

## GLOSSARY

**Adaptive Reuse** – A process that adapts buildings for new uses while retaining their historic features.

**Affordable Housing** – Housing that is appropriately priced for low- and moderate-income households. A low-income household earns less than 50% of the area median income, and a moderate-income household earns between 50% and 80% of the area median income. A very-low income household earns less than 30% of the area median income. To be considered affordable, a renter household generally should pay no more than 30% of their income for housing, and a homeowner should pay no more than 35% of their income for housing.

**Affordability Controls** – Legal restrictions placed on a property that limits the sale price or rent that can be charged for the unit to ensure the unit will remain affordable for a low or moderate-income household. Controls often take the form of a deed restriction.

**Affordability Set Aside for Tax Credits** – The first reservation of tax credits from the Family and Senior Cycles is given to the highest-ranking eligible application that either a) targets all tax credit units at or below 50% of Area Median Income or b) is a mixed income project where affordable units comprise 50 percent and 80 percent of the project.

**Agency General Obligations (G.O.)** – A bond issue backed by the full faith and credit of the Agency. In the event that project revenues are insufficient to cover debt service, the bondholders are repaid with Agency administrative funds, to the extent available.

**AMT (Alternative Minimum Tax)/ NON-AMT Bonds** – The Tax Code imposes an alternative minimum tax on individuals and corporations. The earned interest on private activity bonds issued after August 7, 1986 is subject to the alternative minimum tax. There is no alternative minimum tax applied for qualified 501 (c) (3) bonds and current refunding bonds if the refunded bond issued before August 8, 1986 thus producing a lower bond yield since the bonds are more attractive.

**Annuity** – Periodic fixed payments to be received for a specific period of time or for life.

**Arbitrage** – The interest rate differential between the rate on a bond and the yield on the securities in which the bond proceeds are invested.

**Area Median Income (AMI)** – A figure calculated by HUD based on census data, for specific size households in a specific area. The median income divides the income distribution into two equal groups, one having incomes above the median, and other having incomes below the median.

**Brownfield** – Any former or current commercial or industrial site, currently vacant or underutilized and on which there has been, or there is suspected to have been, a discharge of a contaminant. (Brownfield and Contaminated Site Remediation Act, N.J.S.A. 58:10B-1 et seq.)

**Capital Fund Program** – Under the Capital Fund Program PHAs receive formula-based capital funding grants from HUD, which may be used, among other things.

**Census Tract** – A census tract is a small statistical subdivision of a county. Census tract data identifies population and housing statistics about a specific part of an urban area. A single community may be composed of several census tracts.

**Charrette** – An intensive planning and design workshop involving the community in a needs assessment, interviews with community groups, prioritization of issues, development of recommendations, the identification of neighborhood development projects and implementation strategies ([www.louisville.edu](http://www.louisville.edu)).

**Council on Affordable Housing (COAH)** – The 12-member body created by the Fair Housing Act of 1985, composed of elected officials and representatives from government, the public and the for-profit and non-profit development community. The Chairman is the Commissioner of the Department of Community Affairs.

**COAH Credit** – A count of each existing unit of low and moderate income housing of adequate standard constructed since April 1, 1980 within a municipality that can be used to address the municipality's affordable housing obligation.

**COAH Third Round Rules** – The third set of procedural and substantive rules for the Council on Affordable Housing which uses a growth share methodology for determining municipal fair share obligations. The Third Round rules were adopted on December 20, 2004 and govern municipal affordable housing obligations for the period 1999 to 2014.

**Community Development Block Grant (CDBG)** – A federal entitlement program administered by US HUD. The purpose of CDBG funds is to improve communities by providing decent housing, a suitable living environment, and expanding economic opportunities—principally for persons with low and moderate incomes. Local governments automatically receive a designated portion of these funds and participate in either the Entitlement Program (for cities with more than 50,000 people or urban counties with more than 200,000 people) or the States and Small Cities Program (for communities with less than 50,000 people).

**Community Housing Development Organization (CHDO)** – A private, non-profit development corporation that meets a series of qualifications prescribed in the HOME regulations and has been designated by the local Participating Jurisdiction (city, county or state) to receive a set-aside of HOME program funds. 1/3 of the CHDO's board must represent low-income households. A participating jurisdiction must award at least 15 percent of its annual HOME allocation to CHDOs. CHDOs may own, develop, or sponsor HOME-financed housing.

**Competitive Sale** – The sale of a bond issue in which underwriters submit sealed bids to purchase the securities being offered by an issuer.

**Consolidated Plans (ConPlans)** – HUD-approved housing and community development plans that are written by states and local communities to assess local housing needs and to prioritize and plan local and federal housing and community development resources that will address these needs. The ConPlan describes how a state or local jurisdiction will use its Community Development Block Grant (CDBG) or its HOME money for affordable housing and community development. The ConPlan is a planning tool and therefore, it must be updated yearly as local housing conditions, needs, and priorities change.

**Construction Loan** – Short-term financing for improvements to real estate, such as the building of a new home. The lender advances funds to the borrower as needed while construction progresses. Upon completion of the construction, the borrower must obtain permanent financing or pay the construction loan in full.

**Continuum of Care (CoC)** – A community-based system of services that addresses the needs of homeless persons. This system helps homeless persons access services more easily and progress toward permanent housing and self-sufficiency. The CoC is developed through collaboration with a broad cross section of the community and based on a thorough assessment of homeless needs and resources.

**Continuum of Care Plan** – A community plan prescribed by HUD to organize and deliver housing and services to meet the needs of people who are homeless and move them to stable housing and maximum self-sufficiency.

**COAH Third Round Rule Proposal** – The third set of procedural and substantive rules for the Council on Affordable Housing which proposes to use a growth share methodology for determining municipal fair share obligations. The Third Round rule proposal was published on October 6, 2003 and was open for a 60-day comment period.

**Cross-acceptance** – The process of comparing planning policies among government levels with the purpose of obtaining consistency between municipal, county, regional, and State plans and the State Development and Redevelopment Plan. (Preliminary Plan)

**Deed Restriction** – A limitation written into a deed limiting or restricting the use of the real property.

**Development fees** – A fee charged to an individual, person, partnership, association, company or corporation for the improvement of property to be used by a municipality for affordable housing opportunities in a COAH-certified plan in accordance with a municipal ordinance approved by COAH.

**End Loan** – The final mortgage loan to the ultimate purchaser of a property as opposed to a construction loan or other form of interim financing.

**Energy Star or Energy Star Home** – In 1992 the US Environmental Protection Agency (EPA) introduced ENERGY STAR as a voluntary labeling program designed to identify and promote energy-efficient products to reduce greenhouse gas emissions. ENERGY STAR qualified homes are independently verified to be at least 30% more energy efficient than homes built to the 1995 Model Energy Code or 15% more efficient than state energy code, whichever is more rigorous.

**Equity** – Net ownership, the difference between fair market value and current indebtedness. The value of a homeowner's unencumbered interest in real estate.

**Fair Housing Act** – The state act of 1985 which established the administrative process for municipalities to satisfy their constitutional obligation to provide affordable housing through participation in the Council on Affordable Housing process.

**Fair Share Plan** – The plan that describes the projects, strategies and funding sources, if applicable, by which a municipality proposes to address its fair share of affordable housing obligation as set forth in COAH's rules. It also includes the draft fair share ordinances necessary to implement the plan.

**Gap Financing** – An interim loan or grant made to provide funding during the time between the end of loans extended during the development stage of a project and the beginning of the permanent mortgage extended to the buyer.

**Green Building** – One definition of “Green” or “Sustainable building” is the design and construction of buildings using methods and materials that are resource efficient and that will not compromise the health of the environment or the associated health and well-being of the building's occupants, construction workers, the general public, or future generations. Sustainable building involves the consideration of many issues, including land use, site impacts, indoor environment, energy and water use, solid waste, and lifecycle impacts of building materials.

**Growth Share Obligation** – The affordable housing obligation generated in each municipality by both residential and non-residential development from 2004 through 2014. It is represented by a ratio of one affordable housing unit for every eight market-rate housing units constructed plus one affordable housing unit for every 25 newly created jobs as measured by new or expanded non-residential construction within the municipality in accordance with COAH's rules.

**HERS - Home Energy Ratings Systems** – A service that has been developed in all 50 states to provide uniform, reliable and unbiased information regarding: The energy efficiency of a existing home and make recommendations on the potential for cost effective improvements; and The estimated energy performance of a new home based on the construction drawings and building specs, and then performance testing and verification once the home is built.

**High Performance Homes** – A rating system, under development by the Green Homes Office at DCA, that relies on systems-engineered design, proper orientation, siting and land use, quality controlled construction and performance testing to assure that the home provides excellent indoor environmental quality, optimum energy performance and is built with maximum resource efficiency.

**HOME Investment Partnerships Program** – A block grant of federal housing funds that flows to 50 states and local jurisdictions. This program is designed to expand the supply of safe, decent, sanitary, and affordable housing, with an emphasis on providing rental housing for low-income families. It is also intended to mobilize and strengthen state and local governments' abilities to design and implement strategies for achieving adequate supplies of affordable housing. Congress typically allocates approximately \$1.4 billion a year for the HOME program.

**Homeless households** – Individuals or families that do not have stable housing, including individuals coming out of a State psychiatric hospital, a transitional living program, half-way house, jail or correctional facility, or persons with no place to live.

**Inclusionary Development** – A housing development zoned for both affordable units and market rate units. This term includes, but is not necessarily limited to, new construction, the conversion of a non-residential structure to residential and the creation of new affordable units through the reconstruction of a vacant residential structure.

**Individuals with special needs** – Individuals with mental illness, physical or developmental disabilities, households that are homeless; victims of domestic violence; ex-offenders and youth offenders; youth aging out of foster care, runaway and homeless youth; and individuals with AIDS/HIV as well as individuals in other emerging special needs groups identified by State agencies.

**Infill Development** – The development of new housing or other buildings on scattered vacant sites in a built-up urban, suburban or redevelopment area.

**Leverage** – The practice of 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.

**Limited Dividend** – Housing sponsors that organized under New Jersey's limited dividend law (55:20) agreed to limit the returns they would earn from operating affordable housing developments and subject themselves to the Department of Community Affairs regulatory oversight in return for property tax abatement. These housing sponsors also received federal funds to build affordable housing and are subject to Federal regulatory oversight. Owners have the option to prepay the federal mortgages, but are still subject to state regulatory controls and obligations because of their status as limited dividend owners. The Department has used this status to help maintain affordability controls on "expiring use" properties that have the potential to buy out of their federal obligation.

**Low Income Housing Tax Credits (LIHTC)** – A dollar-for-dollar reduction in federal tax liability. The credits offered under this program help ease the debt usually incurred during the process of developing or rehabilitating housing. Since less rental income than is needed for operating expenses, owners can offer more affordable rents.

**LIHTC "Points"** – Because of the limited amount of credits and the high volume of applications to HMFA, only a fraction of the projects that apply typically receive credits. In addition to meeting eligibility criteria such as site control, preliminary site plan approval, a market analysis and firm financing commitments, projects must score sufficiently high enough under the LIHTC Point System to receive a tax credit award. HMFA's point system gives preference to projects that serve low-income residents for the longest period of time, projects that receive county, municipal or PHA support and projects that meet Smart Growth Initiatives.

**Market Rate Housing** – Housing units that are not income and/or rent restricted, thereby allowing rents to increase or decrease over time in response to fluctuating market conditions. Market Rate Units are typically financed with private debt and cannot be constructed and/or financed with HOPE VI or any other public housing funds.

**Microload Home** – Microload homes combine state-of-the-art, energy efficient construction and appliances with commercially available renewable energy systems such as solar water heating (solar thermal) and solar electricity (PV). This combination can result in net zero energy consumption for the utility provider and homeowner. Microload homes are connected to the utility grid but can be designed and constructed to produce as much energy as they consume annually. Microload homes provide: improved comfort, reliability, security, and environmental sustainability. They also optimize: climate specific design, passive solar heating and cooling, energy efficient construction, appliances and lighting, solar thermal and solar electric systems.

**Mixed Income** – Affordable housing development is best supported when there are tenants or residents with a range of incomes. A portion of units in a building or development may be subsidized through a federal, state, or local housing program and set aside for low to moderate income families. Other units in the same building may be available to tenants regardless of income, and with no restrictions on rents (known as market-rate units).

**Mixed-use Development** – An area or tract of land with several different uses including, but not limited to, residential, office, manufacturing, retail, public or entertainment, in an integrated, compact pedestrian-oriented form.

**Mount Laurel Supreme Court Decision** – A series of New Jersey Supreme Court Decisions which determined that every municipality in the state has a constitutional obligation to provide through its land use regulations a realistic opportunity for a fair share of its region's present and prospective needs for housing low and moderate income families. The Mount Laurel Decision also stated that the methods for satisfying this constitutional obligation are best addressed by the legislature.

**Negotiated Sale** – The sale of a bond issue where an underwriter negotiates, on behalf of an issuer, the terms and conditions of the sale with the bond buyers.

**New Jersey Energy Star Program** – This program provides outreach, technical support, and financial incentives to home buyers and builders to carry out energy efficient housing construction. Utilities companies across the state offer the Program, providing a comprehensive package of valued added services that make energy efficient investments cost effective for home buyers and builders.

**Northeast HERS Alliance** – Established to develop a robust home energy ratings industry in the region, the NEHERS Alliance is a regional chapter of RESNET, NJHERS Alliance would be a state chapter of NEHERS

**Permanent Financing** – A commitment to provide a permanent loan (with anywhere from a 9- to 40-year term) following the construction of a planned project.

**Petition for Substantive Certification** – A request made by municipal resolution that a municipality files in accordance with COAH's rules, and that engages public comment and COAH's review process seeking a determination as to whether the Housing Element and Fair Share Plan of the municipality are consistent with the Fair Housing Act and compliant with COAH's rules.

**Plan Endorsement** – The process undertaken by a municipality, county or regional agency, or any grouping thereof, to petition the State Planning Commission for a determination of consistency of the submitted plan with the State Development and Redevelopment Plan. (Preliminary Plan)

**Predevelopment funding** – Financing provided to nonprofits for costs associated with the beginning stages of a development project. That is defined as costs incurred from the conceptual phase, up to the closing of the construction loan (but before construction commences), at which time the funds are re-paid from the initial construction draw.

**Preliminary State Development Plan and Redevelopment Plan** – The document, including maps, appendices and other material included by reference, approved by the State Planning Commission as the basis for public discussion and negotiation to update New Jersey's State Development and Redevelopment Plan. (Preliminary Plan)

**Public Housing** – The public housing program was created by the United States Housing Act of 1937, to provide improved housing for low-income households and to stimulate employment in the construction industry during the Great Depression. Under the system established by the 1937 Act, local governments adopted legislation to create PHAs. PHAs, such as the Authorities, develop, own, operate and maintain housing for rental to low-income families (those with incomes at or below 80% of area median income) and very low-income families (those with incomes at or below 50% of area median income). Currently, the 1937 Act requires, generally, that at least 40% of the public housing units of a particular PHA, which become available in a given year be rented to families with incomes at or below 30% of area median income.

**Qualified Allocation Plan (QAP)** – The guidelines by which a housing credit agency awards tax credits, as required under Section 42(m) of the Internal Revenue Code.

**Real Estate Owned (REO)** – This is property that is acquired and held by the Agency as a result of a default on an Agency single-family mortgage loan through foreclosure or other legal means.

**Realty Transfer Fee** – A realty transfer tax that all residential property-owners pay when selling their properties for more than \$150,000. Home or property sales costing less than \$150,000 are exempt from the tax.

**Regional Contribution Agreement (RCA)** – Pursuant to COAH's rules and the Fair Housing Act, up to 50% of a municipality's fair share obligation can be transferred to another municipality within its housing region by means of a contractual agreement into which two municipalities voluntarily enter. Housing units developed pursuant to an RCA shall be included as credits against the sending municipality's fair share obligation.

**Renewable Energy** – Energy that the environment provides, such as solar and wind energy.

**Revolving Loan Fund** – A pool of money set up to make loans. The pool is replenished through borrower paybacks.



**Second Mortgage** – A loan that is junior to a primary or first mortgage. The lender for the second loan has the right to be repaid after the holder of the first mortgage in the event of loan default and foreclosure, or sale of the project.

**Section 236** – A mortgage interest reduction program administered by HUD. The program combines federal mortgage insurance with interest reduction payments to the mortgagee for the production of low-cost rental housing. HUD provides interest subsidies to lower a project's mortgage interest rate to as low as 1 percent.

**Special Limited Obligation (S.L.O.)** – Bonds which are secured by a pledge of the mortgage loans, revenues and established accounts under a bond resolution. The full faith and credit of the Agency is not pledged for the payment of principal and interest on the bonds.

**Sprawl** – A pattern of development characterized by automobile dependence; a single land-use; resource consumption, including energy and open space; low-density; and discontinuity.

**State Development and Redevelopment Plan (State Plan)** – The plan prepared and adopted pursuant to the State Planning Act that sets forth Statewide planning policies and serves as the official blueprint for development and redevelopment in New Jersey.

**State Moral Obligation (M.O.)** – A bond issue secured by projects revenues which has a “moral” pledge of the State to make up an deficiency in the housing finance account which may be drawn upon in the event that revenues are insufficient to cover debt service. The housing finance account is established at the bond closing and is equal to one year’s maximum annual debt service. This pledge is considered evidence of good intentions but is not in any way legally binding. The State legislature must take an action to appropriate the amount needed to restore the housing finance account to the required level during the then current fiscal year.

**State Planning Commission** – The 17-member body created by the State Planning Act of 1985, composed of public members and cabinet officers. The Chairman is selected by the governor from among the public members.

**Subsidy** – A grant or below market loan usually from a government entity that helps to off-set costs of development of the affordable housing

**Substantive Certification** – A determination by COAH approving a municipality's housing element and fair share plan in accordance with the provisions of the Fair Housing Act and COAH’s rules. A grant of substantive certification is valid for a period of 10 years.

**Supportive Housing** – This includes a range of permanent service enriched housing options that provide access to on-site or off-site supportive services for individuals and families with special needs. Permanent supportive housing has as its primary purpose assisting the individual or family to live independently in the community and there is no limitation for length of tenancy. Participation in services is not a condition of tenancy.

**Taxable Financing/Bonds** – Typically issued to provide financing for housing projects utilizing the 9% low-income housing tax credits. The cost of taxable bonds is higher since the interest paid to bondholders is subject to federal taxation. Taxable bonds do not carry any of the restrictions associated with tax-exempt bonds.

**Tax-Exempt Financing** – Issued by state and local governments to provide lower-cost financing. The interest paid to holders of tax-exempt bonds is exempt from federal taxation, and in certain circumstances, is exempt from state and local taxes. In order to utilize tax-exempt bonds to finance housing, many restrictions must be met, including a set-aside of units for low-income residents. Tax-exempt bonds may be used to provide financing for housing in conjunction with the 4% non-competitive low income housing tax credits.

**Tax Lien Finance Corporation (TFLC)** – The TFLC is a corporate body established within the Department of Treasury. The corporation's purpose is to acquire tax lien certificates from any qualified municipality. The TFLC has the ability to issue bonds necessary to acquire the liens. The City of Camden is a qualified municipality.

**TEFRA Hearing** – A public hearing required by the Tax Code, for which reasonable public notice must be given, held prior to the sale of private activity bonds, in which the general public has the opportunity to comment on the intended use of the bond proceeds.

**Urban Aid municipality** – A municipality which is eligible to receive special State Aid for distressed municipalities, as pursuant to P.L. 1978, c.14 (NJSA 52:27D-178 et. seq.). Urban Aid is administered by DCA's Division of Local Government Services: [www.state.nj.us/dca/lgs](http://www.state.nj.us/dca/lgs).

**Volume Cap** – In 1986, Congress created the private-activity bond volume cap to limit the amount of tax-exempt debt that can be sold each year to benefit private businesses. A limit is imposed for each state, which is currently equal to \$80 per capita or \$246 million, whichever is greater. New Jersey's limit is approximately \$697 million a year.

**Zero Energy Housing** – Housing where there are no direct heating costs. The house is kept warm by means of heat containment by the building's envelope, ensuring none is wasted. The heat comes mainly from solar gain, but also all the heat from appliances, lights, and even bodies, is collected by the components of the house, and radiated back to the occupants.