

Affordable Housing Glossary of Terms

The following are terms you may encounter as you are reading about affordable housing. The definitions below are from the following sources:

[2022 Advocates' Guide \(nlihc.org\)](#)

[Naturally Occurring Affordable Housing Benefits Moderate Income Households, But Not the Poor | National Low Income Housing Coalition \(nlihc.org\)](#)

[HUD Archives: Glossary of Terms to Affordable Housing - HUD](#)

Affordable Housing. Housing that costs an owner or renter no more than 30% of household income.

Area Median Income (AMI). The midpoint in the income distribution within a specific geographic area. By definition, 50% of households, families, or individuals earn less than the median income, and 50% earn more. HUD calculates family AMI levels for different communities annually, with adjustments for family size. AMI is used to determine the eligibility of applicants for both federally and locally funded housing programs.

Assisted Housing. Housing where the monthly costs to the tenant are subsidized by federal or other programs.

Community Development Corporations (CDCs). Nonprofit, community-based organizations that work to revitalize the neighborhoods in which they are located by building and rehabilitating housing, providing services, developing community facilities, and promoting or undertaking economic development.

Consolidated Plan (ConPlan). The ConPlan merges into one process and one document all the planning and application requirements of four HUD block grants: Community Development Block Grants (CDBG), HOME Investment Partnerships, Emergency Solutions Grants (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) grants.

Extremely Low Income (ELI). A household income below 30% of area median income (AMI), as defined by HUD.

Fair Market Rents (FMR). HUD's estimate of the actual market rent for a modest apartment in the conventional marketplace. FMRs include utility costs (except for telephones). Every year, HUD develops and publishes FMRs for every MSA and apartment type. FMRs are currently established at the 40th percentile rent, the top of the range that renters pay for 40% of the apartments being surveyed, with the exception of some high-cost jurisdictions, where it is set at the 50th percentile.

Housing Assistance Payments (HAP). HAP is the payment made according to a HAP contract between HUD and an owner to provide Section 8 rental assistance. The term applies to both AP-10 2022 ADVOCATES' GUIDE the Housing Choice Voucher (HCV) Program and Section 8 Project-Based Rental Assistance Program. The local voucher program is administered by a public housing agency (PHA), whereas a Section 8 contract administrator makes payments in the Multifamily Housing Programs.

Housing Authority. Housing authorities are public corporations with boards appointed by the local government. Their mission is to provide affordable housing to low- and moderate-income people. In addition to public housing, housing authorities also provide other types of subsidized housing.

Housing Choice Vouchers (HCV). Also known as Section 8 or Section 8 vouchers, this is a rental assistance program funded by HUD. The program helps some families, primarily extremely low-income (ELI) families, rent private housing. Families pay a percentage of their monthly adjusted income toward monthly rent and utilities (generally not more than 30%); the balance of the rent to the owner is paid with the federal subsidy.

Housing Costs. Essentially, they are the costs of occupying housing. Calculated on a monthly basis, housing costs for renters include items such as contract rent, utilities, property insurance, and mobile home park fees. For homeowners, monthly housing costs include monthly payments for all mortgages or installment loans or contracts, as well as real estate taxes, property insurance, utilities, and homeowner association, cooperative, condominium, or manufactured housing park fees. Utilities include electricity, gas, fuels, water, sewage disposal, garbage, and trash collection.

Housing Finance Agency (HFA). The state agency responsible for allocating and administering federal Low-Income Housing Tax Credits (LIHTC) as well as other federal and state housing financing sources.

Housing First. A proven model for addressing homelessness that prioritizes access to permanent, stable housing as a prerequisite for effective psychiatric and substance abuse treatment and for improving quality of life.

Housing Trust Funds. Distinct funds, usually established by state or local governments that receive ongoing public revenues that can only be spent on affordable housing initiatives, including new construction, preservation of existing housing, emergency repairs, homeless shelters, and housing-related services.

Inclusionary Zoning. A requirement or incentive to reserve a specific percentage of units in new residential developments for moderate income households.

Low-Income Housing Tax Credits (LIHTC). Enacted by Congress in 1986 to provide the private market with an incentive to invest in affordable rental housing. Federal housing tax credits are awarded to developers of qualified projects. Developers then sell these credits to investors to raise capital (equity) for their projects, which reduces the debt that the developer would otherwise have to borrow. Because the debt is lower, a tax credit property can in turn offer lower, more affordable rents. Provided the property maintains compliance with the program requirements, investors receive a dollar-for-dollar credit against their federal tax liability each year throughout a period of 10 years. The amount of the annual credit is based on the amount invested in the affordable housing.

Low Income. As applied to most housing programs, household income below 80% of metropolitan area median, as defined by HUD, is classified as low income. See also EXTREMELY LOW INCOME (ELI), VERY LOW INCOME (VLI).

Market Rate Rent: The prevailing monthly cost for rental housing. It is set by the landlord without restrictions.

Multifamily. A building with five or more residential units.

Naturally Occurring Affordable Housing (NOAH): Rental homes that are affordable without public subsidy.

Nonprofit Housing: Nonprofit housing is developed by nonprofit corporations with a community board of directors and mission. Most housing developed by nonprofit housing developers is affordable with rents or prices below market-rate. Income generated from the housing is put back into the mission of the organization, rather than being distributed to stockholders or individual investors as would be the case in for-profit housing.

Nonprofit Housing Developer: A nonprofit organization with a mission that involves the creation, preservation, renovation, operation or maintenance of affordable housing.

Operating Subsidy: This is a type of subsidy going to property owners to reduce the management, maintenance and utility costs of housing. It is needed for projects housing extremely low-income residents who can't afford rents covering the actual costs of housing.

Permanent Supportive Housing. Decent, safe, and affordable permanent communitybased housing targeted to vulnerable very low-income (VLI) households with serious and long term disabilities that is linked with an array of voluntary and flexible services to support successful tenancies.

Project-Based Vouchers (PBVs). A component of a public housing agency's (PHAs) housing choice voucher program. A PHA can attach up to 20% of its voucher assistance to specific housing units if the owner agrees to either rehabilitate or construct the units, or the owner agrees to set-aside a portion of the units in an existing development for lower income families. In general, no more than 25% of the units in a property can be subsidized with PBVs.

Rent Controls: Defined as state and local government actions that restrict rent increases or service fee charges to tenants.

Section 8 Vouchers. Administered by HUD's Office of Public and Indian Housing (PIH) and local public housing agencies (PHAs), housing choice vouchers (HCVs) are allocated to individual households, providing a rent subsidy that generally limits tenant contribution to rent to 30% of adjusted household income. PHAs can attach a limited number of their housing choice vouchers to individual units, thereby 'project basing' them. See Section 8 project-based vouchers (PBVs).

Section 811. The Section 811 Supportive Housing for Persons with Disabilities is a federal program that assists the lowest income people with the most significant and longterm disabilities to live independently in the community by providing affordable housing linked with voluntary services and supports. The program provides funds to nonprofit organizations to develop rental housing, with supportive services, for very low-income (VLI) adults with disabilities, and it provides rent subsidies for the projects to help make them affordable.

Single-family. A single-family property is a residential property with fewer than five units.

Very Low Income (VLI). A household with income is at or below 50% of area median income (AMI), as defined by HUD.

Voucher. A government payment to, or on behalf of, a household to be used solely to pay a portion of the household's housing costs in the private market. Vouchers are considered tenant-based assistance because they are not typically connected to a particular property or unit (although they may be 'project based' in some cases) but are issued to a tenant.