

# The Impact of Accelerated Development on Arlington's Schools, Environment & Budget

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## ARLINGTON'S DRIVE TOWARD INCREASING DENSITY IMPACTS

1. Budget—leading to higher taxes and cuts in vital programs;
2. Housing Affordability—by increasing land speculation and passing higher taxes on to residents, pushing out middle-class and fixed-income homeowners, and raising rental prices as developers pass on higher costs to tenants;
3. Flooding and Natural Environment—by reducing impervious surfaces and trees that self-manage run off.

**What is Behind this Drive &  
What Should we Require of the County?**



**\$4.1M IN DAMAGES TO ARLINGTON  
INFRASTRUCTURE IN JULY 2019**

## **The Westover Beer Garden**

Source: Washington Post. . July 8, 2019

## WHAT IS DRIVING ARLINGTON'S PUSH FOR INCREASINGLY GREATER GROWTH?

1. A **policy objective** to be aligned with national urban trends
2. Community concerns regarding **home prices**
  - Housing prices in 2019 projected to increase 17%\*
  - Missing Middle and Affordable Housing
3. **Amazon's** arrival
4. Partial recovery from **post-BRAC job losses**

\*<https://wtop.com/real-estate/2019/06/arlington-home-values-to-rise-17-2-this-year-inventory-has-fallen-off-a-cliff/>



# CALL FOR ARLINGTON COUNTY GOVERNMENT TRANSPARENCY

Quantifying the impacts of increased density so that the community can make informed choices about its future.

1. **Cost/benefit analysis** (e.g., the Tischler Bise Fiscal Impact Tool), 10-year operating budget and scenario planning for how the County will pay for anticipated population growth;
2. **Cost/benefit analysis of affordable housing options** and clear evidence that an upzoning strategy leads to more affordable housing in heated markets;
3. **Comprehensive watershed plan** such as the one used in Westchester County, NY, to ensure that development will not exacerbate flooding.

*Based on these data, the community can then work with the County Board to develop a 10-year Strategic Plan that addresses the community's multiple priorities—including affordable housing—within the County's fiscal and environmental constraints.*

## **TODAY'S AGENDA**

- I. County Board advocacy**
- II. Underlying Financial factors**
- III. County Zoning initiatives**
- IV. Consequences of Upzoning**
- V. Recommendations**

**'MAKING ROOM'  
&  
ACCELERATING  
ARLINGTON'S  
POPULATION  
GROWTH IS A  
TOP PRIORITY**  
- Arlington  
County Board

**'COUNTY  
INITIATING  
STUDY OF  
MANY  
OPTIONS TO  
PURSUE THIS  
GOAL OF  
ACCELERATED  
POPULATION  
GROWTH**



**Item 9**

Remarks by Board Members

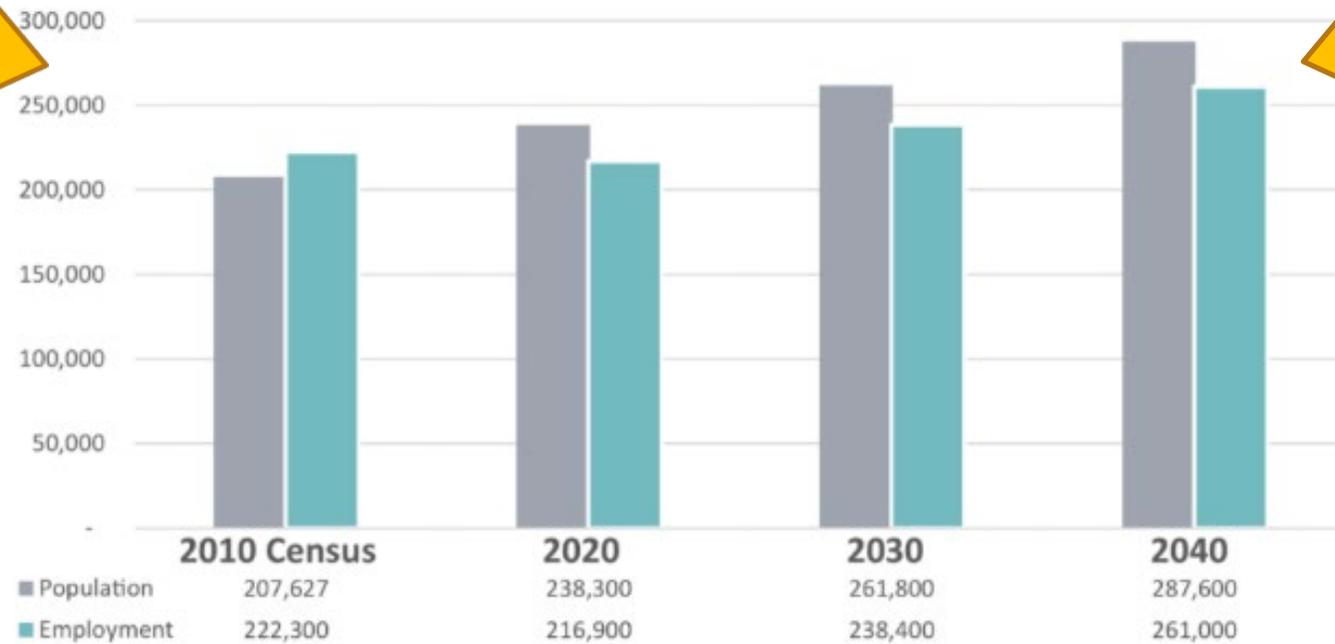
**hard but critical zoning reform changes  
in the year ahead**

**06:52 PM**

**01/02/2019**

# ARLINGTON POPULATION & EMPLOYMENT FORECASTS

Forecasts  
BEFORE  
Amazon  
Announcement



Must We Accept  
These Numbers?  
Are We Hostage  
to Developers'  
Pressure?

Source: Arlington County, CPHD, Planning Division, Round 9.1 Forecast.  
Preliminary Totals - To be approved by MWCOCG October 2018.

FOR EVERY NEW RESIDENT

The average taxpayer  
subsidy per  
Arlingtonian

**Over \$850**

<u>SOURCE</u>	<u>PER CAPITA<sup>1</sup> EXPENDITURES:</u>
County-wide average	\$4207.04
Education only*	\$2135.09
All other expenditures	\$2071.95
	<u>REVENUES:</u>
County-wide average	\$3,356.98
Real Property	\$3381.51
All other sources	\$1075.47
<b>Net Fiscal Impact</b>	<b>-\$850.06</b>

<sup>1</sup> Source: The Stephen S. Fuller Institute at the Schar School, George Mason University p11

\*2018 Fuller estimate based on \$18,015 expenditure per pupil based on enrollment of 26,405

A SHIFTING OF PRIORITIES **WITHOUT**  
FUNDS TO PURSUE THEM ALL

**NOW**

1. Schools
2. Infrastructure
3. Transportation
4. Parks
5. Housing

**WITH UPZONING**

1. Housing
2. Schools
3. Infrastructure
4. Transportation
5. Parks

# UPZONING EXAMPLES



**MOVING FROM SINGLE FAMILY  
ZONING**



**DUPLEXES  
TOWNHOMES  
MIDRISES  
HIGH RISES**



# NEGATIVE CONSEQUENCES OF UPZONING....

More Expensive Housing

Growing Budget Deficits

Significant Flooding and Environmental  
Implications

## ....YET: UPZONING EFFECT ON AFFORDABLE HOUSING UNCLEAR

- **2019 MIT study** of Chicago's zoning changes from 2010 to 2018 concludes that "instead of falling prices, as the conventional wisdom predicts, the study can make only preliminary conclusions. **In the short term, driven by increased land value, there tends to be an increase in prices.**
- **London School of Economics Professor Michael Storper:** "That's the problem with blanket upzoning: It **doesn't actually require housing to be created for these [low- and middle- income] groups.** It just allows upzoning itself to be created wherever you want, and for market speculation to dominate. . . This is how blanket upzoning produces the consequence of displacement."
- **Federal Reserve Board Study (2018) "Can More Housing Supply Solve the Affordability Crisis?"** explains: "The effect of relaxing supply constraints on affordability will, of course, depend on the elasticity of rent with respect to new housing supply. If the rent elasticity is low... then relaxing supply constraints may spur construction but still do little to improve affordability. . . In this paper, we present simulation-based evidence that the elasticity of rent with respect to small changes in housing supply within metropolitan areas (henceforth, "cities") is low. The implication of this finding is that **even if a city were able to ease some supply constraints to achieve a marginal increase in its housing stock, the city will not experience a meaningful reduction in rental burdens.**"
- **JBG Smith** predicts that the land value of its holdings will be "turbocharged by Amazon" leading to **significant rent growth.** The report continues: "In a demand-rich market, quality and views **drive rent premiums** while placemaking amenities help emerging markets close the gap with mature markets."



## FUELING BUDGET DEFICITS

There is no such thing as a “free” affordable housing  
policy initiative:

Upzoning initiatives **obscure the costs to our  
budget, infrastructure and the environment.**

ARLINGTON PUBLIC SCHOOLS- **W/O NEW INITIATIVES** –  
BY 2040 THE APS BUDGET EXPLODES



62,400 additional  
residents



21,840 (34%)  
school age children

If all children use APS  
 $\$19,340^*$  per student  $\times$  21,840 = additional \$422 million annually



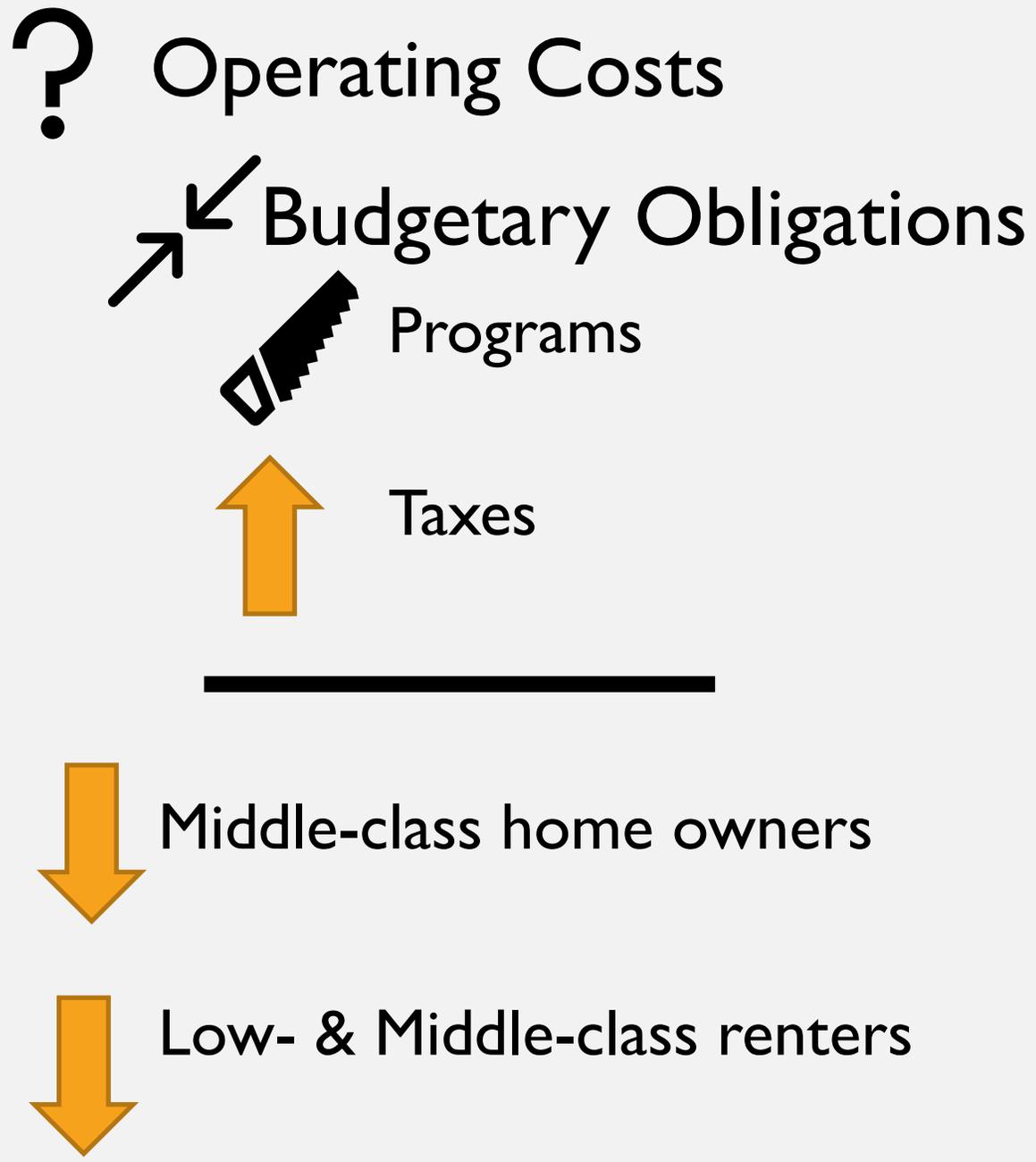
**79% increase**  
in APS annual operating expenses\*\*

\* (2017 rates) \*\*current school budget is \$532.3 million.



GROWING BUDGET DEFICITS

What's the plan if we have a  
**High Growth  
Agenda?**

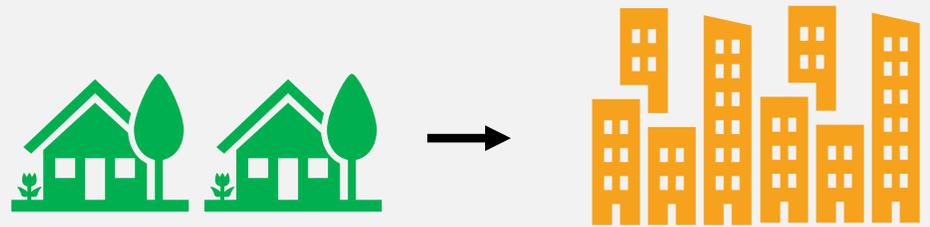


OUR LOCAL ECOSYSTEM  
UNDER PRESSURE:  
FLOODING

Tree loss and paving  
pervious surfaces  
combined with climate  
change leave us vulnerable  
to flooding and heat island  
effect.

 45% impervious surfaces

Every year roughly **9 acres**  
of pervious surface lost



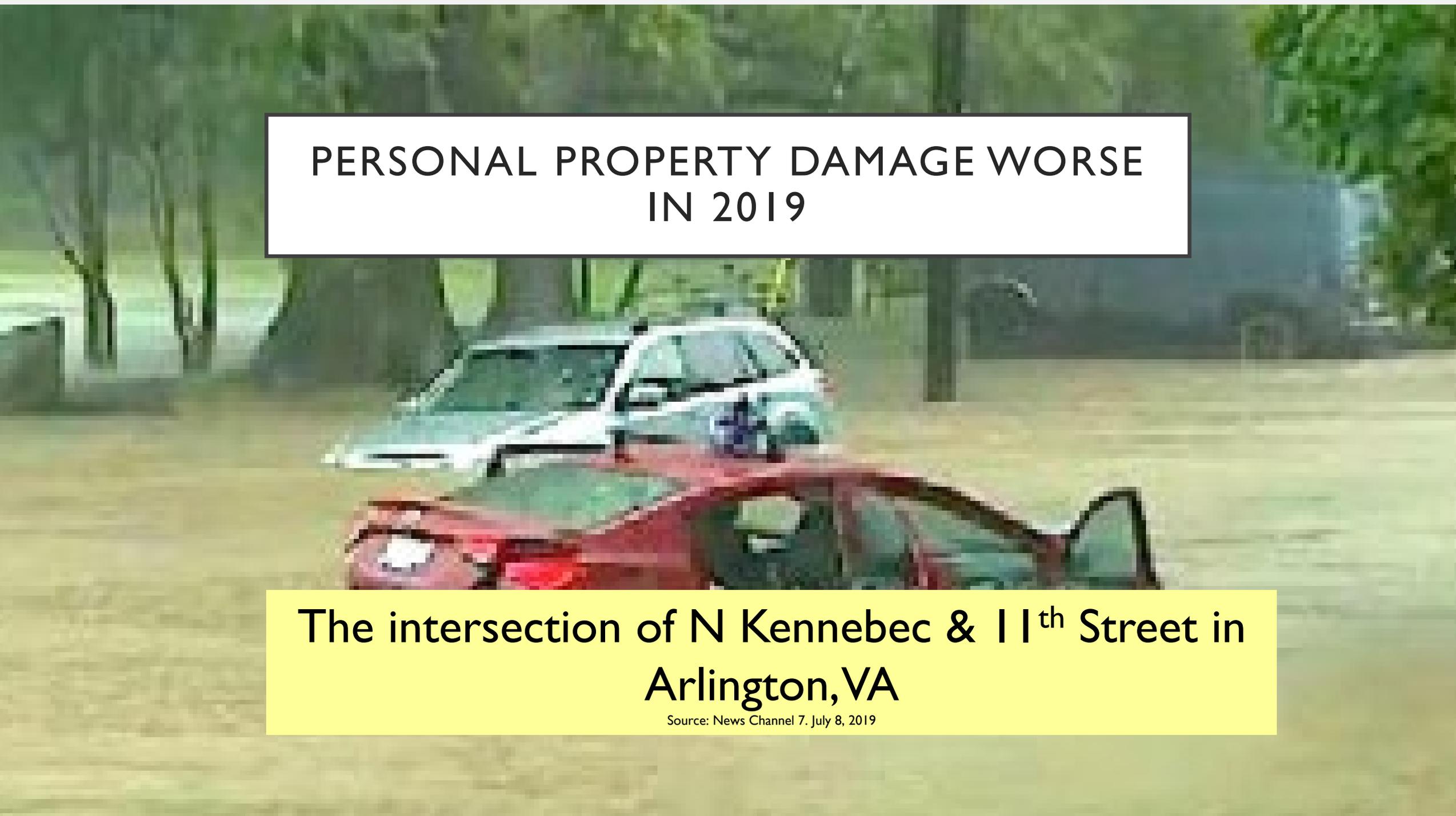
Development activity driven by  
large homes adds the footprint  
of the Pentagon in impervious  
surfaces every 3-4 years.

A photograph of a residential street intersection. In the background, there is a house with a grey roof and a white wall. A white car is parked on the right side of the street. The foreground shows a paved road and a fence. A white text box is overlaid on the top half of the image.

**2018 WAS THE WETTEST YEAR ON  
RECORD.**

**The intersection of 24<sup>th</sup> Street N & N  
Rockingham St in Arlington, VA**

Source: Stormwater Management Program: County Board Work Session, October 16, 2018. Arlington, VA p.9.

A photograph showing a red car and a white car parked on a grassy area. The red car is in the foreground, and the white car is behind it. The background consists of trees and a fence. A white text box with a black border is positioned at the top of the image, containing the title.

# PERSONAL PROPERTY DAMAGE WORSE IN 2019

The intersection of N Kennebec & 11<sup>th</sup> Street in  
Arlington, VA

Source: News Channel 7. July 8, 2019

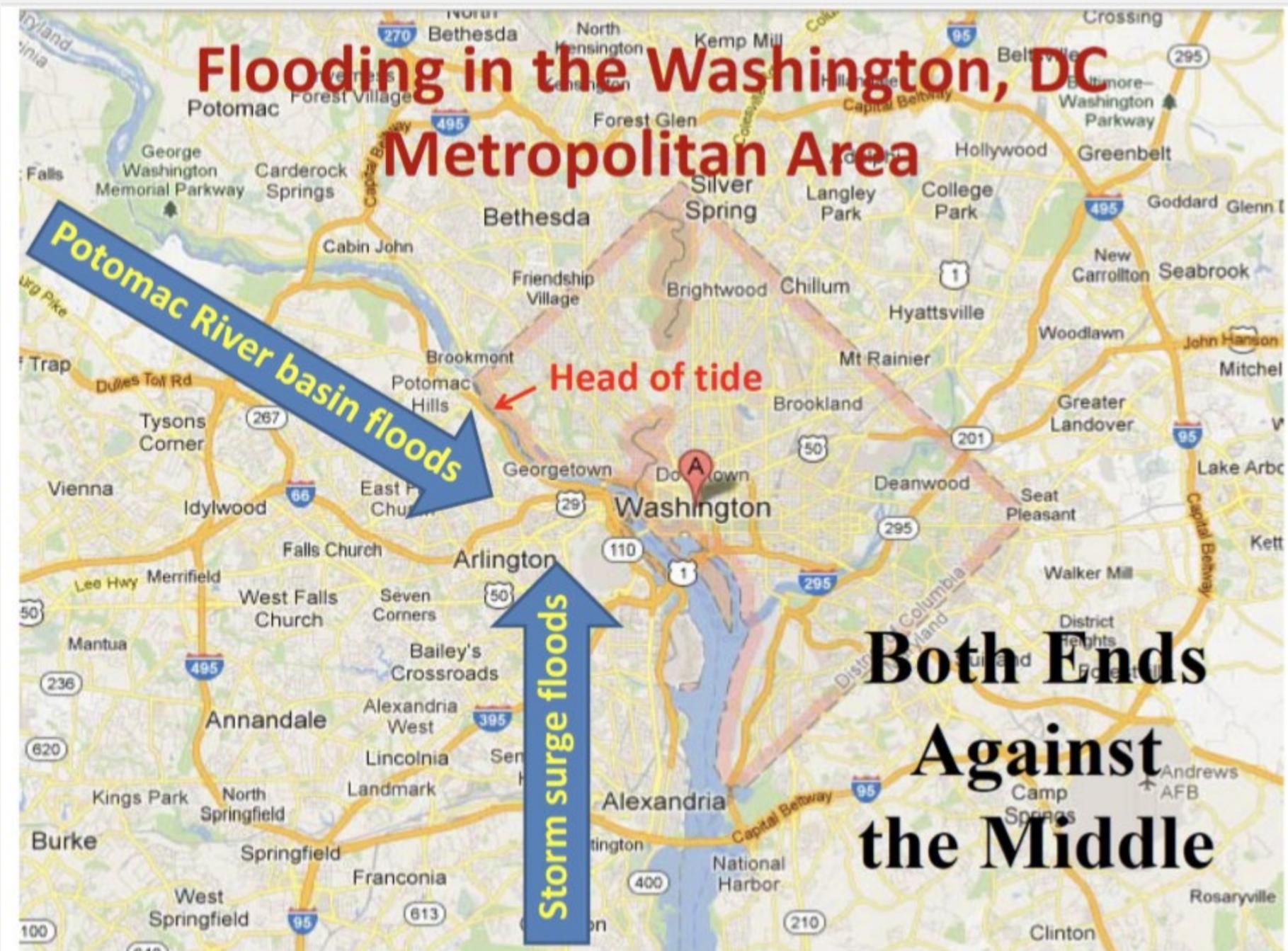
# Flooding in the Washington, DC Metropolitan Area

Potomac River basin floods

Head of tide

Storm surge floods

Both Ends  
Against  
the Middle





# RECOMMENDATIONS

#1: **Implement** TischlerBise or Similar Fiscal Impact Tool & Community Budgeting Process

#2: **Develop** and Publish a 10 Year Operating Budget

#3: **Re-do** County's 2014 Stormwater Master Plan to focus on Development and Climate Change

#4: **Halt** Further Upzoning and Nice-to-Have Infrastructure Projects until analysis complete

#5 **Invest** in Affordable Housing for Existing Residents

## WHAT CAN YOU DO?

- Sign up for our listserv to stay informed about current initiatives  
[ArforOurSustainableFuture@gmail.com](mailto:ArforOurSustainableFuture@gmail.com)
- Write to County Board and County Manager asking for more information on the logic and rationale for accelerated growth
- Schedule presentation to your local civic association meetings and ask questions about development and up-zoning initiatives
  - How will this impact school enrollments?
  - What is the percentage change in impervious surfaces?
  - What is the impact on our mature tree canopy?
  - How will this impact the county budget? (and show them the MONEY (aka math)!)



**BACKUP SLIDES**



## CLARIFYING POINTS

Arlington is **not** Minneapolis or Seattle.

We should make decisions about density based on **data-driven analysis and citizens' feedback.**

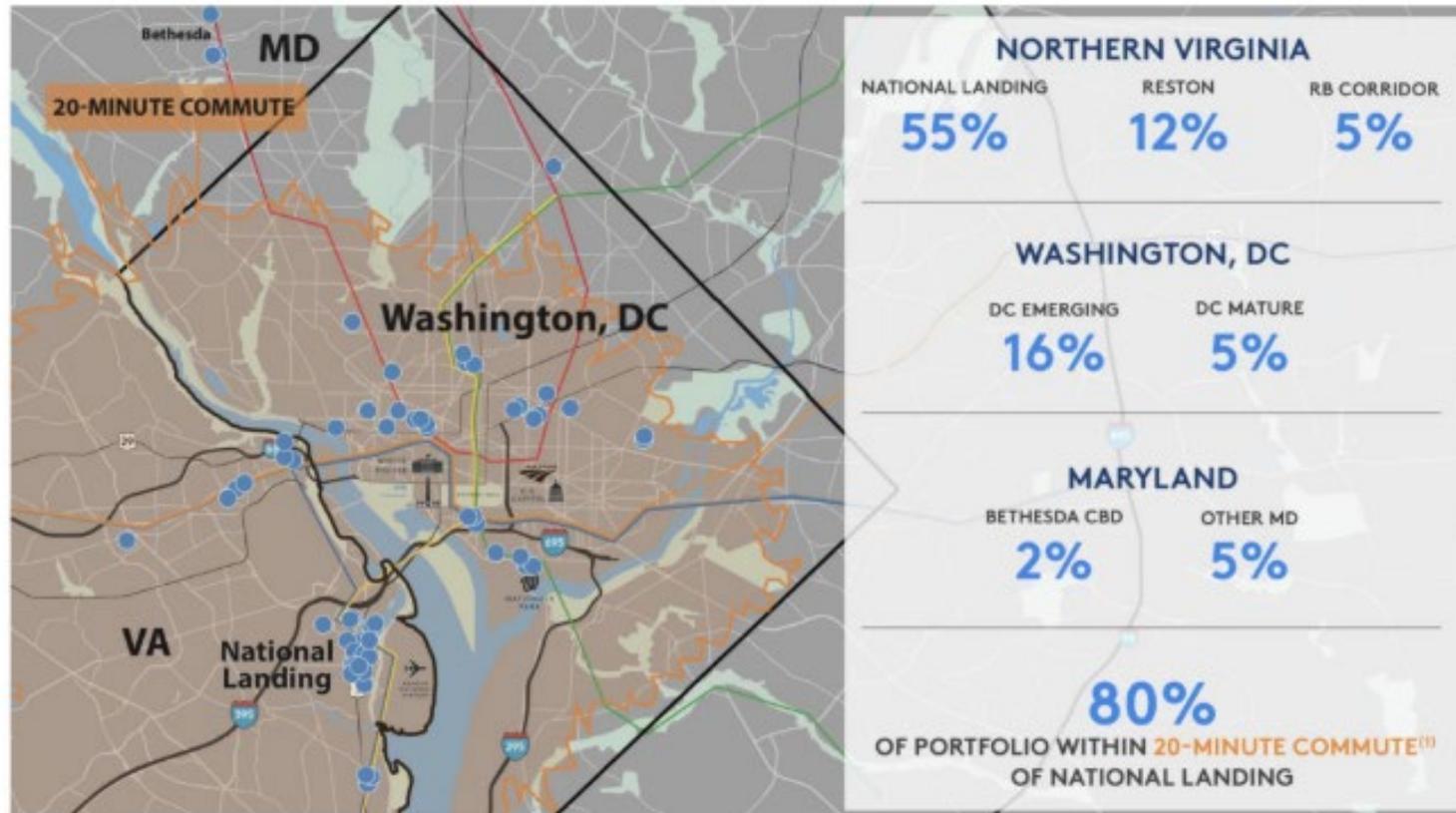
## 2016 VORNADO REALTY TRUST LETTER TO SHAREHOLDERS

“JBG SMITH will own a large land bank of developable land comprised of over 22.1 million square feet of potential development density, which we view as a long-term driver of JBG SMITH’s growth.

This pipeline has the potential to double the size of JBG SMITH and make JBG SMITH the fastest growing real estate company in the nation. We expect that JBG SMITH will be a **major developer of multifamily assets** and that over time its mix of assets will become more balanced between office and multifamily.”

# JBG SMITH SPRING 2019 SHAREHOLDER REPORT

## CONCENTRATION OF HIGH-GROWTH ASSETS IN THE BEST SUBMARKETS



Note: Geographic composition includes square footage of Operating, Under Construction, and Future Development Pipeline assets.  
(1) 20-minute commute calculated on a Monday morning to National Landing.

## ARLINGTON COUNTY GOVERNMENT UP-ZONING INITIATIVES

*“It is time to revise our zoning ordinance to allow different, diverse and more affordable home types throughout the county, and not just our commercial corridors,” states Katie Cristol*

*A recent builder newsletter states that at a March 8, 2019 meeting, Board Chair Christian Dorsey “was very enthusiastic about more density throughout the county after Amazon’s arrival.”*

**Objective 1.1.10 of the Affordable Housing Master Plan is to: “Explore flexibility in housing types and residential uses in single-family neighborhoods.”**

**Changes will happen by amending the General Land Use Plan and the Arlington County Zoning Ordinance (AC20), and be supported by land use plans and studies. Specific changes completed or underway include:**

- Accessory Dwellings Zoning Ordinance Amendments (passed: 2008; 2017; 2019)
- Two-Family Dwellings Zoning Ordinance Amendment (2018)
- Affordable Housing Ordinance (2006)
- Columbia Pike Form Based Code (2013)
- Bonus Density Zoning Ordinance Amendment (in progress) (see related land use & zoning tools)
- Plan Lee Highway (in progress)
- Elder Care Residential Uses Zoning Study (in progress)
- Housing Conservation Districts (in progress)
- Missing Middle Study (future TBD)
- Low- and Moderate-Income Housing Definition Zoning Ordinance Amendment (Future TBD)



ARLINGTON COUNTY  
GOVERNMENT  
ENGAGEMENT STRATEGY  
FOR FUTURE HOUSING &  
ZONING POLICY

April, 2019 – **Housing Arlington**: An Expanded Approach to an Equitable, Stable, Adaptive Community.

May 29, 2019 – **Housing Arlington** Community Kick-Off

June 20- County Options for **Housing Conservation Districts**

June 28 – Closing date for Housing Arlington Kick-Off **Online Feedback**

ADDITIONAL EVENTS BY  
ARLINGTON  
COMMUNITY & BUSINESS  
GROUPS

June 5, 2019 - Leckey Forum: Planning for **Equity & Affordability**

plan to "allow the development of tri-plex housing citywide, eliminate minimum parking requirements, and allows more high-density housing along transportation corridors."

June 9 – Virginians for Organized Interfaith **Community Engagement (VOICE)** call to action was for "Community First"

**\*\*CURRENTLY\*\* IN JUST 3 AREAS  
 11,200 NEW FAMILY HOUSING UNITS PROJECTED  
 (23,408 NET NEW RESIDENTS –  
 34% ARE SCHOOL AGED CHILDREN)**

12

Profile 2019

## Development

### 2018 Development Activity by Corridor

		Office GFA	Retail GFA	Residential Units	Hotel Rooms
<b>R-B Corridor</b>	Complete	23,974,600	3,238,500	34,000	4,000
	Under Construction	191,300	210,800	2,500	-
	Approved	3,441,000	212,300	3,000	300
<b>Route 1 Corridor</b>	Complete	12,823,100	2,898,500	14,500	5,900
	Under Construction	-	32,300	1,600	-
	Approved	3,720,300	574,200	3,000	500
<b>Columbia Pike Corridor</b>	Complete	871,300	825,300	17,700	500
	Under Construction	-	98,400	1,000	-
	Approved	-	13,000	100	-

Source: CPHD, Development Tracking, January 1, 2019.

Source: Profile 2019, Department of Community Planning, Housing and Development, p 12.



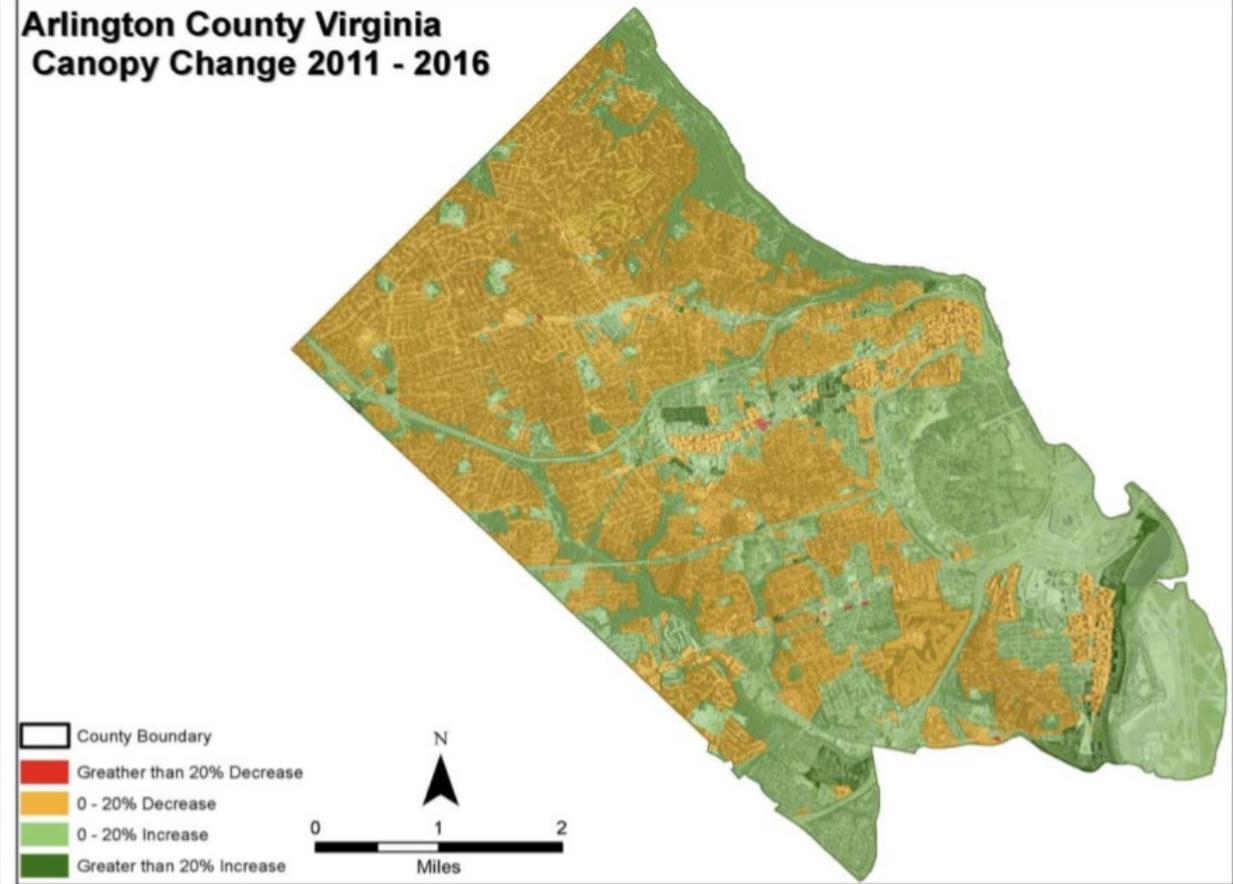
HURRICANE ISABEL  
SEPTEMBER 2003

The intersection of Union and King  
Streets in Old Town Alexandria, VA

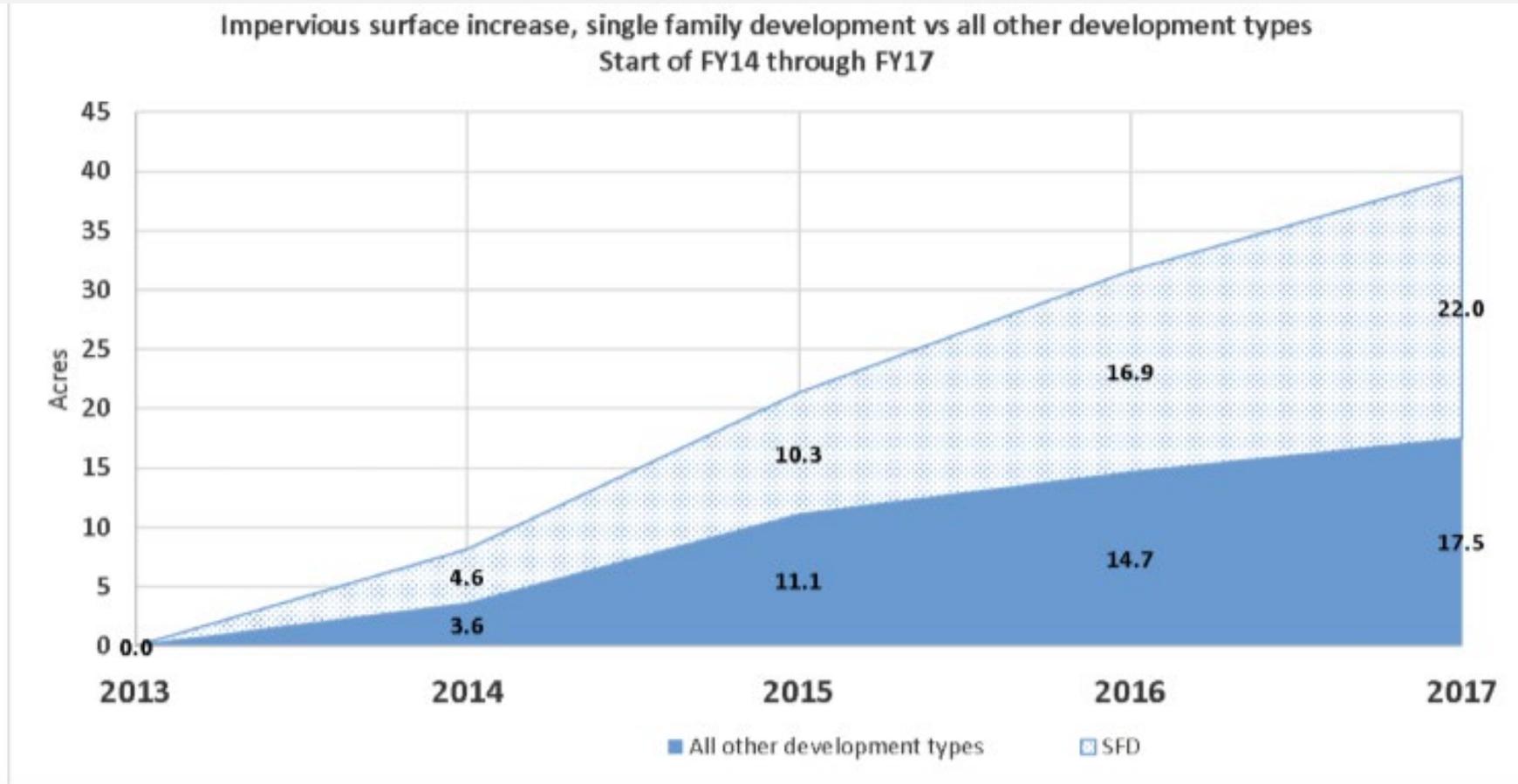
# LOSS OF TREE COVER

Source: Davey Resource Group, p7

**Arlington County Virginia  
Canopy Change 2011 - 2016**

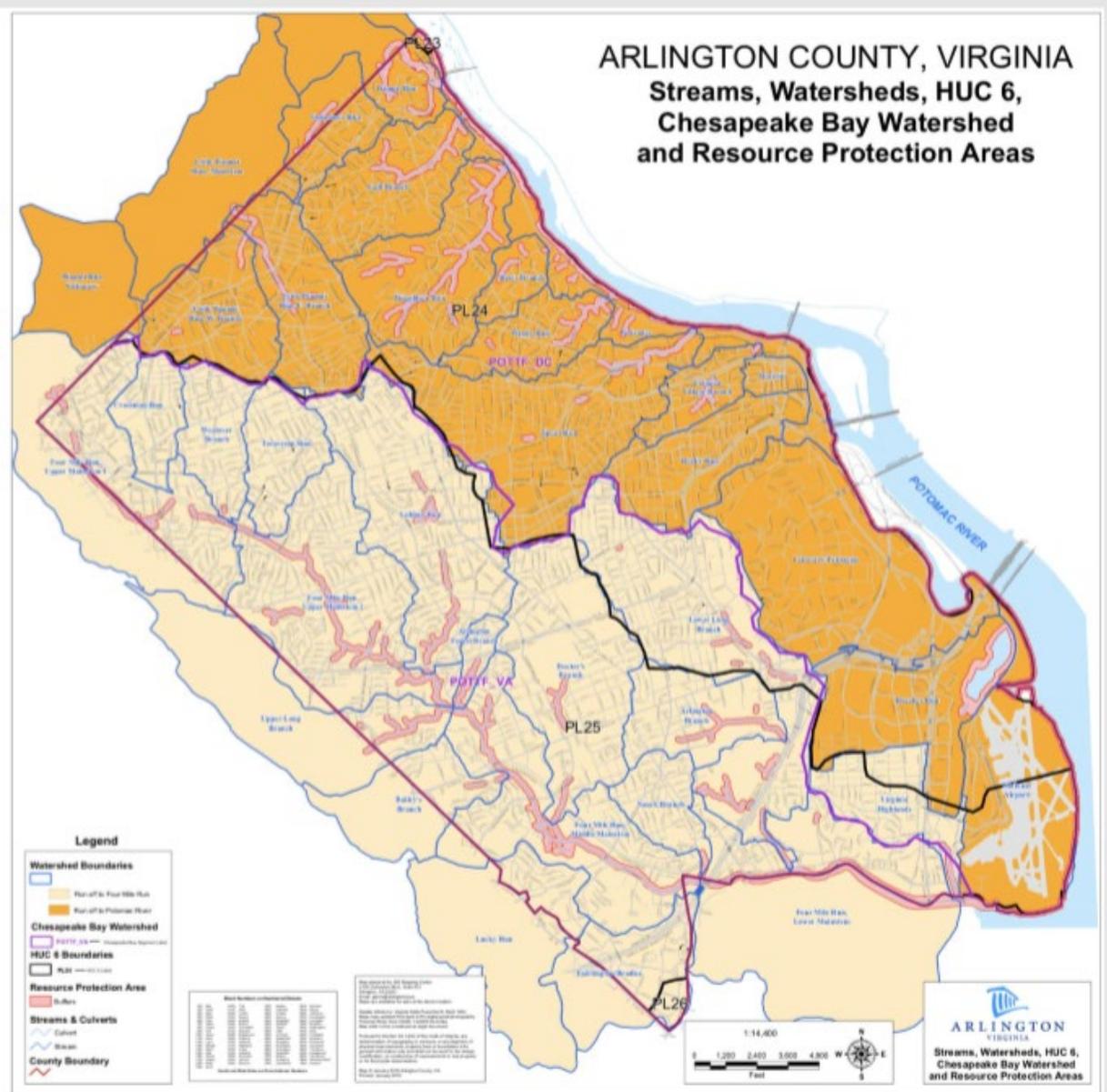


# PERVIOUS SURFACE & TREE COVER LOSS- DRIVEN BY NEW LARGE HOMES



Source: Capital Program Response, Subject: DES – Stormwater, July 2, 2018

39.4% OF ARLINGTON'S  
STREAMS HAVE BEEN BURIED





ADOPT & IMPLEMENT  
PLANNING  
TOOLS & PROCESSES

**BEST PRACTICES**

Follow the lead of Falls  
Church, Stafford County,  
or Loudon Country

- **Adopt** a Fiscal Impact Tool
- **Provide** a cost/benefit analysis of anticipated population growth and different affordable housing options
- **Seek** evidence from other cities to determine if changes in zoning will positively impact housing
- **Create** a ten year projected operating budget for different population and revenue scenarios
- **Engage** the community in developing a strategic plan based on outputs



ADOPT & IMPLEMENT  
FLOODING & LAND USE  
PLAN

**BEST PRACTICES**

Follow the lead of  
Westchester County

- **Understand** root flooding causes and their relationship to development
- **Develop** comprehensive and watershed planning
- **Implement** successful floodplain management tools



PAUSE FURTHER UPZONING  
AND NICE-TO-HAVE  
INFRASTRUCTURE  
PROJECTS

## BEST PRACTICES

Follow the lead of Falls  
Church, Stafford County,  
Loudon Country, or  
Westchester

**Prioritize** planning and critical  
maintenance over development

- **Balance** the county budget without increasing taxes or cutting existing programs
- **Implement** new tools that help the county do cost/benefit analysis of plans have been put in place (flood zones; tischlerbise tool etc.)
- **Identify** causes of & **limit** land speculation
- **Engage** in comprehensive community planning to establish priorities for sustainable density management



## AFFORDABLE HOUSING FOR EXISTING RESIDENTS

### Prioritize

Preserving affordable housing we  
still have, and providing existing  
residents with targeted affordable  
housing programs

### Over

Pro-growth agenda

Following a **cost/benefit analysis of housing options:**

- **Invest** in coops, which are the least expensive ownership option in Arlington
- **Expand** the housing grant program
- **Provide** rent vouchers for specific populations
- **Monitor** current policy changes for affordable housing impacts
- **Focus** on increasing income of local businesses and residents through small business development