Preserving Our Past and Building for the Future

Arlington County, Virginia
Fiscal Year 2017
(July 1, 2016 - June 30, 2017)
Affordable Housing Master Plan
Annual Report
Letter from the Director

Arlington has a wonderful affordable housing history, beginning in the 1940s as the first modern wave of federal employees searched for a home close to their work in downtown DC or the Pentagon. Today, garden apartments built during that period continue to provide stable, safe and affordable housing, while new opportunities for vibrant urban living continue along Metro corridors and other growing neighborhoods.

Our theme for this Affordable Housing Master Plan annual report – “Preserving our Past and Building for the Future” – comes after a year of many challenges and successes.

In the face of increasing budgetary pressures at the local and federal levels, we achieved successes in each of the Affordable Housing Master Plan goals in Fiscal Year 2017: ensuring supply, access and sustainability to meet community needs. Because of this work, many Arlingtonians found or kept an affordable home, maintained a stable environment for work or school, and contributed to building their community.

This annual report shows achievements through “the numbers,” the metrics that comprise the AHMP Monitoring and Evaluation Plan. For example, 556 Committed Affordable units were developed or preserved this year and 1,229 households received housing grants. Learn more about our multi-year initiatives, past achievements and see complete data sets that are the backbone of our Monitoring and Evaluation Plan.

Because Arlington continues to be such a desirable community, the supply of modestly priced housing has not kept pace with demand. As the Affordable Housing Master Plan describes, this trend will continue without committed efforts by Arlington County and its partners. To further understand the value of this work, we invite you to view the stories in our online citizen summary.

Respectfully,
David Cristeal, Housing Director
About this Report

This report highlights FY 2017 achievements, from July 1, 2016 - June 30, 2017. Because many projects and priorities are multi-year initiatives, we also describe efforts underway in FY 2018 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.
Executive Summary

In the past year, Arlington made significant progress working toward its Affordable Housing Master Plan goals of supply, access and sustainability. Here are some highlights:

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

Arlington County resources helped produce 276 new units and preserve 280 existing units. The net new 276 Committed Affordable apartments (CAFs) in FY 2017 brings the total inventory of CAFs to 7,729.

Phase I of the redevelopment of AHC's The Berkeley will replace 70 existing affordable units with a new modern building with 125 CAFs along Four Mile Run.

The acquisition of 68 at-risk apartments, known as Fisher House II, in Westover by APAH will help guarantee long term affordability in a neighborhood that has been under increasing redevelopment pressure.

Reinvesting in 210 units in Culpepper Garden, Arlington's first senior affordable development, built in 1975, will provide needed improvements so that this important resource can continue serving the needs of the community for another 60 years.

Six affordable homeownership units were sold to families with incomes up to 60% AMI as part of the Carver Homes project.

The redevelopment of Ballston Station / Central United Methodist Church will incorporate a new church, housing, and on-site childcare. The housing component of the project will be mixed income, with 119 rental units, including 48 CAFs.

A new infill apartment building, the Trove, will be built on the surface parking lot of the Wellington, making it the first major rental project under the Columbia Pike Neighborhoods Area Form Based Code. In fulfillment of the affordable housing provisions in the form based code, 105 units in the Wellington will be preserved as CAFs.
ACCESS: Arlington County shall ensure that all segments of the community have access to housing.

Arlington Landlord Partnership program, which helps persons with leasing barriers to access housing, was successful in assisting 18 tenants in securing leases.

Provided rental assistance to 1,516 households through federal Housing Choice Voucher program and an average of 1,229 households per month through locally funded Housing Grants program.

200 persons with disabilities with a critical housing need, received rental assistance and case management through local Permanent Supportive Housing Program.

Filled over 600 requests for emergency financial assistance to pay monthly rent, rent arrears, or utility costs.

225 of the 385 of the individuals exiting a shelter program achieved stable housing.

Resident services programs, like one-on-one financial counseling provided by Virginia Cooperative Extension volunteers, are essential to ensuring low-income residents are able to maintain their housing.

After-school programs are one of many services offered by AHC and other nonprofit housing partners.

Rebuilding Together volunteers make accessibility improvements, including a new ramp, at an elderly couple’s home, enabling these residents to safely age-in-place in the community.

Virginia Cooperative Extension MoneySmarts volunteers offer financial counseling and money management workshops at several affordable housing properties throughout Arlington.
SUSTAINABILITY: Arlington County shall ensure that its housing efforts contribute to a sustainable community.

- 90% of the committed affordable housing stock is located within a half mile of Arlington’s Primary Transit Network which includes both rail and bus service.
- Received over $3.5 million in AHIF loan repayments and $5.5 million in developer contributions.
- Interest rates were recalibrated for some of past AHIF loans to adjust for current conditions and to ensure the long-term financial sustainability of the AHIF fund.
- $21 million in County loan funds allocated to create 173 new CAFs & preserve and extend affordability for 103 existing CAFs.

General Housing Market Conditions

Overall rents have remained relatively stable, experiencing a decline of 0.2% from 2016. This decline was the result of average rents falling by 1% for two-bedroom apartments. The average rents for all other unit types increased.

Rent performance also varied by building type, with units in low-, mid-, and high-rise buildings reporting a slight decline in average rent and a slight increase in garden apartments. The supply of MARKs affordable up to 60% AMI decreased by 335 units to 2,445, while the supply of MARKs affordable at 60-80% AMI remained stable.

Sale prices for single family homes have increased modestly. In 2016, the median sale price for a single family detached home was $805,000 from $800,000 in 2015. The median sale price for condominiums declined from $387,900 to $364,000. Median sales prices reflect the middle sales price, with half of sales being higher and half lower.
Implementation Priorities

1. **AHIF Notice of Funding Availability (NOFA)**
   Arlington initiated a NOFA application process for FY 2018 Affordable Housing Investment Fund recommendations. Staff received applications for four developments (578 CAFs) totaling up to $58.6 million in loan fund requests. Based on pre-defined scoring criteria, the County Manager's recommendation was to initiate AHIF negotiations and the public process for Queen's Court, a 249-unit affordable housing development proposed by Arlington Partnership for Affordable Housing (APAH). The site plan for Queen's Court was approved in February 2016, and the proposed 100% affordable development is consistent with the Western Rosslyn Area Plan (WRAP) goals and vision for affordable housing.

2. **Market Rate Affordable Housing / Housing Conservation District**
   The County Board held a work session with staff on a report published in March 2017 on market rate affordable housing. The report included an overview of Arlington's past efforts in preserving affordable housing in the non-planned areas of the County; a review of existing and potential tools for preserving this component of the housing stock; and the recommendation for developing a special district within the General Land Use Plan for the areas identified in the report. Developing recommendations for the Housing Conservation District will continue into FY 2018.

3. **Residential Parking Study**
   A working group was appointed by the County Manager to review parking policy for new apartments and condominiums in Arlington's Metro corridors. The AHMP Implementation Framework had identified reduced parking standards for affordable housing as a potential land use strategy. The Residential Parking Working Group developed recommendations that provided specific parking reductions for affordable housing units. The County Board will consider a set of residential parking recommendations in FY 2018.

4. **Accessory Dwelling Units**
   A working group was established to assist staff in developing proposed changes to accessory dwelling (AD) regulations to encourage greater usage while preserving Arlington's single-family neighborhoods. The working group consisted of Housing Commission members, two members from the Commission on Aging, a member from the Civic Federation and a member from the Alliance for Housing Solutions. A community forum on preliminary concepts for modifying AD regulations was held in May 2017. Recommendations were brought to the County Board for consideration in FY 2018.

5. **Real Estate Tax Relief (RETR) Program**
   In July 2016, the County Manager appointed the RETR Working Group, a limited-term advisory body charged with reviewing the County's current RETR program and developing recommendations to strengthen its structure and administration. In April 2017, the working group submitted a final report and the County Manager subsequently recommended moving forward with a set of 20 recommendations, including revising the application, increasing outreach and technical assistance, enhancing data and feedback collection, and amending local code to adjust income and asset levels.
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 and the homeless and near homeless population.

**Goal 1: SUPPLY**

**Affordability Challenges**

Housing is considered affordable when rent or mortgage, plus utilities, is no more than 30% of a household’s gross income. For example, a household with a $50,000 annual income would be considered cost burdened if it spent more than $1,250 per month on rent or mortgage, plus utilities.

High rental costs in Arlington cause many low-income households to struggle; according to the National Low-Income Housing Coalition’s 2017 Out of Reach report, the average rent for a two bedroom apartment in the DC area is $1,746 per month. It would require an hourly wage of $33.58, or 4.6 full time minimum wage workers, to afford this average rent. The County works to develop and preserve affordable housing in the community, and to provide rental assistance to help low-income residents afford housing.

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 and tend to have higher monthly rents, but still affordable because of factors such as of type, location or amenities. Affordability fluctuates with factors impacting housing market conditions, including employment trends, economic stability and basic supply and demand. Rent prices are at 50-60% and 60-80% AMI.

**2017 Area Median Income**

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Number of Persons in Household</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>80% AMI</td>
<td>$60,880</td>
</tr>
<tr>
<td>60% AMI</td>
<td>$45,660</td>
</tr>
<tr>
<td>30% AMI</td>
<td>$22,830</td>
</tr>
</tbody>
</table>
**Objective 1.1: Produce and preserve a sufficient supply of affordable rental housing to meet current and future needs.**

Supply is a critical component of ensuring that affordable rental housing is available in a community. Arlington County works to produce and preserve its supply, throughout the County, through a variety of policy, financial and technical assistance tools. 9,369 units (both CAFs and MARKs), or 8.2% of the County’s current housing supply is rental housing that is affordable to households with income at or below 60% of the area median income. The Affordable Housing Master Plan established an objective to meet the community’s housing needs by increasing affordable rentals to 17.7% of the total housing supply by 2040. The affordable rental supply includes both CAF units and MARK units, with the goal of securing a sufficient affordable housing supply that responds to housing need. Because this objective compares affordable stock with total housing stock, it is possible that the share of affordable housing could decline in any given year, even if production is high. In other words, this measure is important in assessing the County’s progress over time, but should not be viewed in isolation of other indicators.

**Housing Production**

Arlington County has several means of producing Committed Affordable housing. The majority of CAFs are produced through the County providing some level of financing for the purchase or construction of affordable apartments, but other methods include site plan development and development through bonus density or form based code.

During FY 2017, a total of 276 net new CAFs was added to Arlington’s inventory of Committed Affordable units (CAFs), bringing the total number to 7,729*. The Wellington is the first major rental project under the Columbia Pike Neighborhoods Area Form Based Code. A new infill apartment building, the Trove, will be built on the surface parking lot of the Wellington. In fulfillment of the affordable housing provisions in the form based code, 105 units in the Wellington will be preserved as Committed Affordable units.

Other projects were:

- The Berkeley I – AHC Inc. will redevelop the Berkeley replacing the existing 70 unit building with a 125 unit all-affordable building,
- Fisher House II – 68 units of at risk MARKs apartments in the Westover neighborhood were acquired by the Arlington Partnership for Affordable Housing;
- Ballston Station/Central United Methodist Church – A partnership between Bozzuto Development Company and Monticello Partners will include 48 affordable units in this site plan development in the Metro corridor.

*For reporting purposes, units are counted at the time of their approval. There is typically some lag time between approval and the time that units become operational. For example, the Berkeley redevelopment was approved in FY 2017, so the additional 57 units are included as part of the total CAF inventory, even though they will not become available for occupancy until late in 2020.
Methods of Housing Production

Financing
County funds for financing include local Affordable Housing Investment Fund (AHIF), federal Community Development Block Grant (CDBG), federal HOME, 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 committed affordable housing inventory. Some units in the CAF inventory have only state or federal financing.

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. The site plan option allows flexibility in development form, use, and density, beyond what is otherwise permitted by-right within certain zoning districts. Most significant private and public-private projects in Arlington are developed through a site plan process which must make provisions for affordable housing either by providing affordable units on-site, off-site, or by contributing to the Affordable Housing Investment Fund.

Additionally, when site plan projects involve requests for increased density or additional height, the County enters into negotiations with developers about the provision of affordable housing above what is mandated under the baseline Affordable Housing Ordinance. The Columbia Pike Neighborhoods Area Form Based Code (FBC) is another land use tool that includes specific provisions for affordable housing. Under the FBC, residential projects must provide 20% of the net new units as affordable. CAFs produced through zoning ordinance mechanisms are generally guarantee affordability for a period of 30 years.

CAF Preservation
In FY 2017, the County Board approved a $9.9 million Affordable Housing Investment Fund loan to help renovate Culpepper Gardens I. Built in 1975, Culpepper Garden apartments provide safe, comfortable homes to low-income seniors. Renovations will include replacement of all major systems and upgrades of interiors. The new loan agreement with the County guarantees that the 210 units will remain affordable for 60 more years.

In order to maintain a sufficient supply of affordable rental housing, the County looks for ways to retain the current inventory of CAFs, which may require extending affordability. This chart shows properties that will be losing affordability restrictions in the next several years. Arlington County continues to use strategies such as acquisition and refinance to preserve these units when possible. The affordability requirements on 10 CAF units at Library Courts expired in March 2017.

<table>
<thead>
<tr>
<th>Apartment Name</th>
<th>Expiration Date</th>
<th>Number of CAF units</th>
<th>Total Units</th>
<th>Method of Production</th>
</tr>
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<tbody>
<tr>
<td>Meridian III</td>
<td>July 2017</td>
<td>17</td>
<td>318</td>
<td>Land Use</td>
</tr>
<tr>
<td>Colonial Village West</td>
<td>July 2017</td>
<td>70</td>
<td>70</td>
<td>Financing</td>
</tr>
<tr>
<td>Claridge House</td>
<td>January 2019</td>
<td>300</td>
<td>300</td>
<td>Financing</td>
</tr>
<tr>
<td>Knightsbridge Apartments</td>
<td>June 2019</td>
<td>37</td>
<td>37</td>
<td>Financing</td>
</tr>
<tr>
<td>Chatsworth</td>
<td>July 2019</td>
<td>1</td>
<td>4</td>
<td>Land Use</td>
</tr>
<tr>
<td>Marlborough House</td>
<td>July 2019</td>
<td>1</td>
<td>4</td>
<td>Land Use</td>
</tr>
<tr>
<td>Whitfield Commons</td>
<td>December 2019</td>
<td>64</td>
<td>64</td>
<td>Financing</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>490</strong></td>
<td><strong>797</strong></td>
<td></td>
</tr>
</tbody>
</table>
Unit-Year Index

Increasing the supply of affordable housing to meet community needs is fundamental to achieving Arlington's housing supply goal. Of course, adding to the existing inventory of committed affordable housing results in an increase in the total number of CAFs. However, a complete picture of supply needs to include an understanding of length of affordability as well.

All CAFs are developed with expiration dates, or affordability periods. By adding a unit-year index to its monitoring plan, Arlington can measure the overall strength of the CAF inventory and aid in quantifying ongoing efforts to maintain the existing CAF supply. A unit-year index calculates the average time of affordability remaining for the entire inventory. This is done by calculating the total time remaining of enforceable affordability restrictions for each Committed Affordable unit, divided by the number of units and expressed in terms of years.

Distribution of Affordable Housing

As part of the adopted AHMP strategy to encourage the distribution of affordable housing throughout the County, a 2040 forecast of geographic distribution of affordable rental housing was produced. This forecast serves as a general guidance and is not intended to serve as a cap or maximum number of units in any given area.

Projects that were approved in 2017 spanned the County with the Fisher House II acquisitions in at 5 locations in Westover, Ballston Station/ Central United Methodist Church in the Rosslyn-Ballston corridor, Culpepper Garden in Buckingham, The Wellington in the Columbia Pike Corridor, and the first phase of the redevelopment of The Berkeley on Four Mile Run.

Arlington has a total of 273,564 Unit-Years; the Unit-Year Index for FY 2017 is 36.6 years.

Investments in 556 CAFs were located broadly throughout the County.

Distribution of Committed Affordable Housing Approvals in 2017
Reaching Deeper Affordability

Around half of current and projected future housing need is comprised of households with incomes below 30% of the area median income, classified as extremely low-income. For these households, the rent for a 60% AMI unit would cause severe rent burden, with households spending in excess of 50% of their monthly income on rent and utilities. Producing committed affordable housing with rent restrictions at 50% AMI ($55,100 for a family of four) or 40% AMI ($44,120 for a family of four) helps to meet the needs of households with lower incomes. This may include working families in a variety of fields, such as public safety, public education, retail, hospitality or construction. 1,302, or 17%, of the 7,229 CAF units have affordability requirements at 50% AMI or below.

MARKS Preservation

Many Arlington households benefit by living in apartments with rents that are affordable for factors such as type, age, location or amenities. These apartments are another important sector of the affordable housing stock, but rents are not restricted or regulated by Arlington County. It is Arlington County’s policy to make every reasonable effort to preserve market affordable housing (MARKs). While supply of MARKs affordable between 60% and 80% AMI remained fairly steady in FY 2017, the supply of MARKs affordable up to 60% AMI decreased by 335 units to 2,445.

As part of the County’s efforts to prevent the loss of market rate affordable housing, Arlington supported the acquisition of 68 at-risk apartments in Westover by the Arlington Partnership for Affordable Housing. (See feature in the online citizen summary).

In April 2017, the County Board held a work session to review the findings of the Market-Rate Affordable Housing: An Approach for Preservation. The report described the County’s efforts to preserve the affordability of market rate affordable housing and analyzed the nine areas of the County with significant MARKs resources. The Board directed staff to develop recommendations to establish a Housing Conservation District to provide incentives for the retention of affordability in these areas. This will continue to be a priority focus in FY 2018.
Objective 1.2: Produce and preserve a sufficient supply of affordable ownership housing to meet future needs.

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. Fortunately, this type of housing is still more readily available in the market than other County housing priorities; in 2017, 43% of homes sold in the County were affordable to this income segment.

Six new ownership housing units were produced through land use policies in FY 2017 that were affordable to households with incomes below 120% AMI. These units were part of the Carver Place project, the first home ownership redevelopment within the Columbia Pike Neighborhoods Special Revitalization District to be approved in accordance with the Neighborhoods Form Based Code.

Ms. Tesfaye Tadelech and Mr. Yohannes Made (pictured in the above two photos) are two of the six Carver Place ADU homeowners, selected via lottery in FY 2017.
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. Enabling access to both market rate and affordable housing is a necessary component of addressing housing needs, particularly for very low- and extremely low-income individuals and families. In some cases, access to housing will require direct financial subsidies to individuals and families to help them pay for housing. In other cases, the County will provide outreach and education to ensure all residents, property owners, landlords and others are aware of support available from the County, as well as federal and state programs that offer housing assistance. These policies are designed to aid the County in fulfilling its vision as a diverse and inclusive community where all segments of the population can access housing.

**Objective 2.1: Affirmatively further fair housing.**

Affirmatively Furthering Fair Housing (AFFH) is a requirement that federal grantees further the purposes of the Fair Housing Act, requiring meaningful and proactive actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination. As part of its commitment to affirmatively further fair housing, Arlington is entering into a regional partnership with jurisdictions in DC, southern Maryland and northern Virginia to conduct a regional Assessment of Fair Housing in FY 2019. This is the first time that the DC region has planned to analyze fair housing as a regional issue, and will be one of the first multi-state regions in the country to do so.

Eliminating discrimination is a critical piece of furthering fair housing. The Arlington County Human Rights Ordinance opposes 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. In FY 2017, the Office of Human Rights received five housing-related inquiries. Of these, two were filed as complaints, both disability related. One was filed and dismissed; the other is under investigation and expected to be closed by December. Testing was conducted in FY 2017 and out of 100 tests, there was one instance of discrimination identified.

Arlington focuses on education and outreach as another important component in furthering fair housing. In FY 2017, two fair housing workshops were held, and 14 tenant education workshops at affordable housing developments (which include fair housing information) were attended by 198 residents. Staff also distributed the County’s Fair Housing poster to 16 apartment complexes. These efforts contribute to greater knowledge and awareness regarding fair housing and of the corrective resources available to residents of the County.
**Objective 2.2:** Ensure low- and moderate-income individuals and families can access housing.

In addition to lack of supply of affordable housing, additional barriers can result in families and individuals not being able to access housing. For extremely low-income residents, the disparity between housing cost and actual income can make access challenging, particularly as CAFs created through the development process may have rents that are still not low enough for the lowest income households. Low-income individuals and families are also vulnerable to displacement or reduced housing options because of leasing barriers. Low- and moderate-income households may face barriers to homeownership, including lower credit ratings or lack of down payment capital.

**Housing Assistance**

Arlington’s housing assistance programs, administered through the Department of Human Services (DHS), provided direct rental assistance to households with incomes below 40% AMI. In the federal Housing Choice Voucher program, a record number of 1,516 households were served, an increase of 120 households over the previous year. In the local Housing Grant program, an average of 1,229 households were served monthly, including working families, persons with disabilities, and persons over age 65.

**Homeownership Assistance**

Homeownership has become increasingly difficult for moderate- and middle-income households, even for those with incomes as high as 120% AMI. To increase access to homeownership, the County provided information and resources on first-time homebuyer and other homeownership programs offered by the County, the State, the private sector and other sources. In FY 2017, the County facilitated a lottery for the sale of the six affordable homes that were part of the Carver Place development. See page 13 for more details.
Displacement Assistance

When CAF projects involve redevelopment of existing affordable housing, residents can face displacement. Arlington County’s Relocation Guidelines are used to assist income-eligible residents. In FY 2016, the Berkeley Apartments relocation plan was approved. Relocation activities associated with this project began Fall 2017.

Another tool to reduce impact of redevelopment and/or extensive renovations on CAF residents is the County’s Tenant Assistance Fund (TAF), a time-limited rent assistance program that enables residents to remain in the area. In FY 2017, 17 households benefited from TAF funding across three properties (Union on Queen, The Springs and William Watters).

Leasing Barriers

FY 2017 was the first year of operation for the Arlington Landlord Partnership Risk Reduction Fund. The purpose of the fund is to encourage private and nonprofit housing providers to provide rental units for homeless individuals and families with high leasing barriers, through agreed upon alternative screening criteria. With the guarantee provided by this fund, 18 tenants were able to obtain leases to stabilize their housing situation in FY 2017. The funding is available to the landlord in the event of physical damage or lost rent due to tenant’s neglect and/or eviction.
Objective 2.3: Prevent and end homelessness.

Arlington County has a core network of interconnected programs and services (called a Continuum of Care, or CoC) to assist people who are homeless or at risk of becoming homeless. The CoC includes County government programs and services, and nonprofit organizations. It provides a foundation for the broader community partnership working toward the shared goals of preventing homelessness before it occurs and returning homeless individuals and families to stable housing as quickly as possible. Arlington’s 10 Year Plan to End Homelessness was launched in 2008, with the intention to coordinate efforts and collaborate on initiatives to prevent and end homelessness in our community.

Overall, the Continuum of Care, administered by the Department of Human Services (DHS) made significant strides towards ending homelessness in FY 2017, as described below.

Prevention Programs

The key to ending homelessness is preventing people from becoming homeless in the first place. Therefore, the County promotes policies and programs that help individual and families at-risk of homelessness to maintain their housing (the below table lists prevention programs). Prevention programs provide emergency rental assistance to families facing a housing emergency.

<table>
<thead>
<tr>
<th>Homelessness Prevention Programs</th>
<th>Instances</th>
<th>Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homelessness Prevention</td>
<td>284</td>
<td>214</td>
</tr>
<tr>
<td>A-SPAN, Volunteers of America-Chesapeake</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eviction Prevention</td>
<td>725</td>
<td>303</td>
</tr>
<tr>
<td>Arlington Thrive–Carter Jenkinson Fund</td>
<td></td>
<td></td>
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<tr>
<td>Rental Assistance</td>
<td>619</td>
<td>325</td>
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<tr>
<td>Arlington Thrive–Daily Fund</td>
<td></td>
<td></td>
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<tr>
<td>Rental Assistance</td>
<td>262</td>
<td>---</td>
</tr>
<tr>
<td>General Relief Emergency (GRE)</td>
<td></td>
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</tr>
</tbody>
</table>

Some households need assistance more than once and from more than one source, so these numbers reflect the number of instances in which assistance was provided.
Shelter Programs

Shelters provide a safe, structured environment for singles and families who are experiencing homelessness. Family shelters served 168 people; domestic violence shelter served 72 people; and individual year round shelters served 294 people, with 138 individuals served in the hypothermia shelter (see chart below).

The number of households served at shelters in FY 2017 remained constant over the previous year.

The median length of stay in both family and individual shelters increased during FY 2017 over the previous year. For families in shelter, the median length of stay increased from 2.7 to 3.4 months; and for individuals the length of stay increased from 2 to 2.6 months (see chart below). This increase is driven by several factors including households having more complex needs (including physical health, mental health and substance use issues), lack of employment opportunities at livable wages for unskilled labor, and employment and housing eligibility barriers for undocumented individuals.

Rapid Rehousing and Permanent Supportive Housing

Rapid rehousing programs move households quickly out of shelter into housing with rental subsidy and case management and support services to help Arlington families gain housing stability for the long term. In these programs, households carry a lease in their own name. Permanent Supportive Housing programs provide rental assistance and case management services for households who are homeless and have members with a disabling condition. Note that the number of homeless served through Permanent Supportive Housing programs is not the same as the total number of people served through PSH programs, since not all people served in PSH programs are formerly homeless.

Over 555 formerly homeless persons received supportive housing in FY 2017.
In 2017, 86% of families leaving family shelter, 45% of households leaving the domestic violence shelter, and 43% of individuals leaving shelter for individuals entered permanent housing (see table to the right). In total, during the year, 555 formerly homeless persons received supportive housing: 245 in Permanent Supportive Housing and 310 through Rapid Rehousing.

Despite increased emergency bed capacity and a utilization rate above 100%, there was a decrease in the number of households served from FY 2016. This was fueled by an increase in length of stay (average of 54 days in FY 2016, compared to an average of 86 days in FY 2017). These changes do not suggest a decrease in need, but rather indicate an increase in 1) the complexity of safety risks of some households and 2) challenges identifying viable permanent housing options for single and family households attempting to move forward from severe abuse.

**Objective 2.4:** Enable Arlington residents to age in the community.

Between 2010 and 2040, the number of older adult households is expected to grow three times faster than the number of households headed by someone under age 65. This will result in an additional 9,200 older adult-headed households. This group will have a variety of needs but many will need new housing options to be able to remain in Arlington or will need assistance—either with physical modifications or financial assistance—to age in place in their homes or communities.

In FY 2017, the County acted to rehabilitate and preserve the affordability of 210 affordable senior units at Culpepper Garden I. In total, there are 1,945 senior housing units in Arlington, of which 1,111, or 57%, were CAFs. This is 14.4% of Arlington’s CAF stock. One third of rental assistance provided by the County through Housing Grants and Housing Choice Vouchers serve 912 senior households.

**Real Estate Tax Relief (RETR) Program**

The RETR program provides an exemption and/or deferral of real estate taxes for qualified Arlington homeowners, either age 65 and older or totally and permanently disabled. In FY 2017, staff and a working group developed 20 recommendations to improve the program, including revising application materials, increasing outreach and technical assistance, enhancing data and feedback collection efforts, and amending local code to adjust income and asset levels.
**Objective 2.5:** Enable persons with disabilities to live as independently as possible in the community.

Dedicating a portion of CAFs to Permanent Supportive Housing for persons with disabilities is a critical means of expanding housing opportunities. Arlington added 33 accessible units to the CAF inventory in FY 2017. This brings the total accessible CAF units to 575 units, representing 7.2% of the CAF inventory (see below table). The goal is to have 10% of all CAFs accessible to, and occupied by, persons with disabilities. The share of accessible CAF units that are occupied by persons with disabilities has increased from 34.5% in 2010 to 55% in 2017 (see below table).

### Percentage of CAF Units that are Accessible

<table>
<thead>
<tr>
<th>Year</th>
<th>Accessible CAF Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>6.70%</td>
</tr>
<tr>
<td>2011</td>
<td>6.80%</td>
</tr>
<tr>
<td>2012</td>
<td>6.80%</td>
</tr>
<tr>
<td>2013</td>
<td>6.90%</td>
</tr>
<tr>
<td>2014</td>
<td>6.90%</td>
</tr>
<tr>
<td>2015</td>
<td>7.10%</td>
</tr>
<tr>
<td>2016</td>
<td>7.20%</td>
</tr>
<tr>
<td>2017</td>
<td>7.20%</td>
</tr>
</tbody>
</table>

### Accessible CAF Units Occupied by Persons with Disabilities

<table>
<thead>
<tr>
<th>Year</th>
<th>Occupied Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>34.50%</td>
</tr>
<tr>
<td>2015</td>
<td>48.40%</td>
</tr>
<tr>
<td>2017</td>
<td>55.00%</td>
</tr>
</tbody>
</table>

**Permanent Supportive Housing**

Dedicating a portion of CAFs to Permanent Supportive Housing for persons with disabilities is one means of expanding housing opportunity. The County is committed to building more Permanent Supportive Housing through AHIF-funded projects.

In FY 2017, commitments for an additional 25 units of Permanent Supportive Housing were provided as part of the Ballston Station (4), Fisher House II (8) and Berkeley I (13) projects. These developments will bring the total of Permanent Supportive Housing units in committed affordable developments to 312, which is 73% of the PSH goal set in the Affordable Housing Master Plan.

In the local Permanent Supportive Housing Program, 200 persons* with disabilities with a critical housing need, received rental assistance and case management. These rental assistance programs provide a subsidy to bridge the gap between what a household can afford and actual rent costs.

*Note that the number of persons with disabilities receiving rental assistance and case management through local Permanent Supportive Housing program is a snapshot in time, not an unduplicated number for the entire fiscal year.
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.

Objective 3.1: Ensure that all housing is safe and code compliant.

Maintaining safe and decent housing is critical to sustaining a healthy community. Arlington enforces various building and property codes that govern the quality of housing and the residential environment. A portion of the CAF inventory is inspected annually for code compliance. In addition to County inspections, physical unit and common area inspections are conducted by multiple agencies, including the Virginia Housing Development Authority (VHDA); the Housing Choice Voucher (section 8) Program and, in some cases, the HUD Real Estate Assessment Center’s (REAC) inspection teams. In FY 2017, County inspections were made of 282 units and 25 common areas inspected at 25 properties, with 100% in compliance with code.

Objective 3.2: 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. Housing and transportation costs are both 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. 89% of committed affordable housing is located within ½ mile of the County’s Primary Transit Network.
**Objective 3.3:** Ensure environmental sustainability practices are incorporated into affordable housing developments.

Sustainability and energy efficiency measures are encouraged, incentivized and required at certain stages. Arlington County offers a density bonus for construction which meets Earth Craft and LEED green building certifications. Union on Queen, which began operating in FY 2017, received both LEED Silver and EarthCraftVA Multifamily certifications.

![Union on Queen, which opened in FY 2017, earned LEED Silver and EarthCraft certifications.](image)

**Objective 3.4:** Promote long-term affordability and financial feasibility of Committed Affordable Units.

For every CAF unit created through County loans or through site plan conditions, the County monitors them for ongoing compliance with the terms that the County and developer/owner establish. To ensure that its CAF stock remains affordable and financially sustainable, County housing staff performs physical inspections, reviews leasing files and manages a growing loan portfolio throughout the year.

**Affordability Monitoring**

All CAFs are monitored for compliance with affordability agreements; this includes rent amounts and also the verifications of incomes of tenants. Most CAFs are monitored by two separate sets of compliance officers, because a majority of CAF properties have support from both the County and the Virginia Housing Development Authority's Low-Income Housing Tax Credit (LIHTC) program; both of these conduct monitoring via site visits, reviews of reporting, and physical unit inspections.

Those CAF properties which are not monitored by any other agency receive a site visit review from County staff at least once per year. CAF properties which are monitored by the LIHTC program are typically monitored with a site visit from County staff every other year. All properties submit an annual occupancy report listing units, rent amounts, households, and household incomes.

The Department of Human Services annually measures the percentage of Housing Choice Voucher units that initially fail inspection and then subsequently meet Housing Quality Standards. Measuring this data reflects County and landlords efforts to ensure structural, environmental, and health quality. In FY 2017, 46% of HCV units failed inspection but 100% subsequently met Housing Quality Standards.

![Monitoring involved 42 site visits of 3,426 CAF units and 484 individual file reviews](image)
Physical Inspections

CAFs are inspected annually and concurrently with scheduled Compliance Reviews. Physical unit and common area inspections are conducted by multiple agencies including the Virginia Housing Development Authority (VHDA); the Housing Choice Voucher (section 8) Program and in some cases; the Dept. of Housing and Urban Development’s (HUD) Real Estate Assessment Center’s (REAC) inspection teams. Whenever possible, efforts are made during scheduling to avoid redundant inspections of the same units by multiple agencies. CAF inspections by County staff encompass a sampling of dwelling units along with common areas including laundry, storage, meeting, fitness and child play areas to ensure code compliance. The Virginia Uniform Statewide Building Code (USBC) Part III- Virginia Maintenance Code (VMC) is used as the minimum standard for identifying deficient conditions. From June 2016 to June 2017, 282 units were inspected at 25 properties.

Financial Monitoring and Audits

In FY 2017, County staff completed desktop financial monitoring reviews for 100% of its portfolio and three on-site financial reviews of AHC, APAH and Telesis, which comprises approximately 80% of the loan portfolio. In addition to the internal review of its portfolio, the County procured an outside auditor to focus on the County’s Affordable Housing Investment Fund (AHIF), with a conclusion of no findings. Furthermore, 100% of projects are in compliance with County loan agreements. The County has received $116 million in loan repayments and 44% of past loans have repaid in full.

County Loan Fund Leverage
FY 2010-FY 2017

When Arlington County supports an affordable housing project through loans to affordable housing providers, it is providing a portion of the actual cost. Between 2010 and 2017, 79% of total development costs for all affordable housing development projects came from non-County sources (see table to the right). These include Low-Income Housing Tax Credit (LIHTC) equity, grants, state funds, bank loans, money the developer puts into the project, and other sources. County loan funds made up 21% of total development cost. Because the County Loan Fund has many sources, General Fund allocations (or local tax dollars) represented about 7% of total development cost. In other words, every $1 of local tax support leveraged an average of $13 (or 1:13 ratio) in outside funds; and every dollar of County loan funds (including local tax support) leveraged an average of $3.80 (1:3.8 ratio) of outside funds.
What is AHIF?
The Affordable Housing Investment Fund (AHIF) Program is Arlington County's main financing program for the preservation and development of affordable housing throughout Arlington County. Comprised of local general fund tax dollars, recordation tax, rental loan repayments and developer contributions, this program provides low-interest, secondary loans as an incentive for developers to provide affordable housing. Federal HOME Investment Partnerships Program (HOME) funds and Community Development Block Grant (CDBG) funds are often used in conjunction with AHIF to provide loans to eligible affordable housing projects and families. Together, the AHIF and federal funds are referred to as County loan funds.

County loan funds may be used by nonprofit or for-profit entities for acquisition, rehabilitation and/or development of multi-family buildings as well as specialized housing for the elderly, the homeless, or persons with disabilities. In addition, County funds may be loaned directly to low- and moderate-income families to enable affordable homeownership and single-family rehabilitation opportunities. While approximately 95% of available AHIF, CDBG, and HOME funds are provided as loans, a portion of AHIF and CDBG funds also are made available as grants for services which support affordable housing and low and moderate-income families.

How Does AHIF Work?
Loan Repayments
Because of the cyclical nature of real estate development, developer contributions from site plans and loan repayments can vary greatly from one year to the next. It is more instructive to take in multiple years of funding to understand how various sources contribute to the overall picture. Between FY 2010 – FY 2017, loan repayments ($73.1 million) were the single largest source of County loan funds, exceeding General Funds by $11.3 million. This demonstrates the benefit of the County loaning rather than granting funds for development. There currently are 55 active loans in the County loan fund portfolio, all in full compliance with their repayment requirements.

AHIF Allocations and Disbursements
Securing financing from all sources is an important and fundamental step in the development process. The allocation or commitment of County funds is often essential to securing other financing needed to complete an affordable development. Funds may be actually disbursed later in the development process, often not in the same fiscal year that the allocation was made. For this reason, information is provided both for allocations that were approved in FY 2017 and actual disbursements of funds.

FY 2017 Allocations
In FY 2017, an $11 million loan was approved to assist with financing the acquisition of 60 market affordable units in Westover, $9.4 million was approved for the preservation of 204 CAFs at Culpepper Garden, $7.4 million will assist in development of 125 new CAFs at the Berkeley, and $3.1 million was provided to assist in the construction of 48 CAFs at Ballston Station.

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>AHIF</th>
<th>Federal</th>
<th>Totals</th>
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</thead>
<tbody>
<tr>
<td>Westover</td>
<td>$11,000,000</td>
<td></td>
<td>$11,000,000</td>
</tr>
<tr>
<td>Culpepper Garden</td>
<td>$9,400,000</td>
<td></td>
<td>$9,400,000</td>
</tr>
<tr>
<td>The Berkeley</td>
<td>$7,400,000</td>
<td></td>
<td>$7,400,000</td>
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<tr>
<td>Ballston Station</td>
<td>$3,100,000</td>
<td></td>
<td>$3,100,000</td>
</tr>
<tr>
<td>Total for All Projects</td>
<td>$30,900,000</td>
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<td>$30,900,000</td>
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FY 2017 Disbursements
The acquisition of land and the construction of 173 new CAFs at Gilliam Place will be guaranteed affordable for 60 years, Westover neighborhood project will preserve and ensure long-term affordability of 68 market affordable units, and a $7.1 million loan for the purchase and preservation of 103 unit at of Clarendon Court Apartments will extend affordability for an additional 75 years.

<table>
<thead>
<tr>
<th>Funding Sources</th>
<th>AHIF</th>
<th>Federal Funds</th>
<th>Totals</th>
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<tr>
<td>Gilliam Place</td>
<td>$10,100,000</td>
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<tr>
<td>Westover</td>
<td>$10,600,000</td>
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<td>$10,600,000</td>
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<tr>
<td>Clarendon Court</td>
<td></td>
<td>$7,100,000</td>
<td>$7,100,000</td>
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<tr>
<td>Total for All Projects</td>
<td>$20,700,000</td>
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<td>$27,800,000</td>
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Objective 3.5: Ensure that the County’s affordable housing goals are integrated into other County plans and policies where appropriate.

Arlington’s Affordable Housing Master Plan should be consistent and integrated with other plans, particularly land use, transportation, economic development, and environmental plans and policies. By integrating affordable housing and other planning efforts, Arlington can build a more sustainable community and local economy.

Residential Parking Study

A working group was appointed by the County Manager to review parking policy for new apartments and condominiums in Arlington’s Metro corridors. The AHMP Implementation Framework had identified reduced parking standards for affordable housing as a potential land use strategy. The Residential Parking Working Group developed recommendations that provided specific parking reductions for affordable housing units. The County Board will consider a set of residential parking recommendations in FY 2018.
Acknowledgements

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