



## Why Arlington's Low-Income Residents are Being Displaced and Why it Matters

*Originally prepared for the 2019 Shared Prosperity Roundtable; updated July 2023*

Arlington's Affordable Housing Master Plan, adopted by the County after extensive community engagement in 2015, recognizes that **people at all income levels are increasingly important for meeting Arlington's full economic development potential.** In recent years, the County has seen increasing numbers of high wage jobs, which will continue to contribute to a significant share of local economic growth. Nonetheless, workers in lower-wage jobs form the backbone of the County's economy, supporting business functions, providing resident and worker-based goods and services, and serving the thousands of visitors who come to Arlington each year.

The 2023 area median income (AMI) in Arlington is \$152,100, yet about 10% of our residents make under 30% of that, or less than \$45,630 for a family of four. These low-income residents are being priced out of the community. Among those most at risk of displacement are residents who provide essential services - child and health care, hospitality, office cleaning, and restaurant, retail, and construction work. These workers are struggling every day to make ends meet, often working multiple jobs.

This paper provides basic context on three intersecting issues that contribute to displacement: insufficient deeply affordable housing, lack of living wages and career pathways, and high child care costs. These are recurring themes that have emerged through related community initiatives over recent years. (See sidebar).

Arlington Community Foundation's [Shared Prosperity Initiative](#) carries forward the work of these prior community efforts to identify opportunities to reduce displacement of low-income residents and allow them to continue to contribute to Arlington's economic viability and diverse community fabric.

**Housing.** Rental housing that costs more than 30% of a family's income is not considered affordable by the US Department of Housing and Urban Development. However, high rents in Arlington mean that lower income families regularly spend 50% or more of their pay on housing. Adding further pressure to very low income households is the fact that there is a [supply/demand mismatch](#) within the County's stock of affordable housing. The vast majority of committed affordable units are for families making 61-80% AMI, or up to \$121,680 for a family of four. Yet, **the greatest need is for more deeply affordable housing at 30% AMI.**

The County's vision is that Arlington is "a diverse and inclusive world-class urban community... where people unite to form a...sustainable community in which each person is important." Over the past seven years, a large body of public/private work with significant community engagement has focused on key issues that must be addressed to protect Arlington's diversity, sustainability and inclusivity:

[The 2015 Affordable Housing Master Plan and Implementation Framework, with a 2020 updated needs analysis](#)

[The Arlington Child Care Initiative](#), with a special emphasis on policy changes to improve supply and affordability

[The 2018-2019 Community Progress Network](#), bringing the concerns of hundreds of low income residents to the table

[Destination 2027](#) focusing on eliminating disparities in the social determinants of health and the formation of a County equity plan

An insufficient supply of housing affordable at 30% AMI means it is increasingly difficult to retain the diverse workforce needed to sustain our vibrant local economy. Data from JobsEQ for August 8, 2022 showed over 2,100 vacancies in Arlington that do not require a degree beyond a high school diploma or GED. However, many of these are variable schedule, low-wage positions that are not sufficient to pay the high rents in Arlington. Given this, the majority of applicants for these positions must live an hour or more away for housing affordability, and they face significant transportation challenges.

The Community Foundation is evaluating a variety of financing, land use, and regulatory strategies that could add units to Arlington's housing stock committed to the *lowest* levels of affordability. A major opportunity to preserve hundreds of units at 30% AMI affordability presents itself in the Barcroft Apartments redevelopment. Other strategies include:

- ❖ Selling other aging garden apartments to mission-oriented owners for preservation
- ❖ Increasing local contributions to the County's AHIF and Housing Grant programs
- ❖ Providing tax or other incentives for private owners to offer ongoing below-market rent opportunities or voluntarily limit rent increases in their buildings
- ❖ Selling or donating underutilized public land to a nonprofit or mission-oriented owner to develop new units committed at the lowest levels of affordability
- ❖ Leveraging density and build more affordable units as part of new developments
- ❖ Revising existing programs such as the County's Landlord Partnership, Permanent Supportive Housing, Housing Choice Vouchers, and Housing Grants programs to incentivize voluntary participation for market-rate landlords who accept low-income tenants
- ❖ Utilizing philanthropic and state/federal resources to provide gap funding/rent subsidies for apartments dedicated to very low-income households
- ❖ Encouraging loan institutions to allow income averaging (offsetting rents at 30%AMI with some 70-80%AMI units); and innovative approaches to loan repayment, including upfront reductions in interest rates as was done in Charlotte, NC.

**Pathways to Quality Jobs.** As previously stated, the majority of vacancies in jobs requiring a high school diploma or less are hourly, shift work that are not full-time with benefits. Arlington lacks sufficient resources dedicated to plausible career pathways with hiring commitments, living wages and benefits for very low income working adults with limited education. To break that down further:

By **plausible** we mean *realistic* careers for working adults based on their educational backgrounds and existing skills. Examples include careers in hospitality, transportation, health care, and building trades.

By **pathways** we mean ones involving training or apprenticeships that lead to forward mobility and take childcare and transportation needs into account.

By **hiring commitments** we mean that there are employers who have full time positions committed to Arlington residents who complete these workforce development programs.

**Living wages and benefits are key.** Virginia's minimum wage is \$12 per hour, which equates to under \$25,000 per year. Yet, MIT's living wage calculator for Arlington identifies the living wage as \$22.42 for a single person; \$66.59 for a single person with two

## DISPARITIES IN ARLINGTON

Arlington's high median household income masks significant income and quality-of-life disparities from one neighborhood to the next. For example, the poverty rate in one South Arlington census tract is 29% (childhood poverty is 49%), and 40% of the residents there are uninsured. 36% of households in this neighborhood pay more than 50% of their income on housing. In contrast, a tract less than two miles away in North Arlington has a poverty rate and uninsured rate under 3%. Similarly, under 3% pay more than 50% of their income on housing.

*Getting Ahead: The Uneven Opportunity Landscape in Northern VA*  
Northern VA Health Foundation

children, and \$34.89 each for two working parents with two children. In contrast, the average hourly rate for child care workers in Arlington is \$16.10; \$15.50 for food service workers; and \$16.80 for nursing assistants. This table shows the gap between living wages and actual real time wages in Arlington. Residents earning 30% AMI and below must rely on a combination of earned income, public benefits, and community supports to survive.

Perversely, even a slight rise in income can cause a disproportionate loss or reduction in critically needed subsidies for health care, food, child care, transportation, or housing. The potential loss of the subsidies means the worker faces putting their family in a worse financial position if they take a promotion or better-paying job. This is called the benefits cliff, and it is especially hard to climb out of in a high-cost area like Arlington. Some potential strategies for plausible pathways to quality jobs are:

- ❖ Voluntary living wage commitments from local businesses; required of vendors
- ❖ Replacing shift work with full time, consistent schedules and health care benefits
- ❖ Union apprenticeship opportunities with major new development projects
- ❖ Commitment to realistic job training and certification programs for people without a high school diploma; resources for transportation and childcare while training
- ❖ Project labor agreements; labor peace agreements

**Child Care Access and Cost.** According to Arlington’s 2019 Child Care Risk and Reach study, 71% of Arlington’s children under five lived in a household where all parents work, but there were only enough licensed full-time child care slots for 37% of them. This is due in large part to lack of affordable rental spaces for child care and strict County regulations and processes for centers and in-home providers. While progress has been made on increasing the supply of childcare slots since 2019, little progress has been made on increasing the number of slots affordable to low-income working parents. **In 2022, Arlington had only 428 licensed affordable child care slots for 3,300 children below 60% AMI (half of whom are below 30% AMI).**

Child care is considered affordable if it costs no more than 7% of household income. A family with one infant and one four-year old spends on average \$42,000 in licensed childcare. For an Arlington family with two children making under 30% AMI (\$45,630) virtually their entire pre-tax income would be needed just to pay for the child care services they need.

Acting on strategies to increase child care affordability as originally laid out in the 2018 Child Care Initiative Action Plan is critical to mitigating the displacement of our lowest income neighbors. Strategies in the plan include improvements and local supplements to the State child care subsidy program; as well as ways to reduce local regulatory and facility costs to providers, which would allow them to pass savings on to parents looking for affordable care. Some of these strategies are:

- ❖ Reduce well-documented administrative and financial barriers to providers’ participation in the State subsidy program
- ❖ Further incentivize participation in the State subsidy program by reducing zoning and permitting fees to providers
- ❖ Create a local fund to pay the first month of subsidy up front to the provider
- ❖ Use local child care funds to cover copays for low-income families
- ❖ Advocate for the State to include job search as a qualifying activity for subsidy recipients

- ❖ Maximize funding available through the Virginia Pre School and Mixed Delivery programs
- ❖ Reduce financial barriers to center and home-based providers entering the marketplace
- ❖ Offer lower rent or in-kind space for child care
- ❖ Provide bonus density, modifications, or exclusions of related density in exchange for designating first floor space for child care use
- ❖ Develop new incentives for utilizing existing commercial space
- ❖ Incentivize establishment of child care facilities in committed affordable and other commercial developments

Arlington Community Foundation also urges the creation of an opportunity for child care providers (many of whom are making below 30% AMI) to participate in the Virginia Retirement System or some other pooled retirement program.

## Conclusion

Tackling these issues requires the combined effort of local government, the business sector, and community organizations on all three areas identified in this paper. Our economic viability requires that we deal with these issues sooner rather than later, as our growth only increases the demand for workers in these essential jobs. But this urgency is about more than just our economy. Our commitment to solving these issues is also a reflection of our Arlington values. We have prided ourselves as a community that values its inclusiveness and cultural and ethnic diversity. Without proactive work to stem the displacement of our low-income neighbors, we'll see both our values and our growth compromised. Proactive, cross-sector collaboration with measurable outcomes provides a great opportunity for Arlington to be a model for an inclusive economy and community.

## Sources:

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Affordable Housing Master Plan and Implementation Framework, Arlington, VA, 2015

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Jobs EQ

MIT Living Wage Calculator

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