



Affordability at Barcroft Apartments: Interpreting Condition #39

Arlington Community Foundation

Shared Prosperity Initiative

July 2023

Barcroft Use Permit Condition #39

“B. Affordable Rents:

Key Phrase #1

The CAF Units shall have rents affordable to households that, as a whole, average up to 60% of Area Median Income (AMI) as published by the U.S. Department of Housing and Urban Development (HUD) for the Washington, DC Metropolitan Statistical Area, adjusted for household size.

Key Phrase #2

The Developer agrees that the affordable rents of the CAF Units shall not exceed 30% of the AMI level as published by HUD, minus a utility allowance (if applicable) as per the schedule of Allowances for Tenant-Furnished Utilities provided by the Housing Division, and minus any mandatory fees, using an occupancy factor of 1.5 persons for 1-bedrooms, 3 persons for 2-bedrooms, 4.5 persons for 3-bedrooms, and 6 persons for 4-bedrooms.”

Each key phrase is interpreted on the following slides

Interpreting Condition #39

- **Key Phrase #1: “The CAF Units shall have rents affordable to households that, as a whole, average up to 60% of Area Median Income (AMI)”**
 - This means that the project can use the new LIHTC income averaging rule, which allows some units to exceed the 60% AMI level as long as they are balanced by units at lower AMI levels (e.g. 30% to 50% AMI) so that the average affordability level of all units together does not exceed 60% of AMI.

Maximum average affordability level for all units together



Interpretation of Barcroft Apartments Use Permit Condition #39	
AMI Level Designated to Unit	Equivalent HUD Annual Income (Assuming 3-person household)
30% of AMI	\$40,710
40% of AMI	\$55,280
50% of AMI	\$67,850
60% of AMI	\$81,420
70% of AMI	\$94,990
TOTAL	Average TBD – must be less than \$81,420 (averages depend on # of units at each level determined in fall)



Exact unit distribution between 30% AMI and 70% AMI will be determined in the fall and reviewed by Housing Commission

Interpreting Condition #39

- **Key Phrase #2: “The Developer agrees that the affordable rents of the CAF Units shall not exceed 30% of the AMI level as published by HUD”**
 - This requires that the rent charged for each unit will not exceed 30% of the income level that is designated for that unit. This is the standard **30% of income calculation** used for determining whether rent is affordable.

Interpretation of Barcroft Apartments Use Permit Condition #39		
AMI Level Designated to Unit	Equivalent HUD Annual Income	Maximum 2 BR Rent Allowed for Units at that AMI Level
	(Assuming 3-person household)	(Equal to 30% of monthly income)
30% of AMI	\$40,710	\$1,018
40% of AMI	\$55,280	\$1,382
50% of AMI	\$67,850	\$1,696
60% of AMI	\$81,420	\$2,036
70% of AMI	\$94,990	\$2,375
TOTAL	Average TBD – must be less than \$81,420	Average TBD – must be less than \$2,036

Affordable Rent =
Annual Income ÷ 12 X 0.30

(averages depend on # of units at each level determined in fall)

Summary

Interpretation of Barcroft Apartments Use Permit Condition #39			
AMI Level Designated to Unit	Equivalent HUD Annual Income	Maximum 2 BR Rent Allowed for Units at that AMI Level	Number of Units in Project at Each AMI Level
	(Assuming 3-person household)	(Equal to 30% of monthly income)	(CURRENTLY TBD**)
30% of AMI	\$40,710	\$1,018	** Exact unit distribution will be determined in the fall and reviewed by Housing Commission
40% of AMI	\$55,280	\$1,382	
50% of AMI	\$67,850	\$1,696	
60% of AMI*	\$81,420	\$2,036	
70% of AMI	\$94,990	\$2,375	
TOTAL (averages depend on # of units at each level)	* Use Permit condition states that average must fall at or below 60% AMI levels, which is the policy covered by LIHTC income averaging rules		

Recommendation for Condition #39

- Many stakeholders were confused by the use of “30% of the AMI level” language because it sounds like it refers to the AMI level that is 30% of AMI, rather than the 30% of income calculation used to determine affordability.
- A suggested text update for the standard site plan condition for future cases using income averaging would be:

“The Developer agrees that the affordable rents of the CAF Units shall not exceed 30% of each unit’s designated AMI level as published by HUD”