

### **III. LOCAL PROGRAMS**

County and municipal housing and community development offices are recipients of funds for local housing initiatives from state and federal sources and act in a grantor or lender capacity to fund local housing initiatives, and administer resources to promote comprehensive, coordinated approaches to addressing housing and community development. As described in the introduction, there are four federally funded programs, CDBG, HOME, HOPWA, and ESG that are administered at the state and local levels depending on population size. These four programs are described above under the section on Federal Funding Sources - HUD. To determine how to access them in your community, contact your local office of housing and community development or county commissioners. In addition, in most counties and in many municipalities, there is a local Public Housing Agency (PHA) which owns and operates public housing units and administers rental subsidies through Housing Choice Vouchers (formerly known as the Section 8 Program). For information about these programs, see the section on Federal Funding Sources - HUD.

#### **Housing Trust Funds**

##### **Purpose & Eligible Activities:**



Housing Trust Funds are a source of funding for local affordable housing initiatives. Housing Trust Funds are financed by a dedicated revenue source, such as development fees or a surtax on real estate transfers, and targeted for affordable housing. Housing Trust Funds are typically established and operated by State or local housing agencies and address housing affordability - both homeownership and rental housing. Housing trust funds may be combined with other sources of financing to make housing more affordable to low-and-moderate income renters and first-time homebuyers.

In PA the most common use of Housing Trust Funds is first-time homebuyer programs, but some funds are also used for rental housing, housing for the elderly, and housing for people with disabilities.

##### **Eligible Applicants:**

Local governments develop their own individualized strategy for utilizing and distributing Housing Trust Funds. Generally, developers of affordable multifamily rental housing, housing for persons with disabilities, and homeownership projects are eligible applicants, as well as first-time homebuyers.

**Contact:**

Information about Housing Trust Funds in your area and eligibility guidelines can be obtained by contacting the PA. Department of Community and Economic Development (DCED) office in your region. See Appendix C for a listing of DCED regional offices.

<b>NOTES:</b>

## **IV. PRIVATE FUNDING SOURCES**

Banks and mortgage companies have access to capital to lend to eligible first-time homebuyers and developers of affordable homeownership, rental, and special needs housing. This section provides mortgage loan programs available through lenders in your community. Also discussed in this section are two national non-profit organizations that specialize in providing technical assistance, predevelopment loans and grants, bridge loans, construction and permanent financing, and capital for investment in housing and community development initiatives. The Enterprise Foundation and its affiliates, and the Local Initiatives Support Corporation (LISC) and its affiliates, are major players in affordable housing and community development nationally.

### **Community Reinvestment Act (CRA) Programs**

#### **Purpose & Eligible Activities:**



The Community Reinvestment Act is federal legislation that requires depository institutions such as banks to target a portion of their lending activity to low and moderate-income neighborhoods and individuals. The CRA provides provide homeownership, rental housing, and community revitalization opportunities for low and moderate income households and communities. In order to comply with CRA requirements, some banks offer special first-time homebuyer programs with below market interest rates and reduced fees. These programs can reduce the cost of homeownership and in some cases may be combined with PHFA's closing cost assistance program. Under CRA, lenders may also provide below market rate loans or forgivable grants for affordable rental housing development project due diligence, and below market interest rates for construction and permanent financing.

#### **Eligible Applicants:**

Each bank establishes application guidelines. Generally, non-profit developers of affordable rental housing are eligible applicants, as are income eligible first-time homebuyers with incomes that do not exceed 100 percent of the area median income.

#### **Contact:**

Contact lenders in your area to determine CRA programs available for affordable rental housing and homeownership.

<b>NOTES :</b>

## **FANNIE MAE (FEDERAL NATIONAL MORTGAGE ASSOCIATION)**

Fannie Mae is a congressionally chartered government sponsored entity created to insure the availability of mortgage funds. Known as the secondary market, Fannie Mae is not a direct lender, instead it purchases loans from lenders that originate mortgages for homebuyers. Many of the same lenders that offer HUD, PHFA, and Rural Housing Services mortgages also offer Fannie Mae homeownership and community lending mortgage products.



Some unique Community Lending and Homeownership products are available from Fannie Mae through approved lenders in your community, including the following:

### **Community Land Trust Loans**

#### **Purpose & Eligible Activities:**



Community Land Trust loans are used to provide and preserve long-term affordable housing for low-and-moderate income families. Non-profits form community land trusts to acquire and hold land for the benefit of the community. The community land trust retains title to the land but sells the improvements (the homes) and leases the land under a long-term ground lease to low-and-moderate income families at affordable ground rents. This reduces the cost of homeownership, especially in high cost areas. Generally, the Community Land Trust must have a two-year record of providing affordable housing. A model ground lease and rider developed by the Institute for Community Economics (ICE) is available for use.

#### **Eligible Applicants:**

To be eligible for a Community Land Trust Mortgage, the homebuyer's income must not exceed 100 percent of the area median income, as defined by HUD. Certain high cost areas have higher income guidelines. Homebuyers must meet mortgage credit and underwriting requirements. Homebuyer education is generally required.

#### **Contact:**

For more information about Community Land Trust Loans and lenders that offer these loans, contact the Fannie Mae Northeastern Regional Office in Philadelphia at (214) 575-1400; 1900 Market Street, Suite 800, Philadelphia, PA. 19103.

<b>NOTES</b>

**Community Living Loans**

**Purpose & Eligible Activities:**



Community Living Loans are used to purchase or refinance one-or-two unit residential group home facilities. Community Living loans expand the availability of mortgage credit to group home providers to provide permanent housing for all disability groups including, but not limited to: children and adults with developmental disabilities, adults with mental illness, HIV/AIDS, Alzheimer's disease, and head and spinal cord injuries. These loans are also available to refinance existing group homes, which may allow borrowers to use the equity in their property to perform repairs and/or renovations.

**Eligible Applicants:**

Non-profit organizations, for-profit organizations, investors, individuals, limited partnerships, and government agencies serving adults and children with disabilities are eligible to utilize this program. Applicants must demonstrate that funding for resident services is available through a service contract with a state or local agency.

**Contact:**

For more information about Community Living Loans and lenders that offer these loans, contact the Fannie Mae Northeastern Regional Office in Philadelphia at (215) 575-1400; 1900 Market Street, Suite 800, Philadelphia, PA. 19103.

<b>NOTES:</b>

**Community Seconds Mortgage Loans**



**Purpose & Eligible Activities:**

Community Seconds Mortgages make homeownership more affordable to first-time homebuyers by providing income eligible homebuyer's assistance with downpayment, closing costs, and rehabilitation. Community Seconds Mortgage Loans are subsidized second mortgages funded from a variety of sources.

**Eligible Applicants:**

Homebuyer income cannot exceed 100 percent of the area median.

**Contact:**

Homebuyers generally apply to their local housing and community development office; some local lenders and non-profit housing organizations participate in Community Seconds Mortgages.

<b>NOTES:</b>

**HomeChoice Loans**

**Purpose & Eligible Activities:**



HomeChoice Loans provide homeownership opportunities for low-and-moderate income persons who have disabilities or who have family members with a disability living with them. Homebuyers may purchase owner-occupied principal residences, including units in approved condominiums and planned unit developments. HomeChoice loans are fixed interest rate loans, with 15-to-30 year terms.

**Eligible Applicants:**

Low-and-moderate income individuals with disabilities, or families with persons with disabilities living with them are eligible applicants. Applicants must meet the credit and underwriting requirements for these loans.

**Contact:**

For more information about HomeChoice loans and lenders that offer these loans, contact the Fannie Mae Northeastern Regional Office in Philadelphia at (215)575-1400; 1900 Market Street, Suite 800, Philadelphia, PA. 19103.

<b>NOTES:</b>

**Lease-Purchase Loans**



**Purpose & Eligible Activities:**

Lease Purchase Loans enable non-profit organizations to purchase a home that is then leased to a lower-income family with an option to buy. The families live in the home while they save for downpayment and closing costs. A portion of the monthly rent is set-aside in an escrow account until sufficient funds are accumulated for downpayment and closing costs. When sufficient funds are accumulated, the tenant assumes the mortgage from the non-profit. Lease purchase mortgages provide an affordable transition to homeownership.

**Eligible Applicants:**

Non-profit organizations that meet financial and programmatic requirements, and have demonstrated local support for their lease-purchase program are eligible to apply. Tenants entering into a lease-purchase agreement with the non-profit must have household income at or below 100 percent of the area median income and be pre-qualified for the mortgage at the time of the purchase of the property by the non-profit and again at the time of mortgage assumption. Tenants must have sufficient income and credit to meet the non-profit's monthly operating costs for the property (principal, interest, taxes, insurance, and any other assessments), as well as an amount set-aside for eventual downpayment and closing costs. Tenants must agree to attend periodic homebuyer counseling sessions during the lease term.

**Contact:**

For more information about Lease-Purchase Loans and lenders that offer these loans, contact the Fannie Mae Northeastern Regional Office in Philadelphia at (214) 575-1400; 1900 Market Street, Suite 800, Philadelphia, PA. 19103.

<b>NOTES:</b>

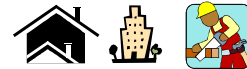
**FEDERAL HOME LOAN BANK (FHLB)**

The Federal Home Loan Bank builds partnerships between banking and non-profits through its Affordable Housing Program. The money for the AHP program is raised and allocated by the 12 District Federal Home Loan Banks, with the annual allocation equivalent of 10 percent of each bank's net earnings from the preceding year. The Federal Home Loan Bank of Pittsburgh serves Pennsylvania as well as West Virginia and Delaware.



**Affordable Housing Program (AHP)**

**Purpose & Eligible Activities:**



The AHP promotes affordable rental and homeownership housing opportunities for very low, low and moderate-income households. Funds may be used to construct or rehabilitate owner-occupied housing for households at or below 80 percent of the area median income. Rental units must have at least 20 percent of the units occupied by and affordable to very low-income households.

Projects are ranked competitively and applicants must demonstrate availability of other project funding sources.

**Eligible Applicants:**

Developers submit AHP applications through a participating FHLB member bank. The member bank applies to the FHLB in Pittsburgh for AHP funds on behalf of specific developments. Funding is very competitive. Applications are accepted twice a year, usually in March and October. Exact application deadlines vary from year to year.

**Contact:**

For more information about FHLB members in your community; AHP application requirements; and application submission deadlines, contact the FHLB District Bank in Pittsburgh; 601 Grant Street, Pittsburgh, PA. 15219, (412) 288-2820.

**NOTES:**



**Community Investment Partnership**

**Purpose & Eligible Activities:**



The CIP provides favorable financing for first-time homeownership and the development of affordable multifamily rental housing. The CIP offers first-time homebuyer mortgages at fixed interest rates, reduced mortgage loan fees, and reduced or no mortgage insurance for households with incomes up to 115 percent of the area median income. The CIP also provides financing for multifamily projects with fixed interest rates where the income of least 80 percent of the residents does not exceed 115 percent of the area median income, and where 80 percent of the units are affordable to households within this income. The project must be located in an area for which the median income does not exceed 80 percent of the median for the larger geographic area.

**Eligible Applicants:**

Developers apply for CIP funds for their homeownership initiative or affordable multifamily rental housing project through a participating FHLB member bank in their community.

**Contact:**

For more information about the FHLB CIP program, contact the FHLB District Office in Pittsburgh at 601 Grant Street, Pittsburgh, PA. 15219-4455, (412) 288-2820.

<b>NOTES:</b>

**Homebuyer Equity Program (HBE)**

**Purpose & Eligible Activities:**



The HBE provides a mechanism whereby first time homebuyers can accumulate sufficient funds for downpayment and closing costs for the purchase of a home by opening a savings account with a FHLB member bank. The bank matches up to \$3 for every dollar saved by the homebuyer. When sufficient funds are saved, the member bank will originate the mortgage for the first time homebuyer.

**Eligible Applicants:**

Homebuyers apply to a FHLB member bank that participates in the HBE program. Eligible homebuyers are those with incomes not exceeding 100 percent of the area median income.

**Contact:**

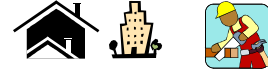
For more information about the FHLB HBE program and participating member banks, contact the FHLB District Office in Pittsburgh, 601 Grant Street, Pittsburgh, PA. 15219-4455, (412) 288-2820.

<b>NOTES:</b>

**Local Initiatives Support Corporation (LISC)**



**Purpose & Eligible Activities:**



The Local Initiatives Support Corporation (LISC) provides grants, loans and equity investments to CDCs for neighborhood redevelopment, including affordable homeownership, rural housing and rental housing initiatives. LISC has affiliate organizations that supplement LISC's work by attracting additional private capital for CDCs. LISC assists CDCs by offering the following:

- The National Equity Fund, Inc.(NEF): The National Equity Funds is the nation's largest nonprofit syndicator of low-income housing tax credits. In collaboration with CDCs and community-focused investors, NEF, Inc. provides equity to help fund the development of affordable rental housing.
- The Center for Homeownership: The Center for Homeownership is a LISC resource that assists CDCs in expanding homeownership opportunities in inner city neighborhoods and distressed rural communities throughout the United States.
- Rural LISC: Rural LISC supports rural CDCs in 39 states and Puerto Rico.

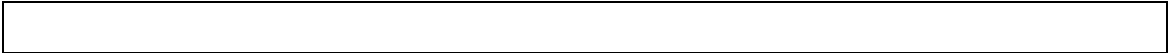
**Eligible Applicants:**

Non-profit organizations defined as Community Development Corporations and whose activities benefit specific neighborhoods are eligible to apply for LISC programs.

**Contacts:**

In PA, LISC has offices in Philadelphia, Pittsburgh (serving Pittsburgh and Southwestern PA.), and a Rural LISC office in North Cambria. See Appendix E for information about the LISC office in your area.

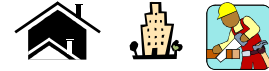
<b>NOTES:</b>



## The Enterprise Foundation

### BUILDING AMERICA ONE COMMUNITY AT A TIME

#### Purpose & Eligible Activities:



The Enterprise Foundation and its affiliates work with partners to finance, develop and acquire affordable housing and other community development initiatives in underserved neighborhoods across the country. Through its affiliates, The Enterprise Foundation undertakes a variety of initiatives, including:

- Low Income Housing Tax Credits: The Enterprise Social Investment Corporation (ESIC) raises equity for investment in affordable homes nationwide. The ESIC tax credit equity funds invest in a wide range of rental housing developments, including for families, the elderly and individuals in urban, suburban and rural areas. ESIC offers a special fund that invests solely in projects that provide social services for its special needs residents.
- Short Term Loans: The Enterprise Foundation, through its Community Development Financial Institution (CDFI) affiliate, offers flexible, short-term, low-interest financing to nonprofits working to revitalize their communities by providing short term loans for predevelopment activities, acquisition, construction and rehabilitation.
- Permanent Financing: The Enterprise Mortgage Investments, Inc., an ESIC affiliate, offers long-term mortgage financing to developers of affordable multifamily housing.
- Housing Development: Enterprise Homes, Inc., an ESIC affiliate, develops affordable rental and for-sale housing under the federal Nehemiah Opportunity Grant Program.

#### Eligible Applicants:

Non-profit developers and their joint venture partners are eligible applicants.

#### Contact:

Although The Enterprise Foundation does not have an office in PA, most of its programs are available nationwide. For information about The Enterprise Foundation programs available in your area,

contact The Enterprise Foundation, 10227 Wincopin Circle, Suite 500,  
Columbia, MD. 21044, (410) 964-1230.

<b>NOTES:</b>

**Appendix A**

**U.S. Housing & Urban Development (HUD) Offices in**

**PA**

<b>Pittsburgh HUD Office</b>	<b>Philadelphia HUD Office</b>
Pittsburgh HUD Office, Gimbels Landmark Bldg., 339 Sixth Ave., Pittsburgh, PA 15222-2507, (412) 644-6428.	Philadelphia HUD Office, the Wanamaker Bldg., 100 Penn Square East, Phila., PA 19107-3380, (215)656-0500.
<b>Counties covered:</b> Allegheny, Armstrong, Beaver, Bedford, Butler, Cambria, Cameron, Clarion, Clearfield, Crawford, Elk, Erie, Fayette, Forest, Fulton, Greene, Huntingdon, Indiana, Jefferson, McKean, Mercer, Potter, Somerset, Venango, Warren, Washington, and Westmoreland.	<b>Counties covered:</b> Adams, Berks, Bradford, Bucks, Carbon, Centre, Chester, Clinton, Columbia, Cumberland, Dauphin, Delaware, Franklin, Juniata, Lancaster, Lebanon, Lackawanna, Lehigh, Luzerne, Lycoming, Mifflin, Monroe, Montgomery, Montour, Northampton, Northumberland, Perry, Philadelphia, Pike, Schuylkill, Sullivan, Snyder, Susquehanna, Tioga, Union, Wayne, Wyoming, and York.

**APPENDIX B**

**USDA - RURAL HOUSING & DEVELOPMENT**

**Office Locations in Pennsylvania**

<p><b>PENNSYLVANIA STATE OFFICE</b> Suite 330, One Credit Union Place Harrisburg, PA 17110-2996 (717) 237-2299</p> <p><b>BRADFORD AREA OFFICE</b> R. R. #5, Box 5030-F Towanda, PA 18848-9333 (570) 265-6163</p> <p><b>BUTLER AREA OFFICE</b> 602 Evans City Road, Suite 101 Butler, PA 16001-8701 724) 482-4800</p> <p><b>CLINTON AREA OFFICE</b> 36 Spring Run Road Mill Hall, PA 17751-9543 570) 726-3196</p> <p><b>CRAWFORD AREA OFFICE</b> 14699 N. Main Street, Ext. Meadville, PA 16335-9441 (814) 336-6155</p> <p><b>JUNIATA AREA OFFICE</b> RD #3, Box 301 Mifflintown, PA 17059-9621 (717) 436-8953</p>	<p><b>LEHIGH AREA OFFICE</b> 2211 Mack Blvd. Allentown, PA 18103-5623 (610) 791-9810</p> <p><b>LYCOMING AREA OFFICE</b> Suite 205, 542 County Farm Road Montoursville, PA 17754-9685 (570) 433-3006</p> <p><b>SUSQUEHANNA AREA OFFICE</b> RD #3, Box 27F Montrose, PA 18801-9548 (570) 278-3781</p> <p><b>WASHINGTON AREA OFFICE</b> P. O. Box 329 Meadow Lands, PA 15347-0329 (724) 222-3060</p> <p><b>WESTMORELAND AREA OFFICE</b> Donohoe Center, Donohoe Road RR #12, Box 202-A Greensburg, PA 15601-9217 (724) 834-0396</p> <p><b>YORK AREA OFFICE</b> 124 Pleasant Acres Road York, PA 17402-8988 (717) 757-7635</p>
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**APPENDIX C**

**PA DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT**

**PA DCED REGIONAL OFFICES**

<p><b>Central Region:</b> Jerry Spangler, Director 4<sup>th</sup> Floor, Commonwealth Keystone Building Harrisburg, PA. 17101-0225 (717)787-7347</p> <p><b>Counties:</b> Adams, Bedford, Blair, Cambria, Centre, Clinton, Columbia, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Lycoming, Mifflin, Montour, Northumberland, Perry, Snyder, Somerset, Union, York</p> <p><b>Northeast Region:</b> Jane Lee, Director 101 Penn Avenue 201 Samters Building Scranton, PA 18503 (717) 963-4573</p> <p><b>Counties:</b> Berks, Bradford, Carbon, Lackawanna, Lehigh, Luzerne, Monroe, Northampton, Pike, Schuylkill, Sullivan, Susquehanna, Tioga, Wayne, Wyoming</p>	<p><b>Northwest Region:</b> David Rothrock, Director 212 Lovell Place Erie, PA. 16503 (814) 871-4241</p> <p><b>Counties:</b> Cameron, Clarion, Clearfield, Crawford, Elk, Erie, Forest, Jefferson, Lawrence, McKean, Mercer, Potter, Venango, Warren</p> <p><b>Southeast Region:</b> Charles Nahill, Director 908 State Office Building Broad &amp; Spring Garden Street Phila., PA 19130 (215) 560-2256</p> <p><b>Counties:</b> Bucks, Chester, Delaware, Montgomery, Philadelphia</p> <p><b>Southwest Region:</b> Ellen G. Kight, Director 413 State office Building 300 Liberty Avenue Pittsburgh, PA 15222 (412)565-5002</p> <p><b>Counties:</b> Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Washington, Westmoreland</p>
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**APPENDIX D**

**HIV/AIDS Regional Planning Coalitions & Consortium**

<p><b>North Central District AIDS Coalition</b>        8 North Grove Street        P.O. Box 658        Lock Haven, PA 17745        Phone: (717)748-2850        Fax: (717)748-2215  <b>Counties Served:</b>        Bradford, Centre, Clinton, Columbia, Lycoming, Montour, Northumberland, Potter, Snyder, Sullivan, Tioga, Union</p> <p><b>Northeast Regional HIV Planning Coalition</b>        United Way of Wyoming Valley        Nine East Market Street        Wilkes-Barre, PA 18711-0351        Phone: (717)829-6711        Fax: (717)822-0522  <b>Counties Served:</b>        Lackawanna, Luzerne, Pike, Susquehanna, Wayne, Wyoming</p> <p><b>Northwest PA Rural AIDS Alliance</b>        RD #3, Box 75F        Clarion, PA 16214-1232        Phone: (814)764-6066        Fax: (814)764-5669  <b>Counties Served:</b>        Cameron, Clarion, Clearfield, Crawford, Elk, Erie, Forest, Jefferson, Lawrence, McKean, Mercer, Venango, Warren</p>	<p><b>AIDSNET</b>        2200 Avenue A, Suite 102        Bethlehem, PA 18017        Phone: (610)882-1119        Fax: (610)954-7921  <b>Counties Served:</b>        Berks, Carbon, Lehigh, Monroe, Northampton, Schuylkill</p> <p><b>The Philadelphia AIDS Consortium</b>        260 South Broad Street, Suite 640        Philadelphia, PA 19107        Phone: (215)985-6200        Fax: (215)985-6212  <b>Counties Served:</b>        Bucks, Chester, Delaware, Montgomery, Philadelphia</p> <p><b>AIDS Planning Coalition of South Central PA</b>        3461 Market Street, Suite 200        Camp Hill, PA 17011-4441        Phone: (717)761-7628        Fax: (717)761-3238  <b>Counties Served:</b>        Adams, Bedford, Blair, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, York</p> <p><b>Southwestern PA AIDS Planning Coalition</b>        905 West Street, Fourth Floor        Pittsburgh, PA 15221-2833        Phone: (412)242-2441        Fax: (412)247-1640  <b>Counties Served:</b>        Allegheny, Armstrong, Beaver, Butler, Cambria, Fayette, Greene, Indiana, Somerset, Washington, Westmoreland</p>
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**APPENDIX E**

**LOCAL INITIATIVES SUPPORT CORPORATION (LISC)**

**Philadelphia LISC (serving Philadelphia)**

The Cast Iron Building  
718 Arch Street  
Philadelphia, PA 19106  
Phone: (215) 923-3801  
Fax: (215) 923-3168

**Pittsburgh LISC (serving Pittsburgh and Southwestern PA)**

425 Sixth Avenue, Suite 1010  
Pittsburgh, PA 15219  
Phone: (412) 765-3170  
Fax: (412) 765-2254

**PA. Rural LISC**

Address: 4200 Crawford Ave., Suite 200  
Northern Cambria, PA 15714  
Phone: (814) 948-4446  
Fax: (814) 948-4449

**Counties Served:**

Cambria, Clearfield, Indiana

**Glossary of Housing and Finance Terminology**

**Affordable Housing** - Generally defined as housing where the occupant

is paying no more than 30% of gross income for gross housing costs, including utility cost.

**Bond** - Governments and state agencies float bonds to raise funds to carry out programs. PHFA issues mortgage revenue bonds and general obligations bonds to finance their programs. Bonds are interest bearing certificates of debt with a maturity date.

**Certificate of Occupancy (CO)** - A permit issued by a city or town building inspector stating that a property meets all applicable codes and is safe for occupancy.

**CDBG (Community Development Block Grants)** - Federal funding authorized under Title I of the Housing and Community Development Act of 1974 available to communities of over 50,000 people. Its purpose is to encourage more broadly conceived community development projects and expand housing opportunities for low and moderate income persons.

**CHDO (Community Housing Development Organizations)** - A specific type of non-profit organization defined exclusively for the HOME Program. CHDO's must be developers, sponsors, or owners of HOME assisted housing who have effective management control of projects and are organized and structured according to strict standards.

**Consolidated Plan** - A five year plan prepared by individual cities and towns and the state outlining housing needs and priorities. In order to be considered for federal funding, projects must be consistent with the local jurisdiction's Consolidated Plan.

**Cost Burden** - The extent to which gross housing costs, including utility costs, exceed an acceptable percentage of gross income. (An acceptable percentage of gross income is usually 30% of gross income.)

**Debt** - An obligation to pay back a loan.

**Deed Restriction** - Covenants included in a deed that in some way limit the owner's absolute right to use or sell the property.

**Density** - The ratio of land to the area covered by structures built upon it.

**Disabled Household** - A household composed of one or more persons at least one of whom is an adult who has a disability. A person shall be considered to have a disability if the person is determined to have a physical, mental or emotional impairment that: (1) is expected to be of long-continued and indefinite duration, (2) substantially impedes his or her ability to live independently, and (3) is of such a nature that the ability could be improved by more suitable housing conditions. A person shall also be considered to

have a disability if he or she has a developmental disability as defined in the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001-6006).

**Entitlement Community** - A metropolitan city or urban county of at least 50,000 in population and therefore eligible as a direct recipient of the Community Development Block Grant.

**Escrow Funds** - Funds, securities or other property held by an impartial trusted third party until all the conditions of a contract are met.

**Equity** - The difference between the fair market value of a piece of property and the current indebtedness; usually referred to as the owner's interest in the property.

**Fair Market Rent** - An amount determined by HUD to be the cost of modest, non-luxury rental units in a specific market area. With certain exceptions, it is the highest rent chargeable for that market under Section 8.

**Feasibility Study** - A detailed investigation and analysis conducted to determine the financial, economic, technical or other advisability of a proposed project.

**HOME** - The HOME Investment Partnership Act was authorized under the National Affordable Housing Act of 1990. It is a formula-based allocation program intended to support a wide variety of state and local affordable housing programs. The formula funding allows state and local governments flexibility to use the money in ways that best meet locally defined needs. Funds can be used for acquisition, construction, reconstruction and moderate or substantial rehabilitation activities which promote affordable rental and ownership housing. HOME funds can also be used for tenant-based rental assistance programs.

**Income Limits** - Family income limits, based on family size and geographic area, established by law for admission into low and moderate income housing projects or to qualify for rent supplement assistance. The federal definitions are:

Extremely Low Income - Households whose incomes do not exceed 30% of the median income for the area, as determined by HUD, with adjustments for smaller and large families.

Very-Low Income - Households whose incomes do not exceed 50% of the median income for the area, as determined by HUD, with adjustments for smaller and large families.

Low Income - Households whose incomes are between 51% and 80% of the median income for the area, as determined by HUD, with

adjustments for smaller and larger families.

Moderate Income - Households where income is between 81% and 95% of the median income for the area, as determined by HUD, with adjustments for smaller or larger families.

Middle Income - Households whose incomes are between 96% and 120% of the median income for the area, as determined by HUD, with adjustments for smaller or larger families.

**NOTE:** HUD may establish different income ceilings due to prevailing construction costs, fair market rents or unusually high or low family incomes. Also state income ceilings may differ from Federal ceiling.

**Lease** - The document that links the landlord/lessor/equity investor to the tenant/lessee/user of real estate.

**Leverage** - The use of borrowed (or grant) money to increase one's return on cash investment. In many cases it also refers to the use of multiple sources of funds to create affordable housing.

**Lien** - A legal claim on a property for payment of a debt or some other financial obligation such as mortgage, taxes, unpaid repair or construction bill.

**Loan Fund** - Pool of money set-up with federal, state or private funds to make loans. The pool is replenished through borrower paybacks.

**Low Income Housing Tax Credit (LIHTC)** - The Tax Reform Act of 1986 allows taxpayers to claim the low income tax credit annually for 10 years for expenditures to construct, rehabilitate or acquire and rehabilitate low-income rental housing units. Investors (often corporations) participate in the LIHTC program by purchasing ownership interests in a housing project (syndication) thus providing capital for tax credit projects. In exchange for investing in a syndication investors receive low-income tax credits, tax losses and in some cases, future resale profits. The Pennsylvania Housing Finance Agency administers the LIHTC program in PA.

**McKinney-Vento Act Programs** - A Federal Act that provides federal funds to programs and projects serving the homeless including improvements to capital facilities, shelter, transitional housing and food programs.

**Mixed Income Housing** - Housing that contains units renting or selling below market rate, for those earning less than the area median income, as well as market rate units, for the general market.

**Moderate Rehabilitation** - Building renovation that does not require the complete replacement of all materials and systems. State and federal programs establish maximum and minimum per unit rehabilitation costs allowed to be considered "moderate".

**Mortgage** - A formal document executed by an owner of property, pledging that property as security for payment of a debt or performance of some other obligation.

**Operating Expenses** - The ordinary expenses of operating and maintaining an income property, such as taxes, insurance, repairs, utilities, etc.

**Pre-Development Financing** - Funding to cover up-front project costs, such as architectural, engineering, legal and environmental services, that are incurred before the funds to pay for project construction are available to the developer.

**Principal** - The amount of debt, exclusive of accrued interest, remaining on a loan.

**Project Based Rental Assistance** - Rental assistance provided for a project, not for a specific tenant. Tenants living in units with project-based rental assistance give up the right to that assistance upon moving from the project.

**Public Housing** - Housing which is operated by a public housing agency.

**Public Housing Agency (PHA)** - Public agency created by state or local government to finance or operate low-income housing.

**Section 8** - Federal rental subsidy program administered by the PHA. Fair market rents entitles certificate holders to seek private housing in the community. Tenants pay 30% of their income for rent, and have the remainder (difference between FMR and 30% of tenant's income) paid directly to the landlord by HUD or the PHA.

**Section 811** - A HUD program where the federal government provides loans at a regulated interest rate to nonprofit sponsors of housing for people with disabilities. Each unit of Section 811 housing is covered by Section 8 rental assistance.

**Shelter Plus Care** - A federal program designed to provide housing and supportive services on a long-term basis for homeless persons with disabilities, primarily those with serious mental illness, chronic problems with alcohol or drugs, and (AIDS) and related diseases. The program allows a variety of housing choices and range of supportive services to respond to the needs of those most difficult to engage and to service among the homeless.

**Site Control** - Evidence that a developer has, or will have, control (ownership or long term lease) of a building site by the time construction of financing is approved.

**SRO (Single Room Occupancy)** - A building in which tenants occupy single private spaces yet generally share cooking facilities and/or bathrooms.

**Substantial Rehabilitation** - The definition of substantial can vary from agency and program. HUD defines substantial rehabilitation of residential property as improvements in excess of an average cost of \$25,000 per dwelling unit.

**Supported Housing** - Housing that has a "supportive" environment and includes a planned service component providing transportation, personal care, housekeeping, counseling, meals, case management, personal emergency response or other services to assist individuals to continue living independently.

**Survey** - A legal record of the exact boundaries and location of a property, to be included with the title.

**Sweat Equity** - Equity created through the performance of service or labor on a property by its intended owner.

**Tenant-Based Rental Assistance** - A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continue assistance. The assistance is provided for the tenant, not the project.

**Term** - The length of time agreed upon by a lender and borrower for the repayment of a loan.

**Title** - The legal proof of a person's possession of property, usually in the form of a deed.

**Underwriting** - Process used to analyze the credit worthiness of a loan application and to determine the terms and conditions of a loan.

**Zoning** - Prescription by government entity of the purpose to which land or buildings may be put in specific areas, and of the architectural, structural and/or spatial elements of such land or buildings.

This Glossary was adapted from the *Supported Housing Opportunities Training Manual*.