

The following is a compendium of commonly used terms and programs in the affordable housing industry. Entries are organized alphabetically. Italicized words have their own entry in the glossary.

**Affirmatively Furthering Fair Housing** – requires all parties involved to demonstrate that they are taking meaningful actions to combat discrimination and segregation, and to build inclusive communities.

**Affordable Housing** – colloquially refers to housing with *affordability restrictions* for households with low-to-moderate incomes.

**Affordability Restrictions** – legal restrictions that insure that housing is rented or sold at an affordable price to households within a specific income range.

**Area Median Income (AMI)** – Calculated annually by the *Department of Housing and Urban Development* (HUD) on a regional basis. This calculation governs the minimum and maximum household income levels for many affordable housing projects. Montgomery County is in the Washington-Metro Area zone, which also includes DC; Calvert, Charles, Frederick, and Prince George's Counties in MD; Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, and Stafford Counties in VA; and the Cities of Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park in VA. The 2018 AMI is \$117,200 for a family of four. The AMI is adjusted by formula to account for different household sizes.

- Moderate-Income – defined as having a household income between 80 % - 120 % of AMI
- Low-Income – defined as having a household income below 80% of AMI
- Very Low-Income – defined as having a household income below 50% of AMI
- Extremely Low-Income – defined as having a household income below 30% of AMI

**Common Ownership Communities** – an umbrella term for condominium, home owners, and cooperative housing associations. Currently, Montgomery County has 1,065 registered associations, representing 138,521 housing units (representing about 40% of Montgomery County's housing stock).

**Communities of Opportunity** – is a designation given to census tracts by *DHCD* based on a “Composite Opportunity Index”. The Index considers data on community health, economic opportunity, and educational opportunity. A census tract is designated as a Community of Opportunity if its score is above the statewide average. This designation affects eligibility for points when applying for *LIHTCs*.

**Community Development Corporations (CDCs)** – are nonprofits focused on supporting and revitalizing neighborhoods. Services and programs of CDCs may include education, job training, commercial development and residential development, specifically *affordable housing*.

**Cost Burdened** – families paying more than 30% of their income on housing. If a family is paying more than 50% of their income on housing, they are considered **Extremely Cost Burdened**.

**Department of Housing and Community Affairs (DHCA)** – Montgomery County DHCA is responsible for the implementation of programs and activities to prevent and address problems related to the physical

decline of residential and commercial areas. This includes landlord/tenant relations, *affordable housing*, code enforcement, and supportive community programming.

**Department of Housing and Community Development (DHCD)** –Maryland DHCD is responsible for implementing housing policies that promote and preserve access to housing, both rental and ownership. DHCD administers the State’s *LIHTCs*, Maryland Mortgage Program, *Rental Housing Works*, energy fund programs, and Bond Financing Programs. In addition, DHCD administers community development programs such as Neighborhood BusinessWorks, Community Legacy, and Main Street Maryland.

**Department of Housing and Urban Development (HUD)** – this federal agency is responsible for a myriad number of programs aimed at providing access to housing and improving communities. Some of the programs include Community Development Block Grants, HOME Partnership Funds, Public Housing programs such as Choice Neighborhoods and Rental Assistance Demonstration, Fair Housing, and Indian and Rural Housing.

- Federal Housing Administration (FHA) is housed in *HUD*. FHA provides both single-family and multi-family mortgages.

**Difficult to Develop Area (DDA)** – are areas designated by *HUD* based on the fair market rents, income limits, and census counts. These areas have high construction, land, and utility costs relative to the Area Median Gross Income (AMGI). This designation is used to determine point eligibility when applying for *LIHTCs*.

**Fair Housing Act** – established in 1968, a core tenant of the Fair Housing Act is to require equal housing opportunities. The Act made it illegal to discriminate against someone’s access to housing based on their race, color, national origin, religion, sex, familial status, and disability. Montgomery County has also added *source of income* as an additional protected class.

**Fair Market Rents (FMR)** – are used to determine payment standard amounts for the *Housing Choice Voucher* program. *HUD* annually estimates FMR by metropolitan area (see *AMI*). However, *HUD* is moving from metropolitan areas to small market areas. You can view, by zip-code, FMRs for the Metro area at [https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2018\\_code/2018summary.odn](https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2018_code/2018summary.odn). As an example, the FMR for a 2-bedroom unit in the 20910 zip-code (including Downtown Silver Spring) is \$2,070.

**Housing Assistance Payment (HAP)** – this is the contract that governs the payment between the *PHA* and a unit/property owner for a resident using a tenant based housing choice voucher.

**Housing Choice Voucher** – formerly known as Section 8. This program, established in 1974 subsidizes rent for income eligible families. Families pay 30% of their income, and the voucher covers the remaining balance, up to *FMR*. Vouchers can either be project-based or tenant-based. The program is administered by the local *Public Housing Authority*.

- Project-Based Voucher – a Housing Choice Voucher that is tied to a specific property.
- Tenant-Based Voucher – a Housing Choice Voucher is provided to the tenant which they can use anywhere it is accepted. Without “source of income” protection landlords may reject a voucher as a valid form of rent payment.

**Housing Opportunities Commission (HOC)** – is our local *PHA*. HOC manages the County’s *public housing*, and *Housing Choice Voucher* program. Additionally, HOC also provides mortgage programs, closing cost assistance, and can issue bonds for multi-family development.

**Housing Subsidies** – the use of public and/or private funds to reduce the housing costs for residents.

There are two main types of subsidies – operating and development.

- Development Subsidies – funding provided to help acquire or construct housing.
- Operating Subsidies – on-going funding provided to a project to supplement rent paid by residents. This may also be processed as Rental Assistance to an eligible household, typically issued as a check made out jointly to the resident and property owner.

**Inclusionary Zoning (IZ)** – links the development of market-rate housing with affordable housing by either encouraging or requiring the construction of affordable housing at the same time that market rate housing is built.

- **Moderately Priced Dwelling Units (MPDU)** is Montgomery County’s IZ program. Started in 1973, the program currently requires projects of 20 or more units to set-aside a minimum of 12.5% of their units for the MPDU program. Units are then rented or sold to income qualified individuals, targeting households earning approximately 65% of *AMI*. Ownership units have a 30 year resale restriction, and rental units have a 99 year restriction. *DHCA* administers the program.

**Income Certification** – is the process by which a property with *affordability restrictions* goes about certifying the eligibility of potential residents. Documentation from the resident is collected, usually on an annual basis, and analyzed to ensure the project remains in compliance with any *affordability restrictions*.

**Living Wage** – the minimum income needed to cover basic needs such as food, childcare, housing, transportation, and incidentals (clothing, etc.). MIT has developed a calculator that shows the living wage in Montgomery County for 2 wage earners, supporting 2 children is \$18.89 per wage-earner, working full time year-round. This equates to an annual salary of over \$39,000 per wage earner. The full calculator can be viewed at <http://livingwage.mit.edu/counties/24031>.

**Low-Income Housing Tax Credit (LIHTC)** - Established in 1986, the program awards credits to each state based on the state’s population. Credits are sold to investors to finance the development of affordable housing. Credits are for a 10-year period and are allocated as either 4% (non-competitive) or 9% (competitive). *DHCD* administers the credits through a *Qualified Allocation Plan*.

**Naturally Occurring Affordable Housing (NOAH)** – privately owned housing that due to market conditions happens to be priced affordably, but has no affordability restrictions in place.

**NIMBY** – stands for Not in My Backyard. This term refers to individuals who oppose projects in their neighborhood. Many times, individuals expressing these sentiments might applaud the project in theory, but just don’t want it to happen near them.

**Opportunity Zone** – is a new Federal program established in the Tax Cuts and Jobs Act of 2017 to promote community development. The program allowed for the State of Maryland to designate certain census tracts for inclusion in the program. Within designated census tracts, investors are now eligible for

tax incentives to encourage additional investment in these areas. You can find the Maryland designated tracts at <http://dhcd.maryland.gov/Pages/OpportunityZones.aspx>.

**Public Housing** – is housing maintained and operating by the local *PHA*. Annually, *HUD* provides a capital and operating allocation to the *PHA*. Public Housing is designed for families earning below 80% of *AMI*. Eligibility is determined by household income, any specific qualifications (special needs, elderly), and your citizenship or eligible immigration status. Locally, *PHAs* can also elect to add additional priority levels. Currently, there are over 1.2 million households nationwide living in public housing.

**Public Housing Authority (PHA)** – responsible for the administration of the local public housing and the housing choice voucher program. The Montgomery County PHA is the *Housing Opportunities Commission*.

**Qualified Allocation Plan (QAP)** – governs how *DHCD* administers their *LIHTCs*. The plan outlines the minimum requirements for access to tax credits, and provides a detailed scoring table to earn points. For competitive credits, projects with the highest scoring application have first access to the credits. The *QAP* must clearly state *DHCD*'s priorities in administering the credits. *DHCD* may open the *QAP* at any time to make changes, but must allow the community opportunities to comment in writing and/or at public hearings before any changes to the *QAP* can be confirmed.

**Qualified Census Tract (QCT)** – is a census tract with at least 50% of households having a reported income below 60% of the Area Median Gross Income (AMGI), or have a poverty rate of 25% or more. This designation is used to determine point eligibility in applying for *LIHTCs*.

**Rental Housing Works** – a newer program from *DHCD*, this program was designed to create jobs in the construction industry. Allocated by formula, a project is eligible for up to \$2 million in gap financing when using *LIHTCs* or State Bond Financing as the projects main funding source.

**Source of Income** – refers to an examination of an individual's source of income to determine whether you will rent an apartment to them. Montgomery County has added source of income as a protected class, making it illegal for a landlord to reject a leasing application based on an individual's source of income, as long as it is legal. This includes protecting individuals who are able to pay rent through access to a *Housing Choice Voucher*.

**Workforce Housing** – is a program designed to provide households with employed individuals access to housing that is below market-rate. In Montgomery County, the Workforce Housing Program is an ownership program for households earning 120% of *AMI* or below. Homes built through this program have a 20-year control period. *DHCA* administers the program.

#### **About Montgomery Housing Partnership (MHP)**

MHP serves more than 1,750 families in Montgomery County. We house people, empower families, and strengthen neighborhoods. Since 1989, Montgomery Housing Partnership's mission is to preserve and expand quality affordable housing in Montgomery County. We advance our mission through three key strategies:

- By acquiring, rehabilitating, building and managing quality **affordable housing**.
- By developing & implementing **community life programs** to improve the quality of life & increase opportunities for our residents.
- By collaborating with concerned citizens and businesses, public officials and community organizations to **build strong, vital neighborhoods**.

Find out more about MHP at [www.mhpartners.org](http://www.mhpartners.org).