquisition proposal to the HUD field office for review and approval before its homeownership plan containing acquisition of non-public housing can be approved. This proposal must contain (1) Property description (2) Certification (3) Site information (4) Property costs (5) Appraisal (6) Property acquisition schedule (7) Environmental information (8) Market analysis (9) Additional HUD-requested information.
- (b) Cost limit. The acquisition cost of each property is limited by the housing cost cap limit, as determined by HUD.