Increasing Housing Supply and Attainability

Improving Rules & Engagement to Build More Housing

ULI Urban Land **Washington**
Institute

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Preface

The Washington region has experienced significant population and economic growth over the past ten years. However, housing supply has not kept up with demand, creating challenges at all levels for housing attainability. The sustainability of the region's economic health relies on an adequate supply of housing that workers can afford. Without a range of housing types, sizes, and price points, the region is unlikely to continue to attract and retain the employment base necessary to support a healthy economy.

While multiple factors contribute to the high cost of housing, there is no silver bullet to address all of them. Therefore, the ULI Washington Impact Task Force explicitly chose to examine two critical factors that affect the speed and certainty of the development process: navigating the local regulatory and approval processes, and gaining community acceptance of development projects. This report explores the ways in which both issues impact housing supply and affordability and identifies recommendations to increase attainability across a range of housing types, income levels, and regional locations.

The report describes the private sector risks associated with the development process, the changing demographics and consumer preferences influencing housing development, the challenges and benefits of community engagement, and the entitlement and approval processes that govern project approvals.

Because all development decisions are made at the local level and each jurisdiction is of a different size and character, it is not possible to compare each process directly with any other. It is evident, however, that over the last decade there has been clear thought and improvement in the process in every jurisdiction. From enhancing communication to include social media, to creating internal review committees, to systematic evaluation of submittals, to updating neighborhood and comprehensive plans to acknowledge existing demographics, many beneficial changes have already been implemented.

Many challenges still exist, including how to:

1. Establish a shared regional and local vision

2. Build trust through inclusive and transparent community engagement

3. Improve education and communication about development and housing considerations

4. Advance geographically and socioeconomically equitable development

5. Preserve and expand committed affordable housing choices

6. Increase the efficiency of local government processes and institutional structures

7. Adopt flexible policies to accommodate shifts in housing demand and market conditions

8. Improve how and when developers interact with the community

9. Improve clarity and prioritization for community benefits and developer contributions

10. Expand ways to bring positive community voices to the table

This report is intended to serve as a conversation starter to advance the practices of approving entitlements and enhancing the scope and inclusiveness of community participation in the process. We look forward to talking about the issues raised in this report with developers, public agencies, elected officials and citizens, with the goal of keeping our region economically competitive while providing housing for all.

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Setting the Stage:
Housing Supply & Attainability

What do we mean by "attainable housing"?

For the purpose of this study, the terms "housing attainability," "attainable housing," and "housing affordability" are used interchangeably and refer to a household's ability to secure a home that

- supports a decent quality of life;
- meets life circumstances in terms of building type, size, and location; and
- does not create undue financial strain on the household.

"Committed affordable housing"—that is, housing units that are income restricted and often government or philanthropically subsidized—plays an important role in creating attainable housing choices for lower-income households. However, such units make up a relatively small proportion of the region's overall housing stock.

Therefore, this report focuses on the attainability of housing for the market as a whole beyond the subset of units restricted and/or subsidized for occupancy by lower income residents.

The goal of the task force's work was to identify challenges to housing supply, and thus attainability for individuals and families across the income spectrum. Improving the process for approval of development projects, and the citizen participation element of the process, are two critical elements addressed by this report.

The sustainability of the region's economic health relies on an adequate supply of housing that workers can afford. Without a range of housing types, sizes, and price points, the region is unlikely to continue to attract and retain the employment base necessary to support continued economic growth.[i] A healthy, attainable housing market has been found to bring other benefits as well, including improved government finances, increased expenditures at local businesses, and lower infrastructure and service delivery costs.[ii]

The ability to provide sufficient housing choices depends on a healthy development climate. A number of factors make it difficult to create and preserve housing that is affordable at a range of incomes, among them economic conditions, capital availability, construction material and labor costs, and the complex local regulatory environment. While multiple factors contribute to the high cost of housing, there is no silver bullet to solve all of them. Therefore, the task force explicitly chose to examine two critical factors that affect the speed and certainty of the development process: navigating of the local regulatory and approval process and gaining community acceptance of a development. This report explores the ways in which both issues impact housing supply and affordability and identifies recommendations to increase attainability across a range of housing types, income levels, and regional locations.

Geographic Scope and Focus

The geographic focus of this research is the urban core of Washington, D.C., defined for the task force's purposes as the jurisdictions served by Washington Metropolitan Area Transit Authority rail lines: the District of Columbia; Montgomery County and Prince George's County, Maryland; Arlington County, the city of Alexandria, Fairfax County, Loudon County, Virginia. This area includes the urban core of the region, a substantial amount of its economic activity, and the existing or planned infrastructure best suited to accommodating regional growth in a sustainable manner.

To gain more detailed insight into the specifics of local regulatory frameworks and community engagement issues, the task force conducted an in-depth analysis of a subset of this region—the District of Columbia; Arlington County, Virginia; and Montgomery County, Maryland.

Approach and Methodology

In conducting this research, the task force undertook a range of activities, including the following:

- Review of existing literature to develop an empirical evidence base on the relationship between local regulations, community engagement, housing supply, and affordability;

- Analyses of local land use, zoning, and regulatory policies;

- Three online surveys to reach a broad range of stakeholders affected by local development policies, including the ULI Housing Impact Survey, a convenience sampling survey of development practitioners within the ULI network;

- Three practitioner and citizen roundtables, and supplementary interviews to gain targeted and in-depth perspectives on key components of the research questions (see Appendix 1 for acknowledgment of research participants).

All interviews and conversations were conducted on background to facilitate open and candid discussion. A more comprehensive review of the research that informs this report and its recommendations is included in a separate publication.

The Connection between Housing Supply and Attainability

A number of factors influence housing supply and attainability. Demand is driven in part by population, demographic, and economic trends. Supply is influenced by a range of factors, including capital availability, construction costs, land capacity and site constraints, and the state, regional, and local regulatory environment. In the gap between supply and demand, to create and support committed affordable housing can alleviate some of the housing challenges faced by those not well served by the market.

For the research phase of this project, the consultant examined a significant amount of empirical research on the relationship between supply growth and affordability. In summary, evidence suggests that strategies to improve housing attainability should address three factors:

- Sufficient growth: At the regional level, the overall supply of homes should be responsive to population, demographic, and economic trends.

- A range of options: Housing production should include a range of housing types in various locations to meet the needs of citizens in varying life stages, circumstances, and consumer preferences.

- Equitable distribution of impacts: New development is necessary but not sufficient to support housing attainability, particularly at the neighborhood level and for low-income populations.

The Channel, Washington, DC

The Basics of Development Decision Making

To better understand the influence that community engagement and local approval processes have on housing supply and attainability, it is important to examine the basic factors that influence developer's decision making. This section outlines the factors that can drive feasibility, the relationship between development timeline and risk, and the sources and uses of project financing.

Development Feasibility Is Influenced by Five Critical Factors

Development occurs through the interaction between the interests of public and private actors. Developers seek to design and build profitable projects that meet a particular demand in the market. Public agencies seek to enable viable communities through sustainable economic development, housing provision, and revenue generation that facilitates and maintains the infrastructure necessary to keep communities healthy and thriving. Both private developers and public agencies need the buy-in of community members to realize successful development and growth.

Public policy (which includes zoning, and guides land use, density and design) must strike a balance between responding to community needs and still allowing the developer to realize economically viable projects.

A developer must be able to acquire and sufficiently achieve **site control** at a reasonable timeframe and cost to move forward with the planning for design and construction. Acquisition (and therefore feasibility) may depend on the successful

The developer's primary role is to manage time, money, and risk, with the objective of delivering a project that meets market demand and generates an acceptable return to the investors and lenders. If market demands are unmet, the project will not attract people to live, work, and play.

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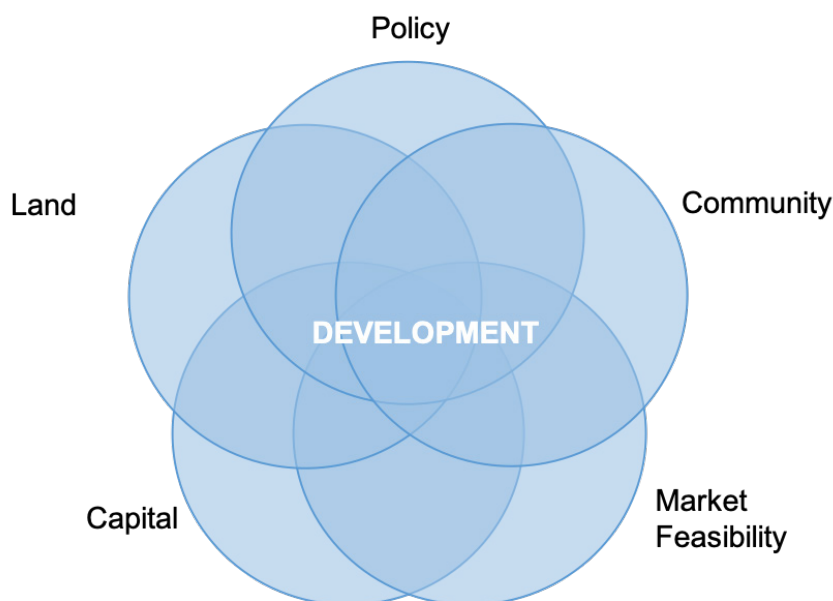
entitlement of the parcel, which necessitates a level of certainty within regulatory policy.

Development requires a significant upfront investment, often years before any profit or return is realized. The developer must have access to **sufficient capital** that is willing to fund the entire development process at risk of complete loss. Investors willing to take the chance on funding development demonstrate a wide range of risk tolerance.

Ideally, a successful development will appropriately respond to the needs of its host **community**. The developer/owner should engage and work with community members to ensure stakeholders' input is included in the decision-making process.

Ultimately, a developer/owner is competing with other companies to build as a response to **market demand**, which varies at different points in time. Developers conduct market studies to determine the best use of a site and whether to risk moving forward with development given various factors. Access to capital is predicated upon the market viability of a project.

There Is a Relationship between Development Timeline and Risk

The developer's primary role is to manage time, money, and risk, with the objective of delivering a project that meets market demand and generates an acceptable return to the investors and lenders. If market demands are unmet, the project will not attract people to live, work, and play. This inhibits the developer's ability to meet financial requirements and jeopardizes its reputation. The time frame from concept to construction completion can range from many years to decades and requires large sums of money to entitle, design, finance, and construct a property over before the realization of any gain from occupants or tenants. The longer this development term is extended, the more at risk the development is at missing the market. Whether the project's cost is measured in hundreds of thousands or hundreds of millions of dollars, the developer's risk grows before profits are generated. Many types of risks must be weighed throughout the course of a deal:

- **Investment risk:** A developer has no guarantee of recouping upfront costs on a project. In most cases, the developer has a legal and fiduciary responsibility to return investor capital at a specific cost.

- **Time risk:** Project delays increase the carrying costs of the property (legal, tax, maintenance, etc.), which are further magnified by the time value of money over the long term.

- **Market risk:** Changes in economic conditions can lead poorly timed projects to deliver into down cycles. Changes in design tastes can cause projects to "miss the market" and underperform.

- **Political risk:** Development is ultimately enabled through the political process. Changes in administrations or policies can alter the feasibility or timeline of project execution.

- **Construction risk:** This phase is the riskiest and most expensive portion of the development cycle, because changes to program and design become more difficult and costly to make once construction begins.

- **Legal risk:** The threat of project delay, redesign, or cancelation because of lawsuits can sometimes cause the developer to forgo adding density to a project—thereby jeopardizing feasibility— or building in a jurisdiction altogether.

Development Funding Comes from a Variety of Sources and Types

Multifamily real estate development is funded through a wide range of developer and investor types—from individuals seeking to purchase their first home, to large pension funds and sovereign wealth funds managing the financial interests of universities and countries. Like any smart buyer, investors will gauge the economic health of a particular city or neighborhood before choosing to sponsor one or more developers, who will then develop projects on their behalf. Similar to homebuyers, developers and investors have a range of investment horizons. Some will seek to develop and hold for the long term, whereas others will seek to harvest their investment just after it has delivered and is leased up. The developer is usually required to invest some of its personal capital along with the sponsor to align the interests of the equity partners. This team will then approach the lending community (banks) for construction loans to complete the capital stack.

Different investors will come to the table with a range of "risk tolerance" and will seek differing projects that meet those parameters. Some will look to buy and improve existing buildings (less risky), while others develop new assets from the ground up (riskier). Some will build in stable cities or neighborhoods; others will take bigger risk in less established cities or submarkets. These factors combine to form a risk spectrum. As one would expect, investors require higher financial returns for riskier investments.

The Region's Critical Housing Attainability Challenges

Improving access to housing requires an analysis of the region's specific unmet housing needs, because different challenges require differing policy responses. The following sections identify the segments of the population who struggle with housing attainability, examine how the housing market is responding to demand, and review projections of future housing needs.

Housing Attainable to Moderate-Income Purchasers and Low-Income Renters Is Limited

In reviewing existing data and analysis on the region's housing market and economic conditions, the task force found that the region's sustained economic growth has not translated to broad-based housing attainability, with particular pressure on lower-income households. More specifically:

- **Lower-income households are more likely to experience cost burdens,** with 80 percent of renters and 73 percent of owners earning below 80 percent of area median income (AMI) spending more than 30 percent of their income on housing. Nearly half of all renters (47.9 percent) were housing-cost burdened.[iii]

- **Homeownership is becoming more costly, relative to income, creating difficult tradeoffs for households that prefer to buy homes.** Some may be able to stretch financially to afford a home near their place of work or in a desired location. Others may purchase farther out where homes are more affordable ("drive until you qualify") or leave the region entirely. Many continue to rent. According to a ULI Washington 2018 Survey of Millennials living inside the Beltway, the share of Millennials owning homes is now slowly trending upward, after hitting a low point in 2012-2013.

Home purchase costs increasing faster than incomes in Washington, D.C., region

"Home Price-to-Income Ratios," Joint Center for Housing Studies of Harvard University, accessed December 3, 2018, http://www.jchs.harvard.edu/home-price-income-ratios.

Most of region's ownership stock is unaffordable to a median-income household

Jurisdiction	Average Assessed Value	Median Assessed Value	Percent Affordable to Median Income Household
District of Columbia	$632,948	$508,670	26.62%
Montgomery County	$532,038	$428,100	34.80%
Arlington County	$653,557	$621,100	20.50%

Source: Neighborhood Fundamentals, LLC analysis of publicly available property assessment data

Regional homeownership opportunities are limited for current renters

Household category	Percentage of homes affordable to renter household
Lower income (25th percentile)	3
Median income	18
Higher income (75th percentile)	52

Source: "Share of Homes Affordable to Potential Buyers Varies Widely," Joint Center for Housing Studies of Harvard University.

- **Increased demand is reducing the supply of rental homes attainable to lower-income households.** The last decade has seen significant growth in the higher-income renter population across the region and a corresponding reduction in the number of rental units affordable to lower-income households. Rents have increased faster than inflation in all inner jurisdictions, ranging from 11.3 percent in Loudoun County to 0.1 percent in Prince George's County.[iv]

The Region's Housing Market Is Not Adequately Responding to Population and Economic Growth

Recent population and economic growth have been consistent but unbalanced. Among "inner region"[v] jurisdictions, growth since 2000 has been concentrated among households earning more than $100,000 or less than $50,000. The George Mason University Center for Regional Analysis found that the trend of lower-middle-income growth is expected to continue through 2023.[vi]

At the same time, regional permitting levels have fallen below historic norms relative to both population and job growth. This has led to a tightening of the market. In recent years, new construction has been concentrated in class A product.[vii] Without sufficient new supply to meet higher-income demand, investment has shifted toward acquisition and repositioning of performing class B or C property that may be more naturally affordable to lower-income households. This trend is reducing the affordability of this segment of the housing stock. Repositioning may improve housing

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Housing Permits and Net New Jobs Added, Washington MSA: 1990-2017 (Est.)

Single-Family Permits   Multifamily Permits   New Jobs
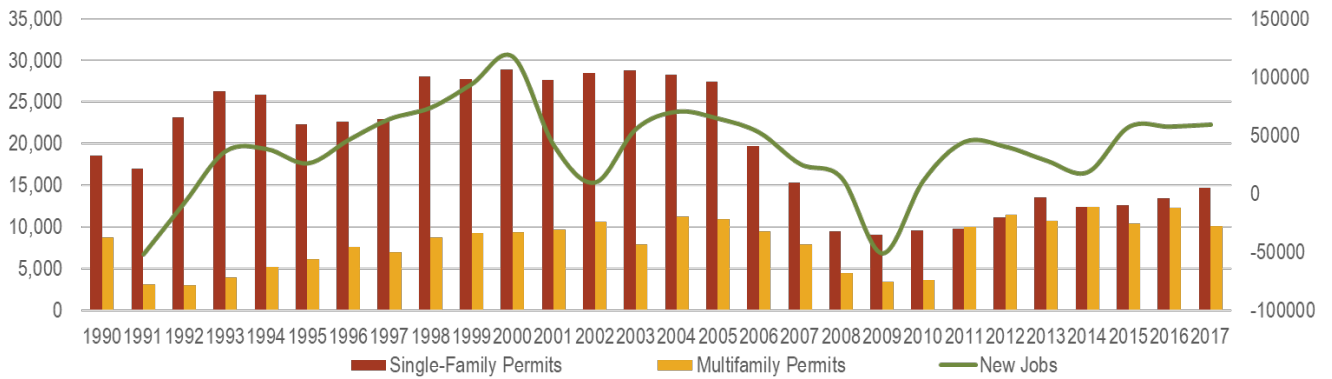
Source: Analysis of Moody's data by Adam Ducker, Managing Director; RCLCO Real Estate Advisors for ULI Washington Regionalism Initiative

As demographics and consumer preferences shift, demand for different types of housing may respond in kind.

choice for moderate-income renters, but it also puts increasing pressure on lower-income renters currently living in or competing for that segment of the region's housing stock. To illustrate, each focus jurisdiction has recently released analyses of the attainability of its existing rental stock, with the following findings:

- From 2006 to 2016, the District of Columbia's total supply of rental units affordable at greater than 60 percent of median family income increased by nearly 41,500 units. The number of units affordable to households earning less than 50 percent of median family income, however, declined by about 11,800, to 60,200. The number of units affordable to households between 50 and 60 percent of median family income increased by 2,500.[viii]

- Since 2000, Arlington County has lost over nearly 14,000 rental units affordable to households earning 60 percent of area median income or less, mostly as a result of increases in rent.[ix] Only 3,126 such units are left in the county, with about 11,675 additional units affordable between 60 and 80 percent AMI.[x]

- In Montgomery County, 38 percent of the demand for rental housing is below 50 percent of AMI, but only 17 percent of units are affordable at that level.[xi]

Beall's Grant, Rockville, MD

Changing Demographics and Consumer Preferences Are Shifting Demand for Housing

Housing attainability is shaped by the supply-demand relationship across several dimensions, including tenure, cost, building type, quality, and location. As demographics and consumer preferences shift, demand for different types of housing may respond in kind. For example, the older adult (65 and older) population in all three focus jurisdictions is expected to increase as a proportion of the population.[xii] As this trend continues, demand is likely to increase for any or all of age-restricted housing, accessible housing, and accessibility modifications to existing homes.

In terms of consumer choice, quantitative and anecdotal evidence suggest that demand will continue to be strong in mixed-use, transit-served neighborhoods in both the District of Columbia and the surrounding jurisdictions. Illustrating how demographic and consumer preference trends intersect, ULI Washington's 2018 survey report on Millennials Inside the Beltway identified the group as Committed Urbanists. The survey found that four of the six most important neighborhood characteristics were directly or indirectly related to ease of access (walkability, proximity to transit,

Millennials Inside the Beltway

Committed Urbanists

M. Leanne Lachman, Deborah L. Brett and Dr. Lawrence J. Becker | September 2018

Urban Land Institute Washington

presence of restaurants, and convenient retail stores).[xiii] Notably, the availability of attainable townhouses and rowhouses was rated as more important than either single-family homes, or condominiums and apartments.

Although some reasonable assumptions may be made as to the types of housing that may see increased demand, the magnitude of any individual shift is unpredictable. Therefore, housing supply that offers a range of choices can improve the health and resiliency of the housing market and better meet consumer needs.

With some exceptions, however, the region's housing market provides limited consumer choice. The research team examined the relative prevalence and attainability of various owner-occupied housing types using publicly available property value records. The team found limited diversity in terms of building type, and in none of the three examined jurisdictions was the lowest-cost housing type most prevalent.

The Need for More Equitable Development Is Expected to Grow

Moving forward, the region will have to increase housing production to both accommodate future demand and ameliorate past production shortfalls. Analysis from the Metropolitan Washington Council of Governments (COG) and the National Capital Region Transportation Planning Board (TPB) confirmed that the region is not producing enough housing to accommodate future job growth. The COG/TPB analysis found that providing enough housing to accommodate job growth would require the region's jurisdictions to increase permitting to 25,600 units per year. Though this target has not been met in recent years, achieving this level of production is clearly attainable to the region's jurisdictions. New housing construction permits averaged 30,900 per year from 2000 to 2005.

It is estimated that there will be a shortfall of 805,000 housing units by 2045 to meet the projected job growth in the region.

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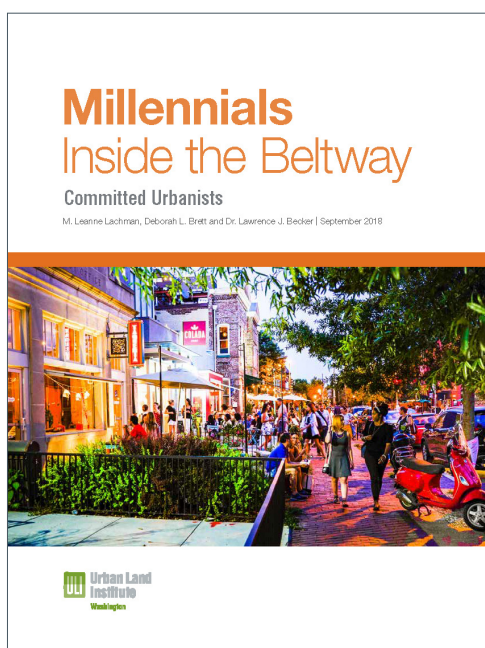
Process & Policy

How Development Is Planned and Approved in the Region

A first step in understanding why housing supply has failed to meet demand is to consider the region's regulatory framework for housing development. This section provides a general outline of the process through which the region's jurisdictions accommodate growth. It also includes a high-level review of the relevant policies and processes that govern development approvals.

Regional Needs Are Addressed Mostly through Local Policy

Though housing demand is in part a regional issue, few entities or mechanisms exist for responding to demand in a coordinated way across jurisdictions. Whereas this is generally true nationally, it is especially important in the Washington, D.C., metropolitan area, whose inner core spans states. This lack of coordination limits the replicability and potential impact of statewide policies that have been adopted elsewhere, such as jurisdictional housing production targets.

The Metropolitan Washington Council of Governments (COG) and the Transportation Planning Board (TPB) form the regional planning agency for the Washington, DC region. COG is a planning organization made up of 22 cities and counties in the metropolitan region; TPB is the federally designated metropolitan planning organization (MPO) and is a separate part of the COG organization. MPOs are responsible for regional planning and coordination for the use of federal transportation funding. This includes the coordination of land use, transportation, and infrastructure plans across jurisdictions. Given

Current Forecast and Additional Units Needed
To Meet Future Job Growth and
Optimize Transportation System Performance

that the COG/TPB includes representatives from all the regional jurisdictions, planning decisions must achieve at least some level of consensus. However, most regional decisions currently are based on the cumulative projections of local governments, making advancement of regional priorities more difficult.

Federal law requires that transportation plans developed by COG/TPB consider current and ongoing resource constraints. As such, transportation plans must account for differences in transportation infrastructure costs that would result from different land use scenarios. COG created the Region Forward plan in 2010, which outlined tools to promote walkable neighborhoods and accommodate growth within 141 designated Activity Centers.[xiv] These include existing urban centers, suburban town centers, traditional towns, and transit hubs. This approach is intended to more efficiently use existing transportation assets and reduce the need for major investments in new infrastructure. Since the report was published, a coalition of public, private and nonprofit organization representatives has continued to advise the COG Board on regional policy and long-range planning.

The 115,000-unit shortfall, over the originally estimated 575,000-unit shortfall by 2045 projected by COG, provides an example of the use of regional planning to coordinate land use and transportation policy.[xv] Production needs were determined based on three core considerations: the number of jobs the region is expected to produce, the infrastructure needed to
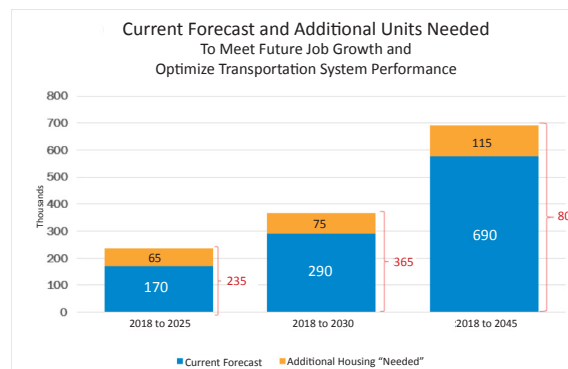
accommodate the associated growth, and the resources available to meet those needs. The unit shortfall was determined based on current zoning capacity in regional activity centers and high-capacity transit corridors. However, the specific planning efforts to accommodate growth and meet production targets are the responsibility of the local jurisdictions.

Jurisdiction Policies Are the Key Drivers of Development

Each jurisdiction within the region is responsible for developing both the long-range and near-term policy framework that guides local development. Jurisdictional policies can vary significantly, particularly given differences in the powers enumerated to local governments by the respective states. In general, development is guided by several policy documents:

- Comprehensive plans (and associated small area and neighborhood plans);
- Zoning ordinances (including overlays);
- Entitlement processes; and
- Other associated policies, such as building codes and subdivision ordinances.

The following sections provide a general description of each.

Comprehensive Plans Set the "Big Picture" Vision for Growth

Generally, a comprehensive plan projects future growth and defines how and where such growth should occur. A comprehensive plan may include multiple "elements" or "master plans" that address a range of issues, such as water and sewer infrastructure, parks and public spaces, transportation, and energy infrastructure. Importantly, comprehensive plans incorporate land use plans, which define use types (i.e., high-density residential, medium-density commercial) and where those uses can be located. A comprehensive plan may also incorporate more specific small area and neighborhood plans that are developed through separate processes, though jurisdictions may also incorporate such plans into zoning codes or create them as stand-alone policy documents. Comprehensive plans are complex, as shown by the graphic below detailing the Fairfax County Comprehensive Plan Baseline Recommendations.
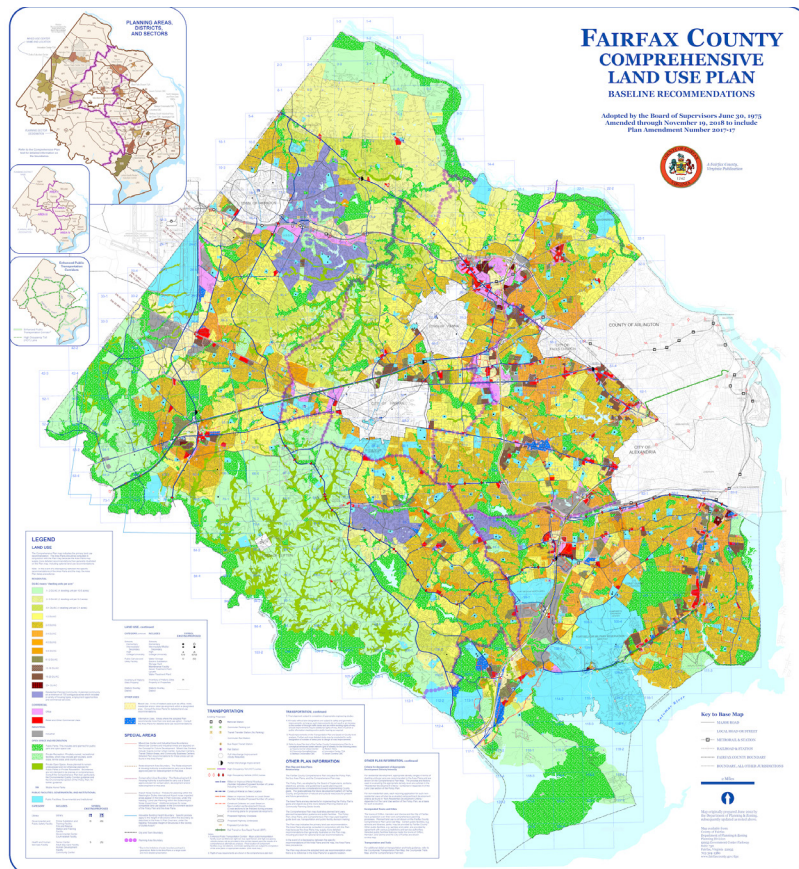
Zoning Ordinances Define the Details of Development

More detailed development guidance is provided through the zoning ordinance. Within the framework set by the land use component of the comprehensive plan, the zoning ordinance defines and applies specific zoning districts and dictates the types of structures that can be built within each district. The zoning ordinance also includes specific regulations on allowable densities (units per acre or gross square footage), form, height, setbacks, massing, open space, parking, and a myriad of other building characteristics. The zoning ordinance may also authorize impact fees and developer contributions.

Zoning ordinances also define the process by which development must be approved. Though terminology varies, "permitted" uses clearly fall within the parameters set in the zoning ordinance and can generally proceed without an extensive formal process other than obtaining building permits and verifying compliance with applicable codes and procedures ("by-right" development). The zoning ordinance also defines other eligible uses within a zoning category that require some level of additional review and approval.

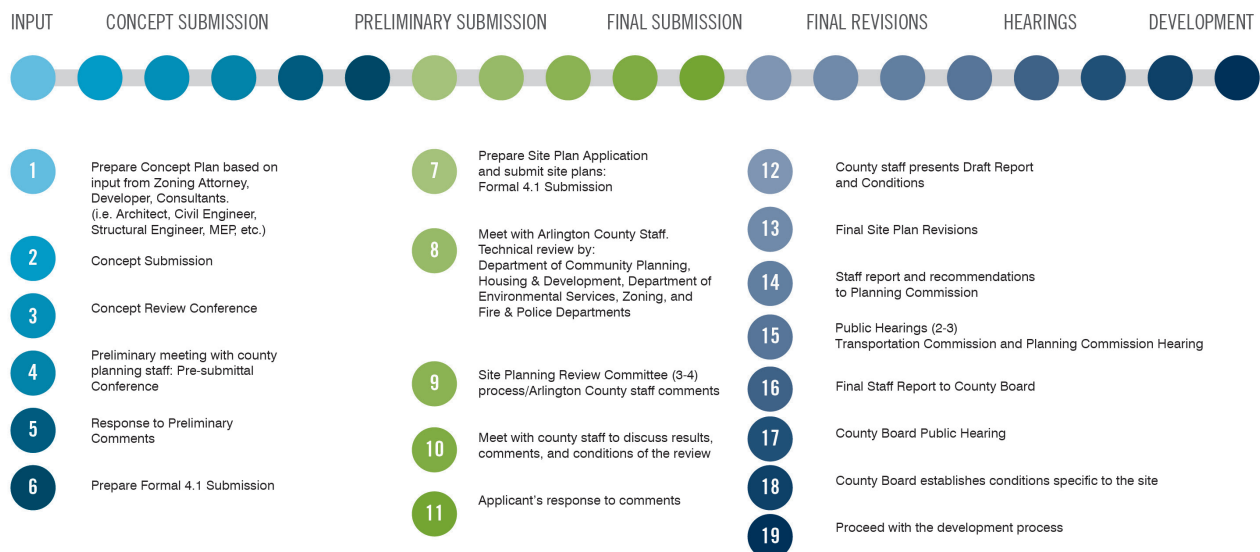## Jurisdictions Offer Multiple Paths to Obtain Entitlements and Approvals

The zoning ordinance defines the processes by which approvals are granted, incorporating additional detail through administrative guidance as needed. Specific approval processes are established for minor variations to permitted uses, such as encroachments on setback requirements. More extensive processes are also delineated to obtain more substantive zoning relief (referred to as "additional entitlements")—increased density, for example.

The level of discretion granted to agency staff and appointed commissions can vary significantly. Some jurisdictions clearly define the allowable changes and requirements for developer contributions, whereas others have more latitude for negotiation. The additional entitlement process is frequently the mechanism by which jurisdictions apply inclusionary housing policies and specific requirements related to community outreach and engagement.

Examples of the additional entitlement process in the Washington, D.C., region are as follows:

- **District of Columbia:** The Planned Unit Development process allows flexibility beyond by-right provisions primarily related to height and density. Developer applications are reviewed by the offices or departments of zoning, planning, transportation, energy, fire, and police and other relevant entities. Final approvals are granted by the Zoning Commission (an appointed body). Public benefits are proffered by the developers and are subject to negotiation. These can include affordable housing, "exceptional

INPUT   CONCEPT SUBMISSION   PRELIMINARY SUBMISSION   FINAL SUBMISSION   FINAL REVISIONS   HEARINGS   DEVELOPMENT

1 Prepare Concept Plan based on input from Zoning Attorney, Developer, Consultants. (i.e. Architect, Civil Engineer, Structural Engineer, MEP, etc.)

2 Concept Submission

3 Concept Review Conference

4 Preliminary meeting with county planning staff: Pre-submittal Conference

5 Response to Preliminary Comments

6 Prepare Formal 4.1 Submission

7 Prepare Site Plan Application and submit site plans: Formal 4.1 Submission

8 Meet with Arlington County Staff. Technical review by: Department of Community Planning, Housing & Development, Department of Environmental Services, Zoning, and Fire & Police Departments

9 Site Planning Review Committee (3-4) process/Arlington County staff comments

10 Meet with county staff to discuss results, comments, and conditions of the review

11 Applicant's response to comments

12 County staff presents Draft Report and Conditions

13 Final Site Plan Revisions

14 Staff report and recommendations to Planning Commission

15 Public Hearings (2-3) Transportation Commission and Planning Commission Hearing

16 Final Staff Report to County Board

17 County Board Public Hearing

18 County Board establishes conditions specific to the site

19 Proceed with the development process

Arlington County, 4.1 Process Document

architecture," equitable hiring or contracting practices, green building, and public space improvements, among others.[xvi]

- **Montgomery County:** The "optional method" is used to award density in exchange for public amenities and facilities in certain zones. Development proposals are reviewed by the Development Review Committee (DRC), which consists of the regional utilities, the State Highway Administration, and county departments including but not limited to permitting services, environmental protection, and public works and transportation. County staff and the DRC subsequently make recommendations to the Planning Board (an appointed body), which grants final approval. Developers provide public benefits which are based on a point system specified in the Zoning Ordinance. Benefits include affordable housing, public parking, proximity to transit, open space, and public art, historic resource protection, exceptional building design, among others.[xvii]

- **Arlington County:** The Administrative Regulation 4.1 Site Plan policy pertains to requests for flexibility in form, use, and density. Applications are reviewed by the departments of community planning, housing and development; parks and recreation, police, fire, environmental services, and economic development. Administrative staff and an advisory Site Plan Review Committee offer recommendations to the Planning Commission (an appointed body) and the County Board, which grants final approval. Typical site plan conditions address affordable housing, green building, public art, and infrastructure improvements, among others.[xviii]

Finally, jurisdictions have adopted zoning overlays that apply across a specified geography, in neighborhoods with certain characteristics, or across the entire jurisdiction. These are generally associated with efforts to encourage a specific policy goal (such as smart growth or affordable housing preservation) and offer an additional path to enable certain types of development.

Other Relevant Policies Can Influence the Nature of Development in a Jurisdiction

Although the comprehensive plan and zoning ordinance directly prescribe what can be built, other policies can substantially affect development. For example, ordinances related to subdivision and site assembly dictate the conditions under which existing parcel boundaries can be modified to accommodate a development plan. Following is a select list of applicable policies:

- Stormwater management;

- Infrastructure capacity and design;

- Open space, tree replacement, and landscaping;

- Parking and traffic management;

- Erosion and sediment control; and

- Historic preservation.

Jurisdictions often have less discretion regarding building codes, which are established by the state based on international or national standards. Local governments sometimes require project elements in excess of code, which can affect the cost profile and viability of development.

The relative stringency of such policies can either encourage or inhibit development, including development that is ostensibly allowed by right. For instance, a combination of off-street parking requirements, minimum unit size, lot-coverage ratios, and the size or orientation of the parcel could make developing a triplex in compliance with all regulations impossible, even if that building form was technically allowed under the zoning code. As another example, historic preservation policies add another layer of review, even for by-right developments that fall within their purview. The historic review process can lead to lengthy negotiations regarding size, scope, and developer contributions more commonly associated with the additional entitlement process.

The Barriers to and Opportunities for Supply Growth and Housing Attainability

Building on a foundation of existing research and analysis, the research team reviewed local policies and held a series of interviews, roundtables, and surveys with a diverse set of stakeholders. The goal of these activities was to better understand the specific challenges associated with building community support for equitable supply growth and developing and implementing jurisdictional policies for enabling such growth. A number of common themes emerged through this process, which the following sections describe in more detail. Though many of these themes describe challenges or problems affecting region's current development paradigm and community dynamics, best practices and opportunities for improvement are highlighted as well.

Where opposition to new housing arises, the issues driving this opposition vary considerably across jurisdictions and neighborhoods.

The Challenges and Benefits of Community Engagement

In every discussion about housing affordability and regional housing needs, community engagement is repeatedly cited as one of the most challenging factors affecting the delivery of housing. Through discussions with a range of regional stakeholders in the public, private, and nonprofit sectors, numerous shared perspectives and common challenges emerged. Also apparent, however, is how differently individual jurisdictions—and even individual areas or neighborhoods within a single jurisdiction—approach community engagement and the dialogue around housing development. While there is no single solution or one-size-fits-all approach to making community engagement more equitable and respectful of individuals' time and opinions, research discussions identified numerous areas where community engagement can foster a more constructive dialogue about housing attainability and community needs.

The Nature of Community Engagement Is Changing and Is Shaped by Local and Regional Dynamics

Although housing affordability is ultimately a regional issue, the ways in which it is discussed at the local level vary considerably from community to community. At the same time, all those involved in planning and development processes generally perceive the nature of community engagement itself as shifting, due to factors ranging from the national political climate to available technology, trust in the process, and preferred methods for engaging in community issues. These observations are explored in greater detail below.

Arlington County, Virginia

Legal challenges undermine the District of Columbia's authority to approve development

A series of legal challenges to development in the District of Columbia illustrate the importance of avoiding unintended consequences of planning policies. From 2012 through May 2018, 20 development projects had been stalled at some point or continue to be delayed by lawsuits, many of which are related to interpretations of the District's Comprehensive Plan. Legal proceedings have at least temporarily prevented up to 4,593 homes from being built, just over 15 percent of which (706) would have been committed affordable units.[xix] Two of these developments were either entirely or predominantly composed of committed affordable units.

These and other lawsuits vary widely in their details and merits. In many, petitioners argued that regulatory flexibility granted to the developer as part of the Planned Unit Development (PUD) process was inconsistent with the District of Columbia's Comprehensive Plan. One point of contention is whether the Zoning Commission's decision adequately addressed any inconsistencies or appropriately weighed the proposal against sometimes competing priorities in the Comprehensive Plan.

The District of Columbia is currently in the process of updating its Comprehensive Plan, in part to address the cross-cutting issues raised in the lawsuits. Recent drafts have included language changes to the "Framework Element" that prioritizes affordable housing and anti-displacement in PUDs. [xx] In the meantime, developers in the District of Columbia are increasingly wary of using the PUD process, either proceeding by right or holding back development applications until the systemic issues are resolved. [xxi]

Community engagement processes and the "rules of engagement" vary from jurisdiction to jurisdiction. Local jurisdictions differ in terms of the number and nature of requirements for the development review process; how early and how often a developer must engage the community; and the extent to which planning staffers take a strong lead in guiding a development proposal through the review process. Differing institutional structures also affect how much individual neighborhoods can influence development decisions and how much development processes are insulated from, or subject to influence by, politics and the beliefs of individual elected officials. Finally, the rules and parameters governing the negotiation of community benefits or proffers vary from jurisdiction to jurisdiction, and from state to state.

The nature of community conversations about housing and neighborhood change is influenced by distinct local dynamics and characteristics. A variety of factors affect the community dialogue about housing, including the speed at which change is taking place in particular neighborhoods, local residents' willingness to accept change, and the availability of land to accommodate new development and local needs. In the absence of a shared, agreed-upon regional vision for development, conversations about housing and development are also shaped by the presence, or lack, of a local land use and urban design vision. Whereas detailed plans exist for some communities, other communities either lack such visions or have plans that have been rendered obsolete by changing local conditions.

Where opposition to new housing arises, the issues driving this opposition vary considerably across jurisdictions and neighborhoods. Depending on the community, issues may range from affordability, gentrification and displacement, and equity concerns to specific impacts related to housing development (traffic, parking, school enrollment) to the form of development (height, density, design character, the amount of open space) to more generalized resistance to change and preserving "neighborhood character."

There is also a general sense that community engagement itself is evolving. Numerous individuals interviewed for this study noted that political polarization and the absence of discourse at the national level is now "trickling down" to the local level. Many observers note increasing skepticism, about both government and developers, and a decreasing appetite for negotiation, compromise, and true dialogue in the space between opposing viewpoints. Some speculate that new technologies, such as social media and local listservs, are further polarizing local debates by influencing with whom and how information is shared, reducing developers' and local planners' direct access to communities, and elevating the volume and intensity of the debate. As a result, the community engagement methods that have worked in the past—including traditional public meetings—may no longer be appropriate today or should be supplemented by other approaches. At the same time, the development process has, in some jurisdictions, become increasingly litigious and subject to court interpretations of local planning priorities, regardless of the level of community support for a project.

Issues and Attitudes about Community Development Reflect Growing Distrust and Mirror National Social Divisiveness

Public opinion is formed through a variety of experiences—both societal and personal— and is nuanced by individual personal goals and expectations. As noted above, national attitudes have influenced the dialogue about the future of our communities. Mirroring the

national climate, dialogue about housing now reflects greater extremes of opinion with less of a middle ground for reaching compromise. It also reflects a growing distrust of those with the potential to create and influence community change—the planner, the developer, the designer, the government official.

As a result, the tone of community dialogue about development has shifted. Where negotiation and compromise were once possible, debates about community issues have become increasingly polarized. Meanwhile the voice of "community" has become fragmented, with the loudest voices dictating the conversation about housing. With a large segment of the community choosing not to participate, small numbers of individuals are able to influence outcomes. the community also has obligations to be informed and to follow the rules so as not to disrupt the process. There should be limits on what the community can comment on when developers are proposing what is permitted by the regulations.

Trust is an essential yet fragile element of constructive community engagement, and one that is increasingly undermined by, or absent from, community conversations about housing throughout the region. While the loss of trust may occur for various reasons, its absence can doom local development processes to protracted and polarized debate while tainting future conversations about community change. Where trust is absent, this void is filled by a mix of fear, skepticism, disbelief of facts and data, misinformation, and a belief that outcomes are predetermined—all of which prevent actual discourse and listening from taking place.

Community participation in planning and development processes is increasingly driven by the fear that proposed projects will make things worse. Members of the community exhibit an increasing skepticism about the development process and often start the process from a standpoint of distrust and disbelief. This mindset reflects not only a distrust of government, developers, politicians, and the process, but also the perception that the development process is not objective— but rather subject to a shifting set of rules for different groups. For some communities,

there is no reason to trust, based on decades of discrimination, exclusion, and segregation. This sense of skepticism combined with the public's resistance to change often results in prolonged and negatively charged development processes.

Increasingly, both the public and developers are losing faith in the process. Public trust has been diminished by visible evidence suggesting the lack of a real public commitment to housing affordability. As the region continues to lose affordable housing stock and rapid change occurs in many neighborhoods along with rising rents and housing prices, some point to patterns of displacement and a lack of follow-through on previous affordable housing commitments as a reason for lack of trust.

Distrust also contributes to a belief that decisions regarding development have already been made and that community input does not affect the outcome. When past experience creates the impression that decision-makers are not listening to community concerns, many community participants enter a community engagement process with the expectation that the public will be told only half-truths or untruths. They regard the process as simply a "pro forma" requirement to advance predetermined outcomes and instinctively distrust the project-related data and information provided to inform community input.

Developer trust is diminished when honest efforts to engage the community and meet community demands through design modifications ultimately lead to litigation, despite design concessions and agreements to provide desired community benefits, such as green space. Trust is further diminished by instances when small but vocal minority opposition is able to stop or delay a project despite otherwise broad community support.

Trust also depends on who leads community engagement and serves as the messenger. Numerous individuals interviewed believe that the use of impartial third parties to facilitate and mediate community engagement can increase trust in the process, particularly in instances where the community debate has the potential to become intractably polarized and hardened. In contrast, others point out that the presence of developers' public relations consultants and lawyers at community events can undermine trust, because the community has come to expect these "hired guns" will not be hearing "the truth" from developer representatives. Particularly in low-income and minority communities, trust also stems from relatability—receiving information from individuals who understand you and "look like you," which is often not the case during the development process.

Veirs Mill Corridor Master Plan, Wheaton, MD

Today's community engagement increasingly reflects a win-or-lose, zero-sum mentality, rather than a collaborative process. Increasingly, participants in community engagement processes are entering the dialogue with the goal of halting a project, rather than searching for common ground. Interviews and focus group participants emphasized the increasingly fraught nature of community conversations about housing, in which true discourse is replaced by "a series of monologues," a lack of accountability, and a vanishing code of conduct for community engagement. Public forums no longer serve as "safe zones" for community dialogue, and the most vocal objectors sometimes have disproportionate influence on development processes. Meanwhile, the need for negotiation and compromise disappears when communities are successful at stopping or delaying projects.

The focus has shifted from reaching consensus to destroying the consensus. Participants in the research process highlighted the fragile nature of consensus in today's community engagement climate, citing examples from around the region in which even a small minority of objectors or voices from outside the community have succeeded in stopping or delaying projects that have broad community support. Individuals interviewed cite instances in which a majority viewpoint was superseded by small, but high-impact, minority opposition, sometimes supported by groups from outside the community that share a desire to stop development without compromise. Some cite a "privilege dynamic" in which even small groups of objectors—particularly those with access to the knowledge and resources to oppose development—have been especially effective at opposing and litigating development proposals.

In this type of climate—in which there is often no incentive to compromise—strong community support and promised community benefits are not always enough to prevent lawsuits. Others, particularly those representing the needs of lower-income communities disproportionately affected by rising rents and home prices, see efforts to halt development—

such as appeals and litigation—as the only remaining option to get local government to listen to their concerns and follow through on prior public commitments.

Political Will, Trust, and Community Engagement Are Intertwined

Community distrust frequently stems from the belief that politicians and government staff are "in the pockets" of developers and unwilling to push back to ensure the public good. Although the amount of influence elected officials can have on land use processes varies from jurisdiction to jurisdiction, the ability of elected officials to intervene in, and change the outcomes of, a development process reinforces and augments distrust in the process. In contrast, this distrust can be mitigated when elected officials are involved early in the development process and make their positions transparent from the outset. As described below, the role of politics in the community engagement and development processes was a recurring theme in discussions, particularly the importance of political will in the decision-making process and its relationship to trust.

Some jurisdictions' development processes are more insulated from political intervention than others. For example, some note that the presence of an appointed planning board, such as exists in Montgomery County, or a site plan review committee of key government and community stakeholders, as is common practice in Arlington County, can enable a less political site plan process with clearer expectations for the development process. Little consensus emerged on the optimal involvement of elected officials. Some see locally focused decision-making structures, such as the District of Columbia's Advisory Neighborhood Commissions as preferable, because of their separation from citywide politics. Others note the importance of elected officials' involvement, given their ability to ensure that broader public needs are addressed through development, to set the tone and ground rules for community engagement, and to help shepherd projects through the approval process.

Detailed area plans can provide political cover and continuity for development decisions but are sometimes perceived as limiting opportunities for compromise and negotiation. Communities look for the political will to uphold existing plans for an area, thereby upholding promises made to the community during an earlier planning process. However, although upholding a plan provides elected officials with the basis to override concerns that contradict the plan, it also makes it more difficult for political representatives to resolve conflicting views by brokering compromise and negotiating community benefits. Detailed area plans also have the potential to address the lack of continuity in elected leadership and shifting political priorities, which can foster distrust in government when community-supported plans are not enforced after elected leadership changes.

Community Engagement Is Less Contentious When Planning and Vision-Setting Occur Ahead of Time

In multiple discussions with a range of government, development, and community stakeholders in the region, a recurring theme centers on the importance of having a vision in place—articulated in local plans, defined and agreed upon through community planning processes—in setting the stage for community engagement. A common conclusion is that conflict and controversy around proposed development is often minimized when a clear vision—such as a small area plan or master plan for future development—has been defined previously through a comprehensive process that has encouraged significant and meaningful community input. When communities, jurisdictions, and the region lack a vision and plan, community engagement processes can become more contentious and less efficient, as the community's vision is debated and revisited on a project-by-project basis.

In particular, planning processes offer community members the opportunity to have input on their area's future form and character, particularly regarding issues such as compatible densities, anticipated demographic changes, traffic impacts,

school impacts, park and other public realm improvements, and so on. These plans and processes are most successful when (1) the planning process has been inclusive; (2) the jurisdiction has a strong track record of following the plan as written in its zoning amendments and development approvals; (3) the plan is sufficiently specific in defining future community character, requirements, and zoning to support the community's "vision"; and (4) the plan is relatively up-to-date and reflects realistic assumptions regarding market conditions. The extent to which the plan reflects current conditions is especially critical for communities that are experiencing rapid turnover, since the views of newcomers to these communities may differ from those represented in the plan.

Nevertheless, planning ahead and defining both community and local jurisdictions' expectations before development pressures mount and development proposals arise provides opportunities for setting community expectations and for two-way education on the character, benefits, and tradeoffs of development. The following explores the importance of vision-setting and how working out the vision in advance can benefit the community engagement process.

Getting out in front of change with a community-centered planning process—both early on and well before development proposals are submitted—allows the public, the development community, and the jurisdiction to define expectations and requirements ahead of time. This process allows planners and the community to "work it out ahead of time," before development applications are submitted, rather than repeatedly contesting the vision for future development with each new development proposal. A common observation from stakeholders in multiple jurisdictions is that having a small area plan or comparable detailed plan in place—and one in which the community was involved from the beginning—can reduce conflict and address fears later on. This is a much-preferred time to have conversations about development, prior to the time when a specific development proposal is before the parties.

White Flint Master Plan

Pike and Rose, Rockville, MD

In Montgomery County, the White Flint master planning process was a model of successful community planning. In creation of the White Flint Plan, developers and community activists aligned upon realizing that collaboration could be mutually beneficial. They used a mix of new media and traditional techniques to reach out to a smart and politically savvy community where nearly one-third of all adults hold postgraduate degrees. Critics railed against greater traffic on Rockville Pike and contended that the plan was a ruse to pack in more development. However, support grew among residents who saw the concept as a means toward more walkability, safe streets, retail amenities, sense of place, and affordable housing.

The community acknowledged that if growth were to take place in a smart manner, density would need to be concentrated around Metro stations and transit hubs where more compact infrastructure could be created to support the growth. An organization called Friends of White Flint was formed and attracted many followers by sharing information about the Plan. This group was initially citizen driven and became a group organization with business, development interests and citizens working side by side.

A mix of interest groups not normally aligned on major development, including senior citizens, environmentalists, and social equity advocates saw the benefits of a more walkable, cyclable, affordable White Flint. The often adversarial paradigm was changed to a conversation about how to transform the area to its desired state while maintaining the quality of life for those in the area. Commercial real estate property owners in the area, generally competitors, were openly discussing market trends and rent projections, which are not normally shared. This was viewed as a sign of their collective commitment to propelling change. This group of developers spent countless hours with local community residents, from small gatherings in individual living rooms to breakfast presentations at local restaurants on the details of the planning principles behind the proposed changes.

In the end, the Sierra Club, Chesapeake Bay Foundation, and 1,000 Friends of Maryland supported this project, as well as the local community representatives. Montgomery County created a permanent position in the County Executive's office to ensure that the implementation of the Plan moved forward. The existence of a detailed and community-supported vision for the area ultimately lay the groundwork for approval and construction of the mixed-use Pike & Rose district, which progressed smoothly through the development process without significant community opposition.

Detailed, specific, and forward-looking plans are most effective in reducing future conflict over development proposals and increasing the speed of the development process. Government, development, and community stakeholders generally agree that adversity in the community engagement process often stems from a lack of consensus, or lack of clarity, around a vision. Plans that clearly and specifically define a vision area character (and related development requirements) provide a more useful blueprint than more general recommendations that are subject to broad interpretation. Conversely, leaving plans "too vague" (in some cases intentionally, to allow for flexibility for extracting more proffers or community benefits from developers), or leaving areas of a community unplanned, frequently results in greater levels of contentiousness among all involved in the development process.

Relying solely on comprehensive plans for guidance ("it's like the Bible—everyone can find what they want in it"), moreover, opens the door to more subjective interpretations of a plan's intent and contradictory elements that could be challenged in court. Similarly, plans that too closely mirror existing conditions become "obsolete" sooner and are less useful in setting realistic expectations for the nature and extent of community change that will occur. Ultimately, the challenge is to develop plans that are sufficiently specific to provide useful guidance for development while, at the same time, allowing flexibility for design interpretation, changing market requirements, and other development concerns.

Developer and property owner participation in the planning process lays the groundwork for a more efficient and less contentious development approval process. When developers are involved in visioning and detailed area planning, the community can better understand developer requirements and expectations. Similarly, when developers participate in crafting the plan, both sides have a better understanding about development assumptions, market conditions, and economic feasibility. Developer involvement in this proactive planning process allows the community to better understand developer requirements and expectations and allows the developer to participate in the visioning process. When residents and the development community work together to create a comprehensive community strategy ahead of time, this can enable development to move forward more quickly once a project is proposed.

Plans need to be durable and forward-looking, yet responsive to neighborhood changes. Successful plans anticipate neighborhood change over time and have time frames that are long enough to withstand changes in local leadership. However, they also need to be revisited periodically to check assumptions in light of changes to development patterns and market conditions. As new people move into an area, revisiting and updating plans also provides an opportunity to educate residents about previously agreed upon planning assumptions, eliminating the need to debate these assumptions all over again when development proposals arise.

Sharing project information earlier, before or during conceptual phases of design, can build trust in the process. Exhibiting both flexibility and a true willingness to engage the community, rather than a desire to simply "sell" a project, can positively affect the tone of community engagement processes and instill confidence that community input truly matters. Those interviewed cite gestures such as refraining from showing detailed plans when first engaging the community, as well as intangibles such as interpersonal demeanor during first interactions with the community, as important factors in establishing a constructive dialogue about housing and community needs. Some also note the potential benefits of greater transparency from developers on financial and profit-related factors affecting the feasibility of a development proposal to address the imbalance of information—and resulting lack of trust—that characterizes the developer's interface with the community.

Developers who "do their homework," demonstrate the community benefits of their projects, and show respect for a community's norms have greater success

building support for their projects.
Demonstrating a familiarity with, and respect for, community-supported plans for an area and the general parameters of what a community deems acceptable, can build trust and foster constructive dialogue as the development process progresses. At the same time, the ability to define meaningful community benefits that would result from a proposed project, and how the project will improve the community, can increase the chances of community acceptance and local government approvals.

Managing the Rules, Methods, and Processes of Engagement Can Foster Trust, Equity, and Inclusion

Engagement methods are not "one size fits all" but must be tailored to fit the community context and dynamics.
Official processes, which rely on meetings and hearings as the primary mechanisms for providing input, often fail to capture a representative range of perspectives from a community. Barriers to broad and representative participation include logistical and economic obstacles, such as transportation limitations, child-care needs, and employment or other responsibilities that conflict with meeting times. Other barriers are more personal: a lack of comfort with public participation processes and formal public meetings; a lack of familiarity with planning and development issues and jargon; a real or perceived lack of long-term, vested interest in a community; or a feeling that providing one's perspective simply does not matter. The result is a process that overlooks large segments of the population, so these views are not represented in the community dialogue and are overshadowed by those of a smaller subset of the population. As such, reliance on meetings alone is not always the most equitable strategy for soliciting opinions regarding housing and development, but few alternatives are offered to capture a broader range of voices.

The rules and structure of engagement are often not clearly defined, which leads to skepticism, distrust, and disenchantment

with the process—often from the start.
A common theme among participants is a prevailing sense of disappointment in community engagement because of a perceived shifting set of rules, an absence of clear goals and intended outcomes for the community process, and a lack of clarity about who "owns" the process. Expectations regarding process, time frames, the number of meetings anticipated, and intended outcomes are not clearly defined when community engagement begins, while prior personal experience with community engagement provides reason for skepticism at the outset ("we have these meetings and nothing ever happens"). In addition, a lack of clear ground rules—regarding what is on the table for discussion and negotiation, what is assumed based on existing plans for an area, and norms for how participants should conduct themselves—often contributes to misunderstandings. In other instances, stated ground rules are not enforced.

The Timing and Duration of Community Engagement Influence Outcomes

Throughout the research process, interviewees focused repeatedly on the role of time, and timing, in the community engagement process. A common complaint

Marshall Heights Community Development Organization

from all stakeholders in the development process is the amount of time, and number of meetings, required to complete the planning and development processes. Many also stressed the importance of when community engagement begins relative to both initial development proposals and prior planning efforts. The following explores the role of time and timing in greater detail.

The community engagement process has a limited "arc." Those with personal experience leading or participating in multiple community engagement processes note that a finite window of opportunity exists during which most community participants will remain involved in a planning or development process. For most participants, there is a limit to how long they will remain involved in a process before planning and "consultation fatigue" sets in. Moreover, if community engagement is inconsistent, with multiple pauses or delays and irregular communication from planners or developers, or if the process drags on too long, all but the most vehemently opposed are apt to drop out of the discussion.

Engaging the community as early as possible leads to shorter community engagement processes and less confrontation. "Bring me in early," the saying goes, "and I'm your partner; bring me in late, and I'm your judge." This oft-cited maxim of community engagement is substantiated more than ever by the increasingly fraught nature of community engagement around development and housing issues. A recurring theme in interviews was the sense that engagement often does not happen early enough. When engagement starts too late, and development plans take shape before community input, an opportunity is missed to build trust, foster collaboration, and address the prevailing sense, from the community perspective, that all decisions are made before anyone comes to the table. Initial distrust and skepticism can quickly escalate into outright combativeness when developers and local planners fail to start the conversation early enough and in a meaningful manner. Factors affecting whether constructive dialogue and collaboration can be achieved include the extent to which the following occur:

- Local planners and communities work out contentious issues and development assumptions well ahead of time, before development proposals are formulated;

- Developers interface early and meaningfully with the community before detailed development plans are submitted;

- Key groups of stakeholders are involved early and from the outset of community engagement; and

- Elected officials are involved early and are "brought along" as development plans evolve, rather than intervening late in the process.

Changes in the composition of a community's population and the passage of time between planning updates can alter the dynamics of community engagement. Throughout the metropolitan region, many communities continue to experience substantial changes to their residential composition, as new residents move into an area and others move out. Regardless of whether these changes reflect natural demographic and generational change or are accelerated by factors such as new residential development, rising rents and home prices, and displacement, changeover in a community between initial area planning processes and subsequent development proposals can force a reevaluation of

Mid-City East Livability Study, Washington, DC

previously established planning and development assumptions. Newcomers to an area may lack the institutional knowledge of, or commitment to, earlier planning decisions and may have different perceptions about the type and extent of development that is appropriate. Therefore, in areas experiencing change, the need may exist to periodically remind the community of existing plans for an area and, if necessary, revisit these plans to maintain a broader vision for a community.

Successful Community Engagement Requires a Shared Understanding of Facts and Data

A recurring theme in research discussions centered on the ways in which facts and data—when presented accurately and clearly—can inform the community engagement process, help all parties understand the implications of certain decisions, and set parameters for conversations about development. However, a common conclusion was that, too often, a lack of agreement on facts and the conclusions of data analyses related to a development proposal prevents the community conversation from advancing. The following findings focus on the importance of reaching a shared understanding of project-related information in order to foster constructive dialogue about development-related concerns and expectations.

Community engagement processes break down when participants do not trust, or agree upon, facts and data. A recurring challenge cited by interviewees is that many community participants choose not to believe the facts and data presented by developers or local government during the development process. This may be because of distrust of the developers or local government officials providing the data or because the facts do not conform to individuals' perceived reality. Whether the issue is traffic congestion, the impacts of residential development on school capacity, building heights, or other community concerns, disagreements about basic facts and data are often at the core of contentious community engagement processes.

Yet, data—when provided openly, accurately, transparently, and in an easy-to-understand manner—also have the potential to change the story and refocus the discussion. However, at public events, misperceptions and misinformation proliferate when planning staff and local leaders are not prepared or are unwilling to intervene to "set the record straight." Moreover, the use of complex, and often very technical, terminology and jargon to address housing, planning, and other development considerations in public communications only increases the likelihood of misinterpretation. The result is a community debate grounded in disputed facts and one that fails to progress to actual dialogue and earnest attempts to understand one another's concerns.

Nevertheless, it is important to recognize that even the best data can be imperfect. Discussions also highlighted instances in which changing circumstances, poor data quality, or misinterpretation or omission of data (e.g., community projections that do not take into account all variables) have negatively influenced both community decision-making and overall trust. While sharing data benefits the community decision-making process, it is important to recognize that data can be imperfect, by being upfront about the assumptions embedded in projections and providing explanations of how models are adjusted to account for new information.

Digital tools and social media decentralize communication and facilitate the spread of misinformation. The proliferation of digital tools and social media as primary means of community communication facilitates the sharing of information about development and housing within communities. However, it can also aid the spread of misinformation that heightens fears and fuels distrust. These tools compartmentalize communication into separate networks of individuals with shared outlooks or concerns. As a result, community conversations about development often reflect a filtered and siloed form of communication, in which the voices and perspectives of community groups, development advocates and opponents, developers, and local officials rarely intersect in the same space. In turn, these separate channels of communication

## Percentage of residential developable area available to build by right

	District of Columbia	Montgomery County	Arlington County
Single-family detached exclusive	30.64%	92.58%	86.74%
Single-family attached* or detached, multifamily not allowed	32.92%	2.67%	2.00%
Multifamily development allowed	36.44%	4.75%	11.99%

Source: Authors' analysis of local zoning codes.

Note: Calculations exclude land where no residential construction is currently allowed by right, such as industrial zones. Figures may not add up to 100 percent due to rounding.

*Single-family attached housing can often also be developed on land zoned for multifamily development.

This map shows the types of residential zoning in place through Arlington County, D.C., and Montgomery County where different types of residential uses are allowed.
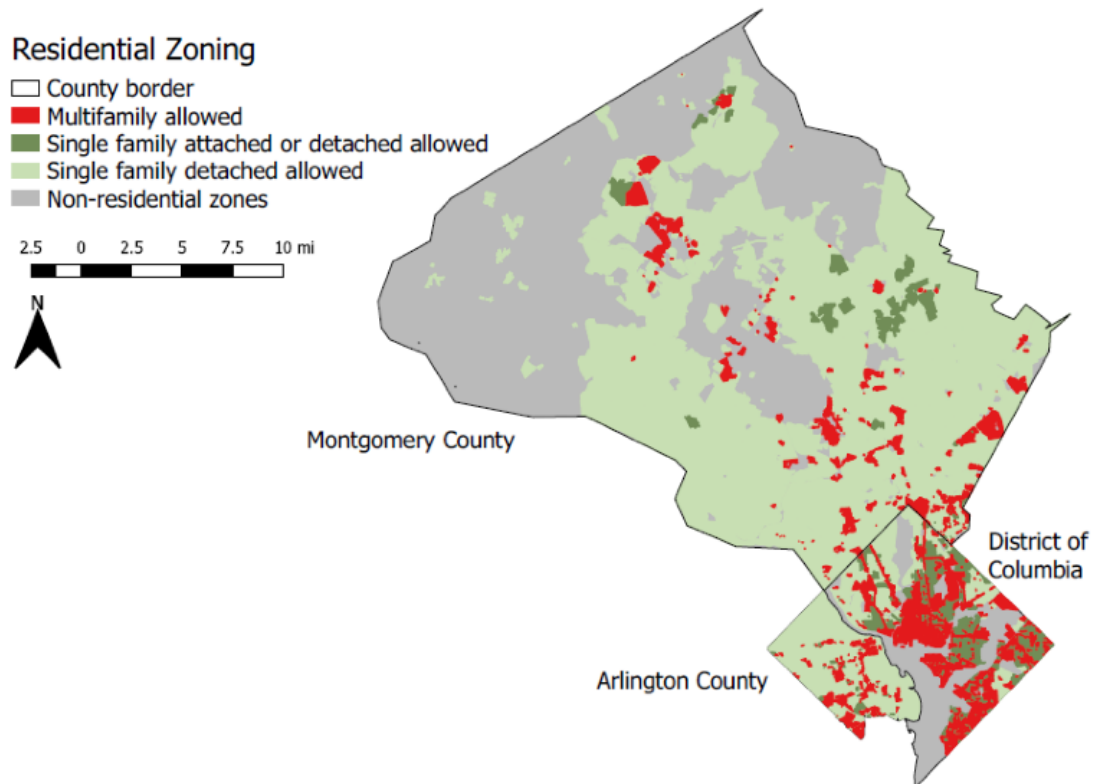
Source: Authors' analysis of local zoning codes.

Montgomery County is facing development moratoria tied to infrastructure, school capacity

To support environmentally and fiscally sustainable growth, Montgomery County has an Adequate Public Facilities Ordinance. [xxiv] The policy assesses whether roads, schools, water, sewer, police, fire, and health services can support a subdivision application. [xxv] Developers must provide impact fees to fund schools and infrastructure. When certain capacity thresholds are exceeded, the county can impose a development moratorium.

Though one positive intended outcome of this and other similar ordinances is to support infill development in communities with existing infrastructure, in certain contexts the policy can have the opposite effect. Rapid growth in Montgomery County has pushed school enrollment beyond capacity in certain areas, resulting in a moratorium that affects portions of Silver Spring, Takoma Park, Wheaton, and Bethesda. This is inhibiting housing development in the urbanized areas where the county has planned for growth.

Preventing school overcrowding is an important goal. However, negative consequences can be associated with development moratoria. In addition to the potential effects on housing costs and attainability, inhibiting urban core development can push development further out, thus increasing sprawl and raising infrastructure costs.

further polarize the debate and make true dialogue more difficult

Community engagement processes fall short when the benefits and tradeoffs of a development proposal or plan are not well understood. Conversations with housing, planning, and development practitioners underscore the public's lack of understanding about the implications and tradeoffs of decisions regarding development at the neighborhood, jurisdiction, and regional scales. Such tradeoffs include the range of costs and benefits for the community of various project alternatives; developer concerns and requirements, including costs and what makes a project feasible; and the implications of various design options on urban design, mobility, and project finances. These conversations also suggest that developers sometimes fail to communicate the benefits of their projects for the community, which has implications for gaining community approval for a project. Not only the general public requires education on such issues, but also community leaders, the members of boards and commissions, and elected officials.

The broader local and regional implications of decisions about housing often are not understood. When the merits of an individual project are debated, hyperlocal considerations often overshadow more expansive thinking about public needs and benefits. Moreover, housing supply and attainability needs are not always effectively communicated—for example, the impact of increased housing supply on affordability; the business case for more housing, the ability of children and grandchildren to remain in a community; the economic and fiscal benefits to be achieved with higher densities. This lack of a broader, more contextual understanding of housing and affordability needs in turn affects the process of identifying, and then negotiating, desired community benefits as part of a community benefits agreement or proffer.

Entitlement and Approval Processes Make Attainable Housing More Difficult to Build

The specific structure through which development is approved can have both

direct and indirect impacts on attainability. Overall, the research team found that the region's approach to planning, entitling, and approving development raises housing costs by: limiting the supply of new housing units, increasing both hard and soft costs for housing that is built, and making it more difficult to produce more naturally affordable housing types. Government and philanthropic efforts to increase housing choice through investment in committed affordable housing have been important, but insufficient to address unmet needs. The cumulative effects of the region's development framework exacerbate disparities between neighborhoods and socioeconomic groups.

Local Policies and Procedures Directly Affect the Amount, Type, and Location of Development

Local government rules that guide development may have an adverse impact on attainability. Zoning and land use codes too often reflect outdated assumptions about market conditions, growth, and demand. In other circumstances, competing priorities – such as off-street parking or maintaining the current aesthetics of a neighborhood –

either explicitly or implicitly take precedence over affordability. These challenges are exacerbated by inefficiencies in the process for gaining project approval, particularly when the developer seeks additional entitlements or regulatory relief. Fortunately, some jurisdictions have begun to adopt or consider policy changes that better enable supply growth and more diverse housing choices. These initial steps can offer important lessons for the broader reforms that are necessary to address affordability challenges. The following sections discuss the most significant direct barriers to the production of attainable housing and the potential opportunities for change.

By-right zoning levels do not reflect demand. By-right zoning across the region shows wide variation. The District of Columbia and the city of Alexandria have zoning codes that at least somewhat reflect the "urban" nature of their development patterns in their zoning codes. Conversely, a mismatch exists in other jurisdictions (Montgomery and Arlington counties in particular) between their historically suburban by-right zoning regulations and the need and growing market for a denser future. Whether through Arlington's "grand bargain" or Montgomery County's "wedges and corridor" approach,

The cost of developer contributions

Jurisdictions require a range of in-kind and fee-based contributions as part of their site plan process. Typical site plan conditions include, but may not be limited to, the following: [xxiii]
- Utility undergrounding and costs of site infrastructure;
- Tree protection and replacement;
- Landscaping standards;
- EarthCraft/LEED certification;
- Pavement, curb and gutter improvements;
- Sidewalk design and improvements;
- Temporary circulation plan for vehicles and pedestrians;
- Bike storage requirements;
- Public art contribution; and
- Documentation of historical artifacts.

As an example of the total cost of developer contributions for a specific project, Wesley Housing Development Corporation and The Bozzuto Group completed the Union on Queen development (a mixed-income property) in 2017. The estimated total cost of developer contributions was $1.9 million for 193 units, excluding any costs associated with navigating the site plan process itself. Of particular significance in this case is this development received some subsidy from Arlington County, and thus any incremental costs associated with developer contributions decrease the reach of the county's affordable housing subsidies. [xxix]

jurisdictions have sought to balance by-right suburban patterns with the need for more dense, urbanized growth with additional layers of rules and regulations.[xxii]

This model is not efficient and effective In the face of the region's current housing attainability challenges. The region needs more density, particularly in transit-served locations to accommodate growth. The region's current by-right zoning inhibits the development of more naturally attainable housing types, such as duplexes, triplexes, and stacked flats. The Housing Impact survey was sent, as part of this study, to developers and practitioners who are members of ULI Washington. Respondent developers who chose to proceed by right instead of seeking zoning relief, were more likely to cite challenges with the additional entitlement process (i.e., schedule delays, increased costs and growing risk) as the primary motivation for this decision and not the adequacy of by-right zoning levels to meet current market demand for additional housing units.

To illustrate the limits of by-right development potential in the region, this research included an analysis of zoning in the District of Columbia, Arlington County, and Montgomery County, beyond the survey, with a focus on building type. The lowest-cost housing types are rarely made easier to build by the respective jurisdictions' regulatory frameworks. Only in the District of Columbia is multifamily housing and attached single-family housing allowed across a greater percentage of the "residential developable land" than single-family detached housing. Outside the District of Columbia, by-right zoning levels are in part a reflection of the suburban nature of past development patterns.

A recent analysis by Dr. Tracy Hadden Loh for Greater Greater Washington (a nonprofit focused on a range of regional growth-related issues) also found that there is a large amount of zoning in the region that does not permit attached or multifamily development.
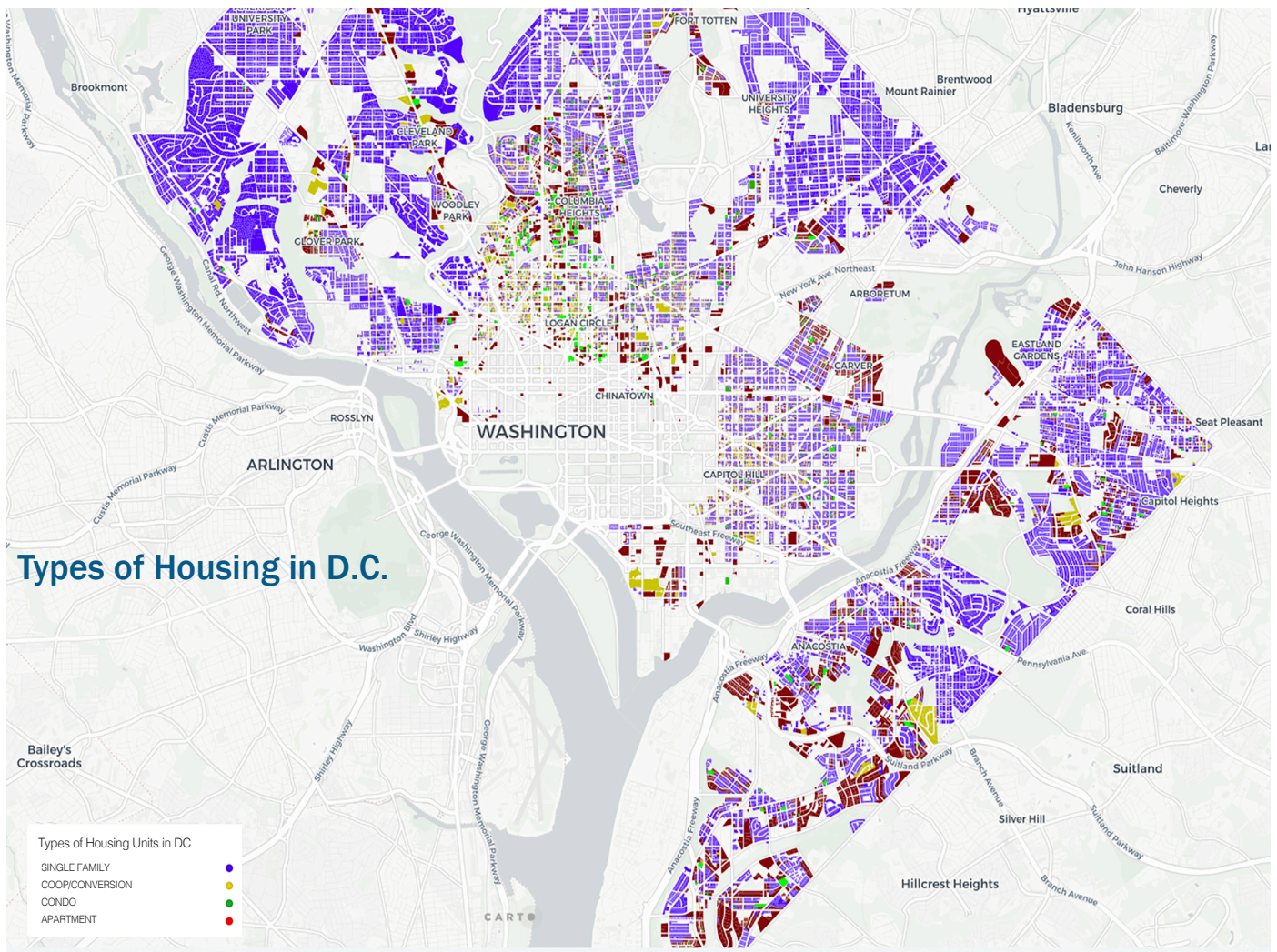
In some instances, such as Arlington County's Columbia Pike Form Based Code, regulatory overlays have been adopted that create a more streamlined process for alternative development forms. Such districts are

Percentage of land where attached or multifamily development is prohibited by right	
District of Columbia	42%
Montgomery County, MD	82%
Arlington County, VA	72%
Gaithersburg, MD	23%
Rockville, MD	52%
Prince George's County, MD	71%
Laurel, MD	71%
Fairfax County, VA	77%
Alexandria, VA	35%
Fairfax City, VA	40%

generally not included in this analysis, and thus the relative permissiveness of land use policy may be understated.

Jurisdictions are overly reliant on additional entitlement processes.
Developers often pursue land use or zoning changes to correct the mismatch between by-right capacity and market demand. The ULI Housing Impact Survey indicated that more than half of respondents sought additional entitlements for at least 75 percent of their development projects. The additional entitlement process can yield benefits to the community, including developer contributions of money or community assets. It is also necessary to accommodate market shifts and the unique, sometimes challenging, needs of a specific site or development opportunity in the context of market demand, financing, and local infrastructure demands. Negative effects of using additional entitlement steps are increased time, costs and risks to the development. Significant variation between by-right levels and development potential can create a mismatch between land seller expectations and market realities that often result in an owner holding out for a higher land price than current zoning allows, that prohibits desired development. If a developer determines that an additional entitlement process is too arduous or associated

Types of Housing in D.C.

Types of Housing Units in DC

- SINGLE FAMILY •
- COOP/CONVERSION •
- CONDO •
- APARTMENT •

conditions are too difficult to incorporate in their development plans, by-right development may be built at the expense of potential additional housing.

Factors, in order, of why additional entitlements are not sought:

1. Lengthy processes to obtain additional entitlements
2. Uncertainty of ultimate project approval
3. Risk of community opposition
4. Insufficient density, height or other zoning flexibility to offset addition cost and risk
5. Additional entitlements or regulatory relief were not necessary to achieve development goals
6. Incremental fees, conditions, and costs associated with obtaining additional entitlements
7. Financing risk, specifically when property is purchased in advance of attaining approvals
8. Risk of legal action
9. The number of internal meetings with agencies and coordination of comments

Developers provide substantial contributions that may go beyond the impact of development. Both by-right developments and those receiving additional entitlements are generally expected to make contributions to offset the impact of that specific development. School and infrastructure impact fees are notable examples. These fees are important contributors to local government budgets. A Montgomery County report recently found that between fiscal years 2005 and 2018 the county collected an average of $19.37 million for schools and $10.01 million for transportation per year.[xxiii] For fiscal years 2019 to 2024, school impact taxes will fund $240.5 million (13.5 percent) of the county's $1.7 billion school capital program.

Some entitlement fees are tied to specific impact, such as the District of Columbia's one-time development fee that requires new or larger water and sewer connections scaled to the development type. Other required development contributions have a nexus to the site's impact but respond to jurisdiction-wide policy imperatives. Though developer interviewees found jurisdictions' stormwater policies to be expensive and complex, interviewees acknowledged that the issue was critically important from a jurisdictional or regional perspective, given the impact that past failures to plan has had on overall infrastructure use and other nearby properties.

However, the region's growing infrastructure needs from aging systems and years of underinvestment often rely on more development to fund public needs even though recent development trends may have limited impact on infrastructure demand.
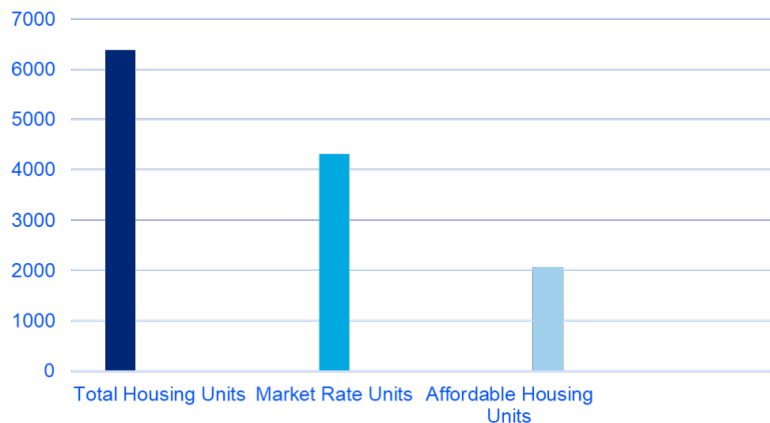
The high costs of obtaining additional entitlements lead some developers to proceed "by right," even if demand suggests there is a "higher and better use" for the site. Interviewees and research participants from across the Washington, D.C., region generally agreed that the process for obtaining additional entitlements substantially raises the cost of development, which contributes to higher housing costs, keeps more marginal projects from proceeding, or both.

Developers understand that proffers are a cost of doing business but when parameters change during the review process, the costs of the development may increase exponentially. Fifty six percent of ULI Housing Impact Survey respondents identified "incremental fees, conditions and costs associated with obtaining additional entitlements" as "often" or "always" contributing to the decision to proceed by right. Among various developer contributions, "public infrastructure requirements" and "direct fees and proffers" were cited as the most difficult to "predict, quantify, and incorporate into development." Developers understand that proffers are a cost of doing business, but when the parameters change during the review process, the ability to
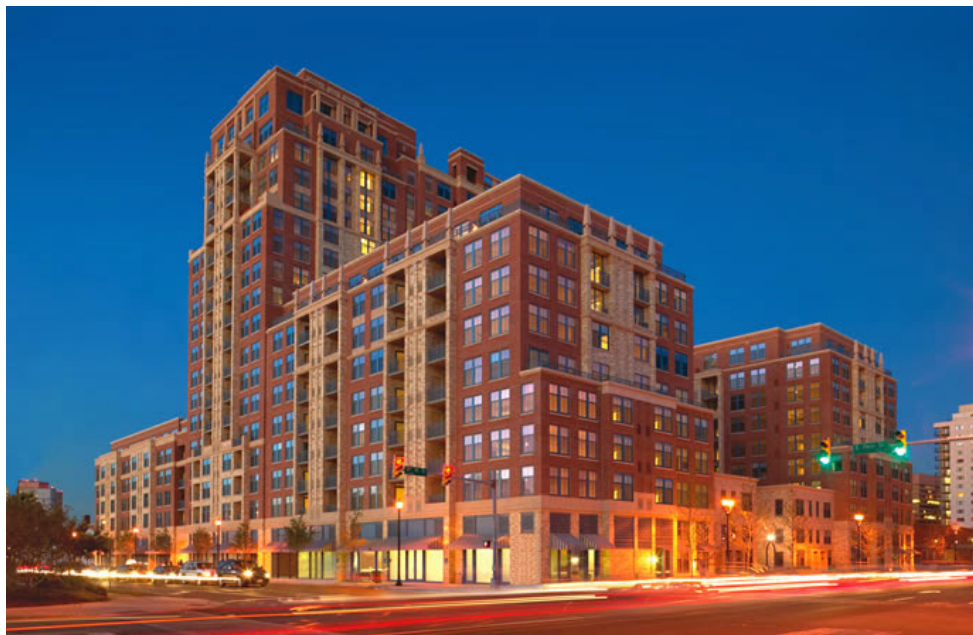
finance the project is disrupted. Of most importance to developers is certainty as the project application is considered. The cost of refining plans is extensive, with fees for service providers increasing every time an amendment is made to a development plan. The table below shows the results of one of the survey's questions about which costs are most difficult to accurately predict, quantity, and incorporate into development plans.

PUD Appeals: Impact on Affordable Housing Production

Holland & Knight DCCA Zoning Appeals By the Numbers

Bar chart showing values for Total Housing Units (~6400), Market Rate Units (~4300), and Affordable Housing Units (~2100), with a y-axis from 0 to 7000.

Gramercy - Metropolitan Park, Crystal City, VA

Parking requirements are a major barrier to housing attainability

Parking is one of the most frequently cited challenges in interviews with development practitioners and a major point of contention in community engagement processes. Recent analyses have quantified the impact of providing parking spaces on the attainability of rental housing:[xxxii]

- Development costs:
  - $5,000 per surface space
  - $25,000 per above-ground garage space
  - $35,000 per below-ground parking space

- Attainability impacts:
  - $142—typical cost renters pay per month for parking
  - 17 percent increase in rent attributable to parking.

These figures are consistent with anecdotal evidence from developers and in some cases may even understate the costs of underground parking. These costs do not account for the "opportunity costs" of building parking: parking spaces take up valuable real estate and capital that could otherwise be used to provide housing units.

The region's growing infrastructure needs—particularly around school capacity—create pressure to require even more from the development community. The changing nature of housing demand and development patterns are creating difficulty for projecting school enrollment or capacity, especially at the neighborhood level. Contributing factors to enrollment growth are varied, and some are particularly hard to predict and can drive inaccuracy in forecasts. Notably, not all capacity constraints are driven by new development. Turnover in existing units, particularly coupled with demographic shifts (seniors downsizing, families moving in) are contributing to increases in the student population.[xxx] As such, new development should not be expected to bear a disproportionate amount of the costs of accommodating school and infrastructure spending increases.

Prescriptive standards and project requirements unrelated to meeting market demand further raise costs and inhibit project feasibility. In addition to developer contributions, zoning code requirements often increase development costs in ways not responsive to local demand (which means these costs cannot be offset later by resident/tenant revenue). These include design, ground floor retail, parking minimums and height requirements, among others. Provision of roads and walkways, stormwater infrastructure, utility work, forest and tree preservation, and green building practices can cumulatively increase housing costs that will be passed on to the consumer or create a further mismatch between supply and demand.

Regulations and restrictions that have a substantial impact on site use and massing—including parking minimums, setback requirements, height limits, and lot coverage ratios—can limit the feasibility of

Incremental costs or conditions, in order of most difficult to predict
1. Public infrastructure requirements
2. Direct fees and profeers
3. Prescribed design elements
4. Number of required affordable housing units
5. Mixed-use and/or ground floor retail requirements
6. Green building requirements
7. Parking requirements

by-right development that is allowed by the zoning code. Minor modifications to baseline conditions can also create an entry point to require more substantial approvals or proffers. For example, despite proceeding through a special exception use permit process designed to expedite approvals, the Arlington Partnership for Affordable Housing's Buchanan Gardens rehabilitation ended up including additional conditions such as site improvements, roads and walkways, stormwater infrastructure, utility work, and lawn/tree plantings, totaling $1.65 million for 111 units.[xxxi]

Parking and ground floor retail requirements are frequently cited barriers to attainability. Though practitioners highlighted several types of burdensome prescriptive requirements, parking and ground floor-retail requirements were cited as being particularly problematic. Parking occupies space that could otherwise be used for housing units and imposes significant construction costs (see sidebar). For ground floor retail, developers making financial projections in a mixed-use development must often assume that profits from the housing component are sufficient to cover the cost of the riskier retail space, thereby driving up housing costs and restraining supply as marginal developments fail to pencil out.

Jurisdictional design requirements were cited as both an opportunity and a challenge. High-quality design is a critical component of building support for more intensive development. However, design can be a sticking point in negotiations, and aesthetic preferences can be "in the eye of the beholder," creating inconsistent application of requirements. Such negotiations can be particularly problematic when design recommendations focus on design specifics (color of bricks, balconies) rather than "big-picture" issues such as massing and building orientation.

Prescriptive standards can be especially problematic for properties built before adoption of zoning and land use codes or those that seek minimal relief. Such properties may be "nonconforming," and require even minor improvements or renovations to an existing structure to go

through formal review processes. In some cases, the property must be brought fully into compliance with current code standards to receive approvals for further improvement. The process to alter setback requirements requires the same process, time, and costs whether the encroachment is six inches or six feet. A developer that seeks to construct a six-unit building can be subject to the same process as one constructing a 30-unit building. In each case, the cost of the process adds to the unit costs.

Local policies limit the development of housing for middle-income wage earners. Regional realtors, builders, and advocates have noted significant demand and lack of supply for housing that is less costly than single-family detached housing, is modest in size but still provides space for families and provides some outdoor space.[xxxiii] This sentiment was reinforced by the ULI Washington 2018 survey of Millennials living inside the Beltway. Though definitions vary, middle income housing is often "a range of multi-unit or clustered housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living."[xxxiv] These housing types are often "missing" from the conversation and lost between single family and larger scale multifamily housing types, earning the title "missing-middle." Examples of missing-middle building types include duplex, triplex, fourplex, courtyard apartments, bungalow courts, townhouses, multiplexes, and live/work space. Missing-middle housing can also include accessory units to middle-density or single-family housing.

Despite significant demand, by-right opportunities for missing middle development are limited. In an analysis of missing-middle housing opportunities, Montgomery County's Planning Department identified Euclidean zoning as one of the biggest barriers, whereas the existing stock of such homes was constructed in earlier decades that allowed incremental increases to the next level of density.[xxxv] The analyses of by-right zoning in this section demonstrate the geographic limits to where such housing can be developed across the region. Some lower-

intensity building forms that allow modestly more development or rental opportunities (such as stacked flats/stacked townhouses) are classified as multifamily and are thus not allowed in attached single-family zones. [xxxvi] Such housing is proportionately rare outside of the District of Columbia and city of Alexandria, which have a significant, if insufficient, supply of rowhouses and townhouses.

In addition, interviews and research suggest that other barriers exist beyond zoning and use limitations, including restrictions related to the following:

- Minimum lot sizes and dimensions;

- Setbacks, lot coverage, and yard sizes;

- Building orientation (i.e., requirements that all lots face public right-of way); and

- Parking (including prohibitions on tandem parking).

By-right zoning is often the only tool to increase missing middle housing since the length of the review process and entitlement costs often have a prohibitive impact, given the limited ability to spread development costs and risks across the number of units.

Administrative Processes and Protocols Have an Impact on Attainability

Inefficient approval processes unnecessarily add delays, risks and costs to development. Anything that extends the length of the approval process for any given housing development adds costs and risks reduced viability, especially if schedule delays are of an unknown duration. The cumulative regional impact of unknown entitlement delays can create market-level supply and demand imbalances that exacerbate development risks. The length of the overall process can even inhibit the development of projects that ultimately receive approvals when investor or debt financing is lost or construction cost increase to create a funding gap. This situation has resulted in a substantial number of developments that had been approved not moving forward. The sections below describe administrative barriers to attainability in more detail.

Columbia Pike Neighborhoods Plan/Form Based Code creates middle path

Arlington County has undertaken extensive, community-oriented planning efforts for its Columbia Pike corridor. To assist in the area's transition from a more automobile-oriented, suburban form into a "main street" pattern, the county adopted an Initiative Plan and Commercial Centers Form Based Code in 2005. This was followed in 2012 by adoption of a Neighborhoods Plan and Form Based Code, which explicitly focused on the preservation and replacement of the corridor's extensive stock of attainable rental housing. The suite of policies provides flexibility in development form and more streamlined approvals than the 4.1 Site Plan process.

Though the form-based codes do provide some challenges (particularly related to the specificity of retail requirements), the plans have proved resilient in the face of market shifts and external shocks, including the cancellation of the Columbia Pike Streetcar project. Development under the plans and form-based codes has resulted in 3,084 residential units, including 717 committed affordable units, nearly 340,000 square feet of commercial space, a community center, public plaza, mini-parks, and new supermarkets.[xxxvii] The affordable housing incentives included in the Neighborhoods Plan allowed the Washington Real Estate Investment Trust to undertake infill construction on the parking lot of the existing Wellington Apartments. This added density facilitated the conversion of 105 of the existing 710 apartments to committed affordable units for 30 years, without any direct financial subsidy from the county.[xxxviii]

Though approval timelines vary, the risk and cost of the process contribute to some developers pursuing by-right development. Respondents to the ULI Housing Impact Survey were asked to indicate the shortest and longest amount of time necessary to obtain additional entitlements. Respondents indicated that the shortest time experienced was typically nine months with the longest typically lasting two years or more. Practitioners interviewed estimated that a two-year approval process can add $2 million to $2.5 million in costs before accounting for fees and developer contributions regardless of whether a project is 60 or 600 units. These extended expenses include changes in land value, legal, architecture and engineering fees, staff costs, and carrying costs. These costs are passed on in the form of higher rents and home prices. The two most frequent contributing factors to choosing a by-right process among respondents were "uncertainty of ultimate project approval" (73.5 percent) and "lengthy processes to obtain additional entitlements" (70 percent).

Some process-related delays are attributable to developer actions. Jurisdictional staff indicated that the quality of original submissions often suffers when developers rush to get an application into the review queue. Planners then have to build time into the initial review round for the many failures to meet basic standards process to review and comment on original submissions that fail to meet enumerated standards. Quality challenges extend to architectural, engineering, and land use attorney-related issues. Developers do not always take full advantage of the front-end reviews or resources from planning departments that could mitigate some of these issues. These challenges divert staff time from addressing other developments. Delays may also occur when a developer does not promptly respond to agency feedback on the development proposal.

Inefficiencies are embedded in any review and approval processes. It has been said that "process is the product" for some development review agencies. Development approvals require engagement with a number of public agencies during the planning, approval, and construction

Interviewees estimated that a two-year approval process can add $2 million to $2.5 million in costs before fees and developer contributions regardless of whether a project is 60 or 600 units.

stages. The perspectives, priorities, and procedures of each entity and individual are not always aligned and can contribute to confusion, complexity, and delays (for additional discussion of this issue, see below). In many cases, jurisdictional staff and developers engage in continuous comments and multiple rounds of review to reach mutual understanding. It was noted by some developer respondents that jurisdictional planners are not always consistent in interpreting rules and regulations, which can create confusion, inhibit predictability, and add time and costs. Finally, developer contribution negotiations between developers and the jurisdiction related to the amount and type of developer contributions often lengthen the development process and jeopardize development viability where universal standards would be more effective and efficient.

Efficient planning efforts can improve approval processes. As discussed on page 27, multiple practitioners cited small area plans (or similar neighborhood- or corridor-specific planning processes) as a solution to

Statewide legislation in Virginia has made negotiation of additional entitlements more difficult

Virginia provides an example of the potential conflict that results from fragmented authority between state and local governments. Many Virginia jurisdictions use a proffer system in granting conditional zoning relief. A proffer system is one in which a municipality offers suggestions or accepts proposals for cash or in-kind contributions to address the potential impacts of new development. In 2016, a new law limiting the use of proffers (SB 549) was passed. Many builders, concerned that proffer amounts were disproportionate to development impact, supported this law. However, practitioners in both the development community and municipal and county governments have found that the law has had the unintended consequences of constraining non-by-right development, rather than making the process more predictable and equitable.[xxxix] Jurisdictions have been risk-averse in adapting to the new rules, which make it illegal to receive or request an "unreasonable" proffer, and the law has inhibited staff-to-developer communications in some instances.[xl] This law has had an impact on Loudoun, Prince William, and Fairfax counties. Arlington and Alexandria rely more on alternative processes for granting zoning relief.[xli] Regional jurisdictions may have to adapt to changing proffer rules again in the coming year, as state legislation to address some of the unintended consequences of SB 549 was under consideration as of January 2019.[xlii]

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streamlined project timelines. Such planning efforts reduce some of the uncertainty associated with the approval process by more clearly defining the types of development the jurisdiction will accept and the specific contributions that the developer must provide. This provides more predictability for the development community and reduces the points of negotiation that must be navigated. A Form Based Code can be further streamlined by "codifying the consensus"— formally incorporating the process and incentives agreed to as part of the area planning process into regulation. Arlington's Columbia Pike Neighborhoods Plan includes a form-based code that serves a similar function (see sidebar on previous page).
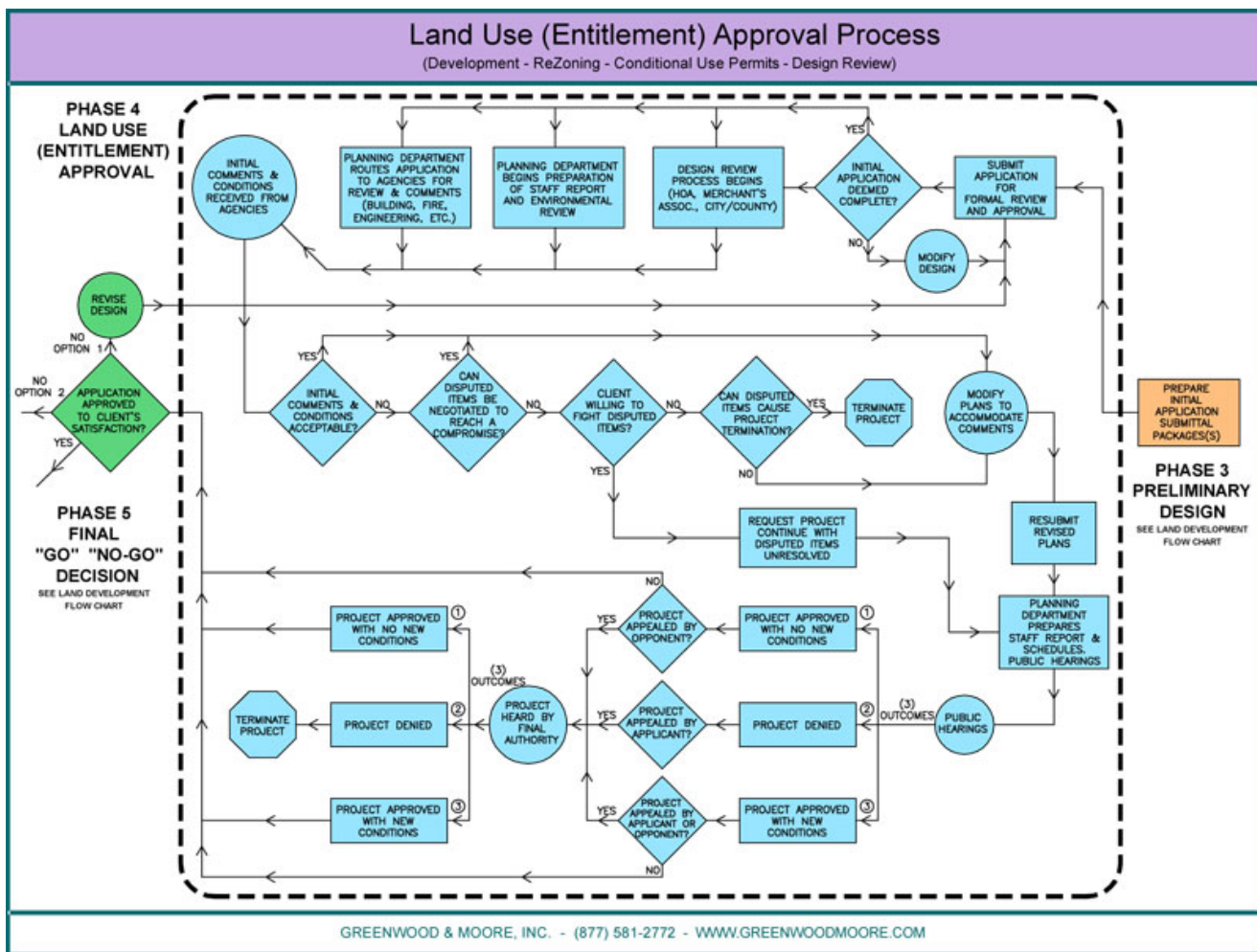
Addressing fragmented planning and approval processes can increase approval efficiency. Fragmentation among separate governing bodies that oversee schools, planning and development, and transportation infrastructure planning, and funding is shared between federal, state, and local authority that create challenges to efficient planning and development processes. These divisions create multiple potential points of conflict, because each entity generally has its own regulations, restrictions, and priorities.

Even when planning efforts are coordinated, implementation may occur in a siloed manner. Montgomery County plans include options to address school capacity, but the public school system has full discretion in final decisions. Developments in the Tysons Corner corridor in Fairfax County have been held up by Virginia Department of Transportation approvals.

A lack of appropriate planning and coordination at the neighborhood, corridor, or jurisdictional level can create project-by-project challenges, as the community may raise capacity-related concerns, or a developer may be expected to provide disproportionate contributions to solving systemic issues.

Conflict between agencies within the government, rather than between the jurisdiction and the developer, can create process-related challenges. At the site-by-site level, delays and costs can result from a lack of coordination across government agencies involved in the approval process.

Land Use (Entitlement) Approval Process
(Development - ReZoning - Conditional Use Permits - Design Review)

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Sample Land Use Approval Process, Castro Valley, California

In some cases, the disconnect may continue beyond the approval process, when building permitting and inspection staff have different interpretations of requirements or may not have been informed of negotiated conditions. Developers observed that they must carry this risk until a certificate of occupancy is issued. On the positive side, jurisdictions that have adopted proactive policies to manage internal coordination and expedite project delivery have yielded results. This includes creating a single point of authority ("referee or ombudsman") to manage the process within the government and bringing the building permit and inspection teams into the approval process which is a good first step.

Policies and Programs to Directly Support Committed Affordable Housing Can Be Improved

A comprehensive effort to improve housing attainability should balance market-based efforts with policies and funding to create and preserve committed affordable housing. Several of the region's jurisdictions have implemented robust land use and financial incentives to produce such units. However, subsidies fall short of need. The following sections describe opportunities for improving programs and incentives aimed at filling gaps in the housing market.

On the positive side, jurisdictions that have adopted proactive policies to manage internal coordination and expedite project delivery have achieved results.

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Planning for replacement units in Alexandria

As the Route 1 South corridor in the city of Alexandria and Fairfax County experiences development pressures, the jurisdictions have begun to take action to support the preservation of affordability within that corridor. In September 2018, the city of Alexandria adopted the South Patrick Street Housing Affordability Strategy, which examines affordable housing needs, the existing housing stock, and policy and zoning tools to produce or replace affordable housing in the planning area.[xliii] As part of this analysis, city staff analyzed the approximate density increases that would be necessary to replace affordable units in other redevelopment contexts:

- Foxchase (rental): Four- to one-unit increase without any additional financial subsidy;
- South Patrick Street (rental; estimate): Three- to one-unit increase without additional financial subsidy;
- Old Town Commons and Chatham Square: Two- to one-unit increase with one-third of the cost of affordability offset through the market-rate sale of for-sale units and city gap financing.

Inclusionary housing programs are broadly accepted, but program design could be improved. Developers of different sizes and orientations have different perspectives on the relative merits and challenges associated with developer contributions. However, local policies that apply inclusionary housing requirements in exchange for additional entitlements had a relatively strong base of support among developers interviewed as part of this research. Nonetheless, many developers also cited practical policy and implementation-related challenges that can inhibit the development of both committed affordable and market-rate units. In some cases, the specific affordability requirements (in terms of number of units or income targets) may not match the needs of lower-income households, may create a disproportionate burden on smaller or more marginal development opportunities, or both.

Some developers called for a wider range of performance options, such as the provision of off-site units or payment of fees in lieu of building affordable housing, arguing that such an approach could actually yield an increase in the total number of committed affordable units produced. While some developers make it a policy to make all units in a development have standard finish quality, others noted that equivalency standards were resulting in the production of committed affordable housing that exceeds the finish quality of market-rate housing in other markets. Others stated that the potential savings in terms of finishes was relatively minimal. Finally, some developers cited operational challenges with inclusionary units, predominantly related to the buyer/renter identification, marketing, and

Columbia Hills Apartments, Arlington, Virginia

qualification process that can be complicated for development firms without this experience, unlike developers that specialize in the development of committed affordable housing.

Incentives to replace affordable units require significant increases in density. Inclusionary requirements are an important component of a strategy to improve housing attainability, but the relative effectiveness of this approach can vary by development context. A new construction project that replaces a surface parking lot or an obsolete commercial use will produce a net gain of committed affordable units. However, in some residential redevelopment scenarios an inclusionary requirement only offsets

a portion of the loss of attainable units. In other residential development scenarios, inclusionary requirement may only offset a portion of the loss of attainable units and could result in a net loss of committed or market affordable units. Such policies need to be judged within the broader housing policy agenda. However, if redevelopment is intended to come closer to one-for-one replacement of affordable units, jurisdictions will need to rethink and recalibrate the incentive structure to offset the costs of development. Among potential tools are additional density, reduced parking, and financial incentives to improve the quantity and quality of affordable housing.

Montgomery County affordable, age-restricted housing made possible through public land

The Bonifant at Silver Spring is a mixed-income 149-unit apartment building for seniors in downtown Silver Spring, located adjacent to the Silver Spring Public Library. The development is a joint venture of Montgomery Housing Partnership (MHP), a 25-year-old nonprofit housing developer, and Donohoe Development, a division of the Donohoe Companies, Inc., one of the largest real estate companies in the Washington, DC region, and the County. The Bonifant and the library were built on public land that Montgomery County acquired and assembled in the late 1990s, and its development is part of a local policy to use county-owned land to increase the supply of housing accessible to all residents, including those with lower incomes. The site is located within walking distance to the Silver Spring Metrorail station, the future Purple Line station and various bus lines. Shops, grocery stores and the vibrancy of downtown Silver Spring are beneficial to the senior residents living in the building.

Given its deeply affordable rents, the property relied on multiple sources of public funding to cover development costs. One of the key subsidies for the project was a deeply

discounted ground lease of $25,000 per year. Over its 77-year term, ground lease fees will total $1.925, while an independent appraisal valued the land at $8.2 million (assuming no affordability restrictions on the property). The project received a higher level of scrutiny during the approval process because of the inclusion of public land. In addition, the public/private partnership created a need for more intense and frequent communication with a larger and broader group of public agency stakeholders than normal during the development process. Even given these challenges, the partnership model was clearly a winning solution for both the county, the developer and the nonprofit, and for the senior citizens who are able to live in affordable units in a vibrant neighborhood.

The Bonifant, Silver Spring

Free or discounted land can enable the creation of committed affordable housing. Land costs constitute a considerable portion of the development budget. Estimates range from 10 to 20 percent in the context of a large-scale multifamily development or significantly higher for infill, lower-density housing. The reduction or elimination of land costs can enable developers to provide a higher number of inclusionary housing units or reduce the amount of financial subsidy necessary for developing committed affordable housing units.

Land costs can be defrayed using surplus public land (or land owned by community-oriented institutions, such as universities and hospitals) for housing development. Using publicly owned land for a deep subsidy to support committed has the added benefit of proximity to expensive locations they may not have been able to purchase or lease otherwise. One challenge is that there are many competing interests for public land critical to a community's function such as schools, libraries, policy, fire and rescue squad stations. One solution is the colocation

of compatible uses (for example, a senior center and an apartment building). Land subsidy could be one solution to a barrier cited by developers which is a jurisdiction's needs for either more or more steeply discounted affordable housing units can't be achieved solely through inclusionary housing or available financial subsidies.

The Cumulative Effects of Regional Policy Disproportionately Affect Certain Groups and Neighborhoods

Each development-related policy exists within the broader development climate. Though the impact of any single requirement or process-related delay may be marginal, the aggregate costs imposed on development can have a much more significant impact. The following sections describe how complex regulations and high-costs increase "barriers to entry" for developers looking to build, neighborhoods needing investment, and families looking for a home.

A comprehensive analysis of the full cost of requirements is needed. Though some jurisdictions and researchers have

attempted to quantify certain costs associated with the development approval process, a more robust analysis is generally lacking. Without a full accounting of development costs, jurisdictional requests will not always comport with market or economic realities, and offsetting incentives are not always appropriately scaled or usable. Among developer respondents to the ULI Housing Impact Survey who had elected to pursue by-right development, 54.2 percent said that "Insufficient density, height, or other zoning flexibility available to offset time, cost, and risk associated with special development process" was "often" or "always" a factor in that decision.

Cumulative barriers have likely constrained supply growth. Real estate developers are more likely to pursue by-right development as the cost and risks associated with additional entitlements increase. This is problematic because by-right zoning levels are not sufficient to meet current forecasted demand. The ULI Housing Impact Survey indicated at least 4,000 housing units had been forgone in the last five years just by the 63 developer respondents alone, based on the decision to either proceed by right or because all or a portion of additional entitlements were rejected. Four thousand units is almost one year's worth of permitting activity in the District of Columbia and outstrips the combined average annual permitting activity (2013–2017) of Arlington and Montgomery counties. Given local jurisdictions' inclusionary policies, a portion of those units would have been committed affordable housing.

There is no silver bullet for solving this problem. Seven of the nine "contributing factors" to the decision to pursue by-right development were cited by more than half of respondents as "often" or "always" having an impact. Similarly, seven of the nine contributing factors had a median score of 4 or higher on a scale of 1 to 5 (where 5 is the most important).

The broad nature of the challenge creates both barriers and opportunities. Dramatically improving the development process will require a thorough and systematic review of existing policies to address a large number of barriers. More optimistically, numerous opportunities exist to make incremental and iterative improvements to the process, with smaller changes aggregating to larger impacts over time.

Limits on development geographically concentrate demand for both units and development sites. If a housing market has fewer units of a certain type or in a location with certain characteristics, competition from current and prospective households that prefer (or can only afford) housing with that profile drives up prices. The limited areas where such housing can be built more easily attract more developer interest, which can drive up land cost. Though determining a causal relationship was outside the scope of this research, the limited amount of remaining developable area where multifamily construction is allowed may in part be responsible for the shift over time from more naturally affordable construction types (low-rise and garden-style apartments without structured parking) to more costly mid-rise and high-rise buildings, as developers must adjust to higher land costs.

A completely even distribution of supply growth is not realistic, given shifts in demand for different locations and housing types. Nor would such an approach be desirable, because it would have significant implications for sprawl and the efficient use of infrastructure. However, overconcentration also has negative consequences. In the aggregate, taking land "off the market" makes it geometrically more difficult to produce enough units for a growing population. Geographic concentration has social equity and distributional impacts as well. Given demand trends and economic realities, real estate developers often focus on neighborhoods with lower property values that are closer to the urban core or adjacent to transit or other amenities. To the extent to which this can lead to cost and displacement pressures, concentration of development creates more substantial harm for a smaller proportion of the population. Given the history of race- and ethnicity-based segregation and concentration of poverty in the urban cores of major metropolitan areas, such concentration also runs a significant risk of exacerbating preexisting income disparities and structural inequities.[xliv]

Beale Square, Washington, DC

Though the issue of concentration is relevant throughout the region, an analysis by the Brookings Institution provides specific examples from the District of Columbia. The analysis found as follows from 2008 to 2015:[xlv]

- New units were concentrated within a few neighborhoods, with four of the city's 40 Advisory Neighborhood Commissions accounting for half the units built, and 80 percent located in nine Advisory Neighborhood Commissions.

- Nearly one-third of the District's census tracts had no new housing permits.

- In higher-income, high-cost areas that built almost no new housing (predominantly upper northwest D.C.), more robust permitting activity was related to expanding and renovating existing homes, which is likely to further raise costs in already exclusive areas.

The cumulative barriers to development can limit market participation for small and mid-size developers and developments. The cumulative impact of development policies can decrease the diversity of development and the developer network in terms of scale. Large-scale development will remain important for accommodating the region's significant growth needs moving forward. However, as previously discussed, production of multifamily housing is increasingly concentrated in mid- or high-rise buildings, and anecdotal evidence suggests that smaller-scale developers are finding it harder to compete in the market. Since the degree of difficulty in obtaining approvals is generally not scaled to size of development, the process disproportionately challenges smaller or less well-capitalized developers less able to absorb costs and risk. Smaller projects may also be more difficult to complete from a community engagement standpoint because larger projects can provide more noticeable (i.e., larger scale) community benefits.

A more diverse developer network can support a healthier "development ecosystem" overall. More marginal projects—such as those targeting middle or lower incomes or in lower-demand neighborhoods—are most affected by a development climate in which large-scale development dominates. Neighborhoods may experience disinvestment if demand is not sufficient to justify major investments and then experience radical change when the market shifts. This dynamic can also have distributional impacts on historically disinvested communities. Conversely, developers of different scales may have different development profiles and return expectations. Enabling their participation could mitigate "boom and bust" cycles between neighborhoods and across market cycles.

Columbia Place, Washington, DC

Recommendations

How Can We Build a More Attainable Housing Supply?

As discussed, the development review process is complicated and there is no single action or set of actions that can be taken to improve it. Creating a development framework that enables the creation of more attainable housing requires significant development action across each segment of the development community: local elected and appointed officials, planners, housing departments, and developers. To guide implementation, the research team identified several core principles to improve community engagement and the region's entitlement and approval processes:

- Housing supply growth is crucial to improving affordability.
- What is built, where, and for whom, are critically important to ensuring that the housing market equitably serves the region's residents.
- The regulations and process by which we plan and implement development contributes to the high cost of housing and must be fundamentally improved.
- Establishing respect, trust, and open communication among all stakeholders engaged in the development process is necessary to achieve both local and regional housing production and preservation goals.
- Enacting clear and consistent policies, procedures, and regulations to guide the development process is essential to accomplishing housing attainability goals.

These recommendations emphasize not only changes to existing policies and practice, but are also ways to improve community engagement as it relates to housing affordability, with the goal of creating a healthy, collaborative, and equitable climate for addressing housing needs. To further support implementation, resources that provide more detailed information be found in Appendix 2.

Following is a list of these recommendations, which are discussed in more detail in the rest of the section:

1. Build trust through inclusive and transparent community engagement.
2. Improve education and communication about development and housing considerations in the land use process.
3. Establish a shared regional and local vision.
4. Advance geographically and socioeconomically equitable development.
5. Preserve and expand committed affordable housing choices.
6. Increase the efficiency of local government planning and zoning processes and institutional structures.
7. Adopt flexible planning and zoning policies to accommodate shifts in housing demand and other market conditions.
8. Improve how and when developers interact with the community.
9. Improve clarity and prioritization with respect to community benefits and developer contributions as a part of the development process.

Build Trust through Inclusive and Transparent Community Engagement

1

A constructive and open dialogue about housing starts with trust—both trust in the process and mutual trust among its key participants: developers, local government, and the community. Trust breaks down when people feel excluded or disrespected, and when the rules and assumptions of the development process are unclear or inconsistent. Trust is limited when a large subset of a community feels that it cannot participate meaningfully or that the process makes it too difficult to participate at all. For these reasons, this recommendation focuses on strategies to build trust by making community engagement more inclusive, more accessible and welcoming, and more respectful of the time and opinions of those who choose to participate.

Make community engagement more inclusive and equitable.

- Adopt an intentional outreach strategy to welcome a broad range of perspectives on the development process, particularly from underrepresented voices (e.g., minorities, low-income residents, millennials, renters, families with children, youth).

- Ensure that appointed boards, commissions, and task forces are representative of the larger community.

- Ensure that traditional venues for public participation (e.g., public meetings and hearings) are not disproportionately weighted over other, more inclusive tools and methods for community input.

Ensure that more people are able to, and encouraged to, participate.

- Meet the community "where they are" through targeted outreach methods (e.g., pop-up events, mobile workshops, door-to-door outreach, and smaller meetings with underrepresented groups).

- Use online and digital engagement tools to enable participation by those who cannot attend meetings.

- Consider alternative times for meetings (e.g., daytime and weekend meetings).

- Provide services and accommodations that make it easier for the public to attend (e.g., child care, transportation).

- Provide multilingual and accessible public information at public meetings and in print materials.

Ensure transparency and respect.

- Establish clear "rules of engagement" by defining and enforcing predictable ground rules and a code of conduct.

The Next Ten: Sandy Springs, GA Comprehensive Plan

- Define expectations and parameters for discussion through clear articulation of assumptions regarding future development, based on existing plans and regulations.

- Provide consistent updates on project status and upcoming opportunities to offer input.

- Acknowledge community inquiries and comments as they are received.

- Enlist third-party mediators and facilitators—which may include impartial community stakeholders—to lead community engagement for particularly controversial projects.

2 Improve Education and Communication about Development and Housing Considerations

The community dialogue about housing can be improved when all community stakeholders share an understanding of the costs, benefits, and—most important—the tradeoffs associated with planning and development decisions. This requires understanding the community issues and concerns from the perspective of a range of community stakeholders, at both neighborhood and regional levels. This recommendation focuses on strategies for addressing issues related to housing attainability proactively, rather than reactively, and fostering community decision-making that is informed by the regional context. It also addresses ways to increase community stakeholders' understanding of the costs, benefits, and tradeoffs of development-related decisions and to better use data and data analysis as tools to inform the development and community engagement processes.

Place local housing considerations in a broader regional context.

- Broaden the scope of community engagement to address "big picture" considerations and enable an understanding of local issues in a larger jurisdictional or regional context.

- Get out in front of future trends and anticipated development: start the education process and discussion of housing attainability before development proposals are submitted and adversarial relationships emerge (e.g., educational or "big ideas" forums, roundtables, lecture series, and affordable housing plans and strategies).

- Incorporate education about housing and housing attainability into area planning processes as a key element of future quality of life.

- Initiate a "Housing Everywhere" campaign to underscore issues of geographic fairness in addressing regional housing needs.

- Prepare maps that highlight local and regional constraints to housing development as well as opportunities to accommodate new housing.

Build capacity and understanding.

- Proactively educate decision-makers, local government staff, and community leaders about housing and development issues.

- Educate newly elected and appointed officials about the development processes in their respective jurisdictions.

- Provide information and training for community groups, local staff, and elected officials on the fundamentals of development economics and related costs and benefits (e.g., the impact of hard costs and land costs on development feasibility; the impact of community benefits/developer contributions on development).

- Use decision-making tools to illustrate development-related tradeoffs related to development costs, community benefits, and ways to allocate or accommodate housing units within a community (e.g., decision-making "games" or software;

programs similar to ULI's Reality Check and UrbanPlan initiatives).

▪ Tailor public information about housing to individual community needs and desires; expand the focus beyond housing supply issues to address other relevant housing- and community-related concerns (e.g., housing cost and availability, fairness and regional interdependence, the ability of family members to live nearby, public health, etc.).

Use data as a tool for storytelling and building local knowledge.

▪ Create mechanisms for sharing open data related to planning, development, and housing issues in an easily accessible and understandable format (e.g., a "data dashboard" reflecting the range of concerns raised about development— housing costs and needs, infrastructure, schools, public health, equity, and economic development, among others; conducting "data walks" to discuss community challenges and solutions).

▪ Prepare data analyses to illuminate issues of community concern related to housing and counter misperceptions as they arise during the development process (e.g., traffic and parking impacts; school enrollment; fiscal and service-related impacts, benefits, and costs).

▪ Ensure that local government staff is prepared and willing to correct misinformation articulated during public events or disseminated via online channels, based on prior data analysis.

▪ Explain and quantify the connection between the length of the development process, developer costs (including carrying costs and other upfront costs), and the cost of housing units.

▪ Proactively address community fears and prejudices (such as property values and traffic) during the community planning process.

▪ Partner with the region's educational institutions to analyze and disseminate data.

Establish a Shared Regional and Local Vision

3

Housing attainability is a regional issue that can be solved only through the cumulative impact of local development decisions. Bridging this gap in geographic scale requires the development of a shared vision for how the region and its constituent communities should grow. In the absence of clear regional and local visions that are defined ahead of time, the vision for each community is debated and revisited on a project-by-project basis as new development is proposed, thus creating inefficiencies for development processes, community engagement, and the ability to meet regional housing needs. This recommendation focuses on the need to fill this vision gap by setting regional goals and defining community expectations ahead of time, thereby providing a clear and consistent framework for formulating and evaluating new development proposals.

Establish a regional vision and targets for housing.

▪ Strengthen regional planning by adopting a regional housing pact that sets numerical goals for both market-rate and committed affordable housing and identifies how and where each jurisdiction will contribute to meeting the region's housing needs.

▪ Establish an incentive structure for local jurisdictions to better meet goals set by the regional housing pact or adhere to regional plans (e.g., a grant program providing resources to jurisdictions that meet targets or adoption of rating criteria based on the regional housing pact targets).

Prepare local plans that set community expectations for housing and development.

▪ Prepare timely and detailed area plans

(e.g., small area plans, corridor plans, sector plans, etc.) that provide clear and specific guidance for development and housing, based on agreed upon community assumptions.

- Fill geographic gaps in area planning by preparing plans for areas likely to experience development pressures.

- Specifically address housing needs in area plans. Include sufficient detail and specificity to provide clear expectations about the location, types, and form of future housing, while maintaining flexibility for developers at the time of the development application.

- Prepare plans with time frames sufficient to weather changes in local leadership.

- Ensure that property owners and prospective developers participate in area planning processes to test plans' market and financial feasibility.

- "Codify the consensus" reached during planning processes by updating zoning and establishing specific guidance on developer requirements and contributions.

- Create streamlined processes for updating area plans as housing markets and development patterns change (e.g., allowing for minor technical updates, rather than complete plan updates or rewrites, to minimize time and cost).

- Modernize service and infrastructure planning to better link service demand with developer requirements (e.g., parking reform, transportation demand management, optimizing bus service, etc.).

- Establish urban design guidelines based on area plans to articulate design priorities and expectations as well as flexible design options for meeting these expectations.

4 Advance Geographically and Socioeconomically Equitable Development

A focus on geographic and socioeconomic equity—where housing is built and for whom—is necessary to advance housing attainability across the income spectrum. Current development policies limit the quantity, diversity, and location of new housing. These restrictions limit housing attainability and choice, with disproportionate impacts on lower-income households and renters. Allowing growth in a smaller number of neighborhoods concentrates demand and accelerates neighborhood change, which makes building community trust more difficult. Finally, the legacy of historical patterns of discrimination and disinvestment requires a proactive approach to improve attainability and expand opportunity for historically marginalized communities. To support a more balanced and equitable approach to growth, this recommendation focuses on ensuring that all neighborhoods play a role in accommodating the region's growth, increasing the range of housing choices

available, and ensuring that the region's investments in committed affordable housing break down rather than perpetuate existing barriers.

Allow geographically balanced growth.

- Revise development policies (e.g., comprehensive plans, land use policies, and zoning codes) to allow more intensive development in all neighborhoods, particularly those with good schools, infrastructure, and services.

Increase housing stock diversity.

- Revise zoning codes to allow a wider range of building types by right, especially the most naturally affordable forms (e.g., two to four attached buildings, townhouses, small-lot single-family cottages, walk-up apartments).

- Adopt pilot programs or incentives for niche housing types (e.g., accessory dwelling

units, micro-apartments) that can serve lower-income and vulnerable populations.

Ensure that investments in committed affordable housing expand housing choice.

- Establish or enhance inclusionary housing requirements, considering economic feasibility and appropriate income targeting (i.e., ensuring that thresholds fill identified market gaps).

- Establish policies for the siting of committed affordable housing units that deconcentrate poverty.

- Use publicly owned or community-serving parcels to facilitate community control of land or committed affordable housing.

- Adopt programs to facilitate ownership opportunities for historically marginalized communities.

Preserve and Expand Committed Affordable Housing Choices

5

Increasing market-rate housing development is necessary but not sufficient to address the region's housing needs. New production is unlikely to be affordable to lower-income households, and the region's long-term housing shortage limits the "filtering" of older units to lower price points. Addressing the challenges faced by those not served by the market is critical to advancing equity and creating the shared vision necessary for supporting the region's growth. As such, this recommendation focuses on preserving and creating committed affordable housing units, incentivizing lower housing costs, and providing household-based supports to lessen cost and displacement pressures as neighborhoods change.

Preserve and create committed affordable housing units.

- Conduct a housing needs assessment and develop a strategy to improve affordability.

- Increase public and philanthropic subsidies for the production and preservation of committed affordable housing (e.g., local housing trust funds, targeted acquisition funds).

- Use data on rent levels and unit counts to identify displacement risk and attainable housing in need of preservation.

- Create or enhance preservation-specific

policy and funding tools (e.g., targeted acquisition funds, opportunity-to-purchase and right-of-first-refusal programs).

- Include incentives (e.g., density bonuses, parking reductions) for the preservation, replacement, and creation of committed affordable housing in small area and corridor plans.

- Adopt or enhance flexible land use tools (e.g., transfers of development rights) to preserve or create committed affordable units.

Create incentives for affordability in market-rate properties.

- Adopt or enhance jurisdiction-wide inclusionary housing requirements in exchange for zoning and land use flexibility.

- Offer subsidies in exchange for reduced rents (e.g., property tax abatements).

Establish robust household-level supports.

- Robustly enforce tenant protection laws and provide eviction-related legal assistance.

- Provide emergency antidisplacement assistance and relocation resources.

- Expand tenant-based rental subsidies.

- Offer property tax deferrals for vulnerable homeowners.

6

Increase the Efficiency of Local Government Processes and Institutional Structures

Reducing the cost and risk associated with the development approval process requires a multifaceted approach. Many actions require difficult tradeoffs between competing priorities. However, jurisdictions can also make incremental progress by improving the review and approval process itself, including policies and processes regarding community engagement. Such reforms reduce "deadweight losses," or costs that do not provide a clear benefit to the jurisdiction, developer, or community. Reducing process-related costs may also positively affect a developer's capacity to provide contributions or address development impacts. To improve the review and approval process, this recommendation focuses on providing greater clarity and consistency, improving cross-agency collaboration, and establishing mechanisms for accountability and improvement.

Reduce the length and complexity of the development review process.

- Simplify and clarify development standards and submittal requirements.

- Create or enhance options for presubmittal proposal review.

- Create clear standards related to the length of time for proposal review.

- Clearly define the length and structure of the community engagement process.

- Create specific limits to issues germane to negotiations.

Improve internal agency coordination.

- Build agency staff knowledge of development issues and tradeoffs.

- Assign clear authority to a local government project manager for cross-agency coordination, mediation, and conflict resolution.

- Improve communication between planning, permitting, and inspections staff to reduce conflicting interpretations of development rules and plans.

- Create a streamlined approval process if conditions change between approval and start of construction.

Create a structure for agency accountability and improvement.

- Adopt data collection standards and accountability measures regarding the timeliness of review and approval process.

- Create an iterative policy feedback/review/revision structure to address barriers to development.

7

Adopt Flexible Policies to Accommodate Shifts in Housing Demand and Other Market Conditions

Development policies should be responsive to market conditions. The prescriptiveness of the region's current development policies inhibits current growth and makes responding to market shifts more difficult. Updating plans and policies requires a substantial amount of jurisdictional capacity—budgetary resources, staff time, and political capital—which limits the ability to adjust in real time. This underscores

the importance of creating a more flexible system that can accommodate changes in economic conditions, demographics, and consumer preferences in between more intensive updates to plans and policies (see Recommendation 3). To achieve these goals, this recommendation focuses on updating policies to better reflect present-day needs, reducing challenges associated with seeking

regulatory relief, and creating policies that can be more responsive to change.

Reform policies to better meet current conditions and needs.

- Update comprehensive plans, zoning codes, and growth-related policies to accommodate projected economic and population growth.

- Allow low-impact, neighborhood-serving retail (i.e., corner markets, bookstores, coffee shops) in residential zones to better meet demand for mixed-use neighborhoods.

Reduce the burden of getting waivers and approvals.

- Closely examine ancillary policies and "stress test" existing regulations to identify de facto barriers that can preclude the development or improvement of attainable housing.

- Create "safe harbors" or expedited approvals for de minimis variations from baseline regulations unrelated to health and safety (e.g., height, setbacks, lot coverage).

Create flexibility to accommodate growth and market shifts.

- Modify by-right development standards to accommodate more diverse housing types and the next degree of development intensity (e.g., flexible standards related to floor area ratio and height).

- Adopt alternative approval processes and requirements (such as form-based codes) for less-intensive development scaled to the amount of regulatory relief being sought in terms of time, intensity, and developer contributions.

- Regularly evaluate developer contribution requirements and offsetting incentives for viability based on current market conditions.

- Create a policy framework that allows minor changes to development standards (e.g. fees, contribution amounts) by administrative process to better reflect market conditions.

Improve How and When Developers Interact with the Community

8

Both the nature and outcomes of the community engagement process can be greatly influenced by the developer's relationship and interactions with a community—and, ultimately, the level of trust that exists between them. Trust is compromised when key community stakeholders are engaged too late and feel that their input does not matter. In contrast, informed, transparent, and direct communication—accompanied by a willingness to listen and a demonstrated understanding of community concerns—can go a long way toward building the necessary trust. This recommendation focuses on these and other ways to foster trustful and mutually respectful relationships between developers and the communities where they wish to build

housing. Although other recommendations focus to a greater extent on local jurisdictions' relationships with the community and developers, this recommendation highlights what developers themselves can do to improve their interactions with communities.

Meaningfully engage the community early in the development process.

- Particularly for large and complex projects, and developers seeking entitlements, engage key community stakeholders and the larger community before a project is publicly proposed to gauge support and identify potential community concerns.

- Engage the community before developing and sharing detailed design plans.

Encourage concept submissions and presentations for large-scale or controversial development projects.

- Demonstrate an understanding of community norms and applicable planning guidance when proposing new development.

Maintain transparent and consistent communication.

- Foster a meaningful conversation with community stakeholders—rather than simply offering a "sales pitch"—by being straightforward, honest, and willing to listen.

- Prioritize direct communications between the developer and community and minimize the use of lawyers and public relations specialists.

- Maintain transparency and consistent communication throughout the development process.

- Set realistic expectations regarding the time and cost required to conduct meaningful community engagement, and budget accordingly.

- Articulate the project's benefits to the community and how the plan is consistent with a community's vision for future development.

9 Improve Prioritization among Community Benefits and Developer Contributions

The length and cost of the additional entitlement process reflects difficulties in balancing competing priorities. Developers, agency staff, community members, elected officials, and other stakeholders often enter the process with a different perspective on the optimal development outcome, which contributes to extensive negotiations and increased costs. Though difficult, bridging the gap between expectation and reality is necessary to increase housing supply and improve attainability. This requires balancing predictable standards that allow developers to plan with the flexibility to accommodate site-specific challenges and community needs. To that end, this recommendation focuses on tailoring policies to development economics, improving the structure of site-by-site negotiations, and prioritizing housing attainability.

Establish jurisdiction-wide policies that scale costs to development economics.

- Evaluate the cumulative costs imposed on development by approval processes (e.g., fees, developer contributions, other regulatory conditions, other process-related costs).

- Scale overall costs to the incremental impact on infrastructure and services and the level of regulatory relief being sought.

- Address broader, district- or jurisdiction-wide needs, in addition to localized community needs, through community benefits contributions.

- Create predictable standards at the policy level for the overall costs of receiving development approval, rather than making determinations on a site-by-site basis.

Create an efficient structure for site-by-site negotiations.

- Within the parameters set at the policy level, provide a flexible, transparent menu of the types of developer contributions that can be provided (e.g.., affordable housing, community space, infrastructure improvements).

- Allow multiple performance options in meeting specific developer contribution requirements (e.g., in-kind provision vs. fee in lieu).

- Allow monetary contributions (for example, on a dollars-per-square-foot basis), at least a portion of which could be allocated by the community to meet its specific needs.

Prioritize housing attainability among other competing uses for developer contributions.

- Provide additional incentives for providing committed affordable housing (e.g., additional regulatory relief, increased weight among menu of contribution options).

- Reduce compliance burden for developments with a specific threshold of committed affordability (e.g., expedited approvals, fee reductions).

- Allow flexible performance options for inclusionary requirements (e.g., on-site units, grants of land, contributions to preservation of nearby attainable properties).

- Pair inclusionary policies with direct financial resources (including tenant-based subsidies) to provide deeper levels of affordability or additional committed affordable units.

Appendix: Resources

The following organizations, research, and publications offer additional information that supports implementation of the recommendations included in this report.

Community engagement resources

Frameworks Institute and Enterprise Community Partners, "Piecing It Together: A Framing Playbook for Affordable Housing Advocates." Frameworks Institute and Enterprise Community Partners, 2018.
https://www.enterprisecommunity.org/resources/piecing-it-together-framing-playbook-affordable-housing-advocates

Levay, PhD, Kevin, Andrew Volmert, PhD, Nat Kendall-Taylor, PhD "Finding a Frame for Affordable Housing: Findings from Reframing Research on Affordable Housing and Community Development." Frameworks Institute and Enterprise Community Partners, 2018.
https://www.enterprisecommunity.org/resources/finding-frame-for-affordable-housing

Murray, Brittany, Elsa Falkenburger, and Priya Saxena. "Data Walks: An Innovative Way to Share Data with Communities." Washington, DC: Urban Institute, 2015.
https://www.urban.org/research/publication/data-walks-innovative-way-share-data-communities

Entitlement and Permitting: Improving local codes, regulations, and ordinances

Form-Based Code Institute, a program of Smart Growth America.
https://formbasedcodes.org/

Building a Better Burb. Congress for the New Urbanism http://buildabetterburb.org/ Center for Applied Transect Studies.
https://transect.org/

Jakabovics, Andrew, Lynn M. Ross, Molly Simpson, and Michael A. Spotts. "Bending the Cost Curve: Solutions to Expand the Supply of Affordable Rentals." Washington, DC: Enterprise Community Partners & ULI Terwilliger Center for Housing, January 2014.
http://www.enterprisecommunity.org/resources/bending-cost-curve-solutions-expand-supply-affordable-rentals-13127

Resources on affordable housing choices

Sturtevant, PhD, Lisa. "A Guidebook for Increasing Housing Affordability in the Greater Washington Region: Local Resources and Strategies for Housing Production and Preservation." Housing Leaders Group of Greater Washington, June 2017.
https://docs.wixstatic.com/ugd/06af46_0268b-7d74a0a40ec88b5a7cfaa11333f.pdf

Willams, Stockton, Ian Carlton, Lorelei Juntunen, Emily Picha, and Mike Wilkerson. "The Economics of Inclusionary Development." Washington, DC: Urban Land Institute, July 20, 2016.
http://uli.org/centers-initiatives/economics-inclusionary-development/

Spotts, Michael A., Genevieve Hale-Case, and Ahmad Abu-Khalaf. "Public Benefit from Publicly Owned Parcels: Effective Practices in Affordable Housing Development." Washington, DC: Enterprise Community Partners, June 5, 2017.
http://www.enterprisecommunity.org/resources/public-benefit-publicly-owned-parcels-19782

Notes

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[iii] Leah Hendey, Peter A. Tatian, Margery Austin Turner, Bhargavi Ganesh, Sarah Strochak, and Yipeng Su, "What HQ2 Could Mean for the Washington Region's Housing Market, in 7 Charts," Urban Institute, Washington, D.C., October 23, 2018, https://urbn.is/hq2.

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[v] Urban Institute's analysis included the following jurisdictions: Washington, D.C.; Montgomery County, Maryland; Prince George's County, Maryland; City of Alexandria, Virginia; Arlington County, Virginia; Fairfax County, Virginia; and Loudoun County, Virginia; Hendey et al., "What HQ2 Could Mean for the Washington Region's Housing Market, in 7 Charts."

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Comprehensive Plan, August 24, 2018, https://plandc.dc.gov/sites/default/files/dc/sites/ Comprehensiveplan/OP%20Staff%20Report%20to%20CoW_Housing%20Cost%20Changes_ Framework_FINAL_8-24-18.pdf, 2.

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[x] Arlington County, "Housing Conservation District"; Arlington County, "Preserving Our Past and Building for the Future: Arlington County, Virginia, Fiscal Year 2017 (July 1, 2016–June 30, 2017) Affordable Housing Master Plan Annual Report" (Arlington, VA: Department of Community Planning, Housing and Development, January 2018), https://housing.arlingtonva.us/plans-reports/ annual-reports/; Arlington County, "Fostering Community Stability."

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