

Ohio CDC Association
2008 Basic Skills in Affordable Housing Development

Glossary of Housing Terms

**** Warning****

These are not scientific definitions, they are opinions various of practitioners designed for training purposes only. When working with a live deal, ensure that all parties agree on and use the same definitions.

affirmative fair marketing

the document actions taken to obtain program participation from those eligible populations least likely to apply for program benefits; should be conducted according to a written plan

affordability

a specifically defined relationship between the home buyer's/renter's income and the cost of housing; government regulations may determine the to be 30%, 35% or some other percentage of income to cover mortgage/rent, utilities, etc.

affordability period

the period of time for which a unit of housing must meet the affordability test; may range from 2 to 40 years, depending upon funding sources

area median income (AMI)

annual guidelines published by the US Department of Housing & Urban Development which list income ranges for each geographic area; must be used to determine eligibility for some programs and establish affordability tests

amortization

the repayment of debt (loan) over a specified period of time at regular intervals and including interest charges as well as repayment of the amount lent; in the case of "balloon" loans, all or a portion of the principal amount of the load is due and payable in a lump sum at the term of the loan

appraisal

an informed opinion of the fair market value of real-estate (land and/or buildings) prepared by a qualified person for a stated purpose

annual percentage rate (APR)

the actual percentage of an unpaid loan balance or investment charged as interest for the use of money over time

arbitrage

the difference between the cost of using money and the earnings produced by the use of money; i.e., in one borrows \$1 at 7% apr interest and invest the same \$1 at 8% apr interest, the arbitrage equals \$0.01 per year; not always legal with public funds

Ohio CDC Association
2008 Basic Skills in Affordable Housing Development

bridge loan

temporary or interim financing which may serve as a bridge between a short-term construction loan and permanent financing; it may be used in permanent financing is not immediately available or to cover an extended equity payment, as in the case of tax credits

building code

a written set of rules for the construction of new structures; may be promulgated by state or local sources; in some instances, may not be reasonably applied to older structures.

capitalization rate (cap rate)

the rate of return on investment expected in local market area; useful for estimating the price of real estate by comparing a property's income after expenses to cap rate; very subjective, very unofficial

cash flow

cash available r after vacancy, expenses, and debt service payment have been deducted from gross income

compensating balance

the amount of money placed on a deposit with a lender for which a part or all interest earned is used to reduce the interest rate of a loan

compliance period

the period of time which a housing program or project must meet the rules and regulations determined by funding sources; such periods are not always the same as the loan term or funding period, i.e. the compliance period for tax credit deals is 15 years but tax credits expire after 10 years

construction loan

short-term financing to cover the cost of site acquisition and building construction

debt coverage ratio (DCR)

the ration of NOI to total debt payments, i.e. a lender may require that net operating income of a project in the first, second, or third year be 1.3 dollars for every dollar required to repay the loan, creating a DCR of 1.3:1

debt capacity

the amount of money which can be borrowed to develop a project, generally determined by examining income, expenses, and conditions of the loan; a basic tool for feasibility testing and determining the need for gap financing

debt service

the cash payment required to repay amortized loans; debt service, mortgage payment, monthly payment, etc. are all the same thing

Ohio CDC Association
2008 Basic Skills in Affordable Housing Development

debt service reserve

a specific amount of money, usually accrued from income, set aside in a special reserve account to be used to make debt service payments in instance where cash flow may not produce enough income; may be required by funders or partners

deferred loan

a loan which does not require repayment for a certain period of time if agreed-upon conditions are met; useful for preventing windfall profits and assuring affordability

developer's fee

a sum earned by a housing developer for services provided regarding deal assembly, project management etc.; must be treated as an approved and recognized cost of development; generally the lifeblood of nonprofit developers; should only be reduced to make a deal affordable in only the most dire circumstances

development budget

a comprehensive listing of every cost associated with producing a unit of housing; should include pre-development costs, hard costs, soft costs, developer's fee, etc.; formats vary widely but can be reconciled

development team

the parties necessary to produce a unit of housing, including but not limited to: the project owner, funders, developer, general contractor, architect, environmental consultant, engineer, attorney

disposition

the sale, transfer, and/or refinancing of a rental property at the end of the financing or compliance period; must be considered ad a development event

eligibility

conditions of location, income, family, or disability status, age or other condition required by program rules in order to someone to occupy housing

environmental review

a specific, documented review process required by some programs (CDBG, HOME) which creates and environmental review record (ERR); not to be confused with other local environmental reviews or with Phase I site assessment

environmental site assessment

a technical site investigation conducted by a qualified, approved firm according to a required format and standard (generally Phase I or Phase II); not to be confused with environmental review

Ohio CDC Association
2008 Basic Skills in Affordable Housing Development

equity

the portion of a property's development cost or value which is held by the developer; may include cash contributions to development costs, land or buildings already owned, equity investment by limited partners (tax credits); in single family home ownership, equity includes the cash value of property in excess of debt owed

expenses

deductions from the gross collections which arise from the operation of the building, including taxes, insurance, utilities, maintenance, management, and replacement of reserves

fair market rent (FMR)

generally the total rent costs -- including utilities -- for an unfurnished unit of housing as published by market areas throughout the nation in guidelines by the US Department of Housing & Urban Development; most often the Section 8 maximum allowable rent; determined by number of bedrooms (not number of occupants)

first mortgage

the lien against a property used to secure the title as collateral for a loan which is first in line for repayment; in jargon, used to refer to the largest private or public loan on a property

forgivable loan

a loan which may, under specific conditions, be partly or entirely forgiven, usually in a furtherance of a public purpose

future value (FV)

the value of a given debt or investment at a certain point in the future under specified conditions of cash flow and interest

gap loan

secondary or subordinate lien financing made available with flexible terms designed to allow the project to achieve financial feasibility

grant

the donation of money for a stated purpose with agreed-upon conditions; may be from the public or private sectors and do not require repayment unless required conditions are not met

gross effective income

the total of housing costs including tenant-paid, subsidy, and utilities; generally applied to Section 8

housing code

a local set of regulation with the force of law which establish minimum required property conditions for occupancy of existing housing; not to be confused with the building code

Ohio CDC Association
2008 Basic Skills in Affordable Housing Development

housing debt ratio

the portion of a family's income (expressed as a percentage) needed to pay principal, interest, taxes, and insurance for the purchase of a home; generally used as a test by lenders for considering loan applications and maximum loan amounts

in-fill

the practice of producing new construction one- or two-family dwellings in an urban neighborhood on non-contiguous lots among other existing houses

income

for housing projects, either the cash received in rent and other charges or the cash paid to the project as the houses are sold

income to debt ratio

used in single family home purchase -- the portion of the family's income (expressed as a percentage) used to pay all regular debt payments including, housing, cars, credit cards, etc.; used to consider loan applications and maximum loan amounts

interest

the mandatory charge for the use of money over time; generally expressed as an annual percentage of an unpaid balance

interest buy down

the reduction of an interest rate on a loan by various means, often a cash payment to the lender at loan closing

internal rate of return (IRR)

the average annual increase of the value of an investment, expressed as a percentage, over the life of the investment

land contract

a private treaty between the seller and buyer of a property setting forth the payment terms, interest rate, etc.; in Ohio may only be used for a buyer's place of residence and must be recorded in the county recorder's office; no bank loan involved for all or some of the purchase period

lease

site control granted for a determined period of time to the person holding the lease so long as they comply with its terms and conditions; leases must state the terms and amount due during any given period

lease-purchase

occupancy of a property under rental conditions with a contractual option to purchase the property at an agreed-upon price within a designated time frame

Ohio CDC Association
2008 Basic Skills in Affordable Housing Development

lease-up reserve

an amount of money needed to pay operating expenses of rental property after the development period and before full rental income is received

lien

a legal right to hold and use property or to sell it for repayment of a debt

linked deposit

an amount of money placed on deposit with a lender, with interest earnings of which are used to reduce the required debt service of a loan

loan

an amount of money provided for a specific purpose, with specific conditions for repayment including interest, collateralization, etc.

loan constant

the amount of money required to repay one dollar for a given period of time at a given interest rate; often an annual amount but can be determined for one month or another designation

loan-to-value (LTV)

the percentage of a property's fair market or appraised value (which is not the same as the development cost) that a bank is willing to lend

low - to moderate-income (LMI)

the federally define range of household annual income levels for each area of the country; used to determine eligibility for various programs; generally low-income is defined as at or below 50% of area median income and moderate-income is defined as at or below 80% of area median income; often individuals at or below 35% of area median income are referred to as very-low-income

market absorption

the projected period of time between a property's completion and its sale or rental occupancy -- often included in a good market study

market demand

the presence or absence of people with the desire and ability to buy or rent a given type of housing at a given price and location

market rate

generally the current prices for rent, home purchase, and interest rates in the private sector with no grants or subsidies

market study

a written report by a qualified person which projects the demand, absorption, prices, and conditions for a housing product -- either rental or sale

Ohio CDC Association
2008 Basic Skills in Affordable Housing Development

marketing

the actions taken to lease or sell housing; a process which takes time and incurs expense; often overlooked by nonprofit developers

mortgage

the conveyance of property rights to a creditor as security for repayment of debt

mortgage insurance

an agreement whereby an insurer agrees to pay a claim to a lender if a particular insured mortgage is defaulted on by the borrower; may be provided by both public (FHA, VA) and private sources

net operating income (NOI)

the income remaining from rental property after all operating expenses have been paid; used to pay debt service and return cash flow to owners or investors

off-site development

work required for a housing development which takes place away from the actual property, often of public rights of way, i.e. extension of utilities, roads etc.

operating budget

for rental housing, an itemized projection of total annual expenses -- excluding debt service -- for all units in a project

operating proforma

for rental housing, a projection of income, expenses, net operating income, debt service, and cash flow for each year from the completion of the project through 15 years of operation

operating reserve

an amount of money, expressed as dollars and calculated as a percentage of income, set aside to pay operating expenses in income is insufficient

option

a written agreement establishing the price and conditions under which a buyer may purchase a given property; a form of site control

performance manual

a written set of performance standards required in rehabilitation work; addresses the quality of work, not materials or scopes of work

PITI

principal, interest taxes, and insurance; the amount of money required to buy a home, usually the monthly total

Ohio CDC Association
2008 Basic Skills in Affordable Housing Development

private mortgage insurance (PMI)

an insurance required by some lenders to provide additional security for a home purchase loan

principal

the amount of money borrowed or lend, not including interest or other charges

program standard

the locally adopted written standards for determining deficiencies and necessary repairs in housing rehabilitation; not to be confused with building codes or housing codes

per unit month (PUM)

a cost expressed as the amount needed to support each unit of a rental property for each month

present value (PV)

today's cash value of an investment or debt; either real or projected

return on investment (ROI)

the rate of earnings or increase in the value of an investment for a given period of time, expressed as a percentage of the principal; see cap rate

scattered site

development of housing of two or more separate parcels of land but under one project budget

site control

documented control of a site by ownership or a binding option to purchase

site work

on-site work necessary to use the site for housing including excavation, grading, sewer, water, paving etc.

soft costs

non-construction expenses related to the development of housing including professionals fees, surveys, appraisals, taxes, insurance, etc.

soft second money

part of the purchase price or development costs for housing obtained from subsidized grants or loans; recorded as debt, but may not require repayment in specific instances

sources and uses

a brief outline statement showing all costs of development (uses) and a matching total of all funding that will pay those costs (sources)

Ohio CDC Association
2008 Basic Skills in Affordable Housing Development

special needs

in affordable housing, the term is used to describe handicapped, disabled, or other special populations

specifications (specs)

a written statement of what work is to be done, when, where, and how; a detailed list of every item of construction or repair and materials with specific quantities for a unit or project; a construction contract document which may or may not be accompanied by plans and drawings; also called scope of work

subordinate

in housing financing, a mortgage lien other than the first mortgage; there may be more than one subordinate mortgage on a property; subordinate mortgages can only be satisfied after the first mortgage

target area

a defined geographic area in which housing is to be provided; in CDBG supported housing, the target area is very tightly described

target market

the group of people or households identified as the desired owners or renters for housing; generally defined by family status, income level, age, special needs etc.

targeting

the practice of limiting eligibility for various types of assistance, generally by setting income guidelines

tax abatement

the whole or partial reduction of real estate taxes or personal property taxes for a certain period of time by a local government as an inducement for housing or other development

tax credit

the cash credit toward income tax liability granted by the taxing authority for certain taxpayers, in housing, usually refers to Section 42 Low Income Housing Tax Credits

total development cost (TDC)

the bottom line of a development budget, including the developer's fee

term

the specified period of time for repayment of a loan; expressed in years

utility allowance

the average monthly amount of money needed to basic utilities for a unit of housing; does not include cable tv, phone, or air conditioning

vacancy loss

the amount of rent not received because the unit was empty or the rent was uncollectable

vacancy rate

the average percentage of vacant units in a rental project; determined by market area and housing type

Glossary of Housing Organizations

**** Warning****

This is not an exhaustive listing, it only represents organizations commonly referred to by Ohio practitioners. When working with a live deal, research all potential partners including local governments, associations, & foundations.

Community Development Finance Fund

The Ohio Community Development Finance Fund is a statewide, non-profit organization which provide finance and technical resources to community-based non-profit organizations. The purpose of The Finance Fund is to work through community-based no-profits to increase the access to capital for low-income households. The Finance Fund's goal of connecting capital markets with low-income communities is focused on housing, economic development, and head start facilities. The Finance Fund's widely known initiatives among housing developers include the linked deposit program and the predevelopment grant program.

Community Housing Development Organizations

Community Housing Development Organization is a formal designation conferred by the state. Ohio-designated CHDOs are entitled to access the state's 15% HOME CHDO set-aside. To be eligible, a non-profit must have 501(c)(3) or 501(c)(4) status; have served their community for at least 1 year; have a commitment to affordable housing in its by-laws, charter, or resolutions; have no public or for-profit entity control; have at least 1/3 of it's board who are low-income residents of the area; have a formal process of citizen participation and more.

Fannie Mae

Fannie Mae was established by Congress in 1938 to provide financial products and services that would increase the availability and affordability of housing for low-, moderate-, and middle-income Americans. Fannie Mae strives to create an efficient and reliable secondary market for home mortgages and work with lending institutions, states, localities, non-profit organizations and others to develop and implement initiatives that expand housing opportunities for lower income individuals and families.

Federal Home Loan Bank

The Federal Home Loan Bank provides technical assistance to savings institutions, commercial banks, local governments, and nonprofits in financing housing; affordable housing initiatives; and public/private partnership development, among other topics. FHLB provide below market rate loans and grants for new construction, acquisition and or rehab of single-family and multi-family housing for low- and moderate-income persons. Funds are made available two times per year and applications must be made through a financial institution which is a member stockholder of the FHLB. FHLB funding targets households with incomes at or below 80% AMI.

Local Initiatives Support Corporation

Ohio Capital Corporation for Housing

Ohio Capital Corporation for Housing helps non-profit organizations, for-profit developers, local governments, housing authorities, lenders, and investors create housing opportunities by building partnerships among the parties and providing technical assistance. OCCH connects housing sponsors with resources by submitting funding applications to public and private sources, and by raising capital from corporations which is invested in housing which qualifies for Low Income Housing Tax Credits.

Ohio CDC Association 2008 Basic Skills in Affordable Housing Development

OCCH has raised and invested more than \$100 million and is the asset manager for more than 70 affordable housing properties in Ohio. Under a grant from HUD, OCCH also provides training and technical assistance to build the capacity of Community Housing Development Organizations.

Ohio CDC Association

As a statewide membership association of more than 120 community development corporations and 60 associated organizations, OCDCA promotes the efforts of nonprofit community-based development organizations by providing training, information, technical assistance and opportunities for networking with peers. OCDCA also works to build strong relationships between nonprofit community-based developers and the State of Ohio.

Office of Housing and Community Partnerships

The Ohio Department of Development's Office of Housing and Community Partnerships administers state and federal programs designed to provide decent, safe, sanitary housing, shelter, and supportive services for low- and moderate-income persons. Commonly used programs include the Non-Profit Housing Development Program (NPHDP); the Community Housing Improvement Program (CHIP); the Emergency Shelter Grant Program (ESG); the Housing Opportunities for Persons with AIDS Program (HOPWA); the Supportive Services for the Homeless Program (SHH); and the Ohio Low- & Moderate-Income Housing Trust Fund.

Ohio Housing Finance Agency

Housed in the Ohio Department of Development, the Ohio Housing Finance Agency is a nine member board. Seven members are appointed by the Governor with the advice and consent of the Ohio Senate while two ex-officio members (the Directors of the Ohio Departments of Development and Commerce) round out its composition. OHFA administers the Low Income Housing Tax Credit (LIHTC); issues Tax Exempt Bond/Multifamily Rental Development Bonds; and makes an array of loans to support the development of affordable housing throughout the state.



Copyright © 2004, 2007, Enterprise Community Partners, Inc. All rights reserved. Adaptation of this material is permitted only for noncommercial purposes.

GLOSSARY OF AFFORDABLE HOUSING TERMS

[Portions of this glossary are reprinted from *Affordable Housing Yearbook* with permission of the publisher.]

Acquisition-Rehab Program

A colloquial term for program, usually run by a nonprofit group or local government, that purchases abandoned or substandard properties, repairs them and sells them to lower income homebuyers.

Amortization

The gradual repayment of a mortgage by installments.

Amortizing Loan

A loan for which equal payments are due on a regular periodic basis, usually monthly. The payments include varying amounts of principal and interest. These are sometimes called “level payment” loans, as opposed to deferred payment loans due only on resale or loans repaid with unequal periodic payments of principal and interest.

Affordable Housing Fund

A subsidy funding program of the Federal Home Loan Bank Board, the official governing body that oversees savings and loan institutions.

Area Median Income (AMI)

A term of art used by some federal programs to describe published income standards for various areas of the country that are used as benchmarks for determining households’ eligibility for federally funded programs. For example, homebuyers assisted with HOME or CDBG funds generally must have incomes at or below 80% of area median income. AMIs are calculated and published annually by HUD. “Median” means that half of all households in the area are estimated to have more than this amount of income.

Capacity Building

A term used to describe technical assistance (and sometimes staff grants) given to a nonprofit organization to increase their organizational and staff capacity, funding resources, and output.

Capitalize; Capitalization

Has several meanings as used in the low-income housing industry. The most common is “capitalizing a loan fund,” i.e. raising grants or low-interest loans for a fund from which loans are made to third parties. In real estate development, the term can also mean characterizing certain expenses such as loan interest and professional fees as capital costs, not ordinary operating expenses.

Cash-to-Close

A colloquial term used in the single-family lending industry to describe the total amount of cash to be provided by the homebuyer at the real estate and loan closing. This cash is applied to pay the down payment, appraisal fee, and other loan-related fees, recording costs, and pre-paid real estate taxes and insurance.

CHDO

Pronounced CHO-DOE. A HUD term for a Community-Based Housing Development Organization in relation only to the federal HOME program (see “HOME”). HOME reserves 15% of its funds for CHDOs. A CHDO must have on its board at least one-third low-income people, their specially elected representatives, or residents of low-income census tracts.

CHDO Entitlement

The amount of money a city, state or urban county gets annually from HUD based on a formula through the Community Development Block Grant program.

Closing

The occasion where the sale of real estate and/or the making of a loan is finalized. Sometimes called “settlement.”

Community Development

A term broadly used to describe any efforts to improve housing, infrastructure, education, social services and employment in lower income areas.

Community Development Block Grants (CDBG)

This is a HUD (federal) program that provides grants to cities and states to undertake community development efforts. Affordable housing is a common use, and many cities subcontract with nonprofits to run the programs.

Generally rural areas and cities smaller than 50,000 population must apply on a competitive basis annually or bi-annually to be a state government agency administering the Small Cities CDBG program.

Community Development Corporation (CDC)

A loosely defined term for a nonprofit organization that undertakes commercial or residential real estate development. It usually, but not always, indicates some targeting of efforts to a low-income neighborhood.

Conventional Financing

In the low-income housing industry, a term often used to refer to any loan made with non-subsidy sources. Among private, single-family lenders, a term to describe a loan that is made with a minimum 20% down payment and conventional underwriting criteria—a maximum 80% loan-to-value ratio and maximum 28/36 underwriting ratios. See “loan-to-value ratio” and “underwriting ratios.”

CRA – The Community Reinvestment Act

A federal law that encourages lenders to make residential and commercial loans to low-income and minority people, and/or in low-income areas.

Debt Ratio

See “installment debt ratio.”

Debt Service

Principal and interest payments on a loan usually paid monthly.

Deed in Lieu of Foreclosure

The transfer of title of a mortgage property from the owner to a mortgage lender to avoid foreclosure and further collection actions.

Deed of Trust

See “mortgage loan.”

Deferred Payment Second Mortgage Loan

A non-amortizing loan, usually at 0% interest, on which no repayments are due until sale or some other point in the future. They are usually made by a public or nonprofit agency to a lower income homebuyer or a developer of low-income housing. Sometimes called a “deferred payment loan,” a “DPL,” or a “soft second mortgage.”

Down Payment Assistance

Grants or low interest loans given to lower income homebuyer’s help to fund down payment and/or closing costs—usually in the range of \$2,000 to \$5,000. Less commonly, the term is used to refer to any second mortgage financing in any amount.

Entitlement Jurisdiction

In the affordable housing world, a city or county entitled to receive Community Development Block Grant funds directly from HUD—usually with a population exceeding 50,000.

Extremely Low-income Household

As widely defined by governmental and nonprofit organizations, a household with an income at or below 30% of median income. See “area median income.”

Fannie Mae

The most common term for the Federal National Mortgage Association (FNMA), a publicly chartered corporation that buys residential mortgage loans from loan originators, typically local banks and thrift institutions.

Farmer's Home Administration

See "Rural Housing Service."

Fee Simple Ownership

Outright ownership of real estate, as opposed to leasing, lease-purchase arrangements, and buying a home on land leased from a land trust.

First Mortgage Loan

For a home purchase or a real estate project, usually the largest loan and one that gives the lender the most security. In case of foreclosure and sale, the first mortgage lender gets the money before any other lender is paid off. Also called a "first deed of trust" loan in some areas of the country.

Fixed-Rate Mortgage Loan

A mortgage loan for which the interest rate does not change over time.

Forbearance Agreement

An agreement in which a lender postpones foreclosure on a mortgage loan to allow the borrower time to catch up on overdue loan payments.

Foreclosure

The process by which a mortgaged property may be sold when a mortgage is in default.

Freddie Mac

A commonly used name for the Federal Home Loan Mortgage Corporation, a publicly chartered corporation that buys residential mortgage loans from loan originators, typically local banks and thrift institutions.

HOME

The HOME Investment Partnership Program, a HUD program that grants housing subsidy funds on a formula basis to cities and states. Smaller cities must apply to states for funding. Funds may be used for acquisition, rehab, rent subsidies and (in some places) new construction. Subsidies can be low interest second mortgages, "forgivable" loans, grants, interest subsidies and rent subsidies. The program requires local nonfederal matching funds. HOME will fund developer fees and administrative costs of programs (up to certain limits).

Home Buyer Training

Workshops conducted for groups of prospective homebuyers. Participants receive training on the pros and cons of buying a home, credit issues, the home search, mortgage financing, special financing (if available), the loan closing, home maintenance, and other responsibilities of homeownership.

HOPE

A series of HUD programs that provide grants to local governments, housing authorities, or nonprofit organizations to convert unused or HUD-owned rental properties to homeownership opportunities. Properties must be public housing or government foreclosed housing. The grant pays for some administration, but requires a local match. Applicants compete for funds in periodic requests for proposals.

Housing Payment Ratio

In single-family lending, the percentage of a borrower's income that will be spent on the housing payment after a home purchase, refinancing, or home renovation refinancing. This includes payments of loan principal, interest, real estate taxes, and insurance (called PITI).

Housing Trust Fund

A loosely defined term covering various types of public and nonprofit-controlled funds from which loans and grants are made for affordable housing. These trust funds are variously capitalized with public revenue, dedicated taxes, grants and payments from market-rate developers.

HUD

The U.S. Department of Housing and Urban Development. See definitions of Community Development Block Grants, HOME, HOPE, Low Income Public Housing, Section 8 and Section 202.

Infill Housing

New homes or apartments built on smaller tracts of land, often in older neighborhoods, urban renewal areas or inner cities.

Installment Debt Ratio

In single-family lending, the percentage of borrower's income that will be spent on all installment debt after a home purchase, refinancing, or home renovation financing. The conventional ratio is 36% of income. Some community reinvestment loan products and insured loans allow a higher ratio.

Land Trust

In the strictest sense, a nonprofit organization that sells affordable homes but retains ownership of the land under them in order to control, through the lease, the long-term affordability of the homes. The lease ensures that the home is resold to a low-income family, sold at a below-market price, and/or sold with a share of the appreciated value going to the nonprofit. The term is used more loosely to describe programs that subsidize fee simple homeownership for low-income families and impose similar kinds of long-term affordability controls.

Layered Financing

Financing for an affordable housing project that includes several subsidy sources (for example, HOME, CDBG, and Tax Credits).

Lien

A document recorded in public records that represents a debt owed on the property. Examples of liens include: a recorded mortgage deed, a lien for unpaid taxes, and a mechanic's lien representing construction work on a property that was not paid for.

Leverage

In low-income housing, this means using one source of funds in a project to encourage investment by another source. As in "our funding was leveraged five times in that project."

Loan-to-Value Ratio

The ratio between the proposed loan amount and the appraised value of a property that money is being borrowed for. For instance, if a proposed loan equals 85% of appraised value, the loan-to-value ratio is 85%. For community reinvestment programs, lenders will sometimes lend up to 95% or 97% of value, typically only if mortgage insurance is provided. The maximum ratio for conventional loans is 80%.

Low-income Household

As widely defined by governmental and nonprofit organizations, a household with an income at or below 80% of area median income. See "area median income."

Median Income

See "area median income."

Moderate-Income Household

As widely defined by governmental and nonprofit organizations, a household with an income between 80% and 120% of area median income. See "area median income."

Mortgage Insurance

Insurance provided by a private institution or public agency that insures a lender in whole or in part from losses due to a default on a loan. Lenders typically require mortgage insurance only for loans that are not considered conventional (see "conventional financing"). Borrowers pay the premiums. The Federal Housing Administration (FHA-

part of HUD) provides many kinds of mortgage insurance, as does the Veterans Administration (VA) and many private insurers, who provide what is called “private mortgage insurance (PMI).”

Mortgage Loan

A loan secured by a mortgage deed, meaning the property owner has agreed to give the property to the lender if monthly payments are not made, so the property can be sold to pay off the loan. First deed of trust loan means the same thing.

Mortgagee

The Lender of a mortgage loan.

Mortgagor

The borrower of a mortgage loan.

Non-amortizing Loan

See “deferred payment loan.”

Origination

Once a lone has been underwritten, the act of processing the loan through closing, providing the loan funds and setting the loan up for servicing.

Participation Loan

Usually, a first mortgage loan made on a larger real estate project such as an apartment acquisition, where two or more lenders provide the funds. In proportion to their funds provided, the share risk, repayments and any proceeds of sale in the event of a default. A common way to get lenders to finance multi-family deals that cannot immediately be sold to the secondary market.

PJ

Either what you wear late at night, or a Participating Jurisdiction under the HUD HOME program. A PJ is a local or state government eligible to contract directly with HUD for HOME funds. Smaller cities must subcontract from state government agencies.

PMI

See “mortgage insurance.”

Prequalification

The process of assisting a homebuyer in determining if they qualify for conventional and/or subsidy loans. This typically involves a credit check, verifying income and asset information, and evaluating debt, income, and credit information in relation to lender underwriting standards. The process typically determines: 1) if a borrower has good enough credit to borrow, and 2) approximately how much can be borrowed at certain interest rates and loan terms.

Purchase-Rehab Program

See “acquisition-rehab.”

Qualifying Ratios

See “underwriting ratios.”

RTC – Resolution Trust Corporation

A quasi-public, federally chartered corporation that was charged in the early 1990s with selling off assets acquired by the government from bailed-out lenders that were federally insured.

Rent Subsidies

Term typically used to describe HUD’s Section 8 program, which subsidize, the rent of low-income tenants in privately owned apartments and are typically administered by local housing authorities. There are two types of subsidies with only slight technical differences—certificates and vouchers. Generally tenants pay 30% of income for rent and utilities and HUD pays the rest directly to the landlord. Some other HUD funding programs for supportive housing and special needs housing can be used for rent subsidies. Some local governments sometimes provide rent subsidies or stipends with their own funds.

Rural Housing Service

A division of the U.S. Department of Agriculture that provides housing grants and loans to housing projects in small cities and rural areas, similar to programs of HUD in urban areas.

Section 8

See “rent subsidies.”

Section 502

A program of the Rural Housing Service that provides low-income borrowers with direct low-interest loans or loan guarantees to buy a new or existing home. The guarantors are used as an incentive for private, institutional lenders to make home purchase loans at interest rates slightly below market. Section 502 loans are also sometimes originated as low-interest second mortgage loans made in tandem with first mortgage loans from private lenders.

Secondary Market

Collectively, the companies and government institutions that buy mortgage loans from lenders that originated them. A large number of single-family mortgage loans and some multifamily loans are sold to the secondary market, even though originators may still service many of the loans (see “servicer”).

Secondary Financing

A term used to describe any financing used in conjunction with first mortgage loans from conventional financing institutions—for example, a down payment grant, a deferred payment loan, or an amortizing second mortgage loan.

Self-Sufficiency Programs

A loosely defined term used to describe various programs that assist the homeless, people on welfare or public housing tenants in getting training, day care and employment. HUD funds or promotes several self-sufficiency programs for public housing tenants and tenants with HUD rent subsidies.

Servicer

Or “loan servicer.” A company that collects payments due on mortgage loan, often the lender that originated the mortgage loan, even if the lender sold the loan to another entity.

Servicing

The act of collecting loan payments, accounting for them, making reports and managing escrowed funds for taxes and insurance.

Settlement

See “closing.”

Soft Costs

A jargon term for non-bricks-and-mortar costs of a real estate development project. Includes architectural costs, surveys, appraisals, other fees, holding costs, etc.

Soft Money

A jargon term for subsidy funds from public or charitable sources used in a real estate development project. There are degrees of “soft.” The softest funding consists of grants and deferred payment loans. Less soft are low interest, amortizing loans.

Soft Second Mortgage

See “deferred payment second mortgage.”

Special Needs Housing

A loosely defined term for affordable or no-cost residential facilities for people with special medical problems, the homeless or people enrolled in self-sufficiency programs. In the broadest sense, it includes emergency shelters, longer-term shelters, transitional housing, halfway houses and group homes.

Subordinated Loan

In single-family mortgage lending, a second or third mortgage loan with a lien that is subordinate to a first or second mortgage loan. In the event of default and foreclosure, subordinated loans are repaid only after other debts with a higher claim have been satisfied. (See “mortgage loan” and “lien.”)

Subsidy

In housing, money put into a deal to lower the monthly debt service on an individual home or in a larger project. Low interest second mortgage loans are the most common source of subsidy. Tax credit investments can also act as a subsidy. Rent subsidies are given to landlords to reduce rents paid by tenants.

Three-Two (3/2) Option

Underwriting guidelines that allow homebuyers to make a three-percent down payment with their own funds, coupled with a gift from a relative or a two-percent grant or unsecured loan from a nonprofit or government-sponsored program. For example, Fannie Mae will purchase loans from approved lending programs that use this option, if the borrower's income does not exceed 115% of the area median income.

Transitional Housing

A loosely defined term covering a number of housing facilities that serve the formerly homeless, people trying to get off welfare, or people released from institutions. Usually the term of stay is restricted to one to two years. The most common form is apartments or shared living facilities for the formerly homeless or single female parents with children. When treatment and supervision is involved, a facility is usually called a halfway house or group home.

Underwriting

The process of evaluating a loan application to determine if it meets credit standards and any other special requirements (as with special loan products for low-income borrowers). The underwriting process determines whether or not a loan will be approved, and on what terms and conditions.

Underwriting Ratios

Criteria used by lenders to determine how large a loan a prospective borrower can afford. The housing payment ratio (for "front" ratio) is the maximum percentage of monthly household income that can be paid for principal, interest, taxes and insurance (PITI). The installment debt ratio (or "back" ratio) is the maximum percentage of income that can be paid for total installment debt (including PITI, car loans, etc.). Ratios for conventional loans are 28% for PITI, and 36% for all installment debt, often expressed as 28/36. Many special loan products allow ratios of 33/38 or even higher increasing the amount of the monthly payment and, thus, the amount that can be borrowed.

Variable-Rate Mortgage Loan

A mortgage loan for which the interest rate may change over time in relationship to some index such as the market price of long-term U.S. Treasury obligations.

Very Low-Income Household

As widely defined by governmental and nonprofit organizations, a household with an income at or below 50% of area median income. See "area median income."

Vouchers

Or Housing Vouchers. See “rent subsidies.”

Write-down

A colloquial term used to describe a grant from a public or private source used to pay for part of the costs of a real estate development project. The grant is called a write-down because it makes the housing more affordable for tenants or homebuyers.

**National Council of Affordable Housing Market Analysts
Market Study Terminology**

Terminology	Definition
Absorption Period	The period of time necessary for a newly constructed or renovated property to achieve the Stabilized Level of Occupancy. The Absorption Period begins when the first certificate of occupancy is issued and ends when the last unit to reach the Stabilized Level of Occupancy has a signed lease. Assumes a typical pre-marketing period, prior to the issuance of the certificate of occupancy, of about three to six months. The month leasing is assumed to begin should accompany all absorption estimates.
Absorption Rate	The average number of units rented each month during the Absorption Period.
Acceptable Rent Burden	The rent-to-income ratio used to qualify tenants for both income restricted and non-income restricted units. The Acceptable Rent Burden varies depending on the requirements of funding sources, government funding sources, target markets, and local conditions.
Affordable Housing	Housing where the tenant Household pays no more than 30 percent of its annual income on Gross Rent.
Amenity	Tangible or intangible benefits offered to a tenant at no fee, typically on-site recreational facilities or planned programs, services and activities.
Annual Demand	The total estimated demand present in the market in any one year for the type of units proposed.
Area Median Income or AMI	100% of the gross median Household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.
Assisted housing	Housing where the monthly costs to the tenants are subsidized by federal, state or other programs.
Attached housing	Two or more dwelling units connected with party walls (e.g. townhouses or flats).
Basic Rent	The minimum monthly rent that tenants who do not have rental assistance pay to lease units developed through the USDA-RD Section 515 Program, the HUD Section 236 Program and HUD Section 223(d)(3) Below Market Interest Rate Program. The Basic Rent is calculated on the rent required to operate the property, maintain debt service on a subsidized mortgage with a below-market interest rate, and provide a return on equity to the developer in accordance with the regulatory documents governing the property.
Below Market Interest Rate Program (BMIR)	Program targeted to renters with income not exceeding 80% of area median income by limiting rents based on BMIR Program requirements and through the provision of an interest reduction contract to subsidize the market interest rate to a below-market rate. Interest rates are typically subsidized to effective rates of one percent or three percent.
Capture Rate	The percentage of age, size, and income qualified renter Households in the Primary Market Area that the property must capture to achieve the Stabilized Level of Occupancy. Funding agencies may require restrictions to the qualified Households used in the calculation including age, income, living in substandard housing, mover ship and other comparable factors. The Capture Rate is calculated by dividing the total number of units at the property by the total number of age and income qualified renter Households in the primary

Exhibit A
Market Study Terminology

	market area. See Penetration Rate for rate for entire market area.
--	--

**Exhibit A
Market Study Terminology**

Terminology	Definition
Census tract	A small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.
Central Business District (CBD)	The center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.
Community Development Corporation (CDC)	Entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.
Comparable Property	A market-rate or Affordable Housing property that is representative of the rental housing choices of the subject's Primary Market Area and that is similar in construction, size, amenities, or age.
Competitive Property	A property that is comparable to the subject and that competes at nearly the same rent levels.
Concession	Discount given to a prospective tenant to induce the tenant to sign a lease. Concessions typically are in the form of free rent for a specific period of time.
Condominium	A form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.
Contract Rent	The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease.
Demand	An estimate of the total number of market Households that have both the desire and the ability to obtain the product and/or services offered.
Difficult Development Area (DDA)	An area designated by HUD as an area that has high construction, land, and utility costs relative to the Area Median Gross Income. A project located in a DDA and utilizing the Low Income Housing Tax Credit may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.
Detached Housing	A freestanding dwelling unit, typically single-family, situated on its own lot.
Effective Rents	Market Rents less concessions.
Elderly or Senior Housing	Housing where (1) all the units in the property are restricted for occupancy by persons 62 years of age or older or (2) at least 80% of the units in each building are restricted for occupancy by Households where at least one Household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the age of senior citizens.

**Exhibit A
Market Study Terminology**

Terminology	Definition
Extremely Low Income	Person or Household with income below 30% of Area Median Income adjusted for Household size.
Fair Market Rent or FMR	The estimates established by HUD of the Gross Rents (Contract Rent plus Tenant Paid Utilities) needed to obtain modest rental units in acceptable condition in a specific county or metropolitan statistical area. HUD generally sets FMR so that 40% of the rental units have rents below the FMR. In rental markets with a shortage of lower priced rental units HUD may approve the use of Fair Market Rents that are as high as the 50 th percentile of rents.
Garden Apartments	Apartments in low-rise buildings (typically two to four stories) that feature low density, ample open-space around buildings, and on-site parking.
Gross Rent	The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease plus the estimated cost of all Tenant Paid Utilities.
High-rise	A residential building having more than ten stories.
Household	One or more people who occupy a housing unit as their usual place of residence
Household Trends	Changes in the number of Households for a particular area over a specific period of time, which is a function of new Household formations (e.g. at marriage or separation) and decreasing average Household size.
Housing Choice Voucher	Federal rent subsidy program which issues rent vouchers to eligible Households to use in the housing of their choice. The voucher payment subsidizes the difference between the Gross Rent and the tenant's contribution of 30% of adjusted income.
Housing Finance Agency (HFA)	State or local agencies responsible for financing housing and administering assisted housing programs.
HUD Section 8 Program	Federal program targeted to Low- and Very-Low Income Households which provides monthly rental subsidies to subsidize the difference between the Household's Gross Rent and the greater of 30 percent of the Household's adjusted income or 10 percent of the Households gross income.
HUD Section 202 Program	Federal program which provides direct capital assistance (i.e. grant) and operating or rental assistance to finance housing designed for occupancy by elderly Households who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization.
HUD Section 811 Program	Federal program which provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by persons with disabilities who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization.
HUD Section 236 Program	Federal program which provides interest reduction payments for loans which finance housing targeted to Households with income not exceeding 80% of area median income who pay rent equal to the greater of Basic Rent or 30 percent of their adjusted income. All rents are capped at a HUD approved market rent.

**Exhibit A
Market Study Terminology**

Terminology	Definition
Income Band	The range of incomes of Households which can pay a specific rent but do not have more income than is allowed by the Income Limits of a particular housing program. The minimum income typically is based on a defined Acceptable Rent Burden percentage and the maximum typically is pre-defined by specific programmatic requirements or by general market parameters.
Income Limits	Maximum Household income by county or metropolitan statistical area (MSA), adjusted for Household size and expressed as a percentage of the Area Median Income for the purpose of establishing an upper limit for eligibility for a specific housing program. Income limits for federal, state and local rental housing programs typically are established at 30%, 50%, 60% or 80% of AMI.
Infrastructure	Services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure includes both public and private facilities.
Low Income	Person or Household with gross Household income below 60% of Area Median Income adjusted for Household size.
Low Income Housing Tax Credit	A program to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code, as amended.
Low Rise Building	A building with one to three stories
Market Advantage	The difference, expressed as a percentage, between the estimated market rent for an apartment property without income restrictions and the lesser of (a) the owner's proposed rents or (b) the maximum rents permitted by the financing program for the same apartment property.
Market Analysis	A study of real estate market conditions for a specific type of property
Market Area or Primary Market Area	A geographic area from which a Property is expected to draw the majority of its residents.
Market Demand	The number of units required in a defined market area to accommodate Demand (i.e. Households that desire to improve the quality of their housing without significantly increasing their economic burden).
Market Feasibility Analysis	An analysis that determines whether a proposed development can attain its target prices, taking into account the development's characteristics (location, size, unit mix, design, and amenities), the depth of its target market, and the strength of its appeal in comparison to other existing and planned options available to potential consumers.
Market Rent	The rent that an apartment, without rent or income restrictions or rent subsidies, would command in the open market considering its location, features, amenities. Market rent should be adjusted for Concessions and owner paid utilities included in the rent.
Market Study	A macroeconomic analysis that examines the general market, economic, and environmental conditions of supply, demand, and pricing, or the demographics of demand for a specific area or property type. A market study may also include analyses of construction and absorption trends.
Marketability	The manner in which the subject fits into the market; the relative desirability of a property (for sale or lease) in comparison with similar or competing properties in the area.

**Exhibit A
Market Study Terminology**

Terminology	Definition
Market Vacancy Rate	Average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same market area, excluding units in properties which are in the lease-up stage.
Metropolitan statistical area (MSA)	A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.
Mid-rise	A building with four to ten stories.
Migration	The movement of Households from one location or market area to another
Mixed Income Property	An apartment property containing (1) both income restricted and unrestricted units or (2) units restricted at two or more income limits (i.e. Tax Credit property with income limits of 30%, 50% and 60%).
Mobility	The ease with which people move from one location to another
Moderate Income	Person or Household with gross household income between 80 and 120 percent of area median income adjusted for Household size.
Move-up Demand	An estimate of how many consumers are able and willing to relocate to more expensive or desirable units, such as tenants who move up from Class C properties to Class B; and Class B tenants that move up to class A properties; and tenants that move from Class C and B properties to new superior Tax Credit properties.
Multi-family	Structures that contain more than five housing units.
Neighborhood	An area of a city or town with common demographic and economic features that distinguish it from adjoining areas.
Net Rent (also referred to as Contract or Lease Rent)	Gross Rent less Tenant Paid Utilities.
Penetration Rate	The percentage of age and income qualified renter Households in the Primary Market Area that all existing and proposed properties, to be completed within six months of the subject, and which are competitively priced to the subject that must be captured to achieve the Stabilized Level of Occupancy. Funding agencies may require restrictions to the qualified Households used in the calculation including age, income, living in substandard housing, mover ship and other comparable factors. See Capture Rate for property specific rate.
Pent-up Demand	A market in which there is a scarcity of supply and vacancy rates are very low.

Exhibit A
Market Study Terminology

Population trends	Changes in population levels for a particular area over a specific period of time—which is a function of the level of births, deaths, and net migration.
-------------------	--

Terminology	Definition
Primary Market Area	The most likely geographic area from which a Property would draw its support.
Programmatic Rents	The proposed rents for a Tax Credit or other income restricted property relative to comparable market rate properties and rents being achieved at other Tax Credit or other income restricted properties in the market. Can be no greater than maximum rents permitted by the Tax Credit or other program regulations.
Project Based Rent Assistance	Rental assistance from a federal, state or local program that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.
Public Housing or Low Income Conventional Public Housing	HUD program administered by local (or regional) Housing Authorities which serve low- and very-low income Households with rent based on the same formula used for HUD Section 8 assistance.
Qualified Census Tract (QCT)	Any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50% of Households have an income less than 60% of Area Median Gross Income or where the poverty rate is at least 25%. A project located in a QCT and receiving Low Income Housing Tax Credits may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.
RD Market Rent	A monthly rent that can be charged for an apartment under a specific USDA-RD housing program, that reflects the agency's estimate of the rent required to operate the property, maintain debt service on a un-subsidized mortgage and provide an adequate return to the property owner.
Rural Development (RD) Program (Formerly the Farmers Home Administration Section 515 Rural Rental Housing Program)	Federal program which provides low interest loans to finance housing which serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, whichever is the higher (but not exceeding the market rent). The Program may include property based rental assistance and interest reduction contracts to write down the interest on the loan to as low as one percent.
Redevelopment	The redesign or rehabilitation of existing properties.
Rent Burden	Contract Rent plus Tenant Paid Utilities divided by the gross monthly Household income.
Rent Burdened Households	Households with Rent Burden above the level determined by the lender, investor, or public program to be an acceptable rent-to-income ratio.
Restricted Rent	The maximum allowable rent under the restrictions of a specific housing program or subsidy.
Saturation	The point at which there is no longer demand to support additional units.
Secondary Market Area	The portion of a market area that supplies additional support to an apartment property beyond that provided by the primary market area.

**Exhibit A
Market Study Terminology**

Terminology	Definition
Single-family housing	A dwelling unit, either attached or detached, designed for use by one Household and with direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.
Special needs population	Specific market niche which is typically not catered to in a conventional apartment property. This population should exhibit certain criteria which can be well-defined and are reasonably quantifiable, in order, for example, to assess the need and demand from this source.
Stabilized Level of Occupancy	The underwritten or actual number of occupied units that a property is expected to maintain after the initial rent-up period, expressed as a percentage of the total units.
State Data Center (SDC)	A state agency or university facility identified by the governor of each state to participate in the Census Bureau's cooperative network for the dissemination of the census data.
Subsidy	Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's contract rent and the amount paid by the tenant toward rent.
Substandard Conditions	Housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities, one or more major systems not functioning properly, or overcrowded conditions.
Target Income Band	The estimated Income Band from which the subject property will likely draw tenants.
Target Population	Market niche a development will appeal to or cater to.
Tenant	One who rents from another.
Tenant Paid Utilities	The cost of utilities necessary for the habitation of a dwelling unit which are paid by the tenant. Tenant Paid Utilities do not include costs for telephone or cable service.
Tenure	The distinction between owner-occupied and renter-occupied housing units.
Townhouse (or Row House)	Single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called a row house.
Turnover	An estimate of the number of housing units in a market area as a percentage of total housing units in the market area that will likely change occupants in any one year.
Unmet Housing Need	New units required in the market area to accommodate Household growth, homeless Households, and Households in substandard housing.
Unrestricted Rents	The recommended rents for the market rate units at a Mixed-Income Property.
Unrestricted Units	The units at a Mixed-Income Property that are not subject to any income or rent restrictions.

Exhibit A
Market Study Terminology

Terminology	Definition
Vacancy Period	The amount of time that an apartment remains vacant and available for rent.
Vacancy Rate- Economic	Maximum potential revenue less actual rent revenue divided by maximum potential rent revenue
Vacancy Rate - Physical	The number of total habitable units that are vacant divided by the total number of units in the property.
Very Low Income	Person or Household whose gross household income does not exceed 50% of Area Median Income adjusted for Household size.
Zoning	Classification and regulation of land by local governments according to use categories (zones); often also includes density designations.

The Paul Webb Company

1280 Pearl Wood Road
740.698.3053

Albany, Ohio 45710
paul@trainersguild.org

Ohio CDC Association Basic Skills 2008

Some Initials and Acronyms

TERM	Stands for	
11-B	Section 11-b of the United States Housing Act of 1949	Tax-exempt bonds to finance LMI multifamily housing
LMI	Low (<50% AMI) & Moderate (<80% AMI) Income categories	Defines many affordable programs' eligibility
AMI	Area Median Income	HUD publishes annually
ADA	Americans with Disabilities Act	NON RESIDENTIAL accommodations & access for all disabilities
NAHA	Cranston-Gonzales National Affordable Housing Act of 1992	Created HOME and Title X for LBP
MEC	Model Energy Codes; 1992, 1995	
CDBG	Community Development Block Grant	HUD/CPD grants program
CHAS	Comprehensive Housing Affordability Strategy	Old HOME planning documents required by HUD
CHDO	Community Housing Development Organization	A 501(c) (3) CDC defined for HOME in NAHA
501(c) (3)	Federal tax-exempt status from IRS	Litmus test for nonprofits
CHIP	Community Housing Improvement Program	OHCP rehab money
CHIS	Community Housing Improvement Strategy	ORC mandated local planning process and documents (OHCP admin)
Con Plan	Consolidated Plan	HUD-required process and documents governing 5 HUD funding streams
CPD	Community Planning & Development Division of US Dpt. Of HUD	Controls all HOME & CDBG funds
DBRA	Davis-Bacon Related Acts	Set of Federal labor laws
DCR	Debt Covergae Ratio	Specifies NOI in excess of annual debt service
DOE	U.S. Department of Energy	
ERR	Environmental Review Record	Process and documents required by NEPA
NEPA	National Environmental Protection Act	
Title X	Title X of NAHA	Mandates LBP reform
FHA	Federal Housing Administration	Predecessor to HUD

The Paul Webb Company

1280 Pearl Wood Road
740.698.3053

Albany, Ohio 45710
paul@trainersguild.org

FICA		
FmHA	Farmers Home Administration of USDA	Replaced by RD
RD	Rural Development of USDA	
FONSI	Finding of No Significant Impact	One Federal Environmental Review outcome
GEI	Gross Effective Income	Project Income after adjusting for Vacancy and Collection Losses
HDAP	Housing Development Assistance Program	OHFA funding system
HDP	Housing Developer Pro 2	Housing production program management software from the Enterprise Foundation
HOME	HOME Investment Partnership Program	HUD funding system
Entitlement	A city which contracts directly with HUD for CDBG funds	Can be also a PJ, but may be much smaller than PJs
HVAC	Heating Ventilation Air Conditioning	Construction trade
HWAP	Home Weatherization Assistance Program	US DOE funds administered by ODOD through local contracts, often a CAP agency
CAP	Community Action Program organization	Many-faceted local shops
LISC	Local Initiatives Support Corporation	Giant national nonprofit with scattered presence or absence nationwide
Manual "J"	Tech manual for HVAC sizing	
NHS	Neighborhood Housing Services	National network of semi-autonomous local nonprofits under NRC and NW umbrellas
NOI	Net Operating Income	Project income after operating expenses used to pay debt service and return earnings to investors
NRC or NR	Neighborhood Reinvestment Corporation	Mammoth HUD-associated national nonprofit, parent of NHS's and NW
NW	Neighborworks	NR program to promote LMI home ownership, mostly urban
OHCP	Office of Housing and Community Partnerships of ODOD (formerly OLGS)	CHIP programs are here, some Trust Fund also
OHFA	Ohio Housing Finance Agency of ODOD	Designated Ohio Allocating Agency for Tax Credits

The Paul Webb Company

1280 Pearl Wood Road
740.698.3053

Albany, Ohio 45710
paul@trainersguild.org

PJ	Participating Jurisdiction	Large city or county, and every state, which contracts directly with HUD for HOME funds
PSI	Pounds per Square Inch	Pressure and bearing strength measurement
RHS	Rural Housing Service of RD	
UD	Universal Design	
AHFA 2	Affordable Housing Funding Application	OHFA funding system
Section 3 or III	HUD administered law requiring local hiring and job training for some projects	Self-enforced
Section 8	HUD rent assistance program	
Section 42	Low Income Housing Tax Credits program	IRS not HUD
Section 108	HUD loan program secured with CDBG	Under utilized source
169	Local MR/DD boards in Ohio	
202	HUD direct loan for elderly rental development	
203k	HUD single-family rehab-resale program	Only via lender
221 (d) (3) or (4)	HUD/FHA multifamily mortgage insurance programs	
235	HUD single-family insurance program	Often called FHA loan
317	Local ADAMHS boards in Ohio	Formerly 648
502	USDA/RD loan program	
504 RD	USDA/RD loan or grant for owner - rehab	
504	Section 504 of the Rehabilitation Act of 1968 requiring accessibility in HOUSING	Constantly confused with ADA
515	USDA/RD multifamily program	
523	USDA/RD Mutual Self Help Housing	Special version of 502