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Letter from the Director

Arlington found itself at a critical juncture during fiscal year 2019: Arlington, as a highly desirable community, faced an evolving economy, growing population, and a housing ecosystem under pressure. The result was tighter housing supply and rising costs in and around Arlington. This regional challenge requires regional solutions and Arlington has a role to play.

How do we ensure “living in Arlington” is synonymous with an equitable, stable and adaptive community? This question along with regional housing pressures, spurred County leadership to launch “Housing Arlington”, an umbrella initiative that aims to generate innovative solutions for a full spectrum of housing affordability: sustainably absorbing growth without displacement and ensuring there are housing types to suit the needs of a diverse community. It also inspired the theme of this year’s Affordable Housing Master Plan Annual Report, “Working Toward Fair Housing.”

As Arlington developed the Housing Arlington Initiative, we continued to make significant strides toward meeting the goals of the Affordable Housing Master Plan and its overarching goals of supply, access and sustainability. Housing Arlington seeks to develop a more inclusive housing community that takes care of its neediest while providing ample opportunity for its middle class and beyond, one that is grounded in equity, stability and adaptability.

While we dedicate significant resources to developing housing affordable to low- and moderate-income residents, Arlington believes that a large component of an equitable community is about ensuring fair housing and providing opportunities for all residents to have housing choices. You can see a few real-life stories in our online citizen summary.

This report highlights FY 2019 achievements, as well as projects and priorities that are multi-year initiatives. The report is structured around each of the goals of the Affordable Housing Master Plan: Supply, Access and Sustainability. Complete data sets of the performance metrics are available here, and updated annually.

We understand that housing affordability is a continuing challenge for Arlingtonians and we are working hard to address this challenge. We welcome your ideas and feedback: reach out to us anytime at housingdivision@arlingtonva.us.

Respectfully,
Anne Venezia, Acting Housing Director
This report highlights Arlington County’s FY 2019 achievements, from July 1, 2018 - June 30, 2019. Because many projects and priorities are multi-year initiatives, we also describe efforts underway in FY 2020 and future years, as well as past achievements related to Arlington’s housing portfolio. The report, with the theme of “Working Toward Fair Housing,” is structured according to 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.
An Analysis of Impediments to Fair Housing Choice (AI) is an assessment of Arlington’s laws, ordinances, statutes, and administrative policies as well as local conditions that affect the location, availability, and accessibility of housing. It is required every five years for all communities that receive housing and community development funds from the U.S. Department of Housing and Urban Development (HUD), and is a helpful tool for developing strategies to ensure equity in housing policies. Given the importance of this issue, Arlington’s theme for its FY 2019 report is “Working Towards Fair Housing”.

The major components of the AI include:
1. Community participation;
2. Assessment of past goals and actions;
3. Analysis of data and issues that impact fair housing; and
4. Establishment of measurable fair housing goals and priorities.

Why is this important?
The Analysis of Impediments to Fair Housing Choice provides an opportunity to analyze existing patterns, trends, and conditions to aid decision making. It is anticipated that the experiences and perspectives of community members will inform the assessment and planning. These efforts help Arlington develop solutions to fair housing choice and address barriers to opportunity.

Initial Data Analysis
In FY 2019, a data analysis was conducted of demographic data, metrics of discrimination and disparity, and local regulations and administrative policies, procedures, and practices that affect the location, availability, and accessibility of housing. It also assessed the conditions, both public and private, that affect fair housing choice.

Next Steps
Along with the data analysis, community conversations over FY 2020 and into 2021 will result in an identification of impediments to fair housing choice and strategies for addressing them. This will be a regional as well as local effort.

The federal Fair Housing Act makes it unlawful to discriminate in any aspect related to the sale, rental or financing of dwellings because of race, color, religion, national origin, sex, families with children and persons with handicaps. Virginia Fair Housing Law mirrors the federal law and contains the additional protected class of elderliness. Arlington County’s Human Rights Ordinance includes elderliness, marital status and sexual orientation as protected classes as well.
There has been a lot of attention given to the Crystal City/Pentagon City housing sub-markets since the November 2018 announcement that Amazon will be locating its second headquarters in this area. While the for sale/homeownership market in the surrounding area has been extremely tight with very low inventory and prices pushed higher, the rental market has seen less impact. The average apartment rent in this area increased by 5% from the 2nd quarter of 2018 to the 2nd quarter of 2019, slightly higher than the County-wide rent increase for elevator apartments.

The supply of Market Rate Affordable Housing (MARKs) affordable at 60% of area median income (AMI) increased by 531 units to 3,675 units, approximately the same number of units that the County had in 2015. The supply of MARKs affordable between 60% and 80% AMI diminished by 1,801 units; a portion of these units became more affordable, but a larger portion increased beyond the 80% AMI affordability threshold.

**Crystal City Sub-Market**

There has been a lot of attention given to the Crystal City/Pentagon City housing sub-markets since the November 2018 announcement that Amazon will be locating its second headquarters in this area. While the for sale/homeownership market in the surrounding area has been extremely tight with very low inventory and prices pushed higher, the rental market has seen less impact. The average apartment rent in this area increased by 5% from the 2nd quarter of 2018 to the 2nd quarter of 2019, slightly higher than the County-wide rent increase for elevator apartments.
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. Affordability of these units ranges from 50-80% AMI.

**Home Sales**
The average sales price for all homes rose overall by 6.3% in the first half of 2019 over the average sales price for 2018. In this same time period, single family detached sales prices increased by 5.7%. The average sales price for condominium units increased 3.4% from $430,00 to $444,500. Condominiums represented a little more than half of the for-sale housing inventory in FY 2019.
The Housing Arlington initiative, launched in April 2019, is a multi-year initiative that began with a well-attended kick-off event and corresponding online feedback forum in May 2019.

The vision for Housing Arlington is to create a more inclusive housing community that takes care of our lowest-income residents while providing ample opportunity for our middle-income residents and others, with solutions grounded in equity, opportunity, stability and adaptability.

The initiative focuses on the following guiding concepts, with integration between specific issues, challenges, and solutions:

- **Affordable Housing:** How do we create more housing opportunities for our low-income population, using loans, grants, home buying assistance and more?
- **Missing Middle Housing:** What new housing types and forms could be introduced in Arlington that broaden the range and supply of housing?
- **Multi-Level Partnerships:** How do we better use local, regional, state, and federal as well as public, private and non-profit partnerships to innovate in housing policy and practices to enable Arlington to achieve its housing affordability goals and

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Each initiative, all of which are currently underway, has its own timeline, work program, and community engagement activities.
While work is ongoing with all six Housing Arlington initiatives, two of the efforts under the Land Use Tools had major milestones in FY 2019, highlighted below.

**Housing Conservation District**
The Housing Conservation District (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 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 2020.

**New Standards for Accessory Dwellings**
In May 2019, the County Board adopted standards that permitted the establishment of new detached accessory dwellings (ADs) and increased flexibility for homeowners to convert their existing accessory buildings. Additional revisions to the existing accessory dwelling unit regulations were adopted in November 2017, intended to encourage greater use and expanded housing options.
AHMP Implementation Highlights

Housing Matters Forums
The Housing Matters Forums were initiated in March 2019 with the goal of strengthening community connections and providing a platform for discussions around community needs with a focus on landlords and tenants. These forums take place quarterly, and have attracted more than 100 landlords and tenants, as well as housing advocates and providers. They have provided opportunities for information sharing, discussion and engagement on topics that are community driven:

• The first event focused on evictions, including an overview of evictions data in Arlington, the eviction process, state legislative solutions and local resources for tenants and landlords.
• The second forum addressed property maintenance and the rights and responsibilities of both tenants and landlords.
• The third forum focused on fair housing and barriers to accessing housing.

Changes to Housing Grant Program
Arlington County updated the Housing Grant Program’s Maximum Allowable Rent (MAR) index for qualified residents effective July 1st, 2019. The Housing Grant program establishes a MAR that caps rental obligations by household size when determining grant eligibility. Grants are calculated based on household income and either the actual rent or the MAR set by Arlington County (whichever is less). The program’s MAR was last amended by Arlington County in 2010. Where a household’s rent exceeds the MAR, recipients are responsible for paying the difference. Increasing the MAR increases the amount of discretionary income available to recipients for non-rental expenses, particularly for low-to -very low income working families, seniors over 65 and disabled residents where the program has seen participation decline over recent years.
Digital Equity in Arlington

Digital connectivity, particularly access to high-speed or broadband internet, is essential to success in the 21st century and is a critical part of providing equal opportunities to all residents. By being connected to the internet, residents have access to a wide range of resources, services, and products. The benefits of digital connectivity, however, have historically not been evenly distributed, and this inequity is more pronounced among older people and low-income populations.

In 2017, Arlington County provided the Arlington Partnership for Affordable Housing (APAH) with a grant to implement a demonstration project that provides residents at Arlington Mill Residences with free, in-unit high-speed internet access. The lessons learned from this pilot project will inform the long-term strategic direction for Arlington as it relates to providing equitable technology options for Arlington’s most disadvantaged populations. In the next fiscal year, County staff will engage the community in the creation of a Digital Equity Action Plan (DEAP), including assessing what digital inequity means in Arlington and determining what actions should be taken to ensure that all Arlingtonians have the information technology capacity needed to fully participate in the community and economy. As part of this Action Plan, the County has begun exploring ways to ensure that residents of the County’s existing and new committed affordable housing have access to affordable high-speed broadband internet.
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 in Arlington County to meet the needs of the County’s current and future residents. This includes low- and moderate-income households, persons with disabilities, homeless persons and the near homeless population.

Rental Supply

The need for affordable rental housing continues to outpace the supply. The County is working toward its goal of ensuring 17.7% of the County’s rental housing stock is affordable by the year 2040; currently 9.4% 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 County financing in FY 2019 or received land use approvals that are conditioned on providing affordable housing demonstrate the County’s commitment to achieving this goal.

American Legion

Through a partnership between the American Legion Post 139 and the Arlington Partnership for Affordable Housing (APAH), a new seven-story building will be built that will provide 160 affordable apartment units atop a new Post 139 facility.

The County Board approved financing through the local Affordable Housing Investment Fund (AHIF) for the first 80 of these units, which will be affordable for 75 years. Consistent with both the Legion and APAH’s missions, a preference to veterans will apply to half the apartments. The site is in a transit-rich location adjacent to the Metro corridor and about one-quarter mile north of the Virginia Square Metro Station.
Queens Court North

AHIF financing was approved for the second component of APAH’s Queen’s Court redevelopment in the Rosslyn Ballston corridor – Queen’s Court North.

This project fulfills the vision of the Western Rosslyn Area Plan (WRAP) with a 12-story, 249-unit EarthCraft Gold building.

The Queen’s Court North component will have 159 CAFs, including 56 family-sized apartments. As part of the WRAP, APAH will dedicate land for the northern portion of Rosslyn Highlands Park.

In June 2019, the County Board approved a site plan project that will replace an aging commercial building on the northwest corner of Washington Boulevard and Kirkwood Road, in the Ballston-Virginia Square neighborhood, with a seven-story 255-unit apartment building.

The developer, Eleventh Street Development, LLC, will be contractually required to keep 16 of the units – eight one-bedroom and eight two-bedroom units — affordable for 30 years. One affordable two-bedroom unit will be fully accessible.

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 8,377 approved affordable rental units.
Extending Housing Affordability for Older Adults

As many Arlingtonians desire to remain in Arlington as they age, more and varied housing choices allow them to stay close to friends, family and community supports.

The Carlin

The County provided financing to the Retirement Housing Foundation (RHF) to support the renovation of the Carlin, an age-restricted, 162-unit, 10-story tower, originally developed and built in 1995-96. In addition to the improvements to the property, the affordability restrictions which were set to expire in 2026 will be extended for a period of 60 years from the date of the final Certificate of Occupancy, approximately 2080. The renovation work will be done in phases over an 18-month period.

Claridge House

Claridge House renewed its housing assistance payment (HAP) contract with the U.S. Department of Housing and Urban Development (HUD) which was set to expire in January of 2019. This contract guarantees continued affordability of this 300-unit senior housing complex located in Crystal City for an additional 10 years.
Homeownership Supply

There are currently three approved projects in development/construction that will provide 12 affordable ownership units.

1122 N. Kirkwood Road

NVR, Inc. will develop 26 townhouses and a 58-unit multi-family building at 11th and Vermont (Site Plan #447). Four 2-bedroom units in this project will be sold to qualified buyers with incomes up to 80% of AMI.

2000 Clarendon Blvd.

2000 Clarendon Boulevard (Site Plan #441) in the Courthouse neighborhood will be a fifteen-story condominium building with 90 units. Four units (two of which will be two-bedroom units) will be affordable up to 80% AMI.

Axumite Village

The Ethiopian Community Development Council’s approved Axumite Village project in the Columbia Pike Corridor will include four affordable units.

County Tools for Housing Production and Preservation

Financing: County funds for financing include local AHIF, Transit-Oriented Affordable Housing Funds (TOAH), 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 2019 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.

Fair Housing Testing

Eliminating discrimination is a critical piece of furthering fair housing. The Arlington County Human Rights Ordinance prohibits discrimination based on sexual orientation along with race, color, sex, national origin, age, religion, disability, marital status and pregnancy. Fair housing enforcement is an important function of local government, which is responsible for investigating complaints.
Fair housing testing is a method of comparing how two persons of different protected classes (e.g., of different races) are treated by a housing provider under similar circumstances, while all other factors held constant. There are two types of testing - targeted testing and random testing. Targeted testing is conducted in order to investigate a fair housing complaint or to determine if an agency that previously discriminated is still engaging in discriminatory practices. Random testing is conducted across a sample of housing providers. The County’s office of Human Rights conducts a random fair housing test every two years.

The testing in FY 2019 consisted of 100 tests to determine whether differences in treatment were accorded to potential renters on based on race (Black/White testers) or national origin (Hispanic/White testers). Of the 100 tests conducted, only one test showed that there were differences in treatment based on national origin. This apartment complex was re-tested to determine if there were any subsequent problems. There were no differences in treatment found in the re-test.

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 was served monthly, including working families, persons with disabilities, and persons over age 65.
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.

Sustainable buildings are good for the environment and for people too.

Affordable housing that is both energy and water efficient has the double benefit of contributing to Arlington’s Community Energy Plan Goals and providing a better living environment and lower utility bills for residents.

- The renovation of the Carlin will meet EarthCraft Multifamily green building standards, which will save energy and water and improve indoor air quality. In addition, the developer is installing ENERGY STAR products to ensure energy efficient equipment for heating and cooling, as well as energy efficient lighting and appliances.
- The Queens Court development will be certified EarthCraft Gold, which will help to advance the goals of the Community Energy Plan and encourage water conservation.
- The American Legion project will pursue EarthCraft Gold and ENERGY STAR Multifamily High Rise certifications. The project will also include ENERGY STAR Portfolio Manager reporting for 10 years, in support of the County’s Community Energy Plan goals and AHMP policy of encouraging energy and water conservation in affordable housing.
Funding for Multifamily Development Projects

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 2019, the County attained $27.8 million in new resources for its loan fund, the Affordable Housing Investment Fund (AHIF), to support over $18 million in new allocations for multifamily development projects. This $27.8 million included approximately $13.8 million in general fund and recordation fees, $10.3 million in loan repayments, $2.5 million in developer contributions, and $1.2M 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 2019, the County allocated $18 million for new projects and leveraged approximately $131 million (roughly $7.30 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 $22 for every general fund dollar when making new project allocations in FY 2019.
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