Affordable Housing Glossary

Affordable housing is housing that costs 30% or less of a household's gross monthly income. Housing costs include rent, principal and interest, utilities, homeowner insurance, and assessments . Although many pay a higher percentage of their income towards housing cost, this is the standard definition.

Area Median Income (**AMI**) is computed annually.
Median income is a statistical number set at the level where half of the households have income above it and half below it. As of 2013, the AMI income levels for various categories were the following for Santa Clara County. All are based on AMI for the County, which was $105,500 for a family of four (the household size typically used). **Extremely low** (**EL**) means less than 30% AMI; **Very low (VL)** means less than 50% AMI; **Lower (L)** means less than 80% AMI; **Moderate** (M)means less than 120% AMI and **above** moderate (AM) is greater than 120% AMI.

Number of Persons In Household

% of AMI	1	2	3	4	5	6	7	8
EL <30%	22,300	25,500	28,650	31,850	34,400	36,950	39,500	42,050
VL <50%	37,150	42,450	47,750	53,050	57,300	61,550	65,800	70,050
L <80%	59,400	67,900	76,400	84,900	91,650	98,450	105,250	112,050
Medium **AMI**	73,850	84,400	94,950	105,500	113,950	112,400	130,800	139,250
M 80-120%	86,600	101,300	113,950	126,600	136,750	146,850	157,000	167,100

Assisted Housing is housing where the monthly costs to the tenants are subsidized by federal, state or other programs. Sometimes the term **affordable housing** is used for assisted housing and sometimes **subsidized housing** is used**.** Most commonly, such housing is built as a development that is totally affordable to lower income households. Often, there is a mixture of units in terms of affordable rents, with some units affordable to those at extremely-low incomes, others at lower incomes, etc. Often these developments have financing through the **federal low income housing tax credit program**. Tax credits are available to investors who then invest in these developments in return for tax credits. Applications for tax credits are extremely competitive in California and in order to be competitive the developments need not only to be near public transportation and other amenities, but the local jurisdictions have to finance much of the development cost. Developments such as Ginzton Terrace, San Antonio Place, Franklin Street Family Apartments, Maryce Freelen Place and The Fountains are all tax credit financed projects in Mountain View.

Below Market Rate units (BMR's) are financed by market-rate developers. A certain percentage of the total units in the development are built to rent at below-market rate rents. These are dispersed throughout the market-rate development, either in exchange for certain concessions from the city such as higher density, or because of a requirement to build these units due to local **inclusionary zoning** ordinances. Mountain View and Los Altos both have inclusionary zoning ordinances, which differ in terms of the percentage of units required and income levels targeted, but in 2009 a California appellate court ruled in the **Palmer** decision that cities could no longer require BMR or inclusionary ordinances for rental housing (with certain narrow exceptions), as this violates the **Costa-Hawkins** law, passed in 1995. Inclusionary zoning for ownership housing (condos) is being considered by the California Supreme Court in a case involving San Jose, but currently inclusionary zoning with regard to ownership BMR's is still legal.

BMR in-lieu-fees are fees that developers are allowed to pay to a City's affordable housing fund instead of (in-lieu of) building units. Some cities, like Los Altos, do not allow in-lieu fees. Others, such as Mountain View, encourage the payment of in-lieu fees instead of building ownership BMR's. Other cities allow in-lieu fees only in specified, limited circumstances.

Boomerang funds is a term being used for the **RDA** tax increment receipts that are now (since dissolution of the RDA's) being paid to various taxing entities, rather than to the **RDA**. There has been some success in persuading these taxing entities, especially Santa Clara County, to return a small amount of these funds (typically equivalent to the **20% set-aside**) for affordable housing purposes.

Commercial Linkage Fee (also called Housing Impact Fees in Mtn. View) are fees which developers of office/high tech, retail/entertainment , and hotels must pay. These three groups pay Housing Impact Fees, all at different levels.

Community Development Block Grants (CDBG) are federal grants to help local jurisdictions meet their housing and community development needs. The program provides annual grants on a formula basis to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved facilities and services for low and moderate-income people.

Community/public benefit is a term used somewhat interchangeably to describe a bonus program whereby a developer offers a community or public benefit in exchange for a project bonus. The project bonus is most often additional density or additional FAR, but other benefits for the developer are possible. The community or public benefit is often affordable housing (perhaps on-site BMR's), but it covers a wide range of benefits including street tree plantings, sidewalk and crossing improvements, creation of park space, etc.

Condo conversion refers to rental units being converted to condominiums. Typically, any rentals that were built and filed a condo map at that time, allowing use as condos later (usually done to avoid litigation regarding construction defects during the first 10 or 15 years after construction) are not considered conversions.

Mountain View has a unique condo conversion ordinance passed by voter initiative in 1979. It states that rentals cannot be converted (with a few exceptions) unless there are at least 15,373 rental units in the City. Since rental units have been approved in high numbers in the last few years, it is very unlikely that the number of rentals will ever fall below this threshold. More typical condo conversion ordinances tie conversions of rental units to the vacancy rate of apartments. Most common is a 5% vacancy rate over a period of time, as is used in Los Altos.

Costa-Hawkins was basically a law passed to stop **rent control** and stated that no buildings built after 1995 could be subject to rent control.

Density refers to the number of dwelling units per acre of land. The size of the units is irrelevant.

Development Agreement in affordable housing parlance is a voluntary agreement between a local jurisdiction and a developer that typically includes a concession from the city in exchange for the developer's giving something of value to the city. These are often used when the developer agrees to provide **BMR** units in exchange for waiver of some fees, additional density over what is allowed by the zoning, or other such concessions. Development Agreements are specified by the **Palmer** court as an exception for cities requiring the building of **BMR** units.

Ellis Act is a state law that allows an owner to evict tenants if he takes the building off the rental market. The Ellis Act was passed in 1985 to allow landlords to get out of the rental business short of selling their property.

Eminent Domain is the power to take private property for public use, usually a power exercised by a municipality, state or the federal government. Typically, the property is needed for public utilities, highways, railroads, or public buildings. Fair market value must be paid as compensation to the property owner.

FAR (Floor Area Ratio) is a term that measures the ratio of the total building square footage to the size of the parcel. If an **FAR** of 2.0 is allowed, for example, this would mean that the building would completely cover the entire parcel and consist of two stories. **FAR** measures the intensity of the building better than does **density,** since **density** does not consider the size of the building, simply the number of dwelling units.

Grand Boulevard Initiative (GBI) is a plan for redevelopment of El Camino Real from Daly City to San Jose that stresses collaboration between two counties and 19 cities, along with numerous other private and public agencies, in order to realize a regional vision that links land use and transportation. The GBI hopes to reduce climate change by supporting smart land use practices that will reduce the number and length of trips in single occupancy vehicles and encourage the use of public transit. Both Los Altos and Mountain View have agreed to the principles of GBI and have council representatives on the GBI Task Force that was formed in 2006.

HOME Funds are federal grants to states and local jurisdictions to implement local housing strategies designed to increase home-ownership and affordable housing opportunities for low and very low-income people.

Housing Element is one of seven mandatory elements which must be included in a jurisdiction's **General Plan**. **General Plans** are more comprehensive than Housing Elements and must include Land Use, Circulation, Housing, Open Space, Noise, Safety and Conservation. There is no specific timeframe for when they must be updated, so many are in place for decades before they are updated. Mountain View completed an update of their General Plan in 2012.

Unlike other General Plan elements, the **Housing Element** must be updated every 5-7 years and is subject to a number of State requirements. The most important aspect of housing element law is that each city must include an inventory of sites that can accommodate its RHNA allocation (see below). If the inventory can't accommodate the need, then the housing element must include a program to rezone sites to accommodate the need. However, identifying a sufficient number of sites that are properly zoned does not necessarily mean affordable housing is built there. Often nothing is built, and more often market-rate housing is built on these sites.)

Los Altos and Mountain View are updating their Housing Elements, even though they were completed recently, in order that Housing Element cycles will be consistent with **SB 375**, which requires strategies to achieve greenhouse gas reductions through regional transportation planning and funding. Therefore, Housing Elements will now be on an eight-year cycle. SB 375 requires the region to have a **Sustainable Communities Strategy** as a mandatory element of the regional transportation plan. Part of this strategy includes identifying areas within the region sufficient to house an 8-year projection of regional housing need. **Plan Bay Area** was recently adopted as a result of the requirement for a sustainable communities strategy.

Closely related to **Housing Element** law is the **Regional Housing Needs Allocation (RHNA**). This is the **fair share** of the regional housing need for all economic segments of the community. Each city and county in a region receives its allocation of the regional housing need from the council of governments for that region. Ours is **Association of Bay Area Governments (ABAG**). About 70% of the allocation is for **Priority Development Areas** (generally identified by local jurisdictions and typically near transit). When considering fair share, past RHNA performance, better public transit and existing jobs are key factors. The RHNA numbers are broken down into categories, with an allocation for **very low-income**, **low-income**, **moderate-income** and **above moderate**-income. Most typically, sufficient units are built at the above moderate-income level, but almost none at the lower-income levels.

The new RHNA allocations for the period 2014-2022 for Los Altos, Los Altos Hills and Mountain View follow:

	Very low	Low	Moderate	Above Moderate	Total
Los Altos	169	99	112	97	477
Los Altos Hills	46	28	32	15	121
Mtn. View	814	492	527	1,093	2,926

Housing Trust is a nonprofit entity that receives financing, typically from local businesses and local jurisdictions, which it then allocates for various affordable housing programs. The **Housing Trust of Silicon Valley** is one of the largest in the U.S. Most local jurisdictions have contributed funds, as has the Santa Clara Association of Realtors, many businesses, and the U.S. Dept. of Treasury. The local Housing Trust focuses on three main programs: First-Time Homebuyer Loans, which are loans to new low and moderate-income homebuyers in the form of low interest second mortgages and down payment assistance; Multi-Family loans, which are loans to nonprofits for new construction or rehabilitation of housing for lower income households, seniors, homeless, or people with special needs; and Home Grant Programs, which provide aid to those moving from homelessness or unsuitable housing into permanent housing in the form of security deposit assistance grants.

Low Income Housing Tax Credit Program is a program to generate equity for investment in affordable rental housing. The program requires a certain percentage of units built be restricted for occupancy to households earning 60% or less of AMI. The rents on these units are restricted accordingly. The tax credits are sold to investors, such as PG&E, Intel, and Google, to offset their earnings.

Nexus Study is an economic study that analyzes the impact of a particular kind of development on the need for affordable housing (or other needs). A jobs/housing nexus study was done in 2001 to document that creating new jobs leads to a need for affordable housing. In 2011, another nexus analysis was prepared to show the demand for affordable housing created by market-rate rental and for-sale housing.

Notice of Funding Availability (NOFA) is a notice given by the local jurisdiction that funds are available for a particular project. In Mtn. View a **NOFA** has typically been issued when the City has substantial funds to expend on affordable housing and is requesting developers to come forward with proposals, which the Council will evaluate. Sometimes a **NOFA** has specific priorities or requirements; the **NOFA** recently issued by Mtn. View is based on first-come, first-served. The Council will evaluate the proposals as they are presented.

Overlay Zone is a regulatory tool that is placed over an existing base zone to identify special provisions in addition to those in the underlying base zone. Regulations or incentives are attached to the overlay district to protect a specific resource, guide development within a special area of provide guidance for development of a specific use. Overlay zones are sometimes used to provide incentives to build affordable housing.

Plan Bay Area (also known as One Bay Area) is a plan adopted by the Metropolitan Transportation Commission and the Executive Board of **ABAG** in July 2013 incorporating the 9-county region's regional **Sustainable Communities Strategy** and its 2040 Regional Transportation Plan, along with the associated final Environmental Impact Report (EIR). The Plan includes initiatives to expand housing and transportation choices, create healthier communities, and build a strong regional economy. All 18 metropolitan areas of California were required to complete similar plans to comply with SB 375's requirements. These include a **Sustainable Communities Strategy** to accommodate future growth and to reduce greenhouse gas emissions from cars and light trucks. Housing production is focused in **Priority Development Areas (PDA's).**

Precise Plan as used in Mtn. View is a planning tool for coordinating future public and private improvements on specific properties where special conditions of size, shape, land ownership, or existing or desired development require particular attention. There are 32 Precise Plans presently; the City is working on **Precise Plans** for the San Antonio Area and El Camino Real.

Priority Development Area (PDA) is a neighborhood within walking distance of frequent transit service. Cities, including Mtn. View, suggested **PDA**'s **as Plan Bay Area** was being developed. 80% of housing needs/production in the next 25 years is expected to be in **PDA**'s. Mtn. View envisions five **PDA**'s: Downtown, El Camino Real, San Antonio, N. Bayshore, and Whisman Station. Not only are the **PDA's** supposed to be near good public transit, but there is supposed to be a close jobs-housing connection.

Project-based Section 8 is similar to the **Section 8 Voucher Program** except with **Project-based Section 8, HUD** contracts directly with the owner for the payment of the difference between the rent and a specified percentage of the tenant's adjusted income. Many of the affordable housing developments in Mountain View also have Project-based Section 8 and this allows the developments to make the rents affordable to tenants with extremely low-incomes.

Redevelopment Agency (RDA) (called the Revitalization Agency in Mtn. View) is a governmental agency, typically focused on a particular geographic area that meets specific legal criteria for being blighted. The increase in the total real estate taxes paid in the RDA district after the base year in which the RDA district was created accrues to the RDA and is used to pay for eligible activities within the district. Cities often issued tax-exempt bonds backed by the real estate tax increment to pay for capital improvements, land acquisition, and on-going services in the RDA district. RDA's passed a portion of the tax increase through to local taxing agencies within the district, but, important in terms of affordable housing, 20% of the tax increment funds had to be used for affordable housing (often called the **RDA set-aside**). In 2 011 legislation was passed dissolving the 400 RDA's throughout California, partly due to abuses on the part of some RDA's, but mainly because Gov. Brown wanted all these increment funds to be paid to the other taxing agencies rather than to the RDA's. RDA funds were an important source of financing affordable housing in Mtn. View.

Relocation benefits typically include various forms of assistance to tenants displaced when their building is to be torn down or perhaps converted from apartments to condominiums. The most significant benefit is monetary. If public funds are being used for the new development, then federal and/or state guidelines are triggered. In situations where a private developer is evicting tenants in order to build a new project, Mountain View currently requires the developer to pay the household being displaced two months of rent at the current rent they are paying. Other cities pay for three or four months and some pay significantly more (typically when the city also has a rent control ordinance). Sometimes the rent is paid based on the median rent in the city rather than the current rent of the household.

Rental Housing Impact Fee is a fee that is imposed on developers of market-rate housing to be used to construct affordable housing. The fee is based on a **nexus study** that shows the linkage or nexus between the market-rate housing and the demand for affordable housing created by the market-rate units. Mountain View adopted a rental housing impact fee in December 2012.

Rent control includes a variety of ordinances limiting the amount rent can be increased, usually within one year. Some jurisdictions tie this to CPI and others state a percentage such as 3 or 4%. Nearby, East Palo Alto, San Francisco, and Los Gatos have some form of rent control.

SB 391 is a bill pending in the California Assembly that was passed by the State Senate last year. Called the California Jobs and Homes Act, this bill would impose a $75 fee on all real estate documents recorded, with the major exception of home purchases. The bill would raise approximately $500 million per year for affordable housing. It is being vigorously opposed by California Association of Realtors.

Second Dwelling Units, also referred to as **Granny Units** or **Accessory Units**, are generally defined as a dwelling unit on a residential lot in addition to a primary dwelling. A secondary dwelling unit provides independent living facilities for one or more persons and includes permanent provisions for living, sleeping, cooking and sanitation. Los Altos, Los Altos Hills and Mountain View all have ordinances regulating second dwelling units.

Section 8 Voucher (also called Housing Choice Voucher) is a rent voucher provided under Section 8 of the U.S Housing Act. Eligible households can use the voucher for the housing of their choice. The voucher payment generally subsidizes the difference between the rent and estimated utility cost and the tenant's contribution of 30% of adjusted income. (In Santa Clara County due to federal budget cuts, the tenant's contribution is now slightly higher.) Often, people with Section 8 Vouchers cannot find landlords who will accept the vouchers in a tight rental market, as the rents that HUD allows are not as high as the market rents actually are.

Senior Housing under California Housing Element law is projects developed for and used as housing for seniors. This means that it is occupied solely by persons 62 and older, or at least one person who is 55 or older in at least 80% of the units and adheres to a policy that demonstrates intent to house persons 55 and older. Under Federal law, housing that satisfies the legal definition of senior housing can legally exclude families with children.

Shared parking is a practice of allowing more than 1 person/household to have access to the same parking space. Most often it is used in housing parlance in mixed-use situations, where it is anticipated that the needs of the office-workers, for example, will be different from the tenants in terms of when they will need the space.

State Density Bonus Law provides that if a developer agrees to build a certain percentage of units as **BMR's**, then the developer is entitled by law to additional density. The law is very specific as to what income levels must be targeted, and for each percentage of the project built as BMR's, a specific additional density must be granted by the City. The Palmer court specifically allowed this exception regarding requiring **BMR's.**

Transitional Housing under California Housing Element law is buildings configured as rental housing, but operated under program requirements that require termination of assistance and recirculating of the assisted unit to another eligible program recipient at a predetermined future point in time that shall be no less than six months and no more than two years from the beginning of assistance.

Transit-oriented development (TOD) is the focus of **Plan Bay Area** as well as **SB 375.** The concept is to encourage mixed use (housing, office and retail) within close proximity to good public transit. Most often, this is within ½ mile of BART, Caltrain, light rail.

Transportation Demand Management (TDM) is the application of strategies and policies to reduce travel demand, especially in single-occupancy vehicles, or to distribute the demand over space or time. Some techniques include expanding alternatives (i.e., wider use of free Marguerite bus system in Palo Alto in exchange for Stanford being allowed to construct more buildings), providing incentives for alternatives (i.e., owners of apartments providing Clipper cards or other incentives to tenants to encourage them to use public transit), and full-cost price on the use of a car (i.e., charging a fee to drive a car into the inner-city). Recently, Mtn. View has been requiring TDM in exchange for granting developers the capacity to build new office space.

Unbundled parking is the practice of separating payment for rent of the apartment from the rent for a garage space. If the tenant opts not to drive, the tenant can save money by not having to pay the additional cost of the parking place.