Glossary of Key Housing Terms

Affordability Index – A measure of the financial ability of U.S. families to buy a house by comparing an area’s median household income to the amount necessary to qualify for a mortgage on a median-priced home. The National Association of Realtors publishes a monthly Housing Affordability Index.

Affordable Housing/households – Housing for which the occupants are paying no more than 30 percent of their income for gross housing costs, including utilities. These households generally have income less than 60 percent of AMI. However, the term has been applied more loosely to cover households with incomes up to 80% of AMI for renters and 100% of AMI for owner households.

Area Median Income – A benchmark which divides income distribution in a given area into two equal parts: one-half earn above this amount and one-half below. Affordable housing eligibility is generally based on income as compared to this benchmark. Area median income figures are calculated by household size by HUD on annual basis for all metropolitan regions of the country and rural areas of states.

Assisted Housing – Any housing development which has received some form of public subsidy from local, state or federal sources, typically to support the creation of affordable housing units.

Beltline Affordable Housing Goals – The City of Atlanta incorporated a legislatively-mandated goal of creating 5,600 affordable workforce housing units over the 25-year life of the BeltLine program.

Choice Neighborhoods – A HUD program using a comprehensive approach to support the redevelopment of distressed housing projects and the neighborhoods surrounding them, with the goal of transforming the neighborhoods into mixed-income areas with improved amenities.

Community Development Corporation (CDC) – a not-for-profit organization incorporated to provide programs, offer services, and engage in other activities that promote and support community development. CDCs usually serve a geographic location such as a neighborhood or a town.

Density Bonus – An agreement to allow developers to increase the number of units beyond that which would normally be allowed under a specific zoning regulation, in exchange for setting aside a specific share of units affordable to people with low or moderate incomes.
Down Payment Assistance – A “catch-all” term for a variety of programs designed to help homebuyers purchase a home with fewer out-of-pocket costs. These can include free housing grants, funds towards closing costs, forgivable loans, and 0% non-forgivable loans.

Equitable TOD – Transit-oriented developments that actively seek to create or preserve a mix of incomes and amenities within the community.

Fair Market Rent (FMR) – The maximum rent which can be charged on a unit to meet either a 60% of AMI or 80% of AMI income maximum for an affordable unit. FMRs are determined annually by HUD and primarily used to determine payment standard amounts for housing assistance voucher programs and other housing assistance payment programs.

Homelessness – When individuals lack a fixed, regular, and adequate nighttime residence.

Homestead Exemption – A portion of a home’s assessed value that is exempt from property taxes to bring down the tax burden for the homeowner. Homestead exemption requirements and benefits vary by county and municipality, but generally require the home be owner-occupied.

Households – All the people who occupy a housing unit. A household includes the related family members and all the unrelated people who share the housing unit.

Housing cost burden, owner - Households who pay more than 30 percent of their income for their mortgage and utilities.

Housing Opportunity Fund – The City of Atlanta operates $40 million of Housing Opportunity Bonds that can be used to fund affordable and workforce housing development initiatives. The funds are used to finance loans for multifamily development, construction financing, rehabilitation, and down payment assistance for homeowners, development of affordable housing by eligible nonprofit developers, and the acquisition of land and vacant property for affordable housing development.

Incentive Zoning – Municipal and county planning ordinances that allow a developer to develop in a way that ordinarily would not be permitted in exchange for a public benefit that would otherwise not be required. This category includes density bonuses.

Inclusionary Zoning – Municipal and county planning ordinances that require a specific share of new construction be affordable by people with low to moderate incomes. This integration of affordable units into market-rate projects creates mixed-income communities, where households of different income levels have access to the same community services and amenities.
**Income quintiles** – A method of grouping population by average household income. The population is divided into five groups, with 20% of the population in each group – each of these five groupings is a quintile.

**Land Use Restriction Agreement (LURA)** – Often accompanies affordable housing incentive agreements to provide affordable housing by limiting the maximum rent that can be charged for a unit and requiring some or all of the units be made available to low-income households. These agreements are deed restricted and run with the land; if a development is sold during the life of the LURA the restrictions are binding upon the buyer. The initial compliance period is set at 15 years, with an additional 15 years for the extended use period.

**Lease Purchase Bond** – A financing program managed by Invest Atlanta which provides property tax abatement for selected real estate projects that lead to job creation and/or retention and workforce housing in the City of Atlanta. Invest Atlanta issues lease purchase bonds to support new capital investment and holds title to real and personal property for a 10-year period.

**Low-Income Housing Tax Credit (LIHTC)** – A tax incentive intended to increase the availability of low-income housing. The program provides an income tax credit to owners of newly constructed or substantially rehabilitated low-income rental housing projects. The affordable units are typically focused on 60% of AMI and below. Two levels LIHTC are offered. The 9% credit is limited to a set amount of credits nationally and allocated by population among the 50 states. It is then is competitively awarded by the state housing finance agency, in the case of Georgia it is the Department of Community Affairs, to projects which apply for the designation. Atlanta receives a preference for a portion of these funds each year. The 4% credit is offered on an application basis and is not limited in terms of the number of transactions which can qualify. Because of the deeper subsidy the 9% credit is the LIHTC option preferred by many affordable developers.

**Low Income Households** – Defined by HUD as those households whose incomes are below the area’s median (do not exceed 80 percent of the median). This measure can be adjusted to account for family size. The US Census Bureau defines as 50% of AMI or less.

**Maximum Rents** – The highest allowable charge for the rental of an assisted housing unit, calculated based on tenants at the maximum HUD program-eligible income paying no more than 30 percent of their income for housing.

**Mixed Income Communities** – Housing developments which include diverse types of housing units for people with a range of income levels.

**Moderate Income Households** – Defined by HUD as those households whose incomes are near the area’s median (80 to 120 percent of the median). This measure can be adjusted to account for family size. US Census Bureau defines as 80% of median.
**Non-Family households** – Households which consist of people who live alone or who share their residence only with unrelated individuals.

**Payment in Lieu of Taxes (PILOT)** – An investment incentive negotiated between a taxing authority and a developer. Rather than paying traditional property tax, developers make limited or deferred payments to compensate a local government. The taxing authority agrees to accept a lesser amount of property tax revenue in exchange for all the other economic benefits that come from the new development.

**Project-Based Rental Assistance (PBRA)** – Housing developments in which the private owners have contracted with HUD to rent some or all of the units to low-income families. This differs from “tenant-based” rental assistance, which can be used to rent any private apartment that meets program guidelines.

**Public Housing** – Housing provided by a public housing agency chartered in a local community specifically to provide housing for people with low incomes, subsidized by public funds. It comes in a variety of forms owned, sponsored, or administered by a government. Typically, these agencies operate at the city or county level. Most of their operating funding comes from the Public Housing division of HUD.

**Renter by Choice** – Those who are capable of owning a residence, but choose to rent because of lifestyle choices, the desire for mobility, or downsizing from previously owning a home. These households primarily focus on properties with multiple amenities and luxury rentals.

**Rent Burdened Households** – Defined by HUD as those households who pay more than 30 percent of their income for housing (rent plus utilities), and may have difficulty affording necessities such as food, clothing, transportation, and medical care.

**Renter by necessity** – Those who are not currently capable of owning a residence due to limitations in saving for a down payment on a house, an inability to get approved for a mortgage, or a need to relocate frequently for work, or whose income is too limited to afford homeownership.

**Special Needs Population** – Service-enriched housing developments for those who have special requirements for their housing. This can include the elderly, persons with physical, mental, or behavioral disabilities, persons with medical needs, and persons with alcohol or drug addictions.

**Senior housing** – Housing developments specifically targeted to those 62 (sometimes 55) years or older. These facilities or communities can lawfully refuse to sell or rent dwellings to families with minor children.

**Section 8/Housing Vouchers** – A HUD program which provides rental assistance to low-income families who are unable to afford market rents through the use of vouchers or certificates. The
Section 8 family pays up to 30% of its income in rent and the balance between this amount and the FMR is paid by the local housing authority to the landlord each month.

Tax Allocation District (TAD) Affordable Housing Goals – In the City of Atlanta, TAD bonds can be used to fund affordable housing components and housing rehabilitation programs. In Atlanta, developers of TAD-funded residential projects are generally required to set aside 20% of units for people earning 80% of AMI. The Eastside TAD has assisted in the construction of 200 affordable condominiums and 160 affordable apartments.

Transit-Oriented Development (TOD) – A type of community development that includes a mixture of housing, office, retail and/or other amenities integrated into a walkable neighborhood and located within a half-mile of quality public transportation.

Underwater Homeowner – When the balance of the mortgage loan is higher than the fair market value of the property. This generally prevents a homeowner from being able to sell or refinance a property. If a homeowner has to move right away, this can lead to a short sale or foreclosure.

Very Low-Income Households – Defined by HUD as those households whose incomes are well below the area’s median (do not exceed 50 percent of the median). This measure can be adjusted to account for family size. The US Census Bureau defines as 30% of AMI or less.

Vouchers – The Housing Choice Voucher program is administered by local public housing agencies on behalf of HUD to assist very low-income families, the elderly, and people with disabilities. The agency pays a housing subsidy directly to the landlord; the participant pays the difference between the actual rent charged and the amount subsidized by the program. Participants are responsible for finding their own rental housing unit.

Workforce Housing/Households – Housing for those who earn too much to qualify for affordable housing programs, yet cannot afford the average market rate. These households generally have incomes between 60 to 120 percent of AMI.

Zoning Overlay – A zoning district applied over one or more previously established zoning districts, which sets for additional or stricter standards and criteria for the covered properties. These can be used to provide incentive zoning or requirements for affordable housing.

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1 Atlanta ULI: LCC Affordability Working Group Affordable Housing Glossary of Key Terms