METHODOLOGY DOCUMENTATION

Quantifying Housing Needs in California

June 2020

California Housing Partnership

California's Experts on Affordable Housing Finance, Advocacy & Policy

chpc.net/housingneeds

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INTRODUCTION

Purpose of the Housing Needs Dashboard

Policymakers, program administrators, housing advocates, practitioners, and California residents often lack easy access to data and visual tools that provide comprehensive pictures of housing markets throughout the state. The California Housing Partnership created the Housing Needs Dashboard in 2020 to address this challenge.

The Housing Needs Dashboard ("dashboard") is an interactive, online tool that showcases data on the state of housing in communities across California. The dashboard uses the latest available administrative data, U.S. Census data, and real estate data to measure and track housing need, housing market conditions, federal and state funding, and production and preservation trends.

We plan to improve the tool over time as new data and research becomes available, and based on feedback from key stakeholders.

About the California Housing Partnership

The California Housing Partnership creates and preserves affordable and sustainable homes for Californians with low incomes by providing expert financial and policy solutions to nonprofit and public partners. Since 1988, the Partnership's on-the-ground technical assistance, applied research, and legislative leadership has leveraged more than $20 billion in private and public financing to preserve and create more than 75,000 affordable homes.

METHODOLOGY

The following pages document the methodology and data sources used in the dashboard.

Housing Need

The Housing Need section of the dashboard shows affordable housing need for each county by measuring the availability of affordable homes and housing cost burden.

To quantify affordable housing need by income group, the Affordable Homes Shortfall and Cost Burdened Households graphics use HUD Income Limits, which are used to determine eligibility for federal and state housing programs based on the median income and housing costs in a metropolitan area.[1] Each renter household is placed in one of five non-overlapping income groups—extremely low-income (ELI), very low-income (VLI), low-income (LI), moderate-income and above moderate-income—based on their household income relative to the metropolitan area's median income (AMI), adjusted for household size.

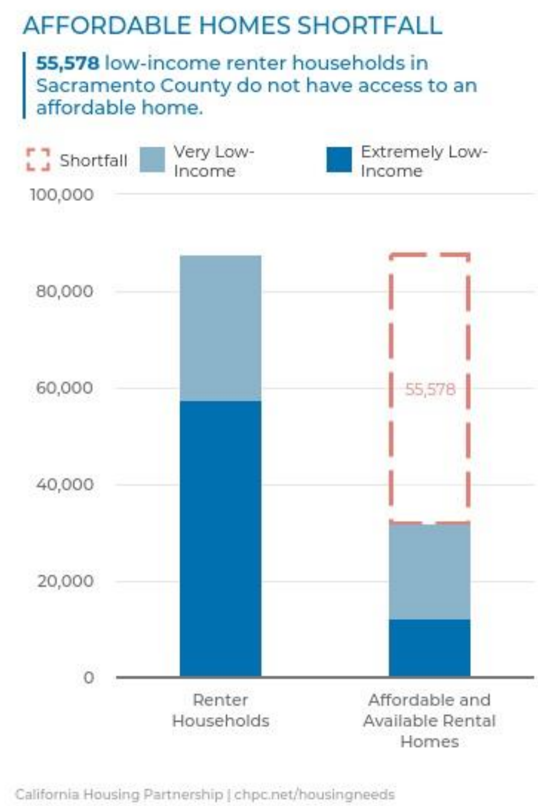
For high-cost housing markets throughout the state, HUD upwardly adjusts income limits to try to account for these higher costs. For example, HUD calculates the VLI income limit in Los Angeles County—which would normally be based on a household earning 50 percent AMI—on a four-person household paying no more than 35 percent of their income for an apartment priced at 85 percent of the HUD Section 8 Fair Market Rent (FMR) for Los Angeles County. This results in an upward adjustment that in turn affects all other income limits because they are all calculated relative to the VLI base limit.[2]

Rent affordability is determined by the income needed to afford rent and utilities without spending more than 30 percent of household income.

[1] Housing and Urban Development (HUD). Methodology for Determining Section 8 Income Limits. Website: https://www.huduser.gov/portal/datasets/il//il19/IncomeLimitsMethodology-FY19.pdf.
[2] Because HUD Income Limits are adjusted upward from actual income levels in Los Angeles County and other high cost areas, a higher proportion of the County's households fall into the ELI, VLI and LI groups than otherwise would be the case. The adjusted income levels also mean that households at the lower end of each income range may find rents that are set at the maximum allowable price for the adjusted income levels to be high in relation to their income.

Affordable Homes Shortfall

The Affordable Homes Shortfall analysis identifies the number of lower income renter households who cannot find an affordable home in the current market by comparing the number of renter households with the number of rental homes affordable and available to them. In this analysis, a rental home is considered "affordable and available" if a household spends (or would need to spend) no more than 30 percent of its income on rent and utilities and is either vacant or occupied by a household at or below the income group threshold.[3] Both occupied and vacant homes are included because, together, they represent the total stock of rental homes affordable to households of each income group.



This analysis is represented in the dashboard as a stacked bar chart. The left-hand stacked bar represents the number of extremely low-income and very low-income renter households. The stacked bar on the right-hand side represents the number of rental homes that are affordable and available to these lower income households. For example, there are 87,688 extremely and very low-income renter households living in Sacramento County. However, only 32,110 rental homes are affordable and available to these households, resulting in a shortfall of 55,578 affordable rental homes (see figure to the right). In other words, more than 55,000—nearly two thirds—of the county's lowest income households do not have access to affordable housing.[4]

The shortfall analysis uses data from the American Community Survey (ACS) Public Use Microdata Sample (PUMS). The ACS is an ongoing, annual survey conducted by the U.S. Census Bureau that collects detailed population and housing data on households throughout the United States. Whereas the ACS aggregates data to a specific geography (state, county, zip code, census tracts, etc.), PUMS data is a sample of households living within a Public Use Microdata Area (PUMA)—each with populations of between 100,000 to 200,000 people. Instead of relying on aggregate ACS data, PUMS offers the ability to work directly with the underlying ACS data. Accordingly, PUMS data is flexible and allows complex analysis. This graphic uses the one-year housing unit sample for all counties with more than 50,000 renter households and combines two, one-year samples for all remaining counties with less than 50,000 renter households. When multiple counties are located in a single PUMA, the data associated with each PUMA must be proportionally distributed to each county based on tract-level data from HUD's Comprehensive Housing Affordability Strategy (CHAS) data. CHAS data is prepared for HUD by the Census Bureau and includes various indicators on housing affordability for different income groups, as defined by HUD. The CHAS is derived from five-year data and is available at a tract level.

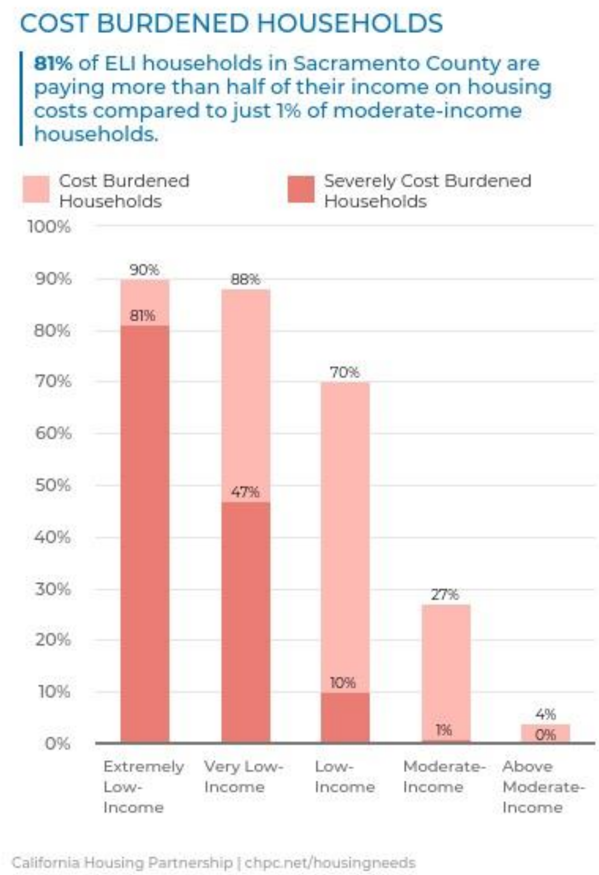
[3] National Low Income Housing Coalition. "The Gap: A Shortage of Affordable Rental Homes." Website: https://nlihc.org/gap.
[4] The shortage of affordable homes described above does not account for individuals and families experiencing homelessness due to limitations of ACS PUMS housing data.

Cost Burdened Households

The Cost Burdened Households analysis measures rent affordability at different household incomes by calculating the percentage of income that households pay for housing. A household is considered cost burdened if they pay 30 percent or more of household income on housing costs and severely cost burdened if they pay more than 50 percent of household income on housing costs. Housing costs include both rent and utilities (e.g. electricity, fuel, gas and water).

This analysis is represented in the dashboard as a stacked bar chart. Each stacked bar shows the share of households in each income group that are cost burdened and severely cost burdened. For example, 90 percent of extremely low-income renter households in Sacramento County are cost burdened, meaning they are paying more than 30 percent of household income on housing costs. Eighty-one percent of extremely low-income renter households experience severe cost burden.

Like the shortfall analysis described above, the cost burden analysis uses one-year PUMS data for all counties with more than 50,000 renter households and combines two, one-year samples for all remaining counties with less than 50,000 renter households. The cost burden analysis also leverages CHAS data to proportionally distribute data across multiple counties located in a single PUMA.



Market Trends

The four graphics in this category—Who Can Afford to Rent, Asking Rent Trends, Cost of Living, and Vacancy Rate Trends—are all indicators of current housing market conditions in communities across California. In a healthy market, the rental vacancy rate is between seven and eight percent.[5] In an ideal market, all renters, regardless of occupation, would be able to afford asking rents and earn sufficient income to meet basic needs. Each graphic below details different aspects of housing affordability and availability throughout California and barriers for families and individuals trying to rent.

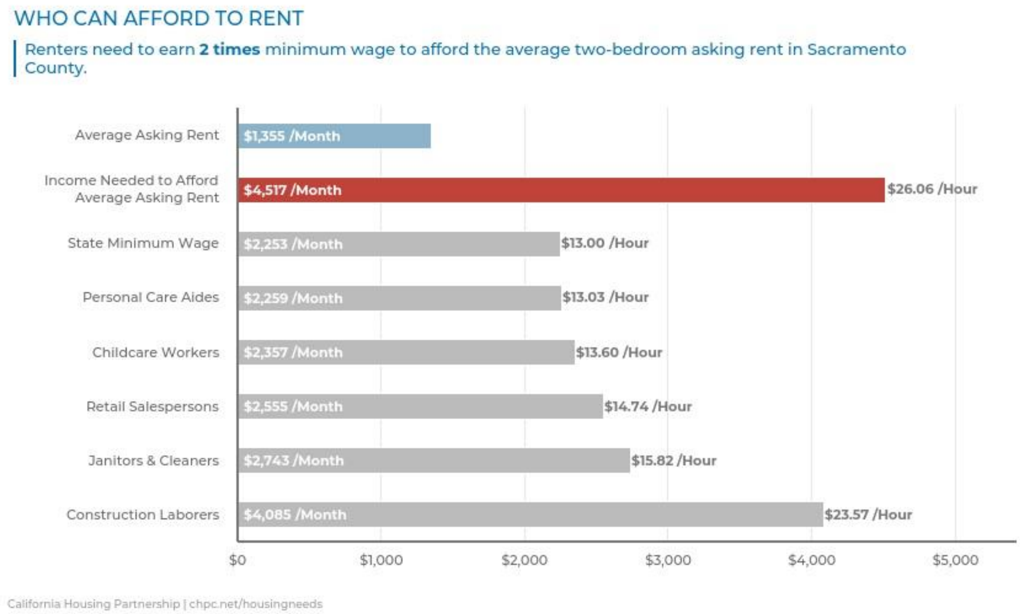
Who Can Afford to Rent

The Who Can Afford to Rent graphic details the average asking rents for two-bedroom rental homes in multifamily buildings, the income needed to afford this average asking rent, and the incomes of households

[5] Lincoln Institute. 2018. "The Empty House Next Door: Understanding and Reducing Vacancy and Hypervacancy in the United States." Website: https://www.lincolninst.edu/sites/default/files/pubfiles/empty-house-next-door-full.pdf

earning minimum wage and five other occupations in every county and for the state. Data is available from 2017 to 2020.

This graphic is represented in the Dashboard as a horizontal bar chart. The top bar represents the monthly average asking rents for two-bedroom rental homes in multifamily buildings in each county. The second bar from the top of the graphic represents the monthly and hourly income a household would need to earn to afford the average asking rent when spending 30% or less of income on rent. The remaining bars represent the monthly and hourly incomes for occupations that earn minimum wage and five other select occupations in each county and the state.



The average asking rents data is from CoStar's multifamily rent dataset, which uses data that is aggregated by an automated data collection algorithm to extract or "scrape" data from listing websites; supplied by clients of CoStar's ILS platforms, including Apartments.com, ApartmentFinder.com, and ForRent.com; obtained by CoStar's research callers, who contact individual properties for detailed rent and concession data; acquired from the RealFacts dataset, which details building-level rent and vacancy data dating back to the mid-1990s for more than 12,000 properties; or modeled by CoStar based on rent trends in different submarkets and building types for those properties for which rent data is unavailable. Rent data was accessed on CoStar in January 2020.

Minimum wage data is sourced from the California Department of Industrial Relations and represents the state minimum wage for individuals who worked for employers with 26 employees or more from 2017 to 2020.

Monthly and hourly local minimum wages are from jurisdictions that have passed ordinances that set minimum wages above the state minimum wage and are sourced from each jurisdiction.

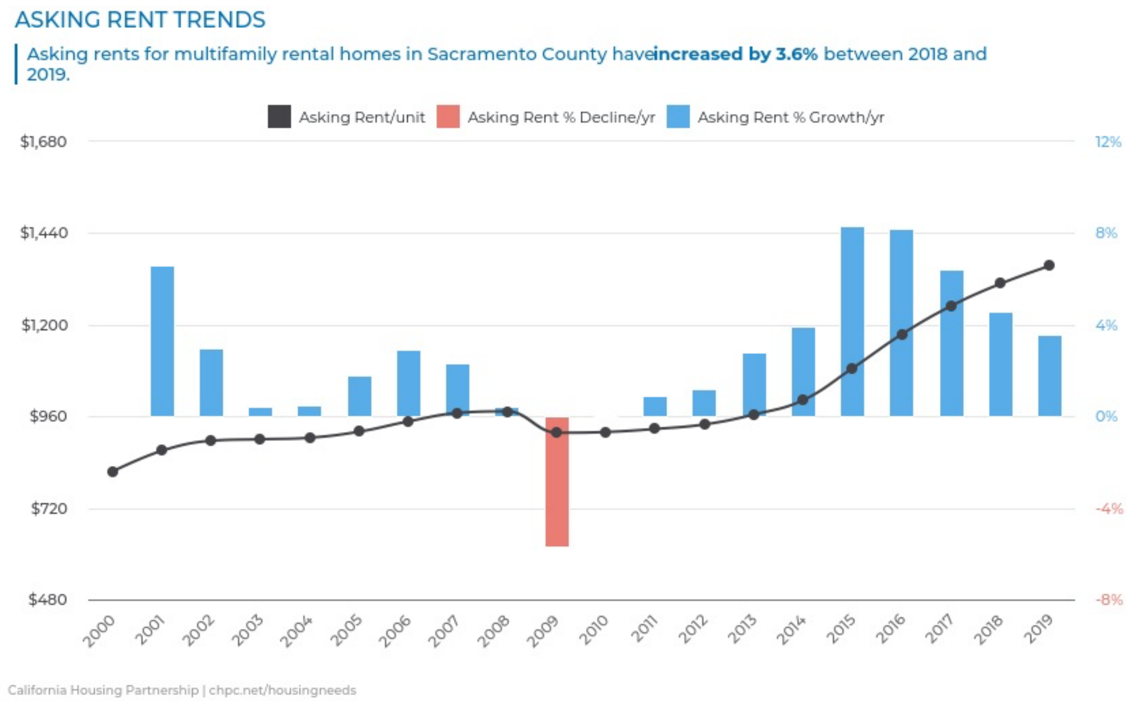
The monthly and hourly incomes for the five occupations are sourced from the U.S Bureau of Labor Statistics Occupational Employment Statistics dataset for 2016 to 2019.

Asking Rents Trends

The Asking Rents Trends graphic provides historical average asking rent data for two-bedroom rental homes in multifamily buildings in counties across California since 2000. Average asking rent is the average dollar amount apartment landlords in each county are requesting for a household to lease a unit on a monthly basis.

This analysis is represented in the dashboard as a combined line and bar graph. The line represents the average asking rent for two-bedroom rental homes in multifamily buildings in the county each year. Each bar represents the annual percentage change in average asking rent. For example, in 2019 the average asking rent in Sacramento County was $1,355, which represents a 4% increase from 2018.

The data powering this graphic is from CoStar's multifamily rent dataset, which is described in detail in the Who Can Afford to Rent section above. Rent data was accessed on CoStar in January 2020.

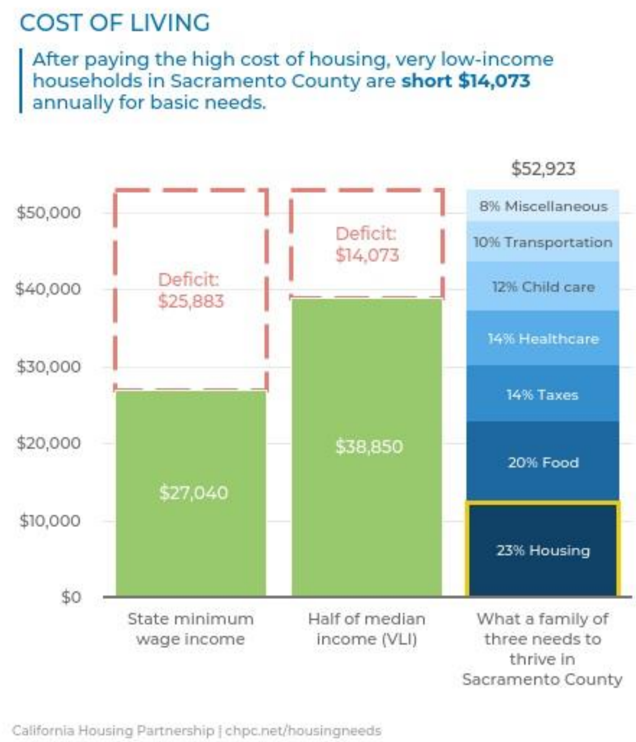


Cost of Living

The Cost of Living graphic details the income that a three-person household needs to meet its basic needs in a given geography. Unlike the official poverty measure—which primarily accounts for the cost of food—the households budgets represented here incorporate the costs of housing, food, healthcare, childcare, transportation and other basic needs for a family of three throughout California. The annual incomes for a three-person household with a single minimum wage earner and a three-person very low-income household are presented alongside this basic household budget to show the amount of income still needed for low-wage households to meet basic needs.

The graphic is presented in the dashboard as a vertical stacked bar chart. The far-left bar is the annual income of a single income household earning state or local minimum wage and the deficit or difference from the three-person budget needed to afford basic needs. The middle bar is the annual income of a three-person, very low-income (VLI) household.[6] The far-right bar shows the annual budget/income that a three-person household needs to meet its basic needs in their community in California.

The data powering this graphic is from [United Way's Real Cost Measure and Households Budget] data for a family of three with one working adult and two children (one school-aged child and one teenager). Each percentage represents how much a family's annual budget is captured in each cost category (housing, childcare, etc.).[7]



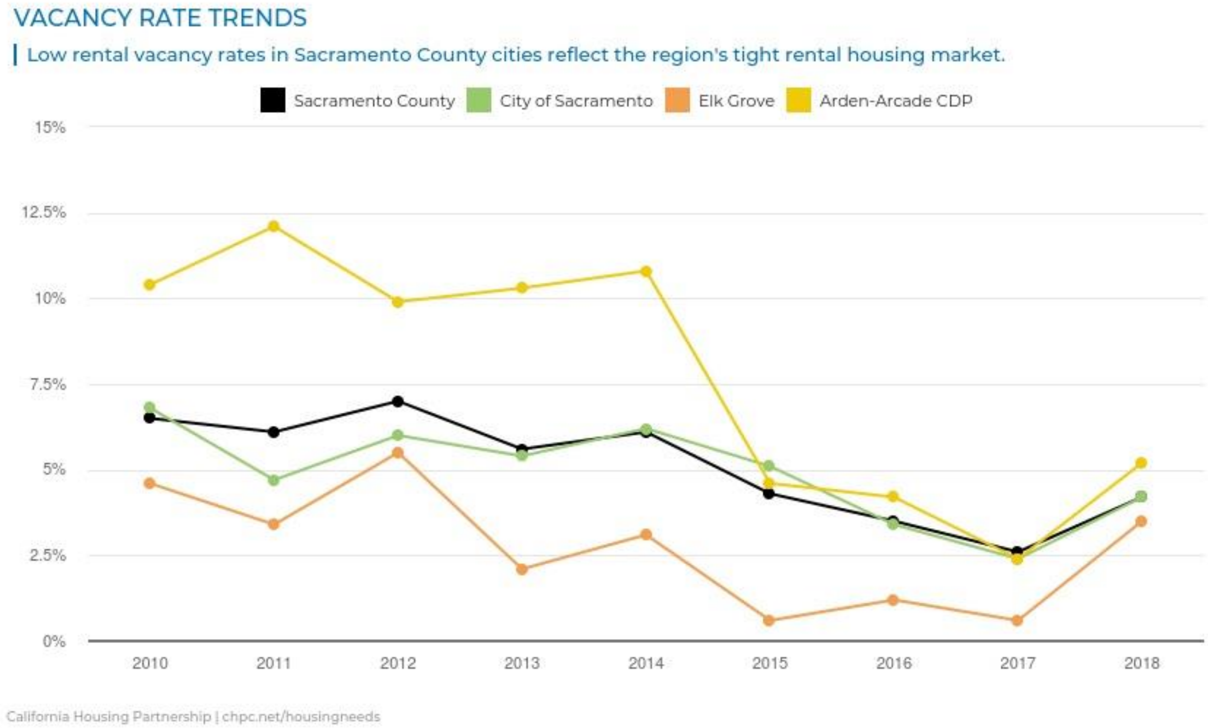
Minimum wage data is sourced from the California Department of Industrial Relations and represents the state minimum wage for individuals who worked for employers with 26 employees or more for 2017 to 2020. Monthly and hourly local minimum wages are from jurisdictions that have passed ordinances that set minimum wages above the state minimum wage and are sourced from each jurisdiction. The income data for very low-income households comes from HUD's county-level income limits data, which are used to determine eligibility for federal and state housing programs based on the median income and housing costs in a metropolitan area.[8]

Vacancy Rate Trends

The Vacancy Rate Trends graphic provides historical data on rental vacancy rates—or the proportion of the rental inventory that is unoccupied—for one to three of the largest jurisdictions in each county (by renter population) and the county itself. Vacancy rates have long been used to gauge the current economic climate, provide information on the stability and quantity of housing available in a local housing market, and measure the demand for housing at a given time.

[6] Very low-income households earn 50% of area median income, as defined by HUD. See the "Housing Need" section above for a thorough description of the different income groups used in the Dashboard.
[7] United Ways of California, Real Cost Measure Household Budgets 2019. Please visit https://www.unitedwaysca.org/realcost for more information on what it takes to meet basic needs in communities across California.
[8] Housing and Urban Development (HUD). Methodology for Determining Section 8 Income Limits. Website: https://www.huduser.gov/portal/datasets/il//il19/IncomeLimitsMethodology-FY19.pdf.

This analysis is represented in the dashboard as a line graph with each jurisdiction represented as an individual line.



The data powering this graphic is from one-year ACS estimates, available at https://data.census.gov. The rental vacancy rate is calculated by dividing the number of vacant units available for rent by the sum of the renter-occupied units, vacant units available for rent, and vacant units that have been rented but not yet occupied. One-year ACS estimates are only available for jurisdictions—counties and cities—with populations of 65,000 or more. Therefore, smaller counties—like Alpine County and Lassen County—do not have this graphic in the dashboard.

State & Federal Funding

The State and Federal Funding and State Funding graphics show historical trends in federal and state funding administered by governments to produce and preserve housing (ownership and rental) for low- and moderate-income households, support activities to address homelessness, and provide financial assistance to support the creation of high-quality living environments.

State and Federal Funding

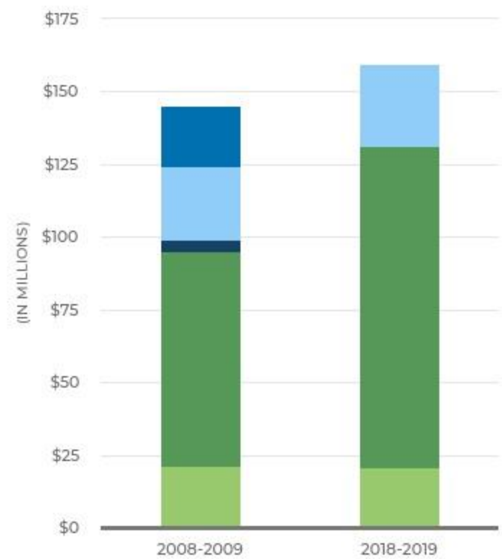
The State and Federal Funding graphic shows the level of federal and state funding for low- and moderate-income homeowners, extremely low- and very low-income renters, and supportive services for individuals experiencing homelessness from fiscal year 2008-2009 to fiscal year 2018-2019 for the selected geography. Funding comes in the form of grants and loans from the U.S. Housing and Urban Development (HUD) Department, the California Department of Housing and Community Development (HCD), the California Strategic Growth Council (SGC), the former Redevelopment Agency, the California Tax Credit Allocation Committee (CTCAC) and the California Business, Consumer Services and Housing (BCSH) Agency.

The graphic is shown in the dashboard as a stacked bar chart. Each bar shows the amount of funding allocated in each selected geography for each fiscal year shown. As described above, fiscal years are represented by the second half of the fiscal year (e.g. FY 2008-09 is presented as 2009). For example, in the 2018-19 fiscal year, Sacramento County received $28 million in state funding and $131 million in federal funding.

In addition to the funding programs included in the State Funding graphic described above, grants from HUD and federal Low-Income Housing Tax Credits are included in this graphic, as well. HUD funds are allocated through the following programs: Community Development Block Grant (CDBG), HOME, Emergency Services Grant (ESG), Housing Opportunities for People With Aids (HOPWA), and the Housing Trust Fund (HTF). Federal Low-Income Housing Tax Credits are awarded by the CTCAC.

STATE & FEDERAL FUNDING

In Sacramento County, state funding **decreased 43%** while federal funding **increased 38%** for housing production and preservation from FY 2008-09 to FY 2018-19.



FUNDING SOURCE	FY 2008-09 (IN THOUSANDS)	FY 2018-19	% CHANGE
Redevelopment Housing	$20,639	$0	-100%
State Housing Bonds and Budget Allocations	$25,432	$28,357	12%
State LIHTC	$3,746	$0	-100%
STATE TOTAL	**$49,817**	**$28,357**	**-43%**
Federal LIHTC	$73,798	$110,587	50%
HUD Block Grants	$21,444	$20,879	-3%
FEDERAL TOTAL	**$95,241**	**$131,466**	**38%**

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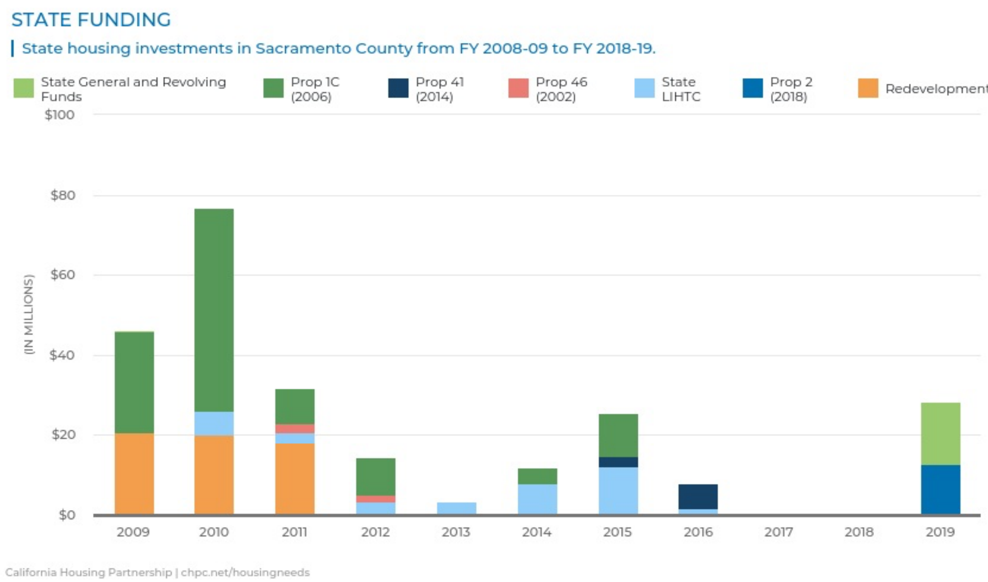
The data powering this graphic is from annual reports published by the administrating agencies and program specific award data: annual Redevelopment Housing Activities Report, annual HCD Financing Assistance Programs Reports, HUD CPD Appropriations Budget Reports, and TCAC reporting on federal and state Low-Income Housing Tax Credits.

State Funding

The State Funding graphic shows the level of state funding for low- and moderate-income homeowners, extremely low- and very low-income renters, and supportive services for individuals experiencing homelessness from fiscal year 2008-09 to fiscal year 2018-19 for each county and the state. Funding comes in the form of grants and loans from the California Department of Housing and Community Development (HCD), the California Strategic Growth Council (SGC), the former Redevelopment Agency, the California Tax Credit Allocation Committee (CTCAC) and the California Business, Consumer Services and Housing (BCSH) Agency.

The graphic is shown in the dashboard as a stacked bar chart. Each bar shows the amount of funding allocated in the selected geography for each fiscal year. Fiscal years are represented by the second half of the fiscal year (e.g. FY 2008-09 is presented as 2009). For example, in the 2018-19 fiscal year, Sacramento County received $28 million in state funding.



The funding levels shown are from a number of programs administered by four different state departments from multiple funding sources and former redevelopment agencies. From HCD, state general and revolving funds are allocated to the following programs: California Emergency Solutions and Housing (CESH), Mobilehome Park Rehabilitation and Resident Ownership Program (MPRROP), Multifamily Housing Program (MHP), and Office of Migrant Services (OMS). From SGC, state general funds are awarded through the Affordable Housing Sustainable Housing Communities (AHSC) Program. State funding was distributed through local redevelopment agencies until fiscal year 2011.[9] From CTCAC, state funds are awarded through state Low-Income Housing Tax Credits. From BCSH, state general funds are disbursed through the Homeless Emergency Aid Program (HEAP).

Proposition 1C (Housing Emergency Shelter Trust Fund Act of 2006) funds are administered by HCD and are allocated through the following programs: CalHome, California Self-Help Housing Program (CSHHP), Emergency Housing Assistance Program (EHAP), Emergency Housing Assistance Program – Capital Development (EHAP-CD), Infill Infrastructure Grant (IIG) Program, Joe-Serna Jr. Farmworker Housing Grant (JSJFWHG) Program, MHP, MHP - Supportive Housing (MHP-SH), MHP- Homeless Youth (MHP-HY), MHP-Transition Age Youth (MHP-TAY), OMS, and Transit Oriented Development (TOD) Program.

[9] For FY 2011-12, redevelopment funding for the state is estimated. County-specific funding amounts for FY 2011-12 are unavailable due to lack of available reporting and are therefore unreported for the fiscal year.

Proposition 46 (Housing and Emergency Shelter Trust Fund Act of 2002) funds are administered by HCD and are allocated through the following programs: CalHome, EHAP, EHAP-CD, MHP, MHP-SH, and MHP - Governor Homeless Initiative (MHP-GHI).

Proposition 41 (2014) funds are administered by HCD and are allocated through the Veterans Housing and Homelessness Prevention (VHHP) Program.

Proposition 1 (Veterans and Affordable Housing Bond Act of 2018) funds are allocated through MHP.

Proposition 2 (2018) funds are allocated through the No Place Like Home (NPLH) program.

The data powering this graphic is from annual reports published by the administrating agencies and program-specific award data.

Production and Preservation Trends

The three graphics in this category—LIHTC Production and Preservation ("LIHTC"), Progress Towards RHNA, and Multifamily Housing Production ("Production")—all capture trends in multifamily production and preservation throughout California. The LIHTC graphic tracks the number of affordable homes produced and preserved across California using federal and state LIHTCs. The Progress Toward RHNA graphic measures the extent to which different jurisdictions, including counties, throughout California are meeting the housing needs of people at all income levels (as determined by the 5th cycle Regional Housing Needs Allocation (RHNA)). The Production graphic shows trends in the number of newly constructed multifamily rental homes opened each year in jurisdictions across California.

LIHTC Production and Preservation

The Low-Income Housing Tax Credit (LIHTC) program—created in 1986 and made permanent in 1993—is the largest source of federal funding for the construction and rehabilitation of low-income affordable rental housing. These credits are designed to encourage private investment in affordable housing by providing tax incentives for a ten-year period. Since its creation as part of the Tax Reform Act of 1986, the program has helped create and rehabilitate over three million affordable rental homes across the country.[10]

There are two types of federal LIHTCs: competitive 9% credits—which are allocated annually by the IRS on a per capita basis to each state—and non-competitive 4% credits. While the 4% credit offers a subsidy of less than half the value of the 9% credits, it is a virtually uncapped and non-competitive resource because developers obtain it through an allocation of private activity tax-exempt mortgage revenue bonds, which have historically not been competitive.[11]

In addition to federal LIHTCs, California also has a state LIHTC, which was authorized in 1987 to complement the Federal tax credit program.

[10] Office of Policy Development and Research at U.S. Department of Housing and Urban Development. 2018. "Low Income Housing Tax Credits." Website: https://www.huduser.gov/portal/datasets/lihtc.html.
[11] California Housing Partnership. 2017. "The Tax Credit Turns 30." Website: https://1p08d91kd0c03rlxhmhtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2017/12/TCT30-Final1.pdf.

The LIHTC Production and Preservation graphic tracks the number of affordable homes produced and preserved in California using federal and state LIHTCs, using the year tax credits were awarded. In order to distinguish the number of new affordable homes from the number of preserved affordable homes, this graphic shows data on both new construction and acquisition/rehabilitation.

This analysis is represented in the dashboard as a table showing LIHTC production ("New Construction") and preservation ("Acquisition & Rehab") for 2016 and 2019 to understand the impact of 2017 federal tax reform on LIHTC production and preservation activity.

The underlying data leveraged by this graphic comes from the California Housing Partnership's Preservation Database, an inventory of federally subsidized affordable rental properties, many of which also receive state and local subsidies. The Partnership receives semi-annual data updates from CTCAC on LIHTC awards and project-level data.

LIHTC PRODUCTION & PRESERVATION

Sacramento County's Low-Income Housing Tax Credit production and preservation **increased by 883%** from 2016-2019.

STATEWIDE

TYPE	2016	2019	% CHANGE
New Construction	8,539	7,813	-9%
Acquisition & Rehab	15,032	12,686	-16%
All	**23,571**	**20,499**	**-13%**

SACRAMENTO

TYPE	2016	2019	% CHANGE
New Construction	0	431	--%
Acquisition & Rehab	127	818	544%
All	**127**	**1,249**	**883%**

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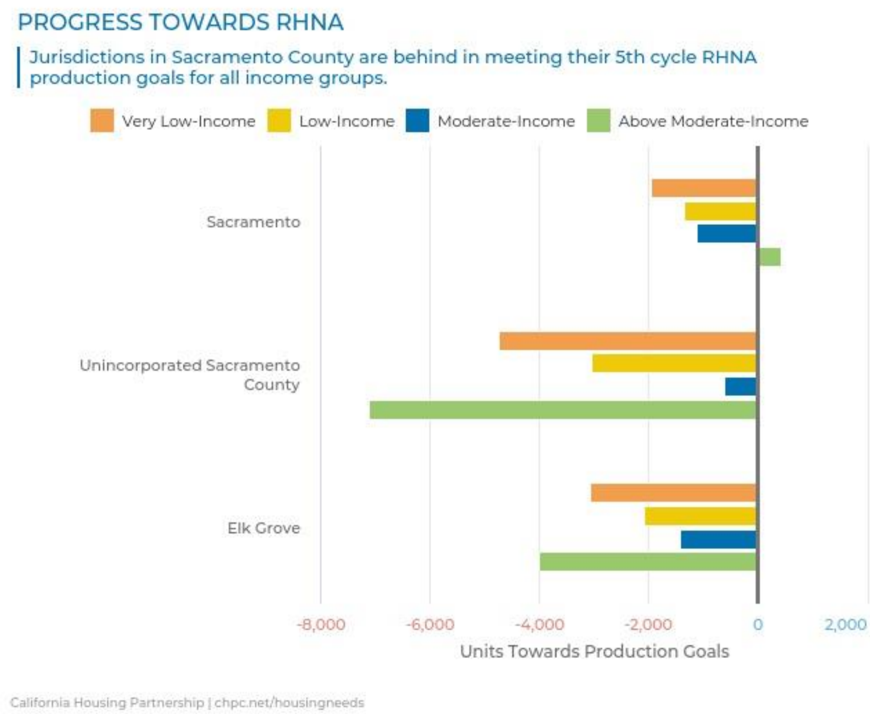
Progress Towards RHNA

The Progress Towards RHNA graphic measures the extent to which different jurisdictions, including counties, throughout California are meeting the housing needs of people at all income levels in their respective communities. In 1969, the State of California mandated that all jurisdictions must plan for the housing needs of their residents, regardless of income. This mandate is called the Housing Element, a part of each jurisdiction's General Plan, and Regional Housing Needs Allocation (RHNA). As part of RHNA, the California Department of Housing and Community Development (HCD) determines the total number of new homes each region needs to build and how affordable those homes need to be in order to meet the housing needs of the local community. For more information on the RHNA process, please see HCD's website at www.hcd.ca.gov/community-development/housing-element/.

This analysis is represented in the dashboard as a horizontal bar graph. Each graph includes up to three jurisdictions in each county and shows the extent to which each jurisdiction has met its 5th cycle RHNA production goals for each income level. Bars to the left of the y-axis (or negative values) represent the total number of new homes each jurisdiction still needs to permit to meet the housing needs of a specific income group. Bars to the right of the y-axis (or positive values) indicate when a jurisdiction has exceeded its RHNA production goal for a specific income group. For example, the City of Sacramento has exceeded its 5th cycle RHNA production goals for above moderate-income households but is behind in meeting their goals for very low-, low-, and moderate-income households.

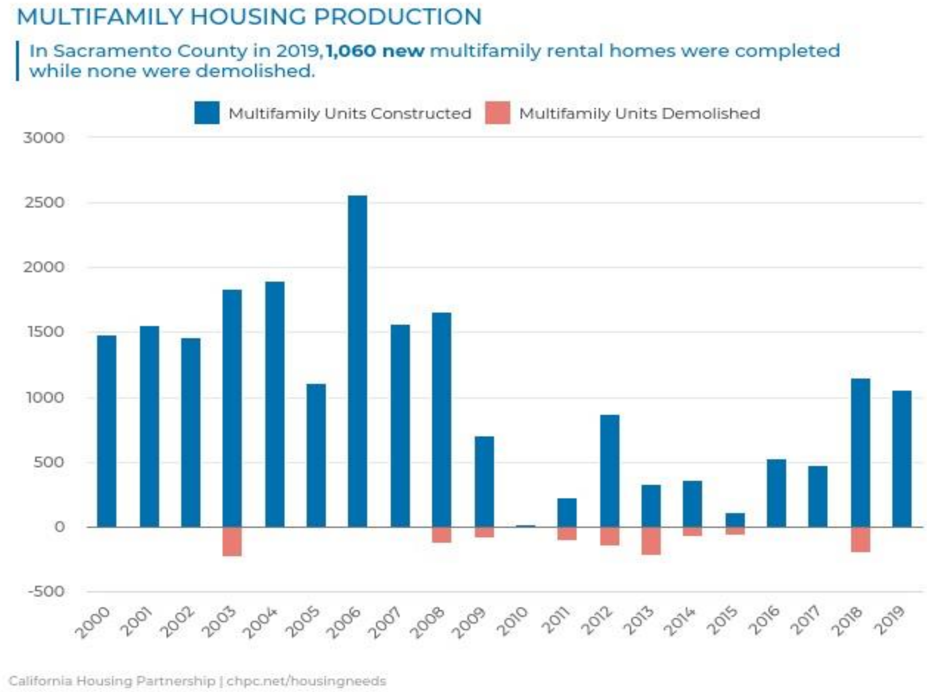


The data powering this graphic is from Annual Progress Reports (APRs) submitted annually by each jurisdiction to report on progress implementing its Housing Element and RHNA goals. APRs are submitted to HCD each April. Summary data is available on HCD's website via the Housing Element Open Data Project.

Multifamily Housing Production

The Multifamily Housing Production graphic shows trends in the number of newly constructed and demolished multifamily rental homes in the county each year. This data can be used to gauge production trends in the local housing market and measure how construction activity has changed over time.

This analysis is represented in the dashboard as a stacked bar graph. The blue bars represent newly constructed multifamily rental units and the red bars represent demolished units. For example, in Sacramento County, developers added 1,060 multifamily rental homes to the market in 2019 and none were demolished.



The data powering this graphic is from CoStar's multifamily construction dataset, which tracks properties under construction ("known supply") and models additional supply ("modeled supply"). Because of sample size challenges, this graphic is not available for smaller counties in California with a small stock of multifamily rental properties.

GLOSSARY

Above Moderate-Income – Households with incomes greater than 120% of area median income (AMI).

American Community Survey (ACS) – An ongoing survey conducted by the United States Census Bureau that collects detailed population and housing data on households throughout the United States. Sent to approximately 3.5 million addresses per year, the ACS is the largest household survey that the Census Bureau administers.

Annual Progress Report (APR) – An annual report submitted by each jurisdiction of California to the California Department of Housing and Community Development (HCD) and the Governor's Office of Planning and Research on or before April 1 of each year that reports progress in the jurisdiction's implementation of its housing element.

Area Median Income (AMI) – The median family income in the metropolitan or nonmetropolitan area as designated by the US Department of Housing and Urban Development (HUD). Varies per household size.

Asking Rent – The dollar amount an apartment landlord requests in order for a household to lease a unit on a monthly basis.

California Department of Housing and Community Development (HCD) – The state-level government agency that oversees a number of funding programs, allocates loans and grants to preserve and expand affordable housing opportunities, and promotes strong communities throughout California.

California Tax Credit Allocation Committee (TCAC) – The state-level committee under the California Treasurer's Office that administers the federal and state Low-Income Housing Tax Credit (LIHTC) Program.

Construction Type – A variable that identifies whether properties are financed prior to their construction ("New Construction") or in order to rehabilitate an existing property ("Acquisition/Rehabilitation").

Cost Burden – An income-to-rent metric determined by the percentage of income paid towards housing by households at different income levels. A home is considered affordable if housing costs absorb no more than 30% of the household's income. A household is cost burdened if they pay more than 30% of their income towards housing costs and severely cost burdened if they pay more than 50% of their income towards housing costs.

Extremely Low-Income (ELI) – Households with incomes at or below 30% of AMI.

Low-Income (LI) – Households with incomes between 51% and 80% of AMI.

Low-Income Housing Tax Credits (LIHTC) – Tax credits financed by the federal government and administered by state housing authorities like the California Tax Credit Allocation Committee (TCAC) to subsidize the acquisition, construction, and rehabilitation of rental properties to house low-income households.

Moderate-Income – Households with incomes between 81% and 120% of AMI.

Regional Housing Needs Allocation (RHNA) – The process by which each jurisdiction in California is assigned its share of the region's housing needs. This allocation involves two steps: (1) HCD determines the total housing need for each region in the state and (2) the region's Council of Governments then distributes this need to local governments.

Severe Cost Burden – Severe cost burden is when housing costs consume more than 50% of a household's income.

US Department of Housing and Urban Development (HUD) – The federal agency that supports community development and homeownership, enforces the Fair Housing Act, and oversees a number of programs such as the Community Development Block Grant (CDBG) and the Housing Choice Voucher (HCV) Program to assist low-income and disadvantaged individuals with their housing needs.

Very Low-Income (VLI) – Households with incomes between 31% and 50% of AMI.