

**Remarks on Jack Cornman, President, Alliance for Housing Solutions  
at the Arlington Unitarian Church, April 20, 2008**

20 minutes is long enough for any talk, but too short to cover the issue of affordable housing in any great detail. With that caveat in mind, here are the points I will attempt to cover, with your questions to follow.

1. Who and what is the Alliance for Housing Solutions?
2. What do we mean by “affordable housing”, and two other terms of art? (committed and market rate affordable units).
3. Who can’t afford to rent in Arlington, and why should we care?
4. What is the current supply of affordable rental units in Arlington?
5. What are the threats to the remaining market rate affordable units?
6. What are Arlington’s approaches to the crisis?
7. How do Arlington’s efforts compare to those of Alexandria and Fairfax County?
8. What is needed to stop, if not reverse the net loss of affordable units in Arlington?

And I apologize in advance for throwing too many numbers at you. So here goes.

**1. Who and what is the Alliance for Housing Solutions?**

The Alliance is a non-profit, Arlington based corporation created to maintain and increase the supply of affordable housing units in the County and Northern Virginia through public education, policy research, facilitation, and advocacy. The Alliance has 30 sponsors, including communities of faith, housing groups, educational groups, and civic groups.

**2. What do we mean by “affordable housing”, and committed and market rate affordable units?**

In brief, affordable housing programs seek to ensure that there is an adequate supply of housing that can be afforded by moderate and lower, and in some cases, median income families and individuals. But brief as that statement may be, we still need to define affordable housing and those who affordable housing programs are designed to serve.

The definition of affordable housing starts with the federal government guideline that individuals or families should not spend more than 30 percent for housing, including mortgage payments, or rents, and utilities. That means, for example, a family with an income of \$60,000 a year, should not pay more than \$18,000 a year for housing, or \$1,500 a month.

Affordable housing programs then seek to provide housing that is affordable to families earning less than designated incomes.

The general rule of thumb, again established by the federal government, is that the programs serve families earning less than 60 percent of the region's median income.

In dollar and cents, the median income for a family of four in this region is \$94,500. Affordable housing serves families earning less than \$57,000 a year.

Two other definitions are needed. Committed affordable units are units that have received public funding to subsidize construction, purchase and/or rehabilitation costs, and are committed to remaining affordable for a specific time - currently 60 years in Arlington.

Market rate affordable units are units that are affordable to families earning 60 percent of the median income without any public subsidies. The owners, of course, are free to raise rents as they think the market will bear.

### **3. What is the current supply of affordable units in Arlington?**

At present, there are 5,700 committed affordable units and 9,800 market rate affordable units in Arlington. In the year 2000, the County government estimates there were 19,700 affordable units in Arlington. Most, but not all of the 9,800 lost affordable market rate units were due to rent increases. And the supply of market rate units continues to decline faster than increases in the number of committed units.

### **4. Who cannot afford to rent, let alone purchase a home in Arlington, and why should we care?**

As is often cited as justifications for affordable housing programs, many teachers, police officers and other public employees cannot afford to live in Arlington, the community they serve. But it is also true that many private sector workers who work in Arlington cannot live in Arlington, including hospital technicians, bank tellers, store clerks, some young professionals,

etc. At some point, high housing costs will begin to undercut the economic viability of the region, as employers will locate in communities in which their work force can afford to live.

AHS argues that the affordable housing crisis is a moral, social, education and economic issue. So you should care about the issue if you believe ensuring decent housing to people of all incomes is a moral responsibility, if you believe our community should reflect to some degree the diversity of the world in which we now operate, if you believe it is beneficial for children to go to schools with diverse students bodies, and if you are concerned that high housing costs might undermine the local and regional economy.

#### **5. What are the threats to the remaining market rate affordable units?**

Despite the slow down in the real estate market, it is likely that absent some interventions, the supply of market rate affordable units - those 9,700 units – will continue to decline faster than committed units can be added. For example, a 218 unit apartment complex off Columbia Pike is emptying its units, which were market rate affordable, and will rehab them and make available at higher rents. Looking ahead, it is possible, if not likely, that many market rate units will be sold or made into higher investments by the heirs to current owners, thanks to a quirk in federal law.

#### **6. What are Arlington's approaches to the crisis?**

Arlington provides an array of programs to help renters and homeowners – housing rental grants, tax abatements, assistance to facilities for special populations, etc.

It also has a goal of adding 400 committed affordable units a year, a goal which it has met once in the past four years. In FY 2007, it added 472 committed units.

Leaving aside issues of land use and zoning, the County provides financial assistance to developers of affordable units to help off set purchase prices, construction or rehab costs. It is important to understand that financing an affordable housing deal is a complex undertaking, involving federal and state money as well as County contributions.

For FY 2009, which starts June 30, the County will have an estimated \$24 million available from a number of different sources to invest in affordable housing development, including about \$5 million from general revenues.

Assuming a needed county contribution of \$75,000 a unit, which is a conservative figure, the county should have \$30 million available for such investments each year. That is why AHS recommended that the County add \$3 million to the budget request to bring the total to \$27 million, closer to the eventual goal.

### **7. How do Arlington's efforts compared to those of Alexandria and Fairfax County?**

Alexandria and Fairfax County have adopted policies which dedicate 1 cent of their real estate tax to preservation of existing market rate units; Arlington has not. However, all three jurisdictions are making about the same investment effort, accounting for the difference in sizes, population and density. Fairfax's penny tax brings in about \$23 million; Alexandria's, about \$3.5 million. A one cent allocation in Arlington would bring in \$5.8 million, which might or might not have to be split with Arlington public schools. As already noted, Arlington is allocating about \$5 million of its general tax income to invest in affordable housing development. Given that the Fairfax population is five times that of Arlington, the level of investments are comparable.

At the program level, Fairfax has been able to fund construction of some Single Occupancy units, which can be used by homeless individuals or low income workers. Fairfax recently was able to purchase a good sized market rate affordable apartment complex from its owner.

Alexandria is using its one penny tax to fund an affordable housing bond issue, which would increase its available funding six times.

Alexandria, like Arlington, is densely populated. Affordable land, a major cost in housing, is at a minimum. One way to come up with cheaper land is to build affordable units on publicly-owned land, which is what Alexandria will be doing by building affordable units on top of a fire

house. Arlington should consider this approach, which has been used elsewhere in the country.

**8. So what is needed to stop, if not reverse the net loss of affordable units in Arlington?**

1. More money, at least \$30 million to meet the goal for 400 committed units a year.
2. Access to cheaper land – publicly or privately owned. In many communities, for example, churches and other faith communities are looking at their land as potential sites for affordable housing or as sources of income to invest in affordable housing elsewhere in the community.
3. Acceptance of more dense development, which helps offset the high cost of land.
4. Reducing the cost of affordable housing development by streamlining the site plan review process while protecting opportunities for meaningful input from the community.
5. Exploration of possible incentives the County might offer to encourage owners of market rate affordable units to keep the units affordable.
6. And perhaps, most importantly, greater public awareness of the crisis and greater public support for policies and developments which address the crisis.

Absent such actions, the supply of affordable housing will continue to decrease, if not almost disappear.

Thank you.