



The Case for Affordable Housing in Arlington

Research Report

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2011 Update

Arlington's Explosive Growth

According to recent figures released by the U.S. Census Bureau's Population Estimates Program, Arlington County ranks seventh out of the ten fastest-growing urban areas in the country. Between 2000 and 2010, Arlington's population grew by over twelve percent.

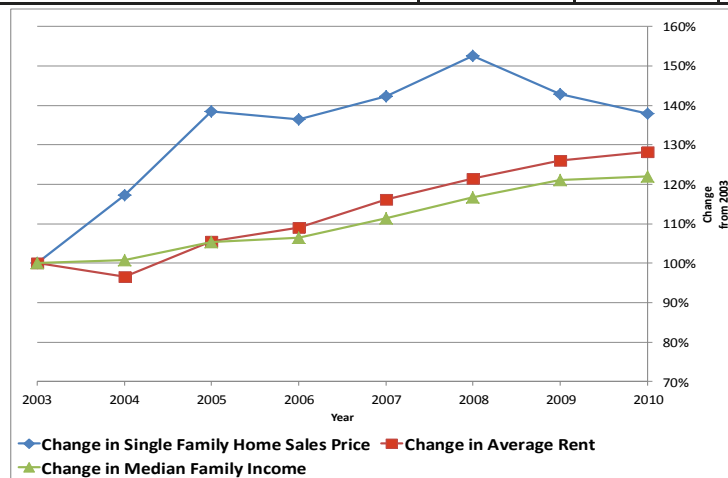
The County's growth almost certainly stems from the growth of job opportunities in the Washington metropolitan area, but may also be credited to the high quality of life. Arlington benefits from excellent public schools, robust mass transit, easy access to a variety of stores and restaurants, and a network of parks and trails. To put it simply: people want to live in Arlington, and this demand has driven up the price of housing.

Housing costs have risen faster than income

This graph illustrates the growing gap between typical incomes and housing expenses in Arlington County by tracing the percentage change of these figures between 2003 and 2010. Median family income, which is calculated annually by the U.S. Department of Housing and Urban Development, estimates the earnings of an average family of four. Although incomes have risen steadily since 2003, average rent and home sale prices have risen even more quickly, which means that families are spending larger and larger portions of their income on housing or can no longer afford to live in Arlington.

	2003	2010	% Change
Average Single Family Home Sale Price (Arlington County Real Estate Assessments)	\$469,000	\$646,500	+38%
Average Rent (all units) (Arlington County 2010 Rent and Vacancy Survey)	\$1,358	\$1,742	+28%
Median Family Income (U.S. HUD Income Limits FY2003-FY2010)	\$84,800	\$103,500	+22%

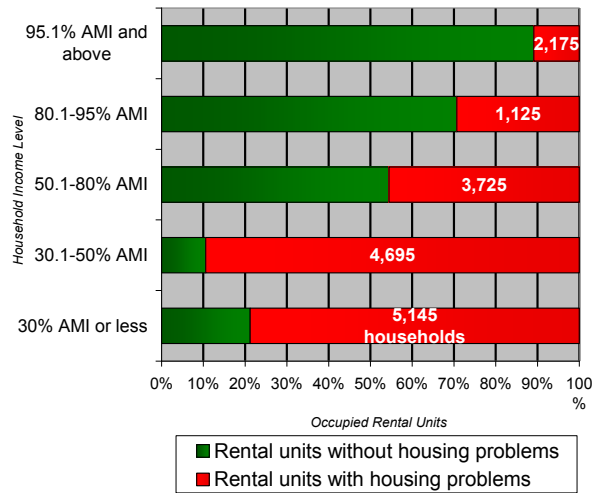
Graph 1: House Prices, Rent, and Income



An Inequitable Burden

The graph at right reveals the effects of this gap between income and rent in Arlington: although all households feel the effects of rising housing prices, lower income renter households are far more likely to face housing problems, which are defined by HUD as overcrowding, a lack of complete kitchen or plumbing facilities, and/or rental expense exceeding 30% of the household's annual income. There are not enough adequate and affordable apartments available for rent in Arlington to meet existing need.

Graph 2: Arlington Rental Problems by Income

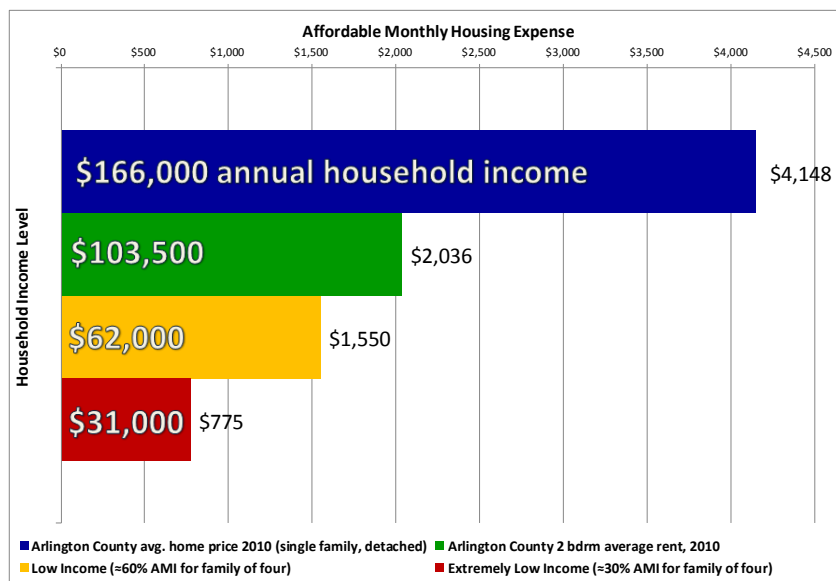


HUD CHAS data 2008

Average Arlington Rent Beyond the Reach of Low-Income Households

The graph below illustrates the high cost of housing and the gap between average rents and the rent that low-income households can afford. This is in sharp contrast to the \$166,000 household income necessary to purchase the average home in Arlington which costs approximately \$646,000. The second bar shows the average monthly rent (\$2,036) for a two-bedroom apartment in Arlington County in 2010 and the income needed for housing costs to equal the recommended 30% of annual income. The average two-bedroom unit in Arlington requires annual income above \$100,000. According to the HUD calculation of Area Median Income (AMI), the median household income for the Washington metro region in 2010 was \$103,500. The bars below show rents that low and extremely low-income households can afford, in sharp contrast to Arlington's average rent. There are fewer and fewer units available at rates they can afford.

Graph 3: Arlington Affordable Rent by Household Income



Source: Arlington County 2010 *Rent and Vacancy Survey*, NLIHC *Out of Reach 2010*

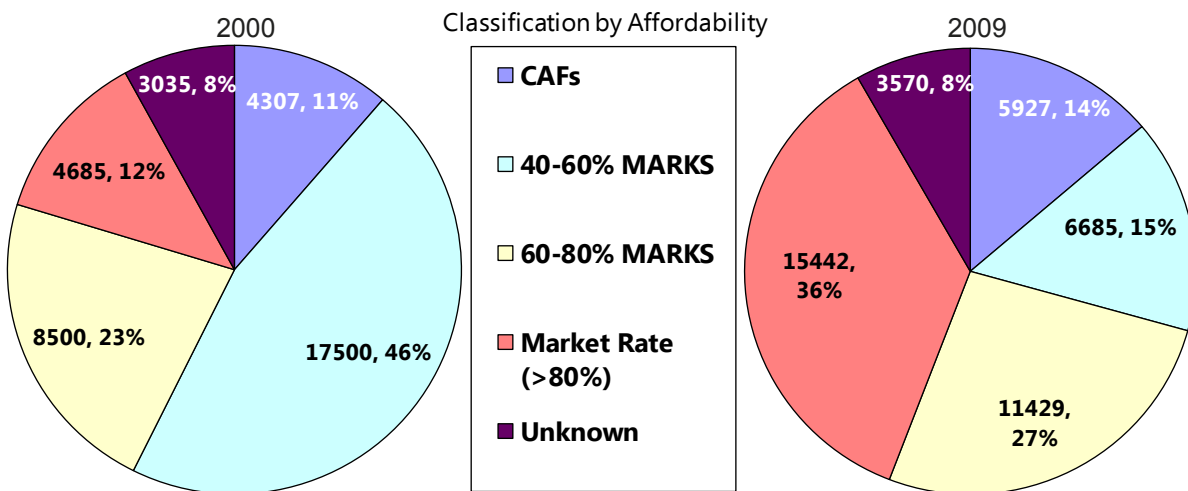
Arlington rental stock has become less affordable

Rising prices have changed the economic distribution of Arlington rental housing stock. Due to a variety of factors, many units which were once affordable to lower income families have become prohibitively expensive.

The affordable sector of the rental housing market is composed of two types of units: - Committed Affordable Units (CAFs), and market-rate affordable units (MARKS). CAFs are guaranteed to remain affordable to low and moderate income households for a specified period of time, typically 30 to 60 years. MARKS are annually identified by the income level at which their current rents are affordable. 40-60% MARKS, for example, have market-set rents affordable to families earning between 40 and 60 percent of the AMI

In 2000, 58% of rental housing units were affordable to households at or below 60% of AMI but by 2009, this sector had shrunk to 30% of rental housing.

Graph 4: Arlington Rental Housing 2000-2009



	CAFs	40-60% MARKS	60-80% MARKS	Market Rate (>80%)	Unknown	Total rental stock
2000**	4,307 units	17,500	8,500	4,685	3,035	37,885
2009	5,927 units	6,685	11,429	15,442	3,570	41,548
change in market share	+ 3%	- 31%	+ 5%	+ 23%		

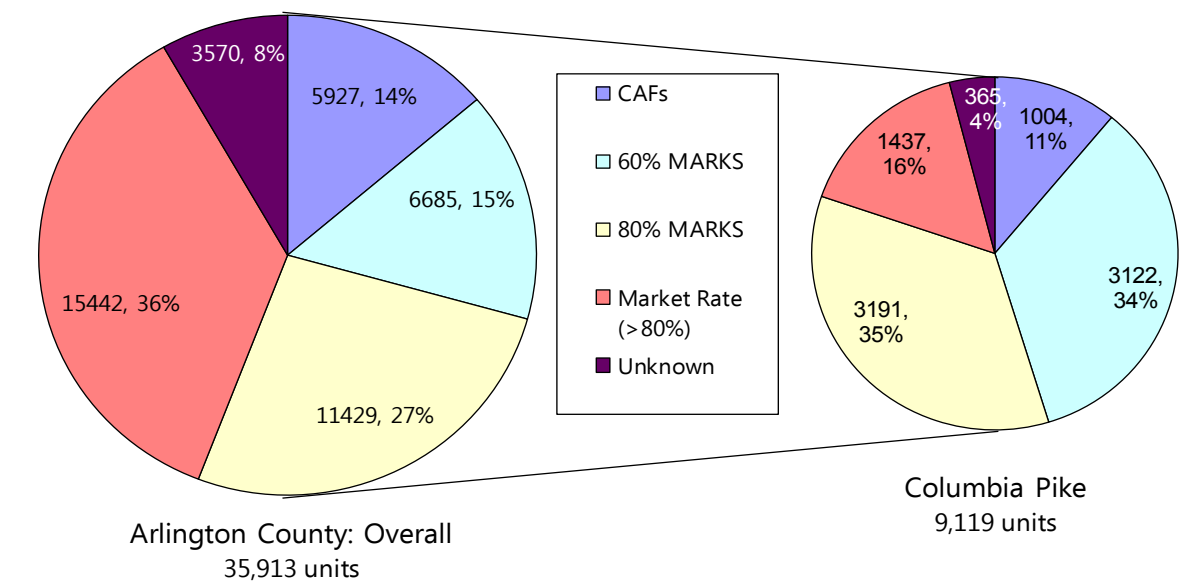
** For 2000, MARKS are close approximations of graphs unaccompanied by tabulated values. Source: Arlington County CPHD

Columbia Pike: an Opportunity to Preserve Affordability

Although market forces have reduced the availability of affordable units in Arlington County overall, some pockets of affordability remain within the private market. In the Columbia Pike area, 80% of rental housing is affordable below 80% AMI.

Of these 7,317 units, only 1004 are CAFS. 6,313 are at market-rate rents, and are therefore vulnerable to the same upward pressures that have reduced affordability in other parts of the County. This area presents an opportunity for organizations such as APAH to purchase properties that might otherwise be redeveloped into higher-end units, and instead ensure that they will remain affordable long into the future.

Graph 5: Rental Unit Affordability: Arlington v. Columbia Pike



	CAFs	40-60% MARKS	60-80% MARKS	Market Rate (>80%)	Unknown	Total rental stock
Arlington rental stock (overall)	13%	16%	28%	37%	5%	41,548
Columbia Pike rental stock	11%	34%	35%	16%	4%	9,119

Source: Arlington County CPHD



APAH's Columbia Grove development

Commuting to Affordability?

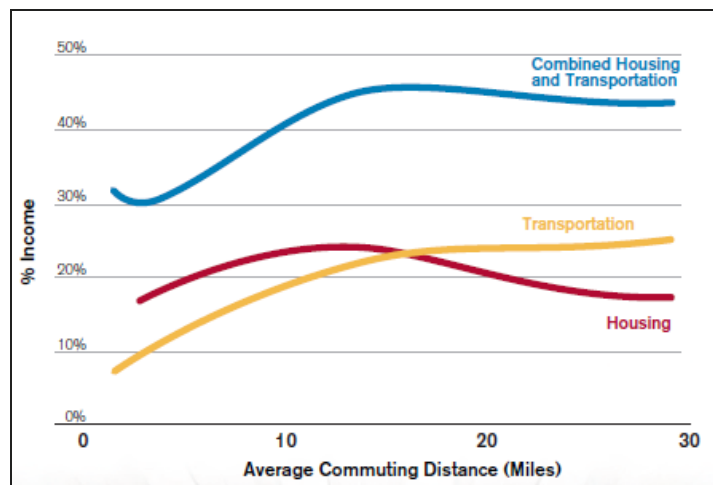
When looking for housing, people are often told: “drive till you qualify.” Superficially, this advice reflects the reality of housing markets. Housing tends to become less expensive as one moves farther away from the urban core. It has often been suggested that the needs of lower-income households would be more effectively served by the construction of affordable housing units in the outer suburbs. But when calculations of affordability include the true cost of ‘exurban’ living, this argument falls flat.

Evasive Savings

A great deal of contemporary research focus on developing a more complete model of household transportation expenses. These models factor in such characteristics as household size, housing density, block size, proximity to employment centers, public transit access, auto ownership, and vehicle miles traveled.

Using these statistics, many researchers have concluded that the housing cost savings that result from lengthening one’s commute are often negated by the increased costs of transportation. The graph at right illustrates this interaction.

Graph 6: Housing and Transportation Cost Burdens by Commute



Source: Center for Neighborhood Technology

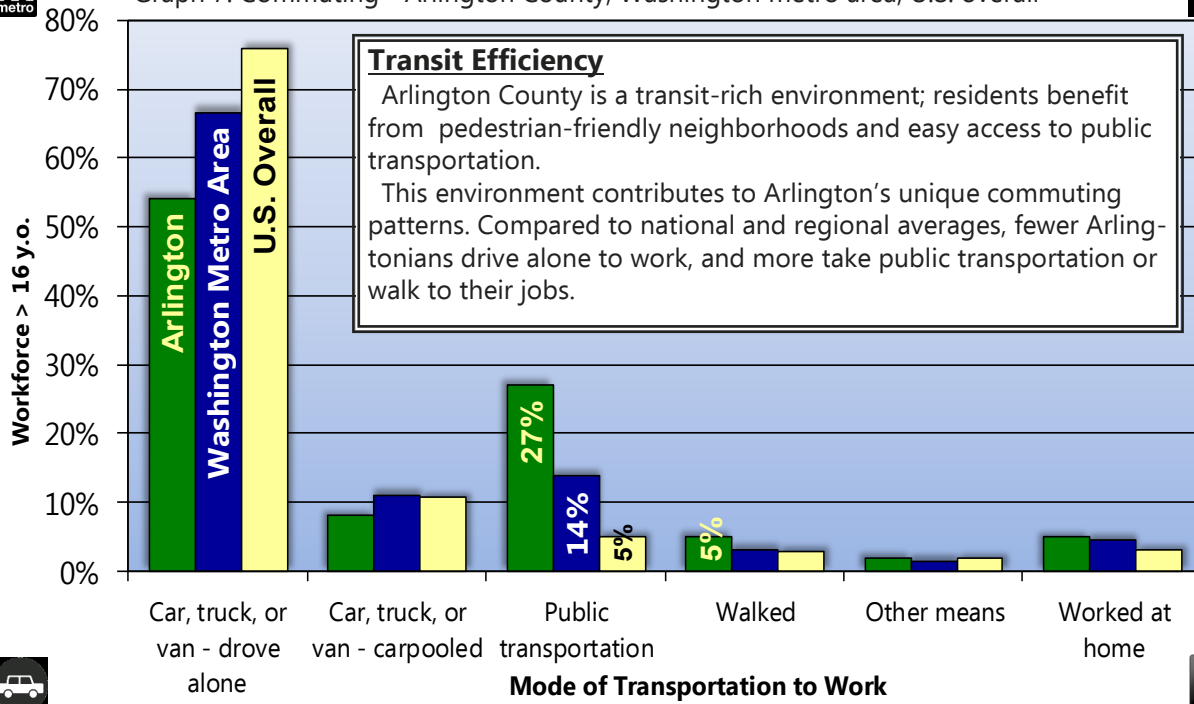
Extensive Costs

The cost calculation is particularly significant for lower-income households. Transportation-related expenses, such as vehicle fuel and maintenance, require a relatively large share of their income, so lower-income households are disproportionately affected by increases in these costs. Long commutes may also inflate child care expenses, and reduce earning potential. Furthermore, by living in low density areas, residents limit their access to services like education, counseling, and healthcare, that might help them to achieve greater self-sufficiency.

The costs of transportation inefficiency fall not only on individual commuters, but on everyone who lives and works in the Washington metropolitan area. Every new suburban or exurban commuter increases the demands placed upon Washington-area roads, and long commutes also result in greater pollution. When workers can live closer to their place of employment, we all benefit from the gains in efficiency.



Graph 7: Commuting - Arlington County, Washington metro area, U.S. overall

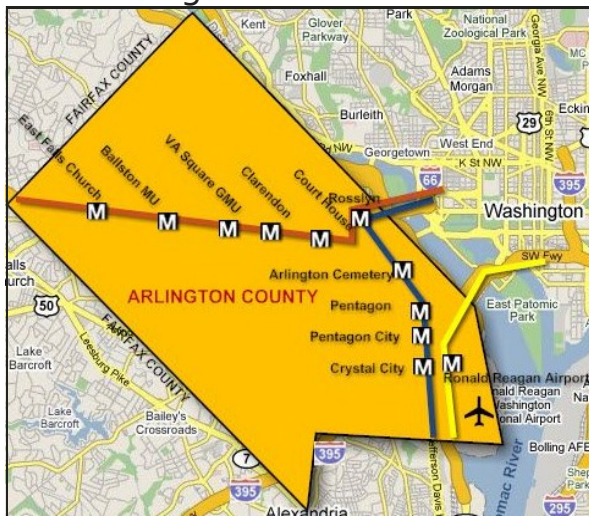


Source: U.S. Census Bureau 2009 ACS

Buses and Trains

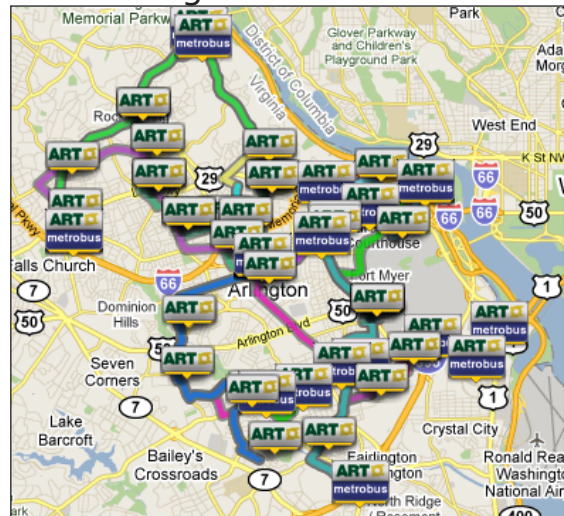
Arlington is served by 11 Metrorail stations, more than any other area jurisdiction except the District of Columbia, and also by the ART system, a comprehensive network of frequently-running local buses.

Arlington Metro Stations



<http://www.homesofarlingtonvirginia.com/metro-map.htm>

Arlington Transit buses

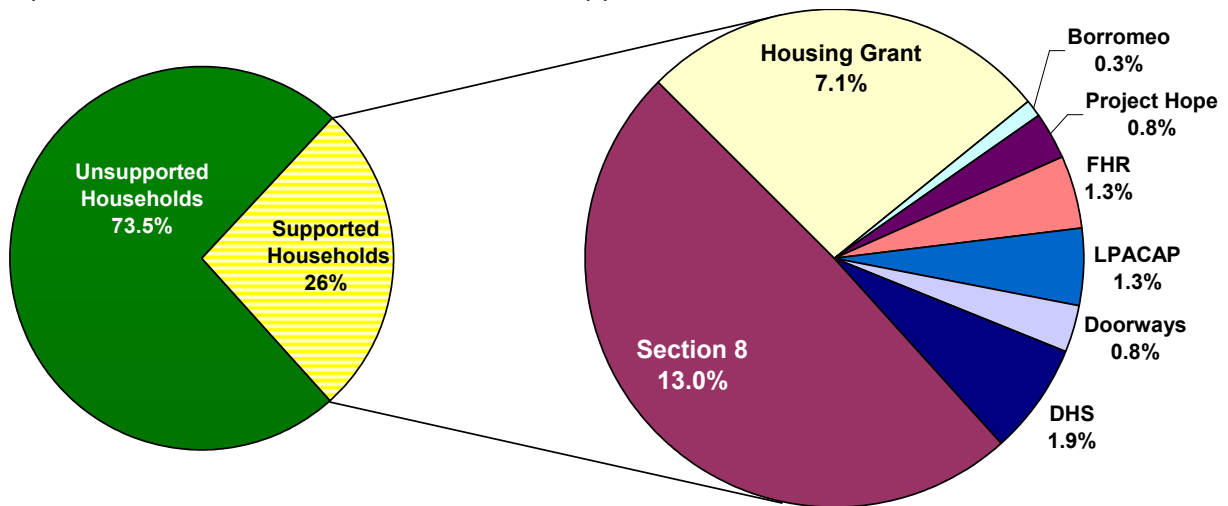


Serving Populations in Need

Arlington cares about assisting disadvantaged residents, and maintains a rich network of public and private organizations to serve their needs. Affordable housing ensures that these residents can continue to live in the community, in spite of rapidly rising housing costs.

Over a quarter of APAH’s residents receive rental subsidies and direct supportive services from Arlington County government and non-profit organizations, as detailed below. APAH works with such groups to meet clients’ basic need for housing, and a stable home facilitates more effective delivery of supportive services. Furthermore, given the mobility and transportation issues facing many of these individuals, Arlington’s rich transit network permits them access to opportunities that would be out of reach in an area offering less transit service, such as the outer suburbs.

Graph 8: APAH Households - Subsidies and Supportive Services



Unsupported Households	Supported Households								
458	165	Section 8	Housing Grant	DHS	FHR	LPACAP	Project Hope	Doorways	Borromeo Housing
		81	44	12	8	8	5	5	2

Programs and Services

<p>Section 8: Rent assistance program funded by the Federal government through the Department of Housing and Urban Development</p> <p>Housing Grants: Arlington County rental subsidy program for elderly, disabled, and working families with children.</p> <p>DHS: Arlington County Department of Human Services</p> <p>FHR: Organization providing services for individuals struggling with mental disabilities.</p>	<p>LPACAP: Permanent supportive services for persons with a mental and/or physical disabilities</p> <p>Project Hope: DHS-administered supportive program for former psychiatric patients</p> <p>Doorways: Services for women and families escaping abusive domestic situations or homelessness</p> <p>Borromeo Housing: provides sheltered care and a range of services for young, single mothers.</p>
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A Rental-Oriented Market

Rental units comprise a significantly larger portion of the Arlington housing stock than the national and regional average, and over 80% of these units are part of multi-family properties.

This resource takes advantage of Arlington’s proximity to Washington, D.C. to provide affordable housing for workers. Over several decades, Arlington’s Smart Growth initiatives have encouraged the trend of higher density development.

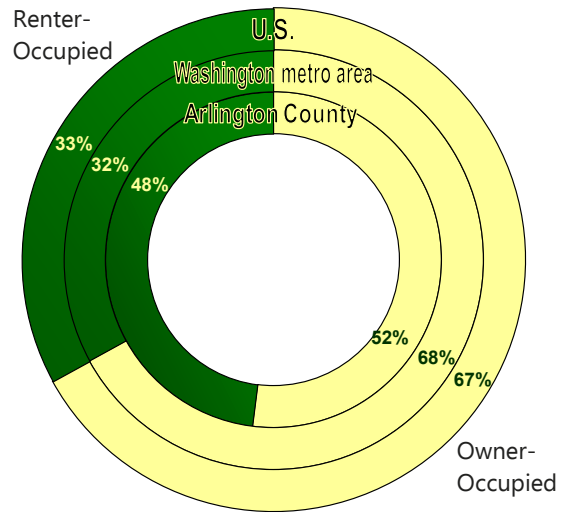
Although U.S. housing policy has historically favored home ownership over rental, rental housing serves a valuable function in our economy and our society.

Benefits of Rental Housing

Renting allows people greater flexibility, and lower transaction costs, allowing for a more flexible and dynamic workforce. High density, multi-family development also offers residents more convenient access to workplaces, schools, and amenities. Arlington County exemplifies these characteristics of economic growth and high quality of life, and a strong sense of pride and investment in the community prevails among its residents.

The economies of scale associated with multi-family rental developments allow organizations like APAH to leverage their resources and provide more families with affordable housing. Home-ownership may be a long-term goal for some low-income households, but affordable rental units meet their more immediate housing needs. In Arlington, an affordable rental unit enables low-income workers to live in the community in which they work, and to share in its benefits.

Graph 9: Renter- v. Owner-occupied Housing



Source: U.S. Census Bureau 2009 ACS



Resources

Arlington County Government

- Housing Data page
Summary data and narratives including housing needs, housing stock, average rents, and Median Family Income. Includes links to other Arlington County resources. Updated periodically.
www.arlingtonva.us/departments/CPHD/housing/hpp/CPHDHousingHppHsgData.aspx
- Consolidated Five Year Plan
A comprehensive outline of Arlington's strategies for housing and development for FY2011 through FY2015. Downloadable by section; includes Citizen Summary.
www.arlingtonva.us/departments/CPHD/housing/hpp/CPHDHousingHppFiveYearConPlan.aspx
- Planning and Research Analysis Team
Web portal to a variety of planning and development-related data, including the annual County Profile and analyses of Census Bureau data.
www.arlingtonva.us/Departments/CPHD/planning/data_maps/CPHDPlanningDataandMapsMain.aspx

U.S. Census Bureau

- New American FactFinder - American Community Survey
ACS data is collected on an ongoing basis, and thus is more current than the decennial Census. Estimates are released annually. Profiles can be tabulated for a variety of geographic areas, and are divided into Social, Economic, Housing, and Demographic tables.
<http://factfinder2.census.gov/main.html>

U.S. Department of Housing and Urban Development

- HUD User
The primary web portal for access to HUD data and research, including AMI and FMR figures.
www.huduser.org/portal/
- Comprehensive Housing Affordability Strategy (CHAS) Data
A special tabulation of 2008 American Community Survey data created for housing planners and policy makers.
www.huduser.org/portal/datasets/cp.html

Additional Resources

- Joint Center for Housing Studies of Harvard University - [America's Rental Housing](#)
An analysis of renter households, and of the significance of the rental sector in the U.S. housing market
www.jchs.harvard.edu/publications/rental/rh06_americas_rental_housing.pdf
- Urban Land Institute – [Beltway Burden](#)
A study on the combined cost of housing and transportation for working families in the D.C. metropolitan area.
www.trb.org/Main/Blurbs/Beltway_Burden_The_Combined_Cost_of_Housing_and_Tr_160723.aspx
- National Low Income Housing Coalition - [Out of Reach 2010](#)
A comparison of HUD Fair Market Rents and the earnings of working class families. Regularly updated to reflect changes in HUD figures.
<http://www.nlihc.org/oor/oor2010/>
- Subsidies and supportive services data compiled from APAH internal sources