

Affordable Housing Vocab Teach-In

CA Community Land Trust Network 7/12/22



Upcoming Teach-Ins



- July 26, 12-1pm. ***Winning Support From Local Government***; Come learn from CLTs who have successfully secured public lands from their local governments. We'll talk about best practices, look at case studies, and unveil a new guide you can use when advocating to your local government officials.
- August 23, 12-1pm. ***Options for Multifamily Housing on a CLT***; We'll be taking a look at various types of legal and governance structures CLTs can use to build community control in multifamily buildings and unveiling a new resource to help navigate the options. In this teach-in we will discuss: rental housing, resident-owned nonprofits, cooperatives, and condominiums.
- September 20, 12-1pm. ***Introducing the CA CLT Model Ground Lease for Housing Cooperatives***; We'll be introducing new resources for CLTs developing housing cooperatives. We'll be sharing a new model ground lease that CLTs can use as well as supporting materials and walking through how CLTs can put them in to action.

General Housing Terminology

AMI/MFI (Area Median Income)	The median household income for a given metropolitan area. Often used to determine both eligibility for affordable housing and what constitutes affordable rents or prices.
Community Reinvestment Act (CRA)	The Community Reinvestment Act is a law passed in 1977 designed to rectify discrimination on the part of financial institutions by requiring them to make loans and investments in all places where they take deposits
Deed Restriction	Deed restrictions are private agreements that restrict the use of the real estate in some way, and are listed in the deed.
BMR (Below Market Rate)	It is typically used in affordable ownership housing (e.g. from past redevelopment agency housing), many jurisdictions have been looking for ways/orgs to take over the compliance monitoring of BMR units, and these could be a great opportunity for CLTs to steward units; and get purchase options/ROFR on those units.

General Housing Terminology: Financing Terms

Bridge Loan	Bridge loan: If you close on a home before completing the sale of your existing home (not an ideal circumstance by anyone's estimation), you may need to obtain a bridge loan.
Permanent Loan	A permanent loan is a type of loan with an unusually long term. These permanent mortgage loans generally replace the construction loan financing that the developer had relied upon in order to develop the building and prepare it for sale.
Balloon Loan	This loan requires levels of payments just as a 30-year fixed rate loan. But well before the date they become due, the full remaining balance of the loan comes due. Though they can be economical at the outset, beware of balloon loans – you may not be able to refinance the loan.
Conventional Loan	A conventional loan is any mortgage loan that is not insured or guaranteed by the government (such as under Federal Housing Administration, Department of Veterans Affairs, or Department of Agriculture loan programs). Conventional loans can be conforming or non-conforming.
Portfolio Loan	A portfolio loan is a mortgage loan that is held by the mortgaging company and not sold on the secondary market to the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac). Portfolio loans help small business owners who cannot qualify for a traditional mortgage loan or who want to finance multiple properties on the same mortgage loan.

CHDO: Community Housing Development Organization

CHDO is a designation for community-based organizations that allows them to access a portion of federal HOME funds set aside just for them. CHDOs—which overlap heavily with CDCs—must, among other things, be private nonprofits with designated geographic areas and at least one-third of their board composed of representatives of the low-income community.



PLA: Project Labor Agreement

Under a Project Labor Agreement, also known as PLA, contractors and subcontractors are required to comply with all applicable federal and state laws, ordinances, and regulations requiring the payment of prevailing wages.

PSH: Permanent Supportive Housing

Permanent supportive housing, also known as PSH, is long-term housing that incorporates various ongoing supports, such as case management and health services, for those with additional needs.



General Housing Terminology

Example of PSH in Los Angeles (LA Times)

SRO: Single Room Occupancy

Single-room occupancy, also known as SRO, is housing where residents have a single room and share facilities such as bathrooms.

Acquisition and Rehab

- In the context of affordable housing, this is the practice of buying residential property, making repairs and renovations to address poor conditions and extend the building's lifespan, and maintaining the property as affordable into the future, oftentimes as a means of preventing the displacement of existing residents.
- Often shortened to "acq-rehab."

Preservation

- In the context of affordable housing, this refers to the range of strategies aimed at maintaining the habitability and/or affordability of existing housing for lower-income residents.
- This term is sometimes used interchangeably with acquisition-rehab, but it's actually a much broader term.

CPI: Consumer Price Index

- Consumer Price index, published by the Bureau of labor statistics, is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.
- Indexes are available for the U.S. and various geographic areas.
- CPI is also used for the purchasing and selling of property.

Building Envelope

- A building envelope is commonly defined as the separation of the interior and exterior of a building. It helps facilitate climate control and protect the indoor environment.
- Overall it is the entire exterior building system.

Capital Improvements

A capital improvement is the addition of a permanent structural change or the restoration of some aspect of a property that will either enhance the property's overall value, prolong its [useful life](#), or adapt it to new uses.



Capital Needs Assessment (CNA)

Capital Needs Assessments (CNAs), also known as Physical Needs Assessments, are property inspection reports that estimate the future costs of property maintenance, as well as determining the cost to repair any parts of a property that must be fixed urgently.

General Housing Terminology



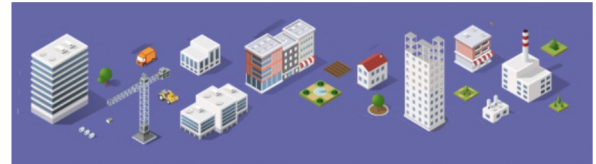
General Housing Terminology: Continuation

NOFA (Notice of funds available)	A NOFA is issued by an agency to inform interested parties of the availability of assistance and other matters pertinent to the requested project.
RFQ (Request for qualifications)	A request for qualifications (RFQ) is a step sometimes used in the formal process of procuring a product or service, for example by a government agency.
RFP (Request for proposals)	A request for proposal (RFP) is a business document that announces a project, describes it, and solicits bids from qualified contractors to complete it. Most organizations prefer to launch their projects using RFPs, and many governments always use them.

Housing Element

The Housing Element is one component of a city or county's General Plan. It identifies the jurisdiction's housing conditions and needs, and it establishes the goals, policies, and programs to accommodate the housing needs of households across the income spectrum.

- Update required **every 8 years**
- **Blueprint** for future housing development
- **Where** new housing can be built
- **How** housing affordability (Regional Housing Needs Allocation or "RHNA") will be accommodated



CA Department of Housing and Community Development (HCD)

- HCD is a department in the California Business, Consumer Services and Housing Agency that develops housing policy and building codes (i.e. the California Building Standards Code), regulates manufactured homes and mobilehome parks, and administers housing finance, economic development and community development programs.
- HCD plays a critical role in reviewing every local government's housing element to determine if it is to state's standards.

CA Housing Finance Agency (CalHFA)

- The CalHFA is California's government agency that oversees housing finance and regulates local government to follow California standards of housing finance laws.
- CalHFA also oversees the distribution of federal Low Income Housing Tax Credits (LEHTC).

LIHTC: Low-Income Housing Tax Credit

- LIHTC: A program within the U.S. Treasury Department that provides tax credits for investing in the construction or renovation of affordable housing.

California Environmental Quality Act (CEQA)

- The California Environmental Quality Act (CEQA) is a California law that requires public agencies and local governments to evaluate and disclose the environmental impacts of development projects or other major land use decisions, and to limit or avoid those impacts to the extent feasible.



Other Key California Terminology

SB 1079	HomeKey
Welfare Exemption	LACDA
Tenants in Common	SHRA
RoomKey	SPARCC

SB 1079: Homes For Homeowners, Not Corporations

- When a property goes into foreclosure, it is entrusted to a “trustee” to try and resell the property in an attempt to recoup any losses. The trustee can sell the foreclosed property at a public auction. When a trustee sells a foreclosed property at auction, it is known as a trustee's sale. Trustees contract third party companies, like auction.com, to conduct the sale.
- SB 1079 puts people over corporations. The policy can slow down land grabs by making outside investors wait for an eligible bidder to decide whether they want to place a bid after the foreclosure auction also known as a trustee's sale. So instead of automatically going to the highest bidder, a foreclosed home could go to an eligible bidder instead.

Welfare Exemption

- The Welfare exemption is when a property is exempted from property tax when (1) used exclusively for charitable, hospital, or religious purposes, and (2) owned or held in trust by nonprofit organizations operating for those purposes.

Tenants in Common

- A tenancy in common is a form of co-ownership in which an interest is “owned by several persons, not in joint ownership or partnership.”[2] A tenancy in common is considered the default by courts, rather than joint tenancy. Tenants in common are permitted to own varying shares of the property, but all co-owners have an equal right to enjoy the entire property.

Essentially, this means that:

- Each tenant owns the property, they live on, equally to all other tenants on the property

Project RoomKey and Project HomeKey

- Project Roomkey was established in March 2020 as part of the state response to the COVID-19 pandemic. The purpose of Project Roomkey is to provide non-congregate shelter options for people experiencing homelessness, protect human life, and minimize strain on health care system capacity.
- Homekey is a statewide effort to sustain and rapidly expand housing for persons experiencing homelessness or at risk of homelessness, and who are, thereby, inherently impacted by COVID-19 and other communicable diseases.

Los Angeles County Development Authority (LACDA)

- The Los Angeles County Development Authority (LACDA) offers public housing and rental assistance to families that meet the eligibility requirements.

LACDA Aids in Housing and Rental Assistance in:

- Section 8 Housing
- Public Housing
- Affordable Housing
- Home Ownership Programs
- Home Improvements

Sacramento Housing and Redevelopment Agency (SHRA)

- The SHRA manages the Public Housing program on behalf of Sacramento and County and assists families by allocating affordable housing units which are rented out to eligible tenants at affordable rates.

SHRA Aids in Housing and Rental Assistance in:

- Section 8 Housing
- Public Housing
- Affordable Housing
- Home Ownership Programs
- Home Improvements

SPARCC: Strong Prosperous, and Resilient Communities Challenge

- SPARCC seeks to help regions refine and integrate their vision for the future, where the policies and practices that shape the built environment address the issues of racial equity, health, and climate resiliency. Local leaders know that while typically tackled separately these issues are deeply intertwined.
 - For example, low-income communities are often located closer to major highways or industrial areas, their residents live in older, less energy efficient buildings, and their neighborhoods often do not have easy access to public transit or basic necessities, like grocery stores. When big regional or citywide investments are made residents are often not part of the process to determine how their neighborhoods are shaped.
- SPARCC is designed to help regions find leverage points where investments can advance change on all of these issues.

BAHFA: Bay Area Housing Finance Authority

- Bay Area Housing Finance Agency - new agency created by California State Legislature AB 1487 (2019, Chiu), which currently lives under the auspices of the MTC (metropolitan transportation commission)/ABAG (assoc of bay area governments), and will be the regional entity to float & deploy future bond funding for affordable housing
- BAHFA overlooks the Bay Area County.
- Kate Hartley is interim director.
- Somaya Abdelgany will work with the Preservation program (Somaya helped re-model the BAPP program to be more suitable to CLTs, and is in general allied w/ CLT values).

Key Community Land Trust (CLT) Terminology

Ground Lease (aka Land Lease)	Tripartite board
Leasehold interest	Coop terms: LEHC
Ground lease fee	Co-Op term: Blanket Mortgage
Shared Equity	Co-Op term: Shareloan
Cooperative	Coop terms: Shareholder

Ground Lease

- The ground lease is an contract between the CLT and individual homeowners which grants the home owners exclusive use of the land for a period of 99 years. The ground lease assigns other rights and responsibilities to both the home owners and the CLT.
 - Essentially, the ground lease is the lease establishing rights to the homeowners and the CLT of the ground the home will be on.

Ground Lease Fee

- Depending on time of purchase, ground lease fee is set to a certain standard per month for rental properties and ownership properties. This fee will increase over time, but never more than the cost of living, and it is calculated as part of the initial purchase cost.

Shared Equity

- A collective term for forms of homeownership where the rights and responsibilities are shared between the homeowner and an entity representing wider community interests. Includes community land trusts (CLTs), limited-equity cooperatives, and deed-restricted affordable housing.
 - In the Shared Equity Model homeowners and their CLT, share the equity built in a home overtime which allows it to remain affordable to future homebuyers.

“Cooperative”, Cooperative Corporation (Co-Op)

- A cooperative corporation (or simply, a "cooperative") is a special form of corporation that places ownership and/or control of the corporation in the hands of the employees or patrons of the corporation.
- A cooperative is intended to be community-based, giving those whom the entity serves or employs a direct say in the operation of the entity.
- You might be familiar with cooperative corporations in the form of local food cooperatives or credit unions, in which control of the cooperative is vested in the patrons of the organization; however, many states allow for the formation of other kinds of cooperatives as well, including journalism cooperatives.

Co-Op Terms: Shareholder

- An individual who owns a share or membership in a cooperative.
- In housing cooperatives, residents do not own their units through a deed as is the case for single family homes and condos. Instead they own a share which entitles them to living in and reselling a unit.

Co-Op Terms: Limited Equity Housing Cooperative (LEHC)

- A residential development owned and managed by a democratically governed, nonprofit cooperative corporation made up of residents of the building
- The selling price of a share in the property is restricted by state law to ensure long-term affordability for current and future residents, while still enabling residents to own some equity. The equity owned by residents can increase in value over time but only to a limited extent. Residents have control, stability, and ownership, but without potential for windfall profits.

Co-Op Terms: Shareloan

- A share loan is a loan obtained to purchase a share in a housing co-op secured by the shares and occupancy rights (cooperative interest). A member can get an individual loan for that amount from a bank or other lending institution (just as when an individual is buying a house).

Tripartite Board

The typical CLT board of directors is composed of three parts, each containing an equal number of seats. One third of the board represents the interests of people who lease land from the CLT (“leaseholder representatives”). One third represents the interests of residents from the surrounding community who do not lease CLT land (“general representatives”). One third is made up of public officials, local funders, nonprofit providers of housing or social services, and other individuals presumed to speak for the public interest ("public representatives").

General Housing Terminology: Agencies

HUD (Housing and Urban Development, Federal government agency)	Community development financial institution (CDFI)
Community Development Corporation	Fannie Mae and Freddie Mac

HUD (Housing and Urban Development, Federal Government Agency)

- The Department of Housing and Urban Development is the Federal agency responsible for national policy and programs addressing America's housing needs, improving and developing U.S. communities, and enforcing fair housing laws.
- HUD's business is helping create a decent home and suitable living environment for all Americans, and it has given America's communities a strong national voice at the Cabinet-level.
- HUD plays a major role in supporting homeownership by underwriting homeownership for lower- and moderate-income families through its mortgage insurance programs.
- HUD was created after the Housing and Urban Development Act (1965) as a cabinet-level agency within the U.S.

HUD (Housing and Urban Development, Federal Government Agency): Part 2

The primary programs administered by HUD include:

1. Mortgage and loan insurance through the Federal Housing Administration;
2. Community Development Block Grants (CDBG);
3. HOME Investment Partnership Act block grants to develop and support affordable housing for low-income residents;
4. Rental assistance in the form of Section 8;
5. Public or subsidized housing for low-income individuals and families;
6. Homeless assistance provided through local communities and faith-based and other nonprofit organizations;
7. Fair housing public education and enforcement

Community Development Corporation ("CDC")

- Also known as "CDC", this is a type of place-based nonprofit organization that uses tools of planning and real estate development to support its community
 - Completely different from the Center for Disease Control and Prevention (CDC).

Community Development Financial Institution (CDFI)

These are mission-driven entities that provide loans and other financial services to underserved communities. CDFIs typically make loans that a traditional bank won't offer, but not always at a more affordable rate. Rates and terms depend on the mix of funding sources being used.

- CDFI Programs award:
 1. **Financial Assistance awards** are made in the form of loans, grants, equity investments, deposits, and credit union shares, which CDFIs are required to match dollar-for-dollar with non-federal funds. This requirement enables CDFIs to multiply the impact of federal investment to meet the demand for affordable financial products in economically distressed communities.
 2. **Technical Assistance grants** are offered to CDFIs and Certifiable CDFIs (see eligibility below) to build their organizational capacity.
 3. **Both Financial and Technical Assistance awards** empower CDFIs to grow, achieve organizational sustainability, and contribute to the revitalization of the communities they serve.
 4. **Healthy Food Financing Initiative** - Financial Assistance awards are also offered for CDFIs that are interested in expanding their healthy food financing activities.

General Housing Terminology

Fair Housing Act

- The Fair Housing Act protects people from discrimination when they are renting or buying a home, getting a mortgage, seeking housing assistance, or engaging in other housing-related activities. Additional protections apply to federally-assisted housing.
- After historical discrimination on the basis of race, religion, national origin, ethnicity, and more from federally funded housing agencies and private housing institutions, the Fair Housing Act was established in order to protect people from discrimination in housing (however, this has not solved the problem of discrimination in the housing sector).

Freddie Mac and Fannie Mae

- Two government-sponsored enterprises (GSEs) that purchase batches of mortgages made by local lenders, giving the lenders more liquidity to make more loans
- The primary difference between Freddie Mac and Fannie Mae is where they source their mortgages from.
 - Fannie Mae buys mortgages from larger, commercial banks vs.
 - Freddie Mac buys them from much smaller banks.