Investing in Our Community

Arlington County
Department of Community Planning, Housing & Development

Fiscal Year 2016 (July 1, 2015 - June 30, 2016)
Affordable Housing Master Plan
Annual Report
# Table of Contents

- Letter from the Director... 2
- About the Affordable Housing Master Plan..... 3
- Executive Summary......... 4
- Goal 1: Supply..................... 7
- Goal 2: Access.................... 14
- Goal 3: Sustainability.... 22
- Acknowledgements...... 29
Letter from the Director

We’ve wrapped up a momentous year: 2016 marked the end of the first year implementing Arlington’s Affordable Housing Master Plan (AHMP). We celebrated successes across the spectrum of Plan goals and objectives, allowing a wide range of Arlingtonians to find or keep an affordable apartment or first-time home. We’ve supported a network of community-based organizations as they help people increase their job skills and create deep and lasting roots in their neighborhoods. The report that follows documents the breadth and depth of these 2016 achievements.

2016 was successful because we had a lot of help. We have a talented staff, other County colleagues and community agencies and development partners at the local, state and federal levels. Arlington is blessed with an active and engaged citizenry that gives us continual feedback. Consistent with the County’s vision, we will continue to include them as we implement the AHMP.

I am particularly proud that Arlington was awarded the 2016 Housing Association of Nonprofit Developers (HAND) award as “Best Housing Partner,” because of the adoption of the Affordable Housing Master Plan and long-standing affordable housing achievements.

Our theme for this year’s annual report is “Investing in Our Community.” We believe that the three broad goals of the AHMP – supply, access, and sustainability – work together to ensure that housing affordability and stability are part of Arlington’s vision to be a diverse and inclusive community. While funding is a critical component, Arlington’s affordable housing programs aren’t just about bricks and mortar, just as a safe, stable and diverse community isn’t just about housing. Arlington and its partners also invest in people and families to create a stable and vibrant community. You can see a few of their stories in our online citizen summary.

While this report highlights FY2016 achievements, many projects and priorities are multi-year initiatives, so we also describe efforts underway in FY2017 and future years, as well as report on past achievements, particularly 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 will be updated annually. Arlington County takes its leadership and stewardship roles seriously, and, in this new annual report, we hope that we’re able to show you how we’re doing. Let us know what you think.

Regards,
David Cristeal, Housing Division Director
The Affordable Housing Master Plan

Arlington County's vision is that “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.”

Providing housing that is affordable to people at all income levels supports values that are central to the County’s vision, particularly diversity, inclusivity and sustainability. 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 will continue to comprise a significant share of local economic growth. Workers in lower wage jobs across all industries also contribute and are essential to the County's economy, supporting business functions, providing resident-based goods and services, and serving the thousands of visitors who come to Arlington each year. Without a sufficient supply of housing affordable to these workers, it will become increasingly difficult 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 complement 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 fulfill the goals established in the AHMP.

The AHMP is structured around goals, objectives and policies that support the County's vision, as well as its affordable housing principles:

1. Housing affordability is essential to achieving Arlington's vision.
2. Arlington County government will take a leadership role in addressing the community's housing needs.
3. A range of housing options that are affordable to persons of all income levels and needs should be available throughout the County.
4. No one should be homeless.
5. Housing discrimination should not exist in Arlington.
6. Affordable housing should be safe and decent.
In FY2016, increases in rent and redevelopment continued to diminish the supply of market-rate affordable housing (MARKs) affordable to households with incomes below 60% of the area median income. The supply of MARKs affordable at 60% AMI decreased by 874 units to 2,780, while the supply of MARKs affordable at 80% AMI increased by 2,017 units to 11,995.

Sale prices for single family homes have increased consistently year over year. In calendar year 2015, the median sales price for a single family detached home was $800,000. Condominium sale prices also increased with the median sales price of $387,900. Half of all condominiums and townhomes and 9% of single family homes and duplexes that were sold were middle-income affordable, or affordable to households earning between 80% and 120% of AMI.

In the past year, Arlington made significant progress working toward its goals of supply, access and sustainability.

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

Arlington County added **219 committed affordable apartments** (CAFs), bringing the total inventory of CAFs to 7,463. A highlight of this year’s CAF production is Gilliam Place, funded with local Affordable Housing Investment Fund (AHIF) dollars, which will add 173 units to the site of the Arlington Presbyterian Church and will be developed by the Arlington Partnership for Affordable Housing (APAH). An additional 46 CAFs will be provided through density bonus provisions for the 750 N. Glebe (22 units), Clarendon West (6 units), 672 Flats (7 units), and Pentagon Centre (11 units) site plan projects.
ACCESS: Arlington County shall ensure that all segments of the community have access to housing

- Arlington became the 2nd jurisdiction in the country to reach “functional zero” for veteran homelessness
- Provided rental assistance to 1,396 households through federal Housing Choice Voucher program and an average of 1,299 households per month through local Housing Grants program
- 174 homeless persons counted through Point-In-Time survey on January 26, 2016, down almost 2/3 since 2009
- Filled over 2,000 requests for emergency financial assistance to pay monthly rent, rent arrears, or utility costs
- 188 persons with disabilities with a critical housing need, received rental assistance and case management through local Permanent Supportive Housing Program.

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
Implementation Priorities
In adoption of the AHMP, the County Board directed staff to focus on four priority areas in FY 2016:

1. **Monitoring and Evaluation:** Develop indicators and evaluation tools to support annual monitoring of the AHMP goals.

   A Monitoring and Reporting Plan was developed establishing the indicators to be used to monitor progress towards the achievement of the AHMP goals, objectives and policies. This report has been developed using these indicators.

2. **AHIF Guidelines:** Propose revisions to the AHIF guidelines and associated procedures that effectively advance AHMP goals.

   A competitive Notice of Funding Availability (NOFA) for AHIF funds was developed and will be implemented for the FY2018 funding cycle. Evaluation criteria include responsiveness to AHMP policies.

3. **Zoning and Land Use:** Develop zoning ordinance and/or land use study proposals that advance AHMP goals.

   a. **Accessory Dwelling Unit Ordinance:** Staff have conducted an initial review of the ordinance, and will engage the community to develop recommendations on ordinance amendments in 2017.
   
   b. **Land Use Tools:** In FY2017, County staff will analyze "missing middle" housing types, and possible development within existing zoning categories to enable affordable by design development near transit corridors lacking specific area plans.
   
   c. **MARKs Preservation:** Preliminary County-wide analysis of MARKs in non-planned areas was completed in FY2016. More comprehensive study of the nine areas identified in the preliminary analysis will be produced in FY2017 and will be followed by development of appropriate tools to encourage preservation of market affordable housing.

4. **Condominium Initiative:** A survey of condominium associations was completed as an initial step to better understand the technical assistance and capital needs of market affordable condominiums.
Goal 1: SUPPLY

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

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

What is Affordable?
Housing is considered affordable when rent or mortgage, plus utilities, is no more than 30% of a household’s gross income. As housing costs have risen in Arlington and throughout the Washington D.C. metro area, many people who live and work here cannot afford adequate housing. The County works to develop and preserve affordable housing in the community, and to provide rental assistance to help low-income residents afford housing.

What is Area Median Income?
Area median income (AMI) is the middle income level in a region. When compared to households of the same size, half will earn more than the AMI and half will earn less. In the Washington D.C. metro area, including Arlington, the AMI for a family of four in 2016 was $108,600. For most of Arlington’s CAFs, a family must earn 60% of AMI or less

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

Committed Affordable Units (CAFs)
These units are guaranteed through agreement with federal, state, or county government, or mechanisms such as tax-exempt financing, to remain affordable to low- and moderate-income households for a specified period of time: generally 30 - 60 years. Rents in most cases are affordable to households earning 60% or less of the area median income (AMI), 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 unrestricted rents, but are still affordable because of factors such as type, location or amenities. Affordability fluctuates with factors impacting housing market conditions, including employment trends, economic stability and basic supply and demand. Units are considered MARKs if rents are affordable at or below 80% AMI.

<table>
<thead>
<tr>
<th>2016 AMI Table</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. 9,449 units (both CAFs and MARKs), or approximately 8.4%, of the County’s current housing supply is rental housing that is affordable to households with incomes at or below 60% of the area median income (AMI). 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 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 by the County providing some level of financing to affordable housing providers for the purchase or construction of affordable apartments. Other methods of production include site plan development, and development through bonus density or form based code.

During FY2016, 219 new CAFs were added to Arlington’s inventory of committed affordable housing (CAF), bringing the total number of CAFs to 7,463.* A highlight of this year’s CAF production is Gilliam Place, approved in December 2015. The County loan will enable the Arlington Partnership for Affordable Housing to redevelop the site of the Arlington Presbyterian Church, with 173 units of committed affordable housing, required to remain affordable for 60 years. In addition, 46 units were produced through bonus density in four projects.

For reporting purposes, units are counted at the time of approval by the County Board. There is typically lag time between approval and the time units are occupied. For example, Gilliam Place was approved in FY2016, so the 173 units are included as part of the total CAF inventory, even though they will not become available for occupancy until late 2018.

*The FY2016 CAF count includes an adjustment for 60 units that were time limited tenant assistance for vested tenants with incomes between 60% - 80% AMI at Ballston Park and the Madison. These units will no longer be counted as CAFs, there is only one remaining vested tenant. The affordability conditions for 10 units in South Ballston Place expired in FY2016.
Methods of Housing Production

**County 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.

**Site Plan (Affordable Housing Ordinance).** The County’s Zoning Ordinance provides for a site plan option within certain zoning districts, allowing for site-specific flexibility in development form, use, and density, beyond what is otherwise permitted by-right. Projects developed through the site plan process must make provisions for affordable housing either by providing affordable units on-site, off-site, or by contributing to the Affordable Housing Investment Fund.

**Bonus Density.** As part of site plan projects that 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. Under the current ordinance, the maximum allowable incentives are an additional building height up to six stories/60 feet and a density increase of 25 percent above the underlying maximum density.

**Form Based Code.** 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.

Reaching Deeper Affordability

Around half of current and projected future housing need is comprised of households with incomes below 30% of the AMI, classified as extremely low income. For these households, the rent for units affordable to households with incomes at 60% of AMI would cause severe rent burden, as they would be spending in excess of 50% of their monthly income on rent and utilities. Producing committed affordable housing with rent restrictions at 50% AMI or 40% AMI 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.

Forty-one (or 19%) of the 219 CAF units approved in FY2016 had deeper affordability restrictions.
Unit-Year Index

Arlington has a total of 273,564 Unit-Years; the Unit-Year Index for FY2016 is 36.6 years.

Increasing the supply of affordable housing to meet community needs is fundamental to achieving Arlington’s housing supply goal. Adding to the existing inventory of committed affordable units results in an increase in the total number of CAFs but a complete picture of supply must also include an understanding of length of affordability.

A unit-year index measures the overall strength of Arlington’s CAF inventory by quantifying ongoing efforts to maintain the existing CAF supply. The 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. In the first year of tracking this data in Arlington, the FY2016 unit-year index is 36.6 years.

Distribution of Affordable Housing

As part of the adopted AHMP, the County developed a long-term forecast for the geographic distribution of affordable rental housing. This forecast serves as general guidance and is not intended to serve as a cap or maximum number of units in any given area.

In FY2016, specific guidance was developed for evaluation of potential AHIF projects to direct investment away from areas with high poverty levels and towards areas lacking affordable housing.

Spotlight: Clarendon Court

In FY2016, the County Board approved a loan to McCormack Baron Salazar (MBS) to assist with the purchase and renovation of 103 affordable units at Clarendon Court Apartments, extending the affordability of all units until 2075 (60 years). Without this agreement, existing affordability restrictions would have expired in 2018. Since these units are being preserved as affordable, not a single new unit was added to the County’s CAF inventory, yet 5,974 unit-years were added by extending the affordability.

Clarendon Court, 3825 7th Street North
AHIF/CDBG/HOME loan up to $8.3M
Preservation & rehab of 103 CAFs

In FY2016, guidance was developed to encourage geographic distribution of AHIF-financed CAFs.
**Distribution of Housing Affordable up to 60% AMI**

This map provides a current snapshot of the distribution of housing affordable to households earning up to 60% of AMI, including both CAFs and MARKs.

“The County will use its financing and land use tools to encourage and incentivize the geographic distribution of committed affordable housing units. Program guidelines that support the development of new committed affordable housing will include mechanisms to incentivize the geographic distribution of committed affordable housing to achieve a distribution proximate to the forecast of housing affordable at 60% AMI.”

- Affordable Housing Master Plan

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**CAF Preservation**

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. The chart below 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.

In FY2016, affordability commitments for 103 units at Clarendon Court Apartments were set to expire by 2018 but the County instead extended commitments through 2075 by negotiating a Deed of Restrictive Covenant with a new owner. Affordability requirements on 10 CAF units at South Ballston Place expired January 2016.

**Expanding Affordability**

Looking ahead, Arlington will be faced with expiring affordability restrictions for 434 CAF units in the next 3 years, and will work to preserve them, if possible. For example, AHC, Inc. plans on renewing its agreements with HUD to maintain Colonial Village West. Typically, CAFs produced or obtained as a result of site plan conditions eventually become market rate.

<table>
<thead>
<tr>
<th>Apartment Complex Name</th>
<th>Expiration Date</th>
<th>Number of CAFs</th>
<th>Total Units</th>
<th>Type of Complex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Library Courts</td>
<td>March 2017</td>
<td>10</td>
<td>84</td>
<td>Site-plan CAF</td>
</tr>
<tr>
<td>Meridian III</td>
<td>July 2017</td>
<td>17</td>
<td>318</td>
<td>Site-plan CAF</td>
</tr>
<tr>
<td>Colonial Village West</td>
<td>July 2017</td>
<td>70</td>
<td>70</td>
<td>HUD</td>
</tr>
<tr>
<td>Clarendge House</td>
<td>January 2019</td>
<td>300</td>
<td>300</td>
<td>HUD</td>
</tr>
<tr>
<td>Knightsbridge Apartments</td>
<td>June 2019</td>
<td>37</td>
<td>37</td>
<td>HUD</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>434</strong></td>
<td><strong>809</strong></td>
<td></td>
</tr>
</tbody>
</table>

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MARKS Preservation

Many Arlington households benefit by living in apartments that have rents that are affordable as a result of factors such as type, age, location or amenities. These apartments are another important sector of the affordable housing stock but do not have income restrictions regulated by Arlington County. It is Arlington County's policy to make every reasonable effort to preserve market-rate affordable housing (MARKs).

In FY2016, the supply of MARKs affordable at 60% of AMI decreased by 874 units to 2,780. Most of these units moved to the next tier of market affordability due to rent increases. In addition, 64 units were lost due to redevelopment, 32 units in Westover will be replaced with by-right townhomes, and 32 units in Rosslyn will be replaced with condominiums, including four units to be designated as affordable dwelling units with permanent affordability. The supply of MARKs affordable between 60% - 80% AMI increased by 2,017 units to 11,995, including 810 former 60% MARKs and 1,207 units that previously had rents above 80% AMI.

In June 2016, the County Board received an update on efforts to address the preservation of market rate affordable housing (MARKs). Staff continues to research the market-rate affordable housing supply and is preparing a comprehensive report addressing market-rate affordable housing in the County’s non-planned areas.
Objective 1.2: Produce and preserve a sufficient supply of affordable ownership housing to meet future needs.

Rising home prices over the past 12 years have reduced opportunities 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.

None of the new ownership housing sold or produced in FY2016 was affordable to households with incomes below 120% AMI. However, it is important to note that 35% of existing homes sold in the County were affordable to this income segment. Half of all condominiums and townhomes and 9% of single family homes and duplexes that were sold were middle-income affordable. In FY2017, the County will begin exploring how the County might enable and incentivize the production of housing affordable to this income segment.

Carver Homes

Approved in FY2015, Carver Place will provide six affordable for sale units. This project is the first home ownership redevelopment in the Columbia Pike Neighborhoods Special Revitalization District to be approved in accordance with the Neighborhoods Form Based Code.

Washington Vista

Approved in January 2016, Washington Vista will provide four affordable dwelling units, which will be made available to homebuyers earning up to 80% of AMI. The project, located in Rosslyn, includes 63 units total and is Leadership in Energy & Environmental Design (LEED) Silver certified.

In FY2016, 35% of existing homes sold were affordable to households earning below 120% of AMI.
Goal 2: ACCESS

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

Housing supply alone does not address all of the community's housing needs. Enabling access to both market rate and affordable housing is a necessary component of addressing housing needs. In some cases, access to housing requires direct financial subsidies to individuals and families to help pay for housing. In other cases, the County provides outreach and education to ensure all residents, property owners, landlords and others are aware of the support available. These policies are designed to aid the County in fulfilling its vision as a diverse and inclusive community in which 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 a new rule passed by the U.S. Department of Housing and Urban Development in December 2015, Arlington will conduct an Assessment of Fair Housing (AFH) in FY2019, possibly as part of a regional collaboration.

One critical component of fair housing is enforcement. The Office of Human Rights is the County entity that investigates resident complaints. In FY2016, there were a total of 304 inquiries, of which 34 were housing-related. Of these, seven were filed as complaints: five were disability related, and two were race related. In the past year, the Office of Human Rights and the County's Housing Information Center developed a shared tracking tool to improve understanding of fair housing inquiries in order to further analyze these inquiries. Residents are also able to file complaints with HUD and in FY2016, HUD received five complaints, three of which were settled and two were determined to have no cause.

Education is another important component in furthering fair housing. In FY2016, a fair housing workshop attended by 35 persons representing Arlington landlords, property managers, condo and homeownership association (HOA) board members, housing advocates, and real estate professionals was held as part of the annual Home Show and Expo. In addition, an annual Landlord Seminar targeted towards landlords and property managers, contained information on fair housing and was attended by 65 persons. Tenants who reside at affordable housing developments were informed about fair housing policies through 24 tenant workshops. Staff also distributed the County's Fair Housing poster at four apartment complexes in FY2016.
Objective 2.2: Ensure low- and moderate-income individuals and families can access housing.

Even if a sufficient supply of units were available, 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 funds.

Rental Assistance

Arlington's rental assistance programs provide direct assistance to households with incomes below 50% AMI. In the federal Housing Choice Voucher program, a record number of 1,396 households was served, including 136 new households from the waitlist. In the local Housing Grants program, an average of 1,299 households was served monthly, including working families, persons with disabilities, and persons over age 65. In the local Permanent Supportive Housing Program, a total of 188 persons with disabilities and a critical housing need received rental assistance and case management. These rental assistance programs provided a subsidy to bridge the gap between what a household can afford and actual rent costs.

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 FY2016, four first-time homebuyers received down payment and closing cost assistance through the County’s Moderate Income Purchase Assistance Program (MIPAP). In addition, nine Arlington homebuyers received assistance through the Virginia Housing Development Authority’s (VHDA) Homeownership Revitalization Program, which provides a discount on first trust mortgages in certain zip codes.
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 FY2016, the Berkeley Apartments relocation plan was approved. Relocation activities associated with this project are scheduled to begin in Fall 2017. Other ongoing projects that have caused displacement of residents have affected or will affect 273 households, but 151 households retained or returned to their housing after being displaced. This means that in FY2016 nearly 55% of households who were previously displaced due to redevelopment or rehabilitation of existing affordable housing retained or returned to their housing.

Households displaced by CAF development.

<table>
<thead>
<tr>
<th>Project</th>
<th>Number of households relocated within the County</th>
<th>Number of households relocated outside the County</th>
<th>Number of households retained or returned to property</th>
<th>Total Households Impacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woodbury Park (2014) CAF project</td>
<td>67</td>
<td>26</td>
<td>136</td>
<td>229</td>
</tr>
<tr>
<td>1411 Key Blvd (2015) Site Plan project</td>
<td>18</td>
<td></td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>Carver Homes (2015) FBC project</td>
<td>7</td>
<td></td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>William Waters (2014) - CAF project</td>
<td>3</td>
<td>1</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>95</td>
<td>27</td>
<td>151</td>
<td>273</td>
</tr>
</tbody>
</table>

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 FY2016, 19 households benefitted from TAF funding across three properties. Tenants also face risk of displacement through by-right development. While the County has limited ability to negotiate with developers in this case, the County's new permitting system will enable notification of demolition permits, so that timely outreach and education efforts can be made to assist affected residents.
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 the community.

Overall, the Continuum of Care made significant strides towards ending homelessness in FY2016. Achievements include reaching "functional zero" for veteran’s homelessness, opening the year-round Homeless Services Center, providing Permanent Supportive Housing (PSH) for 220 persons with disabilities (188 persons served through the local PSH and 32 persons were served through federal and state PSH programs), and more.

Functional Zero

Arlington was the second jurisdiction in the country to reach “functional zero” for homeless veterans and is on track for functional zero among chronically homeless individuals. This means that, at any point in time, the number of homeless veterans experiencing sheltered and unsheltered homelessness will be no greater than the average monthly housing placement rate for veterans experiencing homelessness.

Arlington housed 20 homeless veterans and 30 chronically homeless individuals in FY2016.

Point-in-Time Count

Metrics like the annual Point-in-Time Count, down 67% since 2009, with far fewer individuals living on the street and overall fewer families in shelter and more in permanent housing, are encouraging. However, CoC members report that many of the single individuals being seen now have more complex situations than did individuals served previously. A trend amongst homeless families includes young heads of households who struggle to adjust to adult life and the continued impact of domestic violence amongst a significant portion of all homeless family households.

More details about these achievements and trends can be found in the FY2016 annual 10 Year Plan to End Homelessness report.
Homelessness Prevention Programs

The key to ending homelessness is preventing people from becoming homeless in the first place. The County promotes policies and programs that help at-risk individuals and families maintain their housing. This includes the provision of emergency, eviction prevention and diversion resources such as short-term financial assistance, housing-focused case management and connection to other supports.

Prevention and emergency rental assistance programs provided over 2,000 instances of emergency support in FY2016. Prevention efforts use a number of funding sources. Some households needed assistance more than once and from more than one source.

Shelter Programs

Shelters provide a safe, structured environment for singles and families who are experiencing homelessness. In FY2016, family shelters served 180 people; the domestic violence shelters served 79 people; and individual year-round shelters served 283 people, with 128 individuals served in the hypothermia shelter. The increase in year round beds at the new Homeless Services Center, which opened in October 2015, reduced the need for emergency winter shelter.

In 2016, the CoC saw a reduction in the length of stay in shelters and the number of households coming into shelters, which suggests positive outcomes for the Housing First approach. Going forward, housing retention will be a challenge due to factors such as the high cost of housing, cyclical poverty, insufficient employment and access to affordable child care.
Rapid Rehousing and Permanent Supportive Housing

Rapid rehousing programs move households quickly out of shelters into housing with rental subsidy and case management and support services to gain housing stability for the long term. Permanent supportive housing programs provide rental assistance and case management services for households who are homeless and have members with a disabiling condition. In both of these programs, households carry a lease in their own name.

In 2016, 82% of families leaving family shelter, 53% of households leaving the domestic violence shelter, and 35% of individuals leaving shelter for individuals entered permanent housing. In total, during the year, over 518 formerly homeless persons received supportive housing in FY2016. 220 in permanent supportive housing including 188 persons through the local permanent supportive housing program and 32 persons through federal and state permanent supportive housing and 298 in rapid rehousing.
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 FY2016, there were 1,945 senior housing units in Arlington, of which 1,111, or 57%, were CAFs. This is 15% of Arlington's CAF stock. In addition to housing units, Arlington seniors are served through housing assistance programs: 890 seniors received rental assistance, and 892 seniors received deferral or exemption on mortgage tax through the Real Estate Tax Relief Program in FY2016.

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.

During FY2016, 929 were provided with tax relief (of whom 892 were seniors and 37 people with disabilities), resulting in approximately $4 million in homeowner benefits. Beginning in FY2016, a staff and citizen working group was formed to review the goals and guidelines of the RETR Program, and to consider redefinition of income levels, asset levels, and criteria for exemptions and deferrals. Recommendations will be considered in 2017.

The table below categorizes the 929 households participating in the program by income levels.

<table>
<thead>
<tr>
<th>Income Levels</th>
<th>Annual income limits (2 person HH)</th>
<th>Number of HH</th>
<th>Percentage by AMI levels</th>
<th>Tax Relief (%)</th>
<th>Income levels for exemption or deferral</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Low-Income 30%</td>
<td>$26,200</td>
<td>190</td>
<td>20.5%</td>
<td>100%</td>
<td>Below $55,953</td>
</tr>
<tr>
<td>Very Low-Income 50%</td>
<td>$43,700</td>
<td>274</td>
<td>29.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-Income 60%</td>
<td>$52,400</td>
<td>138</td>
<td>14.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderate-Income 80%</td>
<td>$69,920</td>
<td>181</td>
<td>19.5%</td>
<td>50%</td>
<td>Up to $68,387</td>
</tr>
<tr>
<td>Income above 80%</td>
<td>$99,472</td>
<td>146</td>
<td>15.7%</td>
<td>25%</td>
<td>Up to $99,472</td>
</tr>
<tr>
<td>Total Households in FY2016</td>
<td></td>
<td>929</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Objective 2.5:** Enable persons with disabilities to live as independently as possible in the community.

The number of households in Arlington with a person with a disability is expected to increase by 43% between 2010 and 2040, nearly one and a half times faster than the number of households with no individuals with a disability.

### Accessible Units

Building and dedicating a portion of CAFs as accessible units is a critical means of expanding housing opportunities. Arlington added 26 Type A accessible units, which offer the highest level of accessibility to the CAF inventory, for a total of 504 units, representing 6.7% of the CAF inventory. 48.4% of accessible CAFs are occupied by persons with disabilities; up from 34.5% in 2010.

### Permanent Supportive Housing

Dedicating a portion of CAFs to permanent supportive housing for persons with disabilities is an important means of expanding housing opportunity. The County is committed to building more permanent supportive housing through AHIF-funded committed affordable projects. In FY2016, nine units of permanent supportive housing (PSH) were provided as part of the new Gilliam Place project, for a total of 286 PSH units.

### Supportive Housing for Persons with Developmental Disabilities

The trend in developmental disability services is for smaller homes and/or apartment living to provide the least-restrictive and most integrated housing choice. In 2016, Arlington County leveraged an award of $1.5 million from the Commonwealth of Virginia to open two new group homes. At the end of FY2016, 25 persons with developmental disabilities were living in their own apartments, with rent assistance provided by the Housing Choice Voucher Program, Housing Grant or other County funds, and services provided by the Department of Human Services.
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. In FY2016, there were 529 validated code complaints, 43% of which were rental complaints, with an average of 35 days to achieve compliance.

A portion of the CAF inventory is inspected annually for code compliance. 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 FY2016, the County inspected 240 units and 27 common areas at 27 properties, with 100% achieving compliance with code.

### Code Enforcement Complaints

<table>
<thead>
<tr>
<th>Description</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Validated Complaints</td>
<td>529</td>
</tr>
<tr>
<td>Complaints determined to be not valid</td>
<td>112</td>
</tr>
<tr>
<td>Rental complaints as a percentage of all complaints received</td>
<td>43%</td>
</tr>
<tr>
<td>Average Number of days to achieve compliance for rental complaints</td>
<td>35</td>
</tr>
<tr>
<td>Percent of rental complaints requiring court appearances</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

In FY2016, there were 529 validated code complaints, of which 43% were rental complaints.
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.

Arlington Partnership for Affordable Housing (APAH) was awarded $745,298 in Transit Oriented Affordable Housing (TOAH) funds for Gilliam Place. The TOAH fund was approved by the County Board in December 2013 to help developments within the Columbia Pike Special Revitalization District and the Columbia Pike Neighborhoods Special Revitalization District be more competitive in the tax credit selection process. The funds may be used by the applicant to pay for County fees and infrastructure-related costs so that developments stay below the Virginia Housing Development Authority's total development cost limits. The TOAH is funded by the Columbia Pike Tax Increment Financing (TIF) district through the dedication of 25% of the incremental increase in property tax revenue on Columbia Pike to TOAH. APAH used the TOAH funds to help defray the costs of building permit fees, water and sewer tap fees, as well as utility undergrounding costs.

APAH continued construction at Springs Apartments in FY2016; construction was completed and APAH began leasing units in early FY2017. Located in transit-oriented Ballston, this new construction project consists of 104 (98 affordable) units less than 1/2 mile from the Ballston Metro station, near major employment and retail including the Ballston Common Mall.

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.

In FY2016, construction continued on 98 CAFs at the Springs, located less than 1/2 mile from Ballston Metro.

In FY2016, 176 households received reimbursements totaling over $58,000 due to water use billing errors.
In FY2016, County staff conducted a study of water use and billing at several CAF properties. This process involved outreach to tenants and management to inform and resolve the water use and billing issues. Water use data were analyzed and the physical hardware at the properties was inspected and tested to determine the issue. As a result, 3 properties were found to have water billing issues due to third party billing error. Of the 213 households at these 3 properties, 176 households received reimbursements totaling over $58,000. This prompted management’s recommendation to the owners, to reevaluate and adjust their water billing practices.

Arlington works with Arlingtonians for a Clean Environment (ACE) to help identify properties for their program. The ACE Energy Masters program trains volunteers in energy efficiency, water conservation and weatherization techniques to help low-income families reduce energy and water use. In FY2016, 27 volunteers were trained, and 24 households received supplies and demonstrations on how to increase energy efficiency. Since its inception five years ago, some affordable housing properties have experienced a savings of up to $83.59 per year per unit in utility bill savings, and also a reduction in overall greenhouse gas emissions.

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

One measure of a sustainable community is the extent to which housing at various levels of affordability is consistently available. Ensuring that the County’s CAF stock remains affordable and financially feasible is important, not only to ensure sustainability of units for Arlington residents, but to provide careful stewardship of public funds, particularly Affordable Housing Investment Fund (AHIF) funds.

**Interest Rate Reduction**

The interest rates on three County affordable housing project loans: the Berkeley, Shelton and Cameron Commons, were reduced in 2016. Their initial interest rates were established based on then-current market interest rates, underwriting scenarios that forecast the level of debt the properties could support, and negotiations with the developers and other financing entities. The County loans secured by these properties had interest rates that were greater than 2016 Federal Housing Administration (FHA) 35-year fixed rates and/or could no longer support the rate of interest accumulation based on projected cash flow. The County Board approved reduced interest rates to slow the pace of the debt accruing on the County loans, which will reduce the amount of debt on the property in case of future refinancing or redevelopment. This allows the property more flexibility as it refinances and performs needed renovations and repairs. The property remains in good condition and is able to continue to serve the County’s low and moderate income residents.
The Affordable Housing Investment Fund (AHIF) Program is the main financing program for the preservation and development of affordable housing throughout Arlington County. Comprised of local general fund tax dollars, recordation tax, 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) 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?
County Loan Fund Leverage

When Arlington County supports an affordable housing project through loans to affordable housing providers, it is providing a fraction of the actual cost. Between 2010 to 2016, 78% of total development costs for all affordable housing development projects came from non-County sources. These include Low-Income Housing Tax Credit (LIHTC) equity, grants, state funds, bank loans, money the developer puts into the project, and other sources. On average, County loan funds made up 22% of total development cost. Because the County loan fund has many sources, general fund allocations represented about 7% of total development cost. In other words, every $1 of local tax support leveraged an average of $14 (or 1:14 ratio) in non-general fund money; and every dollar of County loan funds (including local tax support) leveraged an average of $3.50 (1:3.5 ratio) of outside funds.

What’s in a Dollar of County Loan Funds?

The graphic below represents the proportions of funding sources for County loan funds between FY2010 - FY2016. While each individual project will have a unique loan profile, County loans over the time period are comprised of General Fund (local tax revenue), recordation fees, Federal funds, loan repayments and payoffs, developer contributions and other income. Using the different funding sources allows the County to maximize and leverage all resources to support feasible projects and allow borrowers to repay their debts.
County 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 analyze multiple years of funding to understand how various sources contribute to the overall picture. Between FY2010 – FY2016, loan repayments and payoffs ($67.1 million) were the single largest source of County loan funds, exceeding general funds by $15.2 million. This demonstrates the effectiveness of the revolving loan fund as an investment. There are currently 48 active loans in the County loan fund portfolio, all in full compliance with their repayment requirements.

AHIF Allocations and Disbursements

Securing financing from many sources is a fundamental step in the development process and the commitment of County funds is often essential to securing other financing needed to bring a project to fruition. County funds are often disbursed in a different fiscal year than the allocation. For this reason, information is provided both for allocations that were approved in FY2016 and actual disbursements of funds in FY2016.

FY2016 Allocations

In FY2016, an $18.1 million loan was approved for Gilliam Place project and additional funds were allocated to Clarendon Court (funds had previously been allocated in FY 2015). As a condition of the additional funds allocated to Clarendon Court, an additional 15 years of affordability was secured.

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>AHIF</th>
<th>Federal</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gilliam Place</td>
<td>$18,100,000</td>
<td>$</td>
<td>$18,100,000</td>
</tr>
<tr>
<td>Clarendon Court*</td>
<td>$ 500,000</td>
<td>$7,800,000</td>
<td>$ 8,300,000</td>
</tr>
<tr>
<td>FY2016 Allocations</td>
<td></td>
<td></td>
<td>$26,400,000</td>
</tr>
<tr>
<td>Total for All Projects</td>
<td>*$5.8M of these funds were allocated in FY2015.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FY2016 Disbursements

229 units will be developed at Columbia Hills and all units will be guaranteed affordable for 60 years. APAH is borrowing $18.5 million, with a loan term of 30 years. The approximate leveraging ratio compared to total development costs is 1:4.8.

<table>
<thead>
<tr>
<th>Funding Sources</th>
<th>AHIF</th>
<th>Federal</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Columbia Hills</td>
<td>$18,500,000</td>
<td>$</td>
<td>$18,500,000</td>
</tr>
<tr>
<td>FY2016 Disbursements</td>
<td></td>
<td></td>
<td>$18,500,000</td>
</tr>
<tr>
<td>Total for All Projects</td>
<td></td>
<td></td>
<td>$18,500,000</td>
</tr>
</tbody>
</table>
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.

In early 2017, building on recent visioning work by the Lee Highway community, the County will kick off and lead a community planning process for Lee Highway that takes a closer look at the long-term goals for this important corridor and its surrounding areas. The County is currently working on project scoping and pre-planning tasks. The current housing objective being proposed for the scope is to expand housing options to achieve a mix of types, affordability and tenure; strive to achieve the goals set forth in the Affordable Housing Master Plan, including an aspirational goal of 2,500 CAFs; and explore opportunities to accommodate residents who want to remain along Lee Highway and age in place.

The Community Facilities Study was led by a 23-member citizen committee, supported by a 250-member Resident Forum that worked with County and Public Schools staff to evaluate Arlington’s changing facility and resource needs. A final report was presented at a joint work session of the County and School Boards in November 2015. One topic of conversation was affordable housing and the Committee believes that future County plans should set policies and goals to further improve economic diversity of the housing supply and specifically consider impacts on schools and communities in setting such policies. The report recommends developing strategies to retain the millennial population, specifically increasing the availability of "starter" housing (i.e. entry-level homeownership), child care, and pre-school. It also recommends focusing on a variety of housing to match the wide range of incomes and ages (e.g. age in place) in the County.

**Objective 3.5:** Ensure that the County’s affordable housing goals are integrated into other County plans and policies where appropriate.

Arlington continues to explore ways to incorporate affordable housing goals into other County plans.
Acknowledgements

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