



Common Housing Terms & Definitions

Area Median Income (AMI)

The household income for the median — or middle — household in a region. The US Department of Housing and Urban Development (HUD) AMI data is determined annually by household size for different geographic regions. The California Department of Housing and Community Development (HCD) makes minor adjustments based on regional factors to these numbers prior to publishing. Exact household AMI is determined by county and household size. For example, Nevada County AMI for family of four is \$85,100 (2019) and Placer County AMI for family of four is \$83,600 (2019).

Achievable Local Housing

In 2017, MHC coined the term Achievable Local Housing to define the range of housing needs in the North Tahoe-Truckee region, which includes very low-income earners as well as households earning up to 195% of the AMI (middle income).

Affordable Housing

MHC defines affordable housing as residences restricted to those making below 60% AMI, which is considered low to very low income. Those eligible for affordable housing would pay no more than 30% of their income on housing costs, including utilities. Please note that some jurisdictions may define affordable housing based on other locally determined criteria and that this definition is intended solely as an approximate guideline or general rule of thumb.

Workforce Housing

Workforce housing is targeted to be accessible to households that include members of the local workforce. Workforce housing may or may not be rented or sold at below market rates. Workforce housing may serve a range of household income levels. Income levels targeted for workforce housing, however, are often limited to those who do not otherwise qualify for subsidized rental or for-sale housing, but who may still have difficulty affording market rate housing.

Workforce Housing Policy

A policy or ordinance that requires new non-residential projects to mitigate the impact on workforce housing demand created by the businesses that would be housed in the development.

Developers can often meet workforce housing requirements through the production of housing units on the same site as the remaining development or on a separate site. Developers also often have the option of paying a monetary fee to an appropriate local government agency, in-lieu of developing the units themselves.

Incentives

Incentives are policies, programs, or funds which local jurisdictions use to encourage development of a certain type of housing such as:

- Fee deferrals or funds to reimburse fees
- Low-to-no interest loans and small grants
- Technical assistance for permits, design, and construction
- On-going property management support and landlord training
- Purchasing a deed restriction from a homeowner to limit occupancy to the local market

Generally, some type of deed restriction must be in place in exchange for receiving an incentive from a jurisdiction.

Types of Housing

Long-Term Rental (LTR)

The rental of a residential dwelling unit for 31 consecutive days or longer.

Short-Term Rental (STR)

The rental of a residential dwelling unit for 30 consecutive days or less. This includes both STRs rented through on-line platforms and property rental companies.

Registered Short-Term Rental (STR)

A short-term rental property that is registered with the local jurisdiction, thereby allowing collection of Transient Occupancy Tax (TOT). The Town of Truckee and Placer County have close to a 90% compliance rate for registration of all STRs.

Active Short-Term Rentals

The Town of Truckee defines active short-term rentals as those generating a minimum of \$1 per year. Placer County does not have a definition that describes active short-term rentals.

Transient Occupancy Tax (TOT)

A rental tax paid by the guest of a short-term rental to the respective local jurisdiction.

Second Home

A residence that owners intend to occupy in addition to a primary residence for part of the year. Typically, a second home is used as a vacation home. Second homes qualify for certain loans as long as the owner does not rent out the property.

Investment Property

A property that is not the primary residence of the owner and is purchased in order to generate income, profit from appreciation, or to take advantage of certain tax benefits. Investment property loans usually have a higher interest rate and require a larger down payment than second homes.

Income-Restricted or Subsidized Housing

Refers to housing that is reserved for occupancy by households with incomes that fall within a specified range. In order to qualify to lease or purchase an income-restricted housing unit, the prospective occupant must verify their income. Income requirements are typically recorded and enforced through deed-restriction.

Accessory Dwelling Unit (ADU)

An Accessory Dwelling Unit, or ADU (also referred to as a second unit, in-law unit, granny flat, residential unit, or guest suite) is generally defined by the State of California Housing and Community Development Department as an attached or detached residential dwelling unit which provides complete independent living facilities for one or more persons “including permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling unit is situated.

The State of California generally recognizes the following types of ADUs

- Detached: The unit is separate from the primary structure
- Attached: The unit is attached to the primary structure
- Repurposed Existing Space: Space (e.g. master bedroom) within the primary residence that is converted into an independent living unit
- Junior Accessory Dwelling Units (JADU): Similar to repurposed space with various streamlining measures. The JADU can be no more than 500 square feet, must have cooking facilities, including a sink with a maximum water line diameter of 1.5 inches, but is not required to have its own bathroom. It must have a separate main entrance with an interior entry to main living area

Deed Restriction

A deed restriction is an agreement that restricts the use of a property in some way.

Deed Restricted ADUs

Deed restrictions are a tool that local jurisdictions can use to either incentivize or require ADUs to be used for certain purposes, including:

- Tenant income limits
- Prohibiting short-term rentals
- Requiring long-term rentals
- Requiring primary residency of a tenant

Deed restrictions can be required in exchange for granting an incentive or subsidy to a project or to the homeowner to provide an ADU for a certain purpose.

Types of Income

Low-Income

Households categorized as low-income include those with annual incomes that are equal to more than 50 percent, but not more than 80 percent, of the area median income for the county in which it is located, adjusted for household size.

Moderate-Income

Households categorized as moderate-income include those with annual incomes that are equal to more than 80 percent, but not more than 120 percent, of the area median income for the county in which it is located, adjusted for household size.

Middle-Income

Households categorized as middle-income typically include those with annual incomes that are equal to more than 120 percent, but not more than 150 percent, of the area median income for the county in which it is located, adjusted for household size.

Very Low-income

Households categorized as very low-income include those with annual incomes that are equal to more than 30 percent, but not more than 50 percent, of the area median income for the county in which it is located, adjusted for household size.

Extremely Low-income

Households categorized as extremely low-income include those with annual incomes that are equal to 30 percent, or less, of the area median income for the county in which it is located which is adjusted for household size.

Above Moderate-Income

Households categorized as above moderate-income include those with annual incomes that are equal to greater than 120 percent of the area median income for the county in which the household resides, which is adjusted for household size.

Below Market Rate Housing

Refers to properties that are leased or sold at prices that are below the current market value. Such units may, or may not, feature deed-restrictions that limit occupancy to income qualifying households (i.e., income-restricted).

For more background material on these terms and other housing solutions, visit www.MountainHousingCouncil.org/tool-kit