

Habitat for Humanity, Central Arizona

FAMILY SELECTION CRITERIA POLICY

1.0 Purpose

The purpose of this policy is to ensure that the screening process for family selection is successful and consistent.

2.0 Policy

A. Need for Adequate Housing

Each applicant must demonstrate a need for adequate shelter. **They must currently reside within our Geographic service area.** This criterion will be satisfied if the applicant currently lacks permanent housing or if the applicant lives with any of the following characteristics:

- 1) Current shelter has problems with the heating/cooling system, water supply, electricity, bathroom(s), kitchen, building system, etc.
- 2) Current shelter is unsafe, i.e., unavoidable dangers to children, physical environment contains hazardous or toxic materials not readily removable, or no ready means of egress from bedrooms.
- 3) Overcrowded housing, i.e., more than two children per room, adults sharing a room with children, school-age children of different sexes sharing a room.
- 4) The current neighborhood is unsafe (drugs, violence, etc.).
- 5) Family is currently living in government subsidized housing, which has a waiting list of families to receive public assisted housing. (Note: accepting a family living in assisted housing that opens a housing unit for a family on a waiting list helps meet the mission of HFHCAZ of eliminating substandard housing.)
- 6) Family is living in temporary housing, i.e., family has tentative living arrangements with relatives or family is losing its lease due to uncontrollable circumstances.
- 7) Housing expenses exceed 30% of gross monthly income.
- 8) No preferential treatment will be given to HFHCAZ employees, donors and volunteers. HFHCAZ will use the same qualification requirements for HFHCAZ employees, donors, and volunteers as used for everyone else.

B. Ability to Pay for a Habitat Home

- 1) The family must have a gross income of at least a minimum of 30 percent not to exceed 80% of area median income for service area.
- 2) The family must have a stable, verifiable income, i.e., stable job or income history of at least 2 years (breaks in employment, etc., will not disqualify a family if they are temporary in nature and family can show stability of income).
 - a. Employment income from family members 18 years and older who will be living in the home will be considered for the purpose of eligibility.
 - b. Supplementary income, e.g., child support, part-time work, will be considered as long as it can be demonstrated that it has been consistently received and is not likely to be discontinued within the next 3 years (reference HUD Handbook 4155.14.0.1.a.).

- 3) The family must have demonstrated the ability to make regular monthly payments for rent, utilities, and/or other credit obligations.
- 4) The family must have the ability to pay monthly housing costs (mortgage payment, taxes, insurance along with the current debt.
 - a. The monthly mortgage payment cannot exceed 30% of gross monthly income
 - b. All debt payments (including anticipated mortgage payment and all recurring monthly obligations do not exceed 43% of the gross monthly income
- 5) All applicants and household members must provide proof of U.S. Citizenship or Permanent Legal status.
- 6) All applicants must have an acceptable credit history which means no outstanding derogatory credits that have not been cleared (note no FICO score required).
- 7) An applicant's whose credit report reveals a bankruptcy will only be approved if:
 - a. They can prove the bankruptcy was discharged at least 2 years prior to submitting their application. Unless can document extenuating circumstances with CEO's approval.
 - b. Credit Report must show a clean credit status (pays within 30 days of payment due) for any credit account established after bankruptcy.
 - c. There cannot be any derogatory credits following the bankruptcy.
- 8) The committee does not review the applications where the income is above or below \$100 from guidelines or debt to income ratio above 43%.
- 9) Credit Report checks completed on all applicants.
- 10) HFHCAZ Family Services case manager will complete a potential-to-save analysis to ensure the applicant(s) has the ability to pay for closing cost.
- 11) A family does not qualify if:
 - a. The maximum household gross income is more than 80 percent of the area median income as published annually from HUD for service area. This may be extended on rare cases with President/CEO approval to 80%.
 - b. The family has an asset (land or home), which could be used towards a down payment on a conventional mortgage.
- 12) No preferential treatment will be given to HFHCAZ employees, donors and volunteers. HFHCAZ will use the same qualification requirements for HFHCAZ employees, donors, and volunteers as used for everyone else.

C. Willingness to Partner with Habitat for Humanity

- 1) In looking at a family's willingness to partner with Habitat we look at the eagerness demonstrated by the family through their: initiative to obtain an application and fill it out completely, providing all necessary documentation at application and on an ongoing basis as required; expressing a desire to make one of the communities we serve their permanent home; providing complete and honest answers to questions raised during the interviewing process; and their willingness to allow credit, criminal background checks and employer/landlord reference evaluations.
 - a. Family's Participation. The family understands that part of HFHCAZ's program requires the family to participate in the building/renovation of their home and/or other homes. The family will be required to work with HFHCAZ, sponsors and other volunteers in building/renovating the home by contributing no less than 400 hours of volunteer work for new construction homes and no less than 200 hours of sweat equity hours for renovated homes. Sweat equity hours may also be earned by participating in orientation session and other classes that HFHCAZ offers. The family acknowledges that the manner

in which sweat equity is earned may change from time to time and may not be the same for all families participating in the program.

- 2) The family must not have any criminal arrest record that poses a likely risk to their ability to partner with Habitat, with special attention to felony convictions and convictions for violent crimes. No applicant or family member with a sexual offense will be accepted.
- 3) If an applicant is or has been married and is either separated from or divorced from their spouse, the applicant must either:
 - a. Present a copy of a written separation agreement in which their spouse relinquishes any and all of their rights in any real property that the applicant purchases after the separation agreement has been signed. If a written separation agreement has not been signed, then the applicant's spouse must sign a Disclaimer Deed so that Habitat's security interest in the property is not affected.
 - b. Present a certified copy of the divorce decree and/or separation agreement that was incorporated into the decree.
 - c. All families will be required to sign a Marital Status Affidavit at Closing. If a family fails to meet these requirements, the family will be deemed to have failed their partnering agreement. All separation agreements and divorce papers must be received by the office with the other required application materials.
- 4) No preferential treatment will be given to HFHCAZ employees, donors and volunteers. HFHCAZ will use the same qualification requirements for HFHCAZ employees, donors, and volunteers as used for everyone else.