

## Addendum H - Glossary of Terms

### A

**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 is leased. It assumes a typical pre-marketing period, prior to the issuance of the certificate of occupancy, of about three to six months. The month that 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.

**ACCESSORY USE:** The use of a building, structure or land that is subordinate to, customarily incidental to and ordinarily found in association with the principal use it serves.

**ACHIEVABLE RENTS:** See “MARKET RENT.”

**ACRE:** 43,560 square feet (90.75% the size of a football field, excluding end zones).

**AFFORDABLE HOUSING:** In general, housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities. Please note that some jurisdictions may define affordable housing based on other, locally determined criteria, and that this definition is intended solely as an approximate guideline or general rule of thumb.

**AFFORDABLE HOUSING PROGRAM (AHP):** A competitive program of the Federal Home Loan Bank (FHLBanks) system that provides grants twice a year through financial institutions for investment in lowest- or middle-income housing initiatives. The program is flexible, so that AHP funds can be used in combination with other programs and funding sources, thus promoting a project's feasibility.

**AMENITY:** Tangible or intangible benefits offered to a tenant. Typical amenities include on-site recreational facilities, planned programs, services and activities.

**AMERICAN COMMUNITY SURVEY (ACS):** A nationwide survey designed to provide communities with a fresh look at how they are changing. It is a critical element in the Census Bureau's reengineered 2010 census plan. The ACS collects information such as age, race, income, commute time to work, home value, veteran status and other important data from U.S. households.

**AMERICAN HOUSING SURVEY (AHS):** Contains data on apartments, single-family homes, mobile homes, vacant homes, family composition, income, housing and neighborhood quality, housing costs, equipment, fuels, size of housing units and recent movers. National data are collected every other year, from a fixed sample of about 50,000 homes, plus new construction each year. The survey started in 1973 and has relied on the same sample since 1985, allowing users to view statistical changes in homes and households over the years. In some metropolitan areas, additional samples (every four to six years) measure local conditions.

**ANNUAL CONTRIBUTION CONTRACT (ACC):** Annual contracts with Public Housing Authorities for payments toward rent, financing debt service and financing for modernization.

**ANNUAL DEMAND:** The total estimated demand present in the market in any one year for the type of units proposed.

**ANNUAL INCOME:** The HOME Program allows the use of three income definitions for the purpose of determining applicant eligibility:

- Annual income as defined in the Code of Federal Regulations (24 CFR 5.609);
- Annual income as reported under the Census Long Form for the most recent decennial census; or
- Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes.

The definitions are collectively referred to as "annual income" and are also used in the Community Development Block Grant (CDBG) Program.

**AREA MEDIAN HOUSEHOLD INCOME (AMHI):** 100% of the gross median Household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.

**ATTACHED HOUSING:** Two or more dwelling units connected with party walls (e.g. townhouses or flats).

**ASSISTED HOUSING:** Housing in which federal, state or other programs subsidize the monthly costs to the tenants.

## B

**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 as the amount of 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 HUD's 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.

**BROWNFIELD:** Abandoned, idled and underused industrial and commercial facilities where expansion and redevelopment are burdened by real or potential environmental contamination.

**BUILDING CODE:** A set of building construction requirements developed and administered by national and local bodies to ensure that buildings meet certain minimum standards for structural integrity, safety, design and durability.

## C

**CAPTURE RATE:** The percentage of age, size and income qualified renter households in the Primary Market Area that the property must capture to fill the units. 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, size and income qualified renter households in the Primary Market Area. See also: penetration rate.

**CENSUS BLOCK:** Census blocks, the smallest geographic area for which the Bureau of the Census collects and tabulates decennial census data, are formed by streets, roads, railroads, streams and other bodies of water, other visible physical and cultural features and the legal boundaries shown on Census Bureau maps. There are approximately 8,200,000 blocks in the United States and Puerto Rico.

**CENSUS BLOCK GROUP:** U.S. Bureau of the Census term denoting a cluster of Census Blocks in which 800 to 1000 people reside. Block groups are a subset of census tracts.

**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.

**CENSUS TRACT NUMBER:** A four-digit basic number, followed by an optional two-digit decimal suffix, used to uniquely identify a census tract within a county or statistically equivalent entity.

**CENTRAL BUSINESS DISTRICT (CBD):** The center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.

**COMMERCIAL BUILDING:** Any building other than a residential or government building, including any building constructed for industrial, retail, business or public purposes.

**COMMITMENT:** As used in the HOME program, commitment means one of three things. The Participating Jurisdiction (PJ) has:

1. Executed a legally binding agreement with a state recipient, subrecipient, or contractor to use a specific amount of HOME funds to produce affordable housing or provide tenant-based rental assistance;
2. Executed a written agreement reserving a specific amount of funds for a Community Housing Development Organization; or
3. Met requirements to commit to a specific local project as defined below. For tenant-based rental assistance, commitment means that a rental assistance contract between the PJ (or other entity) and the tenant or owner has been executed. HUD recognizes a commitment when the project is set up in the Integrated Disbursement and Information System.

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG):** Created under the Housing and Community Development Act of 1974, this program provides grant funds to local and state governments to develop viable urban communities by providing decent housing with a suitable living environment and expanding economic opportunities to assist low- and moderate-income residents.

CDBG replaced several categorical grant programs, such as the Model Cities program, the Urban Renewal program and the Housing Rehabilitation Loan and Grant program.

**COMMUNITY DEVELOPMENT CORPORATION (CDC):** Entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.

**COMMUNITY PLANNING AND DEVELOPMENT (CPD):** HUD's Office of Community Planning and Development seeks to develop viable communities by promoting integrated approaches that provide decent housing, a suitable living environment and expand economic opportunities for low- and moderate-income persons. The primary means toward this end is the development of partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations.

**COMPARABLE PROPERTY:** A property that is representative of the rental housing choices of the subject's primary market area and that is similar in construction, size, amenities, location and/or age. Comparable and competitive properties are generally used to derive market rent and to evaluate the subject's position in the market. See the NCAHMA white paper Selecting Comparable Properties

**COMPETITIVE PROPERTY:** A property that is comparable to the subject and that competes at nearly the same rent levels and tenant profile, such as age, family or income.

**CONCESSION DISCOUNT:** A discount or rebate given to a prospective tenant to induce the tenant to sign a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or for free amenities, which are normally charged separately (i.e. washer/dryer, parking).

**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.

**CONSOLIDATED PLAN:** A document written by a state or local government describing the housing needs of the low- and moderate-income residents, outlining strategies to meet these needs and listing all resources available to implement the strategies. This document is required in order to receive HUD Community Planning and Development funds.

**CONTRACT RENT: LEASE RENT:** See "NET RENT."

**COOPERATIVE (CO-OP):** Housing in which each member shares in the ownership of the whole project with the exclusive right to occupy a specific unit and to participate in project operations through the purchase of stock.

## D

**DATA SET:** HUD USER provides researchers with access to original electronic data sets generated by PD&R-sponsored data collection efforts, including the American Housing Survey, HUD median family income limits, as well as microdata from research initiatives on topics such as housing discrimination, the HUD-insured multifamily housing stock and the Public Housing population.

**DEMAND:** The total number of households in a defined market area that would potentially move into the proposed new or renovated housing units. These households must be of the appropriate age, income, tenure and size for a specific proposed development. Components of demand vary and can include household growth; turnover, those living in substandard conditions; rent over-burdened households; and demolished housing units. Demand is project specific.

**DETACHED HOUSING:** A freestanding dwelling unit, typically single-family, situated on its own lot.

**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.

## E

**EFFECTIVE RENTS:** Contract rent, less concessions.

**ELDERLY HOUSING:** See “SENIOR HOUSING.”

**EMERGENCY SHELTER GRANT (ESG) PROGRAM:** A federal CPD program grant designed to help improve the quality of existing emergency shelters for the homeless, to make additional shelters available, to meet the costs of operating shelters, to provide essential social services to homeless individuals and to help prevent homelessness. ESG also provides short-term homeless prevention assistance to persons at imminent risk of losing their own housing due to eviction, foreclosure or utility shutoffs.

**EMINENT DOMAIN:** An exercise of the power of government or quasi-government agencies (such as airport authorities, highway commissions, community development agencies and utility companies) to take private property for public use.

**ENERGY AUDIT:** Any process that identifies and specifies the energy and cost savings likely to be realized through the purchase and installation of particular energy efficiency measures or renewable energy measures.

**EXTREMELY LOW INCOME:** Person or Household with income below 30% of Area Median Income adjusted for Household size.

## F

**FAIR MARKET RENT (FMR):** Primarily used to determine payment standard amounts for the Housing Choice Voucher program, to determine initial renewal rents for some expiring project-based Section 8 contracts, to determine initial rents for housing assistance payment contracts in the Moderate Rehabilitation Single Room Occupancy program and to serve as a rent ceiling in the HOME rental assistance program.

**FAIR MARKET VALUE:** The amount of money that would probably be paid for a property in a sale between a willing seller, who does not have to sell, and a willing buyer, who does not have to buy.

**FANNIE MAE:** See GOVERNMENT SPONSORED ENTERPRISE.

**FEDERAL HOUSING ADMINISTRATION (FHA):** Provides mortgage insurance on loans made by FHA-approved lenders throughout the United States and its territories. FHA insures mortgages on single-family, multifamily and manufactured homes and hospitals. It is the largest insurer of mortgages in the world, insuring over 34 million properties since its inception in 1934.

**FEDERAL REGISTER:** Published by the Office of the Federal Register, National Archives and Records Administration (NARA), the Federal Register is the official daily publication for rules, proposed rules, and notices of federal agencies and organizations, as well as executive orders and other presidential documents.

## G

**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.

**GEOGRAPHIC INFORMATION SYSTEMS (GIS):** A computer system for the input, storage, processing, applications development, retrieval and maintenance of information about the points, lines and areas that represent the streets and roads, rivers, railroads, geographic entities and other features on the surface of the earth — information that previously was available only on paper maps.

**GEOCODING:** The process of identifying the coordinates of a location given its address.

**GOVERNMENT SPONSORED ENTERPRISE (GSE):** HUD regulates two housing-related government-sponsored enterprises, Fannie Mae and Freddie Mac, which were chartered by Congress to create a secondary market for residential mortgage loans. They are considered "government-sponsored" because Congress authorized their creation and established their public purposes.

**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.

**GROUP QUARTERS:** A type of housing in which unrelated groups of people reside, such as college dormitories, military barracks, prisons and jails, and nursing homes.

## H

**HIGH-RISE:** A residential building having more than ten stories.

**HOME (HOME INVESTMENT PARTNERSHIPS PROGRAM):** Provides formula grants to states and localities that communities use — often in partnership with local nonprofit groups — to fund a wide range of activities that build, buy and/or rehabilitate affordable housing for rent or homeownership, or to provide direct rental assistance to low-income people.

**HOMEOWNERSHIP ZONE PROGRAM (HOZ):** Allows communities to reclaim vacant and blighted properties, increase homeownership and promote economic revitalization by creating entire neighborhoods of new, single-family homes called HOZs.

**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), changes in average household size and net migration.

**HOUSING CHOICE VOUCHER (SECTION 8 PROGRAM):** Federal rent subsidy program under Section 8 of the U.S. Housing Act, 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, (or 10% of gross income, whichever is greater). In cases where 30% of the tenant's income is less than the utility allowance, the tenant will receive an assistance payment. In other cases, the tenant is responsible for paying his share of the rent each month.

**HOUSING FINANCE AGENCY (HFA):** State or local agencies responsible for financing housing and administering Assisted Housing programs.

**HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA):** Provides housing assistance and supportive services to low-income people with HIV/AIDS and their families. HOPWA funds may also be used for health care and mental health services, chemical dependency treatment, nutritional services, case management, assistance with daily living and other supportive services.

**HOUSING UNIT:** House, apartment, mobile home or group of rooms used as a separate living quarters by a single household.

**HUD METRO FMR AREA:** Indicates that only a portion of the OMB-defined core-based statistical area (CBSA) is in the area in which the income limits or FMRs apply. HUD is required by OMB to alter the name of metropolitan geographic entities it derives from the CBSAs when the geography is not the same as that established by OMB.

**HUD USER:** An information resource from HUD's Office of Policy Development and Research offering a wide range of low- and no-cost content of interest to housing and community development researchers, government officials, academics, policymakers and the American public. HUD USER is the primary source for federal government reports and information on housing policy and programs, building technology, economic development, urban planning and other housing-related topics.

## I

**INCOME BAND:** The range of incomes of households that can afford to pay a specific rent but do not have below any applicable program-specific maximum income limits. The minimum household income typically is based on a defined acceptable rent burden percentage and the maximum typically is pre-defined by specific program requirements or by general market parameters.

**INCOME LIMIT (IL):** Maximum Household income by county or Metropolitan Statistical Area, 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. HUD publishes Income Limits each year for 30% median, Very Low Income (50%) and Low-Income (80%) for households with 1 through 8 people.

**INFRASTRUCTURE:** Services and facilities, including roads, highways, water, sewer, emergency services, parks and recreation, etc. Infrastructure includes both public and private facilities.

## J

-

## K

-

## L

**LEASE RENT:** See “NET RENT.”

**LOW INCOME:** Person or Household with gross Household income below 80% 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. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and that the rents on these units be restricted accordingly.

**LOW RISE BUILDING:** A building with one to three stories

## M

**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.  $((\text{market rent} - \text{proposed rent}) / \text{proposed rent}) * 100$

**MARKET ANALYSIS:** A study of real estate market conditions for a specific type of property.

**MARKET AREA:** See Primary Market Area.

**MARKET DEMAND:** The total number of households in a defined market area that would potentially move into any new or renovated housing units. Market demand is not project specific and refers to the universe of tenure appropriate households, independent of income. The components of market demand are similar to those used in determining project-specific demand. A common example of market demand used by HUD’s MAP program, which is based on three years of renter household growth, loss of existing units due to demolition and market conditions.

**MARKET RENT:** The rent that an apartment, without rent or income restrictions or rent subsidies, would command in the Primary Market Area considering its location, features and amenities. Market rent should be adjusted for concessions and owner-paid utilities included in the rent. See the NCAHMA publication *Calculating Market Rent*.

**MARKET STUDY:** A comprehensive study of a specific proposal, including a review of the housing market in a defined market area. Project specific market studies are often used by developers, syndicators and government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what housing needs, if any, exist within a specific geography. The minimal content of a market study is shown in the NCAHMA publication Model Content for Market Studies for Rental Housing.

**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.

**MARKET VACANCY RATE, ECONOMIC:** Percentage of rent loss due to concessions, vacancies and non-payment of rent on occupied units.

**MARKET VACANCY RATE, PHYSICAL:** Average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same market, 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.

**MICROPOLITAN STATISTICAL AREA:** An area with at least one urban cluster of at least 10,000 but less than 50,000 population, plus adjacent territory that has a high degree of social and economic integration with the core, as measured by commuting ties.

**MIDRISE:** A building with four to ten stories.

**MIGRATION:** The movement of households into or out of an area, especially a Primary Market Area.

**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. low income 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 (STEP-UP) DEMAND:** An estimate of how many consumers are able and willing to relocate to more expensive or desirable units. Examples: tenants who move from class-C properties to class-B properties, or tenants who move from older Tax Credit properties to newer Tax Credit properties.

**MULTIFAMILY STRUCTURES:** Properties that contain more than two housing units.

## N

**NEIGHBORHOOD:** An area of a city or town with common demographic and economic features that distinguish it from adjoining areas.

**NET RENT (also known as Contract Rent or Lease Rent):** Gross rent less tenant paid utilities.

## O

**OFFICE OF MANAGEMENT AND BUDGET (OMB):** Assists the President in overseeing the preparation of the federal budget and supervises its administration in Executive Branch agencies. In helping to formulate the President's spending plans, OMB evaluates the effectiveness of agency programs, policies and procedures, assesses competing funding demands among agencies, and sets funding priorities. OMB ensures that agency reports, rules, testimony and proposed legislation are consistent with the President's Budget and with Administration policies. In addition, OMB oversees and coordinates the Administration's procurement, financial management, information and regulatory policies. In each of these areas, OMB's role is to help improve administrative management, to develop better performance measures and coordinating mechanisms and to reduce any unnecessary burdens on the public.

**OFFICE OF POLICY DEVELOPMENT AND RESEARCH (PD&R):** HUD's Office of Policy Development and Research (PD&R) maintains current information on housing needs, market conditions and existing programs as well as conducts research on priority housing and community development issues. The office provides reliable and objective data and analysis to help inform policy decisions. In 1978, PD&R established HUD USER, an information resource for housing and community development researchers, government officials, academics, policymakers and the American public.

## P

**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. ((units in all proposals / households in market) \* 100). See also: capture rate.

**PENT-UP DEMAND:** A market in which there is a scarcity of supply and vacancy rates are very low.

**PERCENTILE RENT ESTIMATES (50th):** Calculated for all FMR areas. These are not fair market rents. Under certain conditions, as set forth in the Interim Rule (Federal Register Vol. 65, No. 191, Monday October 2, 2000, pages 58870—58875), these 50th percentile rents can be used to set success rate payment standards.

**PRIMARY METROPOLITAN STATISTICAL AREA (PMSA):** An area that qualifies as a metropolitan statistical area has a census population of 1 million or more; two or more PMSAs may be designated within it if they meet published official standards and local opinion favors the designation.

**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.

**PRIMARY MARKET AREA:** A geographic area from which a property is expected to draw the majority of its residents. See the NCAHMA publication Determining Market Area.

**PROGRAMMATIC RENTS:** See restricted rents.

**PROJECT BASED RENT ASSISTANCE:** Rental assistance from any source 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 serves Low- and Very-Low Income Households with rent based on the same formula used for HUD Section 8 assistance.

## Q

**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 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.

## R

**RANCH HOME:** Single-story housing unit.

**REDEVELOPMENT:** The redesign or rehabilitation of existing properties.

**REGULATORY BARRIERS CLEARINGHOUSE (RBC):** Collects, processes, assembles and disseminates information on the barriers faced in the creation and maintenance of affordable housing. The Clearinghouse is hosted by HUD USER.

**RENT BURDEN:** Gross rent divided by adjusted 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 rent charged under the restrictions of a specific housing program or subsidy.

**RESTRICTED RENT, ACHIEVABLE:** The rents that the project can attain taking into account both market conditions and rent in the Primary Market Area and income restrictions.

**RURAL DEVELOPMENT (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 an un-subsidized mortgage and provide an adequate return to the property owner. This rent is the maximum rent that a tenant can pay at an RD Property.

**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.

## S

**SATURATION:** The point at which there is no longer demand to support additional units. Saturation usually refers to a particular segment of a specific market.

**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.

**SECTION 202:** 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. Units receive HUD project based rental assistance that enables tenants to occupy units at rents based on 30% of tenant income.

**SECTION 236 PROGRAM:** Federal program which provides interest reduction payments for loans that 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.

**SECTION 8 EXISTING RENTAL ASSISTANCE:** See “HOUSING CHOICE VOUCHER”

**SECTION 8 HOMEOWNERSHIP PROGRAM:** See “HOUSING CHOICE VOUCHER”

**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.

**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 needs of senior citizens.

**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 that is typically not catered to in a conventional apartment property. Examples of special needs populations include: substance abusers, visually impaired person or persons with mobility limitations.

**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.

**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 that may be defined in terms of lacking plumbing facilities, one or more major systems not functioning properly or overcrowded conditions.

## T

**TARGET INCOME BAND:** The income band from which the subject property will draw tenants.

**TARGET POPULATION:** The market segment or segments a development will appeal or cater to. State agencies often use target population to refer to various income set asides, elderly v. family, etc.

**TENANT:** A person or group that rents and occupies land, a house, apartment or the like, that is owned by someone else for a period of time; lessee.

**TENANT PAID UTILITIES:** The cost of utilities (not including cable, telephone or Internet) necessary for the habitation of a dwelling unit, which is paid by the tenant.

**TENURE:** The distinction between owner-occupied and renter-occupied housing units.

**TOWNHOUSE (OR ROW HOUSE):** Single-family attached residence separated from each other by party walls, usually on a narrow lot offering small frontyards and backyards; 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.  $((\text{Housing units with new occupants} / \text{housing units}) * 100)$ .

## U

**UNMET HOUSING NEED:** New units required in the market area to accommodate household growth, homeless people and units in substandard conditions.

**UNRESTRICTED RENTS:** Rents that are not subject to restriction.

**UNRESTRICTED UNITS:** Units that are not subject to any income or rent restrictions.

**U.S. CENSUS BUREAU:** Serves as the leading source of quality data about our nation's people and economy.

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD):** Established in 1965, HUD's mission is to increase homeownership, support community development and increase access to affordable housing free from discrimination. To fulfill this mission, HUD will embrace high standards of ethics, management and accountability and forge new partnerships — particularly with faith-based and community organizations — to leverage resources and improve HUD's ability to be effective on the community level.

## V

**VACANCY PERIOD:** The amount of time that an apartment remains vacant and available for rent.

**VACANCY RATE:** Maximum potential revenue less actual rent revenue divided by maximum potential rent revenue. 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.

## W

-

## X

-

## Y

-

## Z

**ZONING:** The classification of land by types of uses permitted and prohibited in a given district, and by densities and intensities permitted and prohibited, including regulations regarding building location on lots.