

AFFORDABLE HOUSING TERMS WHAT DO THEY MEAN?



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ADOH (Arizona Department of Housing): ADOH administers federally and state-funded community development and affordable housing programs for the State of Arizona.

ADU (Accessory Dwelling Unit): A habitable living unit added to, created inside, or detached from a single-family home that is suitable for full-time occupancy because it provides space and facilities for sleeping, living, eating, cooking and sanitation. The most common types of ADUS are guesthouses, granny flats, and converted garages.

Affordable: A home or apartment is considered affordable if the household pays no more than 35% of gross family income for mortgage, insurance and HOA fees or for rent and utilities.

AMI (Area Median Income): The median income earned by households living in a specific geographic area. Median means that one-half of the households in an area earn above the median income and one-half earn below the median. The United States Department of Housing and Urban Development (HUD) establishes area median incomes annually. The median income for a family of four in Yavapai County is \$53,800; in Coconino County it is \$59,800.

Income eligibility for State or federal housing assistance is generally expressed as a percent of AMI. For example, HUD defines a low-income household as one that earns between 51% and 80% of AMI.

CDBG (Community Development Block Grants): CDBG funds come from the federal government and are administered by the Arizona Department of Housing to support community development projects in localities throughout the state. Sedona is entitled to CDBG funds every three years. This year Sedona was awarded funds to replace three aging, deteriorating mobile homes with new mobile homes for low and moderate-income mobile home owners.

CHDO (Community Housing Development Organization): A private nonprofit, community-based service organization that has obtained or intends to obtain staff with the capacity to develop affordable housing for the community it serves. Many nonprofit organizations are also CHDOs.

Community land trust (CLT): A way to build permanently affordable homes. A purchaser buys and owns the home, but the land on which the home sits is owned by a not-for-profit or municipal entity. The cost of the house does not include the cost of the land. The owner pays a nominal ground lease monthly. Careful resale restrictions ensure the home is resold only to an income eligible household.

Density: The number of housing units that can be built on an acre of land. The Sedona Community Plan limits density to no more than 12 units per acre.

HUD (United States Department of Housing and Urban Development): The federal agency that administers affordable housing and community development programs.

Housing Trust Fund: A fund into which revenue from any source, including gifts, can be set aside to be used solely to build and preserve affordable housing. Other communities have used dedicated housing funds for:

- Down payment assistance
- Revolving loan funds.
- Gap financing.
- Leveraging other financing.
- Land purchase.

Inclusionary Housing: Requires developers to build affordable housing as part of every development project. State legislation is required. A number of states, including California, Colorado and Massachusetts, have legislation enabling local governments to require inclusionary housing. Arizona does not have enabling legislation. The percentage of affordable housing developers are required to build varies by jurisdiction, and ranges from 4% up to 30%. Many jurisdictions require an affordable housing contribution for commercial as well as residential construction.

In-lieu fee: Monies a developer pays the City instead of building affordable housing units. Payment of an in-lieu fee is one way for a developer to satisfy the commitment to provide affordable housing as part of a development project. In so doing, the developer agrees to a monetary payment in lieu of constructing the affordable housing units.

Low-income and very low-income: According to the United States Department of Housing and Urban Development (HUD), a household earning between 51% and 80% of Area Median Income is considered low-income. Households earning 50% or less of Area Median Income are defined as very low-income.

Mixed-use housing: Mixed-use housing is residential units built over commercial space. Mixed-use housing is particularly useful in areas such as Sedona where vacant land zoned as residential is scarce and very expensive.

Multiple dwelling: A building containing 2 or more dwelling units or a combination of 2 or more separate, single-family dwelling units on 1 lot or building site is a multiple dwelling. A duplex or triplex is a multiple dwelling.

Non-profit Housing Organization: A private, community-based not-for-profit service organization that develops and/or manages affordable housing.