

# Homeownership Study: Phase 2 Report and Program Recommendations

Homeownership Subcommittee

October 18, 2023

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# Agenda

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Welcome and Introductions



Homeownership Study Phase 2 Report  
Summary



Program Recommendations Discussion

# Homeownership Study Overview

- Launched study in early Summer 2022
- 15-month process, expected to conclude early 2024
- Three Phases (data analysis, community engagement, recommendations)

**STUDY GOAL:**  
Homeownership  
Program  
Recommendations

- Better meet the vision and goals of the community.
- Create better homeownership outcomes for people of color and other underserved populations.
- Increase available resources for existing homeowners.

# Homeownership Study

## Timeline



### Phase 1

#### Data Collection and Analysis

- Data Research and Program Analysis

#### Deliverables:

- ✓ *Barriers to Homeownership Analysis*
- ✓ *Existing Program Analysis*
- ✓ *Roundtable Summary Report*

### Phase 2

#### Values, Vision and Goals

- Community Engagement
  - *HC Subcommittee Meetings, Roundtables, Online Feedback*

#### Deliverables:

- ✓ *Community Homeownership Vision and Goals*
- ✓ *Phase 2 Report*

### Phase 3

#### Program Recommendations

- New Program Research
- Case Studies

#### Deliverables:

- *Homeownership Program Recommendations*

# Homeownership Study Kick-Off

July 2022



**Planning:** Developing scope of work, timelines, community engagement plan, soliciting consultant support, securing buy-in internally to move forward with the study.



**Homeownership Barriers Analysis:** For-sale housing stock, development trends, homeownership rates, economic and demographic characteristics of owner households, housing cost burdens and mortgage lending activities

October 2022



**Program Review:** Program participation history and analysis of beneficiary demographics.

February 2023

# Homeownership Barriers Analysis

July 2022

**October 2022**

February 2023

March-May 2023

- There is a sizable renter population with household incomes that could support homeownership.
- Homeownership rates are significantly lower for racial minorities.
- Three quarters of owner households with incomes below \$60,000 are housing cost burdened.
- Condominiums comprise 99% of all property sales up to \$500,000.
- Mortgage denial rates for home purchase and refinancing are higher for BIPOC populations.
- One fifth of all mortgages originated in 2021 for home purchases were to households with incomes under \$100,000.
- Black and Hispanic borrowers are charged higher mortgage interest rates.
- The leading reason for loan application denial in 2021 was insufficient income to meet lender requirements.



July 2022

October 2022

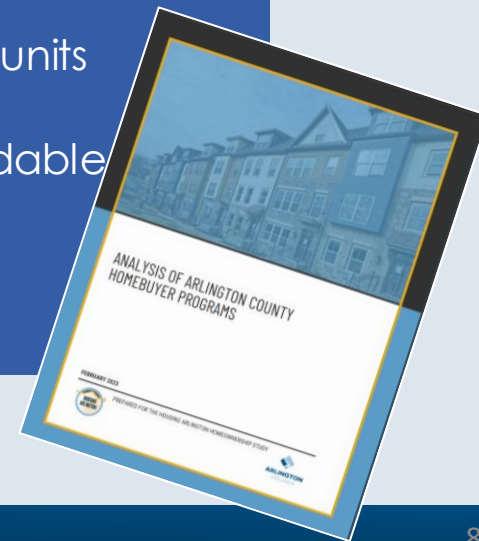
**February 2023**

March-May 2023

June 2023

# Homeownership Program Analysis

- There is not a strong correlation between participation in homebuyer training programs and purchasing a home.
- The average dollar amount of MIPAP loans has increased over time (correlating to higher sales prices).
- Typically, MIPAP borrowers buy smaller one- to two-bedroom condos rather than units with three or more bedrooms.
- MIPAP is small, averaging four closings per year. The income limits of the program, combined with rigorous mortgage criteria and costs associated with desired homes, contribute to the difficulty that moderate-income purchasers have in accessing the homeownership units they would like.
- The ADU program is limited by the number of affordable units generated by the special exception site plan process and low turnover in existing ADUs.



October 2022

# Roundtables and Focus Groups

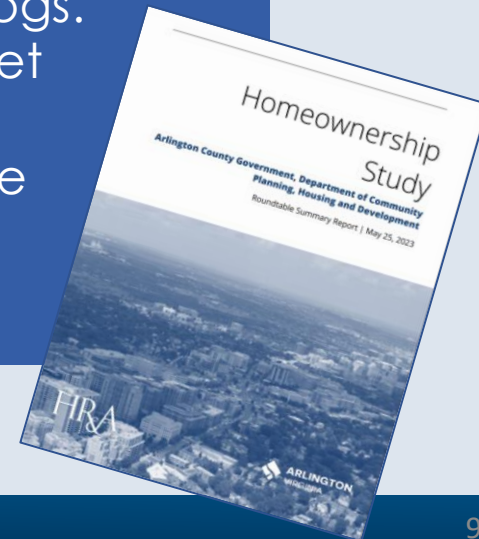
February 2023

- **Prospective Buyers:** Prices, competition, low inventory, age of inventory, lack of diversity of housing types, tradeoffs. Access to finance is challenging for some populations. High interest rates and condo fees are another purchase barrier.
- **Sociodemographic Groups:** Immigrants experience unique challenges, people of color feel systematically disadvantaged in the housing market.
- **Condo Owners:** Rising condo fees, capital repairs, board governance and maintenance backlogs.
- **Older Homeowners:** Home layouts don't meet seniors needs and there are challenges adapting homes. Retirement communities are more cost-prohibitive than aging-in-place.

**March-May 2023**

June 2023

July 2023





February 2023

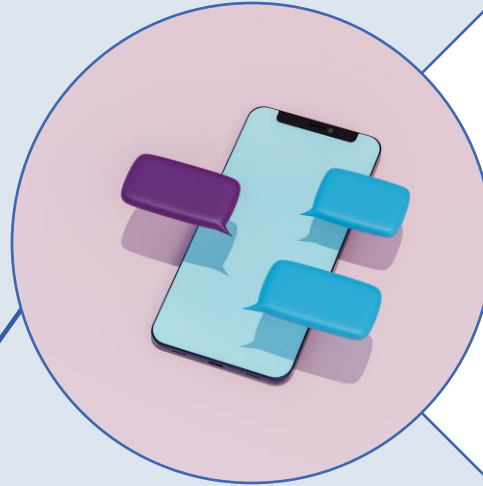
# Phase 2 Report: Community Engagement

March-May 2023

June 2023

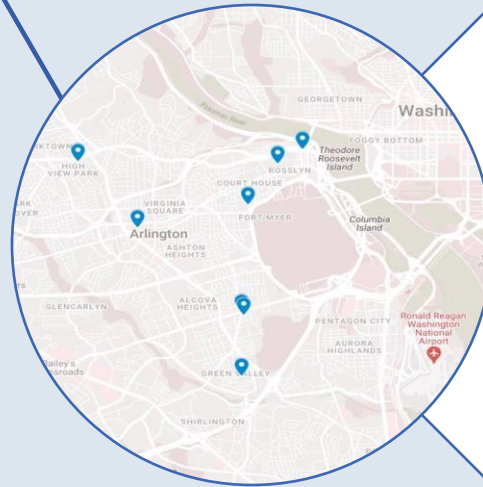
July 2023

September 2023



**Online Feedback:** Measured the community's perspective on what the role of local government should be in providing homeownership support to both prospective homebuyers and existing homeowners.

**975+ unique participants in online feedback opportunity.**



**Pop-Up Events:** Eight pop-up feedback opportunities were held to encourage participation in both the online feedback opportunity and the July community meetings.

**150 unique feedback form responses from pop-up events.**

March-May 2023

# Phase 2 Report: Community Engagement

June 2023



**Homeownership Subcommittee Work Session:** Using data and analysis from Phase 1, as well as feedback from the online form, County staff and the Housing Commission's Homeownership Subcommittee (20 members in attendance) developed a draft vision statement and supporting goals.

**July 2023**



**Community Workshop to Develop Homeownership Vision, Goals, & Objectives:** The broader community was invited to participate in a workshop to further refine the draft vision statement and establish specific objectives to support the goals.  
**70+ workshop participants.**

September 2023

June 2023

July 2023

September 2023

# Phase 2 Report: What We Learned



Participants expressed belief in targeting homeownership assistance programs to support specific groups and households who face purchase or ownership barriers.



Certain subpopulations, such as renters and people of color, were far more favorable to the idea that local government has a role in increasing the supply and types of homes.



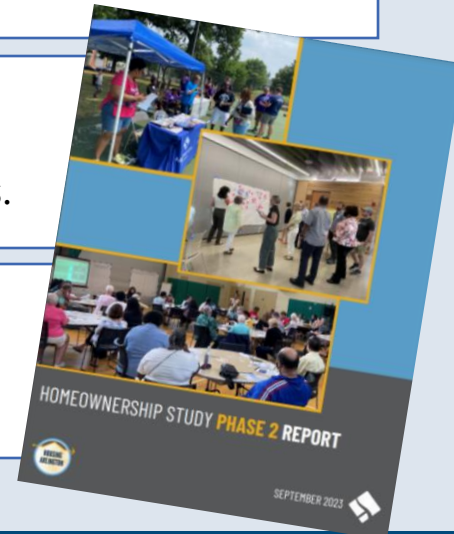
Respondents who identified as racial minorities also believed that local government should increase access to financing and ensure equitable distribution of homeownership programs, resources, and services to minority homebuyers and homeowners.



Community members believed that local government should support existing homeowners, particularly older adults, in reducing health and safety risks in their homes.



Community members believed that local government should support condo owners by offering technical assistance with condo board governance.





# Homeownership Program Vision

*Arlington's Homeownership Program serves as a catalyst to preserve and expand affordable homeownership opportunities.*



# Homeownership Program Goals



1. *Reduce racial homeownership gaps.*



2. *Support existing homeowners in maintaining housing in the community.*



3. *Increase the production of homeownership housing supply.*



4. *Create pathways to homeownership for renters*

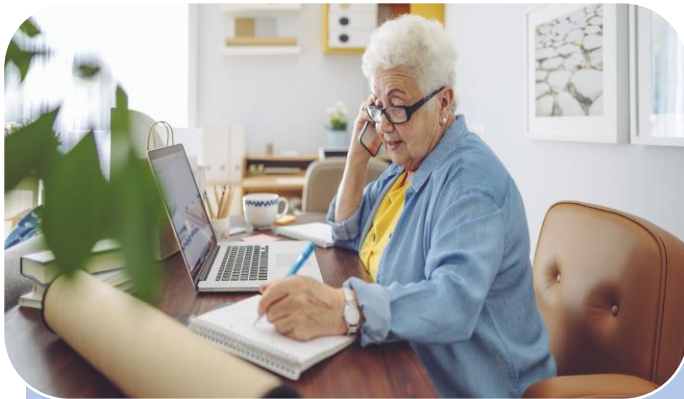
# Homeownership Program Goal 1



## *Reduce racial homeownership gaps*

- Create resources and educational opportunities for immigrant populations.
- Expand eligibility criteria and explore alternative funding opportunities for existing homeownership programs to better support populations that have traditionally been underrepresented in the homeownership market.
- Focus current homeownership programs towards building generational wealth and accruing equity.
- Explore additional opportunities to support essential workers.

# Homeownership Program Goal 2



## *Support existing homeowners in maintaining housing in the community*

- Investigate expansion or reconfiguration of Real Estate Tax Relief program.
- Explore financial incentives or resources to support home repairs, maintenance, and large systems replacements, as well as energy efficiency upgrades.
- Create maintenance resources and information toolkits for homeowners.
- Facilitate the creation and expansion of community networks to establish neighborhood pride.
- Explore changes to property taxation, to ensure home improvements do not increase tax burdens.
- Create resources for condo boards to assist with better governance.
- Explore opportunities to support existing condo owners burdened by rising condo fees or special assessments.

# Homeownership Program Goal 3



## *Increase the production of homeownership housing supply*

- Investigate barriers to condominium production and potential mitigation of those barriers.
- Explore opportunities for the co-location of ownership housing on/at public facilities.
- Explore financial incentives from Arlington County to support the production of affordable homeownership units.
- Explore office-to-residential condominium conversions.
- Explore apartment-to-condominium conversions.
- Investigate adjustments to the Zoning Ordinance to incentivize new ownership types.
- Explore establishing a Community Land Trust model to create more affordable homeownership opportunities.
- Explore a housing cooperative model to create long-term affordable homeownership options.



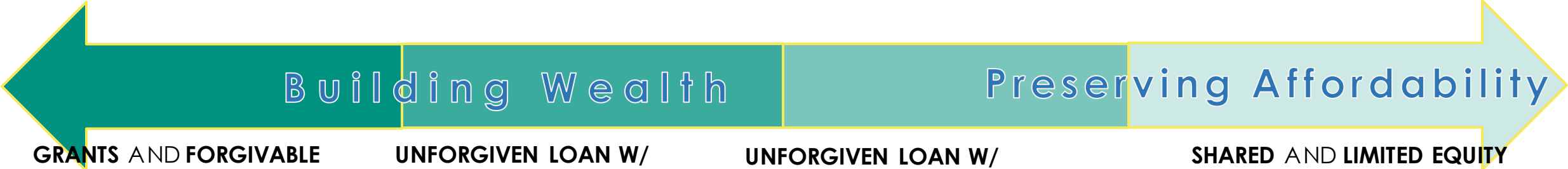
# Homeownership Program Goal 4



## *Create pathways to homeownership for renters*

- Explore additional opportunities to support essential workers.
- Explore opportunities to expand existing homeownership programs to better support renters looking to purchase in Arlington.
- Explore rent-to-own for existing renter populations.
- Create opportunities for home purchase for households with student loan debt.

# Spectrum of Homebuyer Assistance



**GRANTS AND FORGIVABLE LOANS**

- Portion or entirety forgiven when certain conditions are met
- Home is sold at market rate

**UNFORGIVEN LOAN W/ 0% INTEREST**

- Soft 2<sup>nd</sup> Trust loan for percentage of purchase price.
- Repaid at refinance or resale
- Home is sold at market rate

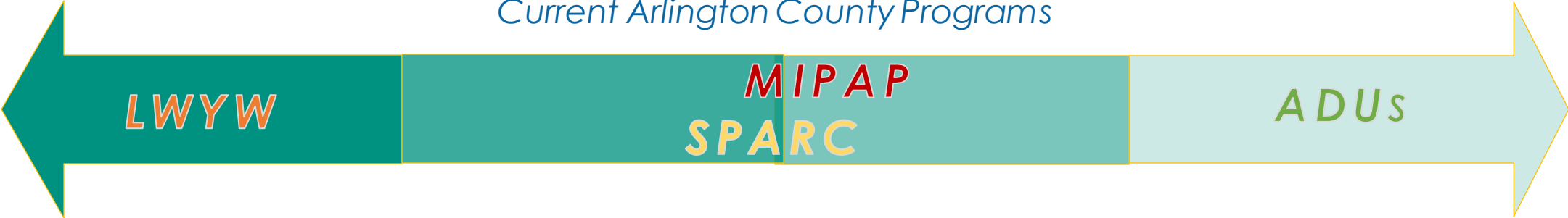
**UNFORGIVEN LOAN W/ SHARED EQUITY**

- Soft 2<sup>nd</sup> Trust loan for percentage of purchase price.
- Repayment of loan plus a share of home equity at the time of refinance or resale

**SHARED AND LIMITED EQUITY UNITS**

- Deed restricted units
- Limited Equity Cooperatives
- Community Land Trusts

*Current Arlington County Programs*



**LWYW:** *Live Where You Work.* Forgivable grants for County Government employees  
**SPARC:** 1% Interest rate reduction program

**MIPAP:** *Moderate Income Purchase Assistance Program.* Down payment loan, shared equity  
**ADUs:** *Affordable Dwelling Units.* Deed restricted, limited equity

# Program Targeting

#2. Should we target programs to households above 80% AMI? If so, how high? Why?

100% AMI

120% AMI

150% AMI

#3. Should level of assistance be the same across all income levels or lower for higher incomes?

Same across all income levels?

Lower for higher income levels?

#4. Should we target our program marketing to specific populations?

*Who's missing?*

Blacks and Hispanics

First Generation Buyers

Households with Ties to Historically Redlined Communities

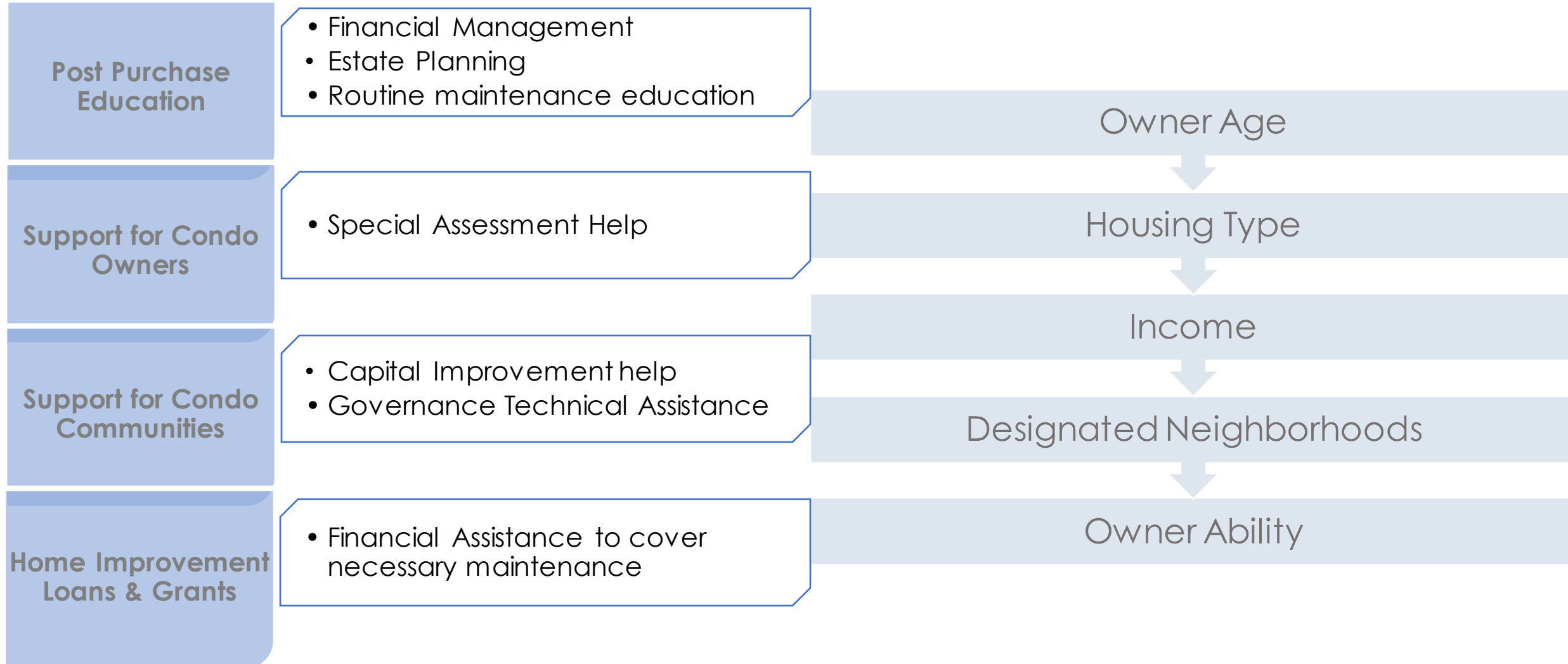
# Arlington County Programs for Existing Homeowners



- Rebuilding Together Home Repair Program (grant funded)
- Foreclosure Prevention Counseling (grant funded)
- Real Estate Tax Relief Program
- Condo Education Series (in partnership with Alexandria)

[More about Arlington County Homeownership programs](#)

# What additional supports should we consider to assist existing homeowners?



# What opportunities should we explore to enhance supply?

## Missing Middle construction

- Expanded Housing Option (EHO)

## Rental to Ownership Conversions

- Condominium
- Cooperatives

## Affordable Homeownership Fund

# What comes next?

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- **October-November:** Draft Program Recommendations Released
- **November-December:** Consult County Advisory Boards, including Housing Commission on recommendations
- **January 2024:** County Board considers program recommendations
- **2024 and beyond:** Implementation; more work!