



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

Special Attention of:
Section 8 Public Housing Agencies; State and Area
Office Directors of Public Housing; Section 8
Financial Management Center; Regional
Directors; State and Area Coordinators

Notice PIH 2005-14 (HA)

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Cross References: HUD Notice PIH 2005-1
(HA) Implementation of the Consolidated
Appropriations Act (HR 4818 – H Rept 108-
792), 2005 Funding Provisions for the
Housing Choice Voucher Program

Subject: Calendar Year 2005 Administrative Fee Funding for Homeownership Voucher
Program Implementation and Closings

1. Purpose. Homeownership is a key to financial independence, the accumulation of wealth, and stronger, healthier communities. Increasing homeownership among low-income and minority households is one of HUD's most important 2005 initiatives. The homeownership option under the Housing Choice Voucher Program helps accomplish this objective by allowing public housing agencies (PHAs) to provide voucher assistance to low-income first-time homebuyers for monthly homeownership expenses rather than for monthly rental payments.

In support of increasing homeownership opportunities on a national basis, HUD will again provide additional administrative fees to PHAs that create a homeownership voucher program, or expand an existing homeownership voucher program, during calendar year 2005. This Notice provides information concerning these additional homeownership administrative fees.

2. Background. The 2005 Consolidated Appropriations Act provided a net appropriation of \$1.2 billion for PHA administrative fees for the tenant-based voucher program during calendar year 2005. Congress specified that HUD may allocate up to \$25 million of the \$1.2 billion administrative fee appropriation to PHAs that need additional funds to administer their tenant-based voucher programs.

PHAs were notified on January 21, 2005 of the amount of administrative fees they would receive for the ongoing administration of the voucher program during 2005. HUD will soon publish a Notice concerning the distribution of the \$25 million administrative fee set-aside. Part of the \$25 million administrative fee set-aside will be used to reimburse PHAs for homeownership administration expenses such as establishing a homeownership voucher program, drafting homeownership voucher administrative procedures, counseling and training future homeowners, working with the mortgage banking industry, and assisting future homeowners with the process of purchasing a home.

3. Administrative Fees for Homeownership Voucher Programs. Until funds are depleted, HUD will distribute additional administrative fees to support homeownership voucher program implementation and closings.

This includes a one-time fee of \$5,000 for initial PHA implementation of a homeownership voucher program as evidenced by the PHA having an initial homeownership voucher closing during calendar year 2005, as reported in the PIH Information Center (PIC). PHAs that were previously paid a one-time administrative fee of \$5,000 for an initial implementation of a homeownership voucher program are not eligible to claim an additional \$5,000 in 2005. Further, homeownership closings for Section 8 Family Self-Sufficiency (FSS) program graduates or Moving to Work (MTW) program participants who did not participate in the homeownership voucher program do not trigger the \$5,000 implementation administrative fee.

PHAs are also eligible to receive \$1,000 for each homeownership closing during calendar year 2005, as reported in PIC, for a family participating in the homeownership voucher program, Section 8 FSS program or in the Section 8 MTW program.

PHAs paid a one-time administrative fee of \$5,000 for implementation of a homeownership voucher program are eligible to receive \$1,000 for the initial homeownership closing under the homeownership voucher program (for a total of \$6,000) and \$1000 for each additional homeownership voucher program closing during calendar year 2005, as reported in PIC.

PHAs are also eligible to receive \$1,000 for each homeownership closing during calendar year 2005 for Section 8 FSS graduates and Section 8 MTW participants where a family moved to homeownership without participating in the homeownership voucher program.

Other homeownership closings associated with the public housing FSS, public housing homeownership, public housing MTW, or public housing supportive services programs are not eligible for voucher program administrative fees. Further, a PHA may only receive the \$1000 homeownership closing fee for the first home purchased by the family.

Homeownership closings include home purchases, which otherwise qualify above, for which there is a transfer of title for the home without a mortgage closing (e.g., quit claim deed, property assumption, and conveyance of property), and closings involving little or no monthly homeownership assistance payments due to factors such as financing or construction subsidies (e.g., primary lender subsidies, downpayment and closing cost assistance from state housing finance agencies, local and state government second mortgage assistance, and units constructed by Habitat for Humanity volunteers for homeownership voucher families).

4. Documentation of Homeownership Closings. Homeownership voucher closings must be recorded in section 15 of Form HUD-50058. Section 8 FSS homeownership closings must be recorded in section 17 of Form HUD-50058. In order to be counted for purposes of receiving the administrative fee in 2005, all homeownership closings during calendar year 2005 must be reported in PIC by March 1, 2006. HUD also requires that PHAs maintain documentation of closings (e.g., recorded mortgage documents).

