

LUCILLE AND BRUCE TERWILLIGER PLACE

A Creative Partnership in Arlington, Virginia,
Yields Lessons for Affordable Housing Production

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About the Terwilliger Center for Housing

The mission of the Terwilliger Center is to ensure that everyone has a home that meets their needs at a price they can afford. Established in 2007 with a gift from longtime member and former ULI chairman J. Ronald Terwilliger, the center integrates ULI's wide-ranging housing activities into a program of work with three objectives: to catalyze the production of housing, provide thought leadership on the housing industry, and inspire a broader commitment to housing. Terwilliger Center activities include developing practical tools to help developers of affordable housing, engagement with members and housing industry leaders, research and publications, a housing awards program, and an annual housing conference.

About the Arlington Partnership for Affordable Housing

Founded in 1989, the Arlington Partnership for Affordable Housing (APAH) is a nonprofit housing developer and operator that helps more than 2,600 households live in stable, secure, affordable rental homes in the Washington, D.C., region. APAH has more than 1,200 affordable apartments under construction and an additional 1,500 in its development pipeline. As a CORES Certified Resident Services provider, APAH delivers comprehensive services to youth, families, and seniors across its 22 properties. In 2020, APAH was named one of the nation's Top 50 Affordable Housing Developers by *Affordable Housing Finance* magazine. The organization was named 2021 Developer of the Year by the Housing Association of Nonprofit Developers (HAND). In 2022, APAH's Queens Court Apartments received HAND's Best Large Affordable Housing Project award and the Urban Land Institute's inaugural Terwilliger Center Award for Innovation in Attainable Housing. Lucille and Bruce Terwilliger Place was named Best Affordable Housing Development at the 2022 Virginia Governor's Housing Conference and received a Multi-Family Residential Award of Excellence at the Best of NAIOP Northern Virginia Awards 2022.

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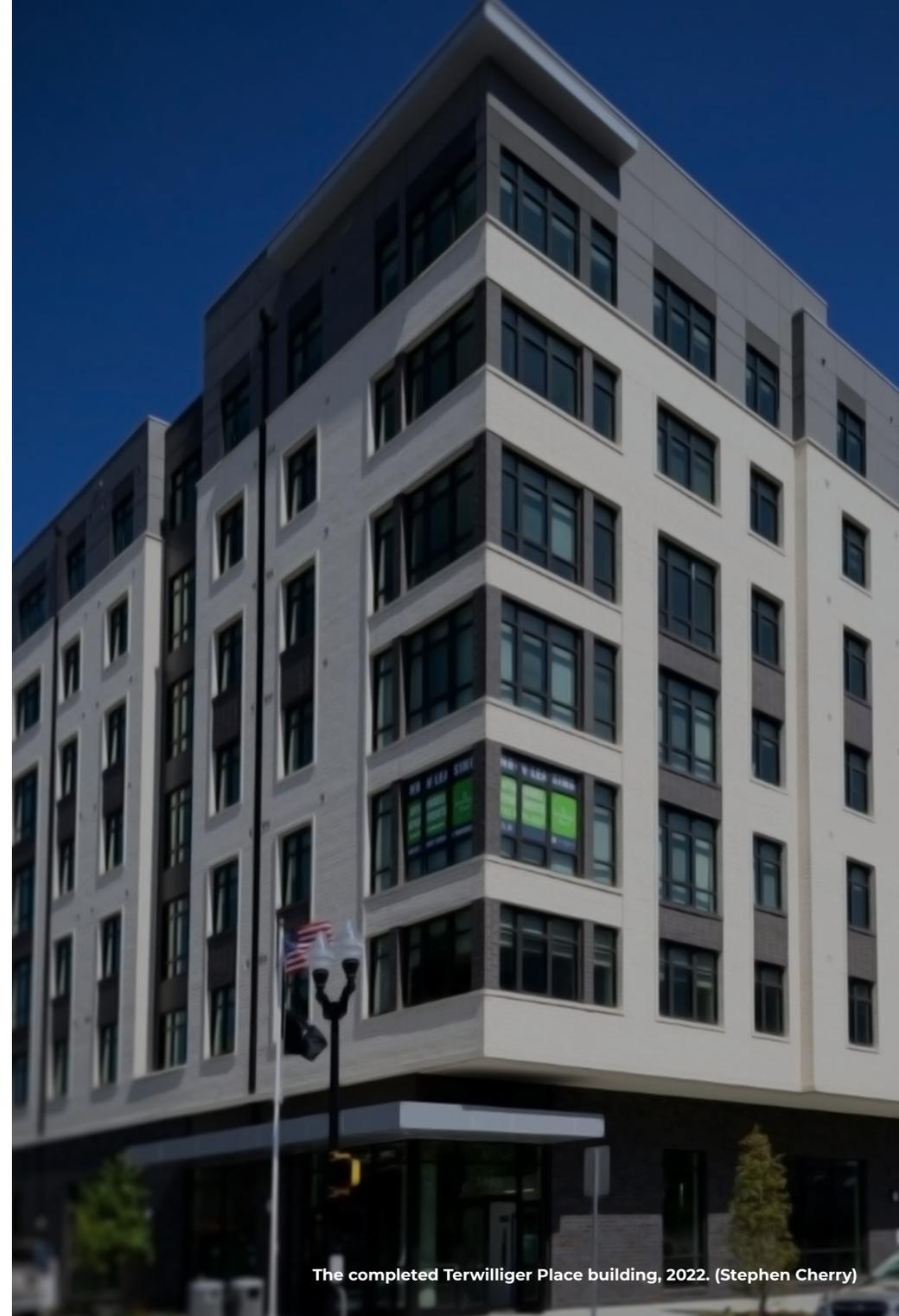
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Executive Summary

On September 23, 2022, the Arlington Partnership for Affordable Housing (APAH) celebrated the grand opening of Lucille and Bruce Terwilliger Place, a new 160-unit affordable housing project in Arlington, Virginia, built on the site of the aging American Legion Post 139. APAH partnered with the post to rebuild their facilities on the ground floor of the new affordable housing apartment building. The project also includes a veterans' leasing preference for 50 percent of the building so that veterans can more easily live onsite to take advantage of the new Legion space. The project was funded primarily by the Low-Income Housing Tax Credit (LIHTC) program, low-interest loans from the state-level Virginia Housing and Arlington County, and private investments from a capital fundraising campaign and private companies including Amazon.

This project brief provides an overview of the project itself, its origins, and some relevant lessons for affordable housing practitioners and policymakers nationwide. Among these lessons are the importance of flexible zoning practices that allow for more housing density in exchange for critical infrastructure upgrades, the great potential impact of future partnerships with land-rich nonprofits, and the vital importance of continued subsidies for deeply affordable housing. To reflect on these and other lessons learned, APAH convened an [affordable housing policy forum](#) with local and state leaders at the grand opening. This brief includes excerpts from that discussion.



The completed Terwilliger Place building, 2022. (Stephen Cherry)

Introduction

On September 23, 2022, APAH celebrated the grand opening of Lucille and Bruce Terwilliger Place in Arlington, Virginia. Located a short walk from the Virginia Square-GMU Metro station, Terwilliger Place is a 160-unit community affordable to low-income renters, featuring a modern 6,000-square-foot American Legion post on the ground floor. The property provides a 50 percent veterans' leasing preference, and more than 26 of the units are reserved for households earning 30 percent of the area median income (AMI). Members of American Legion Post 139 conceived the redevelopment project as an opportunity to transform their aging facility, programs, and services to better serve veterans and the Arlington community.

By providing deeply affordable, service-enriched housing in a high-opportunity community, Terwilliger Place is a compelling example of how community organizations can leverage scarce land to better serve their own missions while also helping to meet broader community needs. It is also notable for the challenges and complexities inherent in housing development and construction in high-cost communities such as Arlington. This project brief highlights several of the approaches and innovations that have been critical to Terwilliger Place's success, in hopes that these best practices will be applied and replicated elsewhere to address our national housing supply and attainability crises.

This brief reflects perspectives presented at a policy forum hosted by APAH at the Terwilliger Place grand opening that brought together practitioners, policymakers, and experts to discuss the successful development of Terwilliger Place. ([View the policy forum.](#))



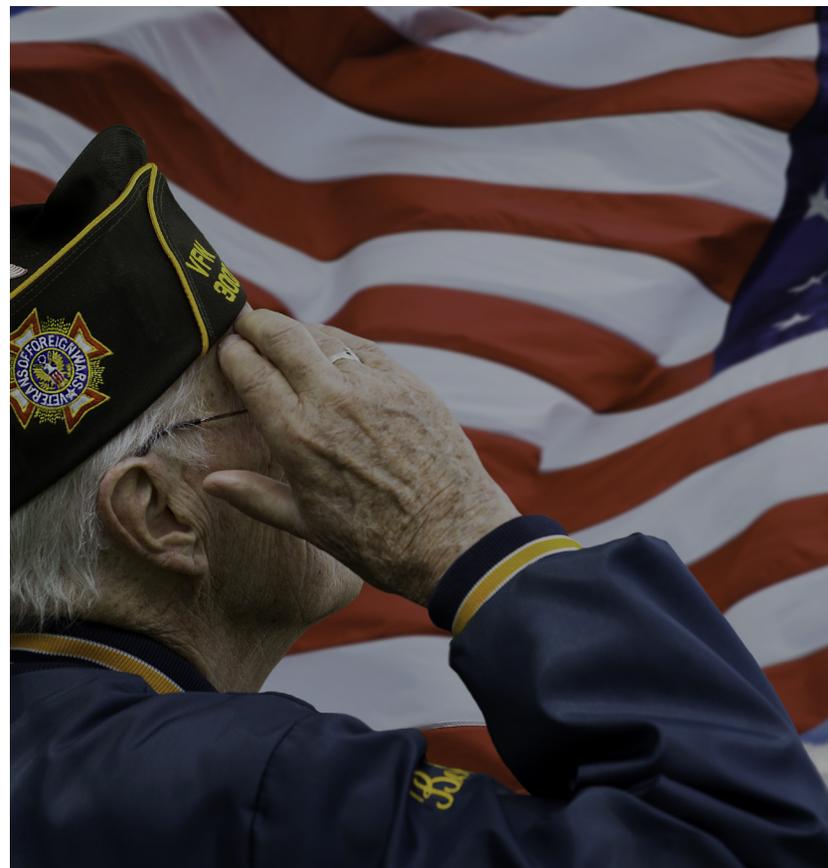
The completed Terwilliger Place building, 2022. (Stephen Cherry)

Terwilliger Place: Background and Neighborhood Context

Founded in 1921, American Legion Post 139 in Arlington served local veterans for nearly a century as a gathering place for social support, community service, and reintegration with civilian life. By the mid-2010s, the post had an aging facility (originally built in 1959) in urgent need of costly repairs, and a declining membership. With a nearly 1.4-acre site in the heart of the Rosslyn-Ballston Corridor in Arlington, post leadership saw an opportunity to redevelop their facilities with a commitment to reimagining their programming to meet the needs of the next generation of veterans. To achieve this vision, the post issued a request for proposals to redevelop the site with a new facility that could meet the needs of all veterans old and young.

The location of the project is an ideal setting to add homes affordable to low-income households (those earning less than 60 percent AMI) in a high-opportunity community. Located in the thriving North Arlington neighborhood of Virginia Square, the site boasts more than 900,000 jobs available within a 45-minute commute by transit.² The site has a Walk Score of 94 (“Walker’s Paradise”) and Bike Score of 81 (“Very Bikeable”)³ and is located across the street from a full-service grocery store and a satellite campus of George Mason University, the fastest-growing university in Virginia. Arlington Public Schools are widely considered to be one of the top-performing school districts in the state of Virginia.⁴

Despite this incredible economic opportunity, Arlington, like so many other growing cities around the country, has a severe shortage of housing affordable to moderate- and low-income households. In Arlington, nearly two-fifths (38.6 percent) of all renters paid more than 30 percent of their monthly income on rent, including 83.1 percent of



Enabling people of lower incomes to live in neighborhoods of opportunity where their kids can get decent educations, where they can get access to food and jobs and be safe is really rare these days.”

— J. RONALD TERWILLIGER

all renter households earning less than 80 percent AMI.⁵ The median rent is among the highest in the Washington, D.C., region at nearly \$2,000 per month for a one-bedroom apartment,⁶ while the average assessed value of a single-family detached house is over \$1 million.⁷ The Urban Institute in 2019 estimated that Arlington needed to add 9,900 units affordable to low or low-middle incomes by 2030 to keep up with future affordable housing needs of the population.⁸

In 2016, post leadership selected APAH to be the developer partner, and the idea was born to build new low-cost housing colocated with a new post headquartered on the ground floor. Moreover, the project team decided to dedicate 50 percent of the new housing to veterans, giving them a leasing preference that would allow them to live on site with the new post. (See Apartment Mix and Affordability table on the next page.)

Together, APAH and the post navigated a three-year entitlement process consisting of changes to the Arlington County general land use plan and zoning to allow for a seven-story mixed-use building. In 2019, the project team initiated a philanthropic capital campaign to fund capital costs of the project, culminating in a record enabling gift by housing philanthropist J. Ronald Terwilliger, who is also the founding sponsor and national advisory board chair for the ULI Terwilliger Center for Housing. Terwilliger Place is named for Ron's parents, Lucille and Bruce Terwilliger, who were longtime residents of Arlington.

After breaking ground on the project in 2020, the project was completed and placed in service in summer 2022. The new building has delivered 160 new income-restricted apartments to Arlington with a large, modernized space for the American Legion. The building is energy efficient, boasting an Earthcraft Gold certification, with interior features designed by Determined by Design, a veteran-led firm with a strong understanding of young veterans' needs and interests.

Project Facts

Site size: 1.36 acres

Total units: 160

Project size: 226,858 gross square feet

Community facilities: Multipurpose room, community room, counseling spaces, business center, green courtyard, onsite laundry room, free wi-fi for all residents

Retail: 6,000-square foot headquarters for American Legion Post 139 on the ground floor

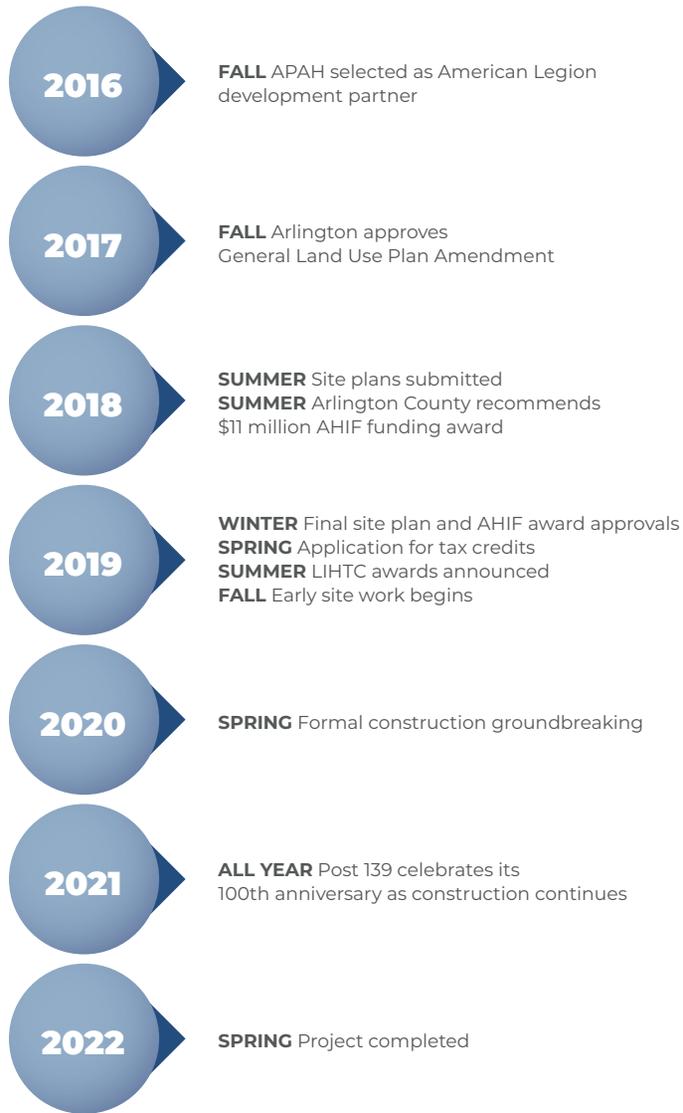
Parking: 96 vehicle spaces (20 reserved for American Legion) and 67 bike storage spaces

Land seller: American Legion Post 139; sold land fee simple and used proceeds to build a new American Legion headquarters, which they will own in their own condominium unit



American Legion Post 139 prior to redevelopment. (Image courtesy of APAH)

Project Timeline



APARTMENT MIX AND AFFORDABILITY

SIZE	UNITS @ 80% AMI	UNITS @ 60% AMI	UNITS @ 50% AMI	UNITS @ 30% AMI	TOTAL
1 BR	0	16	21	11	48
2 BR	9	24	40	14	87
3 BR	9	12	3	1	25
TOTAL	18	52	64	26	160

SOURCES*

VIRGINIA HOUSING TAXABLE LOAN	\$ 7,930,000
VIRGINIA HOUSING TAX-EXEMPT LOAN	\$ 11,910,000
LIHTC EQUITY	\$ 33,095,943
ARLINGTON COUNTY AHIF LOAN	\$ 11,520,000
CAPITAL CAMPAIGN	\$ 4,114,490
HOME FUNDS	\$ 2,445,000
VIRGINIA HOUSING AMAZON REACH LOAN	\$ 2,100,000
VIRGINIA HOUSING TRUST FUND LOAN	\$ 700,000
AMERICAN LEGION SELLER NOTE	\$ 2,000,000
APAH SPONSOR LOAN	\$ 1,551,034
TOTAL	\$77,366,467

USES*

ACQUISITION COSTS	\$ 8,786,150
CONSTRUCTION COSTS	\$ 46,624,185
SOFT COSTS	\$ 9,736,424
FINANCING COSTS	\$ 3,004,959
DEVELOPER FEE AND RESERVES	\$ 9,214,749
TOTAL	\$77,366,467

*Sources and uses figures are up to date as of the 8609 application for LIHTC in July 2023.

Action and Innovation Necessary to Address the Housing Crisis

Moderate- and lower-income households throughout the United States face substantial and growing home attainability challenges with home prices remaining high and out of reach for many who wish to become homeowners. The situation is even more difficult for renters. For the first time since the Great Recession, more than half of U.S. renters are cost burdened (paying more than 30 percent of their incomes on housing) and more than a quarter are severely cost burdened (paying more than half their incomes on housing).

The 2022 ULI Terwilliger Center Home Attainability Index analysis revealed that even before the onset of the pandemic, housing underproduction was driving a growing attainability crisis in the 100 most populous U.S. cities; regional housing shortages were causing negative spillover

effects, including driving household and business relocations to lower cost geographies; and few housing units were available and affordable to important low-wage workers in any of the regions evaluated (see the Home Attainability Index Occupational Analysis table).

The attainability crisis is clearly both deep and broad, and Terwilliger Place is a solution that brings lessons across both dimensions. The development is a rich example of innovative practices leveraged to produce deeply affordable housing units in a very high-cost, high-opportunity community. While there are many components of the project that are replicable or applicable across the spectrum of residential development, solving the housing crisis will require an array of scalable development solutions and policy reforms to close a national gap of nearly 4 million units.

Home Attainability Index Occupational Analysis

	MEDIAN ANNUAL INCOME	% OF REGIONS AFFORDABLE 10% DOWN	% OF REGIONS AFFORDABLE 3% DOWN	% OF REGIONS AFFORDABLE FMR 1 BR	% OF REGIONS AFFORDABLE FMR 2 BR	% OF REGIONS AFFORDABLE FMR 3 BR
TWO-INCOME HOUSEHOLD (CHILDCARE WORKER, MIDDLE SCHOOL TEACHER)	\$ 83,530	54.05%	52.25%	100.00%	98.20%	93.69%
TWO-INCOME HOUSEHOLD (TRUCK DRIVER, HOME HEALTH AIDE)	\$ 72,260	39.64%	35.14%	98.20%	92.79%	79.28%
TWO-INCOME HOUSEHOLD (JANITOR, SECURITY GUARD)	\$ 56,950	17.12%	13.51%	94.59%	84.68%	40.54%
AUTOMOTIVE SERVICE TECHNICIANS AND MECHANICS	\$ 44,530	3.60%	3.60%	79.28%	45.95%	2.70%
BUS DRIVERS, TRANSIT AND INTERCITY	\$ 41,110	6.32%	5.26%	54.74%	27.37%	6.32%
CHILDCARE WORKERS	\$ 23,990	0.90%	0.90%	0.00%	0.00%	0.00%
EMERGENCY MEDICAL TECHNICIANS AND PARAMEDICS	\$ 37,280	1.90%	1.90%	47.62%	13.33%	0.00%
HEAVY AND TRACTOR-TRAILER TRUCK DRIVERS	\$ 47,560	7.21%	4.50%	81.98%	52.25%	12.61%
HOME HEALTH AND PERSONAL CARE AIDES	\$ 24,700	0.90%	0.90%	0.00%	0.00%	0.00%
JANITORS AND CLEANERS, EXCEPT MAIDS AND HOUSEKEEPING CLEANERS	\$ 27,610	0.90%	0.90%	7.21%	0.00%	0.00%
LABORERS AND FREIGHT, STOCK, AND MATERIAL MOVERS, HAND	\$ 30,770	1.80%	0.90%	20.72%	0.00%	0.00%
MAIDS AND HOUSEKEEPING CLEANERS	\$ 24,440	0.90%	0.90%	0.90%	0.00%	0.00%
MIDDLE SCHOOL TEACHERS, EXCEPT SPECIAL AND CAREER/TECHNICAL EDUCATION	\$ 59,410	21.62%	17.12%	96.40%	86.49%	53.15%
NURSING ASSISTANTS	\$ 30,130	0.90%	0.90%	16.22%	0.00%	0.00%
REGISTERED NURSES	\$ 71,060	42.34%	32.43%	100.00%	100.00%	85.59%
RETAIL SALESPERSONS	\$ 25,620	0.90%	0.90%	3.60%	0.00%	0.00%
SECURITY GUARDS	\$ 30,390	1.80%	0.90%	18.02%	3.60%	0.00%
WAITERS AND WAITRESSES	\$ 20,530	0.90%	0.90%	2.70%	0.00%	0.00%

Note: The table shows the scarcity of affordable housing options in the United States for the listed occupations. Figures in red signify that less than half of U.S. regions offer affordable housing for those occupations. Figures shaded in red indicate a severe lack of affordable housing.

Lessons for Affordable Housing Production

Three core lessons from Terwilliger Place are applicable to the broader housing supply and affordability crisis:

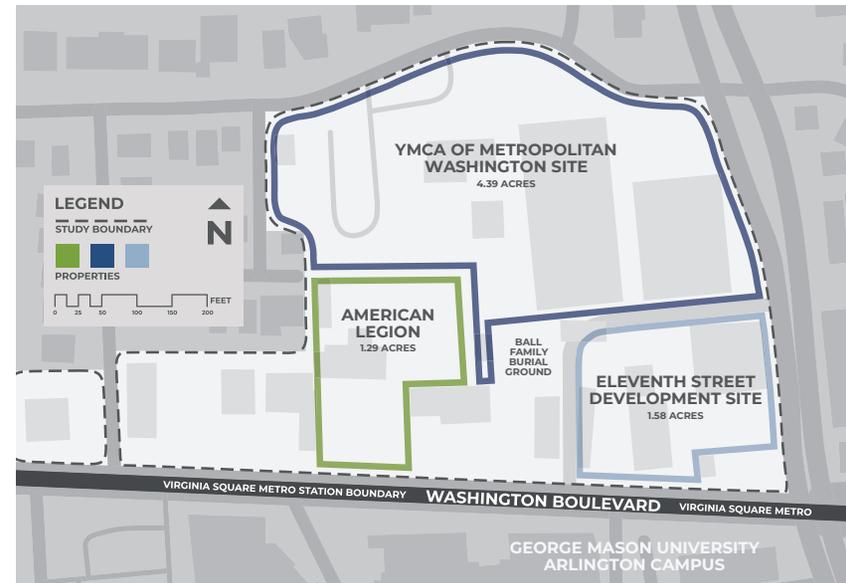
- Localities can allow density as a tool for affordability;
- Communities and developers should pursue nonprofit partnerships to maximize use of scarce land for housing affordability; and
- Public and private subsidies are critical to achieve deep, long-term affordability.

Learning and applying these lessons is critical, given the scale of the national challenge.

Localities Can Allow Density as a Tool for Affordability

As an inner-ring suburb in a growing metropolitan area, Arlington has an increasing population and jobs base, but is mostly out of developable land. This means that most new housing development, whether market rate or affordable, requires the redevelopment of existing sites, often with higher density than previously. But rather than fearing density as an unwanted change, Arlington's leaders have in many instances embraced it as part of a pragmatic plan for growth.

In planning for more density on the site of Terwilliger Place, Arlington officials recognized this reality and honored a forward-looking vision of the community that accepts growth as a prerequisite for greater inclusiveness. In fact, the planning process followed a long history of neighborhood change in the Virginia Square area, where Terwilliger



American Legion general land use plan amendment boundaries with the American Legion site shown. (Adapted from Arlington County Washington Boulevard & Kirkwood Road Special General Land Use Plan Study “Plus” and Concept Plan, November 2017, Map 1)



The big challenge and the scale of what we’re up against . . . the policy objective is finding a place for everyone in this economy . . . while we project 245,000 units [regionwide] will be built this decade, what is really needed is 320,000 units.

The challenge is . . . my estimate is that we need 351 [developments like Terwilliger Place] in the next decade . . . this is a big, big lift . . . but in the scale of our metropolitan region, to improve transportation, to improve quality of life, and have better climate, we need 351 of these.”

— CHUCK BEAN, FORMER EXECUTIVE DIRECTOR OF METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

Place is located. Starting in the mid-20th century, Virginia Square was one of Arlington's original commercial, mixed-use districts with Kann's department store and the Virginia Square Shopping Center along a streetcar line that thrived during the 1950s and 1960s.⁹ After the introduction of the Metro rail system and the county's first general land use plan in 1977, the area has grown into one of the premier examples of smart growth throughout the United States. Virginia Square became the site of one of four Metro stations in the entire Rosslyn-Ballston Corridor, which has since seen tens of millions of square feet of office and residential development.

In 2002, an update to the Virginia Square sector plan identified the American Legion property as part of a "transition area" between a commercial core and single-family residential area to the north. Soon the property owners on this block recognized denser redevelopment as a necessity for survival. In 2016, the American Legion, along with neighboring property owners including a YMCA and an auto-body shop, filed separate applications to Arlington County to raise revenue through redevelopment of their aging properties to better serve both existing and future residents of the community. In response, Arlington County staff took a holistic approach to replanning the entire block; grouping the applications into a single amendment to the county's general land use plan. This grouping of several applications saved significant staff time and allowed for an overall vision for the block, including the many infrastructure improvements needed to support the new growth. In this way, county staff allowed for more housing and affordability while directly addressing the most pertinent impacts of growth on existing residents. All told, the county required dozens of infrastructure-related site plan requirements for the Terwilliger Place project. Given that many of these requirements carried significant costs, the county also allowed for a reduction in the minimum parking requirement (96 spaces for 160 units) given the project's close proximity to the Metro station. This helped save the project millions of dollars in excavation costs and promoted sustainable transportation to and from the site.



I think we're getting better at the bureaucratic margins of figuring out how to bridge that gap so that more resources can be put into affordability as opposed to bureaucracy and delay."

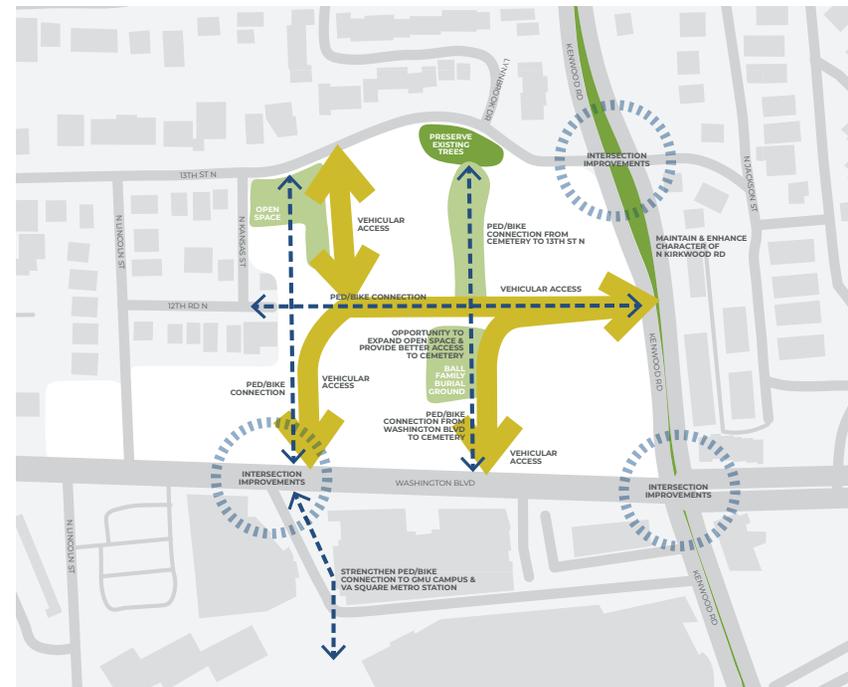
— CHRISTIAN DORSEY, FORMER ARLINGTON COUNTY BOARD MEMBER,
ON FINE-TUNING ARLINGTON'S PLANNING PROCESSES

Notable Community Contributions/Site Plan Conditions for Terwilliger Place

- **Tree survey and protection plan**
- **Commissioning of public art or contribution (\$75,000)**
- **Build new onsite storm sewers underneath new N. Kansas Street**
- **Underground aerial utilities**
- **Reconstruct pedestrian streetscape to more pedestrian-friendly design on all sides of the site**
- **Provide 67 visitor bicycle parking spaces**
- **Replacement of streetlights and contribution of \$18,000 to county for future lighting improvements**
- **Reconstruction of pedestrian signals and crossing at N. Kansas Street and Washington Boulevard**
- **Contribution to underground utilities at neighboring properties (\$72,848)**
- **Transportation management plan, including either SmarTrip, bikeshare membership, or carshare membership to new tenants; annual contributions to Arlington County Commuter Services; and a transportation information kiosk in the lobby**

The Terwilliger Place project fits within broader regional goals for housing, which emphasize transit-oriented development. At the grand opening policy forum, former head of the Metropolitan Washington Council of Governments (MWCOG) Chuck Bean emphasized that his agency’s goal is to promote growth within high-capacity transit areas, which encompass 10 percent of the region’s land area but 55 percent of the expected job growth. In fact, MWCOG estimates that the Washington region needs to build 374,000 units by 2030 to keep up with growth. Of these, over 75 percent need to be affordable to those with middle or low incomes, and near transit. This large task requires intentional planning for more density around the region’s scarce transit resources. In fact, the Urban Institute estimates that up-zoning is the greatest potential contributor towards regional production of housing, adding potentially between 46,000 and 59,000 units regionwide.¹⁰ One challenge to this is that zoning is controlled at the local level and it is politically difficult to change. At Terwilliger Place’s policy forum, Bipartisan Policy Center Director Dennis Shea noted that this is a typical problem around the nation, and that there are several proposals at the federal level to help, including the bipartisan Yes In My Backyard (YIMBY) Act, which would mandate that localities receiving Community Development Block Grant (CDBG) funds track and work to remove zoning barriers to new housing.

With this transit-oriented development focus, panelists at the forum stressed that planning for density can, and must, strengthen existing communities rather than displace existing residents. That’s why MWCOG has designated special planning efforts around [Equity Emphasis Areas](#), census tracts around the region with high concentrations of traditional disadvantaged groups. MWCOG gives special priority to these areas in their grant programs that fund planning for access to transit stations, improving roadway safety, and alternative modes of travel, all relevant issues as housing density increases. Local governments can also focus on preserving market rate affordable housing in these communities while the region grows. Panelist Laura Searfoss mentioned this is exactly what is intended by the Purple Line Coalition, a new community of leaders



New cross street and pedestrian connections envisioned as part of the holistic replanning process for the entire Terwilliger Place block. (Adapted from Arlington County Washington Boulevard & Kirkwood Road Special General Land Use Plan Study “Plus” and Concept Plan, November 2017, p. 51)



[Terwilliger Place] is adding value to the entire community. This is making us more resilient to stormwater change. . . . This project is helping to increase connectivity throughout the neighborhoods, which [is] going to make it not only easier to navigate but also reduce congestion.”

— CHRISTIAN DORSEY, FORMER ARLINGTON COUNTY BOARD MEMBER

in Montgomery and Prince George's counties focused on matching affordable housing organizations with vulnerable rental communities along the future Purple Line in Maryland. This concerted effort to preserve affordability can ease the transition to further growth and allow investment to benefit existing residents without displacement.

Communities and Developers Should Pursue Nonprofit Partnerships

While land use reform is critical to building more affordable housing, expanding nonprofit partnerships can also be a vital asset to accessing scarce land in high-demand metro regions. In the case of Terwilliger Place, the American Legion owned more than an acre of land in the heart of the Rosslyn-Ballston Corridor. Because they were mission minded, they had more incentive to partner with another nonprofit such as APAH to build veterans-oriented affordable housing onsite rather than selling to the highest bidder. In exchange, the American Legion was able to build a new modern space, better meet the needs of aging members, and provide an opportunity to serve a new generation of veterans returning from the wars of the 21st century. This is a win-win-win situation for APAH and Arlington County, who can build affordable housing, and the American Legion, who can serve their mission and stay in place.

There is a lot more opportunity for these kinds of partnerships because there is ample land in the Washington metro region currently owned by mission-minded nonprofits with aging facilities. For example, the Urban Institute has found that there are at least 726 acres owned by faith-based institutions in D.C.; Arlington; Montgomery County, Maryland; and Fairfax County, Virginia.¹¹ These sites could support the construction of at least 43,000 new housing units. Given that most other sites are either mostly built out or highly expensive on the open market, nonprofit-owned sites serve as a valuable opportunity to build affordable housing.



We've got these amazing places that have been built around transit stations. We've leveraged that massive investment to actually create . . . wholly contained neighborhoods not only where people live but also where . . . most of our jobs are centered. We have the other amenities that define communities and what this means on a day-to-day basis is that people are able to, if they choose to, live their life without a personal vehicle, which is amazing . . . [through smart growth,] we're talking about building community, accommodating future growth, more environmental sustainability, and this is something that is necessary for any thriving dynamic community to be able to do moving forward."

— CHRISTIAN DORSEY, FORMER ARLINGTON COUNTY BOARD MEMBER,
ON PLANNING FOR MORE HOUSING ALONG TRANSIT CORRIDORS



It's part of our growth management moving forward. We're going to get away from some of the old-style thinking that density, affordability, high-capacity transit, that people needed to be protected from those . . . and where we are in Arlington hopefully is not only breaking past these biases, but also demonstrating to people the benefits from it."

— CHRISTIAN DORSEY, FORMER ARLINGTON COUNTY BOARD MEMBER

However, these partnerships do not happen automatically. Many nonprofit institutions do not have experience with real estate and could use help from local governments or affordable housing organizations. For example, Enterprise Community Partners launched a Faith-Based Development Initiative to provide grants, training, and technical assistance to houses of worship thinking about redevelopment. Since 2006, this initiative has helped create about 1,500 new homes on faith-based property.¹² Furthermore, Arlington County has in the past convened workshops for faith leaders to explore pathways and impediments to development. These workshops can be critical to identifying potential development sites that may not be on the open market.

This little effort can go a long way by breaking down basic educational barriers on the development process. A few nonprofits passing along lessons learned to their networks could have a multiplier effect on housing production.

Public and Private Subsidies Are Critical to Achieve Deep, Long-Term Affordability

In addition to permissive zoning and available land, financial subsidies are still critical for creating deeply affordable housing. In the case of Terwilliger Place, this primarily came in the form of a large federal subsidy from the LIHTC program, which awards tax credits in exchange for investor equity dollars. This equity serves in place of the traditional private equity that would be invested in a market-rate project. Moreover, the project received extensive below-interest rate loans from the state and local governments. First, low-interest loans from the state Virginia Housing finance agency and Department of Housing and Community Development (DHCD). Arlington County also invested in the project through its Affordable Housing Investment Fund (AHIF), a revolving loan fund that has subsidized thousands of units of affordable housing since its creation in 1988. These loans help the project operate housing at rent levels below



There are a lot of assets that exist in communities that sometimes we call low-opportunity areas and so the more and more we can also think about how do we invest in those areas, they may not be the housing investments but the economic opportunities, the opportunities to center residents interest and really improve them in ways that are going to benefit them the most. They're the best people to tell us what those investments look like, [and the more we listen to them] the better off all of our region will be."

— LAURA SEARFOSS, MID-ATLANTIC SENIOR PROGRAM DIRECTOR AT ENTERPRISE, ON THE IMPORTANCE OF INCLUDING EXISTING RESIDENTS IN PLANS FOR GROWTH



Some of the biggest barriers are just being able to translate the development process to institutions that want to be a part of the solution but may not always have the same language or the same training."

— LAURA SEARFOSS, MID-ATLANTIC SENIOR PROGRAM DIRECTOR AT ENTERPRISE, ON THE FOCUS OF ENTERPRISE'S FAITH-BASED DEVELOPMENT INITIATIVE

what would be supportable with typical market interest rates. This combined approach of federal, state, and local subsidies is typical of most new affordable housing projects in Virginia.

In addition to these traditional sources, Terwilliger Place also leveraged some innovative private investments (\$4 million) from a philanthropic campaign that brought in donors big and small, including corporate entities with a veterans' nexus (defense contractors, for example). This included a record gift from Ron Terwilliger, who named the building after his parents. Another important piece of subsidy came in the form of a \$2.1 million grant from Virginia Housing's Amazon REACH program, a special grant program targeted to affordable housing projects in jurisdictions around Amazon's HQ2 arrival. This grant allowed APAH to lower rents for eight additional units from 60 to 30 percent AMI, for a total of twenty-six 30 percent AMI units.

Private investment in affordable housing is not just philanthropic, but also a critical investment for continued economic growth. In the case of Arlington and Terwilliger Place, the arrival of Amazon's HQ2 presents a prime example. A large portion of the tens of thousands of workers from Amazon's arrival are expected to be moderate- or low-income earners. The productivity and retention of Amazon's workforce and the economic mobility gains from these private investments depends on workers of all income levels having enough affordable housing near HQ2. In response, Amazon announced a \$2 billion housing equity fund for low-interest loans to committed affordable housing in regional housing markets near its corporate offices. Virginia Housing also committed to \$15 million annually in low-interest loans earmarked for localities around Amazon's HQ2.

Additional private investment is increasingly important given the current shortages of available public subsidies. Although the LIHTC program has been successful at producing dedicated affordable housing, more subsidized financing is needed. The program offers 4 and 9 percent tax credits. The 9 percent credits are capped by the

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When I heard that the American Legion post was selling for affordable housing, I thought here's a new story that could be an affordable housing blueprint. We have a problem of affordable land and land that's well located . . . and there is, across the country, the aging of the American Legion post population, who are land rich, but cash poor.”

— DEBORAH BURKART, MANAGING DIRECTOR, SUPPORTIVE HOUSING,
AT NATIONAL EQUITY FUND, ON THE WIN-WIN BENEFITS OF
COLOCATING HOUSING WITH AMERICAN LEGION POSTS

“

Amazon is very much committed to the belief that affordable housing is a right and while it is up to the government to solve this crisis, there's a role and a place for private industry to get involved. Amazon is committed to tens of thousands of jobs in the region. We could not fill those jobs if there's not affordable housing for the people coming in.”

— DAVID SWIFT, SENIOR PRODUCT MANAGER AT AMAZON,
ON THE IMPORTANCE OF THE PRIVATE SECTOR SUPPORTING AFFORDABLE HOUSING

federal government and competitively allocated by state Housing Finance Agencies (HFAs) like Virginia Housing. And with public housing and other legacy U.S. Department of Housing and Urban Development (HUD) programs increasingly turning to LIHTC to fund critical capital improvements, LIHTCs are being stretched thinner. In a typical year, dozens of affordable housing proposals are delayed or rejected by Virginia Housing due to a lack in available credits. Meanwhile, the Virginia DHCD estimates that there is a need for approximately 300,000 additional affordable apartments for low-income renters across the Commonwealth of Virginia.¹³

At the grand opening policy forum, Virginia Housing CEO Susan Dewey noted that the federal expiration of a recent 12.5 percent boost to LIHTCs is creating further struggles to meet affordable housing goals across Virginia. Another form of LIHTC, known as 4 percent credits, requires projects to also use tax-exempt bond financing to cover at least 50 percent of eligible costs. For years, Virginia had enough tax-exempt bond financing capacity to finance all the requested 4 percent LIHTC projects, but recently, like many other states, the demand for bonds exceeded the statewide cap.

Important proposed reforms include the Affordable Housing Credit Improvement Act (2023), which would raise LIHTC caps and lower the private activity bond financing test from 50 to 25 percent, thus increasing the available amounts of public subsidy. Panelists Ron Terwilliger and DHCD director Bryan Horn both agreed at the policy forum that this legislation would greatly benefit affordable housing production.

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Continued economic growth depends on availability of housing affordable to the workforce.”

— BOBBY ROZEN, APAH BOARD MEMBER

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For me, every dollar that is spent on your housing is a dollar you cannot spend in the overall economy. It’s a dollar that we can’t use to stimulate the creation of other jobs and to stimulate our economic activity.”

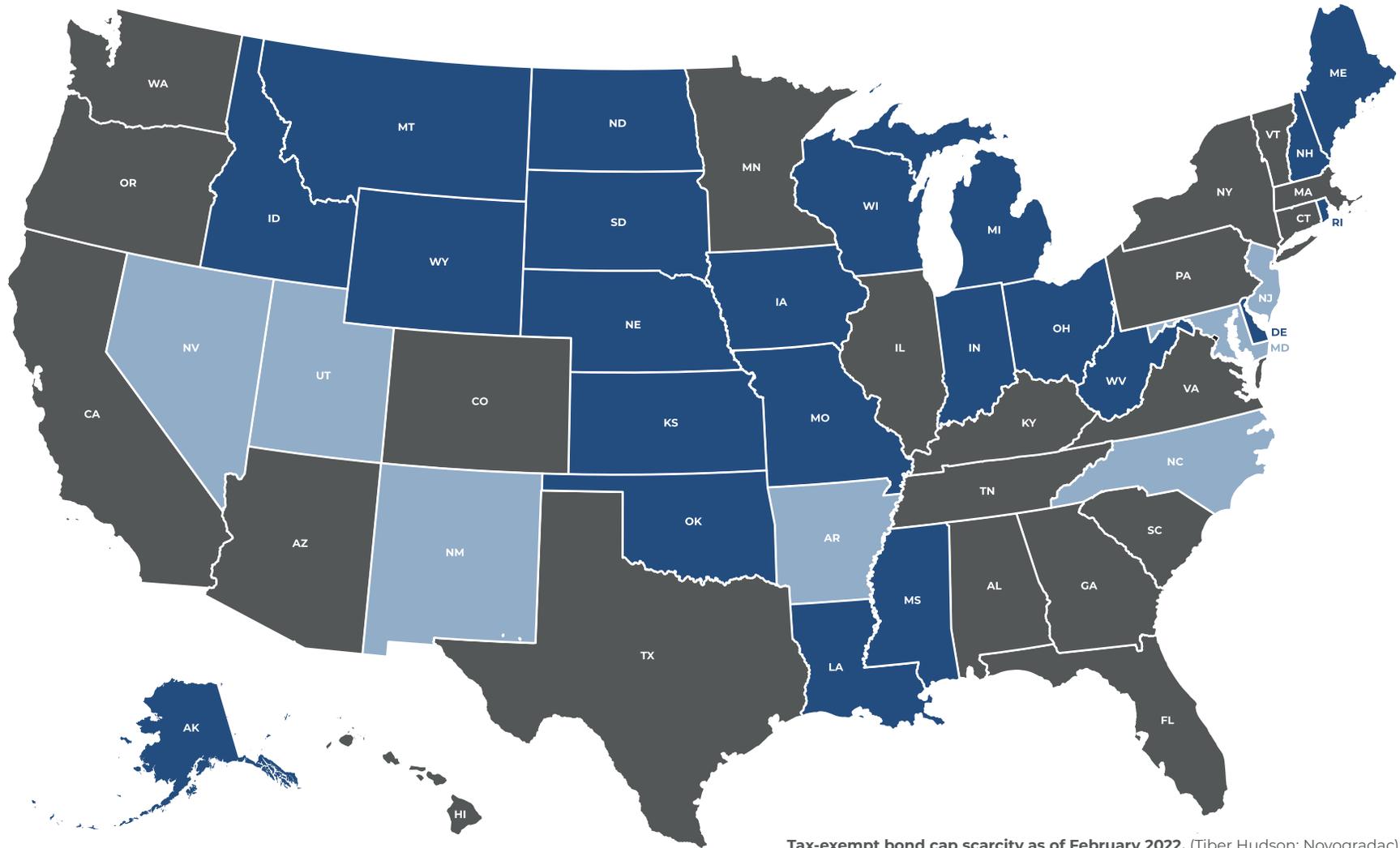
— BRYAN HORN, DIRECTOR OF VA DHCD,
ON THE ECONOMIC IMPORTANCE OF AFFORDABLE HOUSING

“

We’ve actually lost ground when you think about it with resources. Not only do we need a lot more tax credits for example, but about four years ago, we got an additional allocation of 12.5 percent [of LIHTCs] in the state of Virginia, and we’re hopeful that would be permanent and increased and that didn’t happen. That is huge, because tax credits are the number one means of getting affordable housing produced.”

— SUSAN DEWEY, CEO OF VIRGINIA HOUSING, ON THE IMPORTANCE OF FEDERAL FUNDING SUCH AS LIHTCS FOR PRODUCING AFFORDABLE HOUSING

VOLUME CAP SCARCITY AS OF FEBRUARY 28, 2022



Tax-exempt bond cap scarcity as of February 2022. (Tiber Hudson; Novogradac)

Conclusion

Terwilliger Place today is 100 percent leased and serves as the home to 160 individuals and families of moderate incomes. These households work, shop, eat, and play in or around Arlington. They're now a critical part of a walkable, transit- and job-rich, and thriving Virginia Square neighborhood. American Legion Post 139 recently opened their new ground-floor space in the building after several months of interior finishes. The new 6,000-square-foot post provides a modern facility to continue the legacy of the post and serve the next generation of local veterans. This project—together with housing and a modern Legion space—fulfills a long-time vision of the American Legion, when, in 2016, they first made a public call to redevelop their aging facilities.

Yet this project would not have been possible if it wasn't for bold leadership at the local and state levels. And this leadership offers several lessons to increase production of affordable housing nationwide. First, Arlington County made a conscious effort to change the site's zoning and to proactively plan for denser housing on the block with key infrastructure upgrades. This kind of flexible zoning

policy that evolves to meet the needs of future residents is critical for meeting the national affordable housing shortage and a prerequisite for building more affordable housing in high-opportunity areas. Second, the land sale from the American Legion to APAH was a mutually beneficial partnership that allowed the American Legion to build a modernized facility on site alongside new affordable housing in a rare urban infill location. This is a replicable partnership with the many land-rich nonprofits in the region with aging facilities. Local interventions to provide real estate coordination or training to these nonprofits could have a multiplier effect on housing production. Finally, building Terwilliger Place with most rents restricted at 60 percent AMI and below required extensive subsidies from all levels of government. It was also made possible by key private individuals and companies that see the economic value of ensuring housing access near job centers. These lessons show how projects like Terwilliger Place provide a roadmap for addressing the national affordable housing deficit through large increases in overall housing production and targeted subsidies for committed affordable housing.



Notes

- ¹ Arlington Partnership for Affordable Housing, [“Terwilliger Place: A Model for Veteran Serving Organizations and Affordable Housing.”](#)
- ² United States Environmental Protection Agency, 2021 EPA Smart Location Database data for Census Block Group 510131015004, available per the “Jobs accessible by transit” layer from the [map for census block group 510131015004](#), accessed February 28, 2024.
- ³ [Walk Score, 3445 Washington Boulevard](#), accessed February 29, 2024.
- ⁴ ARLNow, [“How Arlington’s Public Schools Rank.”](#) July 26, 2017.
- ⁵ Jeannette Chapman, [“Housing a Diverse and Inclusive Community in Arlington County: An Updated Analysis of Current and Future Housing Needs”](#) (Arlington: The Schar School of Policy and Government, George Mason University, December 8, 2020).
- ⁶ Chapman, “Housing a Diverse and Inclusive Community in Arlington County: An Updated Analysis of Current and Future Housing Needs.”
- ⁷ Department of Community Planning, Housing, and Development, [“2021 Profile.”](#)
- ⁸ Urban Institute, [“Meeting the Washington Region’s Future Housing Needs.”](#) September 4, 2019.
- ⁹ Arlington County, [“Virginia Square Sector Plan, 2002.”](#) December 2002.
- ¹⁰ Urban Institute, “Meeting the Washington Region’s Future Housing Needs.”
- ¹¹ Urban Institute, [“How Faith Communities Are Addressing the DC Region’s Housing Challenges.”](#) December 10, 2019.
- ¹² Enterprise, [“Faith-Based Development.”](#)
- ¹³ Virginia Housing and Virginia Department of Housing and Community Development, [“HB854 Statewide Housing Study: Current Efforts, Future Needs, New Strategies.”](#) January 2022.