LONG -TERM STRATEGIES FOR IMPROVED OVERSIGHT AND TENANT SUPPORT AT AGING CAF PROPERTIES

APRIL 2022







IN THIS DOCUMENT

OVERVIEW

Arlington County is committed to helping ensure residents have safe and high-quality living environments. This document describes opportunities for Arlington County to strengthen its oversight of committed affordable unit (CAF) properties and provide improved tenant support as appropriate for its role in CAF communities. The document includes recommendations for long-term strategies and outlines staffing and resource needs, as well as projected timelines for implementation.

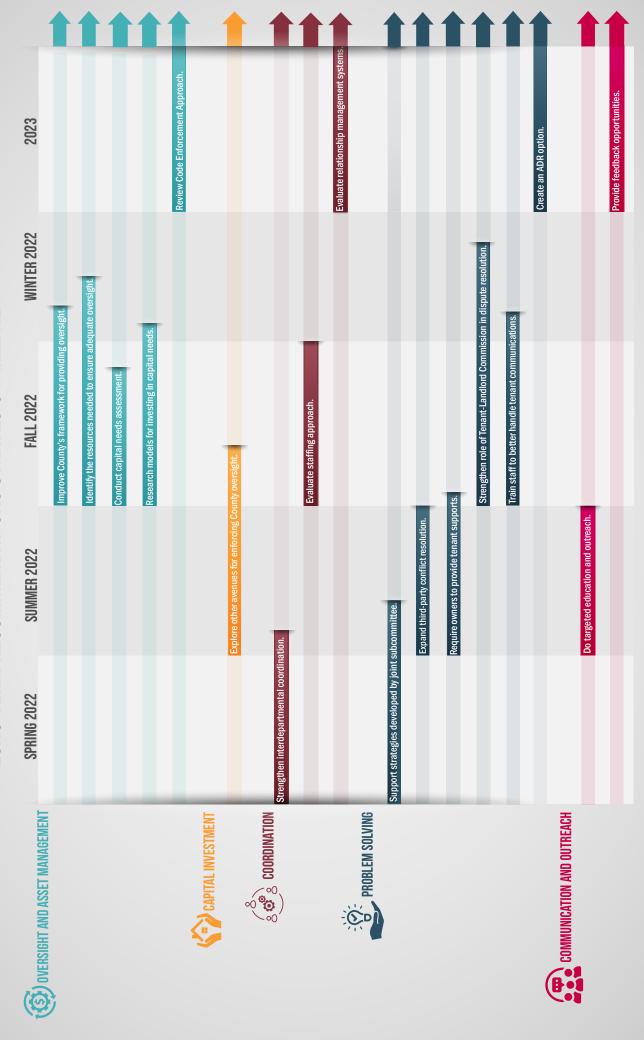
AREAS OF OPPORTUNITY

- Oversight and Asset Management
- Capital Investment
- Coordination
- Problem Solving
- Communication and outreach

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LONG-TERM RECOMMENDATIONS STRATEGIC TIMELINE



I. BACKGROUND

Arlington County's primary role in committed affordable (CAF) communities is as a lender, not as an owner or property manager. As a lender, Arlington County has an important oversight role, even while ultimate responsibility for maintaining unit conditions and tenant relationships lies with the owner and property manager. During the response to resident concerns and unit conditions at an aging CAF property (Serrano Apartments), County leadership received feedback that the County's response was delayed and should have involved more ongoing oversight of the property condition.

While direct communication between residents and a property owner/manager is critical for a safe and well-maintained community, County leadership recognizes there are opportunities to provide more support to tenants when communications with property owners/managers are not clearly resolving issues or the timing for resolution is unclear. Arlington County is always working on behalf of its residents, and these strategies will enable the County to build on its work as a housing lender and strengthen its role using a community service lens.

This document describes areas of opportunity and provides recommendations for how the County can address them as appropriate for their role in CAF communities. Each recommendation identifies staffing leads, timeline and potential resources needed. Given the aging portfolio of CAF units in Arlington, this strategy document can inform a more proactive, long-term approach to resident services and County oversight, while still enabling owners and property managers to lead these efforts. As an additional challenge, the global pandemic response in 2020-21 stopped County inspections temporarily and generated more deferred maintenance at the properties.

Affordable Housing in Arlington

Arlington County has focused on supporting vulnerable residents through affordable housing since the 1980s. In 2019, the County Board adopted an Equity Resolution to focus programs and policies on racial equity, recognizing that systemic inequalities have had broad negative impacts on Arlington's Black and brown residents. In housing, this has resulted in wealth and opportunity inequality that has been perpetuated over many years.

Unlike many jurisdictions, Arlington has opted not to own and operate its own public housing. Rather, affordable housing—known in Arlington as committed affordable units or CAFs—is developed and maintained through agreements with private and nonprofit providers. The County's investment is primarily through its Affordable Housing Investment Fund (AHIF), although other tools provide mechanisms to develop CAFs, such as the site plan process.

We believe this is still the most advantageous model for the County in affordable housing, as it reinforces Arlington's commitments to public-private partnerships to further its goals for residents and the greater community. Specifically, this model enables affordable housing providers to leverage additional non-County resources, provides a significant cost-benefit for Arlington taxpayers, and incentivizes providers to bring innovative programs to meet the needs of the Arlington community.

CAFs generally are restricted to households earning below 60% of the area median income (AMI) (currently \$77,400 for a family of 4). As of June 30, 2021, Arlington had 8,239 committed affordable units.

Two County agencies have primary responsibilities for affordable housing efforts. The Department of Community Planning, Housing and Development (CPHD) works with private owners and

developers to create, preserve and maintain CAFs, while the Department of Human Services (DHS) administers rental subsidy programs, including federal Housing Choice Vouchers (HCV), local Housing Grants and Permanent Supportive Housing (PSH) programs. Both agencies play a role in compliance and oversight, education, outreach and information sharing.

II. STAKEHOLDER ENGAGEMENT, ROLES, AND RESPONSIBILITIES

This document was developed after extensive feedback over the past two years from:

- Residents
- Community advocates
- County commissioners
- Landlords
- Property managers, and
- County staff and leadership

Since late 2020, staff has engaged in in-depth discussions, both in public meetings and smaller group conversations with stakeholders, about issues, challenges, and potential improvements to the County's oversight of CAF units and associated tenant supports. All recommendations have been carefully considered and incorporated when feasible and appropriate, with the understanding that additional resources will often be necessary to implement them.

Many of the stakeholder discussions focused on roles and responsibilities.

- What is the role of County agencies, and other stakeholders, in ensuring safe and well-maintained housing?
- What enforcement authority does the County have, and not have, and which departments are responsible for which aspects of enforcement?
- Whose responsibility is it to address issues in individual apartment units, at apartment complexes, and in the community as a whole?
- How can renters get issues addressed if their landlord doesn't respond or the renter is not sure the response is adequate?

Many of the opportunities and long-term strategies outlined in this document focus on clarifying roles and responsibilities and improving communication and coordination.

The chart on the following page outlines roles and responsibilities of stakeholders involved in CAF oversight and tenant supports. They will be further defined through ongoing discussions and implementation of the County's long-term strategies. The County's long-term strategies do not change the role of the County in its oversight and tenant work. Instead, they clarify how this work may be conducted, enabling a more proactive approach when possible. In its larger role in service to the community, Arlington County will continue to coordinate with residents and property managers, and these strategies will strengthen the County's ability to make connections and facilitate conversations as it works to resolve and address issues that arise.

ROLES AND RESPONSIBILITIES MATRIX

CAF Oversight and Tenant Supports

Stakeholder	Roles and Responsibilities
County government	 As a lender (rather than Housing Authority), oversight of properties with County AHIF loans, including unit inspections using Housing Quality Standards (HQS) (currently 10% annual sample) DHS client case management and HCV/PSH unit oversight using HQS (currently 100% annual sample) Vector control: rodent inspection and education (complaint-based) Code enforcement (complaint-based) Fair Housing Enforcement/ Resident support: information about rights and responsibilities, referrals to County resources (e.g., rental assistance, code enforcement, fair housing) Financial management
Property Owners	 Oversees compliance with applicable laws and regulations Provides safe and high-quality housing to residents Ensures regular maintenance and capital improvements are completed Directs management company Financial management
Property Managers	 Oversees day-to-day management and maintenance Serves as residents' point-of-contact and responds to requests for maintenance and other services or needs Responsible for general building maintenance and upkeep, including rodent control Ensures residents understand their rights and responsibilities, resources available, etc. in a multi-lingual and culturally sensitive way (i.e., more relational and less transactional) Financial management
Residents	 Responsible for general upkeep of individual unit Upholds responsibilities as laid out in the tenant lease and conveyed by owner/property manager. This includes following rules for common and outside areas. Notifies management of issues. If the manager/owner is unresponsive, residents have the right to escalate.
Tenant associations/councils	Advocates for resolution of issues at properties
County tenant services provider (currently BU-GATA)	 Conducts outreach and education on rights and responsibilities Manages conflict resolution between landlord and tenant
Advocates/commissions	Recommends policy changes to address systemic issues

III. AREAS OF OPPORTUNITY

During the County's recent involvement at the Serrano, County staff and leadership identified five areas of opportunity:

- **1. Oversight and Asset Management:** The County's oversight of affordable housing properties should be strengthened to ensure property owners and managers are providing safe and high-quality living environments for residents and are meeting residents' expectations for services and unit conditions.
- **2. Capital Investment:** Some of the County's housing stock is older and may need additional resources and strategic planning to ensure long-term sustainability.
- **3. Coordination:** Multiple County agencies have roles in supporting CAF properties. The County should develop a more systematic and coordinated process to inform interagency response to oversight trends and resident concerns.
- **4. Problem Solving:** Staff may need additional tools and resources to help solve resident concerns. They also may need to work internally and externally to address state or local laws or regulations, internal organizational structure, and other issues that impede their ability to address those concerns.
- **5. Communication and outreach:** County agencies should coordinate and streamline information on available resources and appropriate contacts, so it is clear to staff, property owners, and residents.

IV. IMMEDIATE ACTIONS (FY 2022)

To begin immediately addressing the areas of opportunity outlined above, the County took the following steps in summer and fall 2021:

Inspections for Aging Committed Affordable Unit (CAF) Properties:

- o The County's housing team is working with a third-party contractor to procure services for inspections at six CAF properties with approximately 1,200 units.
- o The CAF properties were selected based on age, pre-pandemic condition, and resident/community feedback.
- o The inspections will provide data and insight for the Capital Needs Assessment research and analysis.

CAF Resident Outreach and Support:

- o As part of the commitment to better listen and engage with residents at CAF properties, County staff and leadership is meeting with residents and community advocates for in-depth discussions on concerns and potential solutions to understand what supports would be most helpful and learn how it can best engage with residents.
- o The County also will apply feedback heard through the outreach sessions focused on trust in government. Many advocate partners have been invited to participate in these sessions.
- **Strengthening Capital Investment:** The County has implemented several strategies to ensure appropriate capital investment in our CAF communities.
 - o **Strengthening requirements in loan documents.** The County has applied additional oversight language in AHIF agreements and strengthened requirements in loan documents, when possible, for inspections and compliance. This includes reporting on progress after issues are identified.
 - o **Plan for improvements and maintenance needs.** Staff are ensuring future rehabilitation/ renovation scopes of work address major infrastructure/systems issues at County-financed properties. This includes having a third-party architect review units and common areas before County Board consideration of new loans. This may require ongoing resources of approximately \$75,000 annually to cover consultant costs.
 - o **Develop plan to invest in ongoing capital needs.** For projects that do not involve rehabilitation at the time of acquisition, the County now requires that the owner conduct a property needs assessment or commit to when a property needs assessment must be completed by in the loan agreement. The owner also must create a workable plan for financing future improvements and maintenance (including properly-sized capital reserves and expected LIHTC syndications) at the time of acquisition and outline this plan in County board reports.

Streamline online resources.

o Make tenant and landlord information and resources user-friendly and easy to find on the County website. Initial work started as part of the County's website transition in Fall 2021.

V. LONG-TERM RECOMMENDATIONS

To further realize the opportunities identified above, County staff has made recommendations of how the County can address oversight and resident support challenges long term. The timelines shown are dependent on available resources. Further, the resources identified are based on current information; these resource needs may evolve as strategies are implemented.



1. OVERSIGHT AND ASSET MANAGEMENT

The County's oversight of affordable housing properties should be strengthened to ensure property owners and managers are providing safe and high-quality living environments for residents and are meeting residents' expectations for services and unit conditions.

Specific issues:

- Current sampling for non-Housing Choice Voucher (HCV) CAF inspections is 10% of the portfolio annually, or approximately 600 inspections. Given this sample size, many units may receive a County inspection only once a decade.
- Particularly as the CAF portfolio continues to age, this sample is insufficient to capture unitspecific and systemic maintenance issues in these communities. More resources are needed to allow for greater sampling.
- While the County does have a vector control program through its Public Health Bureau, staffing resources are insufficient to inspect and/or provide remediation strategies for rodents in all residential areas. Given the frequent requests for rodent abatement in multifamily properties, additional resources are needed to meet the demand.
- Neither Housing Quality Standards (HQS) nor code enforcement inspectors are trained to inspect for mold or HVAC issues nor can they perform environmental testing. It is critical to have outside access to these services. Having third-party vendors vetted through procurement and available if needed is crucial for time-sensitive issues, particularly environmental testing.
- While some housing assistance programs, such as Housing Choice Voucher (HCV) & Permanent Supportive Housing (PSH), require Housing Quality Standards (HQS) inspections and can withhold rents from landlords, there are few tools to ensure that outstanding repairs are made in most CAF units under affordability agreements. There are even fewer protections afforded to residents in market-rate affordable (MARK) units.
- When housing providers conduct independent testing or remediation on their sites, information
 provided to County stakeholders is often limited. Greater consistency, transparency and
 information sharing would be helpful.

Recommendations:

- **1. Improve the County's oversight framework.** Review compliance policies, procedures and practices and work with other jurisdictions to recommend a plan. Potential improvements include:
- DHS case workers and HQS inspectors should be the County's eyes and ears at CAF properties and provide health, social services, code enforcement, fair housing enforcement, and other referrals as needed.
- Enhance Housing Quality Standards to enforce property conditions more broadly. Work with County staff to clarify how HQS items should be reviewed (e.g. what items should be included or expanded in the scope) and how resident housekeeping issues should be addressed and/ or referred.

- Work with owners to refresh units for long-term tenants to ensure the unit is properly maintained, even with minimal turnover.
- For CAF units that are not part of DHS inspections or were constructed more than five years ago, perform spot HQS inspections at unit turnover.
- If the property does not have lead-free certifications, work with owners to ensure any work on the property utilizes lead-safe practices. Similarly, if there is risk of asbestos, ensure owners take necessary precautions when completing work.

Timeline: Fall 2022

Lead staff: CPHD-Housing, with DHS-Housing Assistance Bureau

Resources needed: Explore increased inspection resources (FTEs or contractors) to perform

additional inspections

2. **Identify the resources needed to ensure adequate oversight.** Examples include:

- Further assess what oversight model is most appropriate for Arlington (e.g., complaint-based vs. proactive)
- Based on oversight assessment, reinstate staff (or third-party contractors) in DHS' Public Health who can respond to tenant rodent complaints. This would include working with owners and property managers and pest control companies to inspect units for rodents, offering abatement strategies, and providing oversight to landlords.
- Maintain a list of contractors that specialize in mold inspections and remediation, as well as environmental testing in units, so these services can be procured as needed.
- Identify staff or contractors who can ensure sufficient County resources to implement the oversight strategies outlined above, including increased inspection sampling. This may include third party HQS inspector contractors who can increase the County's ability to respond efficiently to tenant complaints when the owner and/or property manager is not fixing issues.

Timeline: Fall 2022

Lead staff: DHS-Public Health and CPHD-Housing

Resources needed: Additional funding and/or FTEs to bolster capacity

- 3. Conduct capital needs assessment in order to estimate the future costs of property maintenance, repairs, and upkeep. Require this assessment to be completed for all properties in the County's loan portfolio.
- Have a consultant help compile information about what other jurisdictions/public lenders require from owners/property managers and analyze whether similar requirements are appropriate for Arlington.
- Edit loan agreements to include a requirement that a property owner must perform this assessment at a specified frequency (to be defined).
- Have consultants assess conditions at older CAF properties (to be selected) to determine short- and long-term physical and capital needs in these communities.

Timeline: Fall 2022 **Lead staff:** CPHD-Housing

Resources needed: \$75,000 for initial analysis and first few assessments

4. Research models for investing in capital needs.

- Research how other jurisdictions pay for and finance their capital and analyze whether similar options are appropriate for and available for properties in Arlington. This research would be combined with the research outlined above.
- Analyze AHIF funding and whether a capital needs program could be sustained through the County's annual allocation.

Timeline: Fall 2022
Lead staff: CPHD-Housing
Resources needed: Included above

5. **Review Code Enforcement Approach.** The County currently approaches code enforcement using a complaint-based model. For rental units, this means that inspectors are unable to inspect units unless a complaint is filed by the resident. To move to a more proactive model may require review of state-enabling legislation and also may require significantly more resources than what is utilized by code enforcement now. This strategy involves reviewing how other neighboring jurisdictions approach code enforcement, identifying the steps and resources that would be needed to take a more proactive approach, and making a recommendation for how to proceed, based on the anticipated benefits and likely costs of changing the County's model.

Timeline: 2023

Lead staff: CPHD-Code Enforcement

Resources needed: N/A for initial analysis; if a proactive model is recommended, resources

needed to implement that model will be identified at that stage



2. CAPITAL INVESTMENT

Some of the County's housing stock is older and may need additional resources and strategic planning to ensure long-term sustainability.

Specific issues:

- Developers that did not renovate their properties when they purchased them may not fully know or have financing plans in place for long-term property improvement and maintenance.
- Older properties may have unforeseen physical needs and/or have needs that would cost more than what can be paid for with existing replacement reserves.

Recommendation:

Note: Most strategies have already been implemented. See Immediate Actions on Page 11

1. Explore other avenues for enforcing County oversight. The County currently uses loan agreements to document requirements related to property condition. The County could explore using site plans or other tools to document these requirements as an alternative enforcement strategy.

Timeline: Summer 2022

Lead staff: CPHD-Housing, CPHD-Planning, and County Attorney

Resources needed: N/A



3. COORDINATION

Multiple County agencies have roles in supporting CAF properties. The County should develop a more systematic and coordinated process to inform interagency response to oversight trends and resident concerns.

Specific issues:

- It was unclear during the County's Serrano response which County agency is responsible for which compliance supports. CPHD's Inspection Services Division and Housing Division and DHS's Housing Assistance Bureau and Public Health Department/Environmental Services team each plays a distinct role in inspections of multifamily buildings.
- No County process or system exists to track multiple issues raised by the same resident or
 within the same property to ensure smooth and coordinated resolution and communication.
 Different County agencies use different systems, software and applications and do not necessarily
 have access to each other's systems or the expertise to utilize these systems efficiently.

Recommendations:

- 1. Strengthen interdepartmental coordination. Create an interdepartmental housing coordination team (CMO, CPHD's Housing and Inspection Services divisions, DHS, Human Rights Office, Arlington County Police Department) to meet regularly and share issues/solutions.
- Topics will range from problem solving to information sharing, and a consistent feedback loop will be developed to share with relevant staff.
- The intent is to ensure issues pertaining to CAFs are not siloed and incidents of various concerns and complaints are shared among a core group of staff.
- Enhanced and ongoing communication and information sharing will streamline the delineation of duties and responsibilities in a manner that is clear, both to County staff and community residents.
- More proactively sharing inspections and compliance information will make it easier to identify patterns and trends among properties and owners.

Timeline: Spring 2022, beginning with monthly meetings, then reassessing timing

Lead staff: CMO-Constituent Services (as convener/facilitator) **Resources needed:** Consistent participation from all relevant departments

2. Evaluate staffing approach. Consider potential for matrix staffing, or other organizational model to better link proactive education and outreach (CPHD-Housing and DHS-Housing Assistance Bureau) with reactive code enforcement (CPHD-ISD).

Timeline: Fall 2022

Lead staff: CPHD-Housing, CPHD-Inspection Services and DHS-Housing Assistance Bureau

Resources needed: Potential new staffing, or restructured staffing

3. Evaluate use and deployment of relationship management systems. Consider expanding the existing use of Customer Relationship Management (CRM) or other technology tools to track customer/constituent interactions across the County to facilitate coordinated and seamless problem solving. Such a system could manage data about our customers, such as their program participant status (e.g., CAF, HCV) and their building address to geographically aggregate and isolate potential issues. Existing systems that could potentially be more widely shared include Yardi or Voyager.

Timeline: 2023

Lead staff: CMO-Constituent Services, CPHD-Housing

Resources needed: Significant financial resources; potential additional staffing and training.

4. Streamline customer experience. Consider opportunities for central portal or office that can address resident concerns and/or make appropriate referrals.

Timeline: 2023

Lead staff: CMO-Constituent Services

Resources needed: TBD



4. PROBLEM SOLVING

Staff may need additional tools and resources to help solve resident concerns. They also may need to work internally and externally to address state or local laws or regulations, internal organizational structure, and other issues that impede their ability to address those concerns.

Specific issues:

- Residents may not trust or feel comfortable communicating with a government agency and
 may prefer to discuss housing concerns with known and trusted community organizations,
 which may not have capacity or expertise to address issues, including language and cultural
 competency.
- The County has limited tools for helping residents and property owners to resolve conflict; these include information, education, and informal assistance with conflict resolution. There are no longer County-supported arbitration or mediation resources that could potentially resolve conflict without further legal intervention, which can be a barrier to vulnerable households.
- While a resident's first call should be to the owner/property management, the allowable role
 of government in supporting these communications can be unclear to both staff and residents,
 leading to frustration. Roles and responsibilities need to be defined and clearly communicated
 to manage expectations.

Recommendations:

1. Support strategies developed by joint subcommittee. With the joint Housing Commission/ Tenant Landlord Commission subcommittee as lead, , create a report that provides recommended strategies for resident advocates, owners, and the County in providing more effective over sight and problem solving between residents and property owners.

Timeline: Spring 2022 **Lead staff:** CPHD-Housing

Resources needed: N/A (existing staff will support this effort)

2. Expand third-party conflict resolution. Increase external conflict resolution resources through restructuring the County's tenant services contract (currently held by BU-GATA) to emphasize tenant-property owner conflict resolution, and potentially increase resources in this area.

Timeline: Summer 2022 **Lead staff:** CPHD-Housing

Resources needed: \$90,000 annually, with potential increase

3. Require owners to provide tenant supports. Explore adding provisions to County loan agreements that require property owners to provide funding to a third-party for a certain number of years to establish a resident/tenant council to empower tenants. Develop guidelines for property owners and managers to outline expectations for interacting with tenant associations or resident councils. Similarly, work with owners to ensure appropriate eviction prevention strategies are in place at their properties as well as plan to address service provision and resident needs during future emergencies (pandemic, emergency repairs, emergency relocation, etc.).

Timeline: Summer 2022 **Lead staff:** CPHD-Housing

Resources needed: N/A

4. Strengthen role of Tenant-Landlord Commission in dispute resolution. Promote the Tenant Landlord Commission as a forum for tenants and property owners to conciliate and provide advice on grievances. This may include providing training for commissioners in both technical (Virginia Residential Landlord Tenant Act, fair housing law, etc.) and non-technical (conflict resolution, meeting facilitation, etc.) areas.

Timeline: Fall 2022 **Lead staff:** CPHD-Housing

Resources needed: Trainers in various areas (potentially free)

5. Train staff to better handle tenant communications. To further advance existing Countywide goals toward customer service (e.g., CARES), provide additional training to staff in various departments who interact directly with tenants in both technical, or knowledge-based (Virginia Residential Landlord Tenant Act, fair housing, etc.), and non-technical (customer service and customer experience) areas.

Timeline: Fall 2022

Lead staff: CMO-Constituent Services (non-technical) and CPHD-Housing (technical)

Resources needed: Trainers in various areas (potentially free)

6. Create an Alternative Dispute Resolution (ADR) option. Identify options of community collaboration for improving relationships and empowering conflict resolution which does not require County enforcement or policing. Such a program could provide mediation services for tenant-property owner disputes, likely via referrals to an outside vendor.

Timeline: 2023

Lead staff: CMO-Constituent Services **Resources needed:** Funding (contractor) resources



5. COMMUNICATION AND OUTREACH TO RESIDENTS

County agencies should coordinate and streamline information on available resources and appropriate contacts, so it is clear to staff, property owners, and residents.

Specific issues:

Residents may not know how to find County resources (online, phone, email, etc.) and which resources are most appropriate to address concerns. This creates additional barriers for potentially vulnerable populations.

Recommendations:

- **Do targeted education and outreach.** Develop targeted and easy-to-understand material such as short videos or refrigerator magnets, with information on critical tenant issues. Develop a network of community partners to share information in culturally specific ways, and use existing mechanisms to share information, such as tenant workshops and Housing Matters Forums. Examples include:
 - o How to notify County offices of maintenance complaints. This can be individual offices such as Code Enforcement, the Housing Division, or the HCV office, as appropriate; or a central number (such as the 703-228-3765 Housing Information Center line) which can then be answered by a staff "concierge" to triage resident needs and forward to appropriate resources.
 - o Information on addressing specific issues such as mold, asbestos, rodents, etc.
 - o Education for renters on rights and responsibilities, including housekeeping, leases, and how to file complaints.
 - o How tenants can put their own rent payments into escrow until fixes are made (similar to rent abatements).
 - o Key County contacts, such as the Human Rights Office, as well as legal resources, in case tenants are concerned about potential retaliatory actions from landlords.

Timeline: Summer 2022

Lead staff: CPHD-Housing, with support from CMO and/or DCPHD Comms Staff from related departments; potential funding for videos, mailings,

translation, etc.

• **Provide feedback opportunities.** Conduct a periodic anonymous survey (or other feedback opportunity) of CAF residents across the portfolio. This may be done by County staff or a third-party vendor. Results should be made public and reported to groups including the Housing Commission and Tenant-Landlord Commission. The aggregate, provider-level results of this survey could be reflected in scoring for future AHIF allocations.

Timeline: 2023

Lead staff: CPHD-Housing

Resources needed: TBD, based on format used





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