

## Definition of Terms

**140% Rule:** In the event that an annual recertification has determined that a household's income exceeds the maximum income limit, for Tax Credit and some Bond projects the household may continue to be counted as assisted as long as their income does not exceed 140% of the income that would qualify the household as a very-low, or low income resident. To calculate the 140% level you determine the annual income level and household size, then multiply by 140%.

**Action Plan:** A plan to be submitted in writing within 30 days upon receiving a notice of noncompliance. The plan should outline the actions to be taken by the Borrower and/or Management Company to achieve compliance with the Regulatory Agreement requirements within the allowable cure period of 30-60 days.

**Adjusted Income:** Adjusted income is annual (gross) income reduced by deductions for dependents, elderly households, medical expenses, handicap assistance expenses and child care (these are the same adjustment factors used by the Section 8 Program).

**Affordability:** In relation to this manual, the term affordability applies to the rent and income limit requirements for each funding source administered by the Agency.

**Agency or SHRA:** The Sacramento Housing and Redevelopment Agency, which is the local participating jurisdiction for the City and County of Sacramento. As the PJ, the City and County have designated the Agency to administer a variety of federal, state, and local funding programs for affordable housing.

**Annual Income:** All anticipated gross income to be received from a source outside the family, monetary or not, that go to or are received on behalf of the family head, spouse or co-head (even if the family member is temporarily absent), or any other family member as defined in the Code of Federal Regulations, Title 24, Part 5, Section 609 and the Internal Revenue Service Publication 17.

**Assets:** Cash or non-cash item that can be converted to cash.

**Assisted Resident:** A resident 18 years of age or older who qualifies as a moderate, low or very-low income resident and is designated by the project in the reporting. An income source document must be on file for each assisted resident.

**Assisted Unit:** A term that refers to the units within a project for which rent and occupancy restrictions apply.

**Certification:** A written claim, based on supporting evidence that must be kept available for inspection by the Agency or HUD.

**Child Care Expenses:** Amounts anticipated to be paid by the family for the care of children less than 13 years of age during the period of which annual income is computed.

**Compliance -** The status of a project when it has met the compliance monitoring requirements and all other requirements of the Regulatory and Loan Agreements.

**Community Development and Block Program (CDBG):** A Federal funding program administered by the Agency designed to develop viable communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.

**Dependent:** A member of the family household (excluding foster children) other than the family head or spouse, who is under 18 years of age or is a disabled person or a handicapped person, or a full time student.

**Disabled Person:** A person who is under a disability as defined in the Social Security Act or who has a developmental disability as defined in the Developmental Disabilities Assistance and Bill of Rights Act.

**Emancipated Minor:** persons under the age of 18 who have entered into a lease under state law are treated as adults, and their annual income must also be counted. Emancipated minor persons will be either the head, spouse, or co-head. If an emancipated minor is residing with a family as a member and is not the head, spouse, or co-head, the individual would be considered a dependent and the employment income is excluded.

**Elderly Person:** A person who is at least 55 years old.

**Fair Market Rents or FMRs:** Gross rent estimates determined by HUD based on an area and the amount that would be needed to pay the gross rent of privately owned, decent, safe, and sanitary housing.

**Fixed Units:** Assisted units, which are designated never to change throughout the period of affordability.

**Floating Units:** The designated assisted units that may change over a period of time as long as they are comparable and the total number of assisted units in the project remains consistent.

**Gross Annual Income:** The annual income of all persons in the household, whether related or not, who are 18 years of age or over and who will be occupying the unit. Gross income includes all wages, salaries, overtime, commissions, bonuses before payroll deductions, and all income from savings, investments, public assistance, unemployment, pension, retirement plans, alimony, and child support.

**Gross Rent:** The total monthly cost of housing an eligible family, which is the sum of the contract rent and utility allowance.

**HOME Investment Partnership Program (HOME):** A federally funded program administered by the Agency to provide decent, safe, and affordable housing.

**Household:** One or more person occupying a housing unit.

**Housing Trust Fund (HTF):** A locally funded program administered by the Agency to provide decent, safe, and affordable housing.

**HUD:** Department of Housing and Urban Development.

**Inclusionary (City and County) Housing Programs:** A mixed income housing ordinance to provide affordable housing to Low and Very Low in new growth and unincorporated areas in the City and County of Sacramento.

**Low-Income Families:** Families whose incomes are between 51 and 80 percent of the median income for the area as determined by HUD, with adjustments made for smaller and larger families.

**Market Rate Resident:** A resident who is not occupying a Federal, State or local assisted unit.

**Market Rent:** The prevailing rents for comparable units in the City and County of Sacramento.

**Moderate Income Families:** Families whose incomes are between 81 and 120 percent of the median income for the area with adjustments made for smaller and larger families.

**Moderate Rent Level:** A rent level that that equals 30% of 110% of the area median income level.



**Net Family Asset:** The net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds and other forms of capital investments, excluding interests in Indian trust land and the equity accounts in HUD ownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded. In determining net family assets, owners shall include the value of any business or family assets disposed of by an applicant or resident for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program recertification, as applicable, in excess of the consideration received therefore. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or resident receives important consideration not measurable in dollar terms.

**Participating Jurisdiction (PJ):** The term given to any state, local government, or consortium that has been designated by HUD to administer a HOME Program.

**Project:** A site or an entire building or two or more buildings, together with the sites on which the building or buildings is located, that are under common ownership, management and financing.

**Project Completion Date:** The final lease up date for the rehabilitated or newly constructed assisted units in the project.

**Recertification:** The process of verifying the income and household compositions of all current assisted residents at least annually.

**Regulatory Agreement:** An agreement between the City, County, and Borrower stipulating all provisions of the funding program.

**Rent Restrictions:** Assisted projects are subject to restrictions, which regulate the maximum rents that can be charged. Rent restrictions vary and are summarized under each funding source requirement. Rent restrictions may include a utility allowance from the base rent.

**Housing Choice Voucher Program (HCV):** A program of subsidized rental assistance administered by the Sacramento Housing Authority, where a portion of a qualified resident's rent is paid directly to the owner.

**Single Parent:** An individual who: a) is unmarried or legally separated spouse; b) has one or more minor children for whom the individual has custody or joint custody; or c) is pregnant.

**Tax Increment Low/Moderate Income Set-Aside Program:** A State funded program designed to improve or increase the community's supply low-moderate income housing, or to preserve the affordability of subsidized low-income housing that is threatened with conversion to market rate.

**Utility Allowance:** An allowance for utilities as determined by the Agency's Housing Authority Division.

**Very-Low Income Families:** Families whose annual incomes do not exceed 50 percent of the median income for the area (adjusted for family size).

