

# Glossary

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**ADVANCE APPROPRIATION.** Budget authority or appropriation that becomes available in one or more fiscal years after the fiscal year for which the appropriation was enacted. For example, an advance appropriation in the FY09 appropriations act would become available for programs in FY11 or beyond. The amount is not included in the budget totals of the year for which the appropriation act is enacted but rather in those for the fiscal year in which the amount will become available for obligation

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

**AFFORDABLE HOUSING PROGRAM (AHP).** A program of the Federal Home Loan Bank system, AHP provides subsidized cash advances to member institutions to permit them to make below-market loans for eligible housing activities.

**ANNUAL ADJUSTMENT FACTOR.** The mechanism for adjusting rents in certain types of Section 8-assisted properties, including Section 8 New Construction/Substantial Rehab. HUD publishes annual percentage factors by unit type and region.

**ANTI-DEFICIENCY ACT.** A federal law forbidding federal employees from spending money or incurring obligations that have not been provided for in an appropriation.

**APPROPRIATION.** A provision of law providing budget authority that enables an agency to incur obligations and to make payments out of the Treasury for specified purposes. Non-entitlement programs are funded through annual appropriations.

**ASSISTED HOUSING.** Housing where the monthly costs to the tenant are subsidized by federal or other programs.

**AUTHORIZATION.** Legislation that establishes or continues operation of a federal program or agency either indefinitely or for a specific period of time or that sanctions a particular type of obligation or expenditure within a program.

**BASIC RENT.** The rent required to operate a Section 236 project, including debt service on the subsidized mortgage at one percent interest. This is the minimum rent payable by tenants (absent any additional rental subsidy).

**BELOW MARKET INTEREST RATE (BMIR).** See Section 221(d)(3) BMIR.

**BLOCK GRANTS.** Grants made by the federal government on a formula basis, usually to a state or local government.

**BORROWING AUTHORITY.** The authority to incur indebtedness for which the federal government is liable, which is granted in advance of the provision of appropriations to repay such debts. Borrowing authority may take the form of authority to borrow from the Treasury or authority to borrow from the public by means of the sale of federal agency obligations. Borrowing authority is not an appropriation since it provides a federal agency only with the authority to incur a debt, and not the authority to make payments from the Treasury under the debt. Appropriations are required to liquidate the borrowing authority.

**BROOKE RULE.** Federal housing policy that limits tenant contribution to rent in public housing and under the Section 8 program to 30% of income. This amount is considered to be the maximum that one should have to pay for rent without becoming 'burdened.' Based on an amendment sponsored by then Senator Edward Brooke (R-MA) to the public housing program in 1971. The original Brooke amendment limited tenant contributions to 25%. The limit was increased from 25% to 30% in 1981.

**BUDGET AUTHORITY.** The legal authority to enter into obligations that will result in immediate or future outlays of federal funds.

## Appendix L

**BUDGET ENFORCEMENT ACT (BEA).** An expired 1990 Act of Congress credited in part with creating a budget surplus by establishing limits on discretionary spending, maximum deficit amounts, pay-as-you-go rules for revenue and direct spending, new credit budgeting procedures, and other changes in budget practices. In the past, Congress has wrangled over the re-establishment of pay-as-you-go rules and disagreement about whether such rules should apply to both spending and taxation or only to spending.

**BUDGET RESOLUTION.** A concurrent resolution passed by both houses of Congress that does not require the signature of the president. The budget resolution sets forth various budget totals and functional allocations and may include reconciliation instructions to specific House or Senate committees.

**CAPITAL GAIN.** The cash proceeds realized upon sale of property, if any, minus the owner's capital account. Capital gain is subject to federal and state tax when the property is sold.

**COLONIAS.** The rural, mostly unincorporated communities located in California, Arizona, New Mexico, and Texas along the U.S.-Mexico border. Colonias are characterized by high poverty rates and substandard living conditions, and are defined primarily by what they lack, such as potable drinking water, water and wastewater systems, paved streets, and standard mortgage financing.

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG).** The annual grants administered by HUD on a formula basis to cities and other units of government for community development activities. The CDBG program is authorized by Title I of the Housing and Community Development Act of 1974.

**COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION (CDFI).** A specialized financial institution that works in market niches that have not been adequately served by traditional financial institutions. CDFIs provide a wide range of financial products and services, including mortgage financing, commercial loans, financing for community facilities, and financial services needed by low income households. Some CDFIs also provide technical assistance. To be certified as a CDFI by the CDFI Fund of the Treasury Department, an institution must engage in community development, serve a targeted population, provide financing, have community representatives on its board, and be a non-governmental organization.

**COMMUNITY AND HOUSING DEVELOPMENT ORGANIZATION (CHDO).** A federally defined type of nonprofit housing provider that must receive a minimum of 15% of all federal HOME Investment Partnership Funds.

**COMMUNITY REINVESTMENT ACT (CRA).** A program that requires periodic evaluations of insured depository institutions and their efforts in helping meet the credit needs of its entire community.

**CONGRESSIONAL BUDGET OFFICE (CBO).** An organization created by Congress that provides staff assistance to Congress on the federal budget.

**CONSOLIDATED PLAN.** The Consolidated Plan, or ConPlan, combines all of the planning, application, and performance requirements previously required separately for Community Development Block Grants (CDBG), Emergency Shelter Grants (ESG), Housing Opportunities for People With AIDS (HOPWA), and programs such as HOME that require a Comprehensive Housing Affordability Strategy (CHAS).

**COOPERATIVE.** An organization owned by its members.

**CREDIT UNION.** A not-for-profit financial institution typically formed by employees of a company, labor union, or religious group and operated as a cooperative. Credit unions may offer a full range of financial services and pay higher rates on deposits and charge lower rates on loans than commercial banks. Federally chartered credit unions are regulated and insured by the National Credit Union Administration.

**DISCRETIONARY SPENDING.** Budget authority, other than for entitlements, and ensuing outlays provided in annual appropriations acts. The Budget Resolution sets limits or caps on discretionary budget authority and outlays.

**EARMARKS.** The appropriations that are dedicated for a specific, particular purpose. The funding of the Community Development Fund typically has earmarks as part of the Economic Development Initiative.

**EMERGENCY LOW INCOME HOUSING PRESERVATION ACT (ELIHPA).** The 1987 statute authorizing the original federal preservation program. Program active 1987-1992.

**ENHANCED VOUCHERS.** The tenant-based Section 8 assistance provided to eligible residents when owners prepay their subsidized mortgages or opt out of project-based Section 8 contracts. Rents are set at market comparable levels, instead of the regular voucher payment standard, as long as the tenant elects to remain in the housing.

**EXIT TAX.** The taxes paid on the recapture of depreciation and other deductions, experienced upon sale of a property. In some affordable housing transactions, sellers may face a significant exit tax even when they do not receive net cash at sale.

**EXPIRING USE RESTRICTIONS (EUR).** The low and moderate income affordability requirements associated with subsidized mortgages under Section 221(d)3 BMIR and Section 236, which terminate when the mortgage is prepaid.

**EXTREMELY LOW INCOME.** A household income below 30% of area median, as defined by HUD.

**FAIR MARKET RENTS (FMR).** HUD's estimate of the actual market rent for a modest apartment in the conventional marketplace. Fair market rents 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.

**FANNIE MAE (FEDERAL NATIONAL MORTGAGE ASSOCIATION).** A Federally chartered government-sponsored enterprise providing financial products and services, including purchase of mortgages from originators in order to facilitate new mortgage lending. Similar to Freddie Mac.

**FARMERS HOME ADMINISTRATION (FmHA).** The former name of the Rural Housing Service.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC).** The federal agency established in 1933 that guarantees (within limits) funds on deposits in member banks and thrift institutions and performs other functions such as making loans to or buying assets from member institutions to facilitate mergers or prevent failures.

**FREDDIE MAC (FEDERAL HOME LOAN MORTGAGE CORPORATION).** A Federally chartered government-sponsored enterprise providing financial products and services, including purchase of mortgages from originators in order to facilitate new mortgage lending. Similar to Fannie Mae.

**FEDERAL HOUSING ADMINISTRATION (FHA).** A part of the Department of Housing and Urban Development that insures lenders against loss on residential mortgages. It was founded in 1934 in response to the Great Depression to execute the provisions of the National Housing Act.

**FEDERAL HOUSING FINANCE BOARD (FHFB).** Federal agency created by Congress in 1989 to assume oversight of the Federal Home Loan Bank System from the dismantled Federal Home Loan Bank Board.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (Fannie Mae).** The Publicly owned, government-sponsored corporation established in 1938 to purchase both government-backed and conventional mortgages from lenders and securitize them. Its objective is to increase the affordability of home mortgage funds for low, moderate, and middle income home buyers. Fannie Mae is a congressionally chartered, shareholder-owned company, and the largest source of home mortgage funds in the United States. Because of its closeness to the federal government, which is perceived to back the obligations of Fannie Mae with an implicit guarantee, its securities are considered second in safety only to those of the U.S. Treasury. This is a repeat definition

## Appendix L

**FEDERAL RESERVE BOARD (FRB).** The governing board of the Federal Reserve System. Its seven members are appointed by the president, subject to Senate confirmation, and serve 14-year terms. The Board establishes Federal Reserve System policies on such key matters as reserve requirements and other bank regulations, sets the discount rates, and tightens or loosens the availability of credit in the economy.

**FEDERAL RESERVE SYSTEM.** The system established by the Federal Reserve Act of 1913 to regulate the U.S. monetary and banking system. The Federal Reserve System (“the Fed”) consists of 12 regional Federal Reserve Banks, their 24 branches, and all national and state banks that are part of the system. National banks are stockholders of the Federal Reserve Bank in their region. The Federal Reserve System’s main functions are to regulate the national money supply, set reserve requirements for member banks, supervise the printing of currency at the mint, act as clearinghouse for the transfer of funds throughout the banking system, and examine member banks’ compliance with Federal Reserve regulations.

**FINANCIAL INSTITUTION.** The institution that collects funds from the public to place in financial assets such as stocks, bonds, money market instruments, bank deposits, or loans. Depository institutions (banks, savings and loans, saving banks, credit unions) pay interest on deposits and invest the deposit money, mostly in loans. Non-depository institutions (insurance companies, pension plans) collect money by selling insurance policies or receiving employer contributions and pay it out for legitimate claims or for retirement benefits. Increasingly, many institutions are performing both depository and non-depository functions.

**FISCAL YEAR (FY).** The accounting period for the federal budget. The fiscal year for the federal government begins on October 1 and ends the next September 30. It is designated by the calendar year in which it ends; for example, FY06 begins on October 1, 2005, and ends on September 30, 2006.

**FLEXIBLE SUBSIDY.** A direct HUD loan or grant for rehabilitation or operating losses, available to eligible owners of certain HUD-subsidized properties. Owners must continue to operate the project as low and moderate income housing for the original mortgage term. Not currently active.

**FORECLOSURE.** The process by which a homeowner who has not made timely payments of principal and interest on a mortgage loses title to the home. The holder of the mortgage, whether it be a bank, a savings and loan, or an individual, uses the foreclosure process to satisfy the mortgage debt either by obtaining the proceeds from the sale of the property at foreclosure or taking title to the property and selling it at a later date. Foreclosure processes vary from state to state and can be either judicial or non-judicial.

**FREEDOM OF INFORMATION ACT (FOIA).** This generally refers to the process of securing available documents from HUD or other federal agencies in accordance with required procedures. Certain types of documents, including owner financial statements, are considered privileged and are not available for disclosure to the public.

**GOVERNMENT ACCOUNTABILITY OFFICE (GAO).** Formerly known as the General Accounting Office, the GAO is a Congressional agency that monitors the programs and expenditures of the federal government.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (Ginnie Mae).** An agency of HUD, Ginnie Mae guarantees payment on mortgage-backed securities, which represent pools of residential mortgages insured or guaranteed by the FHA, the Veterans Administration, or the Rural Housing Service.

**GOVERNMENT SPONSORED ENTERPRISE (GSE).** An enterprise established by the federal government but privately-owned and operated. Fannie Mae and Freddie Mac are GSEs, as are the Federal Home Loan Banks.

**GUARANTEED LOAN.** A loan in which a private lender is assured repayment by the federal government of part or all of the principal, interest, or both, in the event of a default by the borrower. Unlike an insured loan, no insurance fund exists and no insurance premiums are paid.

**HOME INVESTMENT PARTNERSHIPS PROGRAM.** The HOME program, administered by HUD’s Office of Community Planning and Development, provides formula grants to states and localities (See Participating Jurisdictions) to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide

direct rental assistance to low-income people. The HOME program is authorized by Title II of the 1990 Cranston-Gonzalez national Affordable Housing Act.

HOME MORTGAGE DISCLOSURE ACT (HMDA). The legislation requiring most financial institutions and mortgage lenders that make mortgage loans, home improvement loans, or home refinance loans to collect and disclose information about their lending practices.

HOUSING COSTS. Essentially, they are the costs of occupying housing. Calculated on a monthly basis, housing costs for renters include “contract rent, utilities, property insurance, mobile home park fee.” For owners, monthly housing costs are “the sum of monthly payments for all mortgages or installment loans or contracts, except reverse annuity mortgages and home equity lines of credit. Costs also include real estate taxes (including taxes on manufactured/mobile homes, and manufactured/mobile home sites if the site is owned), property insurance, homeowner association fees, cooperative or condominium fees, mobile home park fees, land rent, utilities.” Utilities include “electricity, gas, fuels (oil, coal, kerosene, or wood), water, sewage disposal, garbage and trash collection.” (2001 AHS, Appendix A, [www.census.gov/hhes/www/ahs.html](http://www.census.gov/hhes/www/ahs.html).)

HOUSING FINANCE AGENCY. The state agency responsible for financing housing and administering assisted housing programs.

HOUSING STARTS. The indicator of residential construction activity monitored by the Department of Commerce. Housing starts represent the start of construction of a house or apartment building, which means the digging of the foundation. Other categories are housing permits, housing completions, and new home sales.

INSPECTOR GENERAL. The HUD official appointed by the president who is responsible for conducting audits and investigations of HUD’s programs and operations.

INTEREST REDUCTION PAYMENT (IRP). In a Section 236 project, the Interest Reduction Payment or interest subsidy provided by HUD on a monthly basis makes up the difference between the mortgage debt service actually paid and the debt service that would have been paid at an interest rate of one percent.

LIKE KIND EXCHANGE. A tax-deferral mechanism involving a “swap” of the project being sold for a replacement project. The capital gains tax is deferred until the replacement property is sold.

LEVERAGING. The maximization of the effects of federal assistance for a project by obtaining additional project funding from non-federal sources.

LOAN MANAGEMENT SET-ASIDE (LMSA). A form of Section 8 used to support properties that need assistance, either to alleviate residents’ rent hardship or to prevent high vacancy and potential default. Originally created in 1976, LMSA has been allocated annually thereafter.

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, VERY LOW INCOME.

LOW INCOME HOUSING PRESERVATION AND RESIDENT HOMEOWNERSHIP ACT (LIHPRHA). The 1990 statute authorizing the “permanent” federal multifamily preservation program. Program active 1990 - 1996.

LOW INCOME HOUSING TAX CREDITS (LIHTC). Tax Credits are allocated to states on a per-capita basis and allocated by the states to affordable rental housing development and rehabilitation projects. Tax Credits are authorized pursuant to Section 42 of the Internal Revenue Code.

MARK-TO-MARKET. The process of reducing above-market rents to market levels. In ordinary usage, this means HUD recognizing defaults on FHA-insured mortgages, paying the mortgage claims, and restructuring the remaining available debt service into a new mortgage.

## Appendix L

**MARK-UP-TO-MARKET.** A federal program to adjust rents on assisted housing up to the market rate.

**METROPOLITAN STATISTICAL AREA (MSA).** The basic census unit for defining urban areas and rental markets.

**MODERATE HOUSING PROBLEMS.** As used in this Guide and by HUD, moderate problems consist of cost burden above 30% but not more than 50% of income, occupancy of housing with moderate physical problems, or overcrowding (more than one person per room).

**MORTGAGE.** The debt instrument by which the borrower (mortgager) gives the lender (mortgagee) a lien on property as security for the repayment of a loan. The borrower has use of the property, and the lien is removed when the obligation is fully paid.

**MORTGAGE BANKER.** The company, or individual, that originates mortgage loans, sells them to other investors, services the monthly payments, keeps related records, and acts as escrow agent to disperse funds for taxes and insurance. A mortgage banker's income derives from origination and servicing fees, profits on the resale of loans, and the spread between mortgage yields and the interest paid on borrowings while a particular mortgage is held before resale.

**MORTGAGE BROKER.** A company or individual that brings together a borrower and a lender for the purpose of assisting a borrower in obtaining a mortgage loan. The broker does not originate or service the loan.

**MORTGAGE INTEREST DEDUCTION.** The federal tax deduction for mortgage interest paid in a taxable year. Interest on a mortgage to acquire, construct, or substantially improve a residence is deductible for indebtedness of up to \$1 million.

**MULTIFAMILY ASSISTED HOUSING REFORM AND AFFORDABILITY ACT (MAHRA).** The 1997 statute authorizing the Mark to Market program and renewals of expiring Section 8 contracts.

**NEW CONSTRUCTION/ SUBSTANTIAL REHAB.** A form of project-based Section 8 assistance used in the original development and financing of the housing. Projects can be both insured and uninsured (with conventional or state/local bond financing). These contracts are long-term (20-40 years). Active 1976 - 1985.

**NOTICE OF FUNDING AVAILABILITY (NOFA).** A notice by HUD to inform potential applicants that program funding is available.

**OBLIGATION.** An order placed, contract awarded, service received, or similar transaction that will require payment.

**OFFICE OF AFFORDABLE HOUSING PRESERVATION.** Formerly the Office of Multifamily Housing Assistance Restructuring (OMHAR), HUD established this office to oversee the continuation of the Mark to Market program and provide assistance in the oversight and preservation of a wide spectrum of affordable housing programs.

**OFFICE OF RURAL HOUSING PRESERVATION (ORHP).** The ORHP processes applications to prepay RHS multifamily housing loans and preserve housing as affordable low and very low-income housing.

**OFFICE OF THRIFT SUPERVISION (OTS).** An agency of the Treasury Department created by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The OTS replaced the disbanded Federal Home Loan Bank Board and assumed regulatory responsibility for the nation's saving and loan industry.

**OUTLAYS.** Payments made (usually through the issuance of checks or disbursement of cash) to liquidate obligations. Outlays during a fiscal year may be for payment of obligations incurred in the previous year or in the same year.

**PARTICIPATING JURISDICTION (PJ).** A HUD-recognized entity that is an eligible recipient of HOME funding.

**PAYMENT STANDARD.** The amount used to determine how much rent a housing authority will pay monthly to subsidize a voucher holder, expressed as a percentage of the Fair Market Rent. The payment standard must be at least 80% of the FMR.

**PERFORMANCE FUNDING SYSTEM.** A system developed by HUD for analyzing costs of operating public housing developments, used as the basis for calculating the need for operating subsidies.

**PHYSICAL PROBLEMS.** According to the definitions used for the 2001 American Housing Survey, “a unit has severe physical problems if it has any of the following five problems: Plumbing. Lacking hot or cold piped water or a flush toilet, or lacking both bathtub and shower, all inside the structure (and for the exclusive use of the unit, unless there are two or more full bathrooms). Heating. Having been uncomfortably cold last winter for 24 hours or more because the heating equipment broke down, and it broke down at least three times last winter for at least 6 hours each time. Electric. Having no electricity, or all of the following three electric problems: exposed wiring, a room with no working wall outlet, and three blown fuses or tripped circuit breakers in the last 90 days. Hallways. Having all of the following four problems in public areas: no working light fixtures, loose or missing steps, loose or missing railings, and no working elevator. Upkeep. Having any five of the following six maintenance problems: (1) water leaks from the outside, such as from the roof, basement, windows, or doors; (2) leaks from inside structure such as pipes or plumbing fixtures; (3) holes in the floors; (4) holes or open cracks in the walls or ceilings; (5) more than 8 inches by 11 inches of peeling paint or broken plaster; or (6) signs of rats in the last 90 days.” A housing unit has moderate physical problems “if it has any of the following five problems, but none of the severe problems: Plumbing. On at least three occasions during the last 3 months, all the flush toilets were broken down at the same time for 6 hours or more.... Heating. Having unvented gas, oil, or kerosene heaters as the primary heating equipment. Kitchen. Lacking a kitchen sink, refrigerator, or cooking equipment (stove, burners, or microwave oven) inside the structure for the exclusive use of the unit. Hallways. Having any three of the four problems [considered severe physical problems under Hallways]. Upkeep. Having any three or four of the six problems listed [considered severe physical problems under Upkeep].

**PREPAYMENT PENALTY.** A fee that may be levied for repayment of a loan before it falls due.

**PRESERVATION.** A program (enacted in 1987 with the Emergency Low Income Housing Preservation Act (ELIPHA) and later amended into the Low Income Housing Preservation and Resident Homeownership Act (LIHPHA)) that (a) prevented owners of what are called older assisted properties from prepaying their mortgages and converting the buildings to market rate use, and (b) compensated them with financial incentives available through extension or continuation of ownership, or sale to a nonprofit buyer. While neither ELIPHA nor LIHPHA are currently in effect, their preemption provisions may threaten state and local laws regulating the preservation of federally assisted housing.

**RECONCILIATION BILL.** A bill containing changes in law recommended by House or Senate committees pursuant to reconciliation instructions in a budget resolution.

**REAL ESTATE ASSESSMENT CENTER (REAC).** The office within HUD responsible for tracking, monitoring, and enforcing the regulatory agreements of multifamily housing projects with FHA insurance or project-based assistance, including regular property inspections.

**REAL ESTATE INVESTMENT TRUST (REIT).** A business trust or corporation that combines the capital of many investors to acquire or finance real estate, which may include assisted housing. Cash flow generated by the properties is distributed to investors in the form of stock dividends. The REIT can also provide an attractive tax deferral mechanism by enabling investors to exchange their partnership shares for interests in the REIT, a non-taxable transfer.

**REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA).** A statute that prohibits kickbacks and referral fees that unnecessarily increase the costs of certain settlement services in connection with real estate transactions and provides for disclosures in connection with such transactions. HUD enforces RESPA.

**RENT SUPPLEMENT.** An older HUD project-based rental subsidy program used for some 221(d)3 and 236 properties. The subsidy contract is coterminous with the mortgage. Most rent supplement contracts in HUD-insured projects were converted to Section 8 in the 1970s.

## Appendix L

**RESIDUAL RECEIPTS.** Cash accounts maintained under joint control of the owner and HUD (or Housing Finance Agency) into which is deposited all surplus cash generated over and above the allowable limited dividend. The disposition of residual receipts at the end of the Section 8 contract and/or mortgage is governed by the Regulatory Agreement.

**RIGHT OF FIRST REFUSAL.** The right to match the terms and conditions of a third-party offer to purchase the property, within a specified time period. Holder must be notified of the third party offer and may be required to close by a designated date.

**RURAL.** As used in this guide, areas that are not urbanized. The Census Bureau defines an urbanized area as “an incorporated place and adjacent densely settled (1.6 or more people per acre) surrounding area that together have a minimum population of 50,000.”

**RURAL DEVELOPMENT (RD):** Part of the U.S. Department of Agriculture, RD administers grant and loan programs to promote and support housing and essential community facilities development in rural communities.

**RURAL HOUSING SERVICE (RHS):** A part of the Department of Agriculture’s Rural Development division, RHS is responsible for administering a number of rural housing programs.

**SAVINGS AND LOAN ASSOCIATION (S&L).** A depository financial institution, federally or state chartered, that obtains the bulk of its deposits from consumers and holds the majority of its assets as home mortgage loans. In 1989, responding to a massive wave of insolvencies caused by mismanagement, corruption, and economic factors, Congress passed a savings and loan “bailout bill” that revamped the regulatory structure of the industry under a newly created agency, the Office of Thrift Supervision.

**SAVINGS BANK.** A depository financial institution that primarily accepts consumer deposits and makes home mortgage loans. Historically, savings banks were of the mutual (depositor-owned) form and chartered in only 16 states; the majority of savings banks were located in the New England states, New York, and New Jersey.

**SECTION 8 VOUCHERS.** Administered by HUD’s Office of Public and Indian Housing and local housing authorities, housing choice vouchers are allocated to individual households and provide a rental subsidy, generally limiting the tenant contribution to rent to 30 percent of the household’s adjusted income. Local housing authorities can attach a limited number of their housing choice vouchers to individual units, thereby “project-basing” them, see Section 8 project-based vouchers.

**SECTION 8 PROJECT-BASED CONTRACTS.** Administered by HUD’s Office of Multifamily Housing, Section 8 Project-Based Assistance takes the form of a contract between HUD and building owners, who agree to provide housing to eligible tenants in exchange for long-term tenant rental subsidies. Project-Based Assistance limits tenant contributions to 30 percent of the household’s adjusted income. Assistance may be provided to some or all of the units in a project occupied by eligible tenants and is attached to the unit and stays with the housing after the tenant leaves.

**SECTION 8 PROJECT-BASED VOUCHERS.** Administered by HUD’s Office of Public and Indian Housing and local housing authorities, the Section 8 Project-Based Voucher program allows local housing authorities to contract with property owners to ensure that Section 8 voucher holders will occupy up to 25 percent of a building’s units. When assisted tenants move and take their vouchers with them, new voucher holders replace them.

**SECTION 202.** A HUD program created in 1959 that provided direct government loans or grants to non-profits to develop housing for the elderly and handicapped. Currently, the program provides capital grants and project rental assistance contracts.

**SECTION 221(D)(3) BMIR.** A HUD program under which the federal government provided direct loans at a below-market interest rate (3 percent) and mortgage insurance to private developers of low and moderate income housing. Active 1963 - 1970.

SECTION 236. A program under which HUD provided interest subsidies (known as Interest Reduction Payments or IRP subsidies) and mortgage insurance to private developers of low and moderate income housing. The interest subsidy effectively reduced the interest rate on the loan to one percent. Active 1968 - 1975.

SECTION 514 LOANS AND SECTION 516 GRANTS. RHS programs authorized by Sections 514 and 516 of the Housing Act of 1949. They may be used to buy, build, improve or repair housing for farm laborers.

SECTION 515 RURAL RENTAL HOUSING PROGRAM. A program that provides funds for loans made by RHS to nonprofit, for profit, cooperatives, and public entities for the construction of rental or cooperative housing in rural areas for families, elderly persons, persons with disabilities, or for congregate living facilities. Authorized by Section 515 of the Housing Act of 1949.

SECTION 533 HOUSING PRESERVATION GRANT PROGRAM (HPG). This program grants funds available from RHS to promote preservation of Section 515 properties. Authorized by Section 533 of the Housing Act of 1949.

SECTION 538 RENTAL HOUSING LOAN GUARANTEES. They enable RHS to guarantee loans made by private lenders for the development of affordable rural rental housing. This program serves a higher income population than that served by the Section 515 program. Authorized by Section 538 of the Housing Act of 1949.

SECTION 811. Provides funds to nonprofit organizations to develop rental housing with the availability of supportive services for very low-income adults with disabilities, and provides rent subsidies for the projects to help make them affordable.

SEVERE HOUSING PROBLEMS. As used by HUD in defining priorities, severe housing problems are homelessness, displacement, housing cost burden above 50% of income, and occupancy of housing with serious physical problems. Data on severe housing problems drawn from the American Housing Survey measures only cost burden and physical problems.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF). Provides block grants to states administered under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, which established a new welfare system. The TANF block grant replaced Aid to Families with Dependent Children (AFDC). The chief feature of TANF was the abolition of a federal entitlement to cash assistance. TANF was due for reauthorization in 2003, but as of early April, 2004, such reauthorization had yet to be enacted.

VERY LOW INCOME. Defined as a household income below 50% of area median, 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.

WORST CASE HOUSING PROBLEMS. Unsubsidized very low income renter households with severe housing problems. HUD is required to submit a periodic report to Congress on worst case housing problems.

## For More Information

2001 American Housing Survey Definitions · [www.census.gov/hhes/www/housing/ahs/ahs01/appendixa.pdf](http://www.census.gov/hhes/www/housing/ahs/ahs01/appendixa.pdf)

HUD's Glossary of Terms · [www.hud.gov/cfo/glossary.html](http://www.hud.gov/cfo/glossary.html)