

Homeownership Study Scope

Revised November 8, 2022

For many Americans, owning a home is an essential part of the American dream. Homeownership is also one of the most effective means of wealth building for households and provides economic benefits to American families, such as the ability to accumulate wealth and access credit by building home equity, reduce housing costs through the mortgage interest deduction, have fixed monthly mortgage costs and gain long-term savings. For most homeowners, their property represents their largest and highest value investment. It serves as a repository for wealth and helps keep that wealth stable and accessible over many years. As the value of a property increases, so does the homeowner's financial standing.

In addition to tangible financial benefits, homeownership brings substantial social benefits for families and communities. Many of the social benefits of homeownership are not directly correlated to the asset itself but derive from greater housing stability and the social embeddedness associated with less frequent movement among homes. Because of these financial and societal benefits, local policymakers have long promoted homeownership programs through a variety of channels.

However, as is true with many aspects of society, homeownership opportunities have not always been distributed equitably among racial and ethnic sociodemographic groups. As such, equitable homeownership programs can be an effective way for local governments to address the racial wealth gap and decades-old inequalities.

Homeownership Programs in Arlington

Due to the high cost of housing in Arlington, entry into homeownership is challenging for many moderate-income households. Arlington's homeownership programs are currently designed to provide greater access to homeownership for households earning below 80 percent of area median income (AMI), but do not necessarily help to build wealth, which is an inherent benefit to the prospect of owning a home.

The County supports homebuyer education, promotes state programs for first-time homebuyers, provides financial assistance through the Moderate-Income Purchase Assistance Program (MIPAP) and requires income-restricted Affordable Dwelling Units to be incorporated into condominium projects that are approved through the Special Exception development review process. Despite these efforts, the lack of affordable homeownership opportunities and the purchase barriers that certain racial and ethnic groups consistently face remains a challenge. In addition, low- and moderate-income homeowners often struggle with ongoing costs, such as repairs, maintenance and condo fees, and there are certain populations that are disproportionately housing cost burdened.

The Affordable Housing Master Plan (AHMP) addresses homeownership via the supply objective to "Produce and preserve a sufficient supply of affordable ownership housing to meet future needs," and under the access objective with the policy to "provide assistance to create access to ownership housing for moderate- and middle-income first-time homebuyers." The Plan also specifically outlines a policy to assist the growing senior population, many of whom are homeowners: "Provide support so that older adults can age in place or age in community through a combination of affordable and accessible housing with linkages to services." The AHMP 2021 Implementation Framework directed County staff to develop a new overarching and integrative approach to homeownership program implementation.

The Homeownership Study is an initial step in developing this new approach to providing homeownership programs and will specifically examine how these programs can be a tool in advancing the County's commitment to racial equity and the County-wide priority to eliminate, reduce, and prevent disparities.

Study Concept and Goal

The Homeownership Study will examine market data, ownership rates and program participation through a racial equity lens; clarify the County's values and goals related to homeownership; determine whether existing programs support Arlington's homeownership goals; and assess opportunities for potential homebuyers and existing homeowners. The goal of the Homeownership Study is to develop program recommendations, including new programs and modifications to existing programs, that will:

- 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.

Study Questions

A series of policy questions will be posed and addressed via a combination of data analysis of existing conditions and community engagement on values and priorities. The answers to these questions will inform decisions on future homeownership programmatic design and implementation:

1. How should existing County programs be designed and how have the programs performed over time? Are there other models that the County should consider?
2. Are the eligibility criteria of Arlington's homeownership programs (maximum income limits, debt-to-income ratios, etc.) appropriate to ensure that the community's homeownership goals are being met?
3. Should specific populations be prioritized for homeownership support (BIPOC, seniors, families, public safety workers, County residents and employees, etc.)?
4. Should homeownership support be focused only on households purchasing in Arlington, or broadened to a regional focus (Arlington workers, transit-focused, etc.)? How can regional local governments collaborate more effectively in ensuring homeownership is a viable option for more low- and moderate-income households?
5. What are the barriers to home purchase and maintaining homeownership for low-, moderate-, and middle-income Arlington residents?
6. Are there ways that the County can support existing condo associations and condo owners that would sustain Arlington's affordable condo options?
7. How should homeownership efforts tie into the County's racial equity efforts, and how can we ensure broader participation/benefit?

Study Methodology

The Homeownership Study will commence in three phases:

Phase 1 will involve data research and preliminary program analysis conducted by County staff. The data research will examine owner housing market trends, mortgage finance barriers, and challenges facing existing homeowners. The analysis will examine the disparities that people of color and BIPOC communities specifically encounter in the pursuit of homeownership. A

program analysis will examine the demographics of participants for existing programs, to determine if there are existing inequities in the delivery of homeownership resources. County staff will establish a Homeownership Subcommittee of the Housing Commission to inform stakeholders of the information collected. This phase will also involve the development of a Request for Proposals (RFP) to solicit and contract with a consultant that will assist in community engagement efforts as well as provide deeper programmatic analysis and conduct additional research on homeownership program trends.

Deliverable: Analysis of Ownership Housing and Barriers to Homeownership and Analysis of Existing Arlington Homeownership Programs

Phase 2 will build upon data research and program analysis by engaging County leadership, the community, and potentially regional partners on a values and vision discussion. The community will be asked to help develop homeownership goals that will not only address barriers and challenges as defined through Phase 1 research, but will also support the County’s “Realizing Arlington’s Commitment to Equity” mission to advance racial equity as a county-wide priority to eliminate, reduce, and prevent disparities. Community engagement and consultation with the Homeownership Subcommittee of the Housing Commission will be conducted during this phase. These discussions will result in a determination of the County’s homeownership goals.

Deliverable: Homeownership Program Values, Vision and Goals

Phase 3 will involve further program analysis based on values and goals discussions, validation of previous data analysis from Phase 1, and a case study review of how other municipalities approach homeownership programs. This research will support the design, development, and refinement of homeownership programs in Arlington.

Deliverable: The final deliverable for the Homeownership Study will be recommendations for how to modify existing homeownership programs and / or implement new homeownership programs.

Community Outreach

Community outreach will involve roundtable focus groups; a Homeownership Subcommittee of the Housing Commission comprised of practitioners, advocates and stakeholders; and community meetings as needed. There will be a strong emphasis placed on ensuring that a diverse representation of Arlington County residents will be engaged during the community outreach conducted as part of the Homeownership Study.

1. **Roundtable Meetings:** The County will host roundtable meetings with various constituents representing populations that have been underrepresented in the County’s homeownership programs until now. This may include prospective buyers, existing condo owners, and older adults who are aging-in-place. These roundtables will gauge questions related to the major barriers to purchasing a home that specific populations have faced, major capital needs of condos, typical annual maintenance costs, reasons for foreclosure, and more. County staff anticipates that 2-3 roundtables will be conducted.
2. **Homeownership Subcommittee of the Housing Commission:** A subcommittee, formed in consultation with the Housing Commission to assist in developing direction of the County’s homeownership programs, will serve as a conduit between Homeownership Study planning staff and the Housing Commission during the course of the Homeownership Study.

3. **Community Meetings:** Community meetings will help to develop a shared community vision about how the County should approach homeownership support.
4. **Online Feedback:** Arlington County residents will be given the opportunity to provide written feedback on community goals, vision and values as they relate to homeownership.

Timeline/Process

	Jul-Sept 2022	Oct-Dec 2022	Jan-Mar 2023	Apr-Jun 2023	Jul-Sept 2023
Phase 1 Data Collection & Analysis					
Phase 2 Community Engagement / Values & Visioning					
Phase 3 Develop Program Recommendations					