

December 11, 2020

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SUBJECT: Housing Arlington Call for Ideas

To Mr. Tucker and the Housing Arlington team:

Thank you for this opportunity to provide feedback through the Housing Arlington Call for Ideas. This is a critically important initiative for the long-term sustainability and viability of Arlington County as a diverse, thriving, and economically vibrant community that can be home to people of all incomes. It has been my pleasure to work with the County for nearly ten years in a range of capacities, including as Vice-Chair of the Affordable Housing Master Plan Working Group from 2012-2015. Though I am affiliated with organizations that work on housing issues locally,¹ the following comments are mine and not the official position of those organizations. My perspective is informed by my volunteer work in Northern Virginia; my professional work as a policy researcher focused on housing, community development and social equity; and my perspective as an Arlington County resident and parent.

To equitably thrive long-term, Arlington must evolve

Arlington's long-term and prevailing growth model has been a success on many measures. However, as documented in the County's Missing Middle Research Compendium, the past growth model has led to both intended and unintended consequences that have contributed to racial disparities and declining affordability.

During my time in Arlington, the County has been held up as a leader in addressing affordable housing. This reputation has been well earned, through actions such as the County's commitment to the creation and preservation of affordable units through AHIF and certain innovative land use policies (such as the Columbia Pike Neighborhoods Form Based Code's focus on preservation of affordability). However, the County's underlying land use and zoning framework has not adequately evolved to meet the challenge of shifting markets, changing demographics, and the latest innovations in housing policy and practice. Specifically, the past model of high-density in a relatively small number of corridors and preservation of detached single-family neighborhoods has contributed to a hollowing out of the middle-cost housing stock. With the long-standing growth of the region's population and economy, and the acute demand created by the arrival of Amazon and Virginia Tech at National Landing, Arlington is likely to continue to be an "in demand" location. Despite disruption from COVID-19, Arlington's fundamentals – employment opportunities, good schools, proximity and access to jobs and amenities – remain strong and make it well-placed to recover quickly.

¹ Disclosure: I serve on the board of directors for the Arlington Partnership for Affordable Housing and the Northern Virginia Affordable Housing Alliance and have served on the policy committee for the Alliance for Housing Solutions. All are non-compensated, volunteer roles.

While some argue that Arlington is “full” or should seek to push back against demand/growth, that perspective is either does not adequately consider the needs of those currently lacking equal access to quality, affordable housing, and is often based on the fiction that “closing our doors” will make demand disappear. When we talk about “demand,” we are really talking about people. People need a place to live, and those with lesser means are the most likely to suffer the consequences if we (a) overly restrict growth; and (b) fail to take steps to support potentially vulnerable households. When debating whether Arlington should grow, it is important to consider the counterfactual – if we do not build in Arlington, where will people go?

This answers will vary. Some will be able to find a home in Arlington, but suffer financial distress. However, a non-trivial number of people will be priced out and seek housing opportunities elsewhere. This often drives development further from the urban core. Regions are complex ecosystem, and Arlington is acutely impacted by what happens elsewhere. Arlington is also “downstream,” figuratively and literally. We cannot address environmental issues (flooding, air quality) in Arlington by shifting housing production further out of the core, which results in even greater loss of tree cover, open space, impervious surface, etc. We cannot solve traffic by pushing people farther out, given that many people are commuting to – or through – Arlington.

Based on available literature, it is my belief that evolutionary growth and modest increases in density throughout the County (in addition to more intense development in key corridors) is fiscally beneficial, increasing tax revenue on a per acre basis and better supporting our existing, over-built infrastructure (inappropriately wide streets) in many low-density neighborhoods. However, even if one were to accept the disputed suggestion that restricting growth creates some fiscal benefits for Arlington by reducing infrastructure outlays, contributing to a more sprawling regional growth model would have negative fiscal impacts on the state, with long-term spillover impacts on the County’s budget.

Research on all of these points is available and admittedly highly context-specific. There is no one-size-fits-all approach based on the literature. However, based on my research, it is my belief that the most environmentally and fiscally viable path for Arlington County is to promote growth in Arlington. More detailed discussions of this evidence can be found in the reports and literature listed in the Appendix to this letter.

In reference to the specific issues highlighted in the Call for Ideas, I offer the following comments.

Missing Middle

- Missing middle is critical to infill growth. Our current model (high-density corridors, low density neighborhoods) creates a “floor” for affordability. High density multifamily and detached single-family have the highest construction costs for their respective building classes. Allowing increases in density to accommodate smaller multifamily and attached single-family (including townhomes) lowers this floor, though this is most effectively done if the increased flexibility is widespread enough to avoid more spikes in land costs at the neighborhood level.
- While the Washington, DC metro region (and close in locations in particular) has weathered past crises well, past performance is no guarantee of future benefits. Research supports the notion that a more diverse housing stock is more resilient in downturns. This makes logical sense, as a wider range of housing types and price points expands the potential “consumer base” seeking to live in a given place.

- It should be acknowledged that missing middle building form is helpful, but by itself may not lead to affordability. Some of this challenge is related to zoning. The cost of a townhouse is increased if a builder is forced to reduce the number of units that can be produced on a parcel due to lot coverage, setbacks, parking requirements, etc. However, to a certain extent higher costs are simply market driven. There is strong demand for close-in ownership housing of various forms. In a vacuum, this will lead to higher prices for missing middle ownership stock than the substantially older stock it may replace. **However, again it is critically important to consider the counterfactual.** Our current policy approach is to use government power (land use and zoning) to functionally limit any new development in our lower-density neighborhoods to the most expensive housing typology – detached single family. Without missing middle housing, we will reinforce the trend of teardowns and/or substantial renovations that produce “McMansions.” While a hypothetical scenario in which ten \$800,000 townhomes are built will not result in homes affordable to a moderate-income homebuyer, those homes are more affordable than the alternative of tearing down three modest homes to put \$1.5 million homes in their place, which is the current “path of least (regulatory) resistance”. If a substantially higher proportion of high-end housing demand could be met through new production, that could also lead to reduced competition for more modest, existing homes.
- Furthermore, the County is not limited to the binary of the status quo vs. allowing predominantly high-end middle-scale housing typologies. There are policy approaches that can lead to more affordable and equitable missing middle housing production:
 - It is imperative that gentle increases in density be allowed across the broadest geographic scale possible. The increases do not have to take the same form (cottage clusters vs. townhomes vs. stacked flats/small multifamily) or magnitude in all locations. Allowing the whole county to absorb demand can limit speculation and dramatic land cost increases. Spreading demand can also reduce the likelihood that any specific neighborhood experiences rapid, concentrated neighborhood change.
 - Flexibility in form, density, setbacks, height, coverage etc. allows for development creativity (enabling reducing costs) and can allow for more preservation of open space, trees, etc.
 - Increased form flexibility and density can be paired with affordability requirements. For example: Portland’s Residential Infill Program allows additional height and units (up to six per building) if ½ of units are affordable. Fully market-rate development is allowed, but at smaller scale.
 - The County can pair such “inclusionary” requirements with changes to homeownership policy and programs, incorporating permanently affordable homeownership models such as shared equity/appreciation restrictions (using the Fairfax County Affordable Dwelling Unit program as a model) and/or community land trusts.
 - Finally, the County should work to combat predatory acquisition practices, such as harassing, all-cash offers substantially below market value that target lower-income or elderly homeowners. This can be accomplished through a combination of outreach/education and regulation. Regulatory examples include banning repeated/threatening solicitations and/or requiring that buyers provide estimates of a home’s fair market value through publicly available services such as Zillow or Redfin.

- The County should explore complementary policies that would improve the sustainability and effectiveness of missing middle policies:
 - Expand zoning for “neighborhood serving retail” and make modest infrastructure improvements to enable more “15 minute neighborhoods.”
 - Reform parking policies to reduce off-street requirements while adopting a more market-oriented approach to on-street parking.
 - Invest in the bus system and shared use mobility programs.

Multifamily preservation

- The County has a strong precedent for using land use policy to encourage the net preservation of affordable units: the Columbia Pike Neighborhoods Plan and Form Based Code. While the policy is not perfect in all regards, it has substantially improved upon the pre-adoption status quo. It has facilitated both primarily affordable developments (Columbia Hills, The Shell) to replace units that are lost through redevelopment/cost increases. It has provided the flexibility to redevelop through mixed-income/inclusionary requirements (The Wellington). The County should consider a Countywide approach based on this premise, similar to Alexandria’s recently-passed Residential Multifamily Affordability Zones.
- When making AHIF investments for preserving existing properties, the County should look beyond the units themselves. Can a “quick-strike” acquisition loan preserve specific units today and be paired with land use incentives to facilitate redevelopment that adds affordable units in the medium-term? This model could offset units lost in a “gentrifying” neighborhood, such as the garden apartments in that have been replaced by luxury townhomes.
- The County can improve engagement (either directly or by supporting nonprofit partners) with market-rate owners, particularly as a tool to expand geographic opportunity/reduce racial and socio-economic segregation. The County should explore tools that incentivize private landlords to provide some affordability, such as tax abatements or payments-in-lieu-of-taxes. Another approach is to engage in rental agreements, which would be county- equivalents of project-based rental contracts (utilized successfully in Montgomery County). When working with market-rate owners, the County can leverage the new statewide source-of-income anti-discrimination law – can landlords be convinced or incentivized to shift from just “accepting” voucher holders to reserving units for such households?

Approach and policymaking

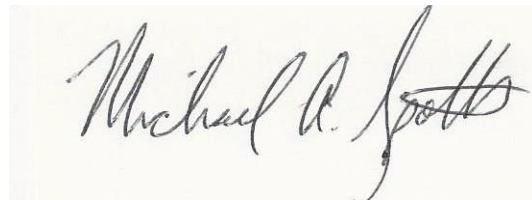
- The above policy reforms and ideas require thorough analysis. However, it is important to recognize that time is of the essence – every month or year that passes results in more lost affordability. To that end, Arlington County should consider a new model for policymaking. Rather than spending years studying an issue, implementing a detailed reform intricately designed to address every potential scenario, then taking years to see if the policy works, the County should focus on quick action and iterative policymaking. Modest and/or incremental reforms should be piloted on a limited scale and evaluated, with real-world results informing the final policy. There is precedent for this approach in Arlington County transportation/infrastructure investment – modest walkability/pedestrian safety improvements have been piloted at intersections with temporary barriers, later replaced with permanent

infrastructure when the changes proved beneficial. This is not only a better approach for time-sensitive issues, but the feedback loops created by iterative action can support effective, evidence-based policymaking in general.

Toward a new paradigm in Arlington:

I applaud Arlington County for undertaking the Housing Arlington initiative. Moving forward, I encourage the County to continue to maintain the core principles and values that it has expressed in undertaking this effort and have been evident throughout the initial missing middle research – promoting affordability, equity and sustainability. Finally, I support the County’s stated commitment to addressing racial equity in the initial stages of this research. We hope that the County will continue to expand upon this work and increase direct engagement with communities that have been the victims of discriminatory policies, as well as the institutions representing those communities.

Sincerely,

A handwritten signature in black ink on a light-colored background. The signature is written in a cursive style and reads "Michael A. Spotts".

Michael A. Spotts
Resident, Columbia Forest

APPENDIX: Research and Resources

Per Call for Ideas request: Included below is a partial list of relevant resources and literature related to the issues in question. Additional examples can be sent along by request.

Literature and Resources:

- [Increasing Housing Supply and Attainability: Improving Rules & Engagement to Build More Housing](#) (May 2019)
- [Building Northern Virginia's Future: Policies to Create a More Affordable, Equitable Housing Supply](#) (January 2019)
 - Supplemental report: [Research Justifications](#) for *Building Northern Virginia's Future*
- [Northern Virginia's Preservation Challenge: Trends, Threats, and Opportunities](#) (June 2018)
 - Report produced for the Northern Virginia Affordable Housing Alliance
 - [Presentation at July 25 event](#) on *A Community Forum on Preservation through a Lens of Equity and Inclusion*
- [Public Benefit from Publicly Owned Parcels: Effective Practices in Affordable Housing Development](#) (June 2017)
- [Bending the Cost Curve: Solutions to Expand the Supply of Affordable Rentals](#) (January 2014)
- Scheutz, Jenny. To Improve Housing Affordability, We Need Better Alignment of Zoning, Taxes, and Subsidies. Brookings Institution, 7 Jan. 2020, <https://www.brookings.edu/policy2020/bigideas/to-improve-housing-affordability-we-need-better-alignment-of-zoning-taxes-and-subsidies/>.
- Opticos Design. Diversifying Housing Options with Smaller Lots and Smaller Homes. National Association of Home Builders, June 2019, <http://nahbnow.com/2019/07/housing-options-expand-as-lots-and-homes-get-smaller/>.
- Currie, Melissa A. "Diversity in Urban Design and Neighbourhood Resilience in Response to the Great Recession." *Journal of Urban Design*, vol. 0, no. 0, Routledge, Apr. 2020, pp. 1–21. Taylor and Francis+NEJM, doi:10.1080/13574809.2020.1749038.
- Gyourko, Joe, and Jacob Krimmel. The Impact of Local Residential Land Use Restrictions on Land Values Across and Within Single Family Housing Markets (Draft). The Wharton School, University of Pennsylvania & NBER, 13 June 2020
- Kingsella, Mike, and Edward J. Pinto. "New Research Confirms the Benefits of 'Light Touch' Density." *Up for Growth*, <https://www.upforgrowth.org/news/new-research-confirms-benefits-light-touch-density>. Accessed 15 Sept. 2020.
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- "City Observatory - Racial Wealth Disparities: How Housing Widens the Gap." City Observatory, 20 Sept. 2017, <http://cityobservatory.org/racial-wealth-disparities-how-housing-widens-the-gap/>.
- Bellas, Ph.D., Dean B. Understanding the Fiscal Impacts Transit-Oriented Development in Northern Virginia and Maryland. Urban Land Institute Baltimore-DC TOD Product Council, 5 Nov.

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- Leinberger, Christopher B. The WalkUP Wake-Up Call: The Nation's Capital As a National Model for Walkable Urban Places. The George Washington University School of Business & LOCUS, <http://www.smartgrowthamerica.org/documents/Walkup-report.pdf>. Accessed 11 Mar. 2015.
- Goodman, Ph.D., Michael D., et al. The Costs and Hidden Benefits of New Housing Development in Massachusetts. No. 02, University of Massachusetts - Dartmouth Public Policy Center, Feb. 2016, http://s3.amazonaws.com/media.wbur.org/wordpress/1/files/2016/03/MHP_HOUSING-REPORT-FULL-2.pdf.