

# THE ANSWER

SHELTERFORCE

## Q WHAT DO ALL THESE HOUSING AFFORDABILITY TERMS MEAN?

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**AFFORDABLE** • in policy discussions in the United States, a home is typically considered affordable to someone if it costs less than 30 percent of their income. Learn more at [bit.ly/SF186Hertz](http://bit.ly/SF186Hertz).

**AFFORDABLE HOUSING** • if otherwise unspecified, this usually means that housing units are priced to be affordable to households making between 40 and 80 percent of area median income—but this can vary widely.

**AREA MEDIAN INCOME, or AMI** • the median income of households within a region—usually the metropolitan statistical area, as determined by the U.S. Office of Management and Budget. Learn more at [bit.ly/SF186Murphy](http://bit.ly/SF186Murphy).

**AREA MEDIAN FAMILY INCOME** • same as area median income, but this disregards all households of one, and does not combine the income of unrelated people living together.

**ELIGIBILITY STANDARD** • a measure used to set a maximum income to qualify for an affordable unit or other housing assistance.

**EXTREMELY LOW INCOME** • by Department of Housing and Urban Development (HUD) rental assistance standards, a household making less than 30 percent of area median income.

**FAMILY** • The census definition, used to calculate AMFI, is two or more persons related by birth, marriage, or adoption residing in the same housing unit. HUD's definition of family is merely one or more persons living together.

**H+T INDEX** • an affordability measure in which a household spending up to 45 percent of its income on housing plus transportation costs is considered affordable. Learn more at [bit.ly/SF186HTIndex](http://bit.ly/SF186HTIndex).

**HOUSEHOLD** • all the people living in one housing unit.

**HOUSING COSTS** • for the purposes of calculating housing affordability, usually rent plus estimated utilities (or mortgage/taxes/insurance plus estimated utilities).

**HOUSING POVERTY** • being left with less than two-thirds of the poverty threshold after paying for housing costs. Learn more at [bit.ly/SF186Aurand](http://bit.ly/SF186Aurand)

**LOW INCOME** • by HUD rental assistance standards, and in many affordable homeownership programs, a household making less than 80 percent of area median income. For Community Development Block Grant or Community Reinvestment Act purposes, a household making less than 50 percent of area median income.

**MEDIAN** • the middle point of a dataset; having an equal number of data points higher and lower than. It is not necessarily the value that is most common.

**MODERATE INCOME** • varies widely. Can mean 50 to 80 percent of AMI, 80 to 100 percent, 80 to 140 percent, or other ranges.

**PAYMENT STANDARD** • a measure used to set how much rent a household should pay, for example in the housing choice voucher program.

**POVERTY THRESHOLD** • the income below which a household is officially defined as being “in poverty” in the United States. Also called the poverty level.

**RESIDUAL INCOME** • the amount of income left after paying for certain necessities and/or certain fixed costs (such as debt payments or child support).

**SHELTER POVERTY** • inability to cover the cost of basic necessities after paying housing costs. This term was coined by Michael Stone, who defined the cost of basic necessities based on Bureau of Labor Statistics data.

**VERY LOW INCOME** • by HUD rental assistance standards, a household making less than 50 percent of area median income.

