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

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Yale (Summa Cum Laude) and Harvard Law School Graduate
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.*
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

hard but critical zoning reform changes in the year ahead
ARLINGTON POPULATION & EMPLOYMENT FORECASTS

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

Forecasts BEFORE Amazon Announcement

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Employment</th>
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<tbody>
<tr>
<td>2010 Census</td>
<td>207,627</td>
<td>222,300</td>
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<tr>
<td>2020</td>
<td>238,300</td>
<td>216,900</td>
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<td>2030</td>
<td>261,800</td>
<td>238,400</td>
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<tr>
<td>2040</td>
<td>187,600</td>
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Source: Arlington County, CPHD, Planning Division, Round 9.1 Forecast. Preliminary Totals - To be approved by MWCOG October 2018.
## For Every New Resident

The average taxpayer subsidy per Arlingtonian Over $850

<table>
<thead>
<tr>
<th>Source</th>
<th>Per Capita 1 Expenses:</th>
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<tbody>
<tr>
<td>County-wide average</td>
<td>$4207.04</td>
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<tr>
<td>Education only*</td>
<td>$2135.09</td>
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<tr>
<td>All other expenditures</td>
<td>$2071.95</td>
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<table>
<thead>
<tr>
<th>Source</th>
<th>Revenues:</th>
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<tr>
<td>County-wide average</td>
<td>$3,356.98</td>
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<tr>
<td>Real Property</td>
<td>$3381.51</td>
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<tr>
<td>All other sources</td>
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<td><strong>Net Fiscal Impact</strong></td>
<td><strong>-$850.06</strong></td>
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1 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 (hence-forth, “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.”
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 x 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?

Operating Costs

Budgetary Obligations

Programs

Taxes

Middle-class home owners

Low- & Middle-class renters
OUR LOCAL ECOSYSTEM UNDER PRESSURE: FLOODING

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.

Tree loss and paving pervious surfaces combined with climate change leave us vulnerable to flooding and heat island effect.
2018 was the wettest year on record.

The intersection of 24th Street N & N Rockingham St in Arlington, VA

PERSONAL PROPERTY DAMAGE WORSE IN 2019

The intersection of N Kennebec & 11th Street in Arlington, VA

Source: News Channel 7, July 8, 2019
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
  ArlforOurSustainableFuture@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
Arlington is **not** Minneapolis or Seattle.

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

https://www.sec.gov/Archives/edgar/data/1689796/000104746917004141/a2232453zex-99_1.htm
CONCENTRATION OF HIGH-GROWTH ASSETS IN THE BEST SUBMARKETS

NORTHERN VIRGINIA

- NATIONAL LANDING: 55%
- RESTON: 12%
- B&F CORRIDOR: 5%

WASHINGTON, DC

- DC EMERGING: 16%
- DC MATURE: 5%

MARYLAND

- BETHESDA CBD: 2%
- OTHER MD: 5%

80% OF PORTFOLIO WITHIN 20-MINUTE COMMUTE(1) OF NATIONAL LANDING

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.
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)

“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.”
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

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)

### Development

#### Profile 2019

<table>
<thead>
<tr>
<th></th>
<th>Office GFA</th>
<th>Retail GFA</th>
<th>Residential Units</th>
<th>Hotel Rooms</th>
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Source: CPHB, 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
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 County

- **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
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 that 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

Best Practices

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