Homeownership Study

Implementation Update for the Arlington County Housing Commission

Richard Tucker, Housing Arlington Coordinator
Akeria Brown, Homeownership Programs Administrator

ARLINGTON
VIRGINIA

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Homeownership Study Overview

- **Study Duration:** 2022-2024
- **Purpose**: Develop recommendations to strengthen Arlington's homeownership programs and create new pathways to affordable homeownership.
- **Study Process:**
  - Phase 1: Data analysis and existing program assessment
  - Phase 2: Community engagement including focus groups, surveys and workshops
  - Phase 3: Research, case studies and program recommendations
- **Key Deliverables:** Homeownership barriers and market analysis, community vision and goals, recommendations for existing and new homeownership programs.

Key Homeownership Study Recommendations

- **Moderate Income Purchase Assistance Program (MIPAP):** Modernize through updated program parameters, expanded assistance structures, and targeted outreach efforts.
- **Affordable Dwelling Unit (ADU):** Strengthen by evaluating conditions and resale restrictions and creating a repair assistance set-aside for ADU owners.
- **Condominium Support:** Enhance education and technical assistance for condominium owners and boards and develop repair and special assessment assistance strategies.
- **Education & Technical Assistance:** Enhance education for prospective homebuyers, homeowners, condominium communities.
- Evaluate Existing Programs, including a review of the **Real Estate Tax Relief (RETR) Program**.
- Develop New Homeownership Initiatives, including a **Homebuyer Cohort Pilot Program, Home Improvement Loan Program (HIP),** and **Homeownership Production Fund**.

Implementation Progress Summary

Status	Recommendations
✅ **Implemented / Substantially Underway**	• MIPAP Program Parameter Updates • Education & Technical Assistance Procurement • Condo Education & Technical Assistance Procurement
🟡 **In Progress**	• MIPAP Outreach Enhancements • Habitat Critical Home Repair Pilot • ADU Repair Activities at Davis Place
🔶 **Deferred / Future Phase**	• MIPAP Tiered Assistance Structure • ADU Conditions Assessment • Homebuyer Cohort Pilot • Homeownership Production Fund • Condo Financial Assistance Programs • Real Estate Tax Relief Program

Moderate Income Purchase Assistance Program (MIPAP)

Theme	Homeownership Study Recommendation	Progress Update
✅ **Program Parameters**	Modernize MIPAP eligibility and underwriting requirements	MIPAP Guidelines scheduled for County Board consideration September 2026.
🟡 **Targeted Outreach**	Improve outreach, marketing, and cultural responsiveness	Ongoing.
🔶 **MIPAP Tiered Assistance Structure**	Create tiered assistance structure for priority communities and households up to 100% AMI	Not currently being implemented.



PROPOSED MIPAP GUIDELINE CHANGES

*MIPAP is funded through CDBG and has a **maximum** income limit of 80% AMI. $106,320 for a household of two*

- Aligns with Homeownership Study recommendation to streamline program guidelines
- Modernizes program to reflect market conditions
- Enhances affordability and access
- Strengthens borrower protections
- Supports long-term sustainability

Homeownership Study Recommendations

Three proposed FY27 program changes

1 CREDIT SCORE REQUIREMENT

Previous: 660 minimum

REMOVED

Eliminate the program-specific minimum

- Conventional first-trust underwriting remains
- 45% debt-to-income cap remains
- Most borrowers already score above 670

2 MAXIMUM LOAN AMOUNT

Previous: $112,500

$120K / $130K

Up to 25% of purchase price, with tiered caps

- $120K cap: 1–3 person households
- $130K cap: 4+ person households
- Reflects AMI allowances for larger households

3 PURCHASE PRICE LIMIT

Previous: $500K

$650K

Increase maximum purchase price

- Supports access to larger units
- Several ADUs exceed $500K
- Keeps the program market-relevant

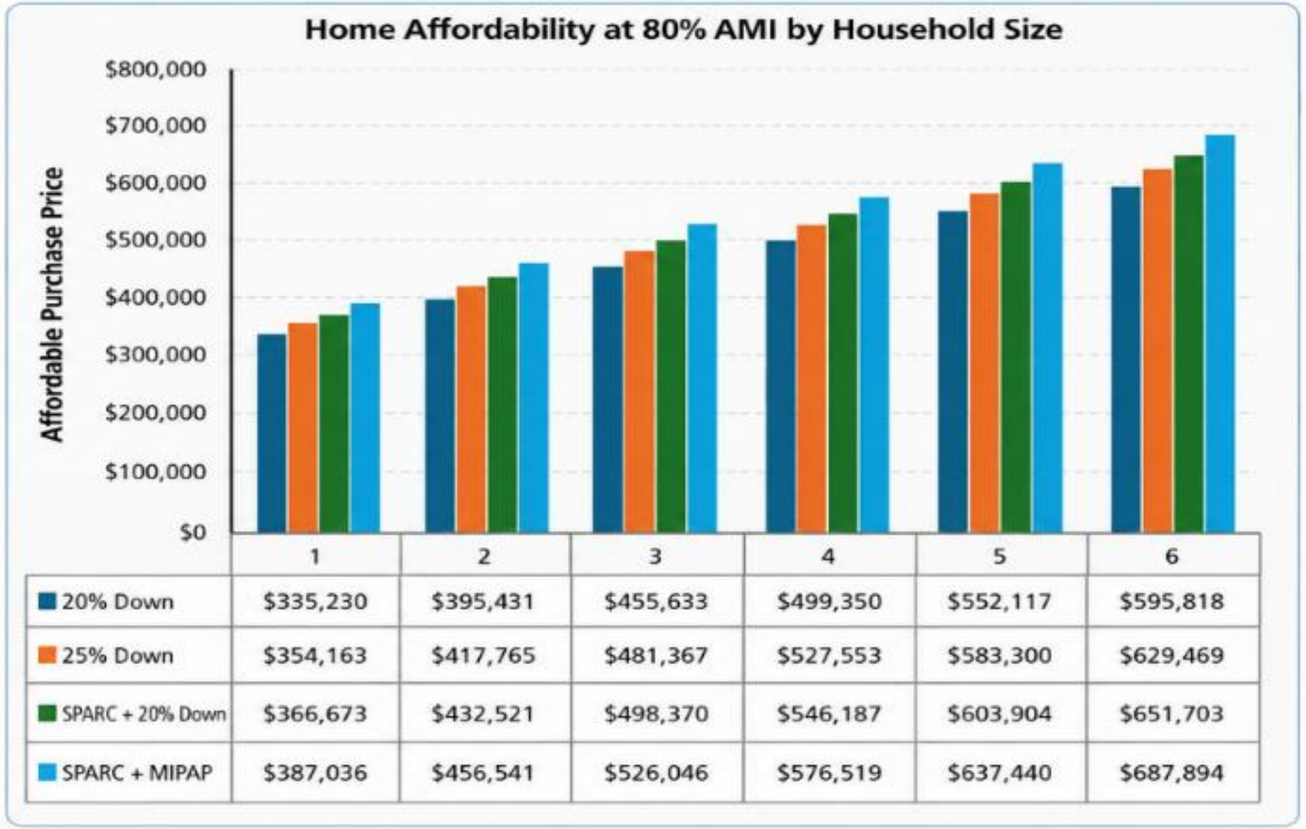
PURCHASE PRICE LIMIT

Home Affordability at 80% AMI by Household Size

80% AMI INCOME LIMITS by Household Size

Household Size	80% AMI Income Limit (Annual)
1 Person	$93,040
2 Persons	$106,320
3 Persons	$119,600
4 Persons	$132,880
5 Persons	$144,520
6 Persons	$154,160

Income limits represent the maximum annual income a household can earn at 80% of the Area Median Income (AMI) for the given household size.



	1	2	3	4	5	6
20% Down	$335,230	$395,431	$455,633	$499,350	$552,117	$595,818
25% Down	$354,163	$417,765	$481,367	$527,553	$583,300	$629,469
SPARC + 20% Down	$366,673	$432,521	$498,370	$546,187	$603,904	$651,703
SPARC + MIPAP	$387,036	$456,541	$526,046	$576,519	$637,440	$687,894

- As household income limits increase from 1 to 6 persons, the maximum affordable home price grows by more than **$250,000**, showing how larger households have greater purchasing power at 80% AMI.

- Moving from a standard 20% down payment to **SPARC + MIPAP** increases affordability by roughly **$50,000–$70,000** across all household sizes, demonstrating the value of layered assistance.

Staff Recommendations

Additional proposed FY27 program changes

INTEREST RATE BUYDOWN

4

Previous: Limited buydown flexibility

SPARC GAP BUYDOWN

MIPAP may increase loan limit for rate buydown cost when County's SPARC allocation is expended*

- Ensures continuity of affordability support provided by SPARC
- Addresses funding gaps when buyers pause searches waiting for SPARC

LIQUID ASSET LIMIT

5

Previous: No asset criteria

$50,000 CAP

Liquid assets may not exceed $50,000

- Ensures program serves buyers with moderate means
- Allows buyers to retain emergency reserves
- Balances contribution with financial stability

PROOF OF RESERVES

6

Previous: No requirement

1 MONTH

At least one month of expected mortgage payment

- Supports transition costs
- Provides buffer for initial ownership expenses
- Reduces risk of missed payments

*__SPARC__ – Sponsoring Partnerships and Revitalizing Communities. Offers a 1% interest rate reduction, provided on Virginia Housing loans

Education & Technical Assistance

Theme	Homeownership Study Recommendation	Progress Update
✅ **Expand Education & Technical Assistance Offerings**	Expand homebuyer education, homeowner education, and technical assistance services.	County issued a competitive RFP for homebuyer education, post-purchase education, condominium education, and technical assistance services. Proposals are due September 8, 2026.
🟡 **Targeted Outreach Strategy**	Develop a targeted outreach strategy for homeownership resources and programs.	Included within the scope of the current procurement effort. Outreach strategies will be developed by the selected consultant and integrated into program implementation.
🟡 **Post-Purchase Education**	Require post-purchase counseling and education for MIPAP participants.	Implementation will occur following post-purchase education contractor selection.

Condominium Support

Theme	Homeownership Study Recommendation	Progress Update
✅ **Expand Education & Technical Assistance Offerings**	Explore expanding the Condo Education Series and offer technical assistance to condo boards.	County issued a competitive RFP for condominium education, and technical assistance services. Expanded programming is anticipated following consultant selection and contract award.
🔶 **Financial Support for Condo Owners**	Create financial assistance tools for condo owners facing repair needs or special assessments.	Implementation has not yet occurred. This recommendation remains tied to identification of a dedicated funding source.

Home Improvement Program (HIP)

Theme	Homeownership Study Recommendation	Progress Update
✅ / 🟠 **Pilot Home Repair Initiative**	Relaunch a Home Improvement Program to assist homeowners with maintenance and repairs.	Staff partnered with Habitat for Humanity's Critical Home Repair Program as a pilot initiative to test demand, evaluate eligible activities, and better understand homeowner repair needs.
🟠 **ADU Repair Assistance**	Create dedicated financial assistance for ADU owners to address maintenance needs.	While a formal ADU repair assistance program has not been created, staff is expanding the Habitat Critical Home Repair Program to address significant repair needs at Davis Place Condominium, a ten-unit property comprised entirely of Affordable Dwelling Units (ADUs).

Future Implementation Initiatives

ADU Repair and Maintenance Needs

- ***Recommendation:*** Better understand repair and maintenance needs within the ADU portfolio.
- ***Status:*** Remains a longer-term implementation item, certain existing initiatives will help inform future repair assistance strategies for ADU owners.

Homebuyer Cohort Pilot Program

- ***Recommendation:*** Create a cohort-based homebuyer program combining education, counseling, technical assistance, peer support, and potential financial assistance for participants.
- ***Status:*** Staff efforts have been focused on MIPAP updates and Education & Technical Assistance implementation. Future implementation will depend on available staffing and funding.

Homeownership Production Fund

- ***Recommendation:*** Establish a Homeownership Production Fund to support affordable homeownership development.
- ***Status:*** No dedicated funding source has been identified. Future implementation will depend on funding availability and policy direction.

Real Estate Tax Relief (RETR) Program

- ***Recommendation:*** Reevaluation the RETR program, including consideration of program equity.
- ***Status:*** DHS staff have not received direction from the County Board to pursue changes.

Implementation Challenges

Funding Availability: Given recent County budget challenges, staff has not identified a dedicated funding source for several recommendations.

Staff Capacity: Implementation has required prioritization of efforts that can deliver immediate benefits with minimal fiscal investment, including MIPAP updates and Education & Technical Assistance procurement.

Constraints with Federal Funding: Many recommendations contemplated targeted outreach strategies, priority-community set-asides, or expanded eligibility structures. Because the County's homeownership programs are primarily funded with federal resources, staff must carefully consider federal compliance requirements and program eligibility restrictions when evaluating these approaches.

Market Conditions: Rising home prices, interest rates, and ongoing affordability challenges have shifted focus toward strengthening existing programs and preserving current homeownership opportunities.

Need for Additional Data: Pilot initiatives are being used to better understand program demand, operational requirements, and long-term funding needs before launching new programs.

What's Next in FY 2027?

Q1-Q2

- County Board consideration of MIPAP guideline updates
- Reissuance of Education & Technical Assistance RFP

Q2-Q4

- Launch expanded Condo Education and Technical Assistance services
- Implement post-purchase education requirements for MIPAP
- Continue MIPAP outreach enhancements
- Evaluate Habitat Critical Home Repair pilot outcomes
- Complete Davis Place repairs

Homeownership Initiative

Questions?