

Land Bank Workshop Glossary

Affordable Housing

Housing that has a sales price or rental amount that is within the means of a household with moderate income or less. In the case of dwelling units for sale, housing that is affordable means housing in which principal, interest, taxes, home owner association dues and insurance constitute no more than 38 percent of the gross household income for a household. In the case of dwelling units for rent, housing that is affordable means housing for which the rent, heat, and utilities other than telephone constitute no more than 30 percent of the gross annual household income. The rent or sale price must be affordable to households earning no more than 80 percent area median income. The unit must be affordable for a period of not less than 20 years.

Affordability Period (AP)

An affordability period is the time frame for which rental payments or purchase prices must remain affordable. The typical requirement is for 20 years but the Land Bank Program requires permanent affordability (in perpetuity).

Area Median Income (AMI)

The point at which half the households in an area make less and half make more. The median annual income figures are adjusted for family size and calculated annually by the U.S. Department of Housing and Urban Development (HUD) for every regional area in the country. AMI is used to determine if a household's gross income qualifies for affordable housing and assistance programs.

Community Land Trust (CLT)

Community Land Trusts are a means of achieving permanently affordable housing similar to the city's deed restriction (see "Deed Restriction"). CLTs are membership-based nonprofit organizations that own the land under a housing unit affordable to low- and moderate-income households. Affordability is initially achieved through this separation of the land value from the value of the home and improvements. Income-qualified households purchase the home, but not the land, thereby realizing a price reduction. Affordability is ensured through a 99-year ground lease, which restricts the resale price on the home.

Deed Restriction, Affordable Housing

A legal obligation imposed by the city upon the owner of residential real estate to restrict the sale prices or rents to keep these homes affordable into the future. The restriction is enforceable on subsequent buyers of the property.

Density

The number of housing units per unit of land, usually per acre.

Density Bonus

The allocation of development rights that allow a parcel to accommodate additional square footage or additional residential units beyond the maximum for which the parcel is zoned, usually in exchange for the provision or preservation of an amenity (such as affordable housing or open space) at the same site or at another location.

Dwelling Unit

Dwelling unit shall mean one (1) or more rooms and a single kitchen and at least one (1) bathroom, designed, occupied or intended for occupancy as separate quarters for the exclusive use of a single family for living, cooking and sanitary purposes, located in a single-family, two-family or multi-family dwelling or mixed-use building.

Homeowners' Association (HOA)

A Homeowners' Association (HOA) is a self-governing association that, in most cases, is created by a real estate developer for the purpose of controlling the appearance of the community and managing common area assets. HOAs are handed off for private control to the homeowners. Association dues are used to cover maintenance, capital improvements, and upgrades.

Housing Choice Vouchers (Section 8)

Section 8 is a federal housing program providing rental assistance to eligible families and elderly residents that allows them to rent units in the private rental market. The most common Section 8 assistance is the voucher program. The program is tenant based and the assistance stays with the family-where ever they choose to live as long as the landlord agrees to participate in the program.

Inclusionary Zoning

Zoning regulations which create incentives or requirements for affordable housing development. This can include set-aside requirements or density bonuses for developers.

Land Banking

Land banking can be pursued to achieve a broad array of community goals. In the housing context, land banking is the purchase of land by the city or a nonprofit housing corporation as a future site for affordable housing or other housing that meets community goals.

Low Income

A household whose income does not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families.

Low Income Housing Tax Credit

Tax incentive created in the Tax Reform Act of 1986 that is designed to attract equity capital for investment in rent restricted affordable housing. The program encourages the production of affordable housing by offering its owners tax credits for a ten year period based on the cost of development and the number of low income units produced. Their contributions offset the cost of building or rehabilitating the property, which allows rents to be low. In Colorado, the Colorado Housing and Finance Authority awards federal tax credits. Each unit in a tax credit-funded property has an associated low-income limit. Tenants' must income-qualify annually and, in turn, they pay below-market rents affordable to the AMI associated with the unit they occupy.

Market-Rate Housing

Housing that is available on the open market. There are no restrictions on the selling price or rent of market-rate housing, and anyone who can afford to rent or purchase market-rate housing may do so. Market-rate housing is subject to fluctuations in the housing market, and, market-rate housing is unaffordable to many of those who work in the community.

Mixed-Income

A type of development that includes families with various income levels. Mixed-income developments are intended to decrease economic and social isolation.

Mixed-Use

A type of development that combines various uses, such as office, commercial, institutional, and residential, in a single building.

Multi-Family Housing

Multi-family housing means multiple dwelling units contained in one building.

Section 8

A federal housing assistance program in which participants pay a portion of their adjusted gross income (i.e. income after standard deductions) for rent and the remainder of the rent is paid by HUD. Section 8 is either project based or tenant based. www.hud.gov/offices/pih/programs/hcv/index.cfm