

## HDC Glossary of Affordable Housing Terms and Acronyms

### **Affordability Gap**

The difference between the home price a household can afford and the current market price of a typical home for that household size. A *deficit* or *shortage* in affordable housing for a region is the difference between the number of affordable homes available and the number of homes needed to house all of that region's low-income residents.

### **Affordable Housing**

According to federal government standards, housing, including utilities, should cost no more than 30% of your total income. Publicly-subsidized rental housing usually has income restrictions, dictating that tenants cannot not earn more than 60% of area median income (see "Area Median Income" below). For King County in 2014, this equates to an annual income of \$37,080 (\$3,090 monthly) for a one-person household, or \$47,640 (\$3,970 monthly) for a three-person households. At these income levels, an individual can afford to spend \$927 per month on rent, and a three-person household can afford \$1,191 in rent without spending more than 30% of their monthly income.

Homeownership programs generally serve residents earning up to 80% of median, or \$44,750 for an individual or \$63,900 for a three-person household. At these income levels, an individual can afford a house priced at \$188,100, and a three-person household can afford \$268,600.

### **Area Median Income (AMI)**

Area Median Income. See "Median Income" below. This number can be calculated for a specific area, for instance, Seattle, King County, and Pierce County will have different AMIs based on income in each of these areas, and will compare differently with local housing prices.

AMI is used to determine affordability at varying income levels, and different agencies have different definitions for these levels. For example, the U.S. Department of Housing and Urban Development (HUD) defines "Low-Income" as households earning below 80% AMI. The King County Countywide Planning Policies, on the other hand, define households earning 50-80% AMI as "Moderate Income" households.

### **Emergency Shelter**

An intervention that places homeless families directly in permanent housing, rather than putting them through a succession of programs. Families reside in shelters for the minimum time necessary to secure housing. Individually tailored support services assist families in attaining housing and achieving stability.

## **HAMFI**

HUD Area Median Family Income

## **HUD**

U.S. Department of Housing and Urban Development.

## **Homeless**

A person who lacks a fixed and regular nighttime residence. The general public tends to think of "homeless" as persons living on the streets, whereas it can include persons living involuntarily with a friend or family member, living in a car, etc.—anyone without a fixed address.

## **Housing Authority**

A federally recognized public corporation with boards appointed by the local government. Their mission is to provide affordable housing to low- and moderate-income people. In addition to public housing, housing authorities also provide other types of subsidized housing for seniors or others with special needs and via housing vouchers such as Section 8, Veterans Affairs Supportive Housing (VASH) or Family Unification Program (FUP).

King County has three public housing authorities: the King County Housing Authority, the Seattle Housing Authority and the Renton Housing Authority (KCHA, SHA, RHA).

## **Housing First**

An innovative approach to ending chronic homelessness in which people are provided rapid access to low-cost apartments, with vital medical, mental health and other support services available on site. It is a more humane, a more successful and a more cost-effective method than paying for these same individuals to cycle in and out of the emergency room, the sobering center or jail.

Seattle has taken a leadership role in funding Housing First programs, 1811 Eastlake being an example cited by Housing First proponents nationwide.

## **Incentive Zoning (IZ)**

Incentive zoning is a policy requiring developers to make a percentage of housing units in new residential developments available to low- and moderate-income households. In return, developers receive non-monetary compensation in the form of density bonuses, zoning variances, and/or expedited permits that reduce construction costs. By linking the production of affordable housing to private market development, incentive zoning expands the supply of affordable housing while dispersing affordable homes throughout a city or county to broaden opportunity and foster mixed-income communities.

Although some jurisdictions have voluntary programs, the vast majority of jurisdictions require compliance. Most programs mandate that 10-20% of the homes developed be affordable.

### **Low Income Housing Tax Credit (LIHTC)**

Many for-profit and nonprofit-developed rental properties use federal income tax credits to create financially viable projects. The Washington State Housing Finance Commission allocates these credits to developers to build or rehabilitate low-income housing. Large corporations, financial institutions, pension funds, and insurance companies invest in the housing as a method to gain the tax credits and reduce their income tax obligations. Projects funded through this source must serve residents below 60% of median income and must accept Section 8 vouchers.

### **Market Rate Rent**

The prevailing monthly cost for rental housing. It is set by the landlord without restrictions. The rate varies on market conditions but historically trends higher over time. The 2014 Fair Market rent for a 2 bedroom apartment in King County is \$1,123.

### **Median Income**

This is a statistical number set at the level where half of all households earn incomes above this level and half below. The U.S. Department of Housing and Urban Development Regional Economist calculates and publishes this median income data annually in the Federal Register.

### **Nonprofit Housing**

Nonprofit housing is developed by nonprofit corporations with a community board of directors and specific mission. Most housing developed by nonprofit housing developers is affordable with rents or prices below market-rate. Income generated from the housing is put back into the buildings and the mission of the organization, rather than being distributed to stockholders or individual investors as would be the case in for-profit housing

### **Nonprofit Housing Developer**

A nonprofit organization with a mission that involves the creation, preservation, renovation, operation and/or maintenance of affordable housing.

### **Operating Subsidy**

This is a type of subsidy going to property owners to reduce the management, maintenance and utility costs of housing. It is needed for projects housing extremely low-income residents who can't afford rents covering the actual costs of housing.

## **Permanent Housing**

Rental apartments or ownership homes that provide individuals and families with a fixed street address and residence. Most housing is permanent.

## **Private Market or For-profit Housing**

This housing rents or sells at market rate and is developed and owned by for-profit individuals, partnerships, or corporations. Most housing in Seattle is privately developed.

## **Project-Based Section 8 Housing**

This federal program created in the mid-1970's initially pledged 20-year commitments of rent subsidy to developers of privately owned rental housing stock in the community to encourage them to build affordable housing. The program is subsidized and regulated by HUD.

The Seattle Housing Authority and King County Housing Authority are able to convert some of their Section 8 vouchers to project-based subsidy because of their participation in HUD's Moving to Work program. This demonstration program for public housing authorities provides them the opportunity to design and test innovative strategies that use Federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families

## **Public Housing**

Public housing is housing owned and run by a local housing authority under the oldest federal housing program—the Housing Act of 1937. To be eligible to live in public housing, you must meet program requirements including being low income. In most cases, rent including utilities can comprise no more than 30% of your income.

The Seattle Housing Authority owns and operates 5,300 units of public housing on over 400 sites, serving 28,000 people. For the rest of King County, KCHA and RHA provide 3,300 and 885 public housing units, respectively. Housing authorities operate significant numbers of other types of subsidized housing in addition to public housing.

## **Rapid Re-Housing Program**

Short-term intervention for homeless families, which includes housing attainment, employment, and financial assistance services. Support is provided for up to one year.

## **Permanent Affordable Housing for Homeless Families**

Permanent affordable housing with tenant services serves homeless families with barriers to sustaining sufficient income to maintain independent housing. Like Rapid Re-Housing, emphasis is placed on rapid placement into housing from shelters or homelessness to support families in establishing permanent housing as quickly as possible.

Rent obligations remain affordable by an established standard (based on fund sources). Supportive services are not required, but Tenant Services may be made available for families.

## **Section 8 Vouchers**

This federal program is administered by local housing authorities. Also known as Housing Choice Vouchers, eligible tenants receive vouchers they can use to help them pay for apartments in the private market. With a voucher, tenants pay between 28 and 40 percent of their household income for rent and utilities, and the housing authority pays the difference between this amount and the amount the landlord requests. In King County, Section 8 Vouchers help more than 11,000 households rent affordable private-market housing.

## **Shelters**

Also called emergency housing. Provides temporary overnight living accommodations. Shelters often are not open during the day.

## **SRO**

Single room occupancy units. The traditional SRO unit is a single room, usually less than 100 square feet, designed to accommodate one person. Amenities such as a bathroom, kitchen or common areas are located outside the unit and are shared with other residents. Many SROs can be found in renovated hotels in downtown Seattle and provide affordable options for recently homeless individuals linked with supportive services.

## **Subsidized Housing**

A generic term covering all federal, state or local government programs that reduce the cost of housing for low- and moderate-income residents. Housing can be subsidized in numerous ways—giving tenants a rent voucher, helping homebuyers with down payment assistance, reducing the interest on a mortgage, providing deferred loans to help developers acquire and develop property, giving tax credits to encourage investment in low- and moderate-income housing, authorizing tax-exempt bond authority to finance the housing and/or providing ongoing assistance to reduce the operating costs of housing and others.

Public housing, project-based Section 8, Section 8 vouchers, tax credits, the State Housing Trust Fund, and Seattle Housing Levy programs are all examples of subsidized housing.

Over the years, programs have been designed to help local housing authorities, for-profit developers and builders, nonprofit organizations and public development authorities provide low-cost housing. Unfortunately, the number of people needing subsidized housing is far greater than federal, state or local funding for these programs.

## **Supportive Housing**

Combines affordable housing with individualized health, counseling and employment services for persons with mental illness, chemical dependency, chronic health problems, or other challenges. Generally it is transitional housing, but it can be permanent housing in cases such as a group home for persons with mental illness or developmental disabilities.

Supportive housing is a solution to homelessness because it addresses its root causes by providing a proven, effective means of re-integrating families and individuals into the community by addressing their basic needs for housing and on-going support.

## **Transitional Housing**

This housing model provides stability for residents who need more intensive support services. Length of stay is flexible to allow them to recover from a crisis such as homelessness or domestic violence before transitioning into permanent housing. Transitional housing providers often offer supportive services, which enable a person to transition to a more independent living situation in market rate or other permanent housing.

Low income housing providers and funders have moved away from this model, and toward permanent supportive housing or housing with transitional services due in part to difficulties for residents to secure and maintain market housing.

## **Vacancy Rate**

The percentage of unoccupied units in a particular rental building or complex. A desirable low vacancy rate is generally considered to be 5% and factors for recently-vacated units beings prepared for the next occupants. Generally, in boom times, vacancy rates fall; while in recessions, vacancy rates rise. Low vacancy rates often are a signal for market providers to raise rents.

## **Waiting List**

Because there is a shortage of affordable housing, many individuals and families must sign up to be on a waiting list for a particular apartment or type of affordable housing. Waiting lists in King County can be up to three years depending on location and type of subsidy offered.