

Approaches to Successfully Preserve Affordability for Extremely Low-Income Renters through the Barcroft Apartments Redevelopment

Executive Summary [Read full paper here](#)

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Recent [poverty information for Arlington](#) indicates that nearly 24,300 individuals—just over 10% of our population—are trying to make ends meet at or below 30% of our Area Median Income, or \$42,690 for a family of four.

[Current data](#) shows that living costs for such a household in Arlington average three times that.

For decades, the Barcroft Apartments have provided housing affordable to residents with a diverse array of incomes and backgrounds, including Arlington's lowest income households. In December 2021, Jair Lynch partnered with Arlington County and Amazon to acquire the site, committing to permanent affordability for 1,334 units at 60% of area median income (AMI) and promising that no existing tenants at any income level will be involuntarily displaced. This 60% AMI commitment is a considerable accomplishment for the County and its partners, and is a critical and necessary first step for preserving Barcroft's affordability. However, more must be done to provide long-term affordability to the full range of incomes present in the property.

The preservation and pending redevelopment of the Barcroft Apartments will be guided by a Master Financing and Development Plan (MFDP) and is an unprecedented critical opportunity to help ensure that Arlington County remains an inclusive and economically vibrant community. While the Arlington Community Foundation (ACF) is singularly focused on ensuring that 30% AMI-affordable housing continues at Barcroft Apartments, we are also fully committed to the Columbia Pike planning goals for quality of life - open space, historic and tree preservation, green buildings, reliable robust transportation options and school/community facilities.

Based on the Spring 2022 census of Barcroft residents, there were 255 households reporting incomes of 30% AMI or less (also known as extremely low-income or ELI households). The Shared Prosperity Team at the Arlington Community Foundation is working with urgency to ensure that the Barcroft Apartments MFDP produces 255 units affordable at 30% AMI for 30 years.

We believe that the MFDP for Barcroft's redevelopment should call for the creation of 255 units affordable to today's—and tomorrow's—ELI households. It should also enumerate a pathway and menu of tools that may be utilized as appropriate for achieving those 255 ELI units over the 10-year redevelopment period. Read our [September Call to Action](#).

We acknowledge that market dynamics and the scale of the site create both challenges and opportunities for achieving the promised continuation of residency for all current tenants and similarly situated residents moving forward. To help seize this opportunity, the Arlington Community Foundation is investigating capital sources, subsidies, land use tools, and/or other resources that avoid barriers leading to involuntary displacement among existing tenants or preventing occupancy by tenants facing similar barriers in the future.

This memo is an Executive Summary of our evolving findings, intended to outline for local stakeholders (County leadership, the development and finance sector, housing advocates, etc.)

a menu of options that can be combined in various ways to enable achieving the 255 unit ELI target.

Based on our analysis, we offer the following key takeaways:

At a high level, though challenging, creating 255 Committed Affordable units (CAFs) affordable at 30% AMI for 30 years is achievable using mostly existing tools.

- Many traditional tools and resources for facilitating deeply targeted units are limited compared to the scale of need at the Barcroft Apartments, do not meet the specific needs of current tenants, and/or are limited by the regulatory policies that are currently in place. Examples of such constrained tools include HUD Housing Choice Vouchers and project-based rental assistance; Arlington County Housing Grants and AHIF capital subsidies; Virginia Housing LIHTC equity and gap financing; and the Virginia Housing Trust Fund. While all of these resources will likely be employed at some point, to some degree and in some combinations in Barcroft's 10-year phased redevelopment, achieving the ELI unit target will require additional tool/resources.
- Achieving the ELI unit target must look beyond combinations of traditional tools to bring more funding to the table from additional sources, including engagement with a wide range of potential donors including corporate philanthropic institutions, and national and local foundations (hereafter, philanthropic institutions), local/regional businesses, and community-oriented investors and lenders such as CDFIs. Some of these approaches may require careful and proactive collaboration between the development team, Arlington County, and other financing partners to identify a path forward and remove financing and regulatory hurdles.

Success will require using land use tools, income averaging, and financial subsidies in a three-pronged approach that will vary by phase over the 10-year redevelopment period.

- Land use tools – additional density, parking reductions, etc. – can create a portion of the 1,334 committed affordable units, thus allowing the financial subsidy originally intended to achieve 60% AMI units to be used toward ELI units.
- Income averaging within the 1,334 units allows the affordability level for a subset of units to rise to 70-80% AMI in exchange for 30% units.
- Financial subsidies can be used to buy down affordability for a proportion of the units. This subsidy could come from a number of sources, including loan forgiveness from Amazon or the County, allocations from the Virginia Housing Trust Fund, a community capital campaign, or various tax credit programs at the state/federal level. We estimate that an additional \$20-30M could be needed over the 10-year redevelopment period (See pg. 10, "Scenario 3" of full paper).

Conclusion

Moving forward, it will be important to keep in mind that each phase of the Barcroft Apartment redevelopment will have its own plan and constraints, and the mix of tools and approaches will need to adapt to those conditions. The site-specific approaches will need to be guided by the overall vision and objectives, to ensure that each individual phase is contributing to achieving the overall ELI unit target.

Our simplified modeling demonstrates the potential impacts and tradeoffs of the most scalable tools within the affordable housing toolbox.

- Land use incentives – and density in particular – can reduce the overall need for subsidy and improve the effectiveness other tools.
- Income averaging reduces the amount of subsidy needed for the 30% units and could also help meet the needs of 31-59% AMI households.
- Financial subsidy is critical to maintaining an appropriate mix of incomes within the spectrum of affordability.

Using this three-pronged approach, and filling gaps with other tools not discussed in depth in this brief (such as rental assistance), provides a viable path to ensuring that households of all incomes can continue to call Barcroft Apartments home over the long term.

To come to fruition, a commitment to achieving 255 units hard-wired at 30% AMI must be part of the overall vision and objectives and included in the Master Financing and Development Plan.

Arlington Community Foundation looks forward to working with all relevant stakeholders to achieve the ELI unit target and help ensure that Arlington County remains an inclusive and economically vibrant community. For additional information and further discussion, please contact Mary Hynes at: mhynes@arlc.org.