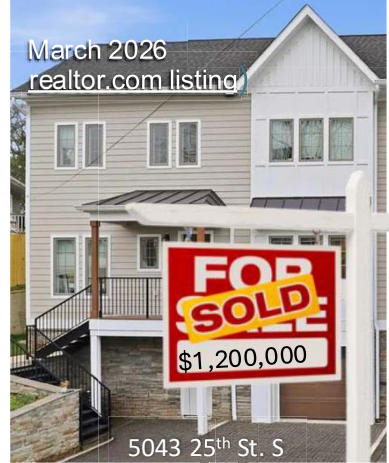


# EHO is for Very High-income Households



## Case Study: 25<sup>th</sup> St. S

5043 25<sup>th</sup> St. S is the least expensive EHO unit sold to date – \$1,200,000.

A developer purchased the single-family home for \$560,000 and replaced it with a duplex that sold for a total of \$2,450,000.

Like the developments on Troy Street N, the duplex units on 25th St. S are accessible only to very high-income households. To avoid being "cost-burdened,"\* a purchaser would need an annual income between **\$350,000 and \$400,000**. And the cash needed up front with a 10% down payment and closing costs would be nearly \$150,000.

*\*Arlington County defines "cost-burdened" as spending more than 30% of gross household income on housing.*

# EHO: Loss of Moderately-priced Housing



## The failure of EHO to live up to its goals extends beyond affordability.

The [Missing Middle Housing Study](#) highlighted a growing concern: the dwindling supply of moderately-priced single-family homes. This shortage is largely driven by the “McMansion” trend, where developers demolish smaller, entry-level houses to build expansive, high-cost single-family ones.

While EHO was intended to address this deficit, implementation to date demonstrates that like McMansions, EHO developments are replacing modest homes with large, very expensive units.

The status of each EHO-approved permit is provided at the end of this report and includes purchases prices, documenting how many entry level-homes are being lost to EHO development.

# EHO Increases Tax Revenue



25<sup>th</sup> St. S. sold for \$560,000



25<sup>th</sup> St. S. total both units = \$2,450,000

As older, modest single-family homes are torn down and replaced with EHO developments assessed at many times the original assessment, the County's real estate tax revenue increases. And, as O'Grady notes, assessment of other single-family homes increases due to EHO, further adding to the County's tax base.

For decades, commercial real estate and residential real estate provided an equal share of real estate [tax revenue for the County](#). But in recent years, the share of commercial real estate revenue has dropped significantly. In 2025, commercial real estate provided 43% of total real estate taxes, while residential provided 57%. Overall, these real estate taxes account for 60% of Arlington's revenue.

Because of the increased revenue from EHO, the County Board does not have an incentive to take action to make EHO more affordable to renters or homebuyers.