

AFFORDABLE HOUSING GLOSSARY

AFFORDABLE HOUSING

A home is generally considered affordable if the household pays 30% or less of their gross income (before taxes are taken out) towards rent/mortgage payments. The term usually refers to homes affordable to people with low, very low and extremely low income, including low-wage working families, seniors on fixed incomes, veterans, people with disabilities and the homeless. There are different kinds of affordable homes, including public housing (owned by the local housing authority), Section 8 vouchers that help people rent privately owned homes, and privately owned housing developments with restricted rents. In the Bay Area, many affordable homes are built and managed by nonprofit organizations.

AFFORDABLE HOUSING OVERLAY ZONES (HOZs)

HOZs provide a package of incentives to developers who include homes that people can afford in their developments. They are called “overlay” zones because they layer on top of established base zoning regulations, and present developers with more choices by offering additional benefits to projects that increase the supply of homes that people can afford.

AREA MEDIAN INCOME (AMI)

The median income of each Metropolitan Statistical Area (MSA) and each county based on all wage-earners in the area. The U.S. Department of Housing and Urban Development (HUD) issues a listing of AMIs each year. AMI is used to determine the eligibility of applicants for both federally and locally funded affordable housing programs and depends on family size.

BOOMERANG FUNDS

New property tax revenues to a city or county’s general fund that came out of the elimination of Redevelopment Agencies, so called because these funds were relinquished by the local jurisdictions to the state and then “boomeranged” back to the local jurisdictions. Since 2012, over \$60 million dollars in boomerang funds have been set aside for affordable homes due to successes in San Francisco, Fremont, Alameda County, San Mateo County, Santa Clara County, and recently Mountain View.

COMMERCIAL LINKAGE FEES (CLF)

CLFs are a type of impact fee assessed on new commercial developments or major employers based on the need for workforce housing generated by new and expanding businesses. Revenues generated by the fee are then used to help fund the development of affordable housing opportunities within accessible commuting distance to the employment center.

COMMUNITY DEVELOPMENT CORPORATION (CDC)

Entrepreneurial nonprofit institutions that combine public and private resources to aid in the development of affordable homes in socioeconomically disadvantaged areas.

DENSITY

The level of concentration (high or low) of buildings, including their total volume, within a given area. Often expressed as a ratio, i.e. homes per acre.

DENSITY BONUS

A percentage increase in the number of homes authorized for a particular parcel of land beyond the maximum allowed per local zoning ordinances used to incentivize the developer to include affordable homes. In California, the State Density Bonus Law (Gov. Code 65915), enacted in 1979, requires cities and counties to offer density bonuses, incentives and waivers to housing developments that include a certain percentage of homes affordable to low- or very low-income households.



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AFFORDABLE HOUSING GLOSSARY

DISPLACEMENT

Direct or Physical Displacement occurs when existing homes are torn down to make room for new buildings and tenants are forced to leave their homes and neighborhood. Indirect or Economic Displacement occurs when new development causes rents to increase, forcing people to move when they can't afford the higher rents.

EXTREMELY LOW INCOME

A person or household with income below 30% of Area Median Income, adjusted for household size. This often includes fast-food cooks, hairdressers and home care aides.

FAIR MARKET RENT (FMR)

Rental rates set by the U.S. Department of Housing and Urban Development (HUD), that represents the estimated monthly rent for a modest apartment. FMRs determine the eligibility of rental housing units for the Section 8 program and serve as the payment standard used to calculate subsidies under the Rental Voucher program.

HOUSING CHOICE VOUCHER / SECTION 8 PROGRAM

Federal rent-subsidy program under Section 8 of the U.S. Housing Act, which issues rent vouchers to eligible households. The voucher payment subsidizes the difference between the gross rent and the tenant's contribution of 30% of adjusted income, (or 10% of gross income, whichever is greater). Recent Bay Area media stories have covered the discrimination that Section 8 voucher holders have faced while searching for housing.

HOUSING COST BURDEN

When 30% or more of a household's income is spent on housing costs. Many households are severely over-burdened and pay more than 50% of their income towards housing (see Severe Cost Burden).

HOUSING ELEMENT

A required element of all California city general plans, housing elements identify and analyze housing needs and include goals, objectives, policies and programs for providing a city's fair share of affordable housing needs. Although state law mandates that jurisdictions rezone enough land to meet their regional housing needs allocation and each jurisdiction is required to have an approved housing element, jurisdictions retain local land use control and Housing Elements are only plans for housing. Advocates then push for implementation of these plans and work tirelessly to get these cities and counties to produce the homes their communities desperately need.

HOUSING IMPACT FEE

A per square foot impact fee levied on market rate housing that can be used to build affordable homes. The fees are based on the idea that every person who moves into a market-rate home generates a need for services typically provided by employees paid less than the median income.

INCLUSIONARY ZONING

A requirement that developers of new housing include a certain percentage of below market-rate homes. Inclusionary Zoning is a local law and each city that passes this law decides how many units must be affordable, and what price is considered affordable. Often developers can pay the city an "in-lieu fee" instead of including affordable units, which allows the city to use the money to build new affordable homes. In California, there is a legal challenge to Inclusionary Zoning's application to rental housing, which is now being debated at the California State Supreme Court.

AFFORDABLE HOUSING GLOSSARY

INFILL DEVELOPMENT

A strategy for accommodating growth and preventing sprawl through greater density and efficiency in land use development within existing urban boundaries.

LAND VALUE RECAPTURE

Public action such as investment and regulation changes often cause property values to increase. With land value recapture, the public gets back a portion of the increased property value in the form of public benefits like affordable housing, instead of profits going completely to land owners.

LOW INCOME

A person or household with gross household income below 60% Area Median Income, often including receptionists, preschool teachers and security guards, or 80% Area Median Income, often including construction workers, firefighters, and teachers in the Bay Area (depending on program eligibility requirements) adjusted for household size.

LOW INCOME HOUSING TAX CREDIT PROGRAM (LIHTC)

Created by the Tax Reform Act of 1986 to provide incentives for private sector production of low income housing, LIHTC replaced traditional housing tax incentives with a tax credit that enables developers of affordable housing to raise equity through the “sale” of tax benefits to investors (corporations and individuals). Investors receive 10 years of tax credits in exchange for their investment. LIHTC is a very important source of equity for nonprofit housing developers. The program requires a certain percentage of homes built be restricted for occupancy to households earning 60% or less of Area Median Income and the rents on these units be restricted accordingly.

MARKET-RATE HOUSING

Housing built by for-profit developers with private capital for people above 120% Area Median Income, adjusted for household size. This often includes doctors, lawyers and technology workers.

MIXED-USE DEVELOPMENT

A building or group of buildings that combines multiple revenue producing uses in an integrated and coherent plan. As an example, a mixed-use development might include retail space on the ground floor, offices on the middle floor, condominiums on the top floors and a garage on the lower level.

MODERATE INCOME

A person or household with gross household income between 80% and 120% of Area Median Income, adjusted for household size, often including registered nurses and police officers. This housing, also called Work Force Housing, is typically built by for-profit developers in exchange for incentives offered by local jurisdictions (density bonuses, etc.)

MULTIFAMILY HOUSING PROGRAM (MHP)

A subsidy program funded with state funds, administered by CA's Dept. of Housing and Community Development (HCD).

NEXUS STUDY

A formal study that analyzes the relationship between new development (housing, office, retail, etc.) and increased demand for facilities and services. Nexus studies are used to document that there is a relationship between development and these additional needs, to calculate how much of a need is created by the development, and to decide the fees necessary to address these newly created needs.

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NIMBY: NOT IN MY BACK YARD

Neighborhood opposition to low income homes built near their own homes.

PLAN BAY AREA

A long-range regional plan for the Bay Area, adopted in July 2013. Its purpose is to encourage most new development (housing, jobs, etc.) to take place in areas close to transit in order to reduce greenhouse gas emissions that cause global warming. Local governments are required to make sure that they have enough land available to build housing that matches this growth pattern and community organizations and advocacy groups, including NPH, are organizing to make sure that Plan Bay Area includes affordable homes and policies that prevent lower income people from being displaced.

PRIORITY DEVELOPMENT AREAS (PDAS)

Areas designated by cities and approved by the Association of Bay Area Government, as places where new growth (housing, jobs) should be concentrated. PDAs must meet certain requirements, including location close to transit. PDAs are supposed to be “complete communities” with housing, shopping and services accessible by bike and walking and homes for a range of economic levels. Plan Bay Area is based on concentrating growth in these PDAs.

PUBLIC BENEFITS ZONING

A set of policies that require developers to provide public benefits, such as affordable housing, especially in areas where the public sector has invested in transportation and infrastructure, or where regulations have been modified to provide more benefits to developers. Public Benefits Zoning is often based on the principle of “Land Value Recapture.”

PUBLIC HOUSING AUTHORITIES

Local government agencies that are authorized to manage housing for very low- and extremely low-income households, either as public housing, through Section 8 vouchers, or with other types of affordable housing. Generally, households pay no more than 30% of their income for rent and the remainder is subsidized by the Federal government through HUD.

REGIONAL HOUSING NEEDS ASSESSMENT (RHNA)

Association of Bay Area Government (ABAG) assessment that produces regional, sub-regional and local targets for the amount and type of homes needed over a seven year period, based on new growth. RHNA takes into account anticipated housing demand generated by employment growth and population increase, however is not enforceable, which has led to the Bay Area vastly under producing housing for lower income individuals and families. RHNA also does not take into account prior unmet housing needs, which leads to the Bay Area falling farther and farther into a housing deficit.

RENT STABILIZATION

Policies and laws that prevent landlords from charging tenants large rent increases. Under California law, there is no limit on how much a landlord can charge a new tenant, but once the tenant moves in, future rent increases can be regulated. In California, rent stabilization does not apply to new apartments built after 1995 and it does not apply to single-family homes, and while some jurisdictions have adopted rent stabilization and protection policies, the vast majority have not.

SEVERE HOUSING COST BURDEN

When 50% or more of a household's income is spent on housing costs.

SPECIFIC PLANS

Plans prepared by city government to attract, stimulate and guide development in a particular neighborhood. Often specific plans streamline certain requirements to make it easier for developers to get approvals to build projects.



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TRANSIT-ORIENTED DEVELOPMENT (TOD)

Development of housing and mixed-use development close to public transit such as BART, frequent bus lines, etc. TOD is usually within 1/4 to 1/2 mile of a transit station or major bus line and Plan Bay Area encouraged TOD.

VERY LOW INCOME

A person or household whose gross household income does not exceed 50% of Area Median Income, adjusted for household size. This income category often includes preschool teachers, paramedics and retail clerks.