

THE NAME GAME: HOUSING-RELATED ACRONYMS AND TERMS



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HOUSING TERMS AND ACRONYMS

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AHP: Affordable Housing Program. A federal program through which **Federal Home Loan Banks (FHLBanks)** provide low-cost advances and direct subsidies to member banks to finance the purchase, construction, and rehabilitation of owner-occupied housing for low- and moderate-income households.

CalHome: CalHome is a program of the **California Department of Housing and Community Development (HCD)** that provides grants to local public agencies and nonprofit developers. The grants are used to assist individual households through loans with deferred payments. CalHome also provides direct, forgivable loans to assist development projects involving multiple ownership units, including single-family subdivisions.

CDBG: Community Development Block Grant. A grant program administered by the **U.S. Department of Housing and Urban Development (HUD)** that provides federal grants directly to larger urban cities and counties for activities that benefit low- and moderate-income individuals, eliminate blight, or address a serious and immediate threat to public health and welfare. States distribute CDBG funds to smaller cities and towns. Grant amounts are determined by a formula based upon need.

CEQA: California Environmental Quality Act. A state law requiring state and local agencies to assess the environmental impacts of public or private projects they undertake or permit. Agencies must mitigate adverse impacts of the project to the extent feasible. If a proposed activity has the potential for a significant adverse environmental impact, an **Environmental Impact Report (EIR)** must be prepared and certified as legally adequate by the public agency before taking action on the proposed project.

CHAS: Comprehensive Housing Affordability Strategy. A plan prepared by state or local agencies as a prerequisite for receiving assistance under certain **U.S. Department of Housing and Urban Development (HUD)** programs.

CHDO: Community Housing Development Organization. A private nonprofit organization certified by the state that meets federal criteria to receive **HOME Investment Partnership Program (HOME)** funds. A minimum of 15 percent of total **HOME** funds provided to each state are reserved for CHDOs.

CHFA: California Housing Finance Agency. A state agency that issues tax-exempt bonds to provide below-market rate loans for affordable rental housing and to assist first-time homebuyers.

COG: Council of Governments. A single or multi-county entity created by a joint powers agreement. COGs are responsible for determining the share of the regional need for housing for each of the counties and cities within the COG's region. In most cases, the COG also serves as the **Regional Transportation Planning Agency (RTPA)** responsible for preparing regional transportation plans and expenditure programs.

CRLA: California Rural Legal Assistance, Inc. A statewide nonprofit organization that advocates on behalf of the rural poor.

DFEH: Department of Fair Employment and Housing. A state agency responsible for enforcing laws prohibiting discrimination in employment, housing and public accommodations. See also **FEHA**.

EHAP: Emergency Housing Assistance Program. A program of the **California Department of Housing and Community Development (HCD)** that provides grants to local agencies and nonprofit organizations. The grants are used to operate emergency shelters, transitional housing projects, and supportive services for homeless individuals and families.

EIR: Environmental Impact Report. A document required by the **California Environmental Quality Act (CEQA)** when an agency determines that a project may have a significant effect on the environment. An EIR evaluates a proposed project's impacts on the environment, and recommends mitigation measures to reduce or eliminate those impacts. Decision-makers use information in an EIR to help determine whether or not to approve a project.

Extremely Low-Income Household: A household with an annual income no greater than 30 percent of the area median family income adjusted by household size. See also **Very Low-Income Household**.

FEHA: Fair Employment and Housing Act. A state statute that 1) prohibits discrimination and harassment in all aspects of housing (including sales and rentals, evictions, terms and conditions, mortgage loans and insurance, and land use and zoning); 2) requires housing providers to reasonably accommodate persons with disabilities; and 3) prohibits retaliation against any person who tries to exercise these rights.

FESG: Federal Emergency Shelter Grant. A program of the **U.S. Department of Housing and Urban Development (HUD)** that makes grants to state and local agencies to provide homeless persons with basic shelter and essential support services.

FHA: Federal Housing Administration. An agency within the **U.S. Department of Housing and Urban Development (HUD)**. FHA insures mortgages made by FHA-approved lenders for single-family and multifamily homes including manufactured homes.

FHLBanks: Federal Home Loan Banks. The 12 regional Federal Home Loan Banks provide their member financial institutions funds for mortgages and community lending. Lenders eligible for membership include savings banks, savings and loan associations, cooperative banks, commercial banks, credit unions, and insurance companies that are active in housing finance. The Federal Home Loan Banks contribute the greater of 10 percent of their net income or \$100 million for grants and rate-subsidized loans for housing serving very low- to moderate-income families and individuals. Federal Home Loan Banks are government-sponsored enterprises, federally chartered but privately capitalized and independently managed.

FHLMC/“Freddie Mac”: Federal Home Loan Mortgage Corporation. A stockholder-owned corporation chartered by Congress to increase the supply of funds that mortgage lenders can make available to homebuyers and investors in multifamily housing projects. Freddie Mac buys mortgages from lenders (such as commercial banks, mortgage bankers, savings institutions and credit unions) then packages the mortgages into guaranteed securities and sells the securities to investors. Mortgage lenders use the proceeds from selling loans to Freddie Mac to fund new mortgages.

FMR: Fair Market Rent. Rent estimates set each year by the **U.S. Department of Housing and Urban Development (HUD)**. In the **Section 8 Rental Assistance Program** the Fair Market Rent is the basis for determining the maximum monthly subsidy for an assisted family. In general, the Fair Market Rent for an area is the amount that would be needed to pay the gross rent (shelter rent plus utilities) of privately-owned, decent, and safe rental housing of a modest (non-luxury) nature with suitable amenities.

FMV: Fair Market Value. The price that a property would sell for on the open market between a willing buyer and a willing seller. FMV assumes both buyer and seller act freely and have reasonable knowledge of the relevant facts.

FNMA/“Fannie Mae”: Federal National Mortgage Association. A company that offers banks and other mortgage lenders financing, credit guarantees, technology and services that enable lenders to make more home loans to consumers at favorable rates and terms. First established in 1938 as a government agency, Fannie Mae in 1968 became a private, shareholder-owned company with a charter from Congress to support the housing finance system.

FTHB: First-time homebuyer assistance, usually in the form of below-market-rate mortgages or grants to assist with down payments. Many local agencies offer homebuying programs and homeownership education classes and training.

GNMA/“Ginnie Mae”: Government National Mortgage Association. A government-owned corporation within the **U.S. Department of Housing and Urban Development (HUD)** that promotes the availability of mortgage credit to low- and moderate-income homebuyers by creating a secondary market for the sale and purchase of residential mortgages.

HCD: California Department of Housing and Community Development. A state agency that administers state housing programs. HCD also administers the federal **HOME** and **CDBG** programs on behalf of jurisdictions that are not directly assisted by HUD.

HOME: HOME Investment Partnership Program (not a traditional acronym). A federal housing program that provides formula grants to states and localities. Communities use the grants (often in partnership with local nonprofit groups) to fund a wide range of activities. These include building, buying, or rehabilitating affordable housing for renters and homeowners, and providing direct rental assistance to low-income people.

HUD: U.S. Department of Housing and Urban Development. A federal, cabinet-level department responsible for overseeing, implementing and administering U.S. government housing and urban development programs.

Inclusionary Zoning: A locally-adopted regulatory program that requires that a specific percentage of housing units in a project or development remain affordable to very low- and low-income households for a specified period. Often requires a minimum percentage of housing for low- and moderate-income households in new housing developments and in conversions of rental apartments to condominiums.

Infill Development: Development of vacant or underutilized land (usually individual lots or leftover properties) within areas that are already largely developed.

Infrastructure: Public facilities and services like sewage disposal systems, water-supply systems, other utility systems, schools, and roads.

Jobs/Housing Balance: A balance within a given area between the number and types of jobs with the amount and cost of housing.

Land Banking: The purchase of land by a local agency for use or resale at a later date. Banked lands have been used for development of low- and moderate-income housing, expansion of parks, and development of industrial and commercial centers.

LIHTC: Low Income Housing Tax Credit Program. A federal housing subsidy program that gives tax credits or reductions in federal income tax liability as incentives for investment in affordable housing projects. The owners of LIHTC projects receive tax credits each year for 10 years. The program is often used by limited partnerships made up of nonprofit developers that build and manage the projects (general partners) and for-profit passive investors (limited partners) who receive shares of the project's tax credits. The federal government allocates tax credit amounts to states based on population. In California, tax credits are awarded by the **California Tax Credit Allocation Committee (CTCAC)** in the State Treasurer's Office.

Linkage: The practice of offsetting the impact of employment on the need for housing within a community by conditioning approval of a project on the provision of housing units or the payment of an equivalent in-lieu fee. A linkage program must demonstrate a nexus (cause-and-effect relationship) between a new commercial or industrial development and the increased demand for housing.

Low-Income Household: A household with an annual income that ranges over 50 percent of area median family income to 80 percent of area median family income, adjusted by household size. The income levels are determined from a survey of incomes conducted by a city or a county, or in the absence of such a survey, based on the latest available eligibility limits established by the **U.S. Department of Housing and Urban Development** for the **Section 8 Rental Assistance Program**.

Low-Income Housing Tax Credits: Tax reductions provided by the federal and state governments for investors in developments that provide housing for low-income households.

LTV: Loan-To-Value Ratio. 1) The percentage of a property's value that a lender can or will loan to a borrower. For development projects, the ratio may apply to the anticipated value on completion. 2) The relationship between the amount of a mortgage loan and the value of the collateral property, expressed as a percentage.

Manufactured Housing: Residential structures built to federal standards that are constructed entirely in the factory and transported to the home site. Such structures have been regulated by the **U.S. Department of Housing and Urban Development (HUD)** since the 1970s.

MHP: Multifamily Housing Program. A California program that provides low-interest loans to affordable housing developments.

Mixed-Use: Properties on which various uses such as office, commercial, institutional, and residential are combined in an integrated development project with significant functional interrelationships and a coherent physical design. Mixed-use projects can be placed in a single building or on a single site. A "single site" may include contiguous properties.

Mobilehome: A structure, transportable in one or more sections, built on a permanent chassis and designed for use as a single-family dwelling unit. According to federal standards, a mobilehome must: (1) have a minimum of 400 square feet of living space; (2) have a minimum width in excess of 102 inches; (3) be connected to all available permanent utilities; and (4) be tied down either to a permanent foundation on a lot either owned or leased by the homeowner or be set on piers, with wheels removed and skirted, in a mobilehome park.

Moderate-Income Household: A household with an annual income that ranges between the lower income eligibility limits established by the **U.S. Department of Housing and Urban Development (HUD)** for the **Section 8 Rental Assistance Program** (generally over 80 percent of the area median income) and 120 percent of the area median family income.

Modular Unit: Also called "factory-built housing." A factory-fabricated, transportable building or major component designed for use singly or for incorporation with similar units on site into a structure for residential, commercial, educational, or industrial use. Unlike **mobile homes** and **manufactured housing**, modular units are subject to state standards. California standards are more restrictive than federal standards in some respects (for example, plumbing and energy conservation).

Multiple-Family Residential: Commonly called "multifamily housing." A type of housing that has several residential units in one or more structures on a parcel or parcels of land. Examples of multiple-family residential housing include duplexes, fourplexes, condominiums and apartments.

PDLP: Predevelopment Loan Program. A program of the **California Department of Housing and Community Development (HCD)** that provides capital to finance the initial stages of low-income housing projects.

PHA: Public Housing Agency. An agency created by state or local agencies and eligible to receive federal funds to finance or operate low-income housing.

PMI: Private Mortgage Insurance. Insurance payable to a lender in the case that the borrower is not able to repay the loan and the lender is not able to recover its costs after foreclosing on the loan and selling the mortgaged property.

Preserved Housing Unit: An affordable (usually subsidized) housing unit that was threatened with demolition or conversion to market rents through termination of subsidies, but which is preserved as an affordable unit through purchase, renewed subsidy or rehabilitation.

RDA: Redevelopment Agency. An agency created pursuant to state law to promote the redevelopment of blighted areas. RDAs receive an increment of property taxes. A minimum of twenty percent of the tax increment must be set aside to provide for low- and moderate-income housing.

REIT: Real Estate Investment Trust. A real estate investment mutual fund. Such trusts do not pay corporate income tax so long as they invest only in properties and mortgages.

RHNA: Regional Housing Needs Assessment. A determination by a **council of governments (COG)** (or by the **California Department of Housing and Community Development (HCD)**) of the existing and projected need for housing within a region. The RHNA numerically allocates the future housing need by household income group for each locality within the region. This housing allocation must be reflected in the locality's housing element of the general plan.

RTPA: Regional Transportation Planning Agency, a state designated agency (multi-county or county-level agency) responsible for regional transportation planning to meet state planning mandates.

Section 8 Rental Assistance Program: A federal rent-subsidy program that provides housing vouchers to assist very low-income families, the elderly, and the disabled to afford housing in the private market. Housing choice vouchers are administered locally by **Public Housing Agencies (PHAs)**. A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. The program is administered by the **U.S. Department of Housing and Urban Development (HUD)**.

SRO: Single Room Occupancy. A type of residential hotel offering one-room units for long-term occupancy by one or two people. SROs may have a kitchen or bath facilities (but not both) in the room. In most locations, SROs are the lowest-cost type of standard permanent housing.

Substantial Rehabilitation: Repair, preservation or improvement of a dwelling unit, the value of which is at least 25 percent of the after-rehabilitation value of the dwelling unit, including land value.

Sustainability: Community use of natural resources in a way that does not jeopardize the ability of future generations to live and prosper.

Sustainable Development: Development that maintains or enhances equity, economic opportunity, and community well-being while protecting and restoring the natural environment upon which people and economies depend. Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs.

TCAC: Tax Credit Allocation Committee. A committee charged with administering state and federal low-income housing tax credit programs. The committee's voting members consist of the state treasurer, the state controller and the governor or the director of the Department of Finance.

Transitional Housing: Shelter provided to the homeless for an extended period (often as long as 18 months), generally accompanied by social services and counseling programs to assist in the transition to self-sufficiency through the acquisition of a stable income and permanent housing.

Transit-Oriented Development (TOD): Moderate- to higher-density development, located within easy walk of a major transit stop. TOD generally has a mix of residential, employment, and shopping opportunities designed for pedestrians. TOD can be new construction or redevelopment of one or more buildings whose design and orientation facilitate transit use.

Urban Growth Boundary/UGB: An officially adopted and mapped line separating land to be developed from land to be protected for natural or rural uses. Urban growth boundaries (also called urban limit lines) are regulatory tools, often designated for long periods of time (20 or more years) to provide greater certainty for both development and conservation goals.

Very Low-Income Household: A household with an annual income no greater than 50 percent of the area median family income adjusted by household size, as determined by a survey of incomes conducted by a city or a county, or in the absence of such a survey, based on the latest available eligibility limits established by the **U.S. Department of Housing and Urban Development (HUD)** for the **Section 8 Rental Assistance Program**. The statutory definition of "very low-income household" includes "**extremely low-income household.**"

HOUSING RESOURCE CENTER

The Housing Resource Center is designed to be a source of solid information on housing for both local agency officials and experts who work on housing issues on a daily basis, including an extensive collection of links for those wanting to delve deeper into a given issue.

*To access the Housing Resource Center, visit the Institute for Local Government's website at **www.ca-ilg.org/hrc**.*

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