

Fair Housing Report:

An Analysis of Impediments to Fair Housing

APPROVED BY THE COUNTY BOARD

MAY 17, 2005



DEPARTMENT OF COMMUNITY PLANNING, HOUSING & DEVELOPMENT

ARLINGTON COUNTY, VIRGINIA

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TABLE OF CONTENTS

Executive Summary	I
Introduction	1
Background.....	1
Methodology for Analysis of Impediments to Fair Housing (AI).....	2
Structure of the Fair Housing Report.....	4
Section I: Demographics	I-1
Section II: Fair Housing Enforcement	II-1
Fair Housing Laws.....	II-1
Fair Housing Agencies.....	II-2
Fair Housing Complaint Process.....	II-4
Section III: Fair Housing Testing	III-1
Rental and Sales Testing.....	III-1
Testing of Advertising.....	III-5
Section IV: Barriers to Housing Choice	IV-1
Housing Affordability	IV-1
Housing Market Trends.....	IV-1
Affordable Housing Supply.....	IV-2
Imbalance: Jobs to Housing.....	IV-3
Geographic Distribution of Affordable Housing.....	IV-3
Zoning and Land Use	IV-13
Zoning Ordinance.....	IV-13
General Land Use Plan.....	IV-14
Plans.....	IV-16
Access to Housing	IV-19
Persons with Disabilities.....	IV-19
Families with Children.....	IV-28
Lending	IV-30
Subprime Lenders.....	IV-31
Predatory Lending.....	IV-32
Access to Financing: Types and Location of Lending Facilities.....	IV-34
Obtaining Financing.....	IV-36
Minority Home Ownership	IV-45
Marketing	IV-48

EXECUTIVE SUMMARY

Housing is a fundamental human need. The ability to find housing which best suits individual or family needs can make a major difference in one's ability to pursue personal, educational, employment and other goals. Because housing choice is so critical, Arlington County government is, and long has been, committed to ensuring that all its current and prospective residents have full access to the broad range of housing options available in the community.

Fair Housing

Fair housing choice is the ability of persons of similar income levels to have available to them the same housing choices regardless of race, color, religion, sex, handicap, familial status, or national origin.

Title VIII of the Civil Rights Act of 1968, as amended, makes it unlawful to discriminate in any aspect related to the sale, rental or financing of dwellings (or in the provision of brokerage services or facilities) in connection with the sale or rental of a dwelling because of *race, color, religion, national origin, sex, families with children, and persons with handicaps*.

State law extends coverage to discrimination on the basis of elderliness. The County's Human Rights Ordinance adds elderliness, marital status and sexual orientation.

What is an Analysis of Impediments to Fair Housing (AI)?

This Fair Housing Report is an Analysis of Impediments to Fair Housing (AI). The AI is an assessment of how laws, governmental policies, real estate practices and local conditions affect the location, availability and accessibility of housing. The analysis of their impact on housing choice can highlight areas where corrective actions might broaden the housing options of persons protected by fair housing laws. The analysis includes examining impediments and barriers to fair housing choice:

- An *impediment to fair housing choice* is any action, omission, or decision which is intended to or has the effect of restricting a person's choice of housing on the basis of race, color, religion, sex, disability, familial status or national origin. Such a limitation to fair housing choice constitutes housing discrimination.
- This AI defines *barriers to housing choice* as factors that limit a person's choice of housing, such as income level and housing supply.

Community Participation

The AI offers a range of strategies to address the impediments and barriers identified in the AI. The County is seeking broad community participation in both identifying additional barriers and strategies and prioritizing the strategies for action in the next five years.

Fair Housing Enforcement and Testing

Arlington's progress toward meeting the target for its fair housing goal, eliminating housing discrimination, is measured through annual fair housing testing. To eradicate housing discrimination, a strong enforcement program to address fair housing complaints and a community education program are essential.

Potential Strategies

- Create a position in the Human Rights Office that is solely responsible for enforcement of the fair housing ordinance and for development of a broad educational and outreach program.
- Expand communications with the U.S. Department of Housing and Urban Development (HUD) and Virginia fair housing offices and report annually the number and basis of complaints filed through each office.
- Expand annual fair housing testing.
- Monitor discrimination indicated by testing through annual reports and take appropriate action on tests indicating potential discrimination.

Barriers to Housing Choice

This section analyzes variables that influence and can act as barriers to housing choice, such as: availability of affordable housing; growth patterns and geographic distribution of population and housing; zoning and land use; access to housing by special needs populations and families with children; trends in lending; insurance and appraisal practices; minority home ownership; and marketing and advertising.

The section also articulates a number of strategies the County is already engaged in that address the barriers identified and offers some additional strategies.

Potential Strategies

Housing Affordability

Arlington's Consolidated Plan describes the broad range of strategies it is undertaking to reduce the impact of affordability.

Zoning and Land Use

- Investigate the feasibility of amending the zoning ordinance to allow zoning for accessory dwelling units (such as English basements, granny flats and garage units) in a limited number of neighborhoods.

Access to Housing: Persons with Disabilities

- Develop programs that foster homeownership for people with disabilities by taking advantage of new mortgage tools available through private banks.
- Modify the County’s Moderate Income Purchase Assistance Program (MIPAP) regulations to foster and facilitate home ownership for persons with disabilities. Reasonable accommodation within those regulations might include allowing co-signers and substantive down payment assistance from relatives for persons with disabilities.
- Increase outreach for the County-funded Barrier Removal Program, e.g., to inform landlords about funding available for physically disabled tenants to modify their units.
- Add a provision to contracts with developers of Committed Affordable Units (CAFs) related to participation in County programs serving persons with mental illness.
- Encourage Arlington County housing developers to include Vistability features in all new attached and detached single-family homes.

Access to Housing: Families with Children

- Continue to analyze each proposed residential site plan and affordable housing project for its potential to increase the supply of three- and four-bedroom CAF units.

Lending

- Conduct an education campaign on predatory lending, focusing efforts on County NSAs that are vulnerable to predatory lending.
- Create a citizen guide on how to identify and avoid unfair lending practices.

Minority Homeownership

Arlington’s Consolidated Plan describes the broad range of strategies it is undertaking to increase minority home ownership. Additional affirmative marketing strategies are described below.

Marketing

- Seek to expand affirmative marketing by market-rate developments. Any new development which adds a large number of units should be affirmatively marketed.
- Review the affirmative marketing conditions in the County agreements with developers of CAFs and update as needed.
- Monitor the affirmative marketing activities by developers of CAF units.

INTRODUCTION

BACKGROUND

Fair housing choice is the ability of persons of similar income levels to have available to them the same housing choices regardless of race, color, religion, sex, handicap, familial status, or national origin.

Title VIII of the Civil Rights Act of 1968, as amended, makes it unlawful to discriminate in any aspect related to the sale, rental or financing of dwellings (or in the provision of brokerage services or facilities) in connection with the sale or rental of a dwelling because of:

- Race
- Color
- Religion
- National origin
- Sex
- Families with children
- Persons with handicaps

State law extends coverage to discrimination on the basis of elderliness. The County's Human Rights Ordinance adds elderliness, marital status and sexual orientation.

What is an Analysis of Impediments to Fair Housing?

The development of this Analysis of Impediments to Fair Housing Choice (also known as an *AI*) is part of the consolidated planning process required for all localities receiving funding from the Department of Housing and Urban Development (HUD).

The AI is an assessment of how laws, governmental policies, real estate practices and local conditions affect the location, availability and accessibility of housing. The analysis of their impact on housing choice can highlight areas where corrective actions might broaden the housing options of persons protected by fair housing laws. The analysis includes examining impediments and barriers to fair housing choice:

- An *impediment to fair housing choice* is any action, omission, or decision which is intended to or has the effect of restricting a person's choice of housing on the basis of race, color, religion, sex, disability, familial status or national origin. Such a limitation to fair housing choice constitutes housing discrimination.
- This AI defines *barriers to housing choice* as factors that limit a person's choice of housing, such as income level and housing supply. For example, the shortage of affordable housing in Arlington constitutes a barrier to housing choice. As persons in the above protected classes are more likely to have lower income than whites, this shortage can have a greater impact on them than on white Americans. Arlington's AI

INTRODUCTION

and Consolidated Plan describe the strategies it is undertaking to reduce the impact of that barrier.

Preparing this AI is the first step in a fair housing planning process. The next step is the identification, with broad citizen participation, of a list of actions to eliminate or reduce the negative impacts of the specific impediments. Actions identified to address the barriers to fair housing will be included in the approved AI and will provide the fair housing strategy for the County's new Five-Year Consolidated Plan. That plan will be developed during Fiscal Year (FY) 2005 and will cover FY 2006-2010.

Arlington's Commitment to Fair Housing

Because housing choice is so critical, Arlington County government is, and long has been, committed to ensuring that all its citizens and prospective residents have full access to the broad range of housing options available in the community. In 1968 Arlington became the first locality in the South to pass a fair housing law. In fact, the County Board approved its fair housing ordinance prior to the Federal law being enacted that year.

In December 2000, Arlington adopted nine housing goals. The County Board is actively monitoring progress toward its goals. In 2003, it established numerical targets for each of the goals and will receive an annual report on performance toward each target. Arlington's *Affordable Housing Goals and Targets*¹ address a number of issues that further fair housing, including: increasing the committed affordable rental supply; increasing assistance to persons with disabilities; providing permanent housing for the homeless; increasing minority homeownership; distributing committed affordable units; and increasing the number of family-sized housing units. Goal 8 specifically articulates the County's commitment to fair housing, stating: "Ensure, through all available means, that housing discrimination is eliminated." The target that was adopted for the fair housing goal states: "Reduce all indications of housing discrimination to zero by FY 2010, as measured by annual fair housing testing."

DEVELOPMENT OF THE 2005 AI

In summer of 2004, the County began the development of the Analysis of Impediments to Fair Housing. Staff in the Housing Division of the Department of Community Planning, Housing and Development worked in conjunction with the Human Rights Office to:

- Analyze data, documents, plans, current programs and practices;
- Identify impediments and barriers to fair housing choice; and

¹See <http://www.arlingtonva.us/Departments/CPHD/housing/targets/CPHDHousingTargetsTargetsReport.aspx>

- Develop strategies for ameliorating impediments and affirmatively furthering fair housing.

Fair housing complaints, cases and tests are one indicator of the presence of *impediments to fair housing choice, meaning the presence or absence of housing discrimination*. Staff obtained fair housing complaint data from HUD's Philadelphia Fair Housing and Equal Opportunity (FHEO) office, the Virginia Fair Housing Office and the County's Human Rights Office. The Human Rights Office also provided data from its fair housing testing conducted in the years 2000 to 2003.

There are a number of additional variables that can become *barriers to housing choice, meaning the ability to choose from a variety of housing types in locations throughout the County*. Staff examined some of these variables by analyzing demographic data, geographic patterns and trends in lending. The demographic data consisted of 2000 Census data and annual population projections developed by the Planning Division. Home Mortgage Disclosure Act (HMDA) data provided information on lending activity specific to the County and to the metropolitan area.

In addition to analyzing the quantitative data, staff analyzed various County planning documents, strategies, policies and ordinances to determine their direct or indirect impact on housing choice. These documents included the County zoning ordinance, the General Land Use Plan, the Master Transportation Plan, various sector plans, revitalization plans and the County's Affordable Housing Policy.

Staff also analyzed the current County programs that provide housing choice and opportunities to Arlington residents. Some of these programs include the Affordable Housing Development Program, the Housing Choice Voucher Program, Housing Grants, homeownership programs and supportive housing programs.

Arlington's first AI

Arlington prepared its first AI in 1996 with the assistance of the Fair Housing Council of Greater Washington (FHC). Arlington participated in the Council of Governments (COG) development of a regional AI, likewise in conjunction with FHC. The regional AIs addressed a full range of impediments to fair housing, e.g., residential segregation, rental and sales practices, regulatory barriers, lender practices, advertising, affirmative marketing and discriminatory practices by appraisers or by the insurance industry.

The local AI identified impediments and barriers related to marketing, lending, minority home ownership, issues facing persons with disabilities, housing for large families, and remedies for fair housing complaints. The County's Five-Year Consolidated Plan articulated over 10 activities to be undertaken over the five-year period to expand fair housing choice.

Since the development of the AI in 1996, Arlington has participated in annual COG reports on fair housing activities. These reports outline the activities each jurisdiction has conducted within the given year to carry out the fair housing plan.

STRUCTURE OF AI

The remaining sections of the AI are described below:

- **Section One: Demographics**
Presents an overview of the County's current and projected population, income, educational attainment, housing stock and employment.
- **Section Two: Fair Housing Enforcement**
Provides an explanation of the Federal, state and local fair housing laws and the respective enforcement agencies. Includes an analysis of fair housing complaints filed through each agency from 2000 to 2004.
- **Section Three: Fair Housing Testing**
Details the fair housing testing that has been performed by the County annually from 2000 through 2003 and describes all findings.
- **Section Four: Barriers to Housing Choice**
Analyzes variables that influence and can act as barriers to housing choice, such as: availability of affordable housing; growth patterns and geographic distribution of population and housing; zoning and land use; access to housing by special needs populations and families with children; trends in lending; insurance and appraisal practices; minority home ownership; and marketing and advertising.

The AI offers a range of strategies to address the impediments and barriers identified. The County is seeking broad community participation in both identifying additional barriers and strategies and prioritizing the strategies for action in the next five years.

SECTION I.

DEMOGRAPHICS

SECTION I. DEMOGRAPHICS

OVERVIEW

Arlington County's population grew from 170,936 in 1990 to 189,453 in 2000, an increase of 10.8%. With the exception of Prince Georges County, all of the suburban jurisdictions in metropolitan Washington, DC, experienced faster population growth in the 1990s.

Arlington had the highest proportion of Hispanic or Latino residents among the Washington, D.C. area jurisdictions. In 2000, nearly one-fifth of Arlington's residents were Hispanic (18.6%).

CENSUS 2000 SUMMARY		
	Arlington	COG Region ²
Population		
Total Population	189,453	4,211,964
African-American	9.3%	28.2%
Asian-American	8.7%	7.7%
Hispanic	18.6%	9.7%
Income		
Median Household Income	\$63,011	\$67,042
Earning less than \$30,000	13.1%	13.9%
Housing		
Owner-Occupied	43.3%	62.1%
Median Gross Rent	\$897	\$821
Median Home Value	\$262,400	\$189,623
Median Monthly Mortgage Cost	\$1,711	\$1,550

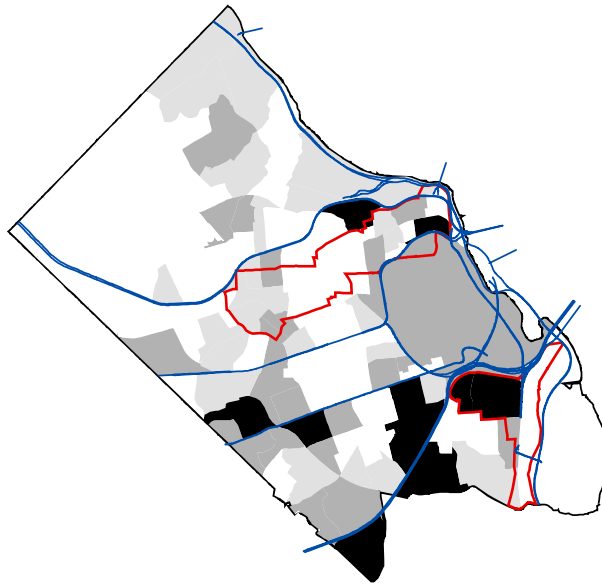
As seen in the chart above, Arlington's median income was slightly lower than that of the COG region—indicative of the County's larger percent of one-person households. However, the County's median family income was \$78,877 and the percent of households earning less than \$30,000 (very low income households) was less than that of the region. As shown in the chart, Arlington's median home value and median monthly mortgage were both higher than that of the region.

² Metropolitan Washington Council of Governments (COG) jurisdictions include: District of Columbia; Virginia suburbs of Arlington County, Fairfax County, Loudoun County, Prince William County, City of Alexandria, City of Fairfax, City of Falls Church and City of Manassas; and Maryland suburbs of Frederick County, Montgomery County and Prince George's County.

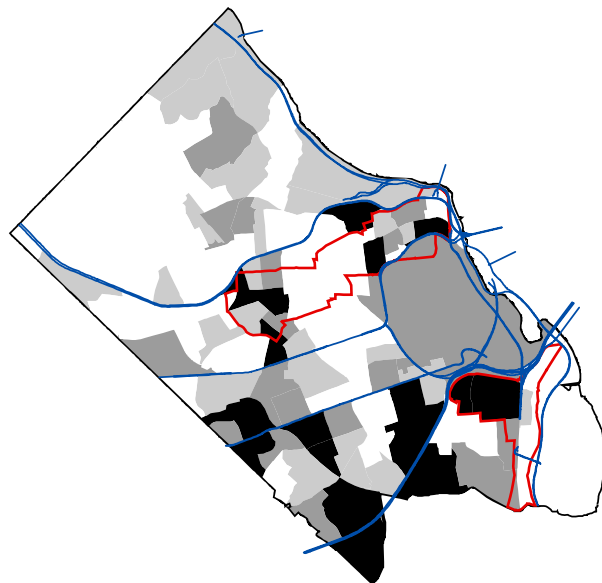
POPULATION DISTRIBUTION

The following maps show the population distribution in Arlington in 1990 and in 2000. The population grew by over 18,500 people during this time period. The following maps show population by block groups in 1990 and in 2000. The maps illustrate the growth within the Rosslyn-Ballston Corridor (outlined in red in the north of the County); the southwest area of the County along Columbia Pike; and southernmost portion along 395. The Planning Division estimates that the County's 2004 population is 198,739 (COG's Round 6.4 of the region's Cooperative Forecast).

1990



2000



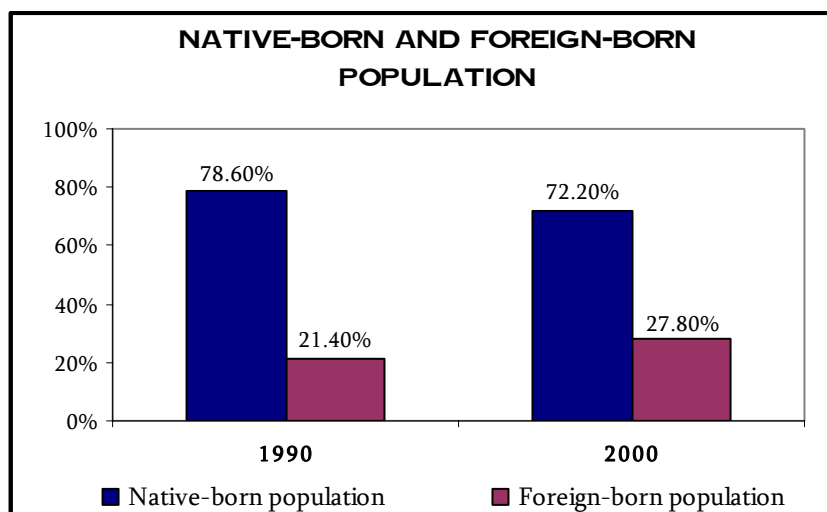
RACE/ETHNICITY

In 2000, about 69% of Arlington County’s population was white, compared with 59.8% of Alexandria’s population and 69.9% of Fairfax County’s population. Prince Georges County had the highest proportion of black or African-American residents in the region (62.7%) and Loudoun County had the lowest proportion of black or African-American residents (6.9%). In the 1990s, the percent of African-Americans in Arlington dropped more than two percentage points, whereas the percent of Asian-Americans rose nearly two points.

The Hispanic population grew by 52.7% to reach more than 35,000 in 2000. Compared to the total population of the County, the percent of Hispanic persons increased more than any other race or ethnicity: from 13% in 1990 to 18.6% in 2000.

Indicative of the racial and ethnic diversity of its population, Arlington had the highest proportion of residents who speak a language other than English (33.1%). In 1990, the comparable figure was 25.2%. The majority of non-English speakers spoke Spanish at home.

Also related to ethnic and racial diversity is the number of foreign-born residents. Arlington had the highest percentage of foreign-born residents of any of the Washington, D.C. area jurisdictions (27.8%). The graph below highlights the dramatic increase in the foreign-born population and the decrease in the native-born population. In fact, in Arlington County the foreign-born population increased 4 times faster than the overall population between 1990 and 2000. Montgomery County had the second largest proportion of foreign-born residents (26.7%). Only 12.9% of District of Columbia residents were foreign born.



SECTION I. DEMOGRAPHICS

The next three maps show the distribution of African-Americans, Hispanics and Asian-Americans in the County. Several areas of minority concentration³ existed in the County in 2000. Particularly high concentrations of African-Americans were found in three locations: High View Park, Nauck and Arlington View in which 45.4%, 59.9% and 62.4% of the total population, respectively, are African-American. The concentrations of African-Americans have decreased in each of these three neighborhoods since 1990. These percentages compare with the County's overall African-American population of 9.3%.

Census data showed that the concentration of the African-American population varied more than that of any other group, ranging from 0.5% to 62.4% of different census tracts' population. The fact that High View Park, Nauck and Arlington View are historic African-American neighborhoods dating back to the Civil War accounts, in part, for their high concentration of African-Americans. A greater concern is that, in spite of fair housing laws and efforts to encourage equal housing opportunity, in 19 census tracts African-Americans constitute less than 5% of the population, while only 9 have a population greater than 15% (only 4 of which are more than 25%).

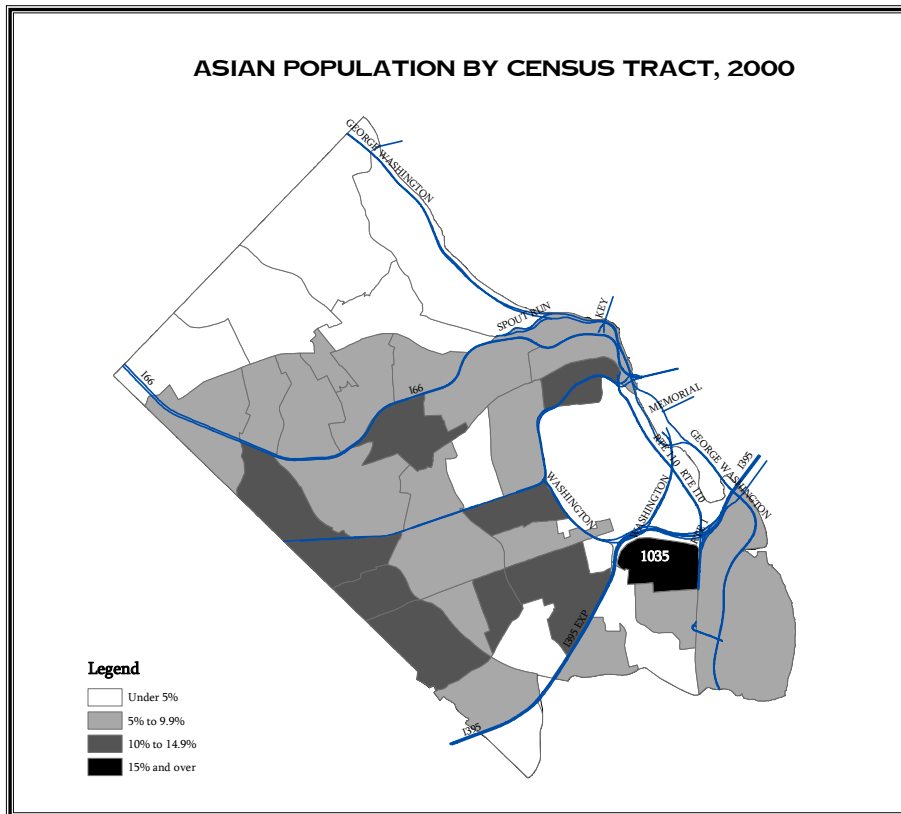
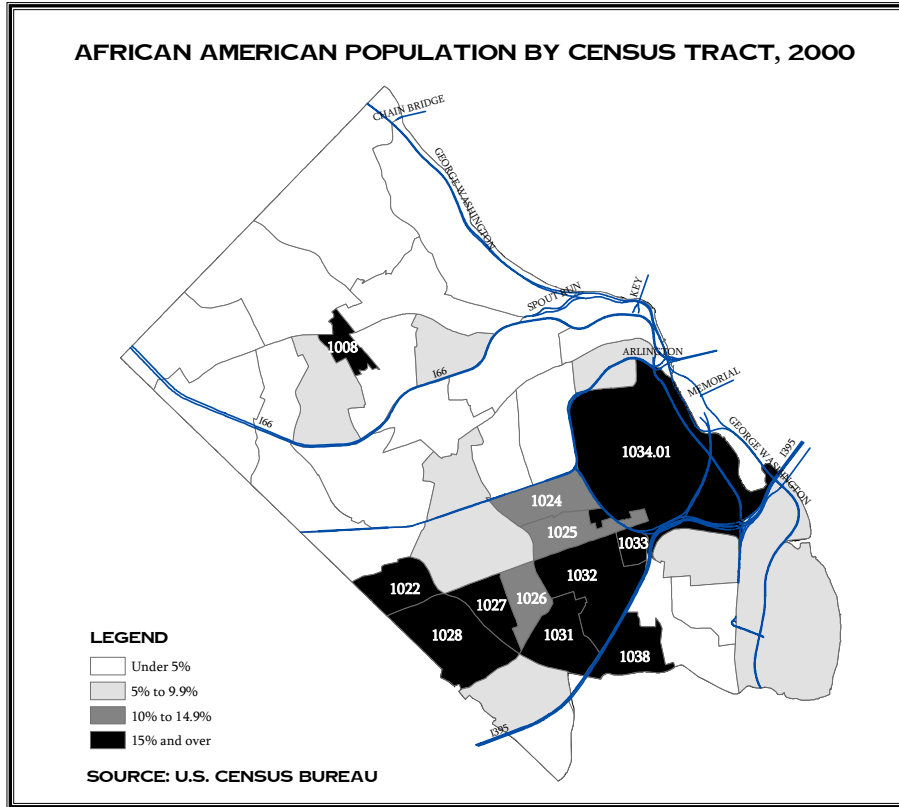
With 18.6% of the population of Hispanic ethnicity in 2000, four census tracts had concentrations of more than 45% Hispanic persons. The neighborhoods with the highest percentage of Hispanic residents were Douglas Park with 55.7%, Long Branch Creek with 55.4%, Columbia Heights West with 50.4% and Buckingham with 46% (census tracts 1027, 1038, 1022 and 1020). As discussed later in Section IV, these neighborhoods also have the highest concentration of affordable housing units.

Overall, the Asian population represented 8.7% of the County's total population. While there were small areas of concentration of Asian-Americans in the County, this population was distributed more evenly throughout the County than other minority groups. Pentagon City (at 18.1%) and Glencarlyn (at 14.6%) contained the largest concentrations of Asians (census tracts 1035 and 1021).

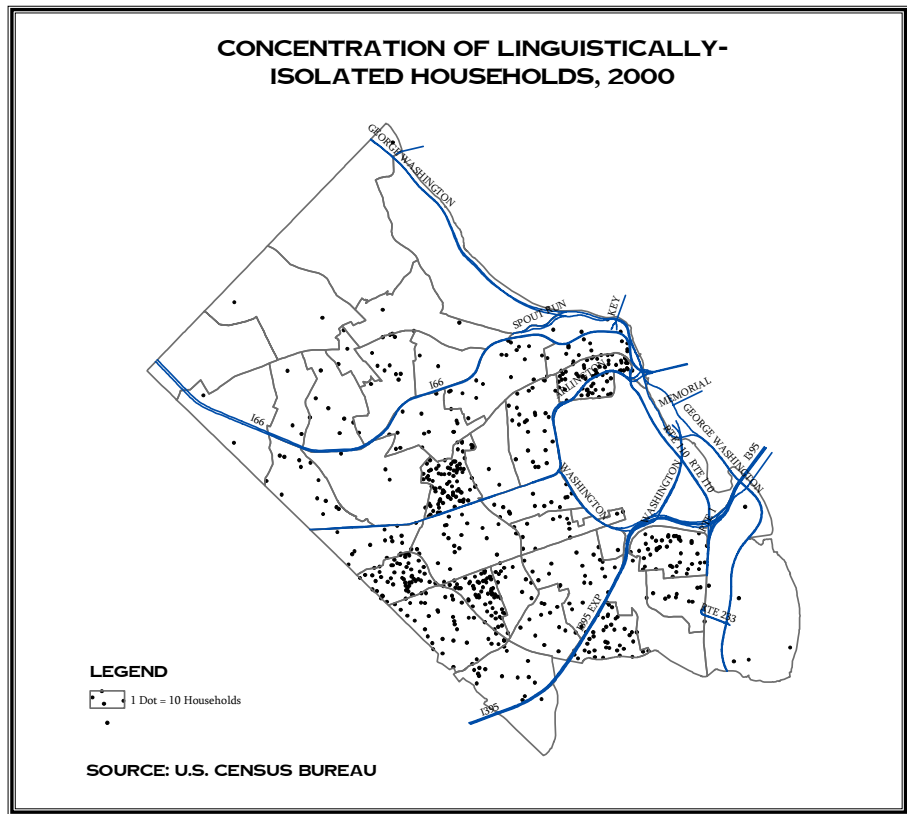
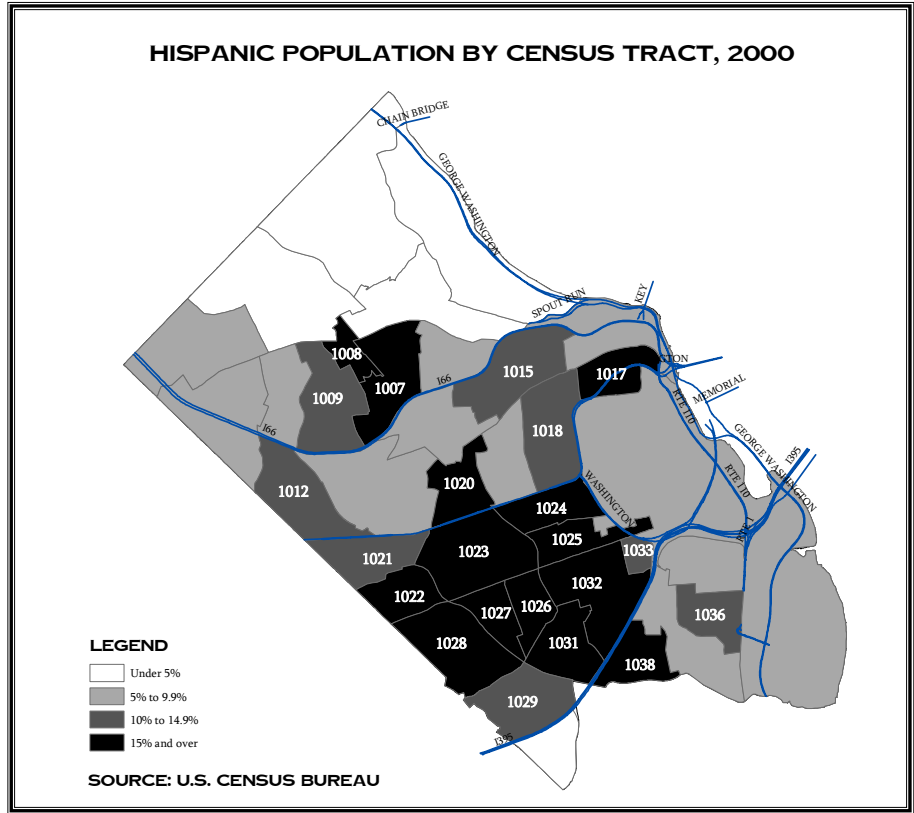
Another map shows the location of linguistically-isolated households in 2000. Linguistic isolation is defined as those without any members over age 13 who speak English well. One-third (or 59,252 persons) aged 5 and over spoke a language other than English at home. More than half (54%) of these spoke Spanish, making Spanish the most prevalent language in the County after English. Nine percent of County residents aged 5 and over (or 16,185 persons) reported that they spoke English "not well" or "not at all."

³ Areas of concentration, as defined by HUD guidelines, are those with double the regional average percentage of a particular population. For example, if 10% of the region's population are members of a minority group, an area of concentration of that minority would be an area with more than 20% of that minority.

SECTION I. DEMOGRAPHICS



SECTION I. DEMOGRAPHICS



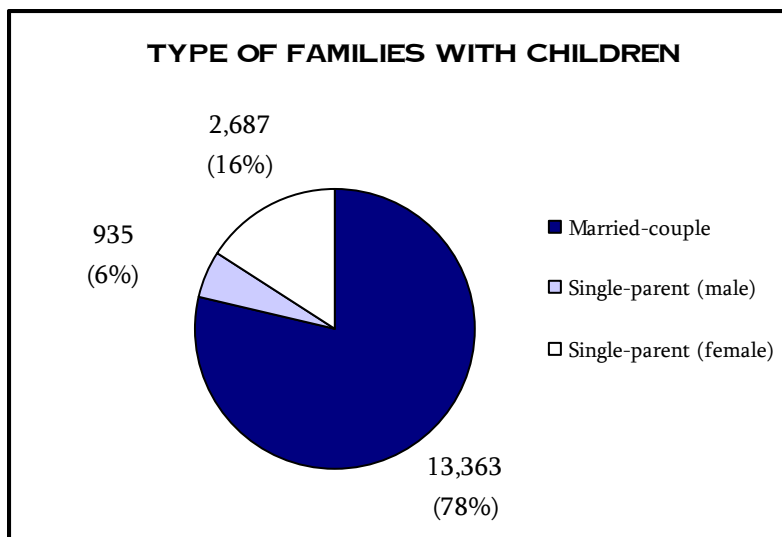
AGE

Among the Washington, D.C. area jurisdictions, Arlington County had the smallest proportion of residents under 18 years old in 2000 (16.5%). Arlington County had the highest percentage of elderly residents compared with other Northern Virginia jurisdictions (9.4%).

HOUSEHOLDS

In 2000, Arlington had 86,474 households. Of these, 39,903 or 46.1% were families, 40.8% were one-person households and 13.1% were 2 or more-person non-family households. Home to a large number of people in their 20s and early 30s, Arlington had the highest proportion of never-married individuals among the area's Virginia and Maryland jurisdictions (41.7%).

In 42.6% of all families in Arlington, there were children under 18 years old. The following chart shows the breakdown of these families by type for those with children, with married-couple families being the most prevalent. In 2000, there was more than twice the number of single-parent female families than single-parent male families.



The average household size in 2000 was 2.14. Arlington's population forecasts show a steady decrease in average household size over the coming years, from 2.12 in 2004 to 2.04 by 2025. This projected decrease in average household size is due to the most prevalent type of housing being built – multifamily buildings catered to singles with one- and two-bedroom units.

INCOME

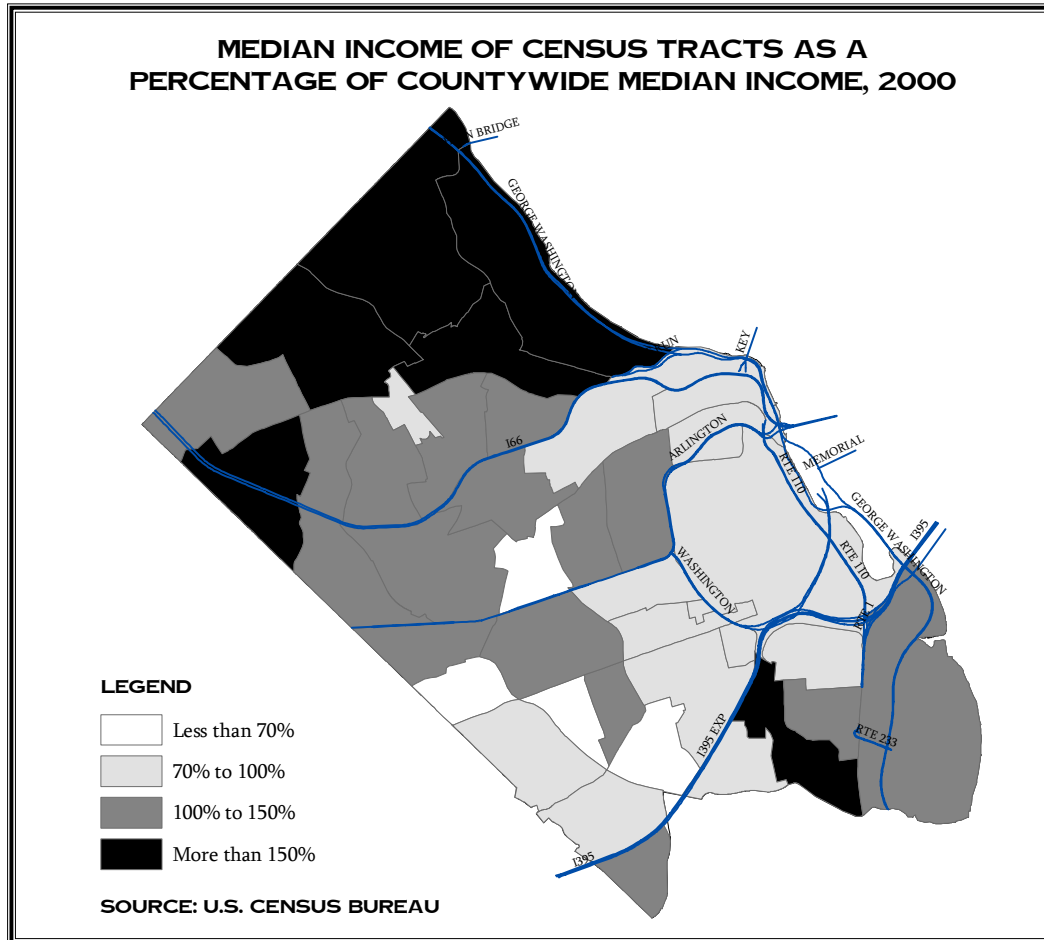
In Arlington County, the median household income was \$63,001 and the median family income was \$78,877. Median household income in Arlington County increased by 41.3% between 1990 and 2000; median family income increased by 42.5%. The highest incomes in the area were in Fairfax County, where the median household income was \$81,050 and the median family income was \$92,146. In 2000, Arlington County had the highest per capita income in the region (\$37,706), which is primarily a result of the large number of households in the County that do not have children.

Consistent with national patterns, the 2000 Census found that the median incomes of minority households in Arlington were below those of non-minorities, as shown below. There are also significantly higher percentages of minorities in poverty than of white persons. Between 1990 and 2000, the percentages of white persons and Hispanic persons in poverty both decreased, while the percentages of African-American and Asian-American increased.

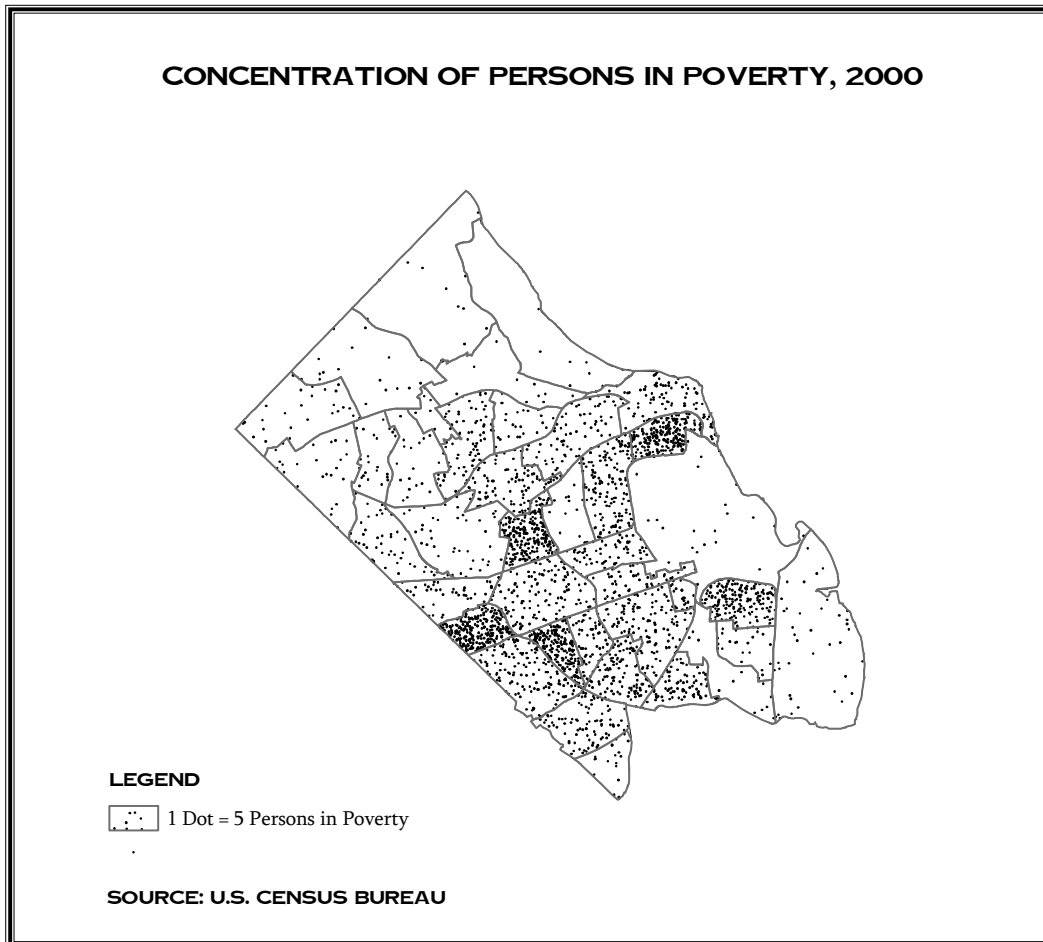
Minorities, however, are not unrepresented at higher income levels. Over 62% of all Arlington households had incomes above \$50,000 in 2000, including 38% of all African-American, 48% of Asian-American and 44% of Hispanic households.

INCOME AND POVERTY STATUS, 2000				
Income	White	African-American	Asian-American	Hispanic
Median Household Income	\$71,285	\$40,195	\$47,102	\$45,547
Persons Below Poverty	6,068	2,252	2,512	4,436
Percent Below Poverty	4.7%	13.4%	16%	12.8%

Within the County, there continue to be large disparities in income by geographic area. As seen in the map below, the northernmost census tracts—those located north of Lee Highway—have incomes 150% and higher of the County’s overall median income. Two other census tracts in the County—one flanking Lee Highway in the East Falls Church area and one in Arlington Ridge—also have median incomes in this bracket. On the other hand, four census tracts have median incomes 70% and less of the Countywide median income. These tracts are located in the County’s four Neighborhood Focus Areas of the Neighborhood Strategy Area Program: Buckingham, Columbia Heights West, Pike Village Center and Nauck.



Arlington County’s overall poverty rate increased slightly between 1990 and 2000. In 2000, 5.0 percent of Arlington County families and 9.1 percent of Arlington’s children lived in poverty. (The poverty threshold for a family of four in 2000 was \$17,603.) The following map displays the most dense concentrations of poverty in Buckingham, Columbia Heights West, Nauck (all of which are Neighborhood Focus Areas), as well as census tracts in Radnor/Fort Myer Heights and in Pentagon City.



EDUCATIONAL ATTAINMENT

All of the metropolitan Washington, D.C. area jurisdictions have a much higher proportion of residents with bachelors degrees, compared with the national average. Arlington County's residents are among the best-educated in the nation. Compared to the area's jurisdictions, Arlington County had the highest percentage of residents with a bachelors degree or higher in 2000 (60.3%). This percentage is an increase over the 1990 figure of 52.3%. In addition, over 30% of Arlingtonians held a graduate or professional degree in 2000, up from 24.0% in 1990.

However, as seen in the following chart, educational attainment varied drastically by race. While 69.4% of white persons over 25 years of age had a bachelors degree or higher, only 29.9% of African Americans did. An even greater discrepancy was among Hispanic persons; only 20.6% had bachelors degrees or higher.

SECTION I. DEMOGRAPHICS

EDUCATIONAL ATTAINMENT BY RACE AND ETHNICITY				
White	African-American	Asian	Other Race	Hispanic
100,374	12,460	11,536	14,474	20,832
69,609	3,720	6,878	3,406	4,294
69.4%	29.9%	59.6%	23.5%	20.6%

HOUSING PROFILE

In 2000, there were 90,426 housing units in the County. Of these, 30.6% were single-family detached houses and 57.9% were multifamily units (3 or more units per structure). The median year structure built was 1959, with the largest percentage of units built in the 1950's (20%). The vacancy rate was a mere 4.5%. Of the occupied units, 43.4% percent were owners and 56.7% were renters.

There are an estimated 95,688 units in 2004. The estimated single-family detached percentage dropped to 29% and the multifamily percentage climbed to 59.8%. As of June 30, 2004, 6,146 units were in the pipeline in the two metro corridors. There were 2,032 new units under construction in the Rosslyn-Ballston corridor and 272 in the Jefferson-Davis corridor. An additional 2,578 units in the R-B corridor and 1,264 in the J-D corridor have been approved by the County Board but have not yet begun construction.

EMPLOYMENT AND TRANSPORTATION

About three-quarters of Arlington County's population was in the labor force in 2000 (i.e., were working or actively seeking work). According to the 2000 Census, 2.0% of Arlington residents were unemployed, lower than the rates in all other jurisdictions except Fairfax County (1.9%) and Loudoun County (1.6%). Prince William County had the largest percentage of residents in the Armed Forces (3.9%), while Arlington County had the second highest proportion (2.2%).

The Planning Division estimates Arlington's job total to be 196,448 in 2004. The service industry makes up the majority (43.6%) of these jobs, followed by government jobs (28.2%), and then retail trade (9.2%).

Public transportation plays an essential role in the growth and development of the County. Metrorail in Arlington produces 173,000 weekday entries and exits, has 12.19 miles of track, 11 stations, and requires a \$292 million County subsidy. Metrobus in Arlington has 24,000 weekday passengers, 85 bus equivalents, 640 bus stops, 190 shelters, 18 bus lines, 99 bus routes, and 2 garages. Arlington County Transit (ART) provides an important supplemental

SECTION I. DEMOGRAPHICS

service to Metro that is flexible to meet the needs of the County. Its 14 ADA accessible, alternative fueled buses served nearly 400,000 passengers on eight routes in Fiscal Year 2003.

SECTION II.

FAIR HOUSING ENFORCEMENT

FAIR HOUSING LAWS

Federal, state and local laws all prohibit housing discrimination. The Federal Fair Housing Act outlaws discrimination in renting or purchasing a home or financing a home mortgage based on race, color, religion, national origin, sex, familial status and handicap.

The Federal, state and local governments all share a role in the creation and enforcement of fair housing laws. In addition, each level of government enforces their ordinances/laws, conducts activities to affirmatively further fair housing and accepts complaints on fair housing discrimination.

The Federal statute provides for three methods of fair housing enforcement:

- An aggrieved person, or HUD itself, may file a complaint with HUD within one year of the alleged discriminatory housing practice.
- An aggrieved party may file an action in Federal or state court within two years of an alleged discriminatory act without filing a prior administrative complaint.
- The Attorney General may bring a Federal suit in cases of a “pattern or practice” of resistance to the rights granted by Title VIII or when denial of these rights raises an issue of “general public importance.”

The Virginia Fair Housing Law mirrors the Federal law and contains the additional protected class of elderliness. HUD is authorized to review local and state fair housing laws to make a determination of whether these laws contain rights and remedies for alleged discriminatory housing practices that are substantially equivalent to those provided in the Federal law. Once a local or state enforcement agency has been certified as substantially equivalent, HUD will refer complaints of housing discrimination to the certified agency for investigation and resolution. HUD has made a determination that the Virginia Fair Housing Law is substantially equivalent to the Federal law.

In addition to the classes in the Federal law, the Arlington County fair housing ordinance adds marital status, age and sexual orientation as protected classes. The County ordinance provides a range of fair housing enforcement options comparable to the Federal law. Arlington’s ordinance, however, is not substantially equivalent to the Federal law. For example, the local ordinance does not provide a complainant with the option of free legal representation following a reasonable cause determination (i.e., when the investigation shows that it is more likely than not that discrimination occurred). Since that benefit is available at the Federal and state level, the County refers complainants interested in that resource to those offices.

The courts have established two ways of proving housing discrimination. Discriminatory housing practices are defined below.

- **Disparate (Unequal) Treatment:** Evidence of disparate treatment occurs when a housing provider treats home seekers differently, for example, on the basis of their race. Fair housing testing is designed to uncover disparate treatment. This is the most common evidence uncovered by fair housing testing.
- **Adverse Impact:** Evidence of adverse impact occurs when housing providers have policies, practices or procedures that, for example, disproportionately limit the ability of protected class members to obtain housing. If the effect of such a policy, practice or procedure adversely impacts members of a protected class, it would violate the fair housing laws.

The legal authority for a local government's role in challenging discriminatory housing practices was established by the United States Supreme Court's decision in *Gladstone Realtors v. Village of Bellwood*, 441 U.S. 91 (1979). This decision affirmed that a local government has standing to challenge racially discriminatory housing practices under Title VIII of the Civil Rights Act of 1968, the Fair Housing Act. In the spirit of *Bellwood*, Arlington County was the first local government in the South to participate in a lawsuit that resulted in a substantial judgment for the victims of housing discrimination. *Lundy v. Shirley Park Apartments, et al.* Civil Action No. 85-976-A (E.D. Va 1985). The County in *Lundy* also required the defendants to undertake affirmative remedial action that included establishing tenant selection criteria and employee training in fair housing laws. From an historical perspective, Arlington County has a rich history of supporting fair housing and in keeping its community an open one.

FAIR HOUSING AGENCIES

HUD Fair Housing and Equal Opportunity

HUD has 10 regional Fair Housing and Equal Opportunity (FHEO) hubs; the regional hub for fair housing activities in Virginia is located in Philadelphia, Pennsylvania. The FHEO administers Federal laws and establishes national policies that ensure all Americans have equal access to the housing of their choice. Particular activities carried out by the Office include implementing and enforcing the Fair Housing Act and other civil rights laws. In addition, the Office manages several fair housing grants; works with other government agencies on fair housing issues; conducts oversight of Fannie Mae and Freddie Mac to ensure consistency with the Fair Housing Act and the fair housing provisions of the Federal Housing Enterprises Financial Safety and Soundness Act; and works with private industry and fair-housing advocates on the promotion of voluntary fair housing compliance.

Virginia's Fair Housing Office

Virginia's Fair Housing Office (VFHO), located in Richmond, is the investigative arm of Virginia's Real Estate Board. The 11-member Board, established in 2003, administers and enforces state and national fair housing laws. The Board also oversees an education-based certification program for individuals involved in selling or renting dwellings. The VFHO consists of investigators and a conciliator who attempts to resolve complaints through conciliation.

In addition to investigating complaints, another important function that Virginia's Fair Housing Office serves is to provide training and outreach. Each year, staff from the fair housing office travel throughout Virginia providing training to housing providers, consumers and local and state officials.

Arlington County Human Rights Office

The Human Rights Office provides staff support to the Human Rights Commission whose mission is to promote understanding of, and enforce compliance with, Federal, state and local fair housing laws. The Human Rights Commission holds primary responsibility to receive, investigate, and conciliate complaints from those who believe they have been victims of unlawful discrimination. The Commission's investigative and hearing processes usually result in resolution of complaints. If necessary, however, the Commission can, with County Board approval, seek enforcement of its decisions in court.

In addition to investigating and hearing complaints, the Human Rights Office and Human Rights Commission undertake various education and outreach activities. These activities include the:

- **Interpreter Partnership Program:** The Arlington Human Rights Commission entered into a cooperative agreement with Legal Services of Northern Virginia whereby Legal Services will provide the Commission staff with a large pool of volunteer interpreters, fluent in over twenty-eight languages.
- **Human Rights Awards:** The annual James B. Hunter Human Rights Awards are held to recognize sustained commitment and outstanding accomplishments in the area of human rights made in Arlington County by an individual, a community group, a non-profit organization, or a business establishment.
- **Employment Law and Fair Housing Workshops:** Workshops in employment law and fair housing are held regularly, including ones conducted in Spanish.
- **Hispanic Forum on Civil Rights:** Members of the Arlington Human Rights Commission met with the Latino community to hear their concerns. Observers from different agencies were invited in anticipation that issues under their jurisdiction

would be raised. The Commission has reviewed and the issues and made the appropriate recommendations and referrals.

- **African-American Forum and Roundtable on Civil Rights:** The Human Rights Commission held a forum with representatives of the African-American community to hear about perceived violations of civil rights laws and ordinances. The forum was followed by a more detailed roundtable discussion between African-American residents and Commission members.
- **Home Ownership Fair:** The Human Rights Office disseminates fair housing information at the County’s annual Home Ownership Fair.

FAIR HOUSING COMPLAINTS

A person who believes he or she is a victim of housing discrimination can choose to file a fair housing complaint through HUD’s FHEO, the Virginia Fair Housing Office or Arlington County’s Human Rights Office⁴. However, since the County’s Human Rights Ordinance is not “substantially equivalent” to the Federal law, the ordinance does not provide the same remedial relief as provided under both the Federal and state fair housing laws.

The following table provides details on the quantity, type and outcome of fair housing complaints in Arlington. Because housing discrimination has become more subtle, it is difficult for housing seekers to discern if discrimination is taking place. The number of complaints filed is limited by people’s ability to recognize discrimination and willingness to pursue the complaint process. Because of this, while the number of complaints provides some information, it is not a strong indicator of the status of fair housing in a jurisdiction.

The first chart below shows only the number of complaints of housing discrimination in Arlington filed through HUD’s FHEO office, Virginia’s Fair Housing Office and Arlington’s Human Rights Office from 2000 through June of 2004. During the four-year period, a total of 28 complaints were filed at the Federal level, 22 at the state level and 38 at the local level. The second chart will provide more detail on the basis and outcome of these complaints.

⁴ For further information on how to file a complaint through HUD see <http://www.hud.gov/offices/fheo/index.cfm>, through the Virginia Fair Housing Office see <http://www.fairhousing.vipnet.org/> and through the Arlington Human Rights Office see <http://www.co.arlington.va.us/Departments/Commissions/HumanRights/HumanRightsMain.aspx>.

SECTION II. FAIR HOUSING ENFORCEMENT

COMPLAINTS	
Year	Filed
2000	13
2001	26
2002	27
2003	12
2004	10

Typically, when a complaint is filed with an agency, a case is opened and an investigator begins an investigation into the allegations of housing discrimination on the basis filed. The next chart provides the number of complaints by basis (protected class) and provides detail on the number of cases that were withdrawn, determined to have no cause, conciliated/ settled and those that remain open at this time.

The Human Rights Office staff pursues conciliation after a finding of probable cause that discrimination occurred. Most cases are resolved before a public hearing might be invoked. When staff makes a finding of no probable cause that discrimination occurred, the complainant may appeal to the Human Rights Commission who may sustain or overturn staff decision. If they overturn a finding, a public hearing may be held to review the case. The Commission can make a determination that there are reasonable grounds to think that discrimination occurred. A conciliation agreement might be entered into at that point or the complainant might pursue the complaint in court. Settlements and conciliation agreements do not involve any admission of discriminatory action by the plaintiff nor any statement by the government agency that discrimination occurred.

SUMMARY OF FAIR HOUSING COMPLAINTS IN ARLINGTON 2000 TO 2004⁵					
	Filed	No Cause Determination	Case Withdrawn	Conciliation/ Settlement Success	Case Open
Disability	35	13	6	9	7
National Origin	25	11	2	8	4
Familial Status	7	5	0	1	1
Race	18	5	2	8	3
Sex	11	2	0	2	7
Total	98	36	12	28	22

⁵ Aggregate of complaints filed through HUD's Philadelphia FHEO office, Virginia Fair Housing Office and Arlington County Human Rights Office. Data for 2004 includes January through June.

SECTION II. FAIR HOUSING ENFORCEMENT

As seen above, the largest number of complaints (35) was on the basis of disability. Of these, 9 were conciliated/reached settlement and 7 remain open. The smallest number of complaints (7) was based on familial status; 5 of which found no cause determination/violation, 1 was conciliated and 1 remains open. Currently, there are eight open cases in Arlington County filed through the Virginia state office—which the office noted comprised 10% of their current case load.

Of all cases filed at the Federal, state or local level that had a finding of probable cause that discrimination occurred and that have been closed, none involved Commission, Board or court action.

STRATEGIES

Arlington’s progress toward meeting the target for its fair housing goal, eliminating housing discrimination, is measured through annual fair housing testing, discussed in the following section. To eradicate housing discrimination, a strong enforcement program to address fair housing complaints and a community education program are essential.

Potential Strategies

- Create a position in the Human Rights Office that is solely responsible for enforcement of the fair housing ordinance and for development of a broad educational and outreach program.
- Expand communications with HUD Philadelphia FHEO office and Virginia Fair Housing Office and report annually the number and basis of complaints filed through each office.

SECTION III.

FAIR HOUSING TESTING

BACKGROUND

Fair housing testing is a method to determine whether or not a home seeker is treated differently in his or her search for housing. This is done by pairing two testers who are matched as equally as possible to each other except for race, national origin, sexual orientation or familial status. The characteristics that relate to obtaining housing—such as income, employment background and prior housing history—are matched as closely as possible. Personal characteristics such as marital status and number of children are also matched where appropriate.

Testing is an accepted investigative tool used by administrative agencies at all levels to enforce fair housing laws. In 1982, the United States Supreme Court stated that, under certain circumstances, testers have the right to sue under the Federal Fair Housing Act. *Havens Realty Corp. v. Coleman*, 455 U.S. 363 (1982)

Testers in housing discrimination cases have been defined as “individuals who, without an intent to rent or purchase a home or apartment, pose as renters or purchasers for the purpose of collecting evidence of unlawful discriminatory housing practices.” *Havens Realty Corp. v. Coleman*, 455 U.S. 363, 373 (1982) The experience of testers is used to compare the treatment of one home seeker (protected class) to another (non-protected class). In this context, testing measures the difference in treatment afforded a home seeker as determined by the information and services provided by property management firms, rental agents, and others.

The results of fair housing testing are a critical means of judging equal opportunity of housing choice in an area. Testing can help to determine if there is a tendency towards unequal opportunities for the protected classes. In 2000, the County’s Human Rights Office began conducting 100 annual fair housing tests through a contract with a consultant, Fair Housing Management Consultants (FHMC). Oversight of the testing project is maintained by the staff of the Human Right Commission.

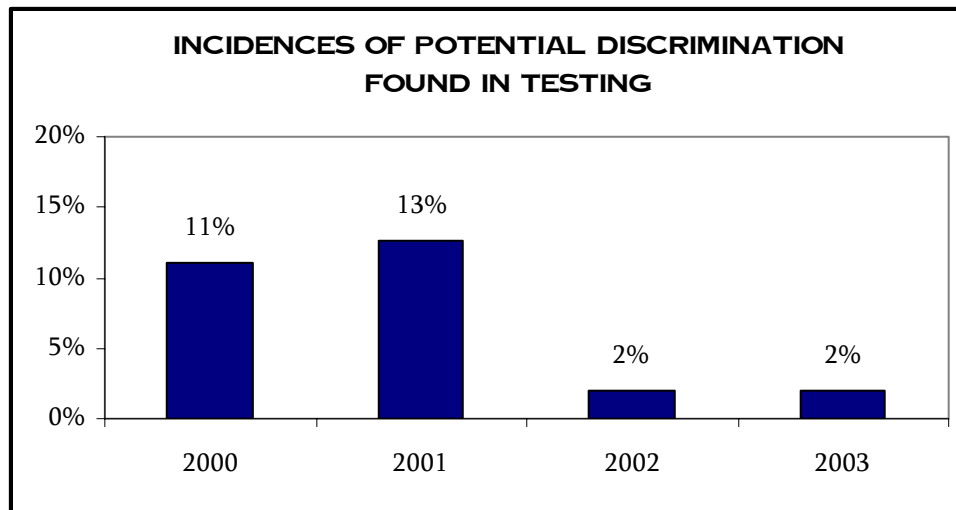
DATA AND ANALYSIS

Each year, the Human Rights Commission determines the types of tests that the consultant will perform. It is important to note that for rental tests, testers did not complete a rental application or take part in the qualifying process. Similarly for the sales tests, testers did not enter into a contract to purchase a home and participate in the subsequent home mortgage qualifying process at any of the real estate offices tested. For this reason, the tests only measure one aspect of housing discrimination: the availability of a unit for the purchase or rental price and date requested by the testers and the corresponding treatment concerning the issue of availability received by the testers.

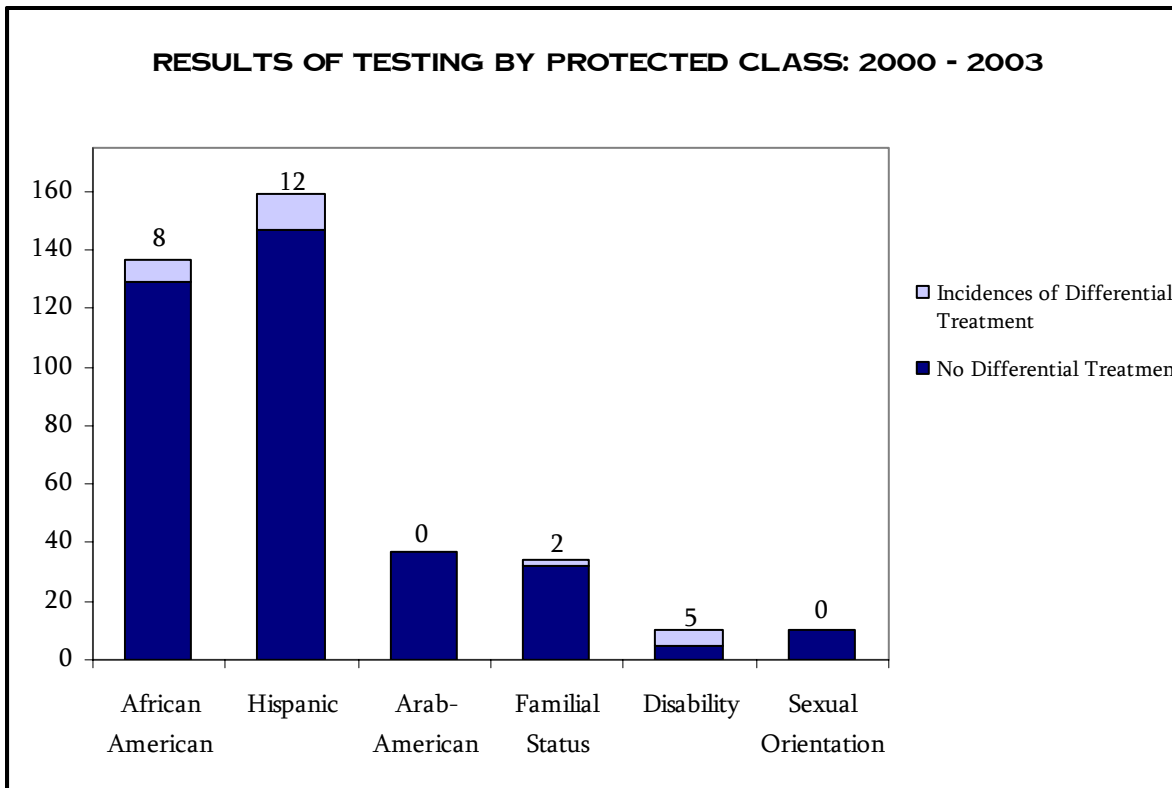
Summary of Fair Housing Testing

The number of incidences of differential treatment revealed in the County’s fair housing testing program has decreased significantly over the past two years, as shown on the chart below. Whereas the 2001 tests showed 12 possible incidences of discrimination, there were only 2 possible incidences of housing discrimination in each of the two subsequent years of tests.

During the four years of tests, there was a higher proportion of differential treatment among Hispanics than of African-Americans. Twelve of the 137 national origin tests (Hispanic) or 7.6% showed potential housing discrimination. Eight of the 137 tests based on race (African-American) or 5.8% revealed differential treatment to African-American testers. Upon retests of all rental offices showing differential treatment, only one again treated an African-American tester differently.



The following chart compares the number of tests conducted of each protected class during the four-year period to the number of incidences of possible discrimination. Following the chart are detailed descriptions of the type and results of the tests conducted in years 2000 to 2004.



2000

In 2000, 100 rental tests were conducted (including retests), of which 47 were based on race (with African-American testers) and 53 on national origin (with Hispanic testers). In the initial 41 race tests, there were 6 incidences of differential treatment/information and in the initial 49 national origin tests, there were 4 incidences. Each of the 10 rental offices where the incidences took place was retested. Only one rental office again showed differential treatment to the African-American tester; none repeated differential treatment to the Hispanic tester.

2001

In 2001, 15 rental tests and 80 sales tests were conducted. All 15 rental tests were based on national origin with the testers being Hispanic. The Human Rights Commission had become aware that some apartment complexes in the County were denying rental opportunities to Hispanic applicants who did not have a social security number. The apartment complexes were telling the Hispanic applicants that their social security numbers were required to do a credit check. Staff of the Human Rights Office was concerned that this social security policy might be limiting the ability of Hispanic applicants to rent apartments in the County. Staff asked the consultant to test apartment complexes based on this social security issue.

SECTION III. FAIR HOUSING TESTING

Of the 15 rental tests, there was one incidence of differential treatment on the basis of national origin. In addition, five of the complexes specifically told the Hispanic testers that they could not rent an apartment without a social security number to run a credit check. Seven of the complexes told the Hispanic testers that alternative methods could be used to check credit if they did not have social security numbers.

The five complexes that required social security numbers to conduct credit checks to obtain units and did not allow other forms of identification were in violation of the local Human Rights Ordinance. This was because the policy of mandating social security numbers had a disparate impact upon the National Origin protected class.

As a compromise between the landlords and the tenants, the General Assembly amended Virginia's Landlord-Tenant Act under the definition of rental application so that landlords had to accept both social security numbers and tax identification numbers. In Arlington, the cases were settled and renters could also use their tax identification numbers for credit checks to obtain housing.

Of the 80 sales tests performed in 2001, 40 were based on race (African-American), 30 on national origin (Hispanic) and 10 on disability (mobility impairment). There was one incidence of differential treatment on the basis of race and none on the basis of national origin or disability. However, five of the 10 tests related to mobility limitations identified accessibility problems at the real estate offices tested. The Americans with Disabilities Act (ADA) mandates that real estate offices be accessible to persons with disabilities; the ADA permits enforcement intervention by the United States Department of Justice. These five realty offices were in violation of the local Human Rights Ordinance which precludes housing providers, including real estate agents, to deny equal services or facilities to handicapped people. They were also in violation of the County's local ordinance on public accommodation. All these complaints were settled by having respondents make physical modifications or come up with acceptable alternatives for providing access to their services.

2002

There were 76 rental tests and 24 lending tests conducted in 2002. Of the 76 rental tests, 22 were on the basis of race, 24 on national origin (Hispanic) and 30 on national origin (Arab-American). Of the 76 tests, 2 showed differential treatment—both on Hispanic testers. When these offices were retested, there were no differences in treatment afforded to the Hispanic and White testers.

Half of the 24 lending tests were conducted on the basis of race (African-American) and half on the basis of national origin (Hispanic). Similar to the rental and sales tests, the lending tests did not include having testers complete a loan application and participate in the subsequent home mortgage qualifying process. The tests only measured what occurred

SECTION III. FAIR HOUSING TESTING

during the initial contact with a loan officer—including information obtained by the testers on the types of loan products available, interest rates, loans amounts and the loan qualification process. These tests showed no differences in treatment on the basis of race or national origin.

2003

In 2003, a variety of tests were conducted to determine differential treatment for families with children and for African-American, Hispanic, Middle Eastern and homosexual renters. Ten of these tests were based on race (African-American) and 24 on national origin (15 Hispanic and 9 Middle Eastern). An additional 20 tests included the presence of 2 teenage boys; these tests included 6 African-American, 7 Hispanic and 7 Middle Eastern tests. These 54 tests yielded no difference in treatment based on race and national origin.

Thirty-four tests were performed to test familial status. Twenty of these tests compared a single mother with two young children to a married couple with a mother-in-law. The races of these testers included 5 African-Americans, 5 Hispanic, 5 Middle Eastern and 5 White. There was no difference in any of these 20 tests.

The second set of familial status tests (14) compared a single mother with a 12 year-old son to a married couple with no children. Both the single mother with the son and the married couple were searching for one-bedroom units. There were two incidences of differential treatment based on familial status. When these two rental offices were retested, there were no differences in treatment afforded to the single parent and married testers.

Advertising

In August of 2004, the Human Rights Office conducted a one-week review of advertisements of for sale or rent properties available in Arlington for conformance with the Fair Housing Act and the County's Human Rights Ordinance. No apparent violations were detected in the advertisements. A daily review was conducted of the classified section of the Washington Post and the Washington Times. In addition, the review included the weekly editions of the Sun Gazette, the Journal and the Alexandria-Arlington special housing edition.

Because Arlington has a very low rental vacancy rate, many owners no longer spend money to advertise available units in newspapers. Often, a simple sign on the property generates many calls. The result is that individuals seeking housing are unaware of many existing housing opportunities in neighboring communities.

CURRENT PRACTICES

The current practice is for the Human Rights Office to oversee 100 annual fair housing tests, which are conducted by Fair Housing Management Consultants. The types of tests vary each year based on the Human Rights Commission’s determination of areas and protected classes

STRATEGIES

Goal 8 of Arlington’s Goals and Targets for Affordable Housing articulates the County’s commitment to fair housing, stating: “Ensure, through all available means, that housing discrimination is eliminated.” The adopted target for the fair housing goal states: “Reduce all indications of housing discrimination to zero by FY 2010, as measured by annual fair housing testing.” An annual report will be provided to the County Board and the community on Arlington’s progress in achieving its Goals and Targets.

Potential Strategies

- Expand annual fair housing testing.
- Monitor discrimination indicated by testing through the annual targets report and take appropriate action on tests indicating potential discrimination.

SECTION IV.

**BARRIERS TO
HOUSING CHOICE**

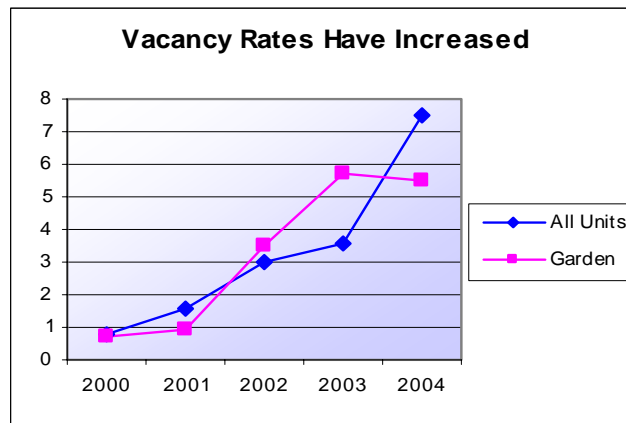
I. HOUSING AFFORDABILITY

DATA AND ANALYSIS

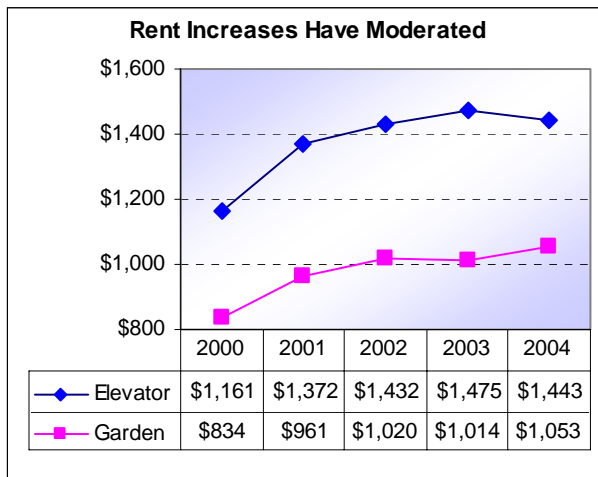
Housing Market Trends

Arlington County's highly desirable location has created tremendous demands for housing, jeopardizing economic diversity. The trends highlighted below show the myriad pressures that have been put on affordable housing.

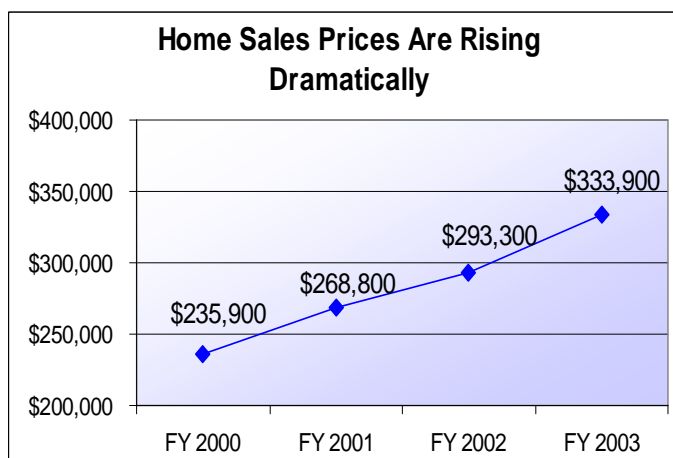
Vacancy rates have eased substantially. Arlington's vacancy rate in 2004 was 7.5% for all apartments, up from 3.6% in 2003. Garden apartments are at the industry standard of 5%. This highlights a softening demand for apartments.



Rent increases have moderated. The county wide average rent is \$1,270 in 2004. Elevator building rents decreased by 2% between 2003 and 2004. Garden apartment rents continue to rise, by 4% between 2003 and 2004. These rents are out of the reach for a number of Arlingtonians, including those that provide essential services within the County.



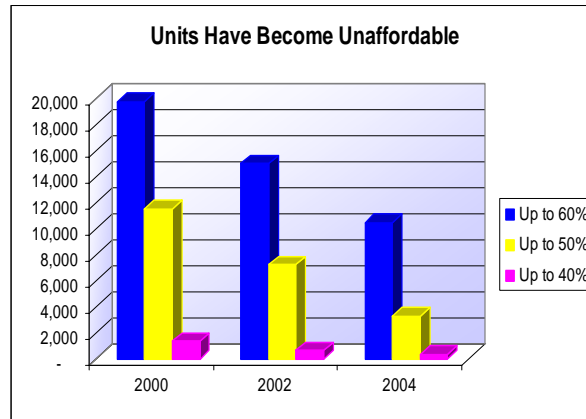
Competition for homes has driven prices up substantially in recent years. Average prices for all homes rose by \$40,600 or 14% between FY 2002 and FY 2003. This is added to \$24,500 or 9% during the year before. The average price of a single-family detached home was \$640,700 in September, 2004.



Affordable Housing Supply

In Arlington County, currently affordable housing units are becoming no longer affordable. Market Affordable Rental Units (MARKS) have decreased substantially. In 2000, roughly 19,700 units were affordable to households with incomes at 60% of median. Between 2000 and 2004 over 9,300 of those units became unaffordable to households at that income level. (During this period, the number of Committed Affordable Units (CAFs) rose from 3,920 to 5,138.) In 2000, a unit at the average rent required an income of 56% of median; in 2004, it requires 68% of median. The loss of affordable market rate housing units severely limits the housing choices of the protected classes. The graph below captures the magnitude of this change.

SECTION IV. BARRIERS TO HOUSING CHOICE



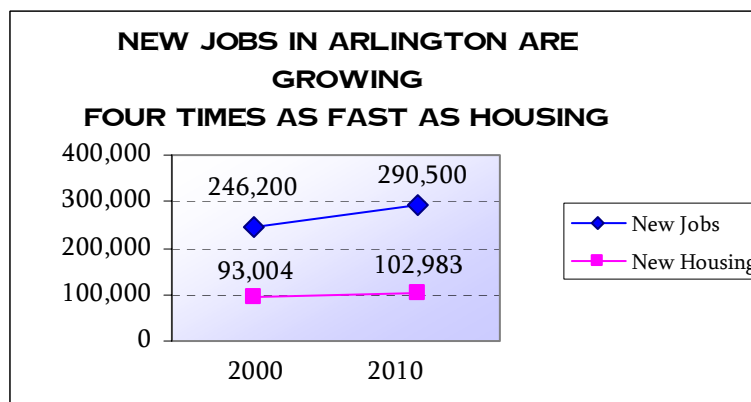
This graph shows why it is important for the County to preserve its existing affordable rental housing, making every effort to avoid displacement of current residents.

Imbalance: Jobs to Housing

Based on the trends of the last 25 years, Stephen Fuller, an economist with George Mason University, found that one housing unit is needed for every 1.6 new jobs. A jobs to housing ratio of 1.6 represents balance between employment and housing growth. Arlington County’s 2003 jobs to housing ratio is shown below.

JOBS AND HOUSING	
Jobs in County (Civilian and Armed Forces)	195,109
Housing Units	94,448
Jobs to Housing Ratio	2.1

Anticipated job growth is expected to outpace housing growth, as shown below.



New jobs increase the number of people competing for housing. The scarcity of units drives up prices. Between 2004 and 2010, according to the Arlington County Forecasts of Major

Statistics, 2000–2025, there will be over 21,000 new jobs, but only 10,000 new housing units. The jobs to housing ratio would remain at 2.1. It is estimated that 20% of those new jobs will be low-wage, which will further exacerbate the shortage of affordable housing.

Geographic Distribution of Affordable Housing

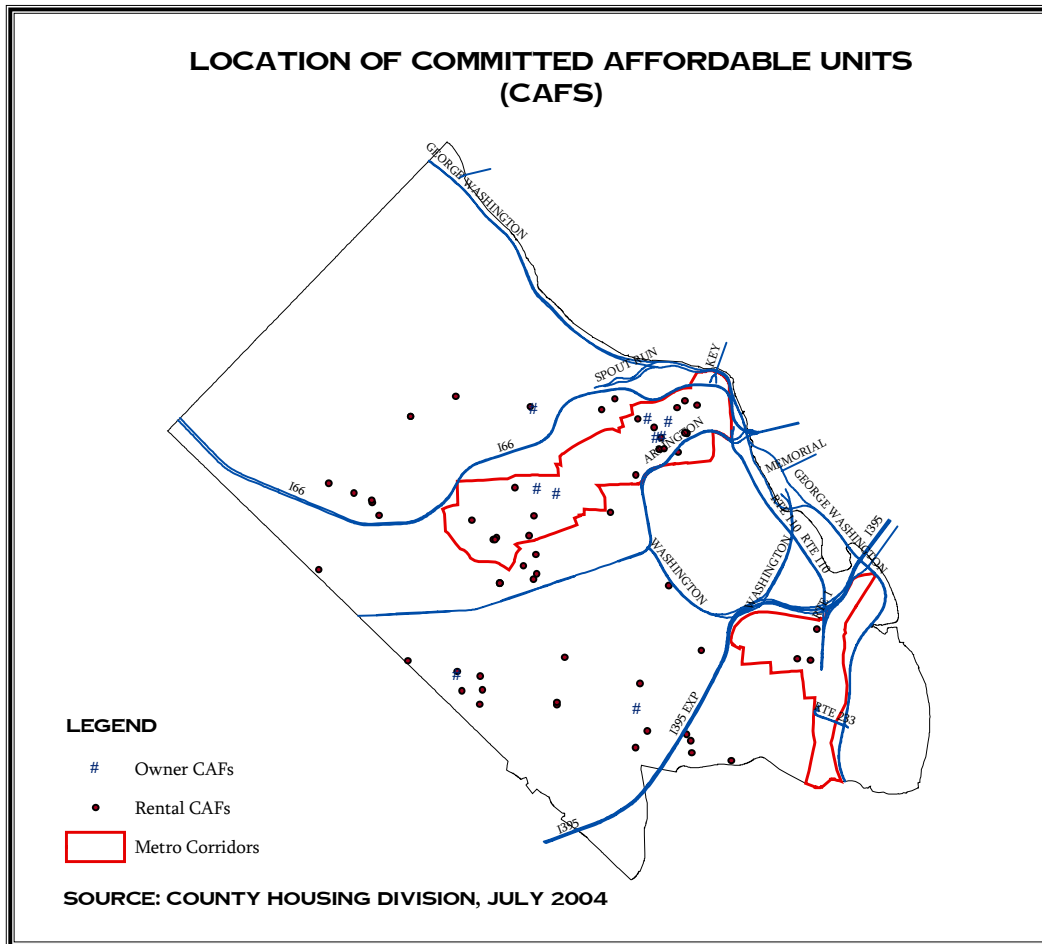
In Arlington, a distinct pattern has developed of a greater distribution of lower income households living in South Arlington and of higher income households living in North Arlington. The largest factor that has influenced this pattern is the availability and affordability of housing within the County. One reason for this phenomenon is the greater prevalence of older, multifamily, garden-style housing south of Route 50 (which divides North and South Arlington), which is often the most affordable type of housing for low income households.

Arlington’s extremely high land prices, due to its close-in location, good transportation resources, and strong services, continue to drive the price of housing upward—a trend that has been exacerbated in North Arlington. Current zoning and land use policies have influenced these trends; further insight on this will be discussed in following section on zoning and land use.

The County’s committed affordable units (CAFs) are distributed throughout North and South Arlington, while the market affordable units (MARKs) are more concentrated in the South. Of the CAF units, 59% are in the North Arlington Neighborhood Service Areas of A, B, C, D and E. However, 53% of the MARKs units are in Neighborhood Service Areas F and G, which incorporate the various South Arlington neighborhoods along Columbia Pike.

The map that follows shows the distribution of CAF units. As seen in the map, there are a large number of CAF units located within the Rosslyn-Ballston corridor. The majority of these units were committed affordable as a result of developers taking part in the site plan process. This process of the County obtaining CAF units in exchange for allowing extra density to the developer is further described in the Land Use and Zoning Section.

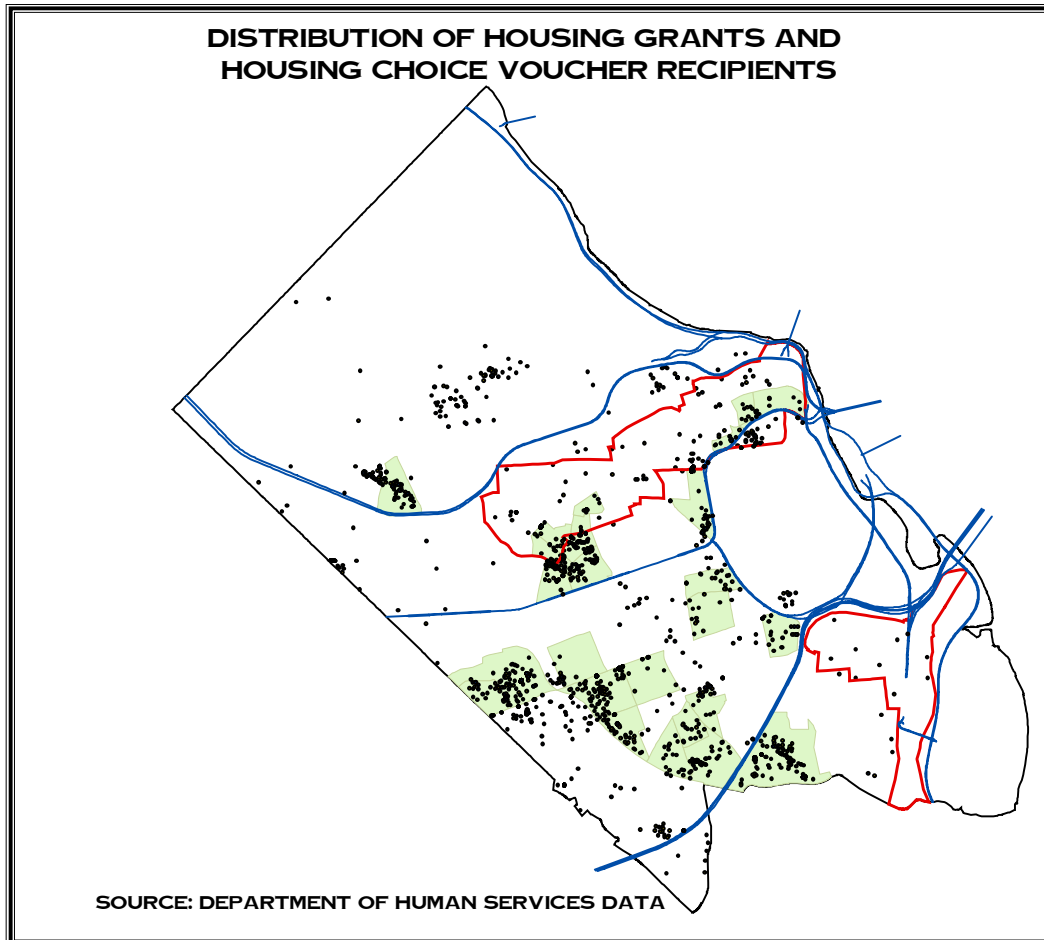
The presence of CAF units within the metro corridor creates mixed-income complexes in the area of the County with the highest land costs—an area that would typically be unaffordable to low income households. In addition, it provides access to premier transportation that interconnects the metro region.



The following map shows the location where Housing Choice Vouchers (previously called Section 8) and the County’s local Housing Grants are used. Both of these programs are designed to increase the housing choices of low income households by allowing them to use a voucher/grant in single-family homes, townhouses and apartments where the owner agrees to rent under the program. As seen in the following map, these two programs do expand the housing choices of low income households, as indicated by number of households that use their vouchers/grants in areas where there are fewer market affordable units.

However, also seen by the map is that the greatest concentrations of Housing Choice Voucher and Housing Grant recipients live in the County’s Neighborhood Strategy Areas (NSAs). Each of these areas has more than 50% low to moderate income populations. So, while these two programs encourage some mobility throughout the County, the reality is the majority of recipients live in areas of low income concentrations. This can be a sign of landlords in higher income areas choosing not to accept Housing Choice Vouchers or Housing Grants, or that units in higher-income areas exceeding the fair market rent and

therefore the voucher/grant not being sufficient means to enable a low income household to afford these units.



Geographic Distribution of Race, Ethnicity, Income, and Poverty

Following the patterns just described—the majority of market affordable housing units and Housing Choice Vouchers and Housing Grants recipients being located in South Arlington—the greatest concentrations of racial and ethnic minorities are also located in the South of the County. The correlation between the larger distributions of minorities in South Arlington appears to be a factor of the lower incomes of these subpopulations and the presence of affordable housing opportunities in South Arlington.

SECTION IV. BARRIERS TO HOUSING CHOICE

The following table compares the countywide median income (\$63,001) to the median income in Arlington by race. The median income of the White population is 13% higher than the countywide average—the only race that surpasses the County’s median income. On the contrary, the African-American population had a median income 36% lower than that of the countywide average.

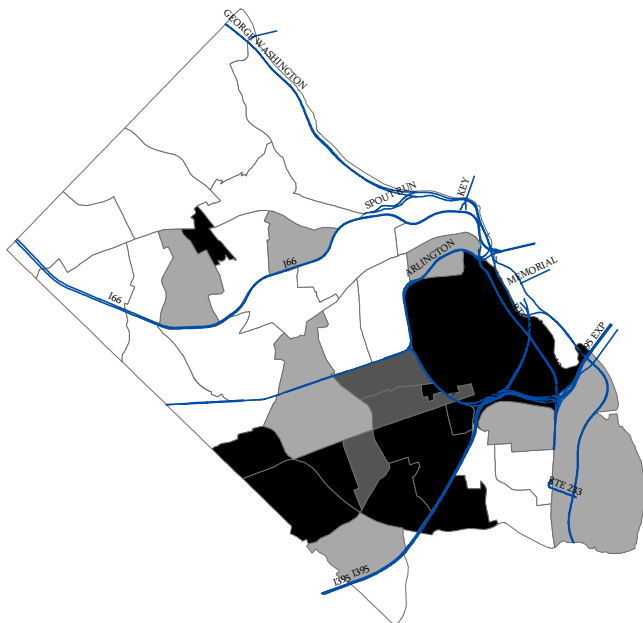
MEDIAN INCOME BY RACE AND ETHNICITY		
Race or Ethnicity	Median Income	Difference from Countywide Median Income
White	\$71,285	+13.1%
African-American	\$40,195	-36.2%
Asian	\$47,102	-25.2%
American Indian and Alaskan Native	\$55,469	-12.0%
Native Hawaiian and other Pacific Islander	\$60,288	-4.3%
Other Race	\$43,718	-30.6%
2 or more Races	\$45,288	-28.1%
Hispanic	\$45,547	-27.7%

One factor that drives income is educational attainment. The Demographics section displayed the differences in educational attainment by race and ethnicity. Minorities had lower educational attainment. However, while the Hispanic population had a lower percentage of persons with a bachelor’s degree or higher, the median income of Hispanics far exceeded the median income of African-Americans.

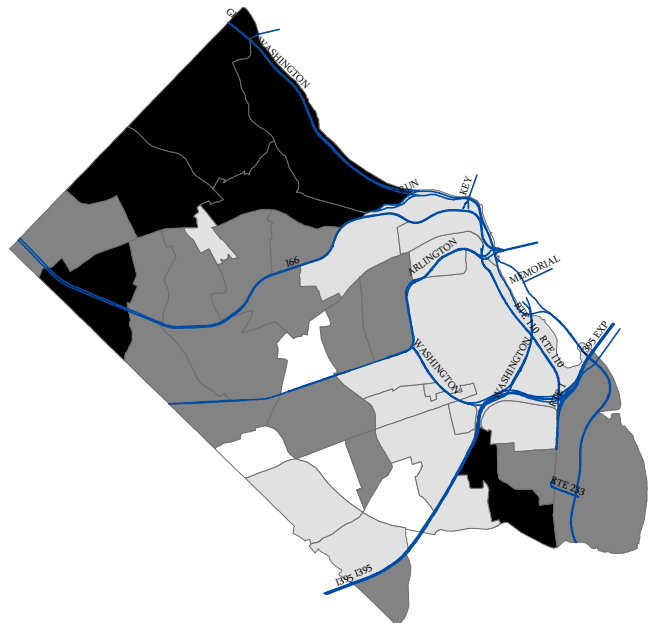
The following maps provide side-by-side comparisons of distribution of minorities and lower income areas. For each minority map, the census tracts with more than 15% of that race or ethnicity are shaded in black; the tracts with the lowest percentages of that minority are shaded in white. The income maps compare the median income of each census tract to the countywide median income. The tracts shaded in black in essence have the highest median incomes and the tracts in white have the lowest.

The map on the left shows a definite geographic clustering of African-Americans in South Arlington, with very small percentages of them living North of Route 50. Also seen in the following maps, the census tracts with the highest incomes have the smallest percentages of African-Americans. The tracts with more than 15% African-Americans all have median incomes below the countywide median income.

AFRICAN-AMERICAN

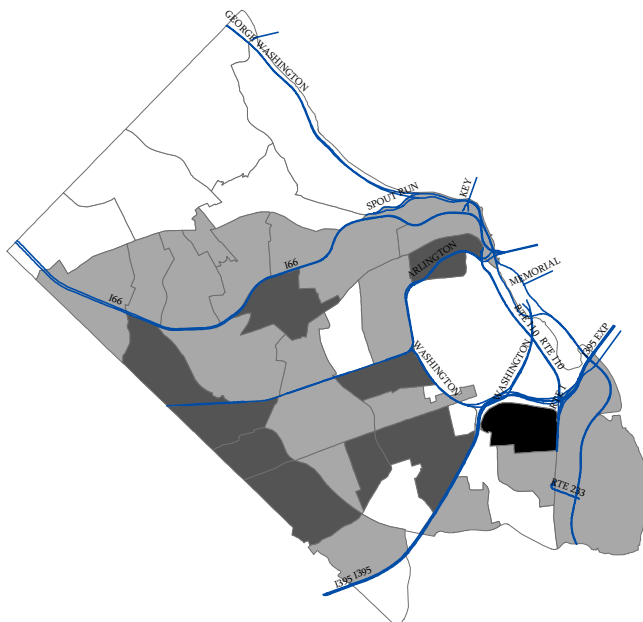


MEDIAN INCOME

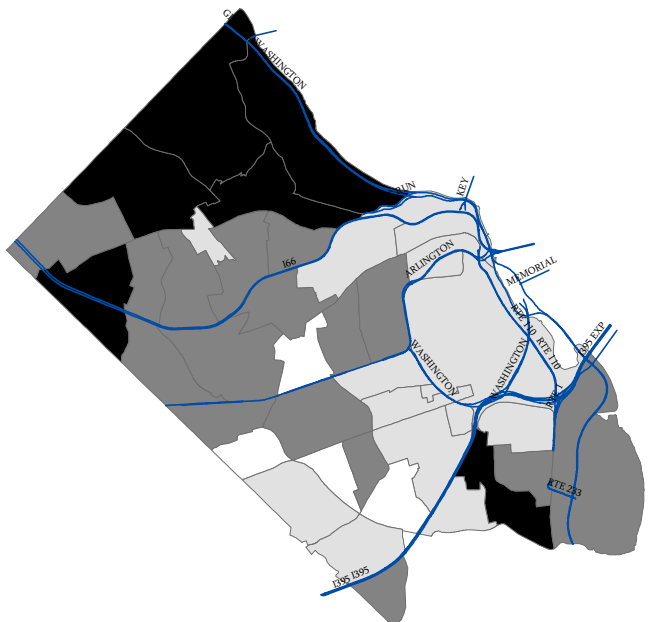


The Asian population is the most distributed throughout the County of all racial and ethnic minorities. While the highest income census tracts have the smallest percentages of Asians, there are tracts with median incomes above the countywide that also have more than 5% Asians. Only one tract, in Pentagon City, has a more than 15% Asian population.

ASIAN



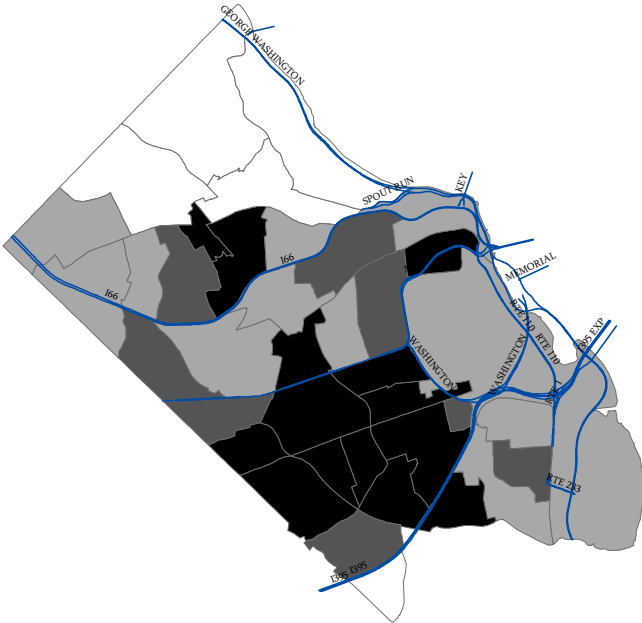
MEDIAN INCOME



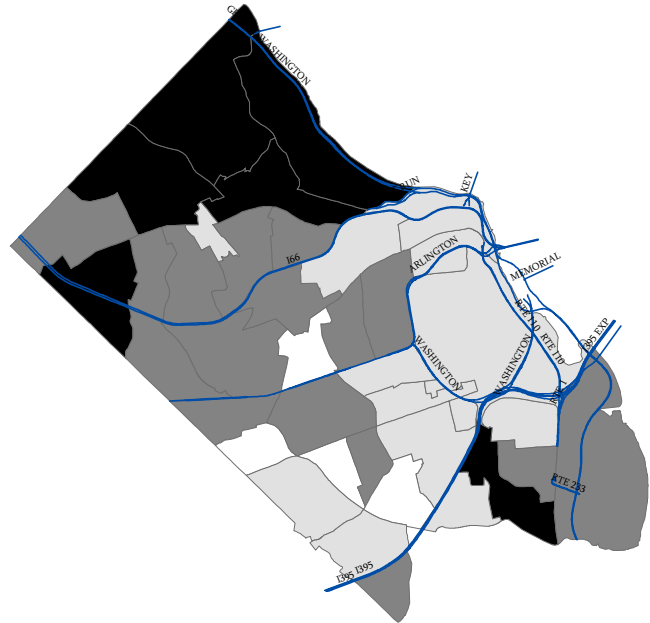
Due in part to the County's large Hispanic population, there are 14 census tracts that are more than 15% Hispanic. While most of the higher income tracts have small percentages of Hispanic persons, two higher income tracts have more than 5%. Similar to the other minorities, there are very small percentages of Hispanic persons in the uppermost portion of the County, north of Lee Highway.

SECTION IV. BARRIERS TO HOUSING CHOICE

HISPANIC

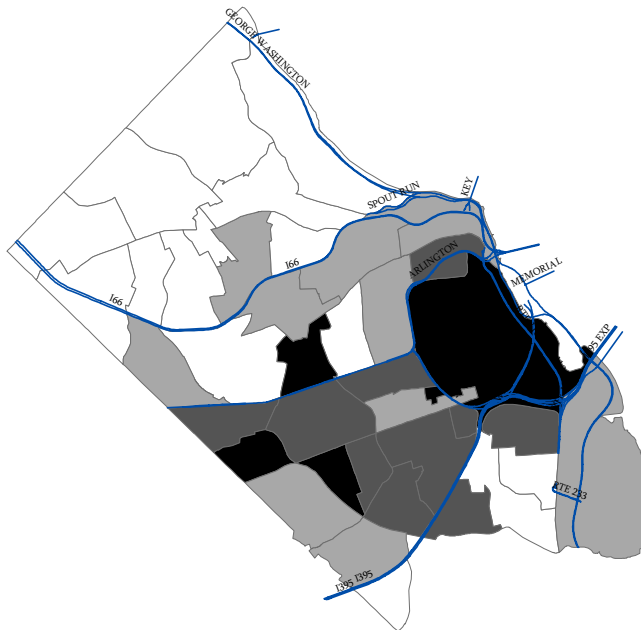


MEDIAN INCOME



As seen in the poverty map below, the tracts with the largest percentages of persons in poverty overlap with tracts that are more than 15% African-American and/or more than 15% Hispanic.

POVERTY

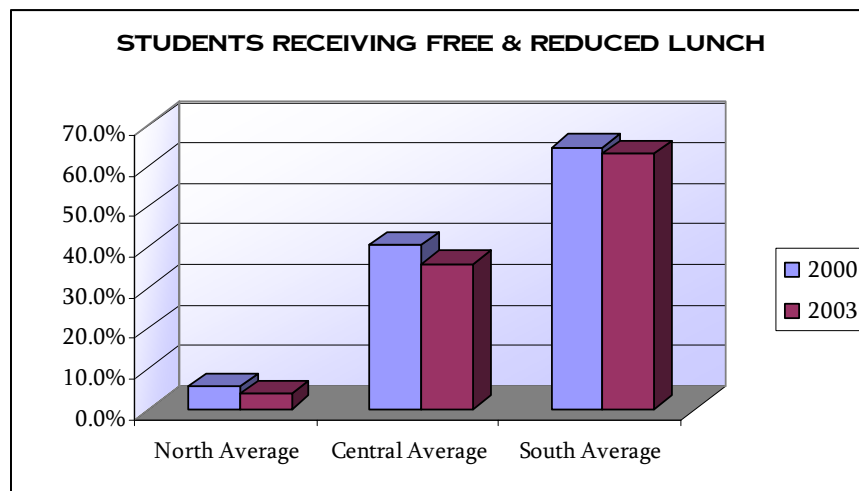


SECTION IV. BARRIERS TO HOUSING CHOICE

Poverty and School Lunch Data

The percent of students receiving free and reduced school lunches often captures where concentrations of poverty, the geographic distribution of affordable housing, different income levels, and various races may exist.

The chart below, based on Arlington County public schools data, lays out the percent of students receiving free and reduced lunch, broken down into the north, central, and south regions, and how it has changed over the last 3 years⁶.



Therefore, the Southern and Central areas of the County have had and continue to have a very large proportion of the students who receive free and reduced lunch.

CURRENT PRACTICES

Use of the County's Housing Investment Fund

In FY 2005, the Affordable Housing Investment Fund (AHIF) will include \$1,133,500 of the Federal HOME allocation, and \$2,866,500 in local general fund revenues, for a total of \$4.0 million. AHIF funds will be allocated primarily for new construction, acquisition and rehabilitation projects to preserve and improve the supply of affordable housing. In addition, Housing Division staff facilitates and assists in obtaining the primary financing for affordable housing development through such mechanisms as tax-exempt mortgage revenue bonds, other bond financing, Federal and state tax credit programs, and other state mortgage programs.

⁶ North schools-Nottingham, Jamestown, Taylor, Tuckahoe; Central schools-Ashlawn, Barrett, Glebe, Key, Long Branch, McKinley, Science Focus ;South schools-Abingdon, Hoffman-Boston, Barcroft, Claremont, Henry, Randolph, Oakridge, Carlin Springs.

SECTION IV. BARRIERS TO HOUSING CHOICE

The County's investment in affordable housing projects in FY 2003 and FY 2004 includes: annual funding of \$4.0 million (\$3 million from general revenues and \$1 million in HOME funds), income from its revolving loan fund, income from developer contributions, \$10 million (with Fannie Mae) for the Gates of Ballston, and \$5.5 million in County pay-go funds.

In addition, the County's combined FY 2003 and FY 2004 funding of its Housing Grants rent assistance program is almost \$5.0 million and its Real Estate Tax Relief program, \$1.8 million.

Home Owner Assistance

A new HOME allocation, called the American Dream Down payment Initiative, is available to Arlington County in FY 2005 to help low income families become first-time homebuyers. This allocation will augment the currently CDBG-funded Moderate Income Purchase Assistance Program (MIPAP) that offers down payment and closing cost assistance to low and moderate income first time homebuyers. The new program, called MIPAP Plus, will be a third trust mortgage, combined with the MIPAP second trust.

Housing Rehabilitation/Revitalization

There are a number of Single-Family Housing Rehabilitation Programs, including the Volunteer Home Repair program through the Robert Pierre Johnson Housing Corporation (RPJ), and the Home Improvement program (HIP) and the Barrier Removal program through the Arlington Housing Corporation, Inc (AHC).

There are also several Multi-Family Housing Rehabilitation Programs, including work by AHC, Inc. and the Arlington Partnership for Affordable Housing (APAH), through the Housing Development and the Housing Rehabilitation and Development Funds, and in the Moderate Income Home Ownership Program (MIHOP).

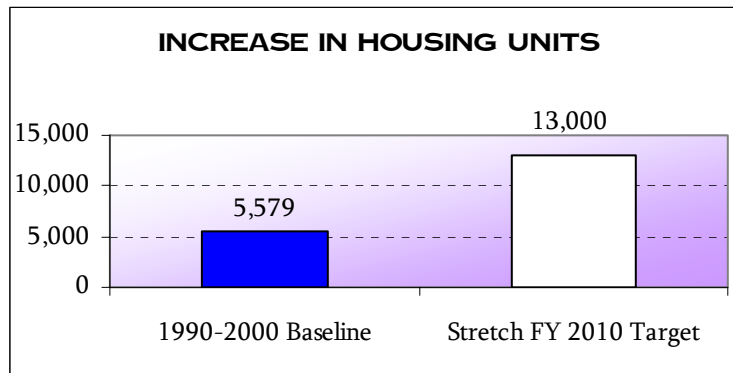
STRATEGIES

Affordable housing and its uneven geographic distribution have a differential impact on the protected classes. Therefore, Arlington County has created a comprehensive affordable housing strategy that is articulated in the Affordable Housing Goals and Targets. The updated 5-year Consolidated Plan (which will be published early next year) will thoroughly analyze Arlington County's efforts to address affordable housing as a barrier.

The development of the Affordable Housing Goals and Targets was a critical step in the County's multi-year effort to address our affordable housing crisis. The targets are used to guide implementation activities and to track Arlington's progress in achieving its Affordable Housing Goals. For each target, baseline performance has been determined. The overall objective is to improve on the baseline performance each year.

SECTION IV. BARRIERS TO HOUSING CHOICE

For example, to counteract the County’s decreasing affordable housing supply, Goal 3b aims to expand the County’s total housing supply by at least 13,000 units by FY 2010.



The County’s Target 6A specifically addresses the issue of geographic distribution by stating, “Distribute non-elderly rental committed affordable housing units added in the following Neighborhood Service Areas (NSAs) between FY2000 and FY2010:

- ± 25% in A, B, and C,
- ± 60% in D, E, and H, and
- ± 15% in F and G.”

(Neighborhood Service Areas F and G are in South Arlington; D, E and H are within the two Metro Corridors; and A, B and C are in North Arlington.)

II. ZONING AND LAND USE

This section reviews the County’s zoning ordinance and land use policies to determine their effect on housing choice. The section also discusses mechanisms the County has developed through the zoning and land use process to expand housing choices.

DATA AND ANALYSIS

Zoning Ordinance

The County’s Zoning Ordinance, which was republished in July of 2001, outlines the “minimum requirements adopted for the promotion of health, safety, convenience, morals, comfort, prosperity and general welfare of the public.” The ordinance includes:

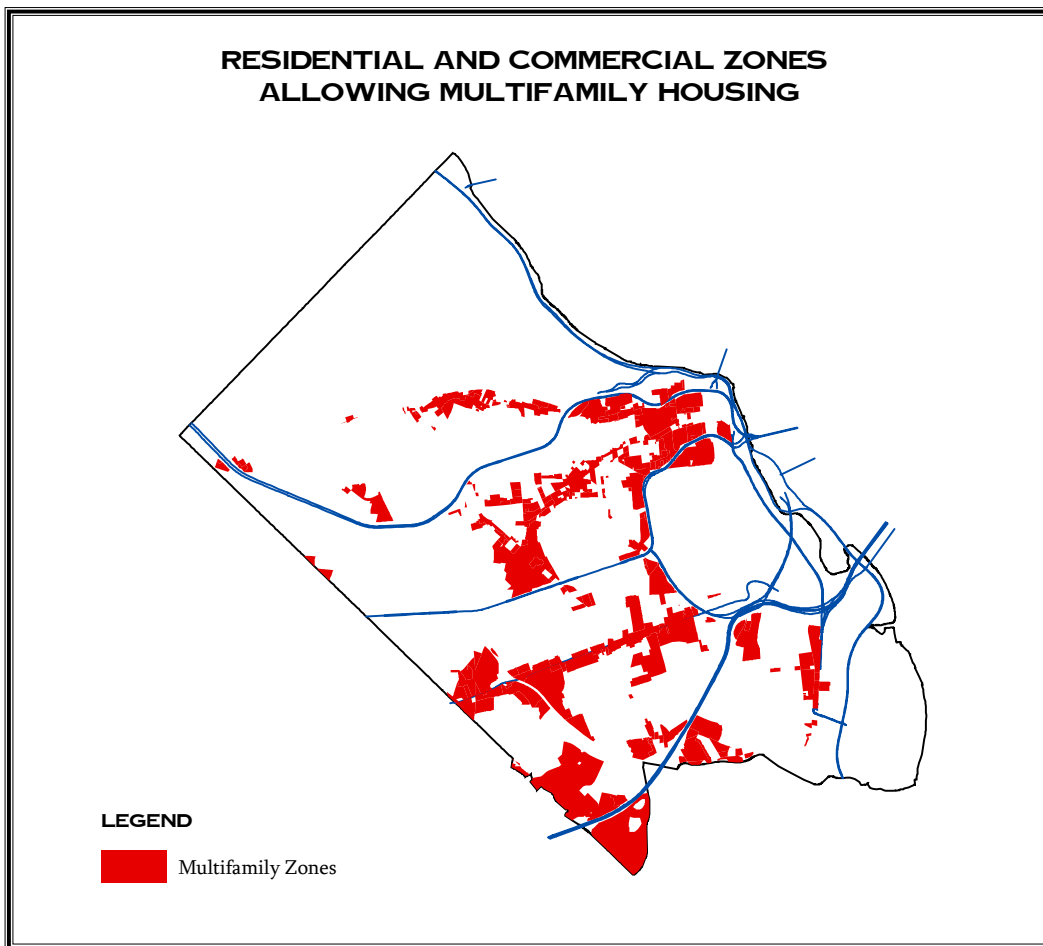
- Definitions of terms used in the document;
- General regulations;
- Descriptions of uses permitted and height and area requirements for the 33 types of zoning districts;
- Requirements related to building placement, landscaping, parking, signs, nonconforming buildings and uses; and
- Administration and procedures.

The zoning districts are generally divided into residential, commercial and industrial zones. For residential uses, the districts differentiate between one-family, two-family, semidetached, townhouse, duplex and multiple-family dwellings. A multiple-family (multifamily) dwelling is defined as “a building or portion thereof, designed for occupancy by three (3) or more families living independently of each other. A family is defined as:

- An individual, or two or more persons related by blood, marriage or adoption, or under approved foster care; or
- A group of not more than four persons (including servants) whether or not related by blood or marriage living together and sharing living areas in a dwelling unit; or
- A group of up to eight mentally ill, mentally retarded or developmentally disabled persons who are residing with one or more resident counselor(s) or other staff person(s) in a facility which is licensed by the Department of Mental Health, Mental Retardation and Substance Abuse Services of the Commonwealth of Virginia. For the purposes of this ordinance, mental illness and developmental disability shall not include current illegal use of or addiction to a controlled substance as defined in section 54.1-3401 of the Code of Virginia or its successor.

SECTION IV. BARRIERS TO HOUSING CHOICE

The following map shows the districts in which multifamily dwellings are allowed. As displayed by the map, the zones which allow multifamily units are clustered in the Metro corridors and along major thoroughfares, such as Columbia Pike, Jefferson Davis Highway (Route 1), Shirley Highway (Route 395), Arlington Boulevard (Route 50) and Lee Highway. As seen in the map, there are a very limited number of zones north of Route 66 that allow multifamily dwellings.



The majority of low income households are renters and oftentimes the most affordable type of rental housing is multifamily. The multifamily units in the Rosslyn-Ballston Corridor tend to be newly constructed high-rise and often luxury with high rents. On the other hand, the multifamily units in South Arlington, such as those along Columbia Pike, tend to be older garden apartments. A large percent of these units are market affordable (MARKs) and house the County's lowest income populations.

General Land Use Plan (GLUP)

The General Land Use Plan is one component of the County's Comprehensive Plan (a document required by the Code of Virginia to guide the coordinated and harmonious

SECTION IV. BARRIERS TO HOUSING CHOICE

development of the County). The General Land Use Plan is the primary policy guide for the future development of the County. The Plan establishes the overall character, extent and location of various land uses and serves as the guide to communicate the policy of the County Board to citizens, businesses, developers and others involved in the development of Arlington County. In addition, the General Land Use Plan serves as a guide to the County Board in its decisions concerning future development.

The County Board has endorsed a land use policy that concentrates high density development within the Metro subway corridors and preserves low and medium density residential areas elsewhere throughout the County. This is also known as Transit Oriented Development (TOD). It is designed to ensure that Arlington is a balanced community of residential, recreational, educational, shopping, and employment opportunities, with a good transportation and utility network system. The land use policy also provides for a wide variety of market needs, and as markets change the policy is examined for how that change should be reflected in the land use plan.

In 1987, the County Board adopted a revised GLUP format that stated more fully its land use policy. The five policy statements adopted at the time were:

- Concentrate high density residential, commercial and office development within designated Metro Station Areas in the Rosslyn-Ballston and Jefferson-Davis Metrorail transit corridors,
- Promote mixed-use development in Metro Station Areas to provide a balance of residential, shopping and employment opportunities,
- Increase the supply of housing by encouraging construction of a variety of housing types and prices at a range of heights and densities in and near Metro Station Areas,
- Preserve and enhance existing single-family and apartment neighborhoods, and
- Preserve and enhance neighborhood retail areas.

These five policy statements of the GLUP have driven development within the County in the past decade and the County has realized its vision. Development activity in the last 3 years (2000 - 2003) has resulted in the approval of roughly 7,400 new residential units and 3.7 million square feet of new office space. As of June 30, 2004, 58% of the approved residential projects are complete or under construction. For approved office projects, however, only 42% of the approved office square footage is complete or under construction.

In April of 2004, the County Board approved several new notes to the GLUP. These notes are referenced on the GLUP map and provide additional information and planning expectations for certain areas. Note 19 was added to reference the current affordable housing policy and states, "In areas of the General Land Use Plan where Special Exception Site Plan projects are allowed, site plan projects are expected to be in accordance with the adopted "Arlington

SECTION IV. BARRIERS TO HOUSING CHOICE

Goals and Targets for Affordable Housing” and “Affordable Housing Guidelines for Site Plan Projects” as most recently approved by the County Board.” The Affordable Housing Guidelines for Site Plan Projects are described below.

Plans

The County, working in collaboration with stakeholders, has developed a range of plans addressing different areas of the community, specifically, Metro Corridor Sector Plans, Revitalization Plans, and Small Area Plans. The following is a discussion of affordable housing elements within two such plans.

The *Nauck Village Center Action Plan* recommendations are intended to ensure that redevelopment provides housing opportunities for diverse income levels. It is recommended that projects providing a minimum of 20% of their total housing units as Affordable Dwelling Units (ADU) be allowed to extend the time period for tax abatement for a total of up to 15 years from the time the project opens, provided it is developed in accordance with the Nauck Village Center Action Plan and the ADUs remain as ADUs for the life of the abatement. The plan also provides recommendations for grants of surplus public property to achieve additional affordable housing.

The *2002 Virginia Square Sector Plan* recommends that increased density be permitted where at least 10% of new residential projects are affordable. Additionally, a further density incentive of up to 25% within the building envelope may be used if at least an additional 5% of affordable housing units are provided. Finally, existing affordable housing units in Virginia Square, primarily in the Transition areas, are recommended to be preserved.

CURRENT PRACTICES**Affordable Housing Guidelines for Site Plan Projects**

In conjunction with Arlington’s GLUP, Zoning Ordinance provides for an optional special exception Site Plan Process that substantially increases options for development above what can be done by-right in the Metro corridors, thereby adding significant value to existing sites. The County creates this value in multiple ways, including increasing the amount of density permitted, allowing uses that are otherwise prohibited, and modifying parking requirements and other development standards. The enhanced density and value of some recent site plan projects have greatly increased by-right options.

The density incentive permits both market-rate and affordable units, with the income from the market-rate units designed to offset the cost of the subsidized units. The County approved a target based on the new guidelines that encourages half of the gross floor area

SECTION IV. BARRIERS TO HOUSING CHOICE

added to be used for affordable units. This target was first used (and met) in the Virginia Square Park Condominiums site plan (July, 2004) which will produce seven affordable owner units.

In order to ensure community benefit for the added value, Arlington approved the following Affordable Housing Guidelines for Site Plan Projects within the Metro corridors in April 2004:

- In residential or mixed-use development, a target of 10% of the gross floor area (GFA), exclusive of any bonus, shall be devoted to affordable housing units committed to remain at affordability levels no greater than 60% of the Washington area median family income for terms of no less than 30 years.
- In commercial development, a monetary contribution, set by the County Board, is expected to be made to create or preserve committed affordable housing at the same affordability levels.
- The monetary contribution for commercial development in Metro Corridors is \$4.00 per square foot of gross floor area, adjusted on July 1 of each year based on the change in average assessment of commercial property.

The Guidelines also set the contribution for site plan projects outside the Metro corridors: residential projects: \$4.00 per sq. ft. of above-grade GFA, or \$4,500 per unit, whichever is greater, and for commercial projects: \$4.00 per sq. ft. of above-grade GFA.

It is anticipated that the Guidelines will expand even further the supply of Committed Affordable Units (CAFs) convenient to Metro.

Zoning mechanisms

The *Special Affordable Housing Protection District (SAHPD)* is a unique land use overlay zone approximately one half mile around the Metro stations in the Rosslyn-Ballston corridor that identifies existing lower density affordable housing on parcels planned for 3.24 FAR or higher.

By special exception the County Board may permit the inclusion of apartment units in site plans on abutting properties or on properties which would abut except for the existence of a public street. Arlington has used this *shifting of density* twice (both in the Rosslyn-Ballston Metro Corridor) to assist in the production of affordable housing. Although the ordinance does not specify that this be used for affordable housing, it has only been used for that purpose in the County.

STRATEGIES

The County’s Target 3D specifically relates to obtaining affordable units or equal ground floor area through the site plan process. The adopted Affordable Housing Guidelines for Site Plan Projects directly relate to this target.

In addition to the current policy and mechanisms, a potential zoning and land use strategy to expand efforts beyond the multi-family development corridors into the lower density single-family areas is to:

Potential Strategy

- Investigate the feasibility of amending the zoning ordinance to allow zoning for accessory dwelling units (such as English basements, granny flats and garage units) in a limited number of neighborhoods.

III. ACCESS TO HOUSING:

According to Arlington's 2002 Housing Need Survey, persons with disabilities and families with children are particularly vulnerable and likely to pay over 40% of their income on housing. Therefore, it is important to focus on the needs confronted by these two groups and what strategies are necessary to overcome their barriers to fair housing.

PERSONS WITH DISABILITIES

National studies estimate that one in every ten people may have a chronic disabling condition. This could translate into over 19,000 people in Arlington, including frail elderly, persons with physical disabilities and person with mental disabilities. Five categories of chronic disabling conditions identified by the Institute of Medicine are: mobility limitations, such as arthritis or paralysis; chronic disease, such as heart disease, cancer, or diabetes; sensory limitations, such as blindness or hearing impairment; intellectual limitations, such as mental retardation and cognitive impairments; and other types of chronic disabling conditions, such as severe mental illness.

The Fair Housing Act defines a disabled individual as someone who: 1) has a physical or mental impairment that substantially limits one or more major life activities (such as walking, seeing, working, learning, washing, dressing, etc.); 2) has a record of having such an impairment; or 3) has been regarded as having such an impairment. The law requires housing providers to make reasonable accommodations for persons with disabilities. A reasonable accommodation is a change in rules, policies, practices, or services so that a person with a disability will have an equal opportunity to use and enjoy a dwelling unit or common space. In order to qualify for a reasonable accommodation under the FHA a person must meet the statutory definition of having a disability.

ANALYSIS AND CURRENT PRACTICES

Community-Based and In-Home Support Services and Housing

The 1999 U.S. Supreme Court ruling in *L.C. & E.W. vs. Olmstead* interpreted the Americans with Disabilities Act (ADA) to mean that states must provide services "in the most integrated setting appropriate to the needs of qualified individuals with disabilities." The Court ruled that two nursing home residents should be allowed to live in the community. The Olmstead decision means that a person with a disability should have the opportunity to live in the community with the least restrictive setting, e.g., to live in an apartment rather than a group home, through accessible systems of community-based services. The ruling directs states to make "reasonable modifications" in programs and activities to facilitate broader housing options for persons with disabilities.

SECTION IV. BARRIERS TO HOUSING CHOICE

Governor Warner's executive budget, released December 17, 2003, includes \$42.5 million to fund programs to comply with the Olmstead decision and to improve services for Virginians with disabilities. This includes:

- Funding 77 discharge assistance plans so that individuals in state mental health facilities may move to and stay in more integrated settings;
- Funding 160 additional mental retardation waiver slots to allow for more people with mental retardation to live in more integrated settings;
- Creating three additional Programs of Assertive Community Treatment (PACT) teams to prevent unnecessary re-institutionalization by providing in-home support services for persons with severe mental illness;
- Increasing community mental health services for children and adolescents to prevent unnecessary institutionalization;
- Increasing inpatient treatment purchased in community hospitals to prevent unnecessary placement in state facilities;
- Funding 25 new slots for individual and family developmental disabilities support waivers so that more people may live in integrated community settings;
- Expanding the public guardian and conservator program to assist individuals in making decisions about their services and supports;
- Developing a Medicaid "Buy-in" Program for disabled individuals; and
- Developing a waiver for persons with Alzheimer's disease and related dementias to prevent unnecessary institutionalization.⁷

The primary goal of Arlington County's Disability Services agency's programs is to promote the maximum level of independent functioning of persons with physical and sensory disabilities. Services are oriented toward providing the support needed for persons to remain safely in the community and to prevent unnecessary or premature institutional placements. Similarly, Behavioral Healthcare agency programs promote maximum independent living in the community for persons with serious mental illness, thereby preventing unnecessary, restrictive institutional placements. The objective is to help these individuals become productive Arlington citizens who are integrated into the community.

Affordable Supportive Housing

In 2004, the Arlington County Department of Human Services (DHS) contracted with the Technical Assistance Collaborative, Inc. (TAC) to assist in developing a Supportive Housing Plan. The Plan provides a proactive strategy to expand affordable, accessible, community-based supportive housing in the County. The five-year initiative aims to produce 375–425 new supportive housing units.

The Plan, completed in January 2005, has been reviewed by the community. The plan includes: 1) a comprehensive assessment of the need for affordable housing linked with

⁷ This information is from the Virginia website for its Olmstead Initiative at <http://www.olmsteadva.com/>.

SECTION IV. BARRIERS TO HOUSING CHOICE

support services; 2) a summary of best practices appropriate for and financially feasible in Arlington; and 3) a comprehensive five-year plan for developing a continuum of permanent supportive housing which identifies new financial resources.

Arlington County has designed a mechanism to reduce rents for extremely low income households. It has been used twice to serve persons with disabilities whose income is below 30% of median. In general, a tenant's rent pays for a landlord's mortgage on the property, the operating expenses (staff, maintenance, etc.) and landlord profit. At the 210-unit Columbia Grove apartments, the County made a payment up front to pay off the share of the rent attributable to the mortgage. This reduced the rental payment on eight units to an amount that will cover this nonprofit owner's operating costs only, making the units affordable to eight persons with special needs. At Oak Springs, the County is using the same strategy to provide assisted living for 38 persons over age 50 with special needs. The rental income from the very low income residents will pay for operating costs and assisted living services rather than the mortgage.

Housing Opportunities for People's Empowerment (HOPE) is a supervised residential program that assures the exclusive availability of at least four scattered-site housing units for persons with severe mental illness (consumers) for a minimum of 15 years. The program assists consumers in paying monthly rent. The consumers are served 24 hours a day, 7 days a week by Arlington County's Program for Assertive Community Treatment (PACT) team.

Clarendon House is a community-based program promoting the highest level of community integration and independence for adults diagnosed with serious mental illness. The program seeks to prevent psychiatric hospitalization by providing a [complete array of services](#) to Clarendon House members, including psychosocial rehabilitation, case management, vocational opportunities, crisis intervention, medication services and social opportunities. The County funded two programs serving Clarendon House clients: a housing counselor (\$19,470 in FY 1997) and a program training consumers to become housing counselors (\$42,900 in FY 2000). The source of on-going funding for the latter is reimbursement from Medicaid.

In addition, in Fiscal Year 2004, there were 38 group home beds and 26 supportive apartment beds for persons with mental illness. For persons with developmental disabilities, there were 67 group home beds and 18 supportive apartment beds.

Accessible Housing

Since the inception of its affordable housing development program in the late 1970s, the County has placed a priority on developing accessible Committed Affordable Units (CAFs). The County has added 70 CAFs serving non-elderly persons with disabilities since then. These units will serve both the housing and transportation needs of persons with mobility

SECTION IV. BARRIERS TO HOUSING CHOICE

limitations. The County maintains a monthly report of vacant affordable units and which of those are accessible. The report is sent to service providers and all other interested parties.

The Fair Housing Act imposes design and construction requirements on new construction projects. Its requirements apply to all units in new elevator buildings and all units on the first floor in non-elevator buildings of four or more units. The requirements include:

- An accessible common entrance and route to each unit,
- Accessible common areas,
- Accessible door to the units and route and doors within the unit,
- Lowered light switches and thermostat,
- Bathroom walls reinforced for ease of later installation of grab bars,
- Kitchen and bathroom accessible to wheelchair users as specified in one of seven possible codes. (For this purpose, “accessible” can mean that a person in a wheelchair can wheel in and wheel out of the room.)

The Virginia building code requires that 2% of all units be accessible, defined as including all of the above plus turnaround room for a person in a wheelchair in the kitchen and bathroom. If the unit is leased to a person in a wheelchair, grab bars would be installed and lowered kitchen counters provided, if these options were wished.

Section 504 of the Rehabilitation Act of 1973 has requirements of accessibility that apply to new housing developments or developments undergoing substantial renovation that receive federal funds such as CDBG. Those requirements include that:

- 5% of the total dwelling units, or at least one, whichever is greater, must be accessible for people with physical disabilities; and
- An additional 2% of the units must be accessible for people with hearing or vision impairments.

Arlington County advances the cause of the Americans with Disabilities Act (ADA) by requiring compliance with Federal, State, and Local Laws and Codes as a site plan condition. A site plan development is subject to enforcement action if it fails to meet all of the site plan conditions.

As a part of the Olmstead initiative, a step towards implementing the ADA, Virginia is developing a computer database of accessible units available statewide to help persons with mobility limitations find housing that meets their needs.

The CDBG-funded *Barrier Removal Program* provides accessibility improvements for owner-occupied and rented dwellings. The program serves lower income households. Annually,

the program improves approximately 10 properties each by meeting the needs of occupants with physical disabilities.

Access to Home Ownership

Because of limited coping skills and income, many persons with mental illness or developmental disabilities have not had access to the benefits of home ownership. Ensured housing stability and control of monthly housing payments could greatly benefit this population.

New mortgage tools designed for persons with disabilities are available. They allow a relative who will not be living in the unit to co-sign or recognize that an agency associated with a trust fund may be handling the transactions associated with the loan. The ability to automate loan payments and the availability of in-home support services to assist persons with bill-paying are tools that help reduce the lender's risk.

The County's down payment assistance program, Moderate Income Purchase Assistance Program (MIPAP), currently has regulations that have the effect of making it difficult for extremely low income persons with disabilities to both receive the County subsidy and utilize these new mortgage tools. Modifications of program regulations that allow relatives to co-sign and to provide additional down payment assistance for persons with disabilities are reasonable accommodations to meet the needs of such persons to become homeowners and provide long term housing stability.

Visitability

Many younger people with disabilities as well as elders need assistance to get out of their homes to seek medical care and attend to daily living needs. This situation creates a serious health hazard and adds a heavy cost for social services. People with disabilities and their immediate families are often isolated in their own homes because of insurmountable barriers at the homes of their acquaintances and often experience difficulty in locating a home to rent or buy that meets their needs.

Visitability incorporates at least one no-step entrance and, on the visitable level, hallways at least 36" wide, doorways at least 32" wide, at least a powder room with 60" clear turnaround space, climate and electrical controls mounted at a level reachable from a wheelchair, and blocking for grab bars in bathrooms. Certain features in construction make houses Visitable, and in many cases livable. Some jurisdictions require that newly built housing meet at least this minimum standard of Visitability. This allows people with disabilities more freedom to visit other homes and locate a home to rent or buy for themselves. Installing Visitability features in newly constructed housing is far more cost effective than making necessary accessibility modifications at a later time.

Service Animals

The Bazelon Center for Mental Health Law provides information on the fair housing rights of persons with mental illness. www.Bazelon.org While it has long been accepted that individuals with physical disabilities can benefit from the use of assistive animals such as seeing-eye and hearing dogs, “[r]ecent research suggests that people with psychiatric disabilities can benefit significantly from assistive animals too. Emotional support animals have been proven extremely effective at ameliorating the symptoms of these disabilities, such as depression and post-traumatic stress disorder, by providing therapeutic nurture and support.”

www.bazelon.org/issues/housing/infosheets/fhinfosheet6.html

A housing provider⁸ must allow the disabled resident to keep a service animal if the resident is a “person with a disability” and the support animal is necessary to afford the disabled resident the use and enjoyment of the dwelling, so long as the requested accommodation does not constitute an undue financial or administrative burden on the landlord or requires the landlord to fundamentally alter the nature of the housing. In all cases, the resident must demonstrate a relationship between his/her ability to function and the companionship of the animal.

Preventing Eviction

Even if persons with disabilities can obtain housing, they may face a fair housing issue when behaviors attributable to their disability lead to violations of the lease. If a tenant with a disability is threatened with an eviction, the tenant may request an accommodation from the landlord. “In order to receive an accommodation as an alternative to eviction, the tenant must establish the link between the tenant’s non-compliance with the lease and the tenant’s disability” and that “an accommodation will allow the tenant to remain compliant with the lease.” However, “[i]f the cost imposed upon a landlord in granting an accommodation is so great as to constitute an undue burden or cause a fundamental alteration in the provision of housing, a landlord is entitled to evict a tenant who violates lease provision, even if the violations are related to the tenant’s disability.”

www.bazelon.org/issues/housing/infosheets/fhinfosheet4.html

Transportation Services

There is a close relationship between the availability of good public transportation and the expansion of housing choice. People who do not have cars and persons with mobility

⁸ Note that not all housing providers are subject to the Americans with Disabilities Act, section 504 of the Rehabilitation Act, or the federal, state and local Fair Housing Acts. Some examples of exemption are: buildings with four or fewer units where the landlord lives in one of the units, private owners who do not own more than three single family houses and do not use a broker or agent and do not engage in discriminatory advertising.

limitations are restricted to living where public transit is available to take them to work, buy groceries, obtain medical care and engage in social activities.

The *1986 Master Transportation Plan* contributes to Arlington County's efforts to reduce the barriers to fair housing. One of its goals is to provide more convenient and affordable means of travel for the transportation disadvantaged—including the young, elderly, disabled, and low and moderate income persons. The County has initiated a range of transportation programs to meet this goal.

Arlington County is committed to the laws and regulations set forth by the Americans with Disabilities Act (ADA) of 1990. Complementary local and regional transportation services are provided for the disabled community. All of the buses in the Arlington Transit system are ADA accessible with wheelchair lifts and priority seating. Arlington has encouraged local taxi fleets to purchase accessible/lift-equipped vehicles through a variety of programs, and there are now about 20 such vehicles in the County.

STAR, Specialized Transit for Arlington Residents, operates as a part of the [ART – the Arlington Transit](#) system. ART provides local bus service in Arlington. STAR is Arlington's pre-arranged reserved trip service. STAR provides service by reserving a trip through Red Top Cab or STAR's wheelchair-accessible minivans operated by Diamond Transportation Services.

Homelessness

Many persons with serious mental illness face homelessness as a direct result of their disability. The Arlington County Department of Human Services (DHS) coordinates a community-wide process to develop and implement Arlington's *Continuum of Care* for the Homeless. It ensures continuity and coordination of services for individuals and families who are homeless or at risk of homelessness. The Continuum of Care involves all stakeholders – both public and private – in a coordinated effort to create a comprehensive system of care directed toward achieving stable income and permanent housing.

The Homeless Services Coordination Committee identifies gaps in services of the Continuum of Care, and works to fill in those gaps through new service initiatives, grant opportunities, etc. A major focus is to move homeless individuals and families into permanent housing. Housing programs it has initiated include a “*safe haven*” shelter and a rent subsidy program. Community Residences, Inc. (CR) operates the safe haven shelter that serves homeless street persons with dual diagnoses, i.e., both a mental illness and a physical disability, such as substance abuse. The Homeless Services Coordination Committee is comprised of County staff, non-profit service providers, citizens, homeless and formerly homeless people, veteran's agencies, and other interested citizens who are willing to work toward ending homelessness.

Funded through Shelter Plus Care, the *Milestones I program* is a five-year program serving nine adults who have a serious mental illness. Consumers receive a rental subsidy along with supportive services that will address their daily needs, e.g. medication, paying bills, etc. A second five-year grant has been awarded to establish the Milestones II program over a five-year period. In FY 2005, this program will serve 6 adults.

STRATEGIES

Arlington County's Affordable Housing Goals and Targets report addresses a number of the issues related to accessibility, including increased assistance to persons with disabilities, permanent housing for the homeless, and homeownership opportunities.

Goal 1 states to: "Balance support for the elderly and persons with disabilities with a transitional safety net for families with children." To realize this goal, Target 1A calls to "Provide assistance to priority households in the following proportions by FY2010: 65% to families with children, 20% for the elderly, and 15% for persons with disabilities." The types of assistance this target refers to are rental assistance (i.e. Housing Choice Voucher, Housing Grants, Milestones program) and affordable units (i.e. committed affordable units and group homes).

To further Goal 1, Target 1B aims to "provide permanent housing to at least 95% of sheltered homeless elders and families with children and for 65% of the sheltered homeless persons with disabilities by FY2010."

Potential Strategies

- Develop programs that foster homeownership for people with disabilities by taking advantage of new mortgage tools available through private banks
- Modify the County's Moderate Income Purchase Assistance Program (MIPAP) regulations to foster and facilitate home ownership for persons with disabilities. Reasonable accommodation within those regulations might include allowing co-signers and substantive down payment assistance from relatives for persons with disabilities.
- Increase outreach for the County-funded Barrier Removal Program, e.g., to inform landlords about funding available for physically disabled tenants to modify their units.
- Add a provision to contracts with developers of CAF units related to participation in programs serving persons with mental illness, such as the HOPE program or the Milestones program described earlier.

SECTION IV. BARRIERS TO HOUSING CHOICE

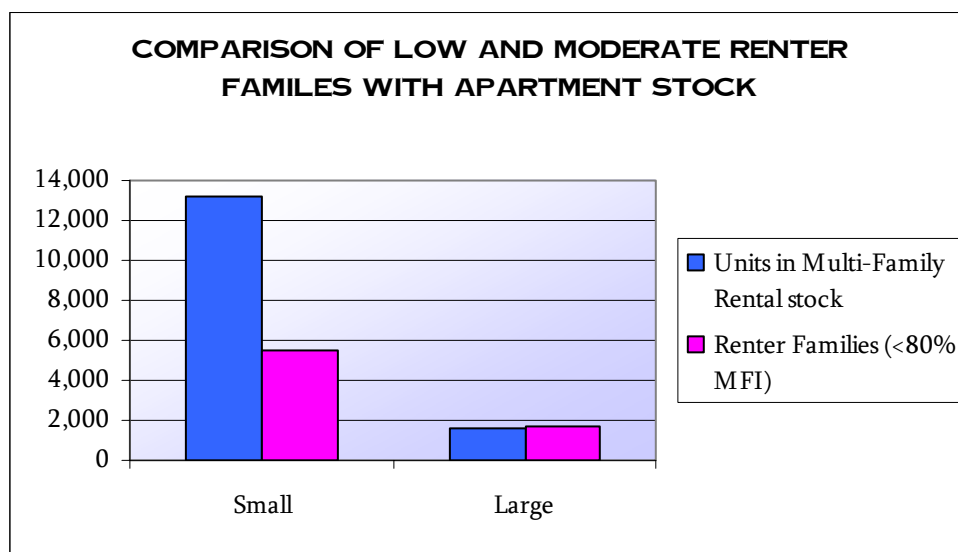
- Encourage Arlington County housing developers to include Vistability features in all new attached and detached single-family homes.

FAMILIES WITH CHILDREN

DATA ANALYSIS

2000 Census data shows that Arlington’s overall supply of family-sized rental housing (including apartments and houses) exceeds the number of families.⁹

However, low and moderate income families typically will not be able to afford rental houses. A barrier to housing choice becomes apparent when one compares the supply of family-sized apartments with demand.¹⁰



The multi-family rental stock has only 1,577 three-bedroom units, some of which are in high-rise buildings which tend to be both less attractive to families and more expensive than garden apartments. Also, three-bedroom units typically have a low turnover rate, further exacerbating the low supply. The lack of an adequate supply of affordable three-bedroom apartments effectively limits the ability of large families to find appropriate housing in Arlington.

⁹ The number of units with three or more bedrooms well exceeds the number of large families. (Large families consist of 5 or more related persons; small families consist of 2-4 persons.)

¹⁰ As shown on the chart below, the number of two-bedroom units in the multi-family rental stock (13,156) exceeds the number of small family (2 to 4 members) renter households (5,518). However, the number of three-bedroom or larger apartments (1,594) is below the number of large family (5 or more members) rental households (1,740).

CURRENT PRACTICES

In 2000, Arlington set a goal of increasing the supply of family-sized Committed Affordable Units (CAFs). In 2003 the County adopted a target of providing half of the committed affordable housing units added between FY 2000 and FY 2010 as family-sized. In 2000, 1,003 of the 2,496 CAFs were family sized. If the County's housing goals for 2000 to 2010 are met, the County will have added 4,000 CAFs, half of which will be family-sized. The target is that 500 (or 25%) of the added 2,000 family-sized units would be three-bedroom or larger.

POTENTIAL STRATEGIES

- Continue to analyze each proposed residential site plan and affordable housing project for its potential to increase the supply of three- and four-bedroom Committed Affordable Units.

IV. LENDING

Access to mortgage credit enables residents to own their homes, and access to refinancing and home improvement loans allows them to keep older houses in good condition. This access provides home ownership opportunities and helps keep neighborhoods attractive and residents vested in their communities. Full service local lenders that have traditionally served residents and businesses are one of the main elements that keep neighborhoods stable.

Inadequate lending performance results in various long term and far ranging community problems. High mortgage costs, less favorable mortgage loan terms, deteriorating neighborhoods, reduced opportunities for home ownership, reduced opportunities for home improvement and the lack of affordable housing are only a few of the consequences of inadequate lending performance.

Significant changes are occurring in the lending market throughout the United States. The number and type of lenders have changed over the last ten years, and it is common for national lenders to buy local establishments. These national lending institutions are becoming increasingly more active locally, as the market share of national corporations is growing yearly. More and more local commercial banks are losing market share to outside lenders¹¹. The newest issue to emerge from the changes in the market is the substantial growth of the sub-prime market and the impact these lenders have on communities and neighborhoods.

This section addresses the challenges related to accessing financing. First, subprime lenders, predatory lending, and underwriting are defined and highlighted since they are important aspects of access to lending. The types and location of lending facilities are then identified, followed by how successful borrowers in Arlington County are at obtaining financing through various types of loans. Finally, national and local efforts to increase access to conventional lending are covered.

Subprime lenders

A subprime lender provides lending programs for those borrowers whose financial status does not meet the underwriting requirements of traditional government-backed or conventional loans. Predatory lending occurs primarily in the subprime mortgage lending market, which has grown rapidly over the past several years. Subprime loan originations nationwide increased from \$35 billion in 1994 to \$160 billion in 1999. The subprime market share increased from less than 5% of all mortgage originations in 1994 to almost 13% in 1999.

¹¹ Berwyn, IL AI, 2003.

By providing loans to borrowers who do not meet the credit standards for borrowers in the prime market, subprime lending provides an important service, enabling such borrowers to buy new homes, improve their homes, or access the equity in their homes for other purposes. A majority of mortgages in the subprime market are used for consumer debt rather than housing purposes. The HUD-Treasury Task Force, however, has demonstrated that the subprime market can be fertile ground for predatory lending activities.

Research conducted by HUD found that subprime lending tends to be concentrated in low income and minority communities. Notably, HUD found that, even after controlling for neighborhood income (although without controlling for credit history or risk), people living in predominantly African-American communities refinance in the subprime market much more often than people living in predominantly white communities¹².

The Center for Community Change, a nonprofit consumer advocacy group, in a study entitled “Risk or Race?” revealed that African-Americans and Hispanics are disproportionately represented in the subprime home refinance market and the racial disparity between whites and minorities actually increases as incomes rise. The Washington, DC Region has a great disparity between subprime lending to upper income African-Americans and upper income whites. This disparity also exists between upper income Hispanics and upper income whites¹³. The disparity is related to the percentage of subprime home refinance loans made to any given racial or ethnic group as opposed to whites. The patterns of disparity ratios for upper income borrowers are particularly troubling, since one would expect few upper income borrowers, of any race or ethnicity, to receive subprime loans.

Predatory lending

Predatory lending – whether undertaken by creditors, brokers, or even home improvement contractors – involves engaging in deception or fraud, manipulating the borrower through aggressive sales tactics, or taking unfair advantage of a borrower’s lack of understanding of loan terms¹⁴. Predatory lending occurs, usually on refinancing or home improvement loans, when banks and mortgage providers target individuals with a lot of built up equity in their homes, talk them into refinancing their loan and then saddle them with higher interest rates and higher monthly bills. When they default on the loan, the banks collect the equity in their homes, often through foreclosure.

These potentially damaging practices are often combined with loan terms that, alone or in combination, are much worse than conventional lending terms. Predatory lending generally

¹² <http://www.hud.gov/library/bookshelf18/pressrel/treasrpt.pdf>

¹³ <http://www.communitychange.org/housing/Risk%20or%20Race,%205-02.pdf>

¹⁴ <http://www.hud.gov/offices/hsg/sfh/pred/predlend.cfm>

occurs in the subprime mortgage market, where most borrowers use the collateral in their homes for debt consolidation or other consumer credit purposes. Most borrowers in this market have limited access to the mainstream financial sector, yet some would likely qualify for prime loans.

Why sub-prime lenders?

While predatory lending can occur in the prime market, it is ordinarily deterred in that market by competition among lenders, greater homogeneity in loan terms and greater financial information among borrowers. In addition, most prime lenders are banks, thrifts or credit unions, which are subject to extensive federal and state oversight and supervision, unlike most subprime lenders.

Kinds of lending mistreatment

There is substantial evidence of too-frequent mistreatment in the subprime lending market. These mistreatments tended to fall into four main categories¹⁵:

- **Loan Flipping:** Some mortgage originators refinanced borrowers' loans repeatedly in a short period of time. With each successive refinancing, these originators charged high fees, including sometimes prepayment penalties that stripped borrowers' equity in their homes.
- **Excessive fees and "packing":** While subprime lending involves higher costs to the lender than prime lending, in many instances the Task Force saw evidence of fees that far exceeded what would be expected or justified based on economic grounds, and fees that were "packed" into the loan amount without the borrower's understanding.
- **Lending without regard to the borrower's ability to repay:** One troubling practice involved lending based on borrowers' equity in their homes, where the borrowers clearly did not have the capacity to repay the loans. In particularly egregious cases, elderly people living on fixed incomes had monthly payments that equaled or exceeded their monthly incomes. Such loans quickly led borrowers into default and foreclosure.
- **Outright fraud and mistreatment:** In many instances, non-conventional practices amount to nothing less than outright fraud. The Task Force heard many stories from borrowers who testified at regional forums of fraud perpetrated by unscrupulous mortgage brokers, lenders, home improvement contractors, appraisers and combinations thereof. Unscrupulous actors in these markets often prey on certain groups – the elderly, minorities and individuals with lower incomes and less education – with deceptive or high-pressure sales tactics.

¹⁵ <http://www.hud.gov/library/bookshelf18/pressrel/treasrpt.pdf>

Underwriting

Underwriting is the point at which an applicant’s “credit worthiness” is judged. Generally, banks do not reveal their underwriting standards in writing, so loan applicants do not always know to what extent this application is being considered on an objective or subjective basis. While many area banks do have secondary review committees, and some are members of a consortia of banks who convene for the sole purpose of reviewing loan denials for a second or third chance, studies continue to document inconsistencies in the treatment of minority and white loan applicants. Minorities are sometimes held to different standards than white applicants with regard to their credit history, employment history and verification, source of income, and alternative measures, where credit history does not exist (such as good rental history or payment of utilities)¹⁶.

The above analysis is based on national trends and data that highlight the growing threat of predatory lending. However, on the local level in Arlington County, qualitative analysis has shown that Hispanic first-time homebuyers and elderly African-American women are particularly vulnerable and therefore targeted by predatory lenders. Even though not a lot of people have been losing their homes in Arlington County due to predatory lending, Hispanic first-time homebuyers are often targeted in their first trust mortgages, and elderly African-American women are targeted for home improvement loans.

DATA AND ANALYSIS**Access to Financing: Types and location of lending facilities**

There are a variety of ways to access financing for home mortgages, including commercial banks, credit unions, mortgage bankers, mortgage brokers and savings and loans institutions. Some commercial banks have their own real estate department and will service a mortgage loan; others sell their mortgages to government-sponsored enterprises (GSEs) such as Fannie Mae and Freddie Mac. Credit unions are nonprofit institutions owned by their members. This can enable them to offer attractive mortgage loan rates to their members, but similar to commercial lenders, they often sell their loans to GSEs. Mortgage bankers borrow money from banks or pools of investors, underwrite the loans, and sell them to investors for a profit. They often receive a fee from these investors for servicing a mortgage. Mortgage brokers circulate a loan application among lenders to find the most attractive terms for the borrower. In exchange, a lender pays the broker a fee. Finally, savings and loans, also called thrift institutions, are the largest traditional lenders of residential home mortgages.

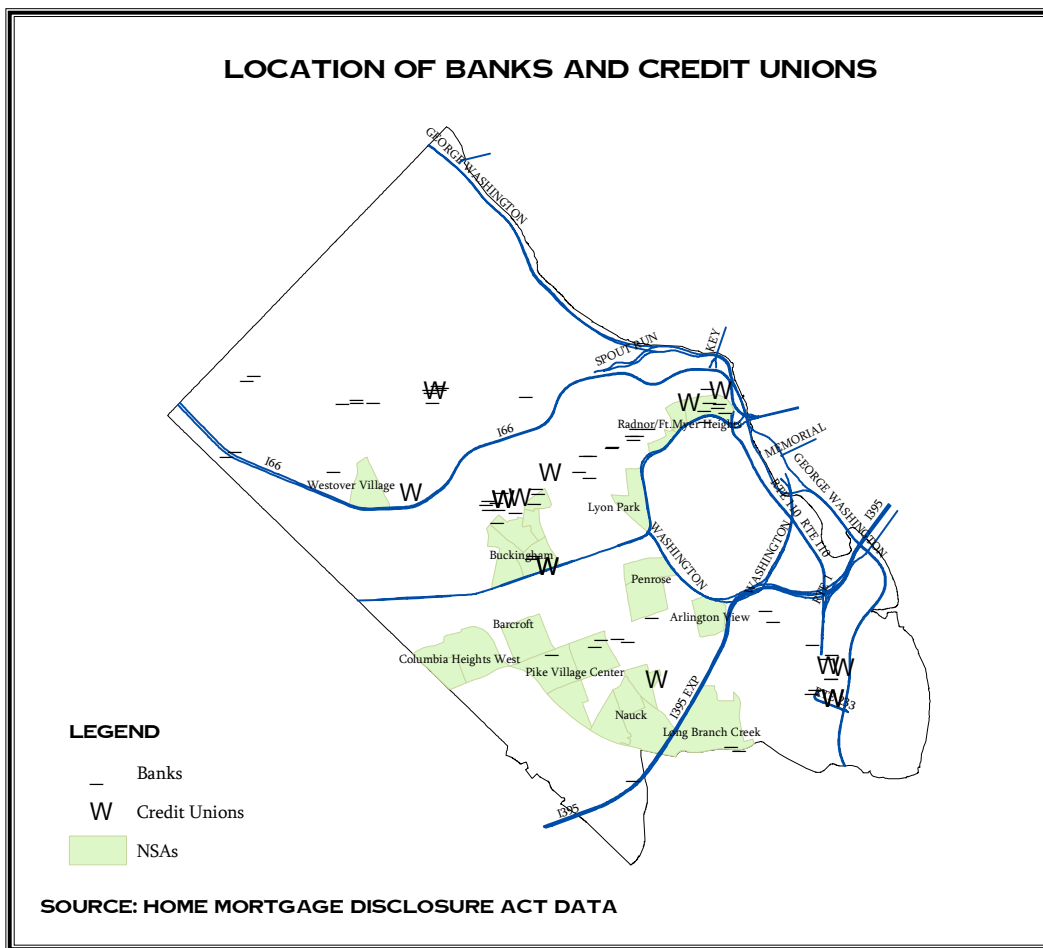
The physical presence of financial institutions in communities facilitates relationships with banks, and the location of these institutions is a primary concern for a community. Areas left without branches or with access to only ATM machines must find alternative sources for

¹⁶ MWCOG “Regional Analysis of Impediments”

SECTION IV. BARRIERS TO HOUSING CHOICE

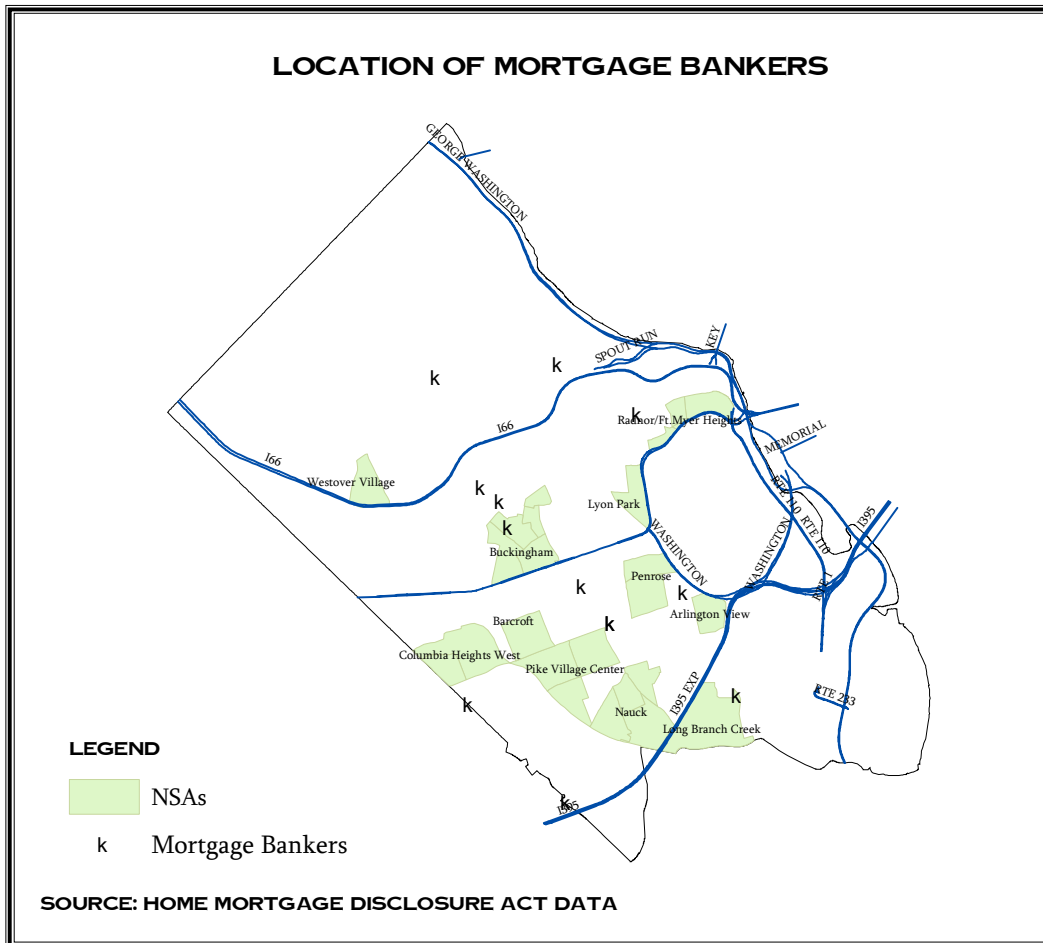
services (such as check cashing businesses or finance companies), which can be more expensive than traditional financial institutions or credit unions. The vast majority of banks in Arlington are branch offices of large national banks, such as Bank of America, BB&T, Chevy Chase, Riggs Bank, Suntrust Bank and Wachovia Bank.

The following map displays the locations of the commercial banks and credit unions in Arlington. As seen in the map, these banks are distributed throughout the County, though the majority of them are in North Arlington. There are a large number within the Metro corridors, which can facilitate their accessibility. Also illustrated by the map is the limited number of banks in the County's lowest income neighborhoods, such as the Neighborhood Strategy Areas (NSAs). On the contrary, all of the County's payday lenders (check cashing businesses) are located in the NSAs.



SECTION IV. BARRIERS TO HOUSING CHOICE

The next map shows the location of mortgage bankers in Arlington. As shown in the map, there are significantly fewer mortgage bankers located in Arlington than there are commercial banks. However, they are scattered throughout the County and one is located in the Buckingham NSA.



Obtaining Financing

There was a 35% increase in loan applications between 2002 and 2003 in Arlington¹⁷. Of the 23,921 loan applications in 2003, the vast majority of loans (75%) were for home refinancing. Of the total applications, 20,500 loans were originated. The following analysis compares denial rates in 2002 and 2003 by types of application.

Conventional Loans

Conventional home purchase loans are a strong indicator of how many households are able to purchase housing in the County. There was a more modest increase in conventional loan

¹⁷ This counts those originated, those approved but not accepted and those denied.

SECTION IV. BARRIERS TO HOUSING CHOICE

applications from 2002 to 2003 (8.6%) than of other loan types. This type of loan accounted for nearly 23% of all applications in 2003.

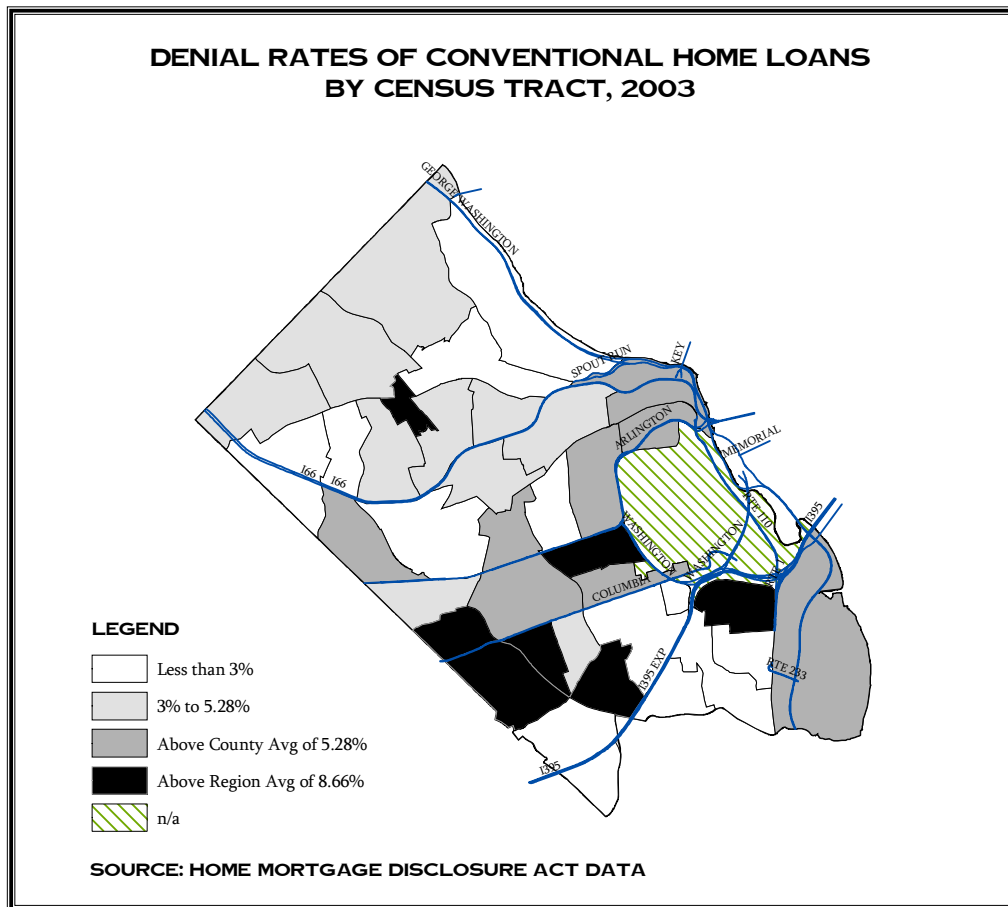
The countywide and regionwide denial rates for conventional home loans increased from 2002 to 2003, while they remain significantly lower than denial rates of refinancing loans. The Countywide denial rate increased from 3.67% in 2002 to 5.28% in 2003 and the regionwide rate increased from 7.88% in 2002 to 8.66% in 2003. The following map shows the denial rates of loan applications for properties in each of Arlington's census tracts. Three tracts in North Arlington and three tracts in South Arlington improved to having denial rates lower than the countywide rate. Two tracts remained having denial rates above the countywide but below the regionwide rate and five more tracts joined that category.

Two of the three tracts that had denial rates above that of the region continued to have higher rates (located in Douglas Park and Pentagon City). Four more tracts joined this category: these tracts encompass all or parts of the Hyde View Park, Columbia Heights West, Columbia Forest, Claremont, Douglas Park, Nauck, Arlington Heights, Penrose and Pentagon City neighborhoods.

The following chart shows census tracts that have denial rates above the countywide or regionwide rates in 2003; it excludes, however, three of those tracts in which less than 50 applications were filed. The majority of these census tracts has median incomes below that of the County and tends to have lower-priced owner units in comparison to the rest of the County. Lower income households could be seeking affordable ownership opportunities in these areas but the prevalence of higher denial rates could indicate that those households don't have the credit or debt-to-income ratio needed to obtain financing.

SECTION IV. BARRIERS TO HOUSING CHOICE

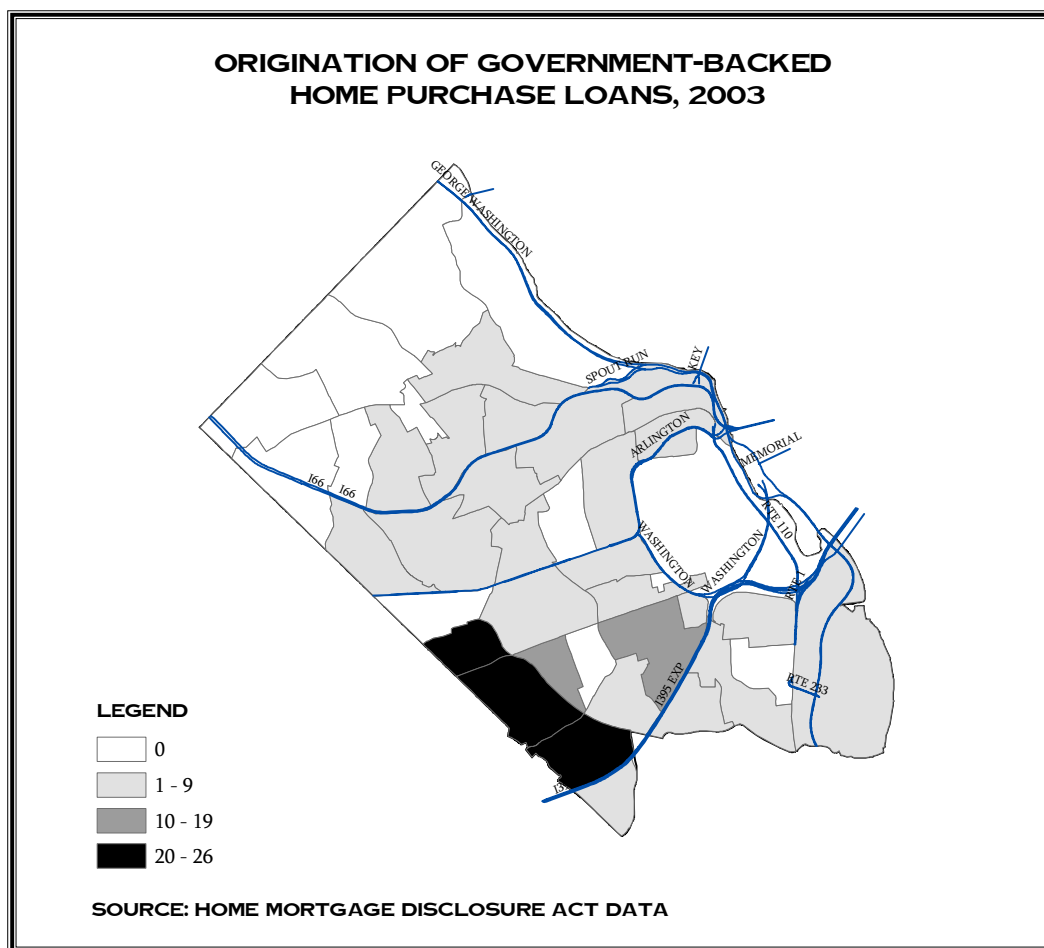
CENSUS TRACTS WITH HIGH CONVENTIONAL LOAN DENIAL RATES CHANGE FROM 2002 TO 2003				
Area or Census Tract	Neighborhood in which tract is located	2002	2003	Change
Regionwide (Washington DC MSA)		7.88%	8.66%	+
1028	Columbia Forest & Claremont	7.34%	11.65%	-
1022	Columbia Heights West & Forest Glen	6.11%	11.51%	+
1024	Arlington Heights & Penrose	4.10%	10.42%	+
1031	Nauck	6.67%	9.20%	+
1035	Pentagon City	9.09%	8.67%	+
Countywide		3.67%	5.28%	+
1017	Radnor/Ft. Myer Heights	3.60%	8.31%	-
1018	Lyon Park	1.54%	7.69%	+
1020	Buckingham	3.51%	7.09%	+
1023	Barcroft & Alcova Heights	5.84%	6.49%	+
1025	Arlington Heights & Penrose	1.35%	6.06%	+
1016	North Highlands, North Rosslyn & Colonial Village	4.67%	5.78%	+
1012	Dominion Hills & Boulevard Manor	5.97%	5.62%	+



SECTION IV. BARRIERS TO HOUSING CHOICE

Government-backed Loans

Government loans continue to have the lowest denial rates of all loan types and the least number of loans originated. The types of government loans included in this category are those insured by the Federal Housing Administration (FHA) or guaranteed by the Veteran's Administration, Farm Service Agency (FSA) or Rural Housing Service (RHS). These loans are oftentimes a means for lower income households to become homeowners. In Arlington, the number of government loans originated dropped from 248 in 2002 to 174 in 2003, with a countywide denial rate of 5.17%. The next map shows the number of government loans originated in each census tract. As seen in the map, the three census tracts with the largest number of government loans originated were in South Arlington, in the Forest Glen, Columbia Heights West, Columbia Forest, Claremont and Fairlington neighborhoods. All three of these tracts had median incomes below that of the countywide and had 10% or more of African American and Hispanic populations.



Refinancing Loans

Applicants for refinancing loans have histories as borrowers and have equity in their homes. For these reasons, securing additional financing ought to be easier. There are two types of home refinance loans. One involves borrowing funds in the amount of the existing mortgage at a lower interest rate so that the homeowner's monthly mortgage payment is lower. This type of loan is favorable, since the homeowner will be better able to afford remaining in the home.

The second type is one in which the homeowner extracts accumulated equity in order to afford a large expense or to consolidate accumulated smaller debts. This type of refinance can be viewed less favorably, since the owner is disinvesting in the property by withdrawing his accumulated wealth. From a lender's point of view, the reduced owner's equity represents a higher risk for the lending institution.

In Arlington, there was a 50% increase in refinancing loan applications from 2002 to 2003. This could be due to the historically low interest rates and homeowners wanting to secure lower interest rates. It could also be due to the rising home values throughout the County and homeowners wanting to capitalize on their equity to e.g., pay off other debts, finance home renovations or make major purchases. As the applications grew, the denial rates for refinancing loans dropped countywide (from 7.70% to 6.75%) and regionwide (from 14.47% to 12.87%). Arlington's countywide denial rate remains about half of the regionwide denial rate.

The following map shows denial rates by census tract of refinancing loans. Between 2002 and 2003, five tracts switched from having higher denial rates than the Countywide to having lower rates than the Countywide (four of these located in North Arlington). Two tracts in the South switched to having higher denial rates than the Countywide percentage.

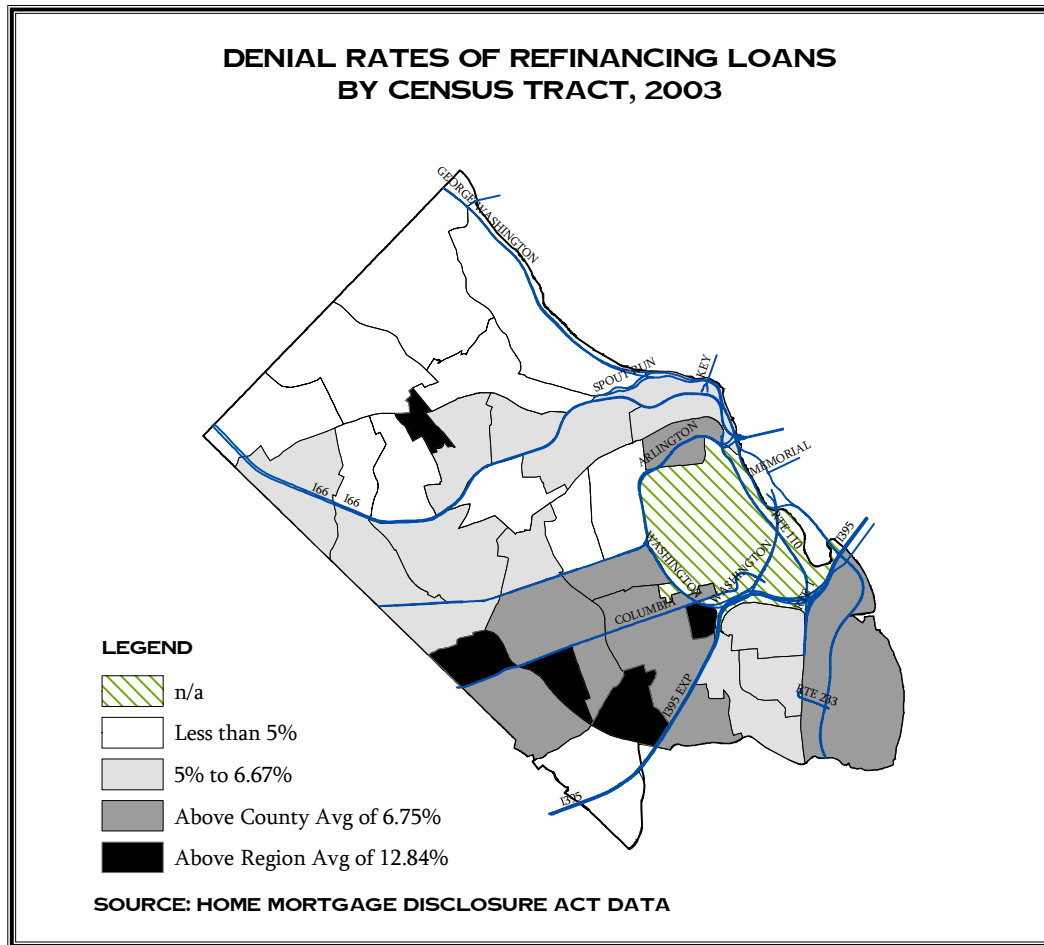
The chart on the following page shows census tracts that have denial rates above the countywide or regionwide rates in 2003. The five tracts that had denial rates above the regionwide percentage in 2002 had above the regionwide denial rate in 2003. These tracts are located in Hyde View Park, Columbia Heights West, Douglas Park, Nauck and Arlington View. Three of these tracts have more than 45% African-Americans and the two others have more than 15%. In addition, two of these tracts have a more than 45% Hispanic population and two have more than 20%.

Different from conventional loan applications where households are seeking to move to an area, refinancing loans involve households seeking to remain in place; the data therefore shows the denial rates of households currently living in each census tract. While HMDA data does not specifically state the number of denials in each tract by race, one can compare the tracts with high percentages of minorities that also have high denial rates. The HMDA data

SECTION IV. BARRIERS TO HOUSING CHOICE

does indicate that the tracts with the highest percentages of African-American and of Hispanic populations—often low income tracts as well—have denial rates higher than both the County and the region as a whole.

CENSUS TRACTS WITH HIGH REFINANCING LOAN DENIAL RATES CHANGE FROM 2002 TO 2003				
Area or Census Tract	Neighborhood in which tract is located	2002	2003	Change
Regionwide (Washington DC MSA)		14.47%	12.84%	-
1031	Nauck	24.02%	20.39%	-
1022	Columbia Heights West & Forest Glen	25.00%	19.55%	-
1033	Arlington View	20.00%	18.52%	-
1027	Douglas Park	14.71%	16.41%	+
1008	Hyde View Park	20.73%	14.93%	-
Countywide		7.70%	6.75%	-
1024	Arlington Heights & Penrose	9.05%	12.43%	+
1028	Columbia Forest & Claremont	12.31%	12.30%	-
1032	Columbia Heights West	7.09%	11.06%	+
1026	Douglas Park	12.42%	10.53%	-
1017	Radnor/Ft. Myer Heights	9.57%	9.74%	+
1025	Arlington Heights & Penrose	10.66%	8.66%	-
1038	Long Branch Creek	8.33%	8.38%	+
1023	Barcroft & Alcova Heights	10.24%	7.61%	-
1034.02	Crystal City	6.67%	7.38%	+



Home Improvement Loans

Home improvement loan applications have historically had the highest rate of denials. In 2003, there were 416 home improvement applications in Arlington, of which 28.6% (or 119) were denied. The largest numbers of applications were in the southern County census tracts of Fairlington, Columbia Forest, Clarendon, Nauck and Arlington Ridge and the northern County tract of Yorktown.

CURRENT PRACTICES

National Efforts and Laws

Since the spring of 1999, HUD has been actively involved in combating predatory lending through research, regulation, consumer education and enforcement actions against lenders, appraisers, real estate brokers and other companies and individuals that have victimized homebuyers.

Among the laws designed to protect consumers in mortgage lending are the Truth in Lending Act (TILA), the Home Ownership and Equity Protection Act (HOEPA), and the Real Estate Settlement Procedures Act (RESPA)¹⁸.

Local Efforts

Arlington's homeownership program assists low and moderate income households to become first-time homebuyers. First-time homebuyers in Arlington may be eligible for down payment and closing cost assistance through the County's Moderate Income Purchase Assistance Program (MIPAP). MIPAP assistance comes in the form of a low interest deferred second trust loan, with no interest accrual or loan repayments due for the first five years. Recipients of MIPAP assistance can purchase with as little as \$1,000 of their own savings. The types of mortgages available to program participants are conventional, FHA, VHDA, and VA.

The County also provides home ownership counseling through Arlington Home Ownership Made Easier, Inc. (AHOME) which conducts outreach and private workshops to eligible prospective home buyers. Other outreach efforts, including fair housing testing and education, are a part of Arlington's homeownership program.

Arlington's main tool for linking financing to these households is through the Virginia Housing Development Authority's (VHDA) Sponsoring Partnerships and Revitalizing Communities (SPARC) Program. The SPARC program provides below market mortgages for eligible low and moderate income first-time homebuyer families. Under Arlington's VHDA SPARC Program, eligible applicants receive a reduction on the interest rate on their mortgage. As of August, 2004, the discounted SPARC rate is 4.75%. This compared to an average market rate of 5.369%¹⁹. In order to qualify for SPARC, property must be located in Arlington County and mortgage applicants must not have owned a home during previous three years. The property price limit is \$326,600. The 2004 income limits are \$86,900 for a family size of 1 or 2 and \$100,000 for a family size of 3 or more.

¹⁸ In connection with transactions such as mortgages on a personal residence, TILA requires disclosure of essential terms, including the finance charge, the finance charge expressed as an annual percentage rate, and the total of all loan payments. For a subset of refinancing and closed-end home equity loans that are particularly high-cost, HOEPA requires additional disclosures and restricts some loan agreement provisions (e.g., prepayment penalties, balloon payments, and negative amortization) that can cause unique hardships to high cost loan borrowers. Private remedies for violations of TILA and HOEPA include, in appropriate circumstances, rescission and damages. RESPA requires disclosure of settlement costs, bars payments by settlement service providers for business referrals and unearned fees, limits amounts that can be held in borrowers' escrow accounts, and requires that borrowers be informed of mortgage servicing transfers and of lenders' business arrangements with affiliated settlement service providers.

¹⁹ VHDA rate quoted on August 24, 2004 was 5.25%. The SPARC program provides a 0.5% discount rate. The average market rate was quoted from <http://mortgages.interest.com>.

SECTION IV. BARRIERS TO HOUSING CHOICE

Arlington County also partnered with Home Free USA to produce a video called “Don’t Borrow Trouble.” The video was played on public access television as a way to educate the community on avoiding predatory lending.

The Moderate Income Home Ownership Program (MIHOP) enables the Arlington Housing Corporation (AHC) to acquire and rehabilitate deteriorated houses in Neighborhood Strategy Areas (NSA) and High View Park (a former NSA) and sell them to low and moderate income families who are first-time home buyers.

The Home Improvement Program (HIP) provides financial and technical assistance to low and moderate income homeowners County-wide to rehabilitate their homes, with priority given to homes in NSAs. AHC leverages these funds with state funds, bank financing and owners' contributions and sweat equity.

Another tool available to Arlington County’s elderly residents is called a “reverse” mortgage. A “reverse” mortgage is a loan against the owner’s home that they do not have to pay back for as long as they live there. With a reverse mortgage, the owner can turn the value of their home into cash without having to move or to repay the loan each month. The cash they get from a reverse mortgage can be paid to them in several ways: all at once, in a single lump sum of cash; as a regular monthly cash advance; as a “creditline” account that lets them decide when and how much of the available cash is paid to them; or as a combination of these payment methods. No matter how this loan is paid out, the owner typically does not have to pay anything back until they die, sell their home, or permanently move out of their home. Arlington County’s Agency on Aging has been approved by HUD to provide reverse mortgage counseling to assist its elderly home owners in deciding if a reverse mortgage would meet their needs.

STRATEGIES

The County’s Target 7B aims to provide home ownership education to 700 households with incomes below 80% of median and annually assist 50 households with incomes below 80% of median to become homeowners.

Two additional strategies to reduce predatory lending practices and increase access to full service local lenders are to:

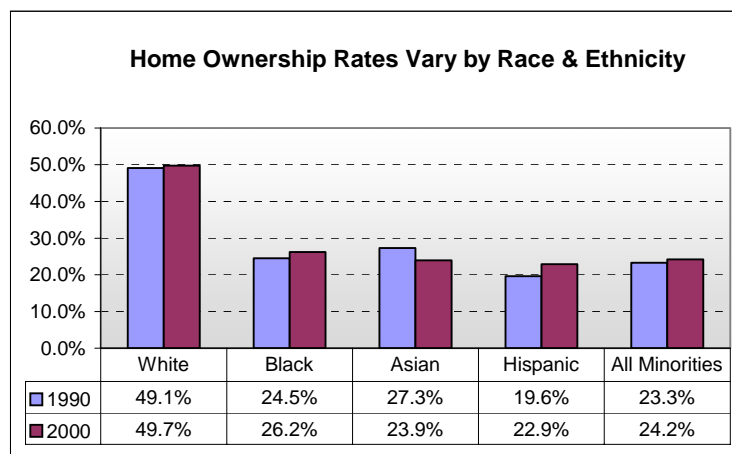
Potential Strategies

- Conduct an education campaign on predatory lending, focusing efforts on County NSAs that are vulnerable to predatory lending.
- Create a citizen guide on how to identify and avoid unfair lending practices.

V. MINORITY HOMEOWNERSHIP

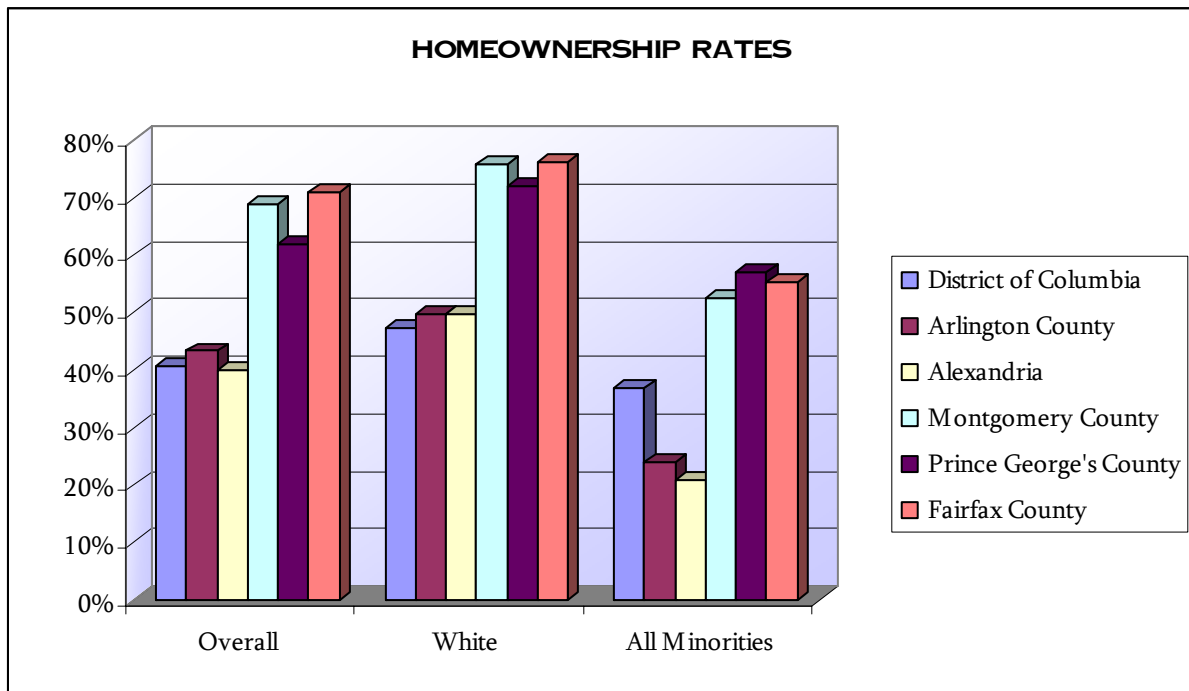
DATA AND ANALYSIS

Promoting homeownership is a key component of Arlington County’s affordable housing policies. Homeownership helps lower income families create financial stability and it can be used as a tool to strengthen neighborhoods. Minority homeownership is particularly important to ensuring equal housing opportunity. The chart graphically displays the differential homeownership rates between whites and those of other races and ethnicity in Arlington County.



Homeownership in general as well as minority homeownership have increased in Arlington County since 1990. However, the homeownership rates for all minority groups are significantly below that of whites, mirroring national data. Hispanic homeownership has had the most dramatic increase, while Asian homeownership has seen the greatest decrease. These phenomena could be attributed to the fact that Hispanic homeownership was already the lowest among minorities while Asian homeownership was the highest.

Minorities represented 31% the County's total population in 2000, but only 24% of its homeowners. The next table compares Arlington's overall, white, and minority home ownership rates with those of the rest of the Washington metropolitan area. Arlington's home ownership rates for all races are lower than most of the suburban jurisdictions due to the fact that its housing stock includes a higher percentage of multi-family rental units. Its housing stock and home ownership rates are most comparable to that of the other inner jurisdictions, DC and Alexandria.



The 2000 Census data shown in the next table indicates that lower rates of home ownership correlate with lower income levels. As long as minorities remain overrepresented in the lower income ranges, the minority homeownership rate could remain low.

ARLINGTON HOME OWNERSHIP RATES BY INCOME, 2000	
Household Income	Total (All Races)
Below \$25,000	19%
\$25,000-\$50,000	26%
Above \$50,000	55%

The barriers faced by minority populations causing these reduced rates range from overt discrimination to more subtle factors. Examples of the latter are that some minority households, more typically those with low or moderate incomes, may lack information on the home buying process or may assume that the process would not be user-friendly for them. Lower income households may be unaware of the newer mortgage products or down payment assistance programs and may assume that they cannot afford home ownership.

STRATEGIES

The County Board articulated its commitment to increasing the rate of minority homeownership when it approved the targets for Goal 7 on Home Ownership. The target for minority home ownership is to increase from 24% to 30% by 2010.

One of the best strategies for addressing the low minority homeownership rate in the County is to focus on affirmative marketing and increased citizen education. The following section provides more detail and specific potential strategies related to affirmative marketing.

VI. MARKETING

How housing opportunities are marketed affects their availability to the full spectrum of potential buyers or renters and can effectively limit housing choice. The marketing of housing includes all aspects of offering units for sale or rent to prospective purchasers or tenants. Marketing covers a broad range of activities including: advertising in newspapers or other periodicals; commercials on radio or TV; listings on the Multiple Listing Service or on the cable real estate channel; direct mail; holding open houses or other on-site events to attract the public; flyers posted, e.g., on telephone poles or in offices, neighborhood stores or college housing offices; signs; word-of-mouth, both informal from satisfied customers and more formal, such as outreach to minority community leaders.

Businesses have a legal obligation to engage in marketing practices that are inclusionary. HUD regulations warn against selective advertising campaigns, such as a campaign that primarily uses media catering to one racial segment of the population without complementary advertising directed at other groups. HUD also warns against advertising in media directed at one sex or at persons without children. HUD prohibits the strategic placement of ads in only certain geographic areas. Housing marketing which is part of an affirmative effort to reach out and include protected classes is encouraged.²⁰

CURRENT PRACTICES

Affirmative marketing is marketing which is designed to attract persons in protected classes to specific housing opportunities. It involves an owner or agent taking specific steps to ensure that minority consumers are reached and invited to apply, for example, through advertising on a Hispanic radio station or in a newsletter for persons with disabilities. Affirmative marketing can be critical to reaching an untapped market or overcoming the effects of prior discrimination. In addition, word-of-mouth advertising has been shown in some fair housing lawsuits to favor white over minority applicants.

The County ensures that affirmative marketing is undertaken in new affordable housing projects by incorporating formal affirmative marketing plans into contracts with the developers. This can be particularly important when marketing the subsidized units in complexes which may not appear affordable, for example, new high-rises near Metro stops.

²⁰ The information in this paragraph is based on the "Fair Housing Advertising Manual," prepared by Miller, Cassidy, Larroca & Lewin, produced by the Fair Housing Council of Greater Washington in 1996.

SECTION IV. BARRIERS TO HOUSING CHOICE

A developer's Affordable Housing Plan in site plan projects requires an Affirmative Marketing Plan as part of the site plan conditions. The Affirmative Marketing Plan shall include advertising/outreach to attract potentially eligible households who may not otherwise be likely to apply for the units. This may include, but not necessarily be limited to, advertising in the Washington Post, the Washington Times, the Journal newspapers, and a major Hispanic newspaper, other newspaper for the minority market, and apartment guides and directories. In addition, the Plan shall include outreach to social service and disabled advocacy agencies and targeted marketing efforts to local police, fire and school employees. Notifications shall include the rental price range of the available units, the incomes (minimum and maximum) needed to qualify for the units and an indication that Section 8 and Housing Choice vouchers are accepted.

Contracts with providers of Committed Affordable Units (CAFs) developed through financial subsidies, require an Affirmative Marketing Plan and explicitly state that nondiscrimination is required under Title VIII of the Civil Rights Act of 1968, which protects people on the grounds of race, color, religion, national origin, sex, familial status or handicap.

The Nauck Village Center Action Plan cites affirmative marketing as a way to ensure that current residents benefit from new development. Existing and new programs should be utilized to ensure that the creation of affordable housing is part of the revitalization of the Nauck Village Center. To the extent possible, affordable units that are constructed as a part of site plan projects should be primarily marketed to members of the Nauck community. Site plan conditions should reflect this marketing commitment.

POTENTIAL STRATEGIES

- Seek to expand affirmative marketing by market-rate developments. Any new development which adds a large number of units should be affirmatively marketed. The County might evaluate methods to encourage developers to provide broader advertising of sales and rentals to the minority community, e.g., providing information in Building Inspections or Zoning offices on affirmative marketing. Specific resources or advertising outlets might be noted, for example, the use of the Independence Center to reach persons with disabilities and the success of radio as a medium to reach the Hispanic community.
- Review the affirmative marketing conditions in the County agreements with developers of CAFs and update as needed.
- Monitor the affirmative marketing activities by developers of CAF units.