



Building Northern Virginia's Future:

Policies to Create a More Affordable, Equitable Housing Supply

JANUARY 2019



A Letter from the Executive Director

Transportation, housing opportunities at all price points, and a skilled workforce are acknowledged as the key elements of a 'three-legged stool' that support regional economic prosperity in the Washington metropolitan region. In the spring of 2018, the region entered into a landmark agreement to provide dedicated funding for Metro. Since that time, regional advocates have turned their attention to housing supply and affordability. In September 2018, the Metropolitan Washington Council of Governments (COG) released a report showing that the Washington region must increase the number of planned housing units by over 100,000 homes between now and 2045 'to sustain economic growth and improve quality of life.' As Robert White, the newly elected Chairman of the COG Board of Directors stated:

"I can think of no higher regional priority than to ensure a sufficient supply of affordably-priced housing for our current residents as well as the workers we need to fill the new jobs anticipated in the future."

Building Northern Virginia's Future: Policies to Create a More Affordable, Equitable Housing Supply is the latest in a series of studies released by the Northern Virginia Affordable Housing Alliance to address specific housing challenges facing our region.

Our report shows that after keeping pace with population growth from 1990-2010, housing production in the inner region of Washington, DC significantly lagged population growth from 2010-2016 – 7.0% population growth vs. 2.7% housing units. A number of factors have contributed to this under-performing market, namely: lengthy site planning processes; more restrictive zoning regulations; and a shortage of skilled construction labor. In many areas, communities are organizing strong opposition to development of any kind, seeking to stop all growth. NIMBY protests are becoming more frequent and acrimonious.

The announcement by Amazon that Crystal City was selected for HQ2 will provide significant benefits for the region including expansion of our non-federal workforce; increased tax revenue; critical transit improvements and Virginia Tech's exciting Innovation Campus to develop and expand our technology workforce. The arrival of this major employer is a testament to the efforts of those leaders who have worked to diversify our economy.

However, this announcement should create a regional sense of urgency and commitment to address our housing supply and affordability gap. Each jurisdiction must redouble their efforts and expand the investments that attracted Amazon to our region in the first place. As we consider increasing our housing stock we should be thoughtful about where we build and the types of housing we develop; doing so in a way that leaves no one behind. And these discussions need to happen in Bowie and Bethesda, as well as Arlington and Alexandria. Regional benefits equal regional responsibilities.

How we move forward with appropriate growth that ensures economic vitality and extends opportunities to those who have not benefited in the past will be our challenge. COG's call to action is a good and strong first step. Will our elected officials put jurisdictional differences aside and respond for the good of the region?

Michelle Krockner, Executive Director

JANUARY 2019

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In conducting this research, Neighborhood Fundamentals consulted with national and regional experts on development, housing markets and affordable housing. All interviews and conversations were conducted on background to facilitate open and candid discussion. The sources of insights and assertions made throughout this paper that are unaccompanied by a full citation are these practitioner interviews and/or the author's professional experience.



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Abstract

As the inner-Northern Virginia region has experienced population and economic growth, housing supply has not kept up with demand. This has contributed to housing affordability challenges. Though no single factor is responsible for the region's supply-demand imbalance, the local land use and regulatory framework can be particularly impactful on the region's affordability.

However, addressing affordability across the income spectrum involves more than developing more units. Adding new housing supply may have varying impacts on affordability, particularly for those with the lowest incomes. An equitable approach to development addresses supply needs across multiple dimensions, including tenure, building type, and location/neighborhood characteristics.

This report offers recommendations to advocates, policymakers and practitioners for improving affordability across the income spectrum while advancing social equity. The recommendations reflect the notion that the most urgent action should be directed to the areas of greatest need and to the region's most vulnerable residents. Recommendations are organized into four categories:

- Proactively preserve and expand housing options for the region's low-income and historically marginalized households;
- Increase market-rate development and diversify the region's housing stock to accommodate household and job growth;
- Undertake bureaucratic improvements to improve the efficiency of current policies;
- Improve communications and community engagement processes to better facilitate the policy changes necessary to improve affordability.

Introduction and Problem Definition

Conversations about affordable housing often center on subsidy programs and the creation/preservation of income-restricted housing units. However, the extent to which people in a region are able to secure quality housing that is affordable to them is primarily driven by the cost of private market housing. Properly-functioning housing markets respond to changes in housing demand, in terms of the number, location and types of units needed. However, market factors as well as barriers that restrict housing supply can lead to increased housing cost burden among the general population. Housing cost burdens can have second-order impacts beyond the specific household, harming economic growth and competitiveness, increasing infrastructure expenses, and raising the cost of social services. As the broader housing market becomes less affordable, resources for committed affordable housing come under strain.

This research focuses on the inner-region jurisdictions of the City of Alexandria, Arlington County, and Fairfax County (hereafter, inner-Northern Virginia; see sidebar for more information). These jurisdictions have experienced and are likely to continue to face strong demand and affordability pressures, given their relatively central locations, vibrant employment centers, and existing transit service and connections to Washington, DC. Each jurisdiction has at least partially embraced the need to transition a portion of its land to a more urbanized development pattern. Importantly, meeting housing demand in jurisdictions served by existing transit and infrastructure can limit further sprawl into the outer portions of the metropolitan region and beyond.

This policy brief will illustrate the ways in which advocates, developers, and public officials can support equitable supply growth. It will identify thoughtful approaches to housing production with the potential to support broader market affordability, limit gentrification-related displacement, and mitigate regional inequalities.



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Geographic Focus: The Inner-Northern Virginia Region

Though the City of Alexandria, Arlington County, and Fairfax County are the primary focus of this analysis, many of the data points and discussions to follow are at the regional level. This is due to differences in the level of detail of available data, as well as a recognition that housing markets are significantly influenced by regional factors. Many of the research results and recommendations apply across the region, including the Cities of Fairfax and Falls Church and Loudoun County.

Laying the Groundwork: Affordability and Housing Supply in Inner-Northern Virginia

Housing affordability is limited in the Washington, DC metropolitan region. Inner-Northern Virginia's housing costs are a function of the interplay between regional market and economic dynamics and local neighborhood characteristics. Though local policy plays a role in the relative affordability of housing within its jurisdiction, there are also factors beyond a given jurisdiction's control, such as general economic conditions and the housing policies of neighboring jurisdictions.

This research included an in-depth review of market conditions and affordability challenges. Evidence was collected on the relationship between housing supply, affordability and gentrification. Finally, additional analysis was conducted on the regional housing stock and production trends, as well as the local and regional factors driving supply trends. A full review of this research and evidence is provided in the companion *Research Justifications* paper, available at nvaha.org. From this review, three critical findings emerged:

- Economic trends are increasing competition for a dwindling low- and moderate-cost housing stock;
- Local policies create barriers to producing an adequate supply of housing, particularly for more naturally affordable housing types;
- Growth-related policies can have an unequal impact on different neighborhoods and demographic groups.

Additional topics addressed in the *Research Justifications* paper include: demographic trends, consumer preferences, bureaucratic processes for development approval, capital availability, construction costs, and community engagement. A deeper regional analysis of local land use, zoning

and regulatory barriers to development and affordability is forthcoming as part of a ULI Washington study to be released in early 2019.

Economic trends are increasing competition for a dwindling low- and moderate-cost housing stock.

In recent decades, the economy of inner-Northern Virginia and the broader region have been consistently strong but imbalanced. An analysis of economic growth in Arlington and Alexandria found that few of the region's jobs (17.3%) would be considered middle-wage, paying between 80 and 120% of the average wage.¹ Correspondingly, the Urban Institute found that the Washington, DC region's household growth mirrors this trend. From 2000-2016, the largest increases in household growth were among the two highest-income brackets, followed by the lowest income bracket.² The disproportionate number of higher-income earners makes it increasingly difficult for lower-income households to compete in the housing market.

FIGURE 1. Household growth in middle-income categories lags in Washington, DC region; 2000-2016 (Urban Institute).³

Income	All Households	Renters	Owners
\$150,000 or more	34.4%	59.4%	30.3%
\$100,000-149,999	19.1%	57.7%	5.7%
\$75,000-99,999	-4.1%	7.6%	-12.4%
\$50,000-\$74,999	4.0%	8.0%	-0.1%
Under \$50,000	17.5%	14.1%	24.8%

Increased competition and purchasing power drive up prices. Consistent with a broader, long-term national trend, the Washington, DC region has experienced a significant increase in homeownership costs relative to income - with price-to-income ratios increasing from 3.0 in 1988 to 4.1 in 2017.⁴ According to Fannie Mae's

1 Mark C. White, "Assessing Alexandria/Arlington's Regional Labor Market" (George Mason University's Center for Regional Analysis, March 6, 2017).

2 Hendey, Leah, Peter A. Tatian, Margery Austin Turner, Bhargavi Ganesh, Sarah Stochak, and Yipeng Su. "What HQ2 Could Mean for the Washington Region's Housing Market, in 7 Charts." Washington, DC: Urban Institute, October 23, 2018. <https://urbn.is/hq2>.

3 Urban Institute analysis of Census 2000 Summary File 3 data and the 2016 American community Survey one-year estimates. The analysis included the following jurisdictions: Washington, DC; Montgomery County, MD; Prince George's County, MD; City of Alexandria, VA; Arlington County, VA; Fairfax County, VA; Loudoun County, VA Hendey, et al.

4 Hermann, Alexander. "Price-to-Income Ratios Are Nearing Historic Heights," Joint Center for Housing Studies of Harvard University (blog), September 13, 2018, <http://www.jchs.harvard.edu/blog/price-to-income-ratios-are-nearing-historic-highs/>.

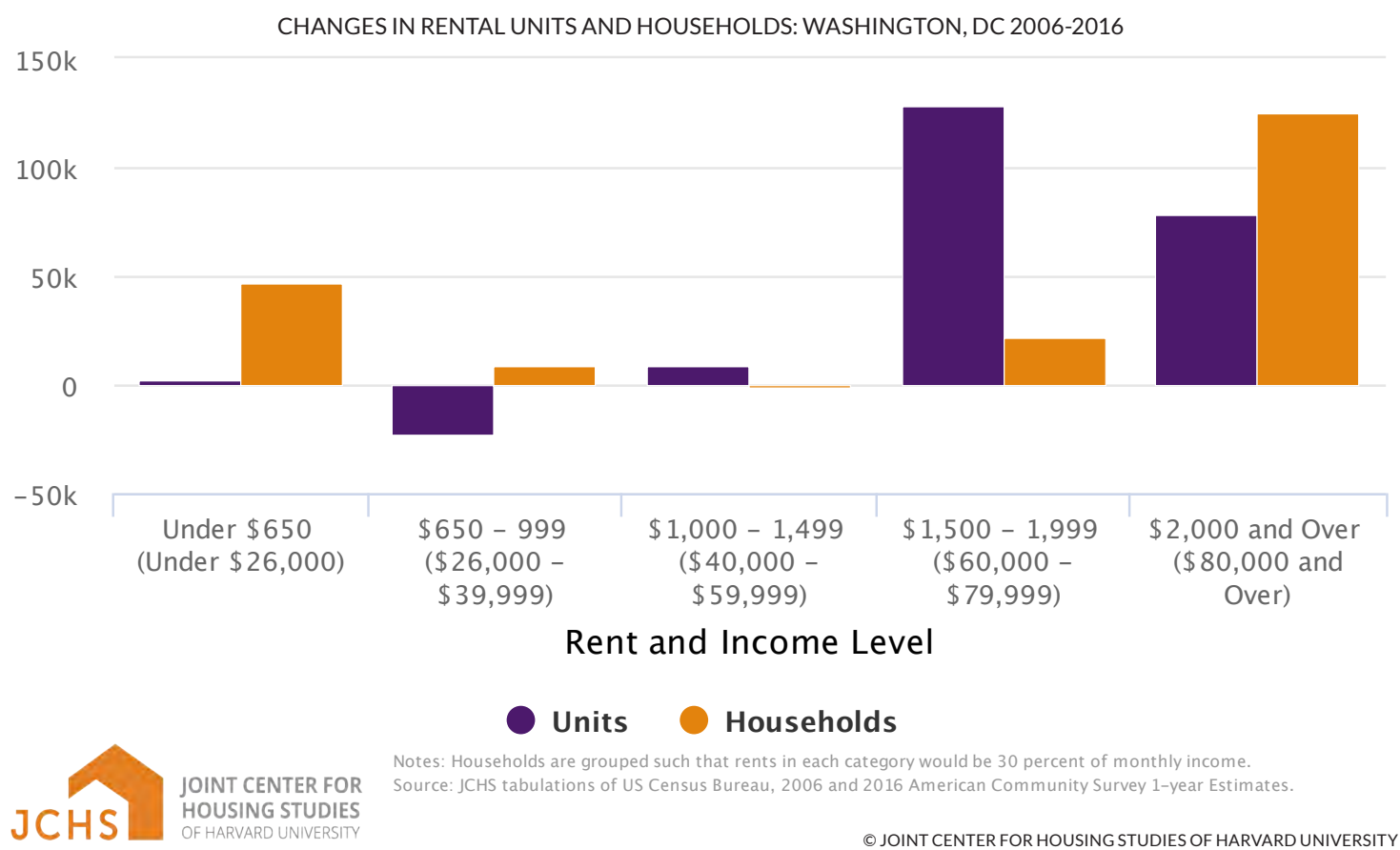
Mortgage Affordability Calculator, a median-income household in the Washington, DC region can afford a home costing approximately \$355,000.⁵ According to the recent data from the Northern Virginia Association of Realtors (NVAR), the median sales price in Northern Virginia overall, and the jurisdictions that constitute inner-Northern Virginia, significantly exceed that amount. A separate analysis found that Arlington has the highest median sales prices in the inner-Washington, DC region.⁶

A lack of affordable homeownership opportunities has spillover impacts on rental markets. Renters without the

means for homeownership compete with higher-income and/or wealthier households that prefer to rent and/or have been priced out of the ownership market. As more higher income households have entered the rental market, the region's supply of rentals affordable to low- and moderate-income renters has declined.

The result is high cost burdens for the region's households. A 2018 Urban Institute analysis of Census data (2012-2016 American Community Survey) for the inner-portion of the Washington, DC region found that nearly half of renters are cost-burdened, and 22.6% are severely-cost burdened (spending more than 50% of income

FIGURE 2. Regional rental market has dramatically shifted toward higher cost units (see Figure 2).⁷



5 Calculation based on HUD 2018 regional median household income of \$117,200 (<https://www.huduser.gov/portal/datasets/il/il2018/2018summary.odn>). A unit is considered affordable if principle, interest, taxes and insurance are 30% or less of a household's monthly income. Fannie Mae's affordability calculations (<https://www.knowyouroptions.com/find-resources/information-and-tools>) assume monthly payments of \$500 for a car loan, \$100 for revolving credit card debt, and \$150 in student loan debt; a 5% downpayment; an interest rate of 4.25%; and HOA/condominium fees of \$96.46/month, among other factors.

6 Urban Institute analysis of data from CoreLogic Market Trends Hendey, et al.

7 McCue, Daniel. "Changes in Supply and Demand at Various Segments of the Rental Market: How Do They Match Up?," Joint Center for Housing Studies of Harvard University (blog), October 26, 2018, <http://www.jchs.harvard.edu/blog/changes-in-supply-and-demand-at-various-segments-of-the-rental-market-how-do-they-match-up/>.

on housing).⁸ Cost-burdens are lower for homeowners but still significant – 25.6% are cost burdened and 9.6% are severely cost burdened. For households with incomes below 80% AMI, 80% of renters and 73% of owners are cost burdened.

Local policies create barriers to producing an adequate supply of housing, particularly for more naturally affordable housing types.

Despite strong demand for both owner- and renter-occupied housing and rising costs, new supply growth has not increased apace. The Metropolitan Washington Council of Governments and the National Capital Region Transportation Planning Board have identified that the region is not producing enough housing to accommodate projected job growth, with an estimated shortfall reaching nearly 50,000 by 2020 and 115,000 by 2045.⁹ At the jurisdictional level, Washington, DC has significantly increased the number of building permits it has issued since 2000, while permit issuance in Alexandria and Arlington have slightly increased. Fairfax County’s permitting activity has declined overall, though it has rebounded in recent years.¹⁰

Local land use, zoning, and regulatory barriers can inhibit supply growth, particularly for more naturally affordable building types. Figure 3 (below) illustrates the

extent to which single-family detached housing – the most expensive ownership typology and the form that generally accommodates the least density – is the only use allowed fully “by-right” (that is, without having to seek any level of waiver, exception or approval).¹¹

Though development outside the by-right paradigm does frequently occur, there is added time, complexity, cost, and risk associated with this process. Conversely, it is through the process of granting zoning/regulatory relief that jurisdictions are often able to secure developer contributions for community purposes, such as the provision of affordable housing units or contributions to local housing trust funds.

Growth-related policies can have an unequal impact on different neighborhoods and demographic groups.

As a whole, the region has bifurcated development patterns, with the majority of land zoned for low-density, single-use, suburban-style development with urban, high-density mixed-use development concentrated along major transportation corridors. Alexandria is an exception to this paradigm. Having initially developed as a city-center, its underlying zoning is more reflective of an urban model with mixed-densities and uses.

FIGURE 3. Inner-Northern Virginia’s baseline zoning makes more naturally affordable housing types more difficult to build

Percent of residential developable area available to build by-right*	Alexandria	Arlington	Fairfax
Single-Family Detached Exclusive	42.63%	86.74%	82.25%
Single-Family Attached** or Detached, Multifamily not allowed	20.93%	2.00%	2.56%
Multifamily development allowed	36.44%	11.99%	15.19%

*Calculations exclude land where no residential construction is currently allowed by-right, such as industrial zones.

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

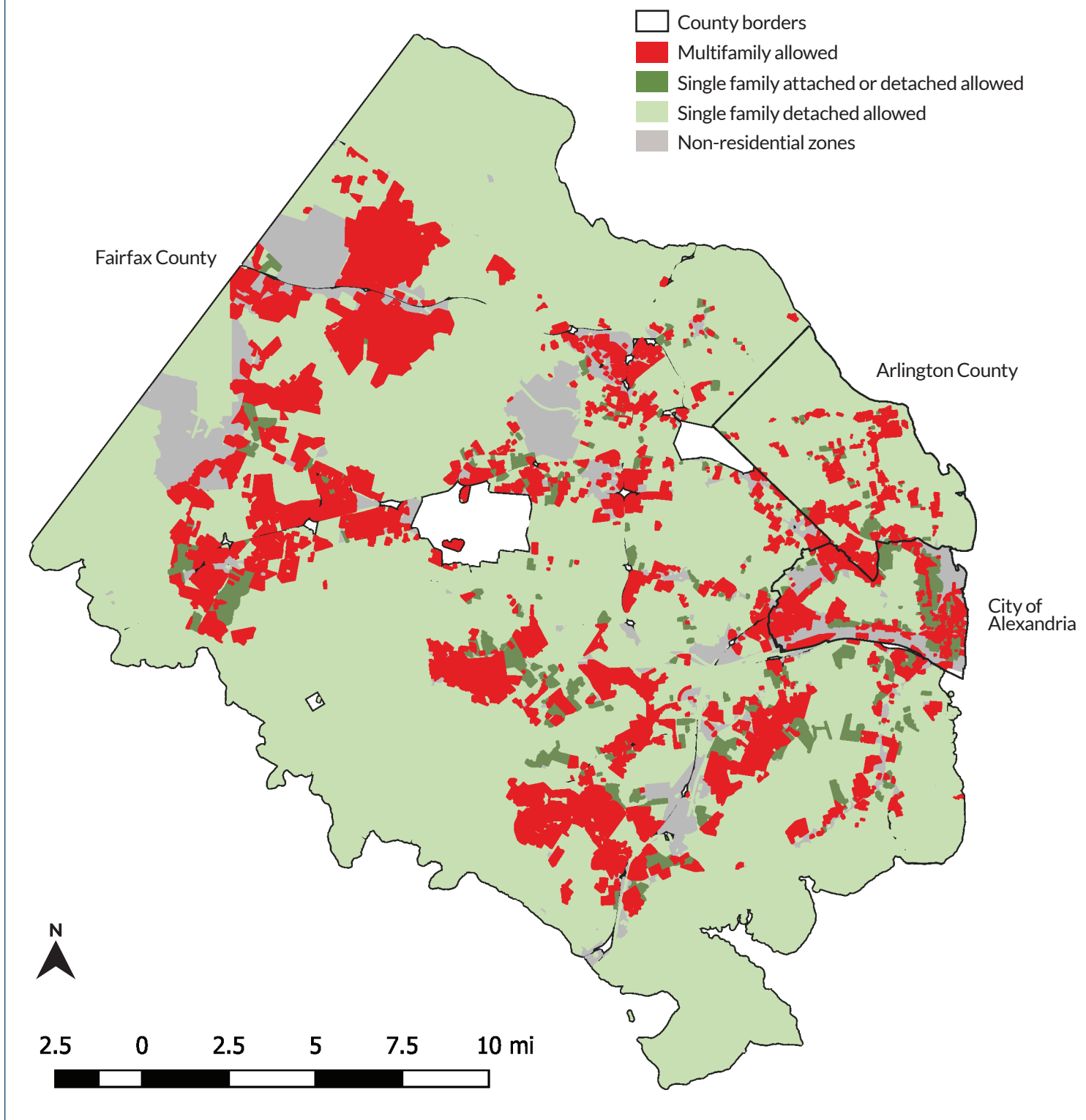
8 Urban Institute analysis of the American Community Survey Hende, et al.

9 Bean, Chuck. “Memo: Meeting the Region’s Current and Future Housing Needs.” Metropolitan Washington Council of Governments, September 5, 2018. <https://www.mwcog.org/documents/2018/09/12/regional-housing-memo-to-cog-board-cog-board-affordable-housing-housing/>. Page 2.

10 Neighborhood Fundamentals, LLC analysis of HUD State of the Cities Data System Building Permits Data Query, 11/27/2018

11 For methodology used in this analysis, see *Research Justifications*.

FIGURE 4. By-Right Residential Zoning in Inner-Northern Virginia Jurisdictions¹²



12 These maps may understate the permissiveness of zoning in certain areas. A number of small area and corridor plans have been adopted, such as the Columbia Pike Neighborhoods Plan, that provide for a wider range of development opportunities beyond what is allowed by-right. While development in that context may still be more difficult than a true by-right development, the burden of doing so is substantially reduced. Conversely, it should be noted that other regulatory factors – such as height restrictions, off-street parking requirements, and lot-coverage ratios – influence whether a given building type can actually be constructed by-right.

As the region developed through the 20th century, compromises were made to allow denser development in key transportation corridors, particularly in Arlington with the building of the Orange and Blue Metro Lines (see Figure 4 on page 6).¹³ This structure creates a dynamic in which the “path of least resistance” for most of the region’s land is the most costly, least affordable construction type in each category: single family detached homes in low-density areas and high-rise multifamily in denser corridors.¹⁴ Furthermore, preserving the exclusivity of single-family detached neighborhoods can have negative social equity implications by erecting barriers for lower-income/wealth families. Recent research suggests that there is a relationship between strict local land use controls and income segregation.¹⁵

Low-income households and racial and ethnic minorities have faced de jure and de facto barriers to full participation in the housing market, with associated impacts on wealth creation.

Moving forward, the location and distribution of new supply growth matters from both an affordability and socioeconomic perspective. For housing to be broadly affordable, supply must adapt to changes in demand. However, the impact of such changes may not be experienced equally. This review of research on housing supply and affordability found that:

- The impact of supply growth depends on market strength, the level of analysis (such as the region, jurisdiction, and neighborhood), and population being considered (for example, median income vs. very low-income households);
- In areas with growing populations, increases in the **region’s housing supply** are necessary to improve affordability for moderate income households;
- Increased supply alone, however, is not sufficient to address the housing needs of lower-income households. Supply growth may lead to cost increases at the **neighborhood level** that may have a negative impact on lower-income renters in particular.

Considering the distributional impacts of development is particularly important given the lengthy history of discrimination in urban development and growing income inequality (see a discussion of “Racial Disparities in Urban Planning and Resulting Inequality” in the

Research Justifications paper). Low-income households and racial and ethnic minorities have faced de jure and de facto barriers to full participation in the housing market, with associated impacts on wealth creation. As property values and rents continue to rise, those without a foothold on the economic ladder will find it more difficult to overcome those barriers. Supply growth is necessary to improve broad-based affordability and housing security for households of more modest means. However, failure to proactively address these barriers to participation in achieving that growth risks exacerbating current disparities in income, wealth and opportunity.

Housing supply and the role of committed affordable housing

Providing housing that is affordable across a broad range of incomes requires a multifaceted approach that rests on two critical pillars:

- Improving the development process to enable more robust supply growth across a range of dimensions.
- Affordable housing policies and subsidies to meet the needs of the region’s most vulnerable residents.

Market-rate supply growth is critical given the limited reach of available housing subsidies. To illustrate,

13 Craft, Kevin. “When Metro Came To Town - Arlington Magazine,” *Arlington Magazine*, October 28, 2013, <https://www.arlingtonmagazine.com/when-metro-came-to-town/>.

14 Neighborhood Fundamentals, LLC analysis of RSMeans data; 2019 Square Foot Costs Book.

15 Lens, Michael C., and Paavo Monkkonen. “Do Strict Land Use Regulations Make Metropolitan Areas More Segregated by Income?” *Journal of the American Planning Association* 82, no. 1 (January 2, 2016): 6–21. <https://doi.org/10.1080/01944363.2015.1111163>.

Arlington County lost 335 units of market-rate affordable housing in 2017, while producing 276 committed affordable units despite significant expenditures of local resources.¹⁶ The County's overall committed affordable housing stock of 7,729 units is approximately half of what has been lost in the last 17 years. Therefore, subsidy alone is unlikely to fully stem this loss, much less address the affordability challenges of households above the targeted income thresholds of existing programs.

That being said, new market-rate supply is unlikely to address the unmet needs of the region's lowest-income residents. There is strong justification for inner-Northern Virginia's jurisdictions to expand their commitment to increasing subsidies. Alexandria's recent increase in its meals tax to support affordable housing is an important example of such commitment.¹⁷ These subsidies can meet the needs of the region's most vulnerable households and mitigate any potential neighborhood-level affordability challenges associated with new development. Furthermore, direct subsidies and policy interventions – such as inclusionary housing policies – should be used to affirmatively further fair housing and address the gaps in wealth and opportunity created by past and enduring discriminatory policies.

Recommendations for enabling equitable housing supply growth

The following recommendations provide advocates, policymakers and practitioners with a range of ideas for improving affordability across the income spectrum while advancing social equity. The ordering of these recommendations reflects the notion that the most urgent action should be directed to the areas of greatest need and to the region's most vulnerable residents. Low-income households – and renters in particular – have the highest levels of cost burden and are most vulnerable to market shifts and rising costs. Accordingly, efforts to create a more affordable housing stock should prioritize the needs of these households.

Recommendations are organized into four categories:

1. Proactively preserve and expand housing options for the region's low-income and historically marginalized households;
2. Increase market-rate development and diversify the region's housing stock to accommodate household and job growth;
3. Undertake improvements to bureaucratic processes to improve the efficiency of current policies;
4. Improve communications and community engagement processes to better facilitate the policy changes necessary to improve affordability.

CATEGORY 1:

Proactively preserve and expand housing options for the region's low-income and historically marginalized households

Increasing the supply and diversity of market-rate housing is critical to improving housing affordability and reducing competition for the limited remaining lower-cost housing stock. However, a more proactive approach is necessary to make sure that such supply growth is truly equitable. While new development is generally beneficial overall, it is important to ensure that the negative externalities that do result are not disproportionately borne by historically marginalized communities. Furthermore, proactive efforts to produce committed affordable housing (namely, publicly and/or philanthropically supported housing with defined income targeting) are necessary to ensure that the near-term housing needs of the region's most vulnerable households are met. These goals can be accomplished by:

- Proactively addressing racial and socioeconomic inequalities;
- Adopting a robust preservation strategy;
- Increasing production of committed affordable housing and allocating subsidies to the areas of greatest need.

16 Arlington, County, VA. "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: Arlington County, January 2018. <https://housing.arlingtonva.us/plans-reports/annual-reports/>.

17 Sullivan, Patricia. "Alexandria Will Increase Its Meals Tax to Pay for Affordable Housing," The Washington Post, May 1, 2018, https://www.washingtonpost.com/local/virginia-politics/alexandria-set-to-increase-local-meals-tax-to-5-percent-highest-in-region/2018/04/30/f6c4caae-4ca8-11e8-af46-b1d6dc0d9bfe_story.html.

Recommendation 1a: Proactively address racial and socioeconomic inequalities

Many of the region's socioeconomic disparities are the result of discriminatory policies that have restricted financial stability, ownership and wealth creation for low-income households and communities of color. These households are in a less advantageous position to benefit from the significant wealth creation created by increasing the flexibility of land use policies and may be particularly vulnerable to displacement pressures. To ensure that housing supply growth is truly equitable, improving housing choice by tenure and neighborhood for traditionally disadvantaged populations is critically important.

Allow for more diverse housing typologies in areas of affluence

As previously discussed, restrictive land use regulations can lead to concentrations of affluence, contributing to an unequal distribution of the impacts of growth. The history of land use and zoning regulation in the US features the intertwining of explicit racial segregation policies with economically exclusionary policies that limit more modest forms of housing, such as attached housing and apartment buildings.¹⁸ At a minimum, allowing more diverse housing types in detached single family neighborhoods reduces the barrier to entry into those neighborhoods, even absent any specific intervention to provide committed affordable housing opportunities. Beyond allowing forms of attached housing and potentially smaller multifamily buildings, significantly reducing the barriers to accessory dwelling units and home sharing/group homes can also allow for more affordable options. It should be noted that efforts to increase density and flexibility in use have been controversial, both within the region and across the country. Awareness of the socioeconomic bias that shaped low-density and exclusionary zoning is not widespread, and the predominance of the

neighborhood form in many urban and suburban areas has created strong consumer demand for such communities, making discussions of regulatory reform more politically contentious. However, these barriers are not insurmountable and the moral imperative of breaking down exclusionary barriers justifies the effort. Additional recommendations are provided in Categories 2-4 that address other aspects of this issue, including methods for allowing more diverse building types and building community support.

Facilitate permanently affordable housing and community control of land

Cost fluctuations are natural in a well-functioning housing market. In markets where supply is elastic to demand, moderate income households should be relatively well placed to adjust to those fluctuations. However, lower-income households may struggle to afford rapid price increases associated with neighborhood change. Time-limited subsidies can help, but once those subsidies expire there is a risk that gentrifying neighborhoods will reach a "tipping point" of exclusivity. Land ownership for the purpose of permanent affordability and/or community control can serve as a bulwark against a neighborhood becoming exclusive to those with the highest-incomes. Taking advantage of limited opportunities to obtain ownership of properties/land in high-income, high-opportunity neighborhoods is an especially critical component of creating an equitable geographic distribu-

Taking advantage of limited opportunities to obtain ownership of properties/land in high-income, high-opportunity neighborhoods is an especially critical component of creating an equitable geographic distribution of affordable housing.

tion of affordable housing. An example of a permanent affordability approach is in Columbus, Ohio, where the nonprofit Community Development for All People is partnering with the Nationwide Children's Hospital to

18 Quick, Kimberly. "Exclusionary Zoning Continues Racial Segregation's Ugly Work." The Century Foundation, August 4, 2017. <https://tcf.org/content/commentary/exclusionary-zoning-continues-racial-segregations-ugly-work/>.

Kahlenberg, Richard D. "An Economic Fair Housing Act." The Century Foundation, August 3, 2017. <https://tcf.org/content/report/economic-fair-housing-act/>.

develop and implement a strategy to acquire at least 15% of the parcels in three gentrifying neighborhoods.¹⁹

Permanent affordability and community control can take several forms. The land owned by mission-driven affordable housing developers such as AHC, Alexandria Housing Development Corporation, Arlington Partnership for Affordable Housing, and Wesley Housing Development Corporation can be considered permanently affordable. Though subsidy restrictions may be time-limited, the core mission of these entities is to provide affordable housing. Increasing resources for the acquisition of properties for multifamily development by entities committing to permanent affordability can therefore advance this goal. Another mechanism is a community land trust (CLT), which has



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not yet been implemented in Northern Virginia. The mission of a nonprofit CLT is to acquire land for permanent community use. Though the model is often associated with affordable homeownership, CLTs have been used to provide affordable rental housing, neighborhood serving commercial/retail space, community gardens, and open space. There are over 225 CLTs in the US, across a range of market contexts.²⁰ Finally, permanent affordability can be advanced through shared-equity homeownership (SEH) programs. The homeownership components of Fairfax County's Affordable Dwelling Unit (ADU) and Workforce Dwelling Unit (WDU) programs are examples of SEH programs. These are inclusionary housing programs that require market-rate developers to provide affordable units as part of a development, in exchange for density and land use flexibility.²¹ Permanent affordability is maintained by regulations that require units to be sold at an affordable price to an income-eligible purchaser. Since it was initiated in 1990, the ADU program has produced more than 1,300 SEH units.²² Well-designed inclusionary SEH programs (as well as their rental analogues) facilitate equitable supply growth by increasing the production of both market-rate and affordable units in mixed-income settings.

Recommendation 1b: **Adopt a robust preservation strategy**

Despite being somewhat counter-intuitive in nature to discussions of increasing housing supply, preservation of existing housing affordable to low- and moderate-income households is an important component of a comprehensive strategy. From the perspective of "first do no harm," preservation can reduce short-term displacement and minimize the disruptive impacts of displacement to a given household. Minimizing those harms can build community trust. For those who oppose new development on the basis of potential loss of affordability, a robust preservation strategy can provide evidence that the jurisdiction/

19 Edgar, John. "Getting Ahead of Gentrification in the South Side of Columbus," *Shelterforce* (blog), May 7, 2018, <https://shelterforce.org/2018/05/07/building-a-sustainable-mixed-income-community-in-south-side-columbus/>.

20 "Community Land Trusts." Grounded Solutions Network. Accessed December 13, 2018. <https://groundedsolutions.org/strengthening-neighborhoods/community-land-trusts>.

21 "Affordable and Workforce Dwelling Unit Program: Resources for Developer | Housing and Community Development," Fairfax County, accessed December 4, 2018, <https://www.fairfaxcounty.gov/housing/resources/affordable-dwelling-unit-program-resources-developer>.

22 Thaden, Emily, and Ruoni Wang. "Inclusionary Housing in the United States: Prevalence, Impact, and Practices." Grounded Solutions Network and Lincoln Institute of Land Policy, September 2017. <http://www.lincolninst.edu/publications/working-papers/inclusionary-housing-united-states>. Page 224.

developers are acting in good faith when adopting development-friendly policies meant to increase overall housing supply. In addition, preservation may enable the creation of more committed affordable units. Evidence suggests that in some contexts, preservation efforts can be more cost-effective at providing affordable housing than new development when considered on a life-cycle basis, therefore creating an opportunity to spread scarce subsidy resources further.²³ Finally, preservation can enable future increases in affordable housing supply. Bringing increasingly valuable land under mission-driven control provides the flexibility to participate in a redevelopment strategy later, at current acquisition prices. Future development can utilize increases in density and/or other incentives to replace and potentially expand the number of affordable units.

In June 2018, NVAHA released *Northern Virginia's Preservation Challenge: Trends, Threats, and Opportunities*. This report outlined a series of recommendations that fell into three broad categories:

- Interventions to help mission-driven developers acquire properties;
- Interventions to encourage existing owners to maintain affordability;
- Incentives to encourage affordability through rehabilitation and/or redevelopment.

From the various specific recommendations offered by the report, the four highest-level policy priorities include:

- More effectively using public subsidies to leverage/attract private capital for preservation;
- Building capacity to preserve smaller-scale buildings in high-opportunity neighborhoods;
- Adopting or improving property tax abatement programs to increase utilization by private, market-rate owners;
- Encouraging equitable redevelopment through zoning and land use flexibility.

Recommendation 1c: Increase production of committed affordable housing and allocate subsidies to the areas of greatest need

Redevelopment, while beneficial in the long-run, must be balanced with policies to help more vulnerable households impacted by the immediate-term impacts in order to be equitable. By improving the economic viability of a property, land use liberalization can create a significant amount of value for current landholders. It is appropriate that a portion of the value created by public action be dedicated to public purposes. Such efforts must be viewed within the prism of overall development economics. If the full package of public requirements is too costly, it jeopardizes the financial viability of marginal developments, eliminating the possibility of both market-rate supply increases and affordable housing contributions. For more information on ensuring financial viability, reference *The Economics of Inclusionary Development*.²⁴

In designing policy and funding initiatives, it is important to consider which tools are most appropriate for a target population and prioritize according to the greatest needs. Direct subsidies (such as grants, loans, and/or public land) are the deepest level of support and therefore to the extent possible should be used to support the lowest income and most vulnerable households. Inclusionary policies, land use tools such as density bonuses, and property tax policies provide either less direct or shallower subsidies. These tools can be used to reach slightly further up the income spectrum but should still be targeted toward households that struggle to afford market-rate housing. These tools can be combined with direct subsidies to more efficiently serve even lower-income households. Finally, land use liberalization and policies to diversify the housing stock can be used to serve moderate income households that may be able to afford market-rate housing in general but may struggle to afford a home of the tenure, type, or location best suited to their circumstances. To increase the supply

23 "Preserving Affordable Rental Housing: A Snapshot of Growing Need, Current Threats, and Innovative Solutions," Evidence Matters, Summer 2013.

Wilkins, Charles, Maya Brennan, Amy Deora, Anker Heegaard, Albert Lee, and Jeffrey Lubell. "Comparing the Life-Cycle Costs of New Construction and Acquisition-Rehab of Affordable Multifamily Rental Housing." *Housing Policy Debate* 25, no. 4 (October 2, 2015): 684-714. <https://doi.org/10.1080/10511482.2014.1003141>.

24 Williams, Stockton et al., "The Economics of Inclusionary Development" (DC: Urban Land Institute, 2016). <https://uli.org/wp-content/uploads/ULI-Documents/Economics-of-Inclusionary-Zoning.pdf>

of committed affordable housing units, jurisdictions should consider the following actions.

Evaluate existing inclusionary housing policies to ensure that they are appropriately calibrated and targeted

Inclusionary housing policies are important tools for expanding affordability and advancing integration. The inner-Northern Virginia jurisdictions each have inclusionary policies in some form, including:

- City of Alexandria Sec. 7-700 Affordable Housing Contributions and Affordable Set-Aside Program;²⁵
- Arlington County ADU and density bonus programs;²⁶
- Fairfax County ADU, WDU and Tysons WDU programs.²⁷

These are all longstanding programs that have generated a substantial number of units and/or amount of revenue. However, these policies should be periodically reviewed to ensure that they are still optimized to balance public benefit with financial realities. Areas of analysis can include whether the trade-offs between the provision of units vs. fees-in-lieu are balanced; whether off-setting incentives such as density are appropriately calibrated for the level of benefit provided; whether income targets are reflective of the market and needs; and whether affordability compliance periods are optimized. It is important to note that some policy changes may require approval by the Virginia General Assembly.

Identify additional revenue for committed affordable housing

Scaling up the production of committed affordable housing is an important component of equitable supply growth but requires a substantial amount of resources.

The inner-Northern Virginia jurisdictions, financial institutions, regional philanthropy, and other organizations concerned about housing affordability should explore opportunities to raise additional revenue for affordable housing. It is outside the scope of this research to identify the best tools or options for accomplishing this goal. However, in 2017 the Housing Leaders Group of Greater Washington released *A Guidebook for Increasing Housing Affordability in the Greater Washington Region*, which included discussions of the following:²⁸

- Social impact bonds/impact investing;
- Commercial linkage fees;
- Demolition fees;
- Tax increment financing;
- Homeshare (i.e., Airbnb) taxes;
- Employer assisted housing.

As previously discussed, Alexandria's increase in its local meals tax is an important example of a jurisdiction taking action to increase the pool of capital for affordable housing.

Utilize community-serving real estate

Developable land is scarce in inner-Northern Virginia, and in Arlington and Alexandria in particular. Mission-driven developers may struggle to acquire sites against better-funded market-rate developers, particularly in higher-cost and gentrifying neighborhoods.²⁹ As such, it is important to use off-market or community-serving parcels as efficiently as possible. Specifically, public entities and anchor institutions (such as universities, hospitals, faith-based institutions, and charitable organizations) can use their land assets to facilitate the creation of affordable housing. There is significant

25 City of Alexandria Procedures Regarding Affordable Housing Contributions 2018" (City of Alexandria, 2018), https://www.alexandriava.gov/uploadedFiles/housing/info/2018_ProceduresRegardingAffordableHousingContributions.pdf.

"The City of Alexandria's Affordable Set-Aside Program: From the 1990s to Today" (City of Alexandria, September 2016), <https://www.alexandriava.gov/uploadedFiles/housing/info/SetAsideReportFINALFORWEB2016.pdf>.

26 "Land Use & Zoning Tools - Housing - Arlington County." Arlington County, VA. Accessed December 13, 2018. <https://housing.arlingtonva.us/development/land-use-zoning-tools/>.

27 "Affordable and Workforce Dwelling Unit Program: Resources for Developer | Housing and Community Development." <https://www.fairfaxcounty.gov/housing/resources/affordable-dwelling-unit-program-resources-developer>

28 Sturtevant, Lisa. "A Guidebook for Increasing Housing Affordability in the Greater Washington Region" (Housing Leaders Group of Greater Washington, n.d.). https://docs.wixstatic.com/ugd/06af46_0268b7d74a0a40ec88b5a7cfaa11333f.pdf

29 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>.

precedent for using community-serving real estate in the inner-Northern Virginia region:³⁰

- The Arlington Mill Community Center was co-located with 122 units of affordable rental housing;
- The Fire Station at Potomac Yard includes 64 units of affordable housing;
- VPoint in Arlington co-located 70 affordable rental units (116 apartments total) on the same site as the Clarendon Baptist Church;³¹
- The Fallstead at Lewinsville, 82 units of senior housing, is located on a former school site in Fairfax County;
- The Residences at the Government Center has 270 units of affordable housing, co-located with the Fairfax County Government Center.

Several additional developments co-locating community uses and affordable housing are in planning or under development, including Gilliam Place (a faith-based partnership in Arlington), The Spire (a faith-based partnership in Alexandria), and a partnership with Arlington's American Legion, to include supportive housing for veterans.

Moving forward, co-location and more intensive use of land will be critical as the need for community facilities grow. Each jurisdiction is facing pressures related to school and infrastructure capacity. While these are difficult challenges to address in a land and resource constrained environment, there are opportunities for creative partnerships and uses of land, including outside of the large-scale multifamily development paradigm. To facilitate this creativity, inner-Northern Virginia's jurisdictions should consider processes for receiving proposals and/or unsolicited bids from the private and nonprofit development sectors for the use of publicly-owned (or acquired) parcels. Fairfax County has used its authority under Virginia's Public-Private Education Facilities and Infrastructure Act to establish a formal process for



receiving such proposals.³² Each jurisdiction should review whether similar policies should be adopted or if existing policies should be refined to increase their utility.

CATEGORY 2: **Increase market-rate development and diversify the region's housing stock to accommodate household and job growth**

As the inner-Northern Virginia market continues to grow and change, its jurisdictions need to revisit underlying policies to ensure that the housing market is able to adequately respond to demand pressures. While all three inner-Northern Virginia jurisdictions have taken positive steps to enable dense, mixed-use developments in specific corridors, regional estimates of housing demand show that current efforts still fall significantly short of the increases necessary to accommodate projected job growth.

Moving beyond the number of units produced, the three inner-Northern Virginia jurisdictions should act to improve housing market diversity across various

³⁰ Spotts, Hale-Case, and Abu-Khalaf

³¹ "Arlington County-Funded Affordable Housing Development Receives Virginia Housing Award." Arlington County Newsroom, November 12, 2012. <https://newsroom.arlingtonva.us/release/arlington-county-funded-affordable-housing-development-receives-virginia-housing-award/>.

³² "PPEA Opportunities | Procurement and Material Management," Fairfax County, 2009, <https://www.fairfaxcounty.gov/procurement/ppea> and <https://www.fairfaxcounty.gov/procurement/sites/procurement/files/assets/documents/ppea.pdf>

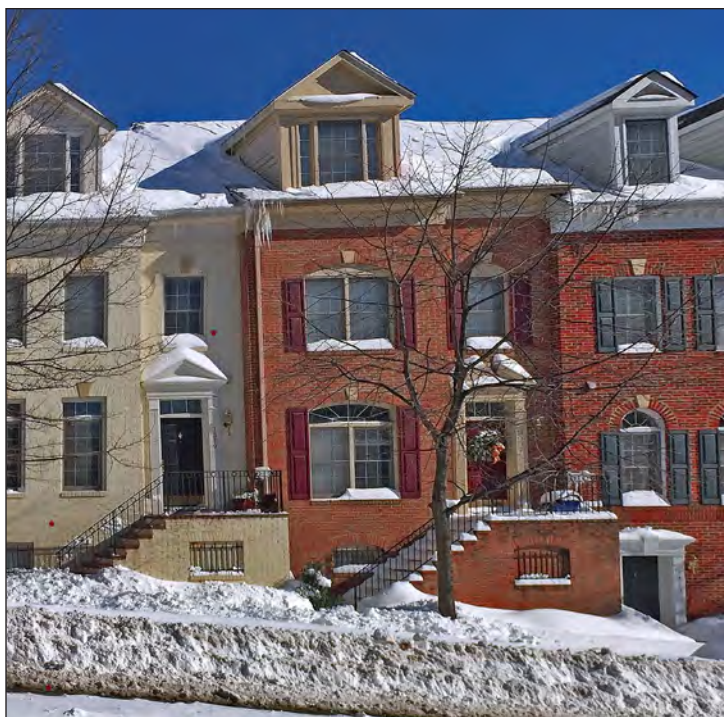


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dimensions of design. There is strong anecdotal evidence that there is considerable consumer demand for “missing middle housing,” defined as “a range of multi-unit or clustered housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living.”³³ Regional realtors, builders, and advocates have noted significant demand for housing that meets the needs of families who are willing to have a smaller home and yard but still want some sort of outdoor space.³⁴ A notable result of a recent ULI Washington survey on millennial preferences was that respondents valued the availability of townhomes more than detached single family homes and apartments/condominiums.³⁵ Examples of missing middle building types include: duplex, triplex, fourplex, courtyard apartments, bungalow courts, townhomes, multiplexes, and live/work space. Missing middle housing can also include accessory units to these types and/or detached single-family homes. Many of these building types are

relatively rare outside of Alexandria. For information on missing middle housing, see resources from the Alliance for Housing Solutions 2017 housing gallery on that subject (<https://www.allianceforhousing.com/missing-middle-housing-gallery/>).

Recommendation 2a.
Revisit density limits based on current and projected housing needs, informed by population and economic data

Alexandria, Arlington, and Fairfax County should revisit development policies in a holistic manner, including revisiting comprehensive and general land use plans, and zoning codes. This process should be data driven and tied to regional efforts to coordinate housing development, infrastructure capacity, and transportation planning.

Recommendation 2b.
Modernize service and infrastructure planning

Many of the concerns expressed about new development relate to service and infrastructure capacity – particularly transportation and schools. To build public trust and prevent a deterioration in quality of life, jurisdictions must demonstrate that they can effectively accommodate growth. This will require greater cross-departmental coordination, data-sharing, and joint accountability for decision-making (particularly given the bifurcation between municipal and school district facility planning). Infrastructure planning should be forward thinking and reflect current leading practices, such as transportation demand management.³⁶

Recommendation 2c.
Advocate for state and regional policies that encourage equitable supply growth

Creating equitable supply growth requires a regional commitment. Though each jurisdiction must play a role, no one jurisdiction can solve the problem independently.

33 “Home Page,” Missing Middle Housing, 2018, <http://missingmiddlehousing.com/>

34 The Alliance for Housing Solutions. “Homeownership Roundtable Outlines Solutions for Arlington’s Missing Middle.” Alliance for Housing Solutions, October 19, 2018. <https://www.allianceforhousing.com/blog/drjx2ffoao01320iovc2m8zhgdor>.

35 Lachman, Brett, and Becker, “Millenials Inside the Beltway: Committed Urbanists,” Urban Land Institute. Pages 27–29.

36 Sundquist, Eric, Mary Ebeling, Robbie Webber, Chris McCahill, Satya Rhodes-Conway, and Katya Szabado. “Modernizing Mitigation: A Demand-Centered Approach.” State Smart Transportation Initiative, September 2018. <https://smartgrowthamerica.org/app/uploads/2018/10/Modern-Mitigation-A-demand-centered-approach-compressed.pdf>.

Since exclusionary policies can shift many of the externalities of a lack of development onto other people and entities, there is a case that regional entities and the state government should adopt policies that encourage or require jurisdictions to accommodate growth. Such intervention is also appropriate from a fiscal responsibility perspective, as these entities provide critical funding for transportation (regional and state entities) and schools (state entities). For example, Massachusetts provides a comprehensive suite of policies to encourage equitable supply growth among its many municipalities:

- The Chapter 40B program encourages municipalities to adopt housing production plans and provides a state mechanism to override local zoning if (a) the jurisdiction has not hit target affordability thresholds and (b) the development proposal includes an affordable component;³⁷
- Under the Chapter 40R/40S policies, the state encourages municipalities to adopt dense, mixed-use, transit-oriented development using overlay zones. Jurisdictions that adopt and implement an approved “Smart Growth Overlay District” are eligible to receive state payments for increased school expenditures.³⁸

Implementing policies of this nature are likely to be politically difficult and will require a middle-to-long-term engagement process. In the absence of (or as a complement to) governmental action, philanthropy could replicate these policies on a more modest, voluntary basis. For example, a foundation could create a program that awards grants for broader community use (for example, streetscape improvement, park expansion, or for school use) if a jurisdiction meets specific housing production targets. Criteria related to housing production could also be incorporated into the evaluation framework for existing competitively-awarded grant resources.

Recommendation 2d.

Identify more naturally affordable housing types and reduce barriers to construction

Jurisdictions should review land use, zoning, and building codes to make it easier to develop more naturally affordable building types for both single- and multifamily housing. Under the current development paradigm, the most expensive housing and construction typologies generally have the easiest paths to approval. This is counterproductive to the goal of equitable supply growth and more affordable housing.

The answer to building a more diverse housing stock may not be to enable by-right development in all cases. Despite the challenges and flaws associated with processes to grant zoning and regulatory relief, the ability to receive developer contributions advances many worthy public policy goals, including providing committed affordable housing and (in the context of on-site units) advancing integration. However, jurisdictions should conduct comprehensive reviews of all development policies and identify opportunities to reduce the burden on more naturally affordable housing. Potential options include liberalizing subdivision ordinances, reducing setback requirements, reducing minimum lot sizes, scaling review and approval processes to the size of the development and expediting proposals that support affordability, reducing parking requirements or allowing creative structures such as “tandem parking,”³⁹ and creating more flexible paths for compliance with the myriad of jurisdictional rules and regulations.

By-right development should be liberalized to streamline the costly entitlement process and promote more naturally affordable building types and development scales. As an example of this approach, the City of Portland advanced a plan for final consideration to address the

37 Bratt, Rachel. “A Record of Steady Progress: Gov. Patrick and Predecessors Should Be Proud of Chapter 40B Contributions.” Housing Perspectives (from the Harvard Joint Center for Housing Studies) (blog), May 14, 2015. <http://www.jchs.harvard.edu/blog/a-record-of-steady-progress-gov-patrick-and-predecessors-should-be-proud-of-chapter-40b-contributions/>.
Fisher, Lynn M., and Nicholas J. Marantz. “Can State Law Combat Exclusionary Zoning? Evidence from Massachusetts.” *Urban Studies* 52, no. 6 (May 1, 2015): 1071–89. <https://doi.org/10.1177/0042098014534906>.

38 Massachusetts Executive Office of Housing and Economic Development. “Chapter 40S and 40R Explained: Reaping the Benefits of Compact Development.” Housing and Economic Development, November 26, 2007. <http://www.mass.gov/hed/community/planning/chapter-40-s.html>.

39 The Alliance for Housing Solutions. “Homeownership Roundtable Outlines Solutions for Arlington’s Missing Middle.” Alliance for Housing Solutions, October 19, 2018. <https://www.allianceforhousing.com/blog/drjx2ffoao1320iovc2m8zhgdor>.

“mansionization” process, in which more modest homes are torn down and often replaced with dramatically larger, more expensive housing.⁴⁰ If passed, the plan will cap the size of new buildings, relegalize certain forms of multi-unit/attached housing, and allow buildings to be larger than the cap for each additional home produced and/or creating affordable units.⁴¹

Recommendation 2e.

Ensure that building type flexibility is implemented in areas with the most restrictive zoning

An important component of diversifying the housing stock is ensuring that access to neighborhoods is equitable. As previously discussed, diverse housing types can be a powerful tool in breaking down exclusionary barriers. Discussions of increasing “missing middle” housing types often center around transportation corridors or the areas near existing mid-density or mixed-use neighborhoods. However, taking that approach reinforces the exclusive position of certain neighborhoods. Applying diversification to the broadest extent possible is more equitable and addresses resident concerns about dramatic neighborhood change. A broad-based approach diffuses demand over a wider area. If demand for such units is not limited to a small number of neighborhoods by government fiat, any potential impacts on roads, school capacity, and neighborhood form are more likely to emerge gradually, enabling adequate planning and preparation. In early December 2018, the City of Minneapolis undertook such an approach, adopting a new comprehensive plan that allows duplexes and triplexes in all neighborhoods previously limited to detached single-family housing (accompanying zoning and land use changes are still pending).⁴²

Recommendation 2f.

Reduce the rigidity of density standards

Wholesale increases in density may be politically contentious and difficult to implement. Concerns about rapid and radical changes to neighborhoods may derail efforts to increase density. Furthermore, there can be unintended consequences associated with poorly targeted increases in allowable density. Excessive real estate speculation in some circumstances can even inhibit supply growth, as property owners may spurn reasonable offers awaiting a windfall profit. Therefore, increases in density should be deliberate, but thoughtfully and carefully designed.

Jurisdictions can explore less conventional mechanisms for increasing density. Several proposals have been identified that deviate from the firm density limits found in traditional zoning codes. Their general purpose is to allow for gradual neighborhood evolution as markets shift, as opposed to conformity/stagnation until there is radical change. This is generally thought of as a modifier of by-right zoning rather than a replacement for the special exception process. Examples include:

- Relative limits on density, height, massing, etc.: Any given site can develop up to a given level – for example, 125% - of the current built level of the area in question;⁴³
- Automatic up-zoning triggers: Allows greater density if certain growth/housing cost-related indicators are met;
- Site assembly up-zones: A developer that is able to assemble adjacent lots that reach a specified amount of acreage will automatically trigger increased density/form flexibility for the site.⁴⁴

40 Anderson, Michael. “Housing Advocates in Portland Just Did the Nearly Impossible,” Sightline Institute (blog), September 17, 2018, <https://www.sightline.org/2018/09/17/residential-infill-project-portland-oregon/>.

41 Anderson, September 17, 2018.

Michael Anderson, “Portland’s Anti-McMansion Compromise Is Filling in Details and Nearing a Final Vote,” Medium (blog), October 10, 2017, <https://medium.com/@pdx4all/portlands-anti-mcmansion-compromise-is-filling-in-details-and-nearing-a-final-vote-c36fb7b89f19>.

42 Schuetz, Jenny. “Minneapolis 2040: The Most Wonderful Plan of the Year.” Brookings (blog), December 12, 2018. <https://www.brookings.edu/blog/the-avenue/2018/12/12/minneapolis-2040-the-most-wonderful-plan-of-the-year/>.

43 Marohn, Charles. “A Case for Height Restrictions.” Strong Towns, November 3, 2014. <https://www.strongtowns.org/journal/2014/11/3/the-case-for-height-restrictions>.

44 Shoup, Donald. “How Zoning Can Ease Land Assembly.” Urban Land Magazine, March 7, 2017. <https://urbanland.uli.org/development-business/zoning-can-ease-land-assembly/>. Shoup, Donald, “Graduated Density Zoning to Encourage Land Assembly for Infill Development,” Zoning Practice, January 2009, pp. 2-7.



These examples are non-exhaustive and have not been evaluated for conformity with existing state land use laws. Such explorations should be done in consultation with land use attorneys. However, there is precedent for alternative development policies that create flexibility in form, use, and density, such as the form-based code instituted as part of Arlington's Columbia Pike Neighborhoods Plan.

Recommendation 2g. Consider incentives for the construction of more naturally affordable housing typologies

By artificially constraining housing typologies for decades, local policy has depleted other elements of the development process – available capital, development entity experience, and professional services available to build alternative housing typologies. There may be a lag in time before such units come to market. In the case of building types most conducive to more deeply affordable housing – such as accessory dwelling units – there may be a need for proactive efforts to spur development beyond barrier removal. Potential approaches may include:

- Pilot financing programs for alternative housing types

- Support from more community-based lending institutions and Community Development Financial Institutions
- Time-limited public incentives (such as partial loan guarantees) to increase the pool of flexible capital serving the middle-income housing market.

Los Angeles has adopted a policy that ties the dual policy goals of incentivizing accessory dwelling units and providing deeply affordable housing. The Second Dwelling Unit (Accessory Dwelling Unit) Pilot Program provides a streamlined permitting process, technical assistance, and/or financing to homeowners that agree to construct a secondary unit and rent the unit to a homeless family/individual or participant in the Housing Choice Voucher program.

Recommendation 2h. Increase the number of mixed-use and transit served neighborhoods

There are significant price disparities between high-frequency transit corridors and other parts of the region. Given the potential for increased demand for connected, accessible neighborhoods, it is important to increase the livability, walkability, and accessibility of a greater percentage of the region's area. This may relieve price pressures within existing high-frequency corridors and improve access and opportunity for those that cannot afford (or choose not to) live within those corridors. Methods for accomplishing this goal include:

Reform land use codes to enable more mixed-use neighborhoods

With the exception of Alexandria, the mix of commercial, retail and residential uses in a given neighborhood is significantly restricted. Accessibility can be improved by reforming land use codes to allow more mixed-use development. This approach can take several forms. Neighborhoods transitioning in density can be fully rezoned to accommodate denser, mixed-development. In lower density neighborhoods, incremental progress can be made by legalizing small-scale, lower-impact neighborhood serving uses such as corner stores, pharmacies, and smaller grocery stores. Allowing such uses may require revisiting accompanying policies such as parking requirements. In areas near existing auto-oriented commercial corridors,

small grants and infrastructure investments can be made to improve pedestrian connections and walkability. Codes for commercial areas can also be revisited to reduce potential barriers to increasing access to adjacent residential neighborhoods. While these actions may not fundamentally change the automobile-oriented nature of some communities, it can improve access to necessities and lead to marginal trip reductions.

Improve bus frequency and service and expand alternative mobility options

Public transportation resources are limited, meaning the high-frequency rail transit will not be expanded to most neighborhoods in the near future. However, jurisdictions can work independently and across the region to expand and improve lower cost and more flexible transit options. Bus systems in Houston and Columbus, OH have been re-vamped in an effort to improve accessibility, frequency and ridership at modest cost.⁴⁵ The Washington Metropolitan Area Transit Authority is currently undertaking a bus service study and “transformation project,” though the overall process is not yet complete.⁴⁶

Category 3: Undertake bureaucratic improvements to improve the efficiency of current policies

Many of the recommendations included in this report require the dedication of a significant amount of resources and/or the politically difficult task of reforming land use, zoning, and other regulations. However, incremental progress toward equitable supply growth can be made without changing a single law. The development climate can be improved through better, more efficient implementation of current policies. Bureaucratic delays and uncertainty can increase costs and have a chilling effect on new supply.

Reducing or eliminating these roadblocks provides near-term opportunities for growth while more substantial changes are considered.

Recommendation 3a. Improve inter-departmental coordination

Development approval – particularly for large scale and/or multifamily development – is a complex process that engages a number of public agencies during the planning, approval, and construction stages. Each agency has its own perspectives, priorities and procedures, which sometimes leads to confusion, complexity, and delays. Local jurisdictions can work to improve inter-agency coordination during the approval process and carrying over to construction permitting and inspections. Examples of efforts to streamline existing approval processes can be found in Fairfax County:

- The Expedited Building Plan Review Program allows people and companies seeking a building permit to hire “county-certified, private-sector, registered design professionals to ‘peer review’ construction documents for code compliance prior to submission,” with the goal of reducing the formal review time in half;⁴⁷
- The Project Management Program offers project management and troubleshooting services to developers to help navigate through the land development process.⁴⁸

To ensure that such policies are equitable and that benefits do not skew toward the entities who are already able to absorb the cost of navigating bureaucracy, such policies, procedures, and programs should be designed in a manner that enables priority access for smaller-scale projects, less well-capitalized developers and homeowners, and affordable housing developments (both committed affordable and more naturally affordable market-rate typologies).

45 Hertz, Daniel. “Houston Has Something to Teach You about Public Transit.” City Observatory (blog), January 6, 2016. <http://cityobservatory.org/2058-2/>.

Kinney, Jen. “Another City Plans Overnight Revamp of Its Entire Bus System.” Next City, February 23, 2017. <https://nextcity.org/daily/entry/columbus-plans-overnight-revamp-entire-bus-system>.

46 Siddiqui, Faiz. “With Ridership Falling, Metro Will Spend \$2.2 Million to Study Bus Business Model,” The Washington Post, July 6, 2018, <https://www.washingtonpost.com/news/dr-gridlock/wp/2018/07/06/with-ridership-falling-metro-will-spend-2-2-million-to-study-bus-business-model/>.

Smith, Max. “Metro’s next Steps toward Major Bus System Overhaul,” WTOP, September 10, 2018, <https://wtop.com/dc-transit/2018/09/metros-next-steps-toward-major-bus-system-overhaul/>.

47 “Expedited Building Plan Review Program | Land Development Services,” Fairfax County, accessed December 4, 2018, <https://www.fairfaxcounty.gov/landdevelopment/expedited-building-plan-review-program>.

48 “Project Management Program | Land Development Services,” Fairfax County, accessed December 4, 2018, <https://www.fairfaxcounty.gov/landdevelopment/project-management-program>.

Recommendation 3b. Minimize burden for receiving minor variances from development standards

Land use, zoning, and building codes apply across a wide range of properties and are generally not reflective of the nuances of each site. A modification or improvement that is most effective for a particular building or site may violate limits on setbacks, lot coverage, off-street parking or a myriad of other factors, many of which are unrelated to health and safety.

In addition, properties built prior to the adoption of zoning and land use codes may be “non-conforming.” This status is problematic in the context of minor improvements/renovations to an existing structure, as a property may require significant investment to be brought into compliance in order to receive approvals for further improvements.⁴⁹ An example of this challenge is in Arlington, where many properties – and especially those previously segregated by Jim Crow restrictions – are non-conforming.⁵⁰ This places a particular burden on lower-income households and minority households whose opportunities for wealth creation have been historically limited. This problem has not yet been systematically remedied.

Though there are some gradations in the process for obtaining approvals based on the type of relief being sought, within those parameters there is limited flexibility. For example, most jurisdictions do not differentiate between a request to encroach into setback requirements by 6 inches or 6 feet, requiring the same process, time, and costs. This makes it more cost-effective to undertake larger improvements and expansions that provide more value for the “sunk costs” associated with obtaining regulatory relief.

In general, removing these or similar barriers could foster more incremental investment, prevent deterioration of a neighborhood's building stock, and at least marginally mitigate the “teardown” trend in which modest housing is demolished and replaced with larger, high-end



homes. Providing more flexibility – either in the scope of improvement that requires special approval, or in the process for obtaining those approvals, can level the playing field for lower-income property owners. While some flexibilities may require more substantial policy changes than are the focus of this recommendation, jurisdictions should conduct thorough reviews to maximize flexibility under current law.

Category 4: Improve communications and community engagement processes to better facilitate the policy changes necessary to improve housing affordability

The level of public support has a significant impact on the likelihood of success for any individual development or local policy change. Though some developments receive strong community-level support, many developments and/or development-friendly policy changes receive vocal opposition as well. Even when there is

49 Taylor, Jr., Alfred. “Voices from Our Past.” presented at the 2018 Leckey Forum; Confronting Diversity - Housing Policies for a Truly Inclusive Community, Arlington, VA, June 18, 2018. <https://www.allianceforhousingolutions.org/events/2018-leckey-forum-confronting-diversity>.

50 Taylor, Jr.

support for the macro-level development approach, there are usually jurisdictional- or neighborhood-level concerns around density, traffic, schools, and open space. In addition, lower-income households and members of demographic groups that have historically experienced discrimination in the housing market may have legitimate fears that they will experience the costs but not the benefits of new development.

Therefore, successful policy change will require building a strong base of community support. Though consensus on contentious recommendations is unlikely to be achieved, improving community relations can provide political legitimacy and serve as the foundation for any technocratic discussions on policy design and resource prioritization.

Recommendation 4a.

Build staff and political leader support

Difficult political decisions require leadership at both the staff and elected official level. Within a jurisdiction, communicating the importance of equitable development policies is critical in the context of policymakers unaware or skeptical of housing supply related policies. In addition, proactive communication of support for such policies can demonstrate their potential political viability.

Between jurisdictions, it is important to engage and build support for equitable growth policies at the regional level. As previously discussed, one jurisdiction's policies can have an impact on adjacent housing markets. In different contexts, organizations such as the Metropolitan Washington Council of Governments and the Greater Washington Leaders Group have taken leadership roles in addressing supply growth and affordability related concerns at the regional level. These efforts should be reinforced and expanded.

Recommendation 4b.

Better communicate costs and benefits of development

Communication between jurisdictional staff and the broader community can be improved to illustrate the true trade-offs of different development policies. In a

highly-connected social media environment, proactive transparency is important to make sure that discussions and debates are centered on verifiable facts. Importantly, data should be continuously available and readily accessible to the greatest extent possible, rather than provided only upon commencing the public engagement process for specific developments or policy changes. Such openness could potentially build confidence that the data in question represents objective facts, rather than a set of arguments constructed to advance a point-of-view. Important data points for consideration can include property tax revenue generation, school capacity, new student generation, infrastructure capacity, the costs of building and maintaining new infrastructure, among others.

Data collection, evaluation, and dissemination efforts should go beyond new development to include the existing housing stock to illustrate the net impact of existing development patterns on infrastructure capacity, service use, and municipal finance. This more holistic approach may mitigate the tendency to view existing development as an asset and new development as a potential liability. For example, Massachusetts publishes a Municipal Finance Trend Dashboard, which includes factors such as operating position, unfunded liabilities, property taxes, general fund revenues and expenditures, demographics, and debt.⁵¹

Recommendation 4c.

Improve outreach to connect with a wider range of stakeholders

Community engagement efforts should be representative of the full community. Traditional means of soliciting feedback, such as public forums and civic association meetings, may be insufficient in determining the views of the broader public. A lack of ability or willingness to participate in potentially high-stress forums should not devalue a person's perspective. As such, outreach efforts should proactively seek a diversity of viewpoints, provide a range of participation options using a combination of traditional and media/technology-oriented techniques, reflect cultural differences and potential barriers, and remove biases in the weighting of certain types of public feedback and testimony. As an example of culturally

⁵¹ "Municipal Finance Trend Dashboard," Mass.gov, accessed December 4, 2018, <https://www.mass.gov/service-details/municipal-finance-trend-dashboard>.

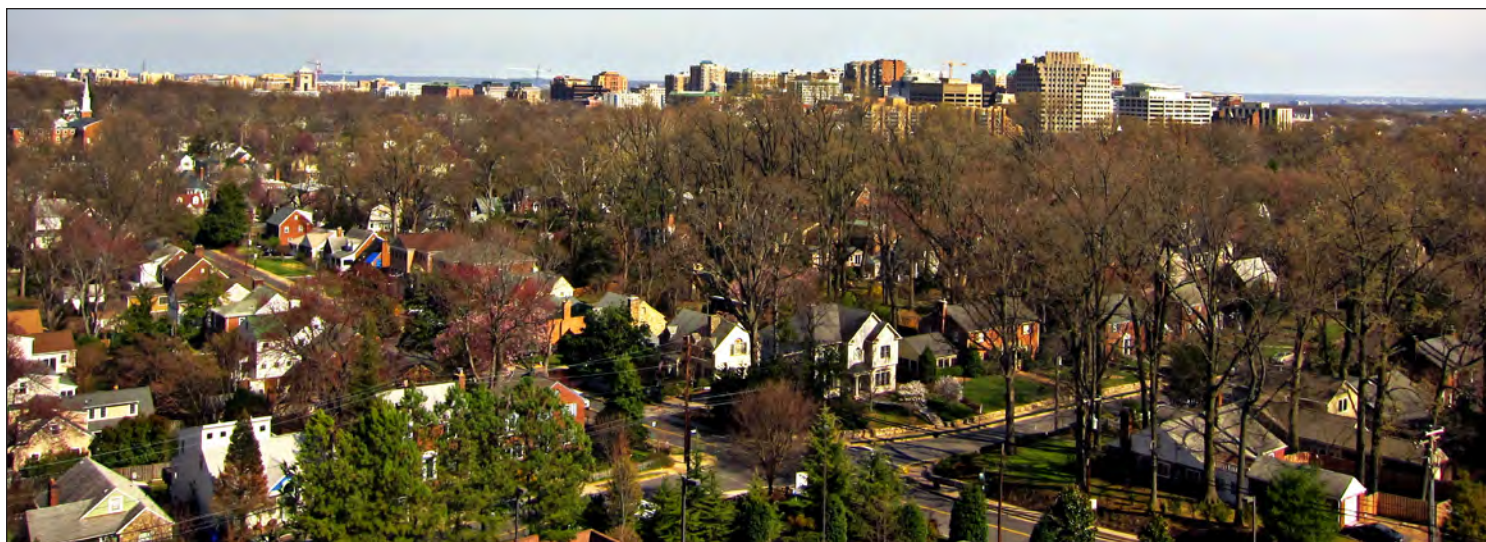


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sensitive outreach and information dissemination, the City of Alexandria provides information on available housing in four languages (English, Spanish, Amharic, and Arabic), and the city provided Amharic translations of documents for a large Amharic-speaking population effected by its Route 1 South (Patrick Street) Housing Affordability Strategy.⁵²

Recommendation 4d. **Broaden the frame of reference for community engagement**

It is important to conduct outreach related to specific policy changes and development proposals. However, these debates are often dominated by localized issues and, in some cases, “not-in-my-backyard” opposition. Policy shifts and individual developments occur within the framework of a broader development environment, and as such should also be weighed within that larger context. To provide an appropriate counterweight to the often hyper-local engagement that can accompany individual actions, jurisdictions should seek more frequent and “big picture” feedback on development and growth-related issues. Jurisdictions should also use such outreach to assess unmet needs across a diverse range of population groups. In 2018, Arlington County held a series of “big idea” roundtables that asked the relatively open-ended question of “How should Arlington grow?”⁵³

Conclusion

Accommodating the region’s existing and future population is a critical challenge for ensuring that the inner-Northern Virginia and the Washington, DC region maintains economic prosperity and vibrancy. This challenge is made more difficult by the imperative to take affirmative steps to expand opportunity for those who have historically not shared in that prosperity. Moving forward, inner-Northern Virginia’s leaders face an exceptionally difficult task of remedying past mistakes, responding to new challenges and opportunities, and bridging socioeconomic gaps, all while avoiding unintended consequences.

To that end, this report closes with a call for humility. Many of the mistakes of the past were the result of over-prescriptiveness and/or misreading of market trends. Today’s policymakers should reflect on the fact that many of those decisions were based on the leading practices of the time. As such, policies should be flexible, evaluated regularly, and include periodic review to decrease the margin for error, account for the relative unpredictability of markets, and adapt to unintended consequences and disparate impacts on disadvantaged populations.

52 “Route 1 South Housing Affordability Strategy 2018 | Planning & Zoning,” City of Alexandria, November 1, 2018, <https://www.alexandriava.gov/planning/info/default.aspx?id=100785>.

53 “Big Idea Roundtables,” Arlington County, 2018, <https://countyboard.arlingtonva.us/big-idea-roundtables/>.



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