Fostering Community Stability

Arlington County, Virginia
Fiscal Year 2018 (July 1, 2017 - June 30, 2018)
Affordable Housing Master Plan Annual Report
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**Homeownership counseling course.**
Photo credit: AHHOME

**High school students on College Signing Day.**
Photo credit: AHC, Inc.
Letter from the Director

This year, our team has examined how the benefits of housing affordability extend far beyond the direct recipients of our programs. A community that can be home to citizens with different jobs, income brackets, backgrounds and cultures, is a thriving, well-rounded place. It’s a community with a full and healthy ecosystem, and a place where people want to stay and put down roots. A community with deep roots is a place that benefits us all. To that end, our theme for this year’s Affordable Housing Master Plan (AHMP) Annual Report is “Fostering Community Stability.”

In this report, we’ll describe how our programs help a variety of people make a real home in Arlington, through creating communities large and small across the county. Our work, along with that of our partners, helped Arlingtonians find and keep affordable homes and create stable communities in the same places where they work or go to school. As always in this report, we tell that story through the AHMP goals in Fiscal Year 2018: ensuring supply, access, and sustainability to meet community needs.

We rely on our metrics from the AHMP Monitoring and Evaluation Plan to show our achievements through “the numbers.” For example, 515 committed affordable (CAF) units were created through new development or preserved through acquisition this year, bringing our total inventory to 8,122; an average of 1,234 households received a housing grant monthly; and 1,504 households received federal Housing Choice Vouchers. Learn more about our multi-year initiatives, past achievements and see complete data sets that are the backbone of our Monitoring and Evaluation Plan.

Arlington is known for the value it places on community and involvement, and our committed, resourceful and resilient residents and support systems are what make this such a special community. This desirability has also made it much harder to find modestly priced housing, which lags behind demand. This affordability trend will only continue, and even worsen, without focused, committed programs, grants and other efforts from Arlington County and its partners. Delve into the stories of some of the community members impacted by housing, and how the communities around them have supported them in our online citizen summary.

Respectfully,
David Cristeal, Housing Director
About this Report

This report highlights Arlington County's FY 2018 achievements, from July 1, 2017 - June 30, 2018. Because many projects and priorities are multi-year initiatives, we also describe efforts underway in FY 2019 and future years, as well as past achievements related to Arlington's housing portfolio. The report is structured by each of the goals and objectives of the Affordable Housing Master Plan. Complete data sets of the 61 indicators developed as part of the Monitoring and Evaluation Plan are available here, and are updated annually. This annual report is intended to inform the public on the wide array of housing-related activities supported by the County that are essential to realizing the County's vision:

“Arlington will be a diverse and inclusive world-class urban community with secure, attractive residential and commercial neighborhoods where people unite to form a caring, learning, participating, sustainable community in which each person is important.”

The values that are central to the County's vision, particularly diversity, inclusivity and sustainability, are supported by providing housing that is affordable to people at all income levels. As a policy, supporting housing affordability is increasingly important for meeting Arlington County's full economic development potential. In recent decades, the County has benefited from growth in high-wage jobs which comprise a significant share of local economic growth. However, workers in lower-wage jobs, across all industries, form the backbone of the County's economy, by supporting business functions, providing resident-based goods and services, and serving the thousands of visitors who come to Arlington each year. A sufficient supply of housing affordable to these workers is critical for the County to attract and retain a diverse workforce, and to continue to grow a vibrant, sustainable local economy.

In September 2015, the Arlington County Board adopted the Affordable Housing Master Plan (AHMP) as the County's long-range vision for addressing housing needs through 2040. The AHMP is an element of Arlington County’s Comprehensive Plan, and is intended to support the goals and policies related to land use, economic development, transportation, public facilities and the environment. It builds on previous policy, while establishing a forward-looking vision for addressing the community's current and future housing needs. A companion document, the Affordable Housing Implementation Framework, describes existing and potential tools and strategies to be used to fulfill the goals established in the AHMP.
Why Housing Matters

Arlington understands that housing is a critical piece of building and sustaining community. The goals of the Affordable Housing Master Plan work together to ensure that there will be an adequate supply of housing to meet future demand, that households of all incomes are able to access services and resources that promote economic opportunity, and that housing efforts contribute to a sustainable community. Most importantly, Arlington believes that addressing these goals enables residents from across the economic spectrum to join and stay in the thriving and welcoming community that is Arlington County. And when that happens, the entire community benefits – whether through better school outcomes due to increased family stability, a healthier community because households don’t have to make trade-offs between healthcare costs and housing, or a more prepared labor market where low-wage workers have access housing near public transit to be better connected to available jobs. Featured below are two Arlingtonians who benefited from affordable housing programs in FY 2018.

Culpepper Garden: Helping Seniors Age in Place

Culpepper Garden is an independent living facility for low-income seniors age 62 years and older. In 2016, the County Board approved a $9.9 million Affordable Housing Investment Fund* (AHIF) loan for the first substantial renovation to the property since it was originally built in 1975. Construction to the building began in spring 2017 and residents will have new walk-in shower and bathroom fixtures, kitchen cabinets and appliances, all new finishes and much brighter lighting.

Preventing Homelessness through Wraparound Services

Mr. Washington is a veteran of the U.S. Army and has lived in Arlington for many years, but, after struggling with prior rental history barriers and medical issues, he wound up at a homeless shelter. After living at the shelter for several months, Mr. Washington accessed case management and housing assistance through Arlington’s Department of Human Services (DHS). Mr. Washington moved into one of the County’s committed affordable units (CAFs), and is now stably housed through the County’s Housing Grant program.

* The Affordable Housing Investment Fund (AHIF) is a revolving loan fund that provides incentives to developers through low-interest loans for new construction, acquisition and rehabilitation of affordable housing that benefits low- and moderate-income households. Since its inception, AHIF has helped to create the majority of Arlington’s 8,122 approved affordable rental units.
The average apartment rent in Arlington increased 5.5% over the previous year to $2,148 monthly. Average rent for garden apartments increased by 4.1% to $1,720, while average elevator apartment rents increased by 5.6% to $2,349 (see Table 1). Elevator apartment rents have consistently risen at a higher rate than garden and low-rise apartments. The cumulative result is that, from 2010 to the end of FY 2018, average rents in elevator apartments increased by 22.8%, while garden apartment rents rose by 14.5%. New apartment construction, which tends to be at the upper end of the market, has been primarily in elevator apartments.

From 2017 to 2018, the Area Median Income (AMI) rose by 6.3%. This is a significant single year increase. For comparison, the cumulative increase in Area Median Income from 2010 through 2017 was 6.4%. AMI is a general measure for household income growth but does not translate into individual household income growth. The AMI also determines allowable rents for committed affordable units (CAFs).

The supply of market rate affordable units (MARKs) affordable at 60% AMI increased by 681 units to 3,126 units, while the supply of MARKs affordable between 60% and 80% AMI decreased by 280 units (see Table 2). The increase in 60% AMI MARKs is likely the result of the Area Median Income increasing at a rate greater than the rent increases for garden and low-rise apartments, making more units eligible at this income level.
Average housing sales prices rose overall by 3.3% in calendar year 2017. Single family detached sale prices increased by 5.7% to an average of $974,000. The average sale price for condominium units declined 0.8% from $423,000 to $420,000. Condominiums made up a little more than half of the for-sale housing inventory. 6% of the County’s condominium stock changed hands during 2017 while 4.1% of Arlington’s single family detached homes were sold.

One factor affecting the market for single family detached houses is the available inventory of homes sold each year. The inventory of 3-bedroom homes has decreased, while the inventory of 4+ bedroom homes has been increasing and since 2005 makes up the majority of home sales in this market segment (Table 3).

There are two types of affordable units in Arlington: CAFs and MARKs.

Committed Affordable Units (CAFs)
These units are guaranteed by agreement with federal, state, or County government, or through mechanisms such as tax-exempt financing, to remain affordable to low and moderate-income households for a specified period of time; generally, 30 to 60 years. Rents in most cases are affordable to households earning 60% or less of the area median income, although some CAFs have rents affordable to households earning up to 80% AMI.

Market-Rate Affordable Units (MARKs)
These units are owned by the private market, but are still affordable because of factors such as apartment type, location or amenities. Affordability fluctuates with factors impacting housing market conditions, including employment trends, economic stability and basic supply and demand. Rent prices range from 50-80% AMI.

### Table 3: Single-Family Detached Annual Sale Inventory

<table>
<thead>
<tr>
<th>Year</th>
<th>2 Bedroom or less</th>
<th>3 Bedroom</th>
<th>4 or more Bedroom</th>
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<td>2000</td>
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<td>2017</td>
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Source: NVAR
Housing Conservation District
Arlington County has a newly established Housing Conservation District (HCD) to protect market-rate affordable housing in 12 areas. The HCD is a special planning district that was created to encourage the retention of housing affordability. This will be achieved by allowing a context-appropriate spectrum of development, ranging from renovation and addition to infill and redevelopment in exchange for dedicated affordable housing units. A second phase of work to develop a set of zoning and financial tools to incentivize ongoing housing affordability in these locations will continue into 2019. A Housing Conservation District Advisory Group, comprised of fourteen representatives from stakeholder groups including nonprofit organizations and public commissions, has been established to provide input and feedback.

Accessory Dwelling Units
Revisions to the existing accessory dwelling (AD) unit ordinance were adopted in November 2017. The revisions were intended to encourage more AD units and remove the limit on the size of an accessory dwelling wholly within a basement; require that an accessory dwelling take up no more than either 35 percent of the combined floor area of the main and accessory dwelling, or up to a maximum of 750 square feet; allow detached accessory dwellings in existing accessory buildings; and remove the annual limit on the number of accessory dwellings that can be created in the County. The County Board directed the County Manager to bring more options on setbacks for new detached accessory dwellings and recommendations are expected in 2019.
Residential Parking Study
In November 2017, the Arlington County Board adopted off-street residential parking guidelines for new multi-family residential projects approved by special exception in Arlington's Metro corridors in order to address the high costs of parking and underground utilities in Arlington County as they relate to affordable housing. The guidelines are not requirements, but aim to update and standardize the recent practice of approving new developments in the Rosslyn-Ballston and Route 1 corridors with less parking than in the past. A key element of the guidelines includes minimum parking ratios for CAFs affordable at 50-60% of AMI set at 70% and 50% of the market-rate minimum parking requirements, respectively.

Action Plan for Ending Homelessness
Arlington’s newest strategic plan is the successor to the 10-Year Plan to End Homelessness. It lays out the three-year strategies for continuing our work to reduce the number of persons who experience homelessness, and to be able to assist those who do become homeless to return to housing stability as quickly as possible.

Real Estate Tax Relief Program
In July 2018, the Arlington County Board voted to approve changes to the County Real Estate Tax Relief for the Elderly program, including extending the application deadline from August 15 to November 15; allowing for the provision of retroactive real estate tax relief of up to two years under extreme circumstances; increasing the program’s exemption asset limit from $340,000 to $400,000; adjusting the asset limits annually, based on changes in the Consumer Price Index; and revising the method for calculating applicants’ assets.
Goal 1: Supply

Arlington County shall have an adequate supply of housing available to meet community needs.

Arlington County is committed to policies and programs that preserve and produce housing for all segments of the community, including those not adequately supplied by the market. These policies are designed to ensure there is sufficient housing available and accessible in Arlington County to meet the needs of the County’s current and future residents. This includes low- and moderate-income older adults, persons with disabilities, the homeless and near homeless population.

Rental Supply

While the net supply of MARKs increased in FY 2018, the need for rental housing continues to outpace the supply. The County continues to work toward its goal to ensure 17.7% of the County’s rental housing stock is affordable by the year 2040; currently 8.8% of the rental housing stock is affordable to households under 60% AMI as a percentage of the total housing supply. The projects described below that were approved for funding in FY 2018 highlight the County’s commitment to achieving that goal.

Arlington County resources helped produce 221 new units and preserve 294 existing units. The net new 515 CAFs brings the total inventory of CAFs to 8,122 apartments.

The Berkeley II

AHC’s Berkeley II, in the second phase of its redevelopment, will replace 68 CAF units on South Glebe Road with 131 CAFs in a new EarthCraft Gold building. These units will be committed affordable for 70 years, and 108 of them will be family-sized. Community benefits include Four Mile Run trail improvements and pedestrian safety upgrades to Glebe Road.

Colonial Village West

AHC will renovate its existing 70-unit historic property located on Key Boulevard in the Courthouse neighborhood. The County’s Industrial Development Authority issued tax-exempt bonds to finance the renovation, which includes replacing the roofs and all major systems, and upgrading interior finishes.
The Arlington Partnership for Affordable Housing (APAH) will fulfill the vision of the Western Rosslyn Area Plan (WRAP) by redeveloping an existing building on N. Quinn St. with a 12-story, 249-unit EarthCraft Gold building. The project will have two components, Queens Court South (90 CAFs) and Queens Court North (159 CAFs), to be committed affordable for 75 years. Queens Court South will bring 78 family-sized units to the Rosslyn-Ballston Metro Corridor. As part of the WRAP, APAH will dedicate land for the northern portion of Rosslyn Highlands Park.

Homeownership Supply
Rising home prices over the past decade have made it more challenging for middle-income households to afford to buy a home in the County. As a result, the Affordable Housing Master Plan established policies to encourage and incentivize the production of moderately priced housing that would be affordable to households with incomes under 120% AMI.

Located in the Colonial Terrace Conservation Area at the northwest corner of Key Boulevard and North Nash Street in Rosslyn, the building includes four two-bedroom condominium units that are affordable to households of two earning up to 80% AMI, or $75,040. The condominium units will be affordable in perpetuity. Four pre-qualified households who were selected through a competitive lottery purchased the affordable units for $214,700.

Methods of Housing Production
**Financing:** County funds for financing include local AHIF, federal funds, and Industrial Development Authority Bonds. When the County approves financing for acquisition of a property or new construction, the units financed become part of the CAF inventory.

**Land Use/Zoning Ordinance:** The County's Zoning Ordinance has several provisions for affordable housing related development under site plan, use permit and form based code regulations.
Goal 2: ACCESS

Arlington County shall ensure that all segments of the community have access to housing.

Housing supply alone does not address all the community’s housing needs. Barriers can keep families and individuals from being able to access housing and make them vulnerable to displacement. Highlights from FY 2018 related to improving access to housing are described below, and a complete list of indicators related to the County’s access goal is available on the County’s website.

Displacement Assistance

Tenant displacements cause hardships for those directly affected, and negatively impact the surrounding neighborhoods and other communities within the County. It is the policy of the County to work with project owners to avoid tenant displacements, whenever possible. To protect residents displaced from residential rental properties through demolition, rehabilitation or conversion, Arlington works with project owners to enable displaced tenants to move directly to decent, structurally safe and affordable replacement housing. In FY 2018, the County updated its Tenant Relocation Guidelines to ensure that tenant payments are adjusted periodically to reflect market conditions and to streamline the process of developing relocation plans.

Housing Assistance

Arlington’s housing assistance programs, administered through the Department of Human Services (DHS), provides direct rental assistance to households with incomes below 40% AMI. In the federal Housing Choice Voucher program, 1,504 households were served. In the local Housing Grants program, an average of 1,234 households were served monthly, including working families, persons with disabilities, and persons over age 65.
Prevent and End Homelessness

In FY 2018, the County completed its Ten-Year Plan to End Homelessness and launched a new three-year “Within Our Reach” strategic plan. Highlights include the following:

The annual Point in Time count of number of homeless people in Arlington showed a decrease of 58% from 527 in 2008 to 221 in 2018.

Arlington developed a new intake system that standardized assessment of households needing services, and in 2015 established a unified single shelter process.

A single, comprehensive hotline was developed for persons seeking safety from domestic and sexual violence.

Through the 100 Homes Campaign, launched in 2011, more than 100 of the most vulnerable persons living on the streets were permanently housed. In 2016, Arlington achieved “functional zero” for homelessness among military veterans, and is on track to attain functional zero for chronically homeless persons.

Since 2008, Arlington has added 215 permanent supportive housing spaces for homeless persons with disabilities.

In 2015, Arlington opened a year-round Homeless Services Center providing shelter space, hypothermia (winter shelter) space, medical respite beds, and coordinated drop-in services for persons living unsheltered.

Arlington has launched internships and culinary training programs for homeless persons, and established a landlord partnership initiative to help gain housing for individuals with significant housing barriers.

The “Within Our Reach” strategic plan is the next step to supporting and assisting neighbors at risk of homelessness. Goals of this plan include:

**Affordable housing**: New housing development projects should continue to include affordable housing units, especially family-sized units and units suited for people with disabilities.

**Comprehensive supportive services**: Some homeless households come with a complexity of issues that warrant new and creative supportive services.

**Prevention**: Arlington County will continue to prevent new cases of homelessness and to assist other, previously homeless households in maintaining their housing.

**Income maximization**: Arlington County will explore options that can increase earning potential and contribute to housing stability.
Goal 3: SUSTAINABILITY

Arlington County shall ensure that its housing efforts contribute to a sustainable community.

In order to support long-term community stability, Arlington has developed policies to protect its investments in affordable housing. These include strategies to maintain physical housing stock, promote environmentally sustainable and transit-oriented planning, ensure long-term affordability and financial feasibility of its housing portfolio, and encourage housing goals to be integrated as part of other County plans and policies. These policies in the AHMP are designed to ensure the community’s environmental and economic sustainability.

Asset Management and Compliance

The County’s asset management and compliance work includes monitoring CAFs for both physical and occupancy compliance. The County also reviews active County loans to ensure compliance with loan provisions and repayment terms. This comprehensive approach ensures CAFs provide a healthy and safe living environment for income-eligible households, and are upholding the terms of the County loan (when applicable). In FY 2018, Arlington County conducted 283 physical inspections and 600 occupancy file reviews across 53 CAF properties. Any concerns identified through these reviews were remedied and 100% of CAFs were brought into compliance. Further, the County used desk reviews and onsite reviews to confirm 100% of active County loans are currently in compliance with their loan terms.
Arlington County’s multifamily development program creates new and preserves existing CAFs with its annual supply goals. To support this mission, the County utilizes both County and non-County funding sources. In FY 2018, the County attained $31 million for its loan fund, the Affordable Housing Investment Fund (AHIF), to support over $25 million in new allocations for multifamily development projects. This $31 million included approximately $15.3 million in general fund and recordation fees, $5.1 million in loan repayments from single and multifamily loans, $10.3 million in developer contributions, and $500K in federal funds.

Leveraging County Sources for Multifamily Development

Arlington County uses its loan fund to leverage non-County sources to support multifamily development. In FY 2018, the County allocated $25.6 million for new projects and leveraged approximately $133 million (roughly $5.20 for every County dollar for those projects). Further, the County loan fund includes both general fund and non-general fund dollars. Looking at local general fund dollars alone, the County leveraged an estimated $17 for every general fund dollar when making new project allocations in FY 2018.

Promote Affordable Housing Close to Transit

Arlington County has a long history of coordinated land use and transportation policies that encourage higher intensity development within transit corridors. Both housing and transportation costs are important in achieving overall household affordability in any given location. Given Arlington’s rich public transit system, locating affordable housing close to public transit aids lower income households in lowering overall living costs. When fully redeveloped, Queen’s Court North and South will place 249 CAFs within walking distance to the Rosslyn Metro station.
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