



Fair Housing Glossary of Terms

Accessible: The facility or portion of the facility can be approached, entered and used by people with mobility impairments. All new construction of covered multifamily buildings must include certain features of accessible and adaptable design. Units covered are all those in buildings with four or more units and one or more elevators, and all ground floor units in buildings without elevators.

Affordable Housing: The U.S. Federal government through HUD has determined that no more than 30% of gross income should be spent on total housing cost. Affordable housing must meet that standard. Eligibility for below-market-rate “affordable” housing is typically calibrated based on HUD’s annual determination of area median income (AMI) based on family size. In 2006, the Chicago-area AMI for a family of four was about \$70,000. Low- and moderate-income individuals and families may qualify for affordable housing funded by state or federal sources depending on their household income as a percentage of AMI. 80%, 60%, 50%, or 30% or below AMI are all variations of low-income. Some individual municipalities define “affordable” at 100% or 125% of AMI.

Aging in Place: Concept which advocates allowing a resident to choose to remain in his/her living environment despite the physical and or mental decline that may occur with the aging process.

Analysis of Impediments (AI): A HUD requirement for each state or participating jurisdiction to conduct an analysis to determine impediments to fair housing choice within the state. The jurisdiction must take appropriate actions to overcome the effects of any impediments identified through that analysis.

Balloon Payment: A final payment of a mortgage loan that is considerably larger than the required periodic payments because the loan amount was not fully amortized.

Blockbusting: The illegal practice of inducing homeowners to sell their properties by making representations regarding the entry or prospective entry of persons of a particular race or national origin into the neighborhood. See also panic peddling.

BOCA (Building Officials and Code Administrators): Refers to the basic building code manual, used nationally as a standard, and locally with certain adaptations.

Civil Rights Act of 1866: An act that prohibits racial discrimination in the sale and rental of housing.

Community Development Block Grant Program (CDBG): Authorized by the Housing and Community Development Act of 1974 replacing several community development categorical grant programs. CDBG provides eligible metropolitan cities and urban counties (called

“entitlement communities”) with annual direct grants that they can use to revitalize neighborhoods, expand affordable housing and economic opportunities, and/or improve community facilities and services, principally to benefit low- and moderate-income persons.

Comprehensive Plan: A comprehensive plan is a written document that identifies the goals, objectives, principles, guidelines, policies, standards, and strategies for the growth and development of the community. This plan includes land use patterns according to whether a given district or parcel will be devoted to residential, commercial, or industrial use. Such a plan also includes transportation, public facilities, and sometimes social services or redevelopment plans.

Consolidated Plan: Developed by local and state governments with the input from citizens and community groups, the Consolidated Plan serves four functions: 1) it is a planning document for each state and community, built upon public participation and input; 2) it is the application for funds under HUD's formula grant programs (CDBG, HOME, ESG, and HOPWA); 3) it lays out local priorities; and 4) it lays out a 3-5 year strategy the jurisdiction will follow in implementing HUD programs.

Equal Credit Opportunity Act (ECOA): The federal law that prohibits discrimination in the extension of credit because of race, color, religion, national origin, sex, age or marital status.

Eviction: A legal process to oust a person from possession of real estate.

Fair Housing Act: Legislation first enacted in 1968 and expanded by amendments in 1974 and 1988, which provides the Secretary with investigation and enforcement responsibilities for fair housing practices. Prohibits discrimination in housing and lending based on race, color, religion, sex, national origin, handicap, or familial status.

Fair Housing Assistance Program (FHAP): A Program to assist state and local agencies and community housing resources boards in processing Fair Housing Act complaints.

Fair Housing Initiatives Program (FHIP): A Program to assist states, local agencies, fair housing groups, and community housing resource boards in bringing public and private efforts together to combat housing discrimination.

Fair Market Rents (FMR): Rent Schedules published in the Federal Register which establish maximum eligible rent levels allowed under the Section 8 program by geographic area.

Federal National Mortgage Association (Fannie Mae): A federally chartered, stockholder owned corporation which supports the secondary market for both conventional mortgages and mortgages insured by the FHA and guaranteed by VA.

Foreclosure: A legal procedure whereby property used as security for a debt is sold to satisfy the debt in the event of default in payment of the mortgage note or default of other terms in the mortgage document. The foreclosure procedure brings the rights of all parties to a conclusion and passes the title in the mortgaged property to either the holder of the mortgage or a third party who may purchase the realty at the foreclosure sale, free of all encumbrances affecting the property subsequent to the mortgage.

Home Mortgage Disclosure Act (HMDA): The Home Mortgage Disclosure Act of 1975, as amended in 1989, requires most financial institutions and mortgage lenders that make mortgage

loans, home improvement loans, or home refinance loans to collect and disclose information about their lending practices. *Office Of The Assistant Secretary For Housing-Federal Housing Commissioner Mortgagee Letter 94-22, May 4, 1994*

Housing Choice Voucher: Also known as “Section 8,” this is a HUD-funded program administered by local housing authorities to assist qualified low-income households the opportunity to rent an apartment on the open market within fair market rent standards. The tenant pays 30% of their income in rent and the value of the voucher is the balance of the rent.

HUD: The U.S. Department of Housing and Urban Development

NIMBY (Not In My Back Yard): A person who hopes or seeks to keep some perceived dangerous or unpleasant feature out of his or her neighborhood.

Panic Peddling: The illegal practice of inducing homeowners to sell their properties by making representations regarding the entry or prospective entry of persons of a particular race or national origin into the neighborhood. See also Blockbusting.

Predatory Lending: A set of abusive and deceptive lending practices that greatly inflate the costs of borrowing. These unscrupulous methods strip the equity that the borrower has built up in his/her home, thus draining financial resources from communities— all while providing great profits to the lender.

Prepayment Penalty: A charge imposed on a borrower who pays off the loan principal early. This penalty compensates the lender for interest and other charges that would otherwise be lost.

Protected Class: Any group of people designated as such by the Department of Housing and Urban Development (HUD) in consideration of federal and state civil rights legislation. The federal Fair Housing Act protects individuals from being discriminated against based on the following categories: race, color, religion, sex, national origin, ancestry, disability, or because they have children (familial status). In Illinois, age, military discharge status, marital status, and sexual orientation are also protected, and in Cook County, source of income (excluding Housing Choice Voucher status) and housing status.

Real Estate Settlement Procedures Act (RESPA): Requires that all borrowers under Federal mortgage loan or insurance programs must receive specified information regarding the loan transaction. The law also prohibits the payment or receipt of kickbacks and certain kinds of referral fees.

Redlining: The illegal practice of a lending institution denying loans or restricting their number for certain areas of a community.

Rescue Fraud: This is a version of predatory lending in which an entity claims to “rescue” a homeowner who already has a predatory loan. While there are variations, the most harmful variety involves a “rescuer” who induces a homeowner to transfer legal title to the home in exchange for paying off the current mortgage. The “rescuer” then offers some type of option to repurchase the property, but these terms are never affordable and the original homeowner often ends up losing both his or her home and tens (or hundreds) of thousands of dollars of equity.

Restrictive Covenants: A clause in a deed that limits the way the real estate ownership may be used.

Section 8: A federal housing assistance program in which participants pay a portion of their adjusted gross income (i.e., income after standard deductions) for rent and the remainder of the rent is paid by HUD. Section 8 is either project based or tenant based.

Section 202: A HUD housing subsidy program for elderly, handicapped or disabled.

Servicing: All the steps and operations a lender performs to keep a loan in good standing, such as collection of payments, payment of taxes, insurance, property inspections and the like. Predatory servicing may involve holding onto payments, charging bogus late fees, harassment, etc.

Steering: The illegal practice of channeling home seekers to particular areas, either to maintain the homogeneity of an area or to change the character of an area, which limits their choices of where they can live.

Substandard Housing: A dwelling unit that is either dilapidated or unsafe, thus endangering the health and safety of the occupant, or that does not have adequate plumbing or heating facilities.

Testing: A legitimate and necessary method of uncovering and detecting housing discrimination, it is a controlled method for measuring and documenting variations in the quality, quantity and content of information and services offered or given to various home seekers by housing or housing service providers.

TIF (Tax Increment Financing): A tool used to generate money for economic development in a specific geographic area.

Zoning: A municipal restriction on the type of building or use permitted in a defined geographic area.