

Glossary

Accessory dwelling unit (ADU)

A residential living unit on the same parcel where the primary use is a legally established single-unit or multi-unit dwelling. An ADU provides complete independent living facilities for one or more persons. It may take various forms, including but not limited to a detached unit; a unit that is part of an accessory structure, such as a detached garage; or a unit that is part of an expanded or remodeled primary dwelling.

Adaptive reuse

The conversion of nonresidential properties such as mills, schools, hospitals, military bases, motels, warehouses, office buildings, etc., into residential or mixed uses.

Affordable housing (statutory definition per R.I.G.L. 42-128-8.1(d)(1))

Affordable housing is residential housing that has a sales price or rental amount within the means of a household that is moderate income or less. In the case of dwelling units for sale, housing that is affordable means housing in which principal, interest, taxes, which may be adjusted by state and local programs for property tax relief, and insurance constitute no more than thirty percent (30%) of the gross household income for a household with less than one hundred and twenty percent (120%) of area median income, adjusted for family size. In the case of dwelling units for rent, housing that is affordable means housing for which the rent, heat, and utilities other than telephone constitute no more than thirty percent (30%) of the gross annual household income for a household with eighty percent (80%) or less of area median income, adjusted for family size.

Acquisition and Revitalization Program (ARP)

ARP is a voter-approved bonding program to stabilize neighborhoods and communities by strategically targeting foreclosed and/or blighted residential and commercial properties and vacant lots needing redevelopment. The funding is available to non-profit and for-profit developers, municipalities, and public housing authorities.

Area median income (AMI)

The estimated median income, adjusted for family size, by metropolitan area (or county, in non-metropolitan areas). AMI is updated annually by HUD and used as the basis of eligibility for most housing assistance programs.

Brownfield

An abandoned, idled, or underused property where expansion or redevelopment is complicated by real or perceived contamination. Brownfield sites include abandoned factories and other industrial facilities, gasoline stations, oil storage facilities, dry cleaning stores, and other businesses that formerly dealt with polluting substances.

Building Homes Rhode Island (BHRI)

A program established by the state's Housing Resources Commission (HRC) to distribute Rhode Island's housing bonds that support the capital costs of affordable housing. Voters have approved four rounds of bonds since 2006.

Capital Magnet Fund (CMF)

CMF provides competitively awarded grants to Community Development Financial Institutions and eligible Nonprofit Organizations to attract private capital for and increase investment in the development, rehabilitation, preservation, and purchase of affordable housing targeted to Low-, Very Low-, and Extremely Low-Income Families. It also invests in economic development activities designed to stabilize and/or revitalize areas of economic distress.

Centralized Waitlist

RIHousing administers a statewide waitlist for the Housing Choice Voucher Program (Section 8) in partnership with the Public Housing Association of Rhode Island to bring applicants a way to access numerous waiting lists through a single application. While RIHousing administers this waitlist, local housing authorities choose who is selected off the waitlist.

Community development corporation (CDC)

A nonprofit organization that undertakes commercial or residential real estate development. It usually, but not always, indicates some targeting of efforts to a low-income neighborhood or geographic area.

Community housing land trust

A non-profit organization that permanently holds land under homes and leases its use through a long-term (usually 99-year) renewable lease, which gives the residents and their descendants the right to use the land for as long as they wish to live there. When homeowners on land trust property decide to move out of their homes, they can sell the structure. However, the land lease typically requires that the home be sold either back to the trust or another lower-income household for an affordable price.

Congregate housing

Housing accommodation that offers separate rooms or apartments but provides shared activities of daily living with other residents.

Consolidated plan

A plan of up to five years in length that describes a community's housing needs, resources, priorities, and proposed activities to be undertaken with certain HUD funding, including CDBG and HOME. The Consolidated Plan must include opportunities for resident input and is updated every five years. In Rhode Island, RIHousing and the Office of Housing and Community Development jointly develop the Consolidated Plan.

Continuum of Care

A collaborative funding and planning approach that helps communities address homelessness. Continuum of Care participants plan for and provide, as necessary, a full range of emergency, transitional and permanent housing and other services to address the needs of homeless persons. RIHousing staffs the Continuum of Care for Rhode Island.

Deferred loan (a.k.a. deferred payment second mortgage or soft debt)

Debt, often from a public or charitable source, repayment of which may be postponed for a specified period of time, indefinitely, or forgiven entirely if the property maintains certain levels of affordability for a defined time period. Most deeply affordable housing needs some type of deferred loan to be feasible.

Deferred Payment Second Mortgage Loan

A non-amortizing loan, usually at 0% interest, on which no repayments are due until the sale or some other point in the future. They are typically made by a public or nonprofit agency to a lower-income homebuyer or a developer of low-income housing. Sometimes called a “deferred payment loan,” a “DPL,” or a “soft second mortgage.”

Department of Housing and Urban Development (HUD)

The U.S. Department of Housing and Urban Development’s mission is to create strong, sustainable communities and quality affordable homes. HUD administers hundreds of programs targeting communities from urban to rural. RIHousing administers a number of HUD funded programs including HOME, HCVP and the Lead Hazard Mitigation Program.

Down payment assistance

Grants or low-interest loans are given to lower-income homebuyers to help fund down payments and/or closing costs. The term also refers to any second mortgage financing in any amount.

Entitlement Community

A city or urban county of at least 50,000 in population making it eligible for HOME or Community Development Block Grant (CDBG) funds directly from HUD.

Extremely low-income household

A household with an income at or below 30% of area median income.

Fair Housing Act

Federal legislation, first enacted in 1968 and expanded by amendments in 1974 and 1988, that provides the Secretary of HUD with investigation and enforcement responsibilities for fair housing practices. The law prohibits discrimination in housing and lending based on race, color, religion, sex, national origin, handicap, or familial status.

Fair Market Rents (FMRs)

Maximum rents allowed by HUD in the Section 8 rental assistance program. Updated and published annually, FMRs represent HUD’s estimate of the actual market rent for an apartment in the conventional marketplace. HUD sets FMRs by unit size (zero-bedroom, one-bedroom, etc.) and regions within each state. The current FMRs are posted on HUD’s website: <http://www.huduser.org/portal/datasets/fmr.html>.

Family Self-Sufficiency Program (FSS)

Established by the Cranston-Gonzalez National Affordable Housing Act in 1990, the FSS program helps residents of public housing and participants in the Section 8 Housing Choice Voucher program become self-sufficient. FSS provides education, training, case management, matched savings, and other supportive services.

Federal Home Loan Bank of Boston (FHLBB)

One of the 12 district banks, the FHLBB covers the 6 New England states and is owned by more than 460

New England financial institutions. A wholesale bank (a bank for banks), which provides access to credit for its members and administers several grant and loan programs to promote community development and expand affordable housing.

Federal Home Loan Mortgage Corporation (FHLMC) or Freddie Mac

The congressionally chartered agency established in 1970 (and privatized in 1989) to buy qualifying residential mortgages from originating lenders. These loans are either kept in the portfolio or packaged and sold as securities. Freddie Mac also offers programs with more flexible underwriting guidelines for lower-income homebuyers. With Fannie Mae, the corporation's activity has helped to create an enormous secondary mortgage market.

Federal Housing Administration (FHA)

An agency within HUD that provides mortgage insurance on loans by approved lenders throughout the U.S. and its territories. FHA insures mortgages on single-family, multifamily, and manufactured homes and hospitals. The mortgage insurance compensates lenders for losses when borrowers default on their loans. Established in 1934 to advance homeownership opportunities for all Americans, the FHA assists homebuyers by providing mortgage insurance to lenders to cover most losses that may occur when a borrower defaults. This encourages lenders to lend to borrowers, including low-income families, who might not qualify for conventional mortgages.

Federal National Mortgage Association (FNMA or Fannie Mae)

Created in 1938 to purchase FHA and later VA and conventional mortgages, Fannie Mae is now a privately owned and managed, federally chartered corporation, the largest source of home mortgage funds in the United States. It buys qualifying residential mortgages from originating lenders and either keeps them in their portfolio or packages and sells them as securities. Fannie Mae also offers programs with more flexible underwriting guidelines for lower-income homebuyers.

Green building

A whole-building and systems approach to design and construction that employs building techniques that minimize environmental impacts and reduce the energy consumption of buildings while contributing to the health and productivity of its occupants.

HOME Investment Partnership Program (HOME)

A federal program run by HUD that provides annual grants on an entitlement basis to states, large cities and consortia of smaller communities for affordable housing activities, including homeownership, rent subsidies, housing development, and rehabilitation. Similar to CDBG funds, some communities are part of a consortium and receive HOME funds directly from HUD and distribute them in their communities. RIHousing administers HOME funds for the State.

Homeownership Assistance Fund of Rhode Island (HAF-RI)

Established through the American Rescue Plan Act, HAF-RI provides mortgage assistance to help struggling Rhode Island homeowners get back on their feet, and can cover mortgage arrearages, mortgage payments, utility arrearages, and other housing-related costs such as overdue property taxes or condo fees for eligible applicants. As of Monday, March 14, 2022, the program has been suspended due to the high volume of applications received outpacing the available funds.

Housing Choice Vouchers (Section 8)

Section 8 is a federal housing program providing rental assistance to eligible families and elderly residents that allows them to rent units in the private rental market. The most common Section 8 assistance is the voucher program. The program is tenant-based, and the assistance stays with the family wherever they choose to live as long as the landlord agrees to participate in the program.

Housing Production Fund

A Restricted Receipt Account funded through an additional Real Estate Conveyance Tax on sales over \$800,000 and provided an initial \$25 million capital appropriation. These funds can be used to build or preserve rental and homeownership units and may also be used as operating support for extremely low-income housing. Additionally, these funds may provide technical and financial assistance for cities and towns to increase local housing production. RI Housing administers this program according to guidelines approved by the Housing Resources Commission's Coordinating Committee.

Housing Resources Commission (HRC)

The Housing Resources Commission (HRC) was created by legislation in 1998 to be the State's planning and policy, standards, and programs agency for housing issues. Established under Rhode Island General Laws (R.I.G.L. 42-128) (RI Housing Resources Act of 1998), the HRC is comprised of 28 members representing a wide range of constituents. The mission of the HRC is to ensure that all Rhode Islanders have access to safe and affordable housing.

Inclusionary zoning

A local zoning ordinance that either requires or encourages a developer to include affordable housing as part of a development or contribute to a fund for such housing. The bylaw may provide incentives such as increased density, reduced parking requirements, or expedited permitting in exchange for affordable housing. Certain municipalities may require a fee-in-lieu of the development of affordable housing as part of their inclusionary zoning ordinance.

Infill development

The practice of building on vacant or undeveloped parcels in dense areas, especially urban and inner suburban neighborhoods. Promotes compact development.

Low- and moderate-income housing (statutory definition per R.I.G.L. 45-53-3(5))

Low and moderate-income housing means any housing, whether built or operated by any public agency or any nonprofit organization or by any limited equity housing cooperative or any private developer, that is subsidized by the federal, state, or municipal government under any program to assist the construction or rehabilitation of housing affordable to low or moderate-income households, as defined in the applicable federal or state statute, or local ordinance and that will remain affordable through a land lease and/or deed restriction for ninety-nine (99) years or such other period that is either agreed to by the applicant and town or prescribed by the federal, state, or municipal subsidy program but that is not less than thirty (30) years from initial occupancy.

Low income

A household whose income does not exceed 80 percent of the area median income (AMI). In Providence, \$77,350 is 80% of the area median income for a family of four.

Low-Income Housing Tax Credit (LIHTC)

Federal tax credit for developers of affordable housing. States receive an annual dollar value of credits which they then allocate to qualifying projects based on priorities established in a state allocation plan. RIHousing is the allocating agency for Rhode Island.

Mixed-income housing development

Development that includes housing affordable to various income levels.

Mixed-use development

Projects that combine different types of development such as residential, commercial, office, industrial and institutional into one project.

Moderate-income household

As widely defined by governmental and nonprofit organizations, a household with an income between 80% and 120% of area median income.

Mortgage Credit Certificate (MCC)

The MCC program is a homebuyer assistance program designed to help lower-income families afford homeownership. The program allows homebuyers to claim a dollar-for-dollar tax credit for a portion of mortgage interest paid per year, up to \$2,000. The remaining mortgage interest paid may still be calculated as an itemized deduction.

Mortgage insurance

Insurance provided by a private institution or public agency that insures a lender in whole or in part from losses due to a default on a loan. Lenders typically require mortgage insurance only for loans that are not considered conventional. The Federal Housing Administration (FHA-part of HUD) provides many kinds of mortgage insurance, as does the Veterans Administration (VA) and many private insurers, who offer what is called "private mortgage insurance (PMI)."

National Housing Trust Fund (HTF)

HTF is a new affordable housing production program that will complement existing federal, state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low-income and very low-income households, including homeless families. Eligible uses include real property acquisition, site improvements and development hard costs, soft costs, demolition, financing costs, relocation assistance, operating cost assistance for rental housing, and reasonable administrative and planning costs.

Naturally occurring affordable housing (NOAH)

Naturally occurring affordable housing (NOAH) refers to residential rental properties with affordable rents that are not subsidized by federal, state, or municipal programs.

Office of Housing and Community Development (OHCD)

Rhode Island's state agency to provide opportunities for healthy and affordable housing through production, lead hazard mitigation, and the coordination of the homeless system and implementation of the State's plan to end homelessness.

Project-Based Rental Assistance (PBRA)

PBRA is a type of HUD housing program where HUD directly contracts with private landlords to provide affordable homes to low-income tenants at certain properties.

Public housing

Public housing is decent and safe rental housing owned by a housing authority and made available to households earning below 30% of the area median income, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single-family houses to high-rise apartments for elderly families. Nationally approximately 1.3 million households live in public housing units managed by some 3,300 public housing agencies (PHAs). The U.S. Department of Housing and Urban Development (HUD) provides funds directly to local PHAs that manage the housing for low-income residents at rents they can afford.

Public Housing Authorities (PHAs)

Authorities created by the local government, which administers HUD's Public Housing Program and other HUD programs, including the Housing Choice Voucher Program (HCVP).

Qualified Allocation Plan (QAP)

This plan is developed to comply with the requirements of Section 42 ("IRC Section 42") of the Internal Revenue Code (the "Code") and to ensure that those developments receiving LIHTCs produce or preserve housing addressing the most pressing needs of the State. This Allocation Plan establishes the priorities that the LIHTC Program will address from among those needs and incorporates those priorities into the criteria used to evaluate all proposals. RIHousing updates the State QAP annually with input from the public.

Qualified Census Tract (QCT)

Tracts in which 50% or more of the households are income eligible for HUD programming and the population of all census tracts that satisfy this criterion does not exceed 20% of the total population of the respective area.

RentRelief RI

Rhode Island's emergency rental assistance program funded through the federal Emergency Rental Assistance Program. The program provided financial assistance to cover rent arrears, forward-facing rent, utility arrears, and certain other housing expenses. It closed to new applications on June 1, 2022.

RIHousing HelpCenter

The RIHousing Helpcenter is a resource for mortgage holders who need assistance to work with their mortgage company to apply for a modification, budgeting assistance, or explore options to avoid losing their home, among other issues. Services are free and confidential.

Secondary financing

A term used to describe any financing used in conjunction with first mortgage loans from conventional financing institutions—for example, a down payment grant, a deferred payment loan, or an amortizing second mortgage loan.

Section 811 Project Rental Assistance

This program is an initiative of the U.S. Department of Housing and Urban Development (HUD). The Program assists extremely low-income people with disabilities to live independently in the community by providing rental subsidies linked with voluntary supportive services.

Single room occupancy (SRO)

Efficiency units that may or may not include separate bathroom or kitchen facilities.

Soft costs

A term for non-brick-and-mortar costs of a real estate development project. Includes architectural costs, surveys, appraisals, other fees, holding costs, etc.

Special needs housing

A loosely defined term for affordable or no-cost residential facilities for people with special medical problems, individuals experiencing homelessness, or people enrolled in self-sufficiency programs. In the broadest sense, it includes emergency shelters, longer-term shelters, transitional housing, halfway houses, and group homes.

State Fiscal Recovery Funds (SFRF)

The American Rescue Plan Act provided the state of Rhode Island with over \$1 billion in SFRF resources in 2021. Of these funds, \$250 million was appropriated for affordable housing, with RIHousing administering \$210 million. Programs appropriated through these funds include the development of affordable housing, down payment assistance, moderate-income housing, site acquisition, community revitalization and home repair, and an affordable housing predevelopment program.

Subsidy

Financial assistance that helps fill the gap between the cost of affordable housing development and/or operations and the rent, mortgage, or sales income generated by income-restricted rentals or homeownership sales. Local municipal programs, such as density bonuses, may also be used as subsidies.

Transfer of Physical Assets (TPA)

A property sales transaction involving the assumption of a HUD-insured loan.

Transit Oriented Development (TOD)

Mixed-use higher density development centered on existing or new transportation facilities, including bus, rail, bicycle, and pedestrian pathways.

Transitional housing

A short-term housing option for families or individuals that do not have permanent housing but benefit from more stability than that of an emergency shelter.

Underwriting

The process of evaluating a loan application to determine if it meets credit standards and any other special requirements (as with special loan products for low-income borrowers). The underwriting process determines whether or not a loan will be approved and on what terms and conditions.

Very low income

Households whose incomes do not exceed 50 percent of the area median income (AMI).

Wait(ing) list preferences

The Point system is designed to give preference placement for families with specific housing needs. Common references include serving local residents, elderly persons, disabled persons, veterans, or persons experiencing homelessness.