



Refugee Housing
SOLUTIONS

Defining Basic Terms Used by Federal Affordable Housing Programs

Introduction

As the affordable housing crisis continues across the nation, many families and individuals depend on various programs to afford their rent or mortgage payments. While housing assistance may vary locally, several federal programs are administered nationwide. These programs are highly regulated and can be difficult to understand for those unfamiliar with their specific terms and requirements. In this complex landscape, a clear understanding of terminology is essential for navigating affordable housing options.

This toolkit offers clear definitions of common terms used in major federal housing programs, including terminology related to HUD's

- three rental assistance programs: tenant-based rental assistance, public housing, and project-based rental assistance, and
- income-based affordable housing.

This resource offers a practical glossary for newcomers, refugee resettlement housing specialists and welcome staff, and sponsors who are navigating federal housing programs.

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I. Who Administers Federal Housing Programs?

The Department of Housing and Urban Development is the federal agency primarily responsible for housing programs, including housing rehabilitation, mortgage underwriting for lower-income families, and providing shelter to America's most vulnerable people.

The U.S. Treasury Department, via the Internal Revenue Service, supports affordable housing through the allocation and administration of tax incentives used to create long-term affordable housing for mid- to low-income households.

II. General Affordable Housing Terminology

- **Affordable Housing:** HUD generally defines affordable housing as housing in which the occupant is paying no more than 30% of their gross monthly income for housing costs, including utilities. More specifically, affordable housing meets this 30% ratio for low-income households who earn below 80% of the area median income (AMI).

For example, if a county's AMI is \$80,000, housing would be considered affordable if a household earning \$64,000 or less (80% of \$80k) paid a maximum of \$1,600 per month for all housing costs: $30\% \text{ of } \$64\text{k} = \$19,200 / 12 = \$1,600$.

- **Area Median Income (AMI):** A statistical middle point for use in determining income limits. Median is the amount that divides the distribution into two equal groups: one group has income above the median; one group has income below the median. AMIs are updated annually by HUD by region/county and used as a basis for most affordable housing programs.
- **Extremely Low Income:** Adjusted income that is below 30% of the area AMI
- **Fair Market Rents (FMR):** Maximum rents allowed by HUD in tenant and project based rental assistance programs. FMRs are estimates of the actual market rent for a unit in the private marketplace. [FMRs are updated and published](#) annually by HUD by city or county and by unit size (Single Room Occupancy/SRO, studio, 1 bedroom, etc.)
- **Housing Cost Burden:** The ratio of a household's income spent on housing costs. At this time, many households are severely cost burdened and pay more than 50% of their income towards housing.
- **Low Income:** Adjusted income that is between 50% and 80% of the AMI.
- **Market Rate:** Area rent levels for units without any subsidy or assistance from a public program. Rents are determined by the property owner or manager.
- **Naturally Occurring Affordable Housing (NOAH):** Existing housing that is affordable to low-moderate income households without government subsidies.

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- **Public Housing Authority (PHA):** The State, county, or municipal entity authorized to develop and operate low-income housing in compliance with HUD. PHAs oversee public housing, Housing Choice Voucher programs, rehabilitation of affordable housing, and other affordable housing activities. Find your local PHA contact [here](#).
- **Single Room Occupancy (SRO):** A single room that accommodates one person only. Bathroom, kitchen, and/or common areas are located outside the unit and shared with other residents.
- **Subsidized Housing:** A generic term covering all federal, state, or local government programs that reduce the cost of housing for low-income residents. Housing may be subsidized in multiple ways: giving tenants a voucher, providing tax benefits to investors, offering deferred loan payments to developers, providing down payment assistance to home buyers, and reducing the interest rate on a mortgage.
- **Workforce Housing:** This is housing for moderate-income households who struggle to pay market-rate housing costs and to find housing near their workplace.

III. Federal Affordable Housing Programs: Rental Assistance & Income Restricted Properties

HUD offers housing support to low-income renters through three main housing mechanisms: tenant based rental assistance, public housing, and project-based rental assistance. Additionally, federal tax incentives create income-restricted properties for low-moderate income families.

- Tenant-Based Rental Assistance:** This is a housing subsidy that helps low-income families, individuals, or households afford rent in the private market. Tenants can choose where they want to live if the unit meets basic safety and quality standards. The amount of assistance depends on the household's income. Generally, the tenants pay 30% of income towards rent and utilities with the housing program covering the rest. Unlike some housing programs where you must live in a specific building, with tenant-based assistance, you can move to different homes and still receive help.
 - **Housing Assistance Payment (HAP):** The monthly payment made by the public housing authority to the property owner on behalf of the tenant.
 - **Housing Assistance Payment Contract (HAPC):** A written contract between the PHA and the owner of the unit occupied by a Housing Choice Voucher program participant.
 - **Housing Choice Voucher (Section 8):** HUD's largest program for assisting very-low-income households. A rental subsidy is paid directly to the landlord by the Public Housing Authority (PHA) on behalf of the participating household, which then pays the difference. The household is responsible for finding suitable housing of their choice where the owner agrees to accept a voucher.

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- **Housing Quality Standards (HQS):** The HUD minimum quality standards for units occupied by households receiving tenant and project-based voucher program assistance. Prior to a family leasing a unit with their voucher, a unit must be inspected by the PHA and pass a HQS inspection.
 - **Payment Standard:** The maximum monthly assistance payment for a family in the HCV program – before deducting the total tenant payment. Payment standards must be within 80%-110% of the FMR.
 - **Request for Tenancy Approval (RTA or RFTA):** The form used by the PHA to collect the information of a unit to determine if it meets eligibility requirements for an HCV participant to lease that specific unit.
 - **Section 8:** See Housing Choice Voucher.
 - **Utility Allowance:** HUD’s estimates of average monthly utility bills paid directly by the tenant, which is then used when calculating the total tenant-based assistance a household may receive with their Housing Choice Voucher.
 - **Vouchers:** see Housing Choice Voucher (Section 8)
- ii. **Public Housing:** Public housing is property built, owned, and managed by the government, usually the local PHA. Rent is kept affordable with many tenants paying 30% of their adjusted income towards rent. To qualify applicants must meet income requirements, and there are usually long waiting lists for this housing due to high demand. Public housing may be small, scattered site properties, or large multifamily complexes.
- **Public Housing:** Affordable properties owned and managed by the PHA for low-income tenants with preferences for the elderly, those with disabilities, or families. Public housing comes in all sizes and types, from single-family houses to high-rise apartments.
 - **Scattered Site Housing:** Public housing projects of fewer than 15 units, often single-family homes or duplexes, situated throughout a community and not concentrated in one area.
 - **Waiting List:** Due to the shortage of affordable housing, almost all prospective tenants must sign up to be on a waiting list for a particular public housing community. Wait lists in some areas of the country exceed 24 months.
- iii. **Project-Based Rental Assistance:** Unlike tenant-based rental assistance, which follows the tenant, project-based rental assistance is tied to a particular building or unit. If a tenant moves out, they no longer receive assistance, but the next eligible tenant who moves in can benefit. The property is owned by a private entity, with the owner often holding a long-term agreement with the local PHA to provide affordable units in exchange for rental subsidies.

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- **Project-Based Vouchers:** The assistance contract between the property owner and the PHA for a specified number of units and for a specified length of time. The PHA refers families to the property owner to fill project vacancies.
- **Rental Assistance Demonstration (RAD):** A HUD-funded program created in 2012 to stem the loss of subsidized housing by converting existing Public Housing to project-based assisted units. RAD programs are administered by PHAs.

iv. **Income-Based Housing:** This housing is typically created through a government finance incentive or other affordable housing development initiatives. Tenants must earn less than a set percentage of area's AMI), usually 50%-80% to live at the property. The rent is kept affordable and provides another option for low-income families who do not have a HUD rental subsidy. Income-restricted properties must accept Housing Choice Vouchers and accept tenants who meet income requirements who may not have a voucher.

- **Annual Income Certification:** Document by which a tenant certifies household income to determine if they will be considered low-income and qualify for the affordable unit.
- **Income Restrictions:** The requirement that units in a development are restricted to a maximum income level that are established by HUD including extremely low-income (30% of AMI), and low-income (40%-80% AMI) units. See AMI.
- **Low-Income Housing Tax Credit (LIHTC):** Federal tax credit incentivizing private investment in affordable housing. Properties developed with LIHTC must be kept affordable for a minimum of 15 years, and a certain percentage of the units must be rent-restricted and rented to households within a certain affordable AMI.

IV. Common Housing Acronyms

- **AMI** – Area Median Income
- **FMR** – Fair Market Rents
- **HCV** – Housing Choice Voucher
- **HQS** – Housing Quality Standards
- **HUD** - U.S. Department of Housing and Urban Development
- **LIHTC** – Low Income Housing Tax Credit
- **NOAH** – Naturally occurring affordable housing
- **PBRA** – Project-Based Rental Assistance
- **PHA** - Public Housing Authority
- **PIH** – Office of Public and Indian Housing (division of HUD)



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Church World Service (CWS) received a cooperative agreement through the U.S. Department of Health and Human Services, Administration for Children and Families, CA #90XR0092. The contents of this website are solely the responsibility of the authors and do not necessarily represent the official views of the U.S. Department of Health and Human Services, Administration for Children and Families.