



Why Economic Inclusion Matters in Arlington

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Arlington residents continue to face substantial affordability challenges that mirror national trends. Compounding these pressures are reductions in federal employment, cuts to federal funding, and persistently high commercial real estate vacancies, all of which contribute to local economic uncertainty and fiscal constraints. These challenges fall most heavily on our lowest-income neighbors.

Workers in lower-wage jobs form the backbone of the County's economy, supporting business and government functions, providing resident goods and services, and serving the thousands of visitors who come here each year. Their ability to live here is critical to Arlington's viability. Arlington's Affordable Housing Master Plan recognizes that **people at all income levels are increasingly important for meeting Arlington's full economic development potential.**

The 2026 area median income (AMI) in Arlington is \$166,100; yet 12% of our residents make under 30% of the AMI, or less than \$49,820 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, cleaning, transportation, restaurant and retail. They are struggling every day to make ends meet, often working multiple jobs.

This paper provides basic context on three intersecting issues that contribute to their 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.

Since 2019, Arlington Community Foundation's Shared Prosperity Initiative has carried forward the work of these community efforts to identify opportunities to reduce displacement of low-income residents.

Deeply Affordable Housing. 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 well more than half of their pay on housing, sometimes as much as 80%. Arlington remains one of the most expensive rental markets in the country, and the highest in the DC metro area. The May 2026 median monthly rent for two-bedroom units is \$3,400 a month.

Adding further pressure to very low-income households is the fact that there is a growing supply/demand mismatch within the County's stock of affordable rental housing. The vast majority of committed affordable units are for families making 60-80% AMI.

Arlington Community Foundation sees the displacement of our low-income residents as the greatest threat to our community's health and viability.

Yet, **the greatest need is for more deeply affordable housing at 30% AMI.** The recent 2025 Arlington housing needs update shows that Arlington has nearly 10,000 renter households earning 30% AMI and below, but only 1,680 units with rents affordable to them.

An insufficient supply of 30% AMI housing means it is increasingly difficult to retain the workforce needed to sustain our local economy. Data from JobsEQ for April 2026 showed 1,289 vacancies in Arlington that do not require education beyond a high school diploma or GED. However, housing affordable to applicants for these positions can be an hour or more away and facing long daily commutes for these low wages doesn't make financial sense.

Housing grants and subsidies will always be needed to fill critical gaps. But we can't rely on rental subsidies and grants alone. The Foundation has evaluated and piloted a variety of financing, land use, and regulatory strategies that could add units to Arlington's inventory committed at the lowest levels of affordability. For example, the Foundation worked with Arlington County and developer Jair Lynch to identify financing pathways to preserve 134 units at 30% AMI affordability in the Barcroft Apartments redevelopment. And, based on advocacy and analysis led by the Foundation, the County Board budgeted for an additional \$1 million for FY25 to "buy-down" construction costs, making apartment rents affordable to individuals earning less than 30% AMI. This initial investment is the first of its kind earmarked for 30% units in Arlington, but more is needed. ACF's analyses demonstrate that over the long term, it's significantly more cost-effective to build permanently affordable units at the right rent levels than to keep paying subsidies year after year.

ACF is urging the County to adopt a policy that all affordable properties funded through the County's Affordable Housing Investment Fund include at least 10% of units that are affordable to 30% AMI households.

Other strategies include:

- ❖ Increasing local contributions to the County's AHIF and Housing Grant programs
- ❖ Providing tax or other incentives for private owners to offer below-market rent and/or sell to mission-oriented developers
- ❖ Selling or donating underutilized public land to a nonprofit or mission-oriented owner to develop new units committed at the lowest levels of affordability
- ❖ Utilizing income averaging (offsetting rents at 30% AMI with some 70-80% AMI units)

Pathways to Quality Jobs. Most vacancies in jobs requiring a high school diploma or less are hourly work without benefits. Within Arlington and the nearby region, there are insufficient investments 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:

Arlington's high median income masks significant disparities. For example, the poverty rate in one South Arlington census tract is 19% (childhood poverty is 38%), and 25% of the residents there are uninsured. In contrast, a tract less than two miles away in North Arlington has a poverty rate and uninsured rate under 3%.

The Uneven Opportunity Landscape in Northern VA
Northern VA Health Foundation

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

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

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

Living wages and benefits are key. Living wages are what is needed to cover basic household needs without outside assistance. MIT's living wage calculator for Arlington identifies the living hourly wage as \$30.26 for a single person; \$87.16 for a single person with two children, and \$44.27 *each* for two working parents with two children. In contrast, the April 2026 average hourly rate for child care workers in Arlington is \$18.44; \$17.06 for food service workers; and \$18.06 for nursing assistants. This [graphic](#) 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.

Even a slight rise in income can cause a disproportionate loss or reduction in critically needed benefits for health care, food, child care, transportation, or housing. The potential loss of the benefits means putting the family in a worse financial position if the worker takes 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 steps for plausible pathways to quality jobs are:

- ❖ Encouraging businesses and County and School contracts to make voluntary living wage commitments
- ❖ Replacing shift work with full time, consistent schedules and health care benefits
- ❖ Creating opportunities for union or other apprenticeships in major development projects
- ❖ Investing public and business resources in realistic training and certification programs with hiring commitments and support for transportation and childcare
- ❖ Encouraging project labor agreements and/or labor peace agreements in County and School contracting, as appropriate

Affordable Child Care Supply. 78% of Arlington's children under five live in a household where all parents work. A family with an infant and a four-year old can expect to spend on average \$45,220 per year for licensed childcare. For a family with two children making under 30% AMI (\$49,820), **virtually their entire pre-tax income would be needed just to pay for the child care they need to work.**

The cost of child care in Arlington is twice the state average and the highest in the nation.

Supply for affordable child care is severely limited. The Foundation's [gap analysis](#) shows that **Arlington has only 641 full working day affordable child care slots for children 0-5; yet there are 2,036 below 30% AMI.**

There are another 689 partial day affordable slots. Most notably, there are affordable slots for only 11% of eligible 0-2-year-olds. These shortages are due in large part to lack of affordable rental spaces for providers and insufficient public funding for subsidies.

The County has re-energized its work on strategies to increase child care affordability as originally laid out in the 2018 [Child Care Initiative Action Plan](#). The Virginia Pre-School Initiative has 400 free slots for 4-year-olds in the schools, though only 10% of them cover the full working day. Other publicly funded programs covering the full working day are the Virginia Child Care Subsidy, and Head Start/Early Head Start (supplemented by subsidies to make them full day). In 2024, Arlington began working with the state's National Capital Ready Region to bring Mixed-Delivery child care opportunities to Arlington and to better coordinate enrollment across these publicly funded programs.

In 2023, the Arlington County Board awarded \$4.5M for childcare facility capital investments that prioritized affordability. The FY 26 budget set aside \$300,000 for a local childcare subsidy to address the waiting list for state subsidies. Other strategies include:

- ❖ Combining all state early childhood care and education funds as a block grant, allowing each region to strategically deploy those dollars based on their needs
- ❖ Collaboration between community partners and Schools to offer after school care for VPI to allow for full working day coverage
- ❖ Creating a local fund to pay the first month of subsidy up front to participating providers
- ❖ Offering lower rent or in-kind space for child care
- ❖ Providing bonus density, modifications, or exclusions of related density in exchange for designating first floor space for child care use
- ❖ Incentivizing child care facilities in commercial space or committed affordable housing

Conclusion

Tackling these issues requires the combined efforts of local government, businesses, and community organizations in all three areas identified in this paper. Our economic viability requires that we deal with these issues sooner rather than later, as our sustainability depends on workers in these essential jobs.

We pride ourselves as a community that values our 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 economy compromised. Cross-sector collaboration, bold investments, and policy innovation could allow Arlington to model inclusive economy and community.

This urgency is about more than just our economy. Our commitment to solve these issues is also a reflection of Arlington's values.

Sources

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