

APPENDIX I

GLOSSARY OF HOUSING TERMS



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Adjusted for Family Size — Adjusted in a manner that results in an income eligibility level that is lower for households having fewer than four people, or higher for households having more than four people. The base income is based upon a formula established by the U.S. Department of Housing and Urban Development.

Administrative Expenditures — Those expenditures directly related to implementation of the Local Housing Assistance Plans.

Affordable — Monthly rents or monthly mortgage payments including taxes and insurance that do not exceed 30 percent of that amount which represents the percentage of the median annual gross income for the households.

Affordable Housing — Housing is considered to be affordable if monthly housing costs does not exceed a certain percentage of a family's monthly income. The acceptable percentage usually ranges from 30-35 percent of a family's monthly income.

Affordable Housing Advisory Committee — The committee appointed by the governing body of a county or eligible municipality for the purpose of recommending specific initiatives and incentives to encourage or facilitate affordable housing as provided in s. 420.9076.

Affordability Period — The time period for which rent restrictions or resale restrictions apply to housing that has been assisted by government funding.

Americans with Disabilities Act (ADA) — Provides federal civil rights protection to individuals who are physically or mentally disabled. The ADA prohibits discrimination against the disabled in employment, public services, public accommodations, and telecommunications. Entities that are covered by the ADA must make reasonable accommodation, which involves adapting programs, facilities, or work places to allow disabled individuals to participate in the program of services.

Amortization — A plan for paying off a financial obligation by making periodic installment payments over a set period of time, at the end of which the loan balance is zero. Often mortgages have a 30-year amortization, requiring the borrower to make 360 equal monthly payments.

Annual Gross Income — Total income (earned, unearned, and asset income) anticipated to be received by all persons who currently reside or intend to reside in a program-assisted unit for the coming 12-month period. When determining whether a household is income eligible, local governments, participating jurisdictions and project owners must use one of the following three definitions of annual income: (1) annual income as defined at 24 CFR section 5.609 (except when determining the income of a homeowner for an owner-occupied rehabilitation project, the value of the homeowner's primary residence may be excluded from the calculation of net family assets); or (2) annual income as reported under the Census long-form for the most recent available decennial Census; or (3) adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes.

Annual Report — A yearly report of an organization's or government's financial statements and accomplishments.

Appraisal — The estimate of the value of real property. The most common method for single family units is the sales-comparison approach in which the estimate of value is obtained directly from experiences in the real estate market.

Appreciation — The value of property due to improvements made to the property or surrounding area/neighborhood by the owner or other parties, including the government and/or more general market forces. Commonly, and incorrectly, used to describe an increase in value through inflation.

Articles of Incorporation — Legal document submitted to a designated officer of the state for permission to commence business as either a for-profit or non-profit corporation. The articles of incorporation, or charter, state the purpose, rights and duties of the corporation.

Assets — Cash or non-cash item that can be converted to cash. Under most federally and state funded housing programs, the income from an asset, either actual or imputed, is included in a family's total household income.

Audit — An examination of the financial or administrative records of an organization or governmental entity to ensure that they are complete and accurate.

Award — A loan, grant, or subsidy funded wholly or partially by the local housing assistance trust fund.

Back-End Ratio — (i.e., debt ratio) A calculation used by the lender to determine if the amount of income less debt is sufficient to afford the monthly payment. It is calculated by taking the monthly mortgage payment (PITI) and dividing it by the sum of the gross monthly income minus the total monthly debt payments of the applicant. The maximum ratio varies from 32 - 40 percent, depending on the loan and program applied for. In other words, no more than 40 percent of the applicant's income, less debt, should be set aside for the monthly mortgage payment.

Balance Sheet — A financial statement showing a “snap-shot” of the assets, liabilities and net worth (fund balance) of an organization on a given date.

Bond Money or Bond Program — See Mortgage Revenue Bonds (MRB).

Bylaws — The rules governing the internal affairs of an organization or governmental entity.

Cash Flow — Revenue less expenditures over a set period of time.

Catalyst Program - Affordable Housing Catalyst Program — The Catalyst Program, administered by the Florida Housing Coalition, provides training, education and technical assistance to cities, counties and non-profit organizations throughout the State of Florida to assist in developing capacity to undertake affordable housing in the implementation of the SHIP, state, federal, and local housing programs. Florida Housing Coalition technical assistance line (800) 677-4548 or go to www.flhousing.org.

Closing — The final procedure in a real estate sale, in which property ownership is transferred in exchange for an agreed upon payment.

Collateral — Assets pledged to secure a loan.

Community Action Agency (CAA) — CAAs were organized in the 1970s with the goal of eliminating the causes, conditions, and effects of poverty. A CAA may be a private, non-profit, tax-exempt corporation or a department within local government. CAAs may operate a variety of programs that serve low income and elderly residents of the community, including emergency home repair, weatherization, food distribution, employment counseling, homeless assistance, transportation and Headstart. CAAs generally receive funding from a variety of federal, state, local, and private sources. Sometimes referred to as Community Action Program (CAP) agencies.

Community-based organization (CBO) — A nonprofit organization that has among its purposes the provision of affordable housing to persons who have special needs or have very low income, low income, or moderate income within a designated area, which may include a municipality, a county, or more than one municipality or county, and maintains, through a minimum of one-third representation on the organization's governing board, accountability to housing program beneficiaries and residents of the designated area. A community housing development organization established pursuant to 24 C.F.R. part 92.2 and a community development corporation created pursuant to chapter 290 are examples of community-based organizations.

Community Development Block Grant (CDBG) — The U.S. Department of Housing and Urban Development (HUD) administers two CDBG programs. Under the CDBG Entitlement Program, HUD provides funds directly to urban counties and metropolitan cities based on a population based formula. Administered by the Florida DCA, Bureau of Community Development, the CDBG Small Cities Program awards grants on a competitive basis to non-entitlement counties, cities, and towns in Florida.

Community Development Corporation (CDC) — A CDC is usually a local, non-profit entity organized to address long-term community revitalization by building affordable housing, assisting or starting small businesses, and creating jobs.

Community Housing Development Organization (CHDO) — Under the HOME Program, a CHDO is a private, non-profit, 501(c)(3) tax-exempt organization that has, among its purposes, the provision of decent, affordable housing to low- and moderate-income persons. CHDOs must, among other things, have demonstrated capacity for carrying out activities funded with HOME funds, and must maintain at least one-third of its governing board's membership for residents of low income neighborhoods, other low income community residents, or elected representatives of low income neighborhood organizations. Further information can be found in the HOME Rule, 24 CFR, Parts 91 and 92.

Community Reinvestment Act (CRA) — Enacted by Congress in 1977, states that banks and savings institutions have an affirmative obligation to serve the public, and especially to help meet the deposit and credit needs of local communities in which they are chartered, including the needs of residents in low- and moderate-income neighborhoods. Failure of an institution to meet these needs can result in a financial institution being unable to expand or merge with another lender.

Comparable — In the sales-comparison appraisal method, a property that closely resembles the property for which a value is being estimated. A comparable should closely resemble the subject property with respect to property rights, conditions of sale, market conditions, financing terms, location, and physical characteristics.

Compliance — The act of meeting requirements and conditions specified in statutes, rules and/or federal laws regarding the CDBG Small Cities, HOME, SHIP, or other state and federal housing programs.

Consolidated Plan — A plan developed by a local government that describes the needs, resources, priorities, and proposed activities to be undertaken with funds provided under various federal programs. A consolidated plan is required for all participating jurisdictions.

Cranston Gonzalez National Affordable Housing Act — See National Affordable Housing Act (NAHA).

Credit Underwriting — A process used by lenders (including government lenders) to evaluate the feasibility of a rental development (i.e., whether project income will be sufficient to pay the loan and operating expenses).

Debt Service — Loan principal and interest payments.

Deed — A legal instrument that transfers property ownership from one party to another.

Default — The failure to make required payments on a financial loan secured by a first mortgage which leads to foreclosure and loss of property ownership.

Deferred Payment Loan — Funds provided to a borrower under terms that calls for repayment to be delayed for a certain length of time, until certain circumstances change, or a certain threshold is met. In housing programs, deferred payment loans are often used as a recapture mechanism. In home ownership programs the loans often become due when the assisted family sells the home. Under rental programs the loans often become due if the affordability requirements are breached. In most housing programs these loans have an interest rate of zero percent; in some communities interest does accrue.

Demand Side Management (DSM) — DSM programs are implemented by several utility companies in Florida and across the country to help commercial and residential utility customers improve the energy-efficiency of their homes and businesses. By reducing some demand for energy, these conservation programs help utilities avoid the costly production of new power plants. Florida's private investor-owned utility companies (Gulf, Florida Progress Energy, Florida Power & Light, Tampa Electric) and several municipal utilities are required by regulation to offer DSM programs to their customers. They commonly offer educational materials, rebates on efficient materials like insulation, and load management programs.

Demographic Data — Information about the characteristics of human populations, including size, income, age, wealth, race, ethnicity, gender, housing conditions, etc.

Department of Community Affairs (DCA) — DCA fulfills three major roles in developing and implementing policy in the State of Florida: housing and community development, emergency management, and resource planning and management. DCA's activities are accomplished through the following: providing technical assistance, planning projects, administering grant programs, intergovernmental coordination, fostering public/private partnerships and reviewing plans, programs, and developments.

Developmental Disability — Florida Statute 393 defines "developmental disability" as a disorder or syndrome which is attributable to retardation, cerebral palsy, autism, or spina bifida and which constitutes a substantial handicap that can be reasonably be expected to continue indefinitely.

Development of Regional Impact (DRI) — Large-scale developments that are required to undergo a comprehensive regional impact review prior to local government approval. The review process is coordinated by a Regional Planning Council (RPC). Among other considerations, the RPC must consider whether nonresidential DRIs ensure the availability of accessible housing for use by the employees of the development. The Adequate Housing Standard Rule, 9J-2.048 F.A.C. was adopted by DCA in 1993.

Eligible Household — An individual, family or group of individuals living together as a unit, determined to be of very low- to low-income for participation in the CDBG Small Cities or HOME programs and ranging from very-low up to moderate-income for participation in the SHIP Program.

Eligible Housing — Any real and personal property located within the county or the eligible municipality which is designed and intended for the primary purpose of providing decent, safe, and sanitary residential units that are designed to meet the standards of chapter 553 for homeownership or rental for eligible persons as designated by each county or eligible municipality participating in the State Housing Initiatives Partnership Program.

Eligible Municipality — A municipality that is eligible for federal community development block grant entitlement moneys as an entitlement community identified in 24 C.F.R. s. 570, subpart D, Entitlement Grants, or a nonentitlement municipality that is receiving local housing distribution funds under an Interlocal Agreement that provides for possession and administrative control of funds to be transferred to the nonentitlement municipality. An eligible municipality that defers its participation in community development block grants does not affect its eligibility for participation in the State Housing Initiatives Partnership Program.

Eligible Person or Eligible Household — One or more natural persons or a family determined by the county or eligible municipality to be of very low income, low income, or moderate income according to the income limits adjusted to family size published annually by the U.S. Department of Housing and Urban Development based upon the annual gross income of the household.

Eligible Sponsor — A person or a private or public for-profit or not-for-profit entity that applies for an award under the local housing assistance plan for the purpose of providing eligible housing for eligible persons.

Encumbered — Deposits made to the local affordable housing trust fund have been committed by contract, or purchase order, letter of commitment or award in a manner that obligates the county, eligible municipality, or interlocal entity to expend the encumbered amount upon delivery of goods, the rendering of services, or the conveyance of real property by a vendor, supplier, contractor, or owner.

Engauge - The Energy Gauge — A Florida specific energy rating system that relies on computer software to calculate the energy-efficiency level of a building. Engauge estimates the annual energy costs of a house and suggests specific home improvements to increase the house's level of efficiency.

Equity — The market value of real property, less the amount of existing debt or liens.

Essential Service Personnel — Pursuant to Chapter 2006-69, Laws of Florida, persons in need of affordable housing who are employed in occupations or professions in which they are considered essential service personnel, as defined by each county and eligible municipality within its respective local housing assistance plan pursuant to Section 420.9075(3)(a), F.S.

Evaluation and Appraisal Report (EAR) — This is a report that each local government must initially prepare five years after the adoption of its local government comprehensive plan to look at how the plan is working. It is required to be reviewed periodically thereafter. The EAR is intended to reflect changes in state policy on planning and growth management. The EAR must set forth the “actions” or “plan amendments” that are necessary to respond to changes in growth policies and updated information on local conditions.

Expended — The affordable housing activity is complete and funds deposited to the local affordable housing trust fund have been transferred from the local housing assistance trust fund account to pay for the cost of the activity.

Extremely low income household (ELI) — One or more natural persons or a family that has a total annual gross household income that does not exceed 30 percent of the area median income adjusted for family size for households within the metropolitan statistical area, the county, or the non-metropolitan median for the state, whichever is greatest.

Fair Housing Act — The Fair Housing Act makes it illegal to deny housing, refuse to rent, sell, or negotiate, or offer different terms and considerations because of race, color, religion, sex, national origin, handicap, or familial status. If you suspect violation of the Fair Housing Act or want more information, you may contact the U.S. Department of Housing and Urban Development, Fair Housing, 451 7th Street, SW, Washington, D.C. 20410, (800) 669-9777.

Fair Housing Ordinance (FHO) — A FHO is required of all localities participating in federal programs. It makes illegal any discrimination based on race, color, ancestry, religion, sex, national origin, familial status or handicap.

Financial Statements — Written record of the financial status of an individual, organization or governmental entity. Statements commonly include income statement, balance sheet, cash flow statement, and if the organization is a non-profit, a funds balance statement.

Financing Fee — Money charged by a lender to originate a loan. The fees are based on a percentage of the loan amount, and one point is equivalent to 1 percent.

Florida Housing Coalition (FHC) — A nonprofit, statewide membership organization whose mission is to act as a catalyst to bring together housing advocates and resources so that all Floridians have a quality affordable home and suitable living environment. The Florida Housing Coalition is commonly acknowledged as the foremost authority on affordable housing, community development and related issues, as a clearinghouse for information, a provider of training and technical assistance, and an advocate for people in need of affordable housing. (Florida Housing Coalition, 1367 Lafayette Street, Suite C, Tallahassee, Florida 32301, (850) 878-4219, Technical Assistance line (800) 677-4548, www.flhousing.org).

Florida Housing Finance Corporation (FHFC) — The FHFC's mission is as follows: (1) finance affordable housing for very low-, low-, and moderate-income people; and, (2) to stimulate the home building industry. The FHFC obtains funds through program revenues and by issuing bonds that are secured by mortgages taken in exchange for the FHFC's loans. The FHFC also receives appropriations of federal grants and tax credits as well as Sadowski Act documentary stamp tax revenues to finance affordable single- and multi-family housing to be occupied by very low-, low-, and moderate-income persons (Florida Housing Finance Corporation, 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329, (850) 488-4197).

Foreclosure — The legal process a lender uses to exercise its right to force the sale of a property to gain repayment of mortgage debt. Generally, lenders exercise this right when a borrower has failed to make timely payments.

Front-End Ratio—(i.e., income ratio) — A calculation used by the lender to determine if an applicant's income is sufficient to afford the monthly payment. It is calculated by taking the monthly mortgage payment (principal, interest, taxes, and insurance) and dividing it by the gross monthly income of the applicant. The acceptable ratio for affordable housing is between 30-35 percent. In other words, no more than 30-35 percent of the income should be set aside for the monthly mortgage payment.

501(c)(3) — Section of the Internal Revenue Code that addresses the requirements that an organization must meet in order to be considered a tax-exempt organization. Many people refer to agencies that have obtained a tax-exempt status as a "501(c)(3)."

Grants — Gifts of money given by foundations, or federal or state government, without expectation of repayment.

Gross Income — See Annual (Gross) Income.

HOME Investment Partnerships Program (HOME) — The Home Investment Partnerships Program was enacted in 1990 as part of the Cranston-Gonzalez National Affordable Housing Act. HOME funds are allocated on a needs-based formula to state and local governments designated participating jurisdictions (PJs) and require non-federal match of HOME dollars. The Florida Housing Finance Corporation (FHFC) administers the state's HOME program. (HOME, FHFC, (850) 488-4197).

Home Ownership Activities — The use of the local affordable housing trust fund moneys for the purpose of providing owner-occupied housing. Such uses include construction, rehabilitation, purchase, and lease-purchase financing where the primary purpose is the eventual purchase of the housing by the occupant within twenty-four months from initial execution of a lease agreement or within twenty-four (24) months of the applicable fiscal year, whichever occurs first.

Household — Individual, family, or group of individuals living together in a unit.

HUD - U.S. Department of Housing and Urban Development — The department within the federal government that is mandated by Congress to create conditions for every family to have decent and affordable housing, to ensure equal housing opportunities for all, and to strengthen and enrich the nation's communities. Offices are located at the national and state levels. HUD Locator for general information: (202) 708-1422; Affordable housing information center: (800) 998-9999. Miami HUD Office, (serves South Florida) Brickell Plaza Federal Building, 909 E 1st Street, Room 500, Miami, Florida 33131-3028, (305) 536-5678. Jacksonville Office (serves North and Central Florida) Charles E. Bennett Federal Building, 400 Bay Street, Suite 1015, Jacksonville, Florida 32202, (904) 232-2626; fax (904) 232-3759, web site: www.hud.gov.

Income Statement (Profit and Loss) — Summary of revenues, costs, and expenses for a business over a period of time.

Ineligible Household — An individual, family or group of individuals whose household characteristics or income prevent it from meeting the eligibility requirements of a program.

Institutional First Mortgage Lender — Any financial institution or governmental agency authorized to conduct business in this state and which customarily provides service or otherwise aids in the financing of mortgages on real property located in this state.

Interest — The financing fee for a loan, usually calculated on a percentage of the amount loaned spread over the term of the loan.

Interlocal Entity — An entity created pursuant to the provisions of Chapter 163, Part I, F.S., for the purpose of establishing a joint local housing assistance plan pursuant to the provisions of Section 420.9072(5), F.S.

Investor — An organization, corporation, individual or other entity that acquires an ownership position in a project, thus assuming risk of loss in exchange for anticipated returns.

Lease-up Period — The amount of time it takes for a building, such as multi-family housing, to reach a stable occupancy rate and income stream.

Leveraging — Using a small amount of funds to attract other funds, including loans, grants and equity investments. The premise of leveraging is to use public dollars in conjunction with private dollars to increase the number of affordable housing units that can be produced.

Liabilities — A general term encompassing all types of debts and obligations.

Lien — Recorded claim against a property whereby the property is security for a debt. Under certain circumstances, the holder of the lien is entitled to have the property sold to satisfy the debt. A lien is an encumbrance against the property.

Load Management Programs — Load management programs can contribute to affordable housing by reducing the customer's monthly utility bill, thereby creating more disposable household income. Some electric utilities use load management programs to reduce "peak demand" and work as follows: (1) certain times of the day and year, "peak demand" occurs, defined as a majority of utility customers simultaneously demanding a great deal of energy (such as on a weekday morning when households prepare for work and school); (2) using radio controllers, the appliances (e.g. water heaters, air conditioners) of program participants are turned off for 15 minutes during peak demand periods; and lastly, (3) customers experience a reduction in their utility bill as a reward for program participation.

Loan — An award from the local housing assistance trust fund to an eligible sponsor or eligible person to partially finance the acquisition, construction, or rehabilitation of eligible housing with requirement for repayment or provision for forgiveness of repayment if the condition of the award is maintained. Loans are often referred to as debt financing and must be repaid according to a fixed payment schedule, generally with interest. Use of a deferred payment loan is common in affordable housing. In a deferred payment loan, funds provided to a borrower under terms that call for repayment to be delayed for a certain length of time, until certain circumstances change, or a certain threshold is met. In housing programs, deferred payment loans are often used as a recapture mechanism. In home ownership programs the loans often become due when the assisted family sells the home. Under rental programs the loans often become due if the affordability requirements are breached. In most housing programs these loans have an interest rate of zero percent; in some communities interest does accrue.

Loan Guarantees — A pledge by a third party that, in case of default by the borrower, promises to repay all or a portion of the borrowed amount. State and local governments and non-profit intermediaries are often sources of loan guarantees, with the Federal Housing Administration (FHA) being one of the most well known.

Loan-To-Value Ratio — The loan amount(s) as a percentage of the property's appraised value or sales price, whichever is less. For example, a loan amount of \$57,000 on a home that has a sales price of \$60,000 has a 95 percent loan-to-value ratio ($\$57,000/\$60,000$). A lender will use a loan-to-value ratio to determine the maximum amount it will lend on a property.

Local Housing Assistance Plan (LHAP) — A concise description of the local housing assistance strategies and local housing incentive strategies adopted by local government resolution with an explanation of the way in which the program meets the requirements of ss. 420.907-420.9079 and corporation rule.

Local Housing Assistance Strategies — The housing construction, rehabilitation, repair, or finance program implemented by a participating county or eligible municipality with the local housing distribution or other funds deposited into the local housing assistance trust fund.

Local Housing Incentive Strategies — Local regulatory reform or incentive programs to encourage or facilitate affordable housing production, which include at a minimum, assurance that permits as defined in s. 163.3164(7) and (8) for affordable housing projects are expedited to a greater degree than other projects; an ongoing process for review of local policies, ordinances, regulations, and plan provisions that increase the cost of housing prior to their adoption; and a schedule for implementing the incentive strategies. Local housing incentive strategies may also include other regulatory reforms, such as those enumerated in s. 420.9076 and adopted by the local governing body.

Local Housing Partnership — The implementation of the local housing assistance plan in a manner that involves the applicable county or eligible municipality, lending institutions, housing builders and developers, real estate professionals, advocates for low-income persons, community-based housing and service organizations, and providers of professional services relating to affordable housing. The term includes initiatives to provide support services for housing program beneficiaries such as training to prepare persons for the responsibility of homeownership, counseling of tenants, and the establishing of support services such as day care, health care, and transportation

Low Income Housing Tax Credit (LIHTC) — A competitive federal program administered by the state, which grants income tax credit to developers who build or substantially rehabilitate affordable rental housing. The tax credits are used to raise project equity.

Low-Income Person or Household — A person or household whose annual (gross) income does not exceed 80 percent of the area median income, as determined by HUD, with adjustments for smaller and larger families. Florida publishes these figures annually, and updated charts may be obtained from the Florida Housing Finance Corporation (FHFC).

Market Value — The price a property would sell for in a competitive market when there has been a normal offering time, no coercion, arms-length bargaining, typical financing, and informed buyer and sellers.

Match — The commitment of non-federal funds to supplement HOME Investment Partnerships Program funds for affordable housing.

Median Income — A determination made through statistical methods establishing a middle point for determining income limits. Median is the amount that divides the distribution into two equal groups: one group having income above the median and the other group having income below the median.

Mission Statement — A statement of purpose, or the assignment the organization or governmental entity is to carry out.

Moderate-Income Person or Household — One or more natural persons or a family that has a total annual gross household income that does not exceed 120 percent of the median annual income adjusted for family size for households within the metropolitan statistical area, the county, or the nonmetropolitan median for the state, whichever is greatest. With respect to rental units, the moderate-income household's annual income at the time of initial occupancy may not exceed 120 percent of the area's median income adjusted for family size. While occupying the rental unit, a moderate-income household's annual income may increase to an amount not to exceed 140 percent of 120 percent of the area's median income adjusted for family size.

Mortgage — A temporary and conditional pledge of property to a creditor as security for the repayment of a debt. The borrower (mortgagor) retains possession and use of the property.

Mortgage Revenue Bonds (MRB) — State and local housing finance agencies (HFAs) sell tax-exempt bonds and use the money that is raised to lend to first-time homebuyers. Because buyers of these bonds accept a lower rate of return on their investment than if the bonds were taxable, HFAs can lend proceeds to the homebuyers at interest rates below conventional mortgage rates.

National Affordable Housing Act (NAHA) — In October 1990, Congress approved the National Affordable Housing Act, the most comprehensive housing legislation since 1974. The legislation evolved from a process that began in September 1987, when Congress created the National Housing Task Force. The Task Force was charged with the responsibility of conducting a thorough study of the nation's housing needs and injecting life back into federal housing policy. The HOME Investment Partnerships Program was enacted as a result of NAHA.

Neighborhood Housing Services (NHS) — NHS is a national network of locally funded and operated, autonomous, self-help programs which are revitalizing declining neighborhoods. NHSs are non-profit corporations which: operate housing rehabilitation programs; offer financial counseling; refer residents to lenders or others about home improvement financing; conduct new construction and home repair inspection monitoring to assist homeowners in working with contractors; and, encourage community involvement to strengthen neighborhood pride through work with local organizations.

Net Operating Income (NOI) — Gross profits minus operating expenses and taxes.

Non-profit Corporation — A corporation established under state law for purposes other than making profits that would be distributed to the owners, directors, members or officers.

One Hundred Twenty (120) Day Rule — This rule governs the SHIP program and refers to the amount of time that income verification forms are current and up-to-date. HUD Handbook 4350.3 states "Verifications are valid for 90 days from the date received. If the information is orally updated by the source, these verifications may stand for an additional 30 days. You may not rely on verifications that are more than 120 days old." Refer to the Income Qualification Manual, Step 5 "Income Verification and Certification" for more guidance on this rule.

Participating Jurisdiction (PJ) — The term given to any state or local government that HUD has designated to administer an allocation of HOME Investment Partnerships Program funds.

Personal Property — Major appliances, including a freestanding refrigerator or stove, to be identified on the encumbering documents.

Persons Who Have Special Housing Needs — Individuals who have incomes not exceeding moderate-income and, because of particular social, economic, or health-related circumstances, may have greater difficulty acquiring or maintaining affordable housing. Such persons may have, for example, encountered resistance to their residing in particular communities, and may have suffered increased housing costs resulting from their unique needs and high risk of institutionalization. Such persons include: persons with developmental disabilities, persons with mental illnesses or chemical dependency, persons with Acquired Immune Deficiency Syndrome (“AIDS”) and Human Immunodeficiency Virus (“HIV”) disease, runaway and abandoned youth, youth aging out of foster care, public assistance recipients, migrant and seasonal farm workers, refugees and entrants, the elderly, and disabled adults.

Plan Amendment — The addition or deletion of a local housing assistance strategy or local housing incentive strategy. Plan amendments must at all times maintain consistency with program requirements and must be submitted to the corporation for review pursuant to s. 420.9072(3). Technical or clarifying revisions may not be considered plan amendments but must be transmitted to the corporation for purposes of notification.

Population — The latest official state estimate of population certified pursuant to s. 186.901 prior to the beginning of the state fiscal year.

Principal — The currently unpaid balance of a loan, not including interest.

Private Mortgage Insurance (PMI or MI) — Coverage that, in instances of default, guarantees a lender the partial payment of an outstanding loan balance. Traditionally, lenders require PMI in instances where the loan-to-value ratio is higher than 80 percent; however, lenders have been known to waive this requirement under their affordable housing programs. PMI premiums are included in a borrower’s monthly mortgage payments. The amount varies, depending in the loan amount. The insurance can be discontinued when an appraisal shows that the loan-to-value ratio has dropped below 80 percent. The cost of such an appraisal is the responsibility of the borrower.

Pro Forma — Projected annual income and expenses for a rental development for a given period (usually 15 years).

Program Income — The proceeds derived from interest earned on or investment of the local housing distribution and other funds deposited into the local housing assistance trust fund, proceeds from loan repayments, recycled funds, and all other income derived from use of funds deposited in the local housing assistance trust fund. It does not include recaptured funds.

Property Tax Abatement — Reduction or exemption from ad valorem tax for a specified time period.

Public Housing Authority (PHA) — Created by local governments pursuant to Chapter 421, Florida Statutes, local PHAs develop, own, and operate public housing and administer Section 8 programs.

Purchase Option — The right to buy a property at a specified price within a specified time. A purchase option or “option to purchase” is different from a purchase and sale contract in that the option money is not refundable and is usually not credited toward the purchase price at closing.

Real Estate Owned (REO) — Property that is owned by a lender, usually acquired through a foreclosure, or through a deed in lieu of foreclosure.

Real Estate Settlement Procedures Act (RESPA) — RESPA requires that lenders give all borrowers of federally-related mortgage loans an estimate of settlement costs and a HUD-prepared booklet with information about real estate transactions, settlement services, cost comparisons, and relevant consumer protection laws.

Real Property — Land, including all things permanently attached to the land, such as buildings and infrastructure, commonly referred to as appurtenances.

Recaptured Funds — Funds that are recouped by a county or eligible municipality in accordance with the recapture provisions of its local housing assistance plan pursuant to s. 420.9075(5)(g) from eligible persons or eligible sponsors who default on the terms of a grant award or loan award.

Reconstruction — Rebuilding of a structure, usually on the same foundation as the existing housing which will be demolished.

Regional Planning Council (RPC) — RPCs provide planning and technical assistance to local governments on federal and state issues such as housing, growth management, emergency management, and intergovernmental coordination. The State of Florida has 11 RPCs.

Rehabilitation — Repairs or improvements which are needed for safe or sanitary habitation, correction of substantial code violations, or the creation of additional living space. Local plans may more specifically define local rehabilitation standards.

Rent Subsidies — Ongoing monthly rental assistance. The term does not include initial assistance to tenants, such as grants or loans for security and utility deposits.

Reserves — Funds held to pay future liabilities. Typical reserves include replacement reserve for major repairs, operating reserve for covering negative cash flow and contingency funds.

Review Committee — The committee established pursuant to Section 420.9072(3)(a), F.S. Florida Housing Finance Corporation's staff uses a review committee to review a SHIP jurisdiction's Local Housing Assistance Plan every three years.

Rural Development (RD) - formerly known as Farmers Home Administration (FmHa) — Provides funding for mainly rural housing programs. Sometimes used by local governments to supplement CDBG projects. The state RD office is located in Gainesville. Initial inquiries should be made at the local RD office. See federal government listing in local telephone directory for U.S. Department of Agriculture or resources section of handbook.

Sales Price or Value — In the case of acquisition of an existing or newly constructed unit, the amount on the executed sales contract. For eligible persons who are building a unit on land that they own, the sales price is determined by an appraisal performed by a state-certified appraiser. The appraisal must include the value of the land and the improvements using the after-construction value of the property and must be dated within 12 months of the date construction is to commence. The sales price of any unit must include the value of the land in order to qualify as eligible housing as defined in subsection (8). In the case of rehabilitation or emergency repair of an existing unit that does not create additional living space, sales price or value means the value of the real property, as determined by an appraisal performed by a state-certified appraiser and dated within 12 months of the date construction is to commence or the assessed value of the real property as determined by the county property appraiser. In the case of rehabilitation of an existing unit that includes the addition of new living space, sales price or value means the value of the real property, as determined by an appraisal performed by a state-certified appraiser and dated within 12 months of the date construction is to commence or the assessed value of the real property as determined by the county property appraiser, plus the cost of the improvements in either case.

Secondary Market — Markets into which originating lenders sell their loans to investors who are seeking longer-term investments (e.g., Fannie Mae).

Section 504 — Section of the Handicapped Accessibility/Architectural Barriers Act that requires all public buildings to be designed, constructed, or renovated to provide access for physically handicapped persons.

Single Room Occupancy (SRO) — SROs provide housing for elderly, disabled, the working poor and others who, without SROs might otherwise be homeless. An SRO room typically has a sink, closet, and sleeping space. Bathroom, shower, and kitchen spaces are generally shared with others.

State Housing Initiatives Partnership Program (SHIP) — SHIP was the centerpiece of the William E. Sadowski Affordable Housing Act of 1992. SHIP is administered by the Florida Housing Finance Corporation (FHFC) and channels documentary stamp revenue to Florida's counties and CDBG entitlement cities for the express purpose of creating and preserving affordable housing. (SHIP, FHFC, (850) 488-4197).

State — The State of Florida.

Strategic Plan — A plan of action that guides how a goal, such as developing affordable housing, will be accomplished.

Subordinated (Secondary or Tertiary) Debt — If more than one lender has a lien on a property, the subordinated debt is paid after the debt of lien holders in superior (or first) positions.

Sub Recipient — Means a person or non-state organization contracted by a SHIP eligible local government and compensated with SHIP funds to provide administration of any portion of the SHIP program.

Subsidy — Financial assistance in the form of government loans, grants, or other contributions that are used to make housing affordable.

Sweat Equity — The value of volunteer labor in producing affordable housing.

Targeting — Federal, state or local requirements of the CDBG Small Cities, HOME or SHIP Programs relating to the use of funds for units that assist certain income groups or fund particular activities (i.e., home ownership, hard construction costs, etc.). Can also be used to refer to a situation where funds are spent only in a specific geographic area.

Title Insurance Policy — Insurance paying monetary damages for loss of property from superior legal claims not excepted by the policy.

Unsecured — A loan that has no collateral pledged as security.

Veterans Administration (VA) — A mortgage guaranty program begun after World War II to enable returning service personnel to purchase homes, offering 100 percent financing and requiring no down payment or insurance premium on the loan.

Very Low-Income Person or Household — A person or household whose annual gross income does not exceed 50 percent of the area median income, as determined by HUD, with adjustments for smaller and larger families. Florida publishes these figures annually, and updated charts may be obtained from the Florida Housing Finance Corporation (FHFC).

Welfare Transition Program — A program pursuant to the provisions of Chapter 2000-165, Laws of Florida.