

Availability of Affordable Housing: A Journey Across the U.S. and through Innovative Policies

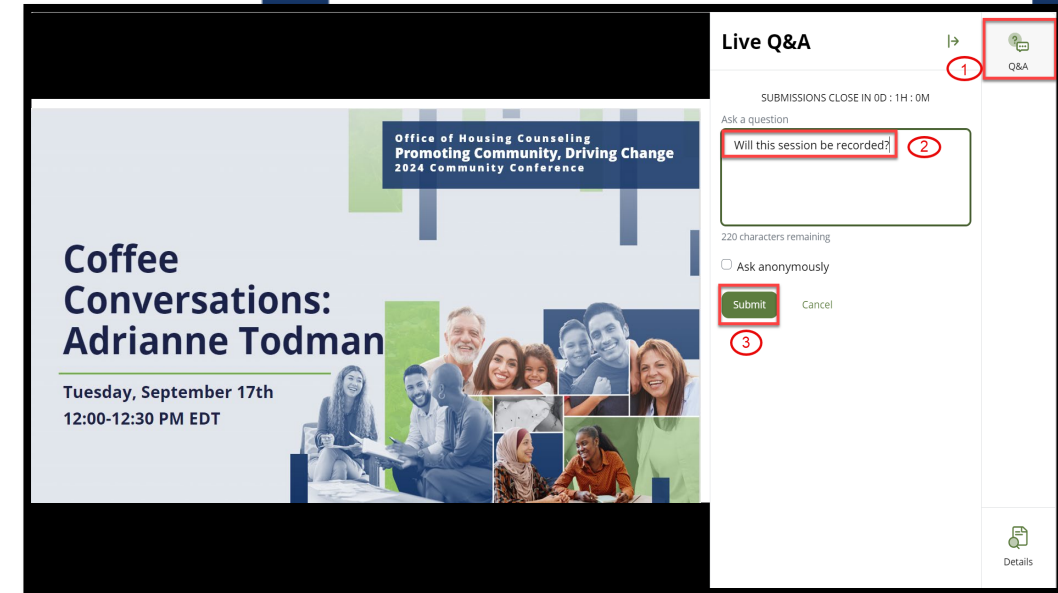
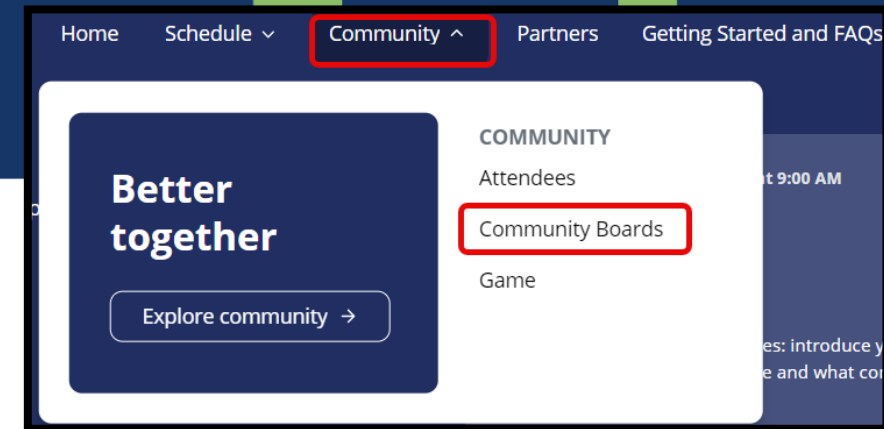
Thursday, September 19th
1:30-2:30 PM EDT



Welcome to Cvent

2024 Community Conference Networking Application

- Network with **Attendees** through **Community Boards** and in-app messages
- Access the **Schedule**, session materials, and resources
- Explore **Speaker** profiles and attendees
- Use the **Live Q&A** functionality in each session
- Connect with conference **Partners**
- Earn points and place on the **Game** leaderboard
- Access **Recordings** located under the **Schedule - On-demand**





Speakers

- **Brian Faux** Director, Office of Single Family Program Development, Federal Housing Administration (FHA)
- **Teresa Payne** Administrator, HUD Office of Manufactured Housing Programs
- **Janet Thome** Founder and President, Tiny House Alliance USA
- **Scott Ledford** Senior Director, ICF

Office of Housing Counseling
Promoting Community, Driving Change
2024 Community Conference

Brian Faux

Director, Office of Single Family
Program Development, Federal
Housing Administration (FHA)





U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
SINGLE FAMILY HOUSING



HUD's Office of Housing Counseling 2024 Community Conference
**Availability of Affordable Housing: A
Journey Across the U.S. and Through
Innovative Policies
(Accessory Dwelling Units)**

September 19, 2024

Presented by:

Brian Faux

Director

FHA Single Family Housing | Office of Single Family
Program Development



OFFICE OF SINGLE FAMILY HOUSING



FHA's ADU Policy: Background

FHA programs previously allowed for the purchase, rehabilitation, or refinance of properties that included a single accessory dwelling unit (ADU). FHA did not, however, allow for the inclusion of income from the ADU in the borrower's effective income for purposes of qualifying for an FHA-insured mortgage. FHA believes that:

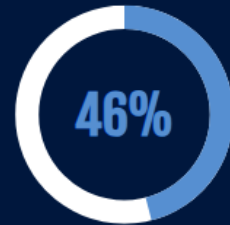
- ADUs can serve to enhance the generational wealth-building potential of homeownership;
- Rental income from ADUs can contribute to borrower mortgage payments and help them sustain long-term homeownership; and
- ADUs can support the goals of increasing the stock of affordable housing.



FHA's ADU Policy: Research

FHA's ADU Research Findings

A study prepared for and funded by the San Francisco chapter of the Urban Land Institute found:



of the study cases, the ADU was rented by someone with an arms-length relationship to the homeowner.



of overall homeowners that report renting below the market rate, with about 40% of these ADUs occupied by family or friends.



HUD's Policy Development and Research publication, The Edge, found:



As of early 2022, ADUs make up approximately

11 %

of all residential building permits issued in California.



Over the next decade, ADUs can help add

4.7 million

units of housing to existing single-family parcels.

FHA's ADU Policy: Response to the Research

On October 16, 2023, FHA issued Mortgagee Letter 2023-17, which focused on the following three key updates:

- Provides guidance for consideration of rental income in underwriting forward mortgages;
- Establishes protocols for the analysis and reporting of ADU market rent on appraisals; and
- Provides guidance for performing the financial assessment on Home Equity Conversion Mortgages (HECM).



FHA's ADU Policy: Changes to Rental Income Policies

Updated the definition of ADU to conform with industry standard.

01

Income from Existing ADU

Allow 75% of the actual or estimated ADU rental income to qualify for an FHA-insured mortgage on a property with an existing ADU.

02

FHA's 203(k) Rehabilitation

Allow 50% of the estimated rental income from a new ADU the borrower plans to attach to an existing structure.

03

Rental Income History

When there is limited or no history of rental income, the amount of income used is limited to 30% of the total effective income.

04

Reserves Requirements

If Rental Income from the ADU is used to qualify, Reserves equivalent to two months' PITI after closing is required for a one-unit with an ADU.



FHA's ADU Policy: 203(k) Rehabilitation Program

- Section 203(k) insures mortgages covering the purchase or refinancing and rehabilitation of a home that is at least a year old.
- Improvements eligible to be financed with a 203(k) loan include ADUs as follow:
 - converting a one-family Structure to a one-family Structure with an ADU.
 - **adding** an ADU that will be **attached** to an existing Structure;
 - renovating an **existing** ADU that is **attached or unattached** to an existing Structure.
- Section 203(k) program cannot be used to build a new unattached ADU.



FHA's ADU Policy: Changes to Appraisal Protocols

- Updates the Appraisal Protocols to provide guidance on identifying an ADU, determining if an ADU is acceptable, and for developing market rent for ADUs.
 - The ADU must be legally permissible under the zoning, which may include a legal nonconforming use.
- The Appraiser must include the ADU opinion of market rent on the Single Family Comparable Rent Schedule (Fannie Mae Form 1007/Freddie Mac Form 1000).
 - Provides FHA a consistent method of capturing this data for tracking and analysis.
- Establishes analysis requirements for the rental comparable selection.
 - The Appraiser must include at least one comparable rental that is a Single Family dwelling with a rented ADU.



FHA Resource Center

1

2

3

Option	Point of Contact	Hours Available	Comments
Website	www.hud.gov/answers	24/7/365	Website includes option to email questions.
Email	answers@hud.gov	24/7/365	
Telephone	1-800-CALL-FHA (1-800-225-5342) Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.	8:00 AM to 8:00 PM Eastern M-F (including all non-Federal holidays)	Voicemail is available after hours or during extended wait periods. FHA FAQs are available after hours.

FHA INFO emails: Frequent email notifications of new policies and training opportunities for anyone who signs up. Subscribe at: https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/FHA_INFO_subscribe



Teresa Payne

Administrator, HUD Office of
Manufactured Housing Programs



OFFICE OF HOUSING



Office of Manufactured Housing Programs

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Manufactured Housing 101

September 19, 2024

OMHP's Mission and Objectives

- Preserve and promote the quality, durability, safety and affordability of manufactured homes.
- Execute responsible regulation and solutions-oriented oversight of the industry nationwide.
- Establish practical and uniform federal construction standards.
- Encourage innovation and cost-effective construction techniques.
- Facilitate the availability of affordable homes and increase homeownership.

Nationwide Scope of Manufactured Housing

America's largest source of unsubsidized, affordable, single family housing

Comprises nearly 10% of single family homes in the US

96% of Homeowners have annual household income of \$50,000 or less.

1 in 5 homes in rural America

Built to America's only national, preemptive building code

Regulated by HUD since 1976



Manufactured Housing Production



Over **8 Million** HUD Code homes built since Program inception in 1976



FY23 production:

- 138,764 floors
- 89,717 homes

Priorities and Recent Successes



Two-story design standards

Final Rule (3rd Set of Updates) January 12, 2021



Carbon monoxide alarms



Attached carports



Attached garages

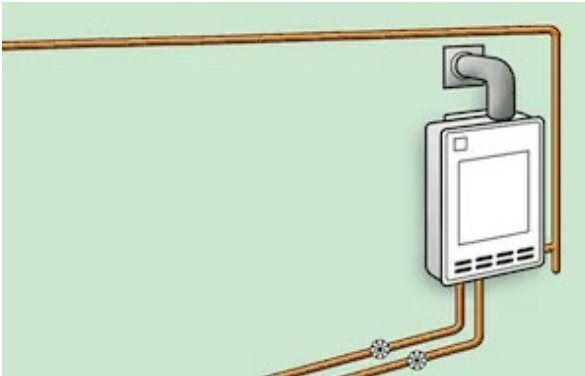


Attached manufactured homes

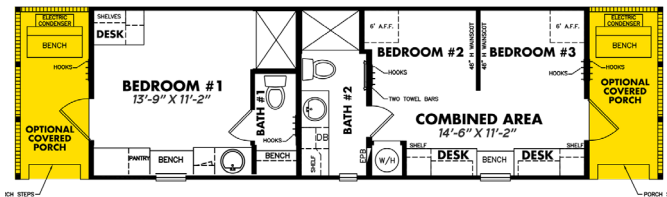
Priorities and Recent Successes (cont.)

Latest Proposed Rule (4th/5th Set of Updates)

July 19, 2022



Tankless water heaters



Multi-dwelling unit
manufactured homes
(1 - 3 units)



Materials (wood, steel, piping) and products that will allow the use of more modern design approaches, installation of alternative materials, and improve quality of homes for consumers



Accessibility improvements
for roll in showers



Updated door and structural design requirements to improve allowances for open floorplans



50 YEARS

Office of Manufactured
Housing Programs

Est. August 22, 1974



Our website: <http://www.hud.gov/omhp>

Office of Housing Counseling
Promoting Community, Driving Change
2024 Community Conference

Janet Thome

Founder and President, Tiny House Alliance USA





TINY HOMES

There Is Not A Universally Accepted Definition Of A Tiny Home. The Typical Size Is 400 Square Feet Or Less And Built On A Moveable Trailer Or A Permanent Foundation Built To Various Standards And Codes.



- **Manufactured Home:** A tiny home can be built to the HUD Code if it meets the definition. In order to build a Tiny Home Manufactured Home, the manufacturer must go through the HUD process outlined in 24 CFR 3282, including the DAPIA and IPIA process, and then it would be labeled under the HUD Code regulatory authority.
- **Modular Housing:** Built Off Site - To meet building codes and specifications of the site where the home is placed.
- **Site Built:** Built On Site - To local building codes and regulations.
- **Factory Built:** The states of Washington and Colorado have developed a path for tiny homes on a moveable trailer for permanent occupancy.
- **Recreational Vehicle:** Built to RV Standards for temporary occupancy and is not considered a dwelling for permanent occupancy.



Modular House



Manufactured Home



Recreational Vehicle



Site Built ADU



TINY HOMES

ADU BENEFITS



- Additional income as a long-term rental.
- Increases property values and builds generational wealth.
- Downsize on your own property.
- Encourages multi-generational housing.
- Alternative to an expensive assisted living facility for a family member to age in place.
- Gives privacy and emotional support for family members.
- Provides an additional structure for a caregiver, an office, studio, dorm alternative, and more.
- The cost is only in the additional structure, without investing in more land.
- Adding an ADU contributes to the housing shortage for a sustainable future.



TINY HOMES

The Tiny House Alliance USA Is Working With ASTM International And Industry Stakeholders To Develop New Global Standards For Tiny Houses Through E06.26 Tiny Houses Subcommittee That Include:

- Tiny houses on wheels for permanent occupancy.
- Certification of tiny houses.
- Construction methods to build to the Universal Design and to age in place.
- Tiny house communities to share the cost of infrastructure.
- Micro-Grid utilities to connect a cluster of tiny houses in a community setting.
- The result of the new ASTM Tiny House Standards will bring legitimacy and uniformity to the tiny house industry.

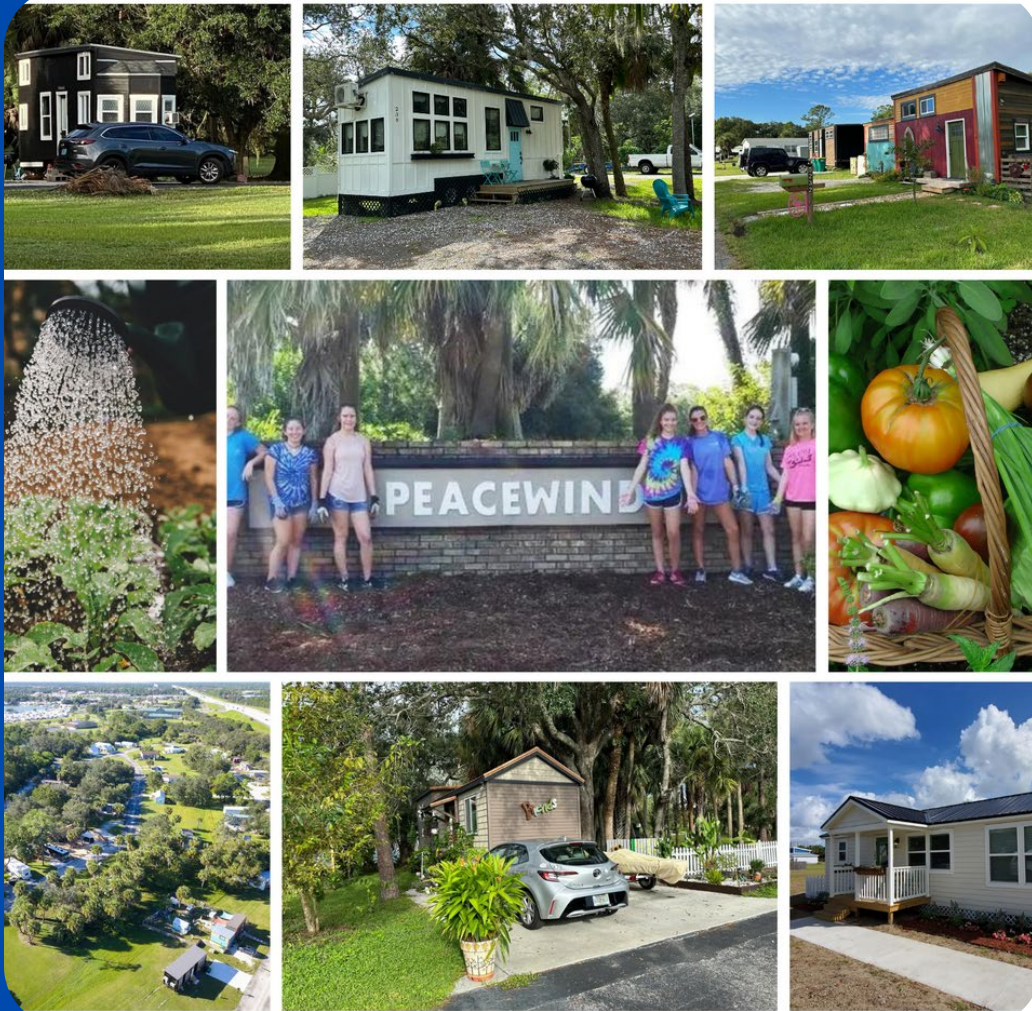




TINY HOMES

Tiny House Alliance USA

Is Uniting All The Legitimate Tiny House Resources, Promoting Tiny House Communities, And We Are Dedicated To Consumer Protection And Advancing Tiny Houses As A Viable Solution For Affordable Housing.



**Office of Housing Counseling
Promoting Community, Driving Change
2024 Community Conference**



Q&A

Upcoming Sessions

Session Time	Session Name
3:00-4:00 PM EDT	Closing with OHC Leadership

Housing Counseling Resources

- [Housing Counseling: Nuts and Bolts of Manufactured Housing: Access, Affordability, and Opportunity - HUD Exchange](#)
- [Housing Counseling Webinar: Providing Counseling on Manufactured Housing Options - HUD Exchange](#)
- [Manufactured Housing Resources for Housing Counselors - HUD Exchange](#)

Other National Resources

- [Increasing the Supply of Affordable Housing](#)
- [Increasing the Supply of New Affordable Housing Toolkit](#)
- [Implementation Guides: Increasing the Supply of Affordable Housing](#)

Thanks for Attending!

- Visit the [2024 Conference Webpage](#)
- Find us on the [HUD Exchange Housing Counseling Page](#)
- Email us at: Housing.counseling@hud.gov
- Subscribe to [Housing Counseling Today Blog](#)

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