



Funding for Housing Dedicated to Households at 30% AMI

The Ask: As budget decisions are made about distribution of ARP funding or state budget surplus, prioritize some of the funding to focus on achieving more 30% AMI units using tools/processes at VaHousing OR within the Housing Trust Fund. This would allow jurisdictions, who would be required to maintain their local committed funding, the opportunity to better align their committed affordable housing stock with the number of households with very low incomes in their communities.

Arlington Community Foundation Shared Prosperity Partnership

- Since 2019, Shared Prosperity has focused on ways to mitigate or interrupt the displacement of very low-income people in Arlington - 30% AMI or below which is \$38,700 for a family of four
- National network, funded by Kresge Foundation, with research support from Urban Institute and Brookings
- Arlington project has used about \$3M in private philanthropy to both create committed units at 30% and provide private rental subsidies
- We believe both programs are necessary to meet people's needs

Federal investment policies/strategies have been focused by the LIHTC program predominately at the 60% AMI level for many years

- This is true in many high cost communities across the Commonwealth
- As a result, in Arlington we have many 60% units and few units targeted to the very low earner
- Significant mismatch in Arlington between committed units available to 30% and households that earn that amount of money. We call this the livability gap.
- Households at 30% AMI are not going away - they include people of various ages who are reliant on SSI or social security income and have limited options for increasing their income and essential workers—child care workers, office cleaners, health aides, food service workers etc. Having dedicated units at 30% AMI means those households need no other subsidy which frees subsidy resources for people who have more options to increase earning but are still struggling
 - Arlington has 10,000 households living at this AMI, approximately 8,000 of them are renters
 - Arlington has 7,300 committed units at or below 60% AMI; of those, only 254 units are dedicated and affordable to 30% AMI households that are neither seniors or disabled persons.
 - In Arlington, there are dedicated units for seniors ONLY (678 units) and permanent supported housing for those with developmental disabilities or mental illness (421 units)
 - We found that only a portion of the units in any given project would be written down to the 30% AMI level (up to about 10% of units)

- Allocating more money to 30% AMI units will increase the average cost per unit, so the state should consider increasing project level allocation and cost caps for projects with a higher share of these units

ARP money gives State an opportunity to use one-time funding to help communities address this livability gap while also addressing the general need for affordable housing

- In existing affordable housing, buy downs can occur when refinancing is done
- In new developments, bring more money to the table as the deal is constructed
- Right now, new projects in Arlington preserve affordability for at least 30 years
 - In Arlington, it costs, on average, an additional \$170,000 to buy a unit down from 60% AMI to 30% AM, generally for a period of 30 years
 - Giving a low-income household a rental subsidy in a 60% AMI unit costs approximately \$10,000 a year.

Revised January 2022