

Housing Action Plan Glossary

Affordable Housing vs. Housing Affordability

- **Affordable Housing:** The U.S. Department of Housing and Urban Development (HUD) considers housing to be affordable if the household is spending no more than 30 percent of its income on housing costs (rent, mortgage payments, utilities, etc.).
- **Affordable housing units:** Refers to subsidized units for households making below the median income. Development and preservation of affordable housing units often requires public investments and incentives.
- **Housing Affordability:** A healthy housing market includes a variety of housing types that are affordable to a range of different household income levels. Housing affordability is shaped by many factors in the real estate and rental market, and a variety of regulatory and financing tools can be used to provide housing for all income groups.

Area median income (AMI): This is a term that commonly refers to the area-wide median family income calculation provided by the federal Department of Housing and Urban Development (HUD) for a county or metropolitan region. Income limits to qualify for affordable housing are often set relative to AMI. In this report, unless otherwise indicated, AMI refers to the HUD Area Median Family Income (HAMFI).

Comprehensive Plan: A comprehensive plan is an overarching document for a city or county with goals, objectives, and policies. These plans are intended to provide guidance for local officials regarding development and growth.

Cost-burdened: When a household that spends more than 30 percent of their gross income on housing costs, including utilities, they are cost-burdened. When a household pays more than 50 percent of their gross income on housing, including utilities, they are *severely* cost-burdened. Cost-burdened households have less money available for other essentials, like food, clothing, transportation, and medical care.

Displacement: The Washington Department of Commerce refers to displacement when a household is forced or pressured to move from their home or neighborhood against their wishes. As high demand for homes drives up housing costs and increases pressure for higher density redevelopment, many residents and policy makers are concerned about the potential for displacement. The Washington Department of Commerce identifies the following types of displacement:

- Physical displacement typically occurs with an eviction or lease termination, or the expiration of covenants on rent- or income-restricted housing.
- Economic displacement occurs when pressures of increased housing costs compel a household to relocate.
- Cultural displacement occurs when people choose to move because their neighbors and culturally related businesses and institutions have left the area.

Fair market rent (FMR): HUD determines what a reasonable rent level should be for a geographic area and sets this as the area's fair market rent. Housing choice voucher program voucher holders are limited to selecting units that do not rent for more than fair market rent.

Growth Management Act (GMA): The Washington State GMA was adopted in 1990. It is a state law with numerous statues around how cities and counties develop and grow. Comprehensive plans are mandated by the GMA. The State Department of Commerce is the primary state-level contact for the GMA.

Housing Action Plan (HAP): A Housing Action Plan is a strategic plan about increasing housing options and choices in the city. The completed plan provides strategies and policies for housing within the city.

Household: A household is a group of people living within the same housing unit. The people can be related, such as family. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit, is also counted as a household. Group quarters population, such as those living in a college dormitory, military barrack, or nursing home, are not considered to be living in households. The census sometimes refers to "occupied housing units" and considers all persons living in an occupied housing unit to be a single household. So, Census estimates of occupied housing units and households should be equivalent.

Household income: The census defines household income as the sum of the income of all people 15 years and older living together in a household.

Housing Diversity: Diversity includes styles, types, size, and cost of housing.

Housing Options: A wide range of housing types and housing diversity to meet the needs of the diverse population and ensure that this housing is available throughout the community for people of all income levels and special needs.

Housing Needs Assessment (HNA): A Housing Needs Assessment is a document prepared to serve as a baseline regarding housing in the city. It is a data-heavy document prepared as the first step of making a HAP.

Income-restricted housing: This term refers to housing units that are only available to households with incomes at or below a set income limit and are offered for rent or sale at a below-market rates. Some income-restricted rental housing is owned by a city or housing authority, while others may be privately owned. In the latter case the owners typically receive a subsidy in the form of a tax credit or property tax exemption. As a condition of their subsidy, these owners must offer a set percentage of all units as income-restricted and affordable to household at a designated income level.

Low-income: Families that are designated as low-income may qualify for income-subsidized housing units. HUD categorizes families as low-income, very low-income, or extremely low-income relative to area median family incomes (MFI), with consideration for family size.

Income Category	Household Income
Extremely low-income	30% of HAMFI or less
Very low-income	30-50% of HAMFI
Low-income	50-80% of HAMFI
Moderate income	80-100% of HAMFI
Above median income	>100% of HAMFI

Market-rate Housing: Market-rate housing units are those whose price is determined by market factors like supply and demand, as opposed to price limits imposed by state or local affordable housing programs.

Median family income (MFI): The median income of all family households in the metropolitan region or county. Analyses of housing affordability typically group all households by income level relative to area median family income. Median income of non-family households is typically lower than for family households. In this report, both MFI and AMI refer to the U.S. Department of Housing and Urban Development Area Median Family Income (HAMFI).

Missing Middle Housing Types: “Missing Middle Housing” was coined by Opticos Design founder Daniel Parolek in 2010 to define a range of multi-unit or clustered housing types—compatible in scale with detached single family homes—that help meet the growing demand for walkable urban living. The Missing Middle Housing types provide diverse housing options, such as duplexes, fourplexes, cottage courts, and multiplexes. They are called “missing” because they have been built at a lower rate than single family detached dwellings or large multifamily developments, and have often been prohibited or discouraged by zoning ordinances and historically not as desired “production” builders in the development community; and “Middle” because they sit in the middle of a spectrum between detached single-family homes and mid-rise to high-rise apartment buildings, in terms of form and scale, as well as number of units and often, affordability.

Subsidized housing: Public housing, rental assistance vouchers, and developments that use Low Income Housing Tax Credits (LIHTC) are examples of subsidized housing. Subsidized housing lowers overall housing costs for people who live in it. Affordable housing and subsidized housing are different, even though they are sometimes used interchangeably.

Tenure: Tenure references the ownership of a housing unit in relation to the household occupying the unit. According to the US Census Bureau, a housing unit is "owned" if the owner or co-owner lives in the unit, even if it is mortgaged or not fully paid for. A cooperative or condominium unit is "owned" only if the owner or co-owner lives in it. All other occupied units are classified as "rented," including units rented for cash rent and those occupied without payment of cash rent.

Vouchers (Tenant-based and Project-based): HUD provides housing vouchers to qualifying low-income households. These are typically distributed by local housing authorities. Vouchers can be “tenant-based”, meaning the household can use the vouchers to help pay for market-rate housing in the location of their choice. They pay the difference between the fair market rent and 30 percent of the tenant’s income. Or the vouchers can be “project-based”, meaning they are assigned to a specific building.

Sources:

- [Washington State Department of Commerce Guidance for Developing a Housing Needs Assessment](#)
- [Washington State Department of Commerce Guidance for Developing a Housing Action Plan](#)
- [Puget Sound Regional Council “Housing 101”](#)