

Case Study - Arlington County, Virginia

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Population: 234,000

Median Household Income: \$128,145

Median Value of Housing Units: 755,800

Median Gross Rent: \$2,094

Households: 109,528

Person Per Household: 2.12

Problem/Need/Opportunity

The County commissioned the Fuller Institute at George Mason University to produce the Housing Needs Analysis and was published in January 2021. The Updated Housing Needs Analysis describes the characteristics of Arlington County's population and analyzes demographic, economic, and housing market trends between 2012 and 2018 (the most current data available at the time the report was prepared). The analysis also examines current housing affordability and housing needs in the County, identifies where current gaps between needs and supply exist, and forecasts housing demand to 2045 based on the most recent population and jobs patterns.

Some of the key findings of the report include:

- Population and household trends
 - The number of adults aged 65 and older increased 25.1%, reflecting the aging of the Baby Boom population.
 - The number of children increased 18.7%, even though the number of families with children was changed little during this period.
 - The number of young adults (ages 25 to 35 years old) decreased 11.6%.
 - The number of Hispanic residents in the County increased 9.2% and was the most significant source of population growth by race and ethnicity.
- Housing cost burden findings
 - Nearly two-fifths (38.6%) of all renters paid more than 30 percent of their monthly income on rent and were housing cost burdened, including:
 - 83.1% of all renter households earning less than 80% of Area Median Income;
 - 74.7% of single-person households aged 65 or older;
 - 58.1% of householders with a disability;
 - 57.6% of single-parent households;
 - 52.4% of Black or African American households; and
 - 50.2% Hispanic households.

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- Housing supply gaps
 - There were 8,077 renter households with incomes below 30% of the area median income and 1,585 rental units affordable within this income band resulting in a deficit of 6,492 units in order to affordably meet this housing need.
 - Similarly, for the 5,210 households with incomes between 30% and 49% of the area median income, there were only 2,197 rental units affordable within that income range, resulting in a deficit of 3,013 units.
- Forecast of housing demand and population from 2015 through 2045
 - The average annual population growth rate is projected to be 1%, with gains modestly stronger during the first decade of the forecast period, with an overall increase in population of 36.7%.
 - As a result of the faster increase in lower income households, overall, the share of households earning above 120% of AMI is projected to decline from 52.0% in 2015 to 49.1% in 2045.
 - The segment of the population forecasted with the highest growth rate is that of households 85 years of age and older, which is anticipated to grow by 80.8%, from 1,800 households in 2015 to 3,250 by 2040.

Programs

Financing Tools

Affordable Housing Investment Fund (AHIF)

The County's Affordable Housing Investment Fund (AHIF) is a revolving loan fund that provides gap financing to developers that preserve or build Committed Affordable Housing (CAF) units in the county. AHIF is the key mechanism through which the County funds the construction and redevelopment of housing affordable to low-income renters, and also supports housing that combines housing and services for vulnerable populations. AHIF is funded by several sources; developer contributions obtained through the Affordable Housing Ordinance; general revenue; AHIF loan repayments; and a portion of property recordation fees.

Federal and State Funds

Federal and state programs provide significant financial resources for affordable housing. These sources of funding include Low-Income Housing Tax Credits (LIHTC), federal and state historic preservation tax credits, HOME, and CDBG. The LIHTC program encourages affordable housing development by providing a federal income tax credit to property owners, and incentives for private investors to participate in construction and rehabilitation of housing for low-income families. The Virginia Housing administers the tax credit program.

Program Impact:

- » The County realized a net increase of 1,433 committed affordable housing units;
- » Affordability terms were extended on 845 units of committed affordable housing;
- » The number of homeless individuals was reduced to less than the goal of 200 persons;
- » 100% of County loans for committed affordable housing projects were in compliance with their financial terms and obligations.

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Federal and state rehabilitation tax credit programs provide property owners with incentives for private investment in the preservation of historic properties. The CDBG and HOME programs are grants from the U.S. Department of Housing and Urban Development (HUD) that help the County to provide decent and affordable housing, clean and safe neighborhoods and to create economic opportunities.

Industrial Development Authority (IDA) Bonds

Arlington County has made use of IDA bonds for several purposes related to affordable housing including property acquisitions, new construction, and rehabilitation. IDA bonds are repaid by the affordable housing developers from the revenue generated from the affordable housing projects financed with the bonds. Bonding has been a critical piece of the County's overall affordable housing program and should be used as needed in the future.

Tax Incremental Financing (TIF)

A Countywide TIF policy was adopted in July 2014. This policy guides the use of TIF and provides parameters on how and when it can be used.

Arlington has two Tax Increment Financing (TIF) areas; the Crystal City – Potomac Yard – Pentagon City TIF, which was established in 2010 to support infrastructure investment, and the Columbia Pike TIF, which was established in 2013 to support affordable housing development and preservation.

The Columbia Pike TIF sets aside 25 percent of the increase in tax revenues above the base year revenue to be used to support the development and preservation of affordable housing in the Columbia Pike area. The Columbia Pike TIF is the funding source for TOAH (described below). The use and effectiveness of the Columbia Pike TIF for developing and preserving affordable housing will be monitored.

Transit Oriented Affordable Housing (TOAH) Fund

One of the biggest challenges faced by Arlington County in achieving its affordable housing goals is to provide affordable housing in transit corridors, where land and properties are most valuable. The Transit Oriented Affordable Housing (TOAH) program provides direct County support for projects that need additional funding in order to remain within the total development cost restrictions established by the Virginia Housing for the Low-Income Housing Tax Credit program. Uses of the fund are limited to costs of infrastructure and County fees. Currently, the TOAH fund is only available within the Columbia Pike planning area and is funded through the Columbia Pike TIF.

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Land Use Tools

Affordable Housing Ordinance

The Affordable Housing Ordinance has been a key tool for leveraging private development for affordable housing. The provisions of this ordinance are defined in the County's zoning ordinance as part of the site plan approval. The ordinance applies to both residential and commercial special exception site plan developments that have a gross density with a floor-area ratio (FAR) in excess of 1.0. The specific details of this ordinance are established in the Code of Virginia and any alterations require legislation at the state level.

Under this ordinance, Affordable Dwelling Units (ADUs) must be affordable to residents earning 60 percent AMI, and this affordability level must be maintained for a 30-year period. Applicants may choose to comply with the ordinance in one of four alternative ways: on-site CAFs, off-site CAFs in proximity, off-site CAFs, or cash contribution to AHIF. The formulas for determining the number of units or amount of contribution are defined by this ordinance. The availability of optional ways to comply with the Affordable Housing Ordinance has been beneficial for meeting multiple affordable housing goals in the County. The provision of on-site units increases the number of affordable units in mixed-income, transit-accessible buildings, while the off-site option allows for a greater number of overall affordable units throughout the County. Contributions to AHIF are leveraged to generate additional public and private sources of funding for affordable housing.

Bonus Density

(Affordable Dwelling Units for Height and Density Above General Land Use Plan)

In addition to the Affordable Housing Ordinance, the County also uses zoning incentives available through the site plan process to encourage the production of affordable units. As part of site plan projects that involve requests for increased density, the County enters into negotiations with developers about the provision of affordable housing above what is mandated under the baseline Affordable Housing Ordinance. The rationale is that affordable housing can be provided in exchange for the additional height and density granted by the County Board through the special exception site plan process.

Special Affordable Housing Protection District (SAHPD)

The Special Affordable Housing Protection District (SAHPD) as outlined in the General Land Use Plan identifies existing market rate affordable housing sites within the County's two Metro Corridors that are planned for site plan projects of 3.24 FAR or higher. The goal of the SAHPD is to retain affordable housing opportunities (through preservation or replacement) in the County's high-cost Metro corridors. SAHPDs have been established in the Rosslyn, Courthouse, Virginia Square, and Ballston area plans. In instances where redevelopment of these sites is proposed, the higher densities shown on the General Land Use Plan are intended to be achieved while providing for one-for-one replacement; replacing the number of bedrooms or the gross floor area (GFA) on a one-for-one basis.

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Housing Conservation District

In 2017, Arlington County established a Housing Conservation District in 12 areas with significant market rate affordable housing. The district is intended to prevent the loss of market rate affordable housing, encourage and incentivize the distribution of affordable housing throughout the County, and preserve and enhance existing apartment neighborhoods, consistent with adopted policies from both the Affordable Housing Master Plan and General Land Use Plan. Work is continuing on development of appropriate land use incentives through the Multifamily Reinvestment Study.

Sector and Area Plans

From time to time the County undertakes land use planning efforts for specific areas. Many of these plans (e.g. Radnor/Ft. Meyer Heights, Crystal City, Clarendon) have included special provisions for affordable housing. These plans respond to the specific contexts, conditions, opportunities and constraints unique to each area. The County is currently developing an area plan for the Langston Boulevard area.

Form Based Code

A form based code is a land development regulation that uses physical form (rather than uses) as the organizing principle for the code. Form based codes can foster more predictability in the development process and in some places is an attractive alternative to conventional zoning. Arlington County has adopted two specific form based codes along Columbia Pike that apply to development in commercial centers and in the surrounding multifamily residential neighborhoods.

- **Columbia Pike Form Based Code – Commercial Centers.** The Columbia Pike Special Revitalization District Form Based Code (FBC) was originally adopted in 2003 to foster mixed-use development along the commercial centers of Columbia Pike. There are currently no affordable housing requirements under the provisions of the Commercial Centers FBC.
- **Columbia Pike Neighborhoods Form Based Code – Neighborhoods.** The County adopted the Columbia Pike Neighborhoods Special Revitalization District Form Based Code (FBC) in 2013. The primary focus of the Neighborhoods FBC is on the multi-family residential areas along the Pike where apartments and multi-family complexes are concentrated.

All development projects under the Neighborhoods FBC are required to set aside between 20 percent and 35 percent of the net new units for affordable housing. The affordable housing units must remain affordable for at least 30 years for households earning 60 percent of AMI. The Neighborhoods FBC is designed to be a key tool to help the County achieve its affordable housing goals.

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Transfer of Development Rights (TDR)

Transfer of Development Rights (TDR) allows for transfer of density from sending sites to receiving sites for the purposes of affordable housing, open space, historic preservation, community recreation and/or community facilities. TDRs can occur only through the site plan process on the receiving site and the County Board must approve all sending and receiving sites.

Accessory Dwelling (AD) Ordinance

An accessory dwelling (AD) unit is a self-contained apartment in an owner-occupied single-family home or lot that is either attached to the principal dwelling or, in some jurisdictions, in a separate structure on the same property. AD units (also known as accessory apartments, guest apartments, in-law apartments, granny flats or secondary units) provide supplementary housing that can be integrated into existing single-family neighborhoods to provide a typically lower-priced housing alternative. AD units can help promote the supply of rental housing for older adults and persons with disabilities.

Homeowners can also build AD units to receive additional income and/or to allow them to remain in a home otherwise too big to fit their needs.

Family/Caregiver Suite

The Arlington County Zoning Code allows for family/caregiver suites. This provision allows for persons who provide care for the children, elderly or disabled occupants to live in the same dwelling. The suite may consist of not more than two rooms plus a bathroom and “efficiency” kitchen in a dwelling. The suite must be designed so that it can function as an integral part of the dwelling although the occupants may live independently of each other.

Affordable Housing Parking Standards

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. A key element of the guidelines includes reduced parking ratios for properties containing CAFs affordable at 60 percent of and 50 percent of AMI that are set at 70 percent and 50 percent of the market-rate minimums respectively.

Rental Assistance and Tenant Services

Housing Grants

The Housing Grant program is a County subsidy program that covers part of the rent for low-income adults living in private rental housing. Participating households spend a defined portion of their gross income on rent, with the remainder subsidized by the County’s grant. The Housing Grant program issues grants to very low-income households with members who are age 65 or older, or who are permanently and totally disabled, or working families with children.

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Housing Choice Vouchers

The Federal Housing Choice Voucher (HCV) program is administered by the County and subsidizes the housing costs of low-income households, including those with children, older adults, and individuals with disabilities. Households receiving Voucher assistance live in private rental housing and pay 30 percent of their income towards their rent, if applicable. The voucher covers the gap between the household's income and the approved rent for the unit.

The program is primarily designed for residents earning below 30 percent AMI, but serves some residents up to 50 percent AMI. Preferences are given to applicants who are homeless, victims of domestic violence, persons with a disability who qualify for Permanent Supportive Housing, individuals that qualify under the Olmstead Act and a residency preference for families who live, work, or have an offer of employment in Arlington County. The program also implements special HUD programs that provide vouchers for homeless veterans, persons with AIDS, youth aging out of foster care, non-elderly disabled and families at risk of separation due to homelessness.

Affordable Housing Investment Fund Housing Services

The AHIF Housing Services Fund is an annual set aside of the Affordable Housing Investment Fund. It provides up to two years of funding for housing services projects that are new or expanded projects that address an unmet or changing housing need. Projects that have been funded in the past have included stabilizing families at risk of homelessness and resident services for households living in committed affordable housing units.

Tenant Assistance Fund (TAF)

A Tenant Assistance Fund (TAF) is a temporary, project-based program that provides income-qualified vested tenants with rental assistance if rents increase as a result of redevelopment. The fund is designed to mitigate the possible negative effects of increased rents resulting from the redevelopment, renovation, or acquisition of CAF properties. Private developers that redevelop or renovate an existing affordable multi-family residential building to preserve or create CAFs are required to submit a formal tenant relocation plan and administer the County tenant assistance fund (TAF) as part of the process of obtaining approvals and permits for the redevelopment project.

Tenant Relocation Program

The County has established relocation guidelines regarding tenant displacement when residential rental properties are proposed for demolition, rehabilitation or conversion through the site plan process. When tenants must be relocated due to redevelopment, they may be entitled to relocation payments or other benefits. The goal is to assist displaced tenants to move directly to safe and affordable replacement with minimal disruption to their daily lives. Providing tenant relocation assistance is voluntary for projects redeveloped by right.

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Homeowner Assistance and Homebuyer Services

Moderate-Income Homebuyer Assistance Program (MIPAP)

The County's primary homeownership tool is the Moderate-Income Purchase Assistance Program (MIPAP), a shared equity, soft second mortgage program that provides prospective first-time homebuyers with up to 25 percent of the purchase price of homes in Arlington. MIPAP assistance is available to households with incomes up to 80 percent of AMI. CDBG is the primary source of funding for the MIPAP program.

Condominium Initiative

Housing Arlington's Condominium Initiative focuses on strategies to ensure that condominium owners can preserve and maintain their homes, as existing condominiums provide the most likely source of affordable ownership opportunities to low- and moderate-income households in Arlington. This initiative includes three major elements:

- Build organizational capacity by providing resource materials, classes, workshops, direct technical assistance, and conducting outreach to association management, prioritizing condos primarily owned by low or moderate-income owners;
- Promote capital improvements by developing strategies and programs that help support maintenance and renovation needs in existing affordable condos; and
- Develop programmatic approaches for direct support by establishing cost-effective methods to provide direct assistance to financially vulnerable low- and moderate-income owners in the context of rising fees and capital expenses.

Federal and State Programs for Low- and Moderate-Income Homebuyers

Both the federal and state government offer programs that help low- and moderate-income households buy homes. The Federal Housing Administration (FHA) provides mortgage insurance on loans made by FHA-approved lenders throughout the United States. FHA loans have become the primary means by which low- and moderate-income households and first-time homebuyers purchase a home. FHA loans can have lower down payment requirements and higher allowable loan-to-value ratios than conventional loans.

The Virginia Housing offers loan programs targeting first-time homebuyers. Homebuyers must meet program income and home sale price limits and must complete VHDA's homeownership class.

Real Estate Tax Relief

A real estate tax relief program is a program or incentive that reduces the amount of property tax owed by an individual homeowner. For low-income homeowners and those on fixed incomes, a reduction in real estate taxes can enable them to afford to remain in their home. Arlington's Real Estate Tax Relief program offers tax relief to homeowners who are age 65 or older or who are permanently disabled. Applicants for tax relief must meet income and asset limits (with the primary residence not counted towards total assets). Homeowners who qualify for a partial exemption may defer the balance due until the property changes ownership.

Home Modifications and Improvements

Through the Community Development Fund, Arlington supports Rebuilding Together, a nonprofit organization that makes critical repairs to homes of elderly and disabled residents,

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Homebuyer Education and Foreclosure Prevention Counseling

Homebuyer education enables first-time homebuyers to understand the complexities of purchasing a home. Participation in this program is mandatory for participants in MIPAP, but is available to anyone interested in purchasing a home. Homeowner education is delivered via free, six-hour courses taught by a nonprofit partner. The County also provides one-on-one counseling through its Housing Information Center.

Special needs and homeless services

Case Management

DHS offers a range of case management services that directly help households obtain and maintain housing, including linking them to support services and other resources. Rental assistance alone is not always sufficient for households to become stable in housing. These services are provided through DHS Economic Independence Division, Child and Family Services Division, Aging and Disability Services Division, Behavioral Healthcare Division, and community non-profit organizations.

Homeless Services

The Arlington Continuum of Care provides a range of services for persons and households who are homeless or at risk of homelessness including prevention, diversion, shelter (for those with no access to a safe housing placement), and rapid re-housing. Through an integrated, community-based support system, Arlington County helps households at risk of homelessness keep their housing, and will assist any household that does become homeless in regaining stable housing as quickly as possible.

DHS is the lead agency for the Arlington County Continuum of Care, an amalgam of non-profit organizations that ensure that available federal, state and local resources are used strategically to meet the needs of Arlington homeless households and those at risk of becoming homeless. All services are funded through a combination of Federal, State, County, and private resources.

Permanent Supportive Housing (PSH)

Permanent Supportive Housing (PSH) is a successful, cost-effective combination of affordable housing with services that helps people live more stable, productive lives. PSH is for persons with disabilities including serious mental illness, substance abuse, intellectual disabilities, and youth aging out of foster care who are homeless or at-risk of homelessness and have a serious housing need. Services are flexible and voluntary and not a condition of the lease. PSH is a proven model for disability populations in which the lease is held by adult(s) in the household and apartments are scattered across the County, primarily in committed affordable housing units.

Supportive Housing with Services

Because not all persons with disabilities can hold a lease in their own name and/or may need more supports than provided in PSH, the County offers a range of supportive housing for disability and special needs populations. Supportive housing combines housing and support services for the most vulnerable populations. Examples of housing types include group homes, transitional housing, supervised apartment living, congregate housing, and supportive studios. The County supports aging in place and assisted living services at Culpepper Garden and Mary Marshall Assisted Living residence.

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- A) Several non-profit agencies operate group homes in Arlington County for persons with Intellectual disabilities and adults with serious mental illness. Residential staff work in all of them, but the number of staff present, and the number of hours during the day and night when staff work varies. The level of staffing is determined by the abilities of the persons living in the home. Supervision, training and assistance are also provided under an ISP within a group home. The number of individuals with ID living in each home varies from four to seven. Non-profit agencies operate the homes and provide services through contracts with Arlington County.
- B) Supportive Studio Apartment for Single Homeless Adults. Supportive studio apartments are efficiency units clustered together that include on-site supports to monitor tenancy and assist residents to maintain their housing. A local needs assessment documents a need for about 50 units. This model is targeted for people who have been homeless or are at risk of homelessness, with or without a defined disability, whose incomes are less than 30% AMI and who have very high leasing barriers often preventing them from leasing housing without supports and rental subsidy.
- C) Supportive transitional housing for youth aging out of foster care. Youth aging out of foster care often need assistance transitioning into adulthood including income supports and supportive services. Transitional housing can provide the environment where youth can get the support they need in stable housing. For youth the transitional housing option could be individual apartments clustered together or a congregate living environment. The need for this type of housing is about 6 to 8 individuals annually.
- D) Supportive housing substance abuse and mental health disorders. Persons with serious mental illness or substance abuse often need temporary housing after experiencing a housing crisis and/or while waiting for entry into PSH or other permanent housing. Transitional housing is congregate living where individuals have their own bedroom but share kitchen and other space. Individuals are engaged in mental health and substance abuse services, but minimal or no services are provided on site.

Emergency Rental Assistance, Housing Stabilization and Eviction Prevention Services

DHS provides short-term financial assistance and case management to low-income households who are at risk of homelessness and can be diverted from shelter. The financial assistance allows households to become current on their rent, pay utility bills, and avoid or stop eviction proceedings. Case management services include financial literacy and budget management, employment counseling and/or job readiness and vocational education.

Landlord Partnership and Risk Reduction Fund

The Landlord Partnership is grounded in agreements between landlords and service providers representing homeless individuals and families with high housing barriers and case management needs. All individuals housed through this Partnership receive housing focused case management. Landlords participating in this partnership have access to a “risk reduction fund”, which assists in compensating landlords for lost rent or damages should a tenant vacate a unit. Participating landlords relax some of their screening criteria for program participants to aid in housing homeless individuals and families with high leasing barriers and service needs. The risk reduction fund is administered through a non-profit and was funded through AHIF Housing Services.

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Building Services

Code Enforcement

Arlington County Code Enforcement enforces the Virginia Maintenance Code and the Arlington Condition of Private Property Ordinance to ensure the safety of Arlington residents and visitors. Code enforcement inspections are conducted both proactively and in response to resident complaints.

Owners whose properties are in violation will receive notices of violation specific to the type of violation found. The notice will allow a specified period of time to correct violations; in some cases, repairs may require a building permit.

Education on Universal Design and “Visitability”

Universal design means the development of housing and surrounding areas so that they can be used by the widest range of people possible. The Arlington County website contains information in its Aging and Disability page on universal design. Information includes the Smart Choice Homes guide that was developed in 2012. The information is also posted to the Design Standards & Guidelines and Building Codes pages to encourage builders to consider universal design as they prepare their project designs.

Fair Housing Services

Affirmative Fair Housing Marketing Plans

The County promotes non-discrimination and seeks to ensure fair and equal housing opportunities for all of its residents. In addition to Federal laws that require non-discrimination in housing, the County is committed to promoting access to housing to promote diversity and inclusivity. As such, all AHIF supported CAF developments provide an affirmative fair housing marketing plan that outlines steps it will take to promote its units to a diverse set of low- and moderate-income households.

Resources on Non-Discrimination in Housing

Educational materials about fair housing practices targeted to landlords and property managers could expand awareness of fair housing issues. These materials could include resources for developing affirmative fair housing marketing plans and other strategies for reaching and serving a diverse set of potential renters, including those with potential leasing barriers.

Fair Housing Testing

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, all other factors being 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 involves testing a sample of housing providers. The County’s office of Human Rights investigates housing discrimination complaints as they are received, and conducts a random fair housing test every two years.

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Best Practices/Lessons Learned

Of all the programs reviewed and considered for case studies, Arlington County, Virginia had the most comprehensive strategy combining the following:

- Detailed and thorough assessment of the factors contributing to the challenge of affordable housing, evaluating the current demographics and projecting the impact into the future for forecasting supply and demand.
- Robust portfolio of programs and tools covering financing, land use, assistance, special needs, building services, enforcement, and compliance.
- Accountability, measurement and demonstrated self-evaluations and adjustments to achieved desired outcomes and results.