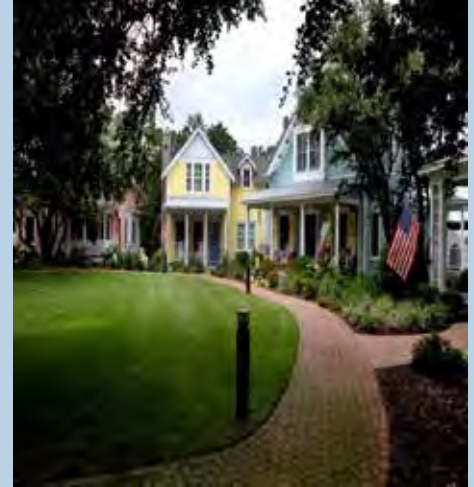


Housing Conservation District Update

HOUSING ARLINGTON:
An Expanded Approach to an Equitable, Stable, Adaptive Community



Research, analysis, and proposed policies and tools that facilitate multi-family neighborhood character and help meet affordable housing goals in Arlington County.

MAY 21, 2019



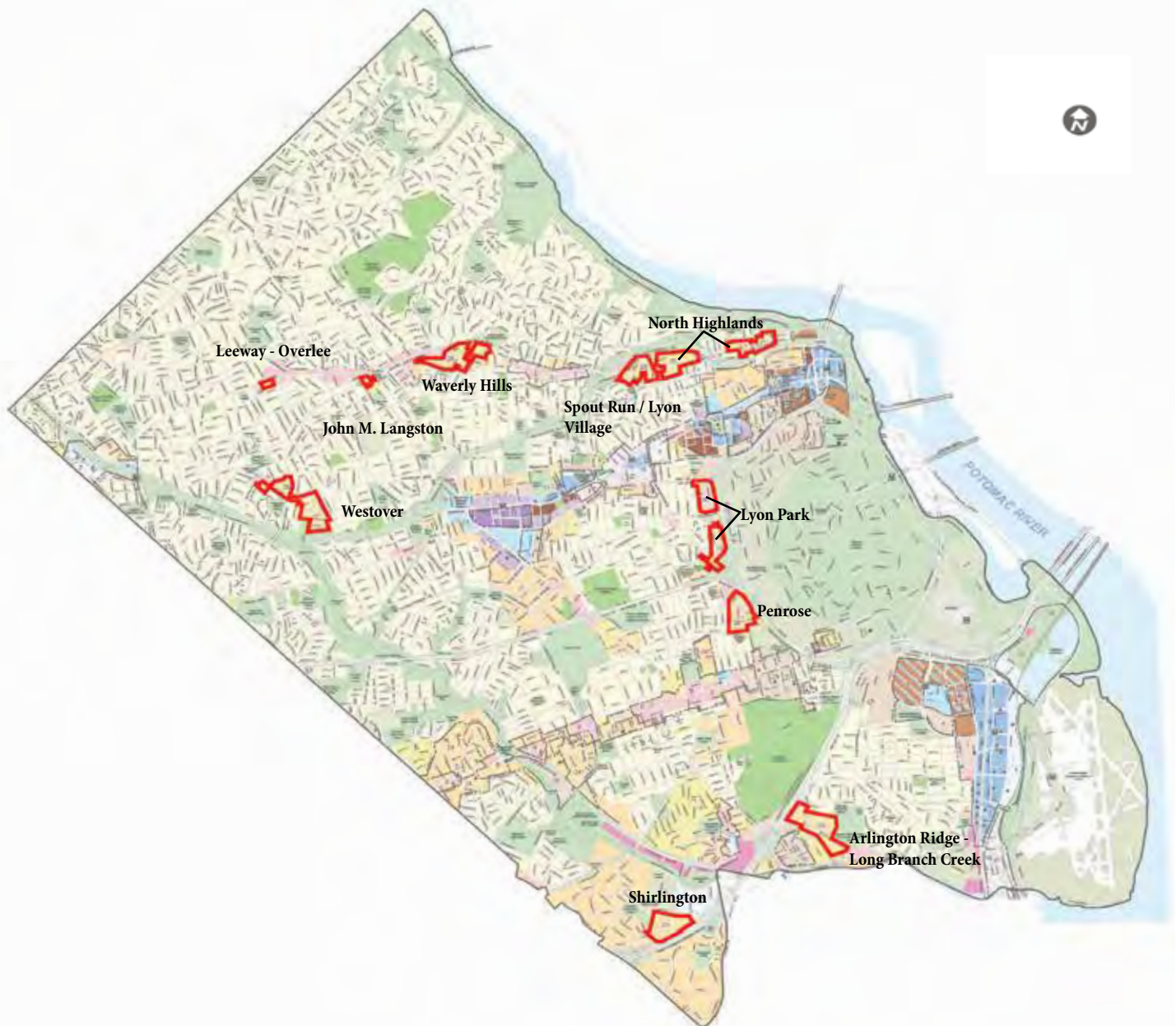
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Adopted HCD Boundary on GLUP



General Land Use Plan (GLUP) amended to include the Housing Conservation District Boundary, December 2017

"The vision for [Housing Arlington](#) is a recalibrated housing community that takes care of its neediest while providing ample opportunity for its middle class and beyond. One that is grounded in equity, stability and adaptability and advances both affordable and missing middle housing."

Executive Summary

Purpose

This update on Arlington County's Housing Conservation District (HCD or "District") study presents staff's recommended strategies to encourage preservation and/or development of affordable housing within the HCD and broaden housing diversity, including zoning and financial tools, and to outline next steps for this process. It also provides background information and staff analysis and findings that support the recommended actions.

The recommendations contained in this HCD Update are consistent with the County's new initiative - [Housing Arlington: An Expanded Approach to an Equitable, Stable, Adaptive Community](#). The HCD is one of the Housing Arlington efforts that have been completed or are underway that explore ways to preserve or create affordable housing and expand housing options (both rental and ownership) by introducing new housing forms. Specifically, staff's recommendations for the HCD are aimed at preserving the character of the targeted multi-family areas and encouraging the development of a variety of housing types; some of which would be affordable to a broad range of households.

Going forward, a series of community events will be scheduled to receive additional input and feedback on this document and the preliminary recommendations presented herein. This feedback will inform the development of final recommendations for the District that will be brought to the County Board for consideration in the form of proposed Zoning Ordinance amendments, financial tools and an update to the [HCD Policy Framework](#), which was adopted in 2017.

HCD Overview

The **Adopted Goals** of the HCD are:

- Implement the Affordable Housing Master Plan via the General Land Use Plan (GLUP);
- Encourage the retention and renovation of existing rental affordable housing units;
- Provide opportunities for the creation of new affordable units (either rental or ownership) when redevelopment occurs;
- Maintain the character of established multiple-family areas, considering historic buildings, tree canopies, mix of affordability, and mix of rental vs. ownership housing; and
- Signal that a variety of tools are available to achieve the above, including removal of zoning barriers to reinvestment.

In addition to these goals, a set of **Objectives**, which are described in more detail in the HCD Policy Framework, further clarifies the policy aims of the HCD:

- Provide committed affordable (CAF) rental housing up to 60% Area Median Income (AMI) and up to 80% AMI.
- Preserve market-rate affordable housing up to 80% AMI.
- Provide ownership housing between 80% and 120% AMI.
- Preserve buildings listed on the Historic Resources Inventory (HRI) or eligible for inclusion on the National Register of Historic Places.
- Incorporate sustainable building practices.
- Encourage renovation and infill development while accommodating redevelopment.
- Ensure projects are compatible to their surroundings.
- Ensure any new density can be supported by existing infrastructure, including the transit network.
- Encourage creation of underrepresented housing forms.

This document summarizes the history of the HCD process, including key County Board actions and direction to staff; provides a review of staff's analysis and findings. It also outlines staff's strategies to achieve the HCD goals through a new zoning tool, additional planning guidance and financial incentives. The document also identifies important policy trade-offs that must be considered as the public engagement process is re-initiated and policy recommendations are refined.

Lastly, the process timeline and public engagement plan is included. This timeline demonstrates how this process is proposed to move forward, culminating with County Board review of final recommendations for a Zoning Ordinance amendment and an update to the 2017 HCD Policy Framework in early 2020. The appendix highlights new building types that could be enabled through changes to the Zoning Ordinance. The appendix also provides case studies that were developed as part of staff's analysis to illustrate how redevelopment could occur and affordability goals could be realized.

From the latter part of 2018 until now, staff has continued to examine existing conditions within HCD areas, evaluate zoning and financial tools, and undertake feasibility analyses, as a prelude to re-engaging with the community. Based on this analysis, staff has identified several key findings and preliminary strategies (actions) for community review and discussion.

Some key findings include:

- **Multi-family neighborhoods have a particular character.**
- **The supply of market-rate affordable units (MARKs) is dwindling, primarily due to rent increases.**
- **All existing MARKs will not be preserved / replaced.**
- **Governmental funding cannot meet all of the need.**
- **There is no one-size-fits-all zoning solution.**
- **There will likely be policy trade-offs.**

These and other findings indicate that there is an urgent need to develop solutions that will lead to the preservation of these multi-family areas and mitigate the loss of affordable units. Staff proposes to address this critical issue by pursuing zoning changes that will create the flexibility needed to spark new development within the HCD, while also allowing for community review and guidance for new projects. Staff also proposes to utilize new and existing financial tools to address financing gaps, when appropriate. These findings and strategies are discussed more fully in the following pages. There will be opportunities to review and discuss staff's findings and recommended strategies at future meetings with the HCD Advisory Group (HCDAG) and the broader community.

Background

Following the adoption of the Affordable Housing Master Plan in September 2015, the County Board gave direction on priorities for implementation. Among these was a directive to identify areas outside of existing planning areas (Rosslyn-Ballston, Richmond Highway, and Columbia Pike corridors, East Falls Church and Cherrydale) with significant numbers of market-rate affordable housing units that could be appropriate for further planning initiatives. A [report](#) on these market-rate affordable apartments was presented to the County Board in a work session in April 2017. At that time the County Board directed staff to begin work on designating a special district on the GLUP for the areas identified in the report.

The Housing Conservation District (HCD), encompassing 12 areas throughout the County that are designated for multi-family development on the GLUP, is a special planning district for which specific zoning provisions will be developed in accordance with the goals and objectives that were established in the GLUP and the HCD Policy Framework. The HCD Policy Framework provides the rationale for establishing the district and the general

incentive concepts. While establishing the HCD, the County Board gave direction to continue developing land use and financial incentives as part of Phase II. The County Board also indicated it would re-evaluate and potentially reconsider the Zoning Ordinance amendment regarding townhouse development when the other incentives are put forward for action.

Community Involvement

Since late 2017, Planning and Housing staff have collaborated to further examine the existing conditions within each of the 12 HCD areas and based on those conditions and economic factors, develop potential implementation tools to preserve the character of these multi-family areas while also preserving or creating affordable housing units. Staff worked with the HCDAG, which was formed by the County Manager, to review staff's analysis and findings to date. Staff also engaged the broader community by attending civic and trade association meetings, as requested.

In the first half of 2018, County staff engaged with the community through meetings with the HCDAG, other County Board-appointed advisory boards and commissions, advocacy groups and other civic organizations to review ideas and concepts that would achieve these goals.

Through the analysis and preliminary community engagement, staff found that there was general support for creating flexible tools to preserve multi-family areas and maintaining affordability, but several questions and concerns arose, such as:

- What specific zoning tool(s) will be developed?
- Can financial tools, such as Transfer of Development Rights (TDR) or tax incentives, be effective?
- How would the review process for redevelopment proposals allow for community input/review?
- Will townhouse development continue to be allowed only via Special Exception Site Plan approval?
- Would property owners use the tools?

These questions were considered as this document was prepared, and further discussion of these issues is anticipated during the upcoming public review process.

Analysis and Findings

Site Analysis

Staff completed a detailed analysis of existing conditions within four of the 12 HCD areas to understand the existing scale of development, as well as the transportation, open space, site design, and neighborhood form / context. As part of this preliminary survey, the Penrose, Westover, Spout Run/Lyon Village and North Highlands West HCD areas were examined. The following are several of the key elements that were reviewed:

- Building Typologies
- Building Height and Scale (i.e. footprint/massing)
- Lot Size
- Open Space / Tree Canopy
- Street Network / Block Length
- Transit Access

[See Examples of Existing Conditions Analysis Maps at right]

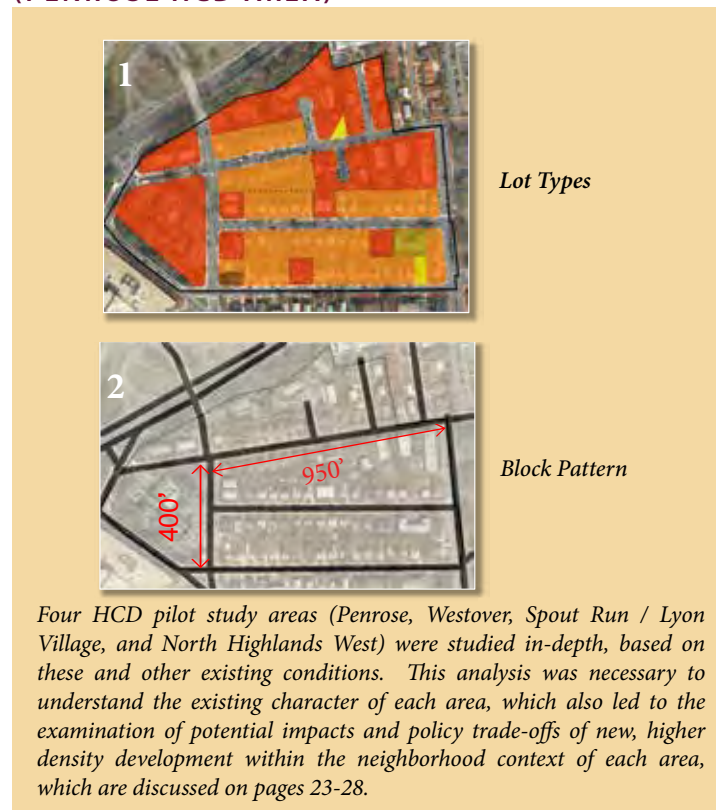
The analysis revealed that a range of building typologies exist within the HCD areas; from single- and two-family structures to garden-style and high-rise apartment buildings. Each of the HCD areas is distinct, with a surrounding context that, in some cases, includes single-family development directly adjacent to multi-family development, or, alternately, multi-family sites adjacent to highways or separated from other development by major arterials. Also, properties vary in size, configuration and access. This large variance in conditions indicates that a singular, one-size-fits-all solution would not be effective. A range of solutions is needed to provide incentives that can be applied to different sites, so that context-sensitive redevelopment can be achieved.

Economic Analysis

A number of potential redevelopment scenarios were tested on sample sites, both large and small, to evaluate what level of redevelopment might be needed to achieve the goals of the HCD, including preserving multi-family neighborhood character and scale and preserving some level of affordability, either through rehabilitation of existing units or through substantial redevelopment in these areas designated “Low Medium” and “Medium” Residential on the GLUP.

Scenarios for infill, partial redevelopment, and total redevelopment were modeled to better understand feasibility

EXAMPLES OF EXISTING CONDITIONS ANALYSIS (PENROSE HCD AREA)



and the amount of affordable units that could reasonably be obtained from development incentives being contemplated as part of this process. The scenarios that were tested include developments with differing construction typologies (stick-built construction or concrete and steel construction), type of parking structures (above-ground parking, surface parking, or below-ground parking), and number of units. The construction development and pro forma assumptions used in the analysis were based on construction and development costs verified by a third party.¹ Generally, scenarios are considered feasible when excess revenue after construction and developer return is sufficient to fund affordable housing units as part of the development.

1 An actual redevelopment proposal may have costs or assumptions differing from the analysis, as each property has unique development characteristics as well as underwriting or pro forma assumptions required by a specific developer. However, the assumptions used in the study give a reasonable high-level analysis of economic feasibility.

ANALYSIS AND FINDINGS (CONTINUED)

For larger sites where infill or partial redevelopment scenarios were examined, it was assumed that the affordable units could be designated within the existing buildings that would remain. Generally, this is a less expensive option for the developer, as the existing units are already renting at affordable rents up to 80% of AMI.

However, obtaining affordable units in a total redevelopment scenario can be more challenging. High land values, parking requirements (typically 1.125 spaces per unit) and the type of parking (surface, above-ground structure or underground structure), and construction typology can all increase project costs. These costs necessitate higher rents to cover development and operating costs.

Redevelopment scenarios with concrete and steel construction and/or underground parking garages can be difficult to achieve as there would be little revenue after construction to allow for a developer return; thus, a property owner may not choose to use this tool. The amount of increased density that would be needed to offset these costs could be upwards of four or more times the existing density. In contrast, however, there are also sites where total redevelopment would be an attractive option for a developer, such as garden-style sites, where underground parking may not be necessary as part of the redevelopment scenario. For high-rise sites, the loss of substantial investment in the demolition of existing concrete and steel buildings would be difficult to shoulder as a development cost.

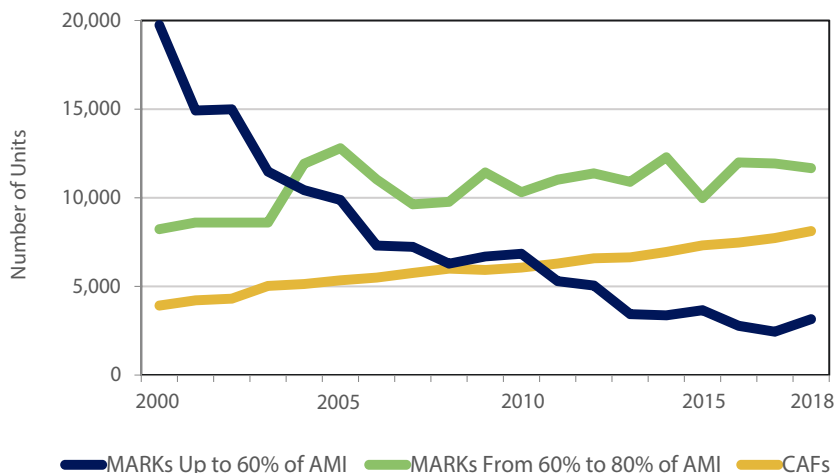
The affordability analysis and proposed affordability requirements considered these constraints. For a variety of reasons, not all sites will be able to utilize every development option being proposed. The range of development options and proposed affordability requirements, which are detailed later in this report, are meant to provide choices for each property owner to determine which might best suit their long-term strategies.

Findings

Multi-family neighborhoods have a particular character.

In Arlington, the multi-family neighborhoods that comprise the HCD areas typically have 1940s-era garden apartments which contain 2- to 4-story brick buildings, commonly set back from the street, and with a horizontal form and broad front lawns. Multi-unit buildings are often set apart from each other, arranged around common landscaped areas or parking lots. Within the HCD areas, mid- and high-rise developments also exist with generally one or two main buildings surrounded by similar patterns of common open spaces and surface parking lots.

Over time, some smaller multi-family sites have been redeveloped as townhouse development, which has interrupted the multi-family densities and building and open space patterns that had previously been established. Staff has also observed that, over time, the character of some multi-family areas has begun to change due to by-right redevelopment. Thus, garden-style housing, with broad lawns and common spaces has been replaced by areas of single-family housing with smaller, private open spaces. This change was anticipated to continue unabated, given that property owners would likely continue to use the most viable strategies to address properties that have been in service for many decades and need costly repairs. Due to this continual change, a Zoning Ordinance amendment was enacted in 2017 to reclassify the townhouse use within the HCD from a permitted by-right use to a use permitted through Special Exception Site Plan.



Above: Chart showing change in market-rate affordable and committed affordable units in Arlington since 2000.

EXISTING CONDITIONS: NUMBER OF MARKs AND CAFs, BUILDING TYPOLOGIES AND ZONING

HCD Area	Total Units MARKs / CAFs	Building Typology			Zoning			
		1-2 Family	Garden	Mid/High Rise	RA 6-15	RA 8-18	RA14-26	Other
Arlington Ridge/ Long Ranch Creek	830 830 / 0		830				X	
John M. Langston	47 15 / 16	7	40			X		
Leeway - Overlee	77 40 / 0		77			X		
Lyon Park North	611 611 / 0		611		X	X		
Lyon Park South	464 438 / 0	26	438			X		
North Highlands East	430 260 / 0	37	393		X	X		
North Highlands West	1,079 716 / 97		193	886	X			X
Penrose	418 276 / 22	188	230			X		
Shirlington	732 438 / 294		294	438	X		X	
Spout Run / Lyon Village	618 334 / 23		385	233		X		X
Waverly Hills	968 521 / 42	11	415	542	X	X		X
Westover	692 387 / 269	35	657				X	
Total	6,966 4,866 / 752	273	4,594	2,099				

MARKs = Market-Rate Affordable Units

CAFs = Committed Affordable Units

Each HCD area and property is unique. Each HCD area has its own context with a mix of building typologies, heights and surrounding development. Each property also has unique characteristics, including the parcel size and configuration, existing development pattern, and financial or physical constraints. Zoning and financial strategies should be flexible enough to apply to the full range of site types and ownership situations found throughout the HCD.

There are many non-conforming properties. There are many properties within the HCD that were built at a time when different zoning standards were in place and today do not meet current

requirements for minimum lot width, building setbacks, parking or possibly density. When properties are non-conforming, building expansions and/or significant redevelopment cannot be approved unless the full site is brought into compliance with the Zoning Ordinance. Often, due to cost considerations, site constraints, or inability to replace the same number of existing units or density, these deficiencies cannot be corrected, and thus the owner continues to operate the property in its as-built condition.

The supply of MARKs is diminishing, primarily due to rent increases. One of the more eye-opening pieces of information that was highlighted by the [Affordable Housing Study](#) was the loss of market-rate housing affordable to households with

ANALYSIS AND FINDINGS (CONTINUED)

incomes up to 60% of the area median income (AMI). From 2000 to 2018 the County experienced a net loss² of over 14,000 market-rate affordable units (MARKs). This change is largely the result of rent increases but also due to redevelopment. This translates to a 75% reduction in housing that is affordable to lower-income residents. (See MARKs and CAFs chart on page 8.)

The market-rate affordable housing within the Housing Conservation District provides housing opportunities to thousands of Arlington households. While this resource has been diminishing, it remains an important component of the County's housing stock that is necessary to maintain a diverse, inclusive, and sustainable community. If this supply is not preserved, many more lower- and moderate-income households will no longer be able to afford to continue living in Arlington.

There is pressure to redevelop aging properties. The median construction year for the MARKs within HCD areas is 1941. As maintenance costs have risen, some property owners have sought to redevelop their sites, maximizing by-right zoning provisions either to create single-family townhouses or new market rate apartments. While redevelopment creates either short-term profit or enhanced long-term viability for the owner, it diminishes the supply of non-subsidized affordable rental apartments. Where it has occurred, the replacement of multi-family apartments with townhouse development has altered the character of neighborhoods by introducing new architectural styles, living arrangements that are more vertical than the horizontal, multi-story arrangement of apartments, and substantially decreased landscaped open spaces and increased pervious surfaces. This replacement has also resulted in fewer areas that can accommodate higher density residential land uses, which diminishes the County's ability to achieve diverse housing types and meet diverse income levels throughout the County.

County financial resources are not sufficient to achieve the preservation of all existing MARKs. Since the 1970s, the County has preserved over 4,800 market-rate affordable housing units throughout the County with funding that has been available through local, state and federal sources. The amount of County financing required for the acquisition, preservation and rehabilitation of older properties is significant and there are insufficient County financial resources to preserve all MARKs within the HCD. Assuming a \$100,000 per unit allocation of

County funds for acquisition and rehabilitation, it would require over \$490 million to preserve all of the approximately 4,900 market rate affordable units within the HCD. Affordable housing preservation has been achieved through County partnerships with affordable housing developers utilizing a variety of sources, including tax credit equity, private financing, and local and federal loans. An approach is needed that leverages County funds with other private sources or programs. These could be used in combination with zoning tools to leverage changes in keeping with the HCD goals.

Some properties within the HCD are potentially eligible for designation as local Historic Districts. Staff has determined that there are 95 properties listed in Arlington's Historic Resources Inventory, which was created in 2011 to identify and rank properties that are potentially eligible for historic designation. Of those, 39 are categorized as "Essential" or "Important", the two of four highest rankings which have policies that stress the importance of preservation. The County's goals with respect to affordable housing and historic preservation will need to be weighed carefully.

Property owners are different and have different goals and needs. Some property owners may be interested primarily in the steady income produced by the multi-family property. Other property owners are actively seeking redevelopment opportunities. Property owners have varying levels of development expertise, including the ability to navigate the County's entitlement and permitting processes and obtain the financial resources to undertake major renovations, additions, or redevelopment. The type of ownership structure (i.e. real estate



Ten at Clarendon

² The net loss excludes the market rate units where the affordability has been preserved through County-assisted interventions resulting in income-restricted Committed Affordable units (CAFs).

trust, “mom and pop” or family trust) can also play a role in the decisions owners make for the future, including whether to renovate, replace, or sell. Due to these and other factors, even if the County establishes new redevelopment options, it is unlikely that every property owner would pursue redevelopment.

Redevelopment options are limited within the existing GLUP and zoning. Currently, of the 163 multi-family properties within HCD areas, 60 (37%) exceed the maximum density designated on the GLUP for either “Low Medium” or “Medium” Residential and nearly 100 properties (60%) meet or exceed the density limit set by zoning. These conditions are primarily due to two factors: (1) many of these properties were built prior to the adoption of the first GLUP in 1961 and the land use designations have evolved in the past six decades, and (2) prior to 1978, density was calculated in the zoning ordinance based on the number of bedrooms, rather than the units per acre standard used today.

There is no one-size-fits-all zoning solution. Given the variety of properties, building typologies, owners, etc., a flexible approach is needed, one that allows for a range of new development opportunities. Zoning tools must also be matched with financial tools to maximize impact. Additional flexibility within the Zoning Ordinance will address impediments to new development, such as height, building setback, lot coverage, density and parking regulations.

There will be policy trade-offs. In order to create opportunities for both preservation and new development that maintains a level of affordability, County policies and development standards will need to balance the broader County goals of denser development supported by transit, preservation of historic resources, preservation of tree canopy, and other community priorities. These issues are explored further in this document and it is anticipated that much of the community’s discussion will center around these policies and prioritization.

Full redevelopment of high-rise properties is not financially feasible and unlikely under current market conditions. High-rise buildings are already much larger and have greater densities than the garden apartments within the HCD. They are also built at much greater cost due to the concrete/steel construction, elevators and higher parking requirements. Because of the significant value of these existing buildings, removing them to make way for new development at the proposed densities may not be economically viable. Opportunities for infill development



Semi-detached units

may be possible to create new incentives to gain more affordability in the unit mix while sustaining existing high-rise buildings.

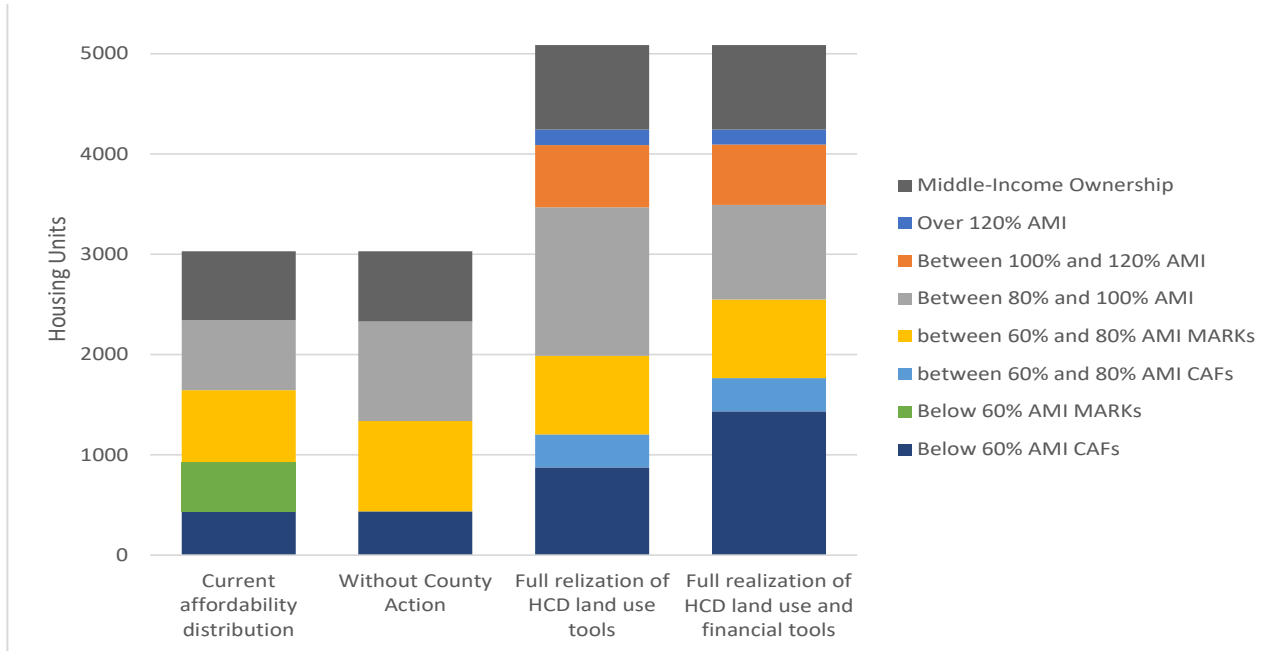
Rents for new construction market-rate units generally need to be higher to cover the costs of development. The new units resulting from infill and redevelopment that are not subject to affordability requirements will likely have rents on the upper end of the market. This is particularly true for concrete and steel construction. However, the overall increase in apartment supply may ease demand on existing units within the HCD.

Beyond creating mechanisms for preserving affordability for low-income households, the development that will be enabled through the proposed new zoning provisions will serve a broad spectrum of households. Most notably, staff analysis indicates that redevelopment will result in housing that serves the needs of middle income households while re-establishing affordability for low-income households. (*See Affordability Distribution Estimates Analysis Graph on page 12.*)

Parking supply is a major consideration. Many of the multi-family developments were built at a time when different parking standards existed in the Zoning Ordinance and, as a result, today do not meet the current parking standards. If units are added to these sites, these nonconforming developments would need to come into conformance by providing adequate parking for both the existing and new units. Additionally, if new development were to occur, structured or underground parking could potentially be required and could be a major expense. In some

ANALYSIS AND FINDINGS (CONTINUED)

AFFORDABILITY DISTRIBUTION ESTIMATES IN FOUR HCD PILOT STUDY AREAS



cases, reduced parking requirements or flexibility to reduce the minimum supply will be needed to make redevelopment projects economically feasible, especially if some amount of affordability is also expected.

Redevelopment projects may have difficulty absorbing the substantial additional costs that may need to be incorporated into projects, such as site development and infrastructure costs, and community amenities. Typically, the County has approved projects using incentive zoning with additional density in exchange for physical site improvements, including wider, improved sidewalks, street trees, undergrounding of utilities, utility upgrades, and new streets and open spaces. Due to affordability requirements that may be imposed, some of the site development costs and community amenities may not be feasible for all HCD proposals.

Staff has reviewed the water, sewer and storm water systems and determined, generally, that existing facilities should adequately accommodate new development. However, on a site-by-site basis, a more detailed analysis and review will be necessary as redevelopment occurs. Infrastructure improvements, such

as new water and sewer connections or on-site stormwater management systems may be necessary. In addition, other community amenities, like open space improvements, enhanced streetscape or transit improvements, may be desired. Staff has not determined the extent to which these costs can be absorbed by redevelopment projects within the HCD.

Arlington has high land values. An economic analysis found that four or more times the existing density may be needed to make a redevelopment project that includes an affordable housing commitment financially feasible. There is limited vacant land in Arlington, and almost all the existing redevelopment opportunities are on sites that already contain income-producing properties. This increases the cost of acquisition far above what it would cost to acquire vacant land. In determining financial feasibility, a developer will consider site acquisition costs, as well as site preparation and construction costs, and the owner's / developer's preferred return. In general, increasing the number of units that can be developed adds more value, which in turn makes it a more attractive redevelopment option.

Strategies

Action 1.0: Develop Policy and Zoning Changes

A number of tools are envisioned to help maintain multi-family neighborhood character, preserve market-rate affordable units and achieve new committed affordable units. These tools, which include both zoning and financial elements, could stimulate new development over time to better meet the County's commitment to ensuring a broad range of housing options.

Consistent with planning efforts throughout the region and the findings of advocacy groups that have studied the issue of preserving and/or creating more affordable housing, County staff has determined that, generally, the tools that can be used to achieve greater housing affordability are either:

1. Providing additional public funding to subsidize affordable housing development and preservation efforts; or
2. Refining land use and zoning controls to allow greater density, where appropriate.

Given that public funding sources may never be sufficient to preserve all of the affordable multi-family units within the HCD, staff has focused on the land use and zoning controls that might address this issue. Staff has found that allowing more market rate development, at a level four to six times higher than the existing by-right density, has been shown to be a feasible way to encourage redevelopment, preserve some level of affordability on multi-family sites, and limit the amount of public subsidy. The exact amount of redevelopment that is necessary to spark redevelopment is dependent on a number of factors, including land costs, parking regulations, and construction methods. Therefore, flexibility, as opposed to a rigid density limit, is a key element of staff's recommendations. (*Redevelopment challenges are explored in the Case Studies that are included in the Appendix.*)

In assessing redevelopment opportunities for each HCD area, which included the site context and feasibility analysis mentioned in the previous chapter, staff has identified a range of potential redevelopment options that property owners might pursue. This range of options is being considered as each site may have its own unique surrounding context or physical or financial constraints. Also, property owners may have different goals and/or economic objectives. Depending on the site and property owner, some of the redevelopment options may not be viable. It is anticipated that the affordability of some housing units would be preserved, over time, utilizing the tools that are proposed for the HCD areas. These will help realize the Affordable Housing Master Plan objectives.

Staff examined the existing density limits within the RA14-26, RA8-18 and RA6-15 zoning districts to determine whether a new density limit should be set that could help achieve the HCD goals. Given that each property has its own set of conditions and constraints, staff found that it would be difficult to set a specific (new) density limit that would be sufficient in all cases to encourage redevelopment. Staff therefore took the alternate approach of assessing the existing built context and identifying whether new height parameters could serve as the limiting factor on development, rather than density.

Action 1.1: Create a New Zoning District

As a means of providing additional density and greater site and building design flexibility, staff proposes to create a new zoning district within the Arlington County Zoning Ordinance that sets new parameters for height and density, and allows for County Board discretion in modifying setbacks, lot coverage and parking, to facilitate a range of redevelopment options, including:

- Detached accessory dwellings,
- Interior rehabilitation,
- Additions and bump-outs,
- Stacked flats (two units within a townhouse format),
- Small apartment redevelopment (where an original small [4-10 unit] apartment building is demolished and replaced with a larger structure accommodating more units),
- Infill redevelopment (using a portion of the site not currently built on, such as open space or parking areas),
- Partial redevelopment (demolishing some of the buildings on a large site and replacing them with new structures), and
- Total redevelopment.

Within the new zoning district, which would be available as a new development regulation for parcels located within HCD areas and zoned either RA14-26, RA8-18, or RA6-15, density is proposed to be limited by form, as opposed to traditional measures such as Floor Area Ratio (FAR) or units per acre, with maximum development limited by new height and form parameters to be set through this process.

The new zoning district is proposed to include both by-right and Special Exception Use Permit development regulations that would be intended to support and facilitate single-family

STRATEGIES (CONTINUED)

and two-family expansions and redevelopment on multi-family sites, with a goal of preserving affordability long term. By-right provisions would offer new setback and lot coverage requirements, which may be more lenient than those found currently in RA14-26, RA8-18 and RA6-15.

Staff recommends additional flexibility with regard to height, density, setbacks, lot coverage and parking, which could be accomplished with the County Board's approval of modifications in conjunction with Use Permit approval. It is staff's recommendation that the County Board be allowed to modify some provisions when it finds, among other things, that the resulting development best accomplishes the goals of the HCD and is consistent with the area's character.

Changes to the Zoning Ordinance would address / allow:

- Nonconforming single-family and two-family lots within the HCD areas, thereby ensuring that these units can remain, and in some cases, be expanded to accommodate moderate-income households;
- Development of stand-alone accessory dwellings on properties zoned "RA", which, if utilized, would provide another housing typology that is, for the most part, missing in Arlington County. Staff will explore changes to setback standards, similar to those being considered for approval by the County Board at the May 2019 County Board meeting for properties zoned "R". By virtue of the size of the units, this housing would likely be affordable to persons/households earning moderate incomes; and
- Development of new market-rate or affordable housing on sites within the HCD areas, where appropriate, in exchange for a commitment of some number of units affordable to low- to moderate-income families (*The number of affordable units and the level of affordability is discussed on page 20*).

Redevelopment consistent with the goals of the HCD is dependent on a series of policy changes and Zoning Ordinance amendments to address the current regulations, which govern site development and limit the amount of development that can occur on a given site. These regulations include: density, height, setbacks, lot coverage and parking.

It is anticipated that the proposed Zoning Ordinance amendment may require extensive community review and conversation to reconcile the potential gains through redevelopment and potential impacts that may require mitigation steps or alternate

choices. In this section, the existing impediments to expanded redevelopment are presented as a starting point for public discussion and the specific approach to addressing these impediments will be refined through the public review process, which is outlined in the last section of this document.

Coordination with the Lee Highway Planning Study:

Six (6) of the areas adopted as part of the Housing Conservation District are located within the Lee Highway Planning Study area, including:

- North Highlands East,
- North Highlands West,
- Spout Run / Lyon Village,
- Waverly Hills,
- John M. Langston, and
- Leeway-Overlee.

Recommendations from the Lee Highway process are not yet known. As the HCD process moves forward, staff will evaluate how to move forward with implementation in light of the ongoing Lee Highway process.

Action 1.2: Create Affordable Housing Conservation Plan Tool

With this new zoning tool, property owners would have the opportunity to submit an **Affordable Housing Conservation Plan**, which is a conceptual development proposal outlining, with graphics and text, the scope of proposed redevelopment and how housing affordability will be achieved (number of units / level of affordability). Staff would review this Plan in advance of a by-right or Special Exception Use Permit development application to ensure that the proposed redevelopment is consistent with the goals and objectives of the HCD.

It is at this stage that Housing and/or Historic Preservation staff could work with the applicant to assess what financing tools or historic preservation considerations may be relevant. For Special Exception Use Permit submissions, a Multimodal Transportation Analysis (MMTA) will also be required to assess current and future transportation considerations. Specific application materials and submission requirements will be developed by staff as part of this process.

Action 1.3: Create New Review Process Changes

In discussing the HCD with the development community, one recommendation has been to improve the review process such that project approval can be granted more expediently. Staff’s proposed approach to this issue balances reducing the burden on developers / property owners with allowing for community review. In order to attract new development using this new tool over by-right development options under the RA14-26, RA8-18 or RA6-15 districts, staff recommends that the approval process for development consistent with the goals of the HCD should be less intensive than the Special Exception Site Plan process, which usually lasts at least six months, involves multiple citizen review meetings that are held by the Site Plan Review Committee of the Planning Commission, and involves high application fees.

Staff proposes to allow new development through either administrative (by-right) or Use Permit approval, with administrative approvals being designated for less intensive development (i.e. interior modifications, bump-outs, and small infill projects) and larger scale projects or projects involving properties listed on the County’s Historic Resources Inventory (HRI) being approved through Use Permit.

Development Review: Staff will work with the community, the Planning Commission and the Historical Affairs and Landmark Review Board (HALRB) to refine the proposed development review process and develop specific application and review guidance in an update to the HCD Policy Framework to ensure that community input can be incorporated on significant (i.e. non-Administrative) redevelopment projects.

Typically, projects approved via Use Permit are reviewed through a shorter process than that for Site Plan projects. This process could allow for some community review, including the surrounding civic association(s) and appropriate advisory boards and commissions, prior to County Board approval. This is especially important for properties identified on the HRI, which prioritizes and ranks historic garden apartments, some of which are located throughout the HCD areas.

PROPOSED REVIEW PROCESS

Sites	Development Option	Proposed Review Path
Non-HRI Sites**	Add units to an existing building (no change in gross floor area)	Administrative
	“Minor” addition or infill	Use Permit
	“Major” addition or infill	
HRI Sites**	Partial or full redevelopment	
	Add units to an existing building* (no change in gross floor area or exterior elements)	Administrative*
	Additions or infill	Use Permit
	Partial or full redevelopment	

HRI = Historic Resources Inventory

“Minor” Addition or Infill = sites less than 20,000 sq. ft. or development < 50% of gross floor area (GFA) increase

“Major” Addition or Infill = sites greater than 20,000 sq. ft. or development > 50% of GFA increase

* Provided no alterations to exterior of buildings occur

** Specific regulations for sites listed on the HRI will be discussed during the on-going public review process.

STRATEGIES (CONTINUED)

Action 1.4: Update HCD Policy Framework

Staff proposes to develop an update to the adopted **HCD Policy Framework** that would include proposed design guidance to be used to evaluate major redevelopment proposals submitted for Special Exception Use Permit approval. The proposed design guidelines would provide siting, massing, architectural and other guidance to ensure that the scale and character of new development is in keeping with the surrounding multi-family context.

The HCD Policy Framework Update may include other findings, information and direction from the County Board, based on the input received during the upcoming community engagement process.

Action 2: Enhance Existing Financial Tools and Evaluate New Tools

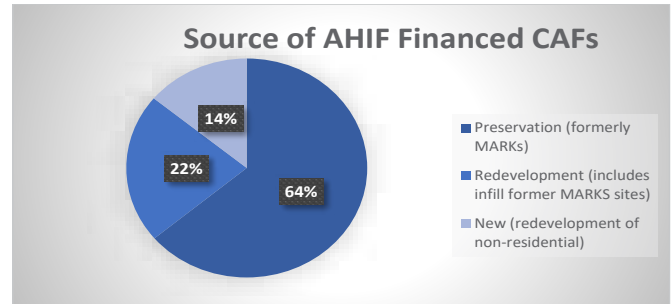
Financial Tools

The operation and/or development of any multi-family property requires financing, which is generally provided by private sector financial institutions and investors. However, when affordability objectives are introduced, additional financial resources are often required. Several existing county, state, and federal financial tools could assist in the implementation of the HCD. This section describes these tools and identifies modifications that could help support the implementation of the HCD.

The preservation of affordability through acquisition of market rate affordable apartments with County funds has been a successful strategy, but the resources available to the County are insufficient to preserve all MARKs within the HCD. The acquisition, preservation and rehabilitation of older properties can require significant County resources. For example, assuming a \$100,000 per unit allocation of County funds for acquisition and rehabilitation, it would require over \$490 million to preserve all of the market rate affordable units within the HCD.

Affordable Housing Investment Fund (AHIF)

Based on funding projections for AHIF and other assumptions, over the next 20 years between 800 and 1,600 CAFs could be added within the HCD through AHIF-financed preservation and redevelopment.



Of the County's 8,122 CAFs today, 6,621 (82%) are the result of financing from the County's Affordable Housing Investment Fund (AHIF). The majority of these (5,775 units or 86% of AHIF-financed units) were previously market-rate apartments that were acquired with the specific intent to preserve their long-term affordability. Often properties that are acquired need additional investments to rehabilitate the property and to bring them up to modern housing standards, sometimes these properties provide opportunities for increasing the supply of affordable units either through infill development or redevelopment.

One third of the County's 14,779 MARKs (up to 80% AMI) are located in the HCD. It is reasonable to assume that in the future a third of the opportunities for MARKs preservation through acquisition would therefore be within the HCD. The range of potential CAFs produced through acquisition with AHIF is based on the assumptions in the table below.

A competitive **Notice of Funding Availability (NOFA)** process is the primary means for requesting County funding. Projects are scored on a variety of criteria, including their potential to meet County policy goals, including preservation of MARKs or CAFs with expiring affordability and geographic distribution

	Low Estimate	High Estimate
Forecasted average net CAF production through AHIF	275	275
Portion of units from preservation/redevelopment	60%	85%
Share of preservation/redevelopment activity in HCD	25%	35%
Net new HCD CAFs over 20 years	825	1636

20-year forecast of new CAFs in HCD achieved through AHIF financing of acquisition or redevelopment

throughout the County. HCD properties, as a whole, are well-positioned to score well under these categories, because of their type and locations. Lastly, there is a point category for future development opportunities.

The County also supports out-of-cycle and time-sensitive AHIF requests. These are often for acquisition and preservation of market rate affordable housing. For example, one of the larger apartment complexes within the HCD, Park Shirlington, with 294 market-rate affordable units, was acquired in 2017 through an out-of-cycle AHIF allocation.

While preservation of affordability within the HCDs is a primary goal, there are significant pressures throughout the County to preserve housing affordability. Maintaining an AHIF fund that is flexible to respond to opportunities throughout the County, rather than developing a separate set-aside for any specific areas or policy goals, will better serve the HCD and Arlington’s broader affordable housing goals.

Multifamily Rehabilitation Partial Property Tax Exemption

The Multifamily Rehabilitation Partial Property Tax Exemption provides an incentive for property improvement. Eligible owners of older multifamily rental properties (i.e. 25+ years old and five or more units) receive an exemption from property taxes on the additional value created by the renovations for 15 years, with the exemption phased out over the final five years. To be eligible, owners must apply prior to undertaking any rehabilitation work, and the increase in assessed value must be at least 20%.

In the past, developers of committed affordable housing were the primary users of this exemption; however, the properties with pending applications indicate a shift towards primarily market-rate properties. When CAF properties rehabilitate using this exemption the current tenants can be assured that their rents will not increase as a result of the improvements. For private market rate owners, the primary incentive to rehabilitate a property is to remain competitive in the housing market and to increase revenue through increased rents. In these cases, property owners receive a public subsidy for undertaking improvements that are already economically beneficial. Adding an affordability component to the exemption program would ensure that some public benefit is achieved.

As of 2018, there were 11 properties receiving the exemption and six properties with pending applications (applications are not final until rehabilitation work is completed). The annual foregone tax revenue for the properties receiving this exemption is approximately \$1 million.

The table below illustrates the usage trend shifting from non-profit CAF properties to market-rate properties. It also shows that the currently-pending projects could quickly double the amount of foregone revenue resulting from this property tax provision.

The way in which this exemption is codified provides for a rolling eligibility based on the age of the building. Properties become eligible once they reach the age of 25; all properties built before 1994 are currently eligible. Over the next 10 years an additional 23 buildings could become eligible with 6,496 housing units, most of which are located in the Metro corridors.

	Active		Pending	
Number of Properties	11		6	
Average Number of Units/Property	167		313	
Market Rate Units	514	28%	1,606	86%
CAF Units	1,319	72%	272	14%
Total Units	1,833		1,878	
Annual Foregone Tax Revenue	\$1,025,184 <i>(Actual)</i>		\$1,080,000 <i>(Estimate)</i>	

Properties Currently Receiving or in the Application Process to Receive the Multi-family Rehabilitation Partial Property Tax Exemption

STRATEGIES (CONTINUED)

The Arlington housing market has changed significantly from when this property tax exemption was enacted in 1981. The current housing market is very strong and incentives beyond the increased revenue potential for rehabilitated units are no longer required to encourage owners to invest in their properties. When the County provides a tax exemption it should further an established County policy objective. Adding an affordability requirement to this exemption could potentially reduce interest from market-rate developers, but would provide some guarantee for continued affordability for some renters.

Property owners have stated that the program does not provide any certainty as to whether improvements made will actually result in increased assessments above the 20% threshold. There are also a number of four-unit properties within the HCD that do not meet current program eligibility criteria. Some possible adjustments to increase effectiveness of this tool, particularly to meet HCD goals, could include:

- Reducing or removing the 20% threshold for increased assessed value;
- Reducing the minimum number of units from five to four;
- Removing the step-down provision, allowing the maximum exemption for 15 years; and
- Establishing an affordability requirement that restricts rent for 20% of the units at 80% AMI

Housing Arlington Financial Tools

Housing Arlington includes a Financial Tools Initiative which will explore new avenues for increasing the impact and leveraging of County funds. Many of these funding approaches will have direct application for future development and investment in the HCD. Some potential partnerships that will be explored as part of this initiative include the Washington Housing Initiative's Impact Pool Fund that will provide low-cost junior mortgages for the acquisition and development of affordable housing in high-impact locations, and the PNC Preservation Fund whose primary focus is the preservation of "at risk" market-rate affordable housing. For more information see [Housing Arlington](#).

Case Study: Fisher House II

Preserving the affordability of market-rate affordable housing through the acquisition, rehabilitation and conversion to rent-restricted and income-restricted committed affordable housing often requires a complex mix of private and public financing.

In response to community concerns over the rapid loss (through demolition) of market-rate affordable housing in the Westover community, the Arlington Partnership for Affordable Housing (APAH) sought out opportunities to purchase eight individual apartment buildings with 68 apartments scattered throughout the neighborhood for the purpose of permanently securing their affordability. The total cost for acquiring and rehabilitating these apartments was \$30 million from a combination of private and public sources. These included \$11.3 million in tax credit equity, \$6.5 million in Virginia Housing Development Authority (VHDA) loans, \$10.6 million from the County's Affordable Housing Investment Fund, and \$1.6 million from APAH.

The use of tax credits brought significant resources to this project but also required APAH to form partnerships with private sector investors with tax liabilities who are able to make use of the tax credits. In this case SunTrust Bank provided \$9 million for the Low-Income Housing Tax Credit (which originates from the US Treasury Department and is administered by VHDA) and the Federal Historic Preservation Tax Credit (administered through the US National Parks Service). Sugar Creek Capital was the investor for the state historic credits which contributed another \$2.3 million to the project.

The rehabilitation of these buildings required significant work to bring them up to current standards and included the upgrading of electrical service and replacement of electrical wiring in all units, additional site utility work, and new sanitary lines at several buildings.

This project also applied for the Multi-Family Partial Property Tax Exemption for rehabilitation. The exemption of increased property taxes is not factored into the cost of the project. The exemption is not made final until the rehabilitation work is completed and the property is reassessed. However, the tax exemption does have an impact on future operating costs.



Fisher House II

Action 3: Implement Proposed Affordability Requirements for HCD Development

Staff has tested infill, partial redevelopment, and total redevelopment scenarios to better understand the number of affordable units that could reasonably be obtained from these development incentives. The scenarios that were tested include developments with differing construction typologies (stick-built construction or concrete and steel construction), parking spaces and type of parking structures (above-ground parking, surface parking, or below-ground parking), and number of units.

The intent of this analysis was to balance how many affordable units could reasonably be expected through various development scenarios while allowing for a developer return on the project. It was assumed any excess revenue that may remain after construction costs and the developer return would be used to offset costs associated with lower rents for affordable housing units at the development. For sites that had infill development, it was assumed the affordable units could be placed within the existing buildings. Generally, this is a less expensive option for the developer, as the existing units are already renting at affordable rents up to 80% of the Area Median Income (AMI).

Staff recommends a “tiered” structure for the affordability requirement based on the level of renovation or development proposed. Generally, the affordable requirement increases in duration and AMI level decreases as the scope of the redevelopment project increases. For example, developments adding five or fewer units would be required to provide 20% of

total units up to 80% AMI or a cash contribution of \$6,250 per unit for 20% of the units (Level 1). The affordability requirement increases in duration when a property owner or developer proposes an infill development of more than five units. The affordability requirement is 20% of total units up to 80% AMI, but for 20 years as opposed to 10 years (Level 2). These units must be affordable on site, and there is no cash contribution alternative.

The economics for achieving affordable units change when a complete redevelopment scenario is proposed. This is because the affordable units would need to be achieved in the new construction building and there is a greater cost than if the affordable units could be preserved in existing buildings. For redevelopment proposals, the affordable requirement is calculated based on the number of net new units being developed. Staff proposes 20% to 30% of the net new units would be required to be affordable (Level 3) [see calculations in table]. If it is a partial redevelopment proposal, the same calculation applies, but is increased by 10% if the units are placed in the existing building. Since redevelopment is a higher level of impact, the length of affordability increases to 30 years and the affordability level deepens to 60% AMI. The range of development or infill options and proposed affordability requirements are meant to provide choices for the property owner to determine which might best suit their long-term strategy for the site.



Calvert Manor Apartments

STRATEGIES (CONTINUED)

PROPOSED AFFORDABILITY REQUIREMENTS

Option 1	Infill Development adding 5 or Fewer Units; or Renovation of Non-Conforming Buildings		
Affordable Housing Requirement	Rent restrictions on 20% of total units up to 80% AMI for 10 years or cash contribution of \$6,250/unit for 20% of total units. Cash contribution annual increase linked to Housing CPI.		
Option 2	Infill Development of More than 5 Units (No Demolition of Existing Units)		
Affordable Housing Requirement	Number	Length	Income Level
	20% of total units	20 years	Up to 80% AMI
<i>Example: Existing 100 unit building adds 20 infill units. Affordable requirement = (100+20)/20% = 24 affordable units</i>			
Option 3	Partial or Total Redevelopment (Demolition of All or a Portion of Units)		
Affordable Housing Requirement (Columbia Pike model)	Number	Length	Income Level
	20% to 30% of net new units as affordable (Proposed Units Divided by Existing Units multiplied by 0.1 = % affordable requirement of net new units). Increase requirement by 10% if units are placed in existing building(s).	30 years	Up to 60% AMI
<i>Example: Applicant is proposing 500 units and there are 200 existing units (some of which will be demolished). Affordable requirement = 500/200=2.5 (x) 0.1=25% of net new units required as affordable (75 units). If preserved in existing building, 35% of net new units are required affordable (105 affordable units).</i>			

Action 4: Allow Townhouse Development within HCD Areas in Support of Multi-family Preservation

As part of the County's overall approach to encouraging the preservation or creation of market-rate affordable units and maintaining the existing multi-family character of HCD areas, staff proposes to include provisions to allow townhouse development as a potential development type in two ways:

1. Allowing for the development of stacked flats (i.e. two units within a townhouse structure); and
2. Allowing redevelopment that incorporates townhouses on a portion of the site, while preserving multi-family building styles and affordability on the remainder of the site.

Potentially, this action allows for a variety of building forms, ownership types, and price points to be achieved within HCD areas; which will broaden the range of housing opportunities for potential owners and renters, while allowing market forces to drive reinvestment.

These new townhouse redevelopment options would be available through Special Exception Use Permit approval in the new zoning district that is proposed by staff. Through the community review process, staff will continue to examine the viability of these townhouse development options and will explore how these building types can be implemented in a manner consistent with the goals of HCD.

Potential ideas for new development guidelines are shown on page 22. These new development standards, which will be more fully developed as part of forthcoming zoning recommendations, are intended to allow the townhouse form in a manner that is more consistent with the existing character of the HCD areas.

Total redevelopment involving townhouses only will continue to be available as a Special Exception Site Plan option within the RA14-26, RA8-18 and RA6-15 zoning districts for developers and/or property owners seeking this type of development.

TOWNHOUSES: EXISTING CONDITIONS



Examples of Townhouse Development in Arlington

Policy Trade-offs and Considerations

The contemplation of additional multi-family housing development within HCD areas in furtherance of the goal of maintaining neighborhood character and creating and preserving affordable units is an exciting prospect. The HCD areas have long been designated for multi-family development, so it is appropriate to target these areas for study. In doing so, potential impacts to single-family areas can be minimized.

The Arlington County Board has emphasized the importance of **Housing Arlington**. The proposed Zoning Ordinance amendment(s) and policy changes will be key to accomplishing the County’s overall housing goals, which include ensuring diversity of housing types and affordability levels.

Nevertheless, there are still a number of policy trade-offs that must be acknowledged and reviewed as this process moves forward. In evaluating the potential zoning changes and accompanying financial tools that may lead to the preservation or creation of affordable housing units, the benefits of these policy changes must be considered amongst other important community expectations and County planning goals and policies.

Density

Maximum density limits within the RA14-26, RA8-18 and RA6-15 zoning districts range between 24 to 48 units/acre, and by-right development has typically been maximized on multi-family sites, leaving very little additional development capacity available

to make potential redevelopment worthwhile. Additionally, through Special Exception Site Plan approval, developers may seek a 25% density bonus in exchange for providing affordable housing. Other than projects sponsored by affordable housing developers, staff has seen limited utilization of the affordable housing bonus. This is likely because, without additional subsidy from the County or other sources, multi-family developments with significant affordable housing commitments have been found to be infeasible. Staff proposes to remove the current density limits set forth in the Zoning Ordinance (see table below) and to regulate new development through new height and form provisions.

In studying the feasibility of multi-family redevelopment that incorporates a component of affordability, staff has determined that setting a specific new density limit (e.g., doubling current limits) does not account for market realities and site constraints. In order to allow flexibility and adaptability for each redevelopment opportunity within the HCD areas, staff recommends that new redevelopment should be allowed without a specific density limit; with the proviso that the scale of redevelopment would be limited through new height, setback and other provisions that would be compatible with the surrounding neighborhood context. *(See page 13 for additional information.)*

Since the HCD areas are adjacent to single-family areas, issues of scale and neighborhood character can easily become imbalanced without careful examination.

EXISTING CONDITIONS: MAXIMUM DENSITY AND HEIGHT

Zoning District	Maximum Density*	Height Maximum (By-Right)		Height Maximum (Special Exception)
		Lots <5 Acres	Lots >5 Acres	
RA14-26	24 units/acre	35 Feet (3.5 stories)	60 feet (6 stories)	N/A
RA8-18	36 units/acre	40 feet (4 stories)		75-125 feet** (8-12 stories)
RA6-15	48 units/acre	60 feet (6 stories)		125 feet (12 stories)

* Bonus density (25%) and height (up to an additional 6 stories) may be approved by the County Board by Special Exception Site Plan per Section 15.5.9. of the Arlington County Zoning Ordinance.

** Height up to 95 feet (10 stories) may be approved on sites larger than 20 acres. Height up to 125 feet may be approved on sites located within the Fort Myer Heights North Revitalization Area.

POLICY TRADE-OFFS AND CONSIDERATIONS (CONTINUED)

Height

Building heights vary greatly throughout the HCD areas and range from two to three stories up to 10 stories within the four HCD areas studied thus far. Staff examined the building heights that are permitted, either by-right or through Special Exception, within the RA14-26, RA8-18, and RA6-15 zoning districts and found that although most properties had been built by-right at lower heights, additional height is available through Special Exception approval.

As these heights are already permitted, albeit through Special Exception, staff will consider these additional heights as potential new standards for development as part of this process. This new height parameter could provide a valuable tool to unlock potential additional development on multi-family sites within the HCD. *(See pages 13-15 for additional information relating to new planning and zoning recommendations.)*

Setbacks

Typically, setbacks provide a buffer between uses and, in the case of multi-family development, contribute to the open character of the areas. Because some sites have been developed with broad landscaped areas, opportunities exist for various types of development, including building bump-outs, infill and partial redevelopment. In order to facilitate this type of redevelopment, new setback standards will be needed. After additional analysis and consideration of the neighborhood context and potential impacts to adjoining properties, and then balancing these with the goals of the HCD, staff recommends that the Zoning Ordinance be amended to revise setback standards for redevelopment within the HCD areas. As part of the community review process, potential changes to the Zoning Ordinance will be discussed. Those potential changes include by-right setback standards and provisions to grant the County Board discretion to modify the existing regulations based on the conditions of the site.

Coverage

The lot coverage requirements that are outlined in the Zoning Ordinance provide a standard for impervious surfaces (including buildings and pavement) on developed parcels. This standard reinforces building separations within a site, and separations between buildings on adjoining sites. It also creates areas for trees and other plantings that help control runoff, along

EXISTING CONDITIONS: SETBACK STANDARDS

Current Setback Standards for Residential Buildings in RA8-18, RA7-16, and RA6-15 Zoning Districts	
Front Yard	<p>One- and two-family dwellings: minimum of 25 ft. (ACZO §3.2.6.A.1.(e))</p> <p>Other residential buildings: the larger of either 50 ft. from the centerline of any street, or 25 ft. from any street right-of-way line (ACZO §3.2.6.A.1.(d))</p>
Side Yard	<p>One-family dwellings: minimum of 10 ft. (one side yard may be reduced to 8 ft.) (ACZO §3.2.6.A.2.(b))</p> <p>Other residential buildings: minimum of 10 ft. (plus 1 ft. additional for each 2.5 ft. of building height above 25 ft.) (ACZO §3.2.6.A.2.(e))</p>
Rear Yard	<p>One-family dwellings:</p> <ul style="list-style-type: none"> • Interior lots: minimum of 25 ft. (ACZO §3.2.6.A.2.(b)) • Corner lots: minimum of 10 ft. (ACZO §3.2.6.A.2.(b)) <p>Other residential buildings:</p> <ul style="list-style-type: none"> • Interior lots: minimum of 25 ft. (ACZO §3.2.6.A.2.(e)) • Corner lots: minimum of 10 ft. (plus 1 ft. additional for each 2.5 ft. of building height above 25 ft.) (ACZO §3.2.6.A.2.(e))

with other stormwater control measures. At the same time, lot coverage standards limit the amount of development than can occur on a site.

Staff has examined the existing lot coverage standards in the Zoning Ordinance and recommends that additional flexibility is needed to encourage redevelopment. Currently, the maximum lot coverage in the RA14-26, RA8-18 and RA6-15 zoning districts ranges from 40-48% for lots with one-family dwellings and 56% for lots with other types of residential buildings. Staff further recommends that the Zoning Ordinance be amended to allow greater flexibility if the resulting development is consistent with the goals of the District.

Historic Preservation

Staff has reviewed all of the properties within the 12 HCD areas to identify which are listed on the County's Historic Resources Inventory (HRI), which was approved by the County Board in 2011 along with adopted HRI goals and policies. The HRI is a planning tool that ranks specific types of historic resources (garden apartments, commercial buildings, and shopping centers) into six different categories based on their architectural and historic significance and physical integrity.

The HRI establishes priorities and strategies for the preservation of these historic resources. Staff determined that there are 39 properties scattered throughout the HCD that are listed in the top two HRI categories of Essential and Important. The Historic Preservation Master Plan, an element of the County's Comprehensive Plan, also encourages the preservation of properties listed on the HRI. Staff recommends a flexible approach within the HCD that balances historic preservation and affordable housing goals. Additional discussion within the community process will help shape the parameters of such an approach.

Transfer of Development Rights

Transfer of Development Rights (TDR) allows for transfer of density from one property ("Sending Site") to another ("Receiving Site"). The Arlington County Zoning Ordinance allows TDRs to be used for the purposes of affordable housing, open space, historic preservation, and recreation and/or community facilities. At present, development rights can be transferred through the Site Plan or Form Based Code process onto Receiving Sites, however the County Board must approve all Sending and Receiving Sites.

For properties that have high historic value in the HCD, some of the redevelopment options being evaluated may not be appropriate or applicable. Exploring alternative approaches such as TDRs could provide a financially viable means for the preservation of these properties. Unused by-right density on a Sending Site is typically available for transfer, except in cases where a multiplier has been established by policy and zoning regulations. In general, many of the HCD properties are at their density limits and therefore would have no density to transfer unless a multiplier is established.

Staff has determined that TDR would not be viable as a tool to transfer density between sites within HCD areas, since transferred rights, which would have to be purchased, would be in competition with density already available on redevelopment sites through the proposed Zoning Ordinance amendment. As part of the HCD incentives, the County can continue to develop concepts for a viable TDR program including identifying potential Sending Sites within HCD areas and defining an appropriate multiplier for density to be transferred to Site Plan development sites outside of HCD areas.

Private Open Space / Tree Canopy

The typical large apartment developments within HCD areas include either a collection of garden-style buildings (two to three stories) or mid- to hi-rise tower buildings; each surrounded by landscaped areas and surface parking lots. In many cases, in addition to being the prevalent architectural style of the time, this was the most efficient site development approach, given the County's zoning regulations, including building setback and parking requirements. If infill, partial redevelopment, and full redevelopment options are pursued through the new zoning tools, it is likely that the parking and landscaped areas within each site will provide the greatest opportunity for change, while causing the least amount of disruption to existing residents.

Under the proposed approach there will be a potential loss of private open space and tree canopy on the redeveloped sites. Although the County has a Tree Replacement Policy that would apply to redevelopment, mature trees could be lost. Additionally, the private open spaces, which are on the periphery of sites or between buildings and sometimes provide an informal space



Westover Apartments

POLICY TRADE-OFFS AND CONSIDERATIONS (CONTINUED)

for recreation or gathering, could be reduced or eliminated. The potential loss of private open space, coupled with an increase in the number of people residing on a site after redevelopment, could increase the demands on the County's park and open space network.

As part of an anticipated update to the adopted HCD Policy Framework, staff will examine how to incorporate appropriate guidance to encourage tree preservation and the creation of new, high quality open spaces within redevelopment sites.

Transportation and Parking

Transportation

The County has longstanding policies that encourage higher density development along the Rosslyn-Ballston and Route 1 Corridors, which are served by Metrorail, as well as corridors with high-volume bus transit service, such as Columbia Pike. Additional development capacity will also be examined as part of the Lee Highway Planning Study, which was initiated this year (2019). Encouraging higher density development in areas outside of the growth corridors would be a departure from prior practice, and raises questions about transit accessibility and vehicular volumes on arterial and local streets.

Staff has not conducted an in-depth analysis of the existing transportation conditions and potential impacts of additional development within the HCD areas. This would

require substantial resources to complete. In lieu of existing comprehensive analysis, staff would recommend that, as part of the anticipated Use Permit review process, applicants seeking major redevelopment submit a Multi-modal Transportation Analysis (MMTA) so that potential impacts can be identified and mitigation required. On a case-by-case basis, staff will evaluate how/whether existing transit, including bus service, and other modes of travel can address potential impacts.

Parking

Many of the existing multi-family properties were developed with a supply of off-street surface parking spaces that do not meet the current parking standard (1.125 spaces per unit). Some small apartment buildings provide no off-street parking, and residents utilize on-street parking resources in the public right-of-way.

Staff examined the feasibility of new development through both a site layout lens as well as a feasibility lens and has observed that the cost of providing structured parking (underground or above-ground) ranges in cost from \$25,000 to over \$50,000 per space, which can be a significant burden on redevelopment, when surface parking is not available or sufficient to meet parking needs. In order to facilitate new development, it may be necessary to provide flexibility with regard to parking regulations due to the high cost of developing structured parking.



Myerton Apartments

Staff recommends amending the Zoning Ordinance to allow the County Board discretion to consider a lower parking ratio in cases where the goals of the HCD are being met and parking demand can be managed and mitigated in an appropriate manner through transit, car sharing / ride sharing or other methods. This approach is consistent with the Master Transportation Plan and the Affordable Housing Master Plan, which are two components of the County's Comprehensive Plan.

In general, lower parking ratios would give developers the flexibility to produce housing at a lower cost per unit. Parking demand would be analyzed on a case-by-case basis to ensure reasonable off-street parking requirements could be met so as not to overburden the demand for on-street parking. Reducing housing development costs could encourage utilization of new HCD land use incentives, which in-turn will help preserve affordability in the HCD.

County policy and practice of managing parking supply for multi-family development in areas with greater access to public transit has evolved, over time, based on research of local and national multi-family development parking supply trends. Based on this evolved understanding, the County has entertained modified parking standards where it has been shown that automobile utilization can reasonably be expected to be reduced by other modes, such as transit, biking and walking.

Utilities / Infrastructure

Arlington County manages a system of underground water, sewer and stormwater facilities throughout the County; which are maintained and expanded, where necessary, in response to the County's growth plans and local, state and federal regulations. Staff has examined whether these critical infrastructure systems would be negatively impacted if significant redevelopment were to occur in any of the HCD areas. Preliminarily, staff has not identified issues related to water or sewer line capacity, however, there may be a need to improve these facilities within the development site to address increased demand. Additionally, some of the HCD areas, such as the Long Branch Creek / Arlington Ridge HCD area incorporate areas that either do or could experience localized flooding and/or stormwater system overflows. These issues would need to be monitored in conjunction with redevelopment, which could trigger more redevelopment requirements for the property owner and/or County capital projects.

Tenant Displacement

Development consistent with the goals of HCD could lead to substantial change, over time, in these multi-family areas. As change occurs, it is important to consider the needs of current low-income residents. Consistent with County policy, any rehabilitation or redevelopment project resulting from the expanded land use provisions of the Housing Conservation District that will result in the displacement of current tenants would be required to submit a tenant relocation plan that conforms to Arlington's Tenant Relocation Guidelines, which were updated in 2018.

Schools

Arlington is experiencing substantial growth in its school-age population, which has led to overcrowding within the public school system. As new tools are developed to encourage additional development within HCD areas, the potential impact on school overcrowding should be considered.

Staff developed preliminary estimates of potential new market-rate and committed affordable units that could be expected through substantial development, including infill, partial or total redevelopment of larger multi-family sites within the four pilot study areas and the potential new students that could be generated from that additional development. *(See page 28 for staff analysis.)*

Based on the estimated growth and potential student generation calculation, a total of 247 new students could be anticipated in the four pilot study areas. However, it is important to note that it is not known when or whether redevelopment would occur, since individual property owners will make separate decisions about their properties over time. Also, without more in-depth analysis by Arlington Public Schools, it is unknown whether the potential student population growth due to redevelopment within HCD areas is significant.

POLICY TRADE-OFFS AND CONSIDERATIONS (CONTINUED)

POTENTIAL NEW DEVELOPMENT IN THE FOUR HCD PILOT STUDY AREAS

For this analysis, staff assumed either infill, partial or full development on some larger opportunity sites within four HCD areas (the Spout Run / Lyon Village and North Highlands West areas were combined for this exercise). Staff also estimated the number of new Committed Affordable Units (CAFs) that could be generated, based on the proposed affordability requirements outlined in this document. This analysis does not include the potential development of small sites or production of accessory units, since the likelihood of this type of development is difficult to assess.

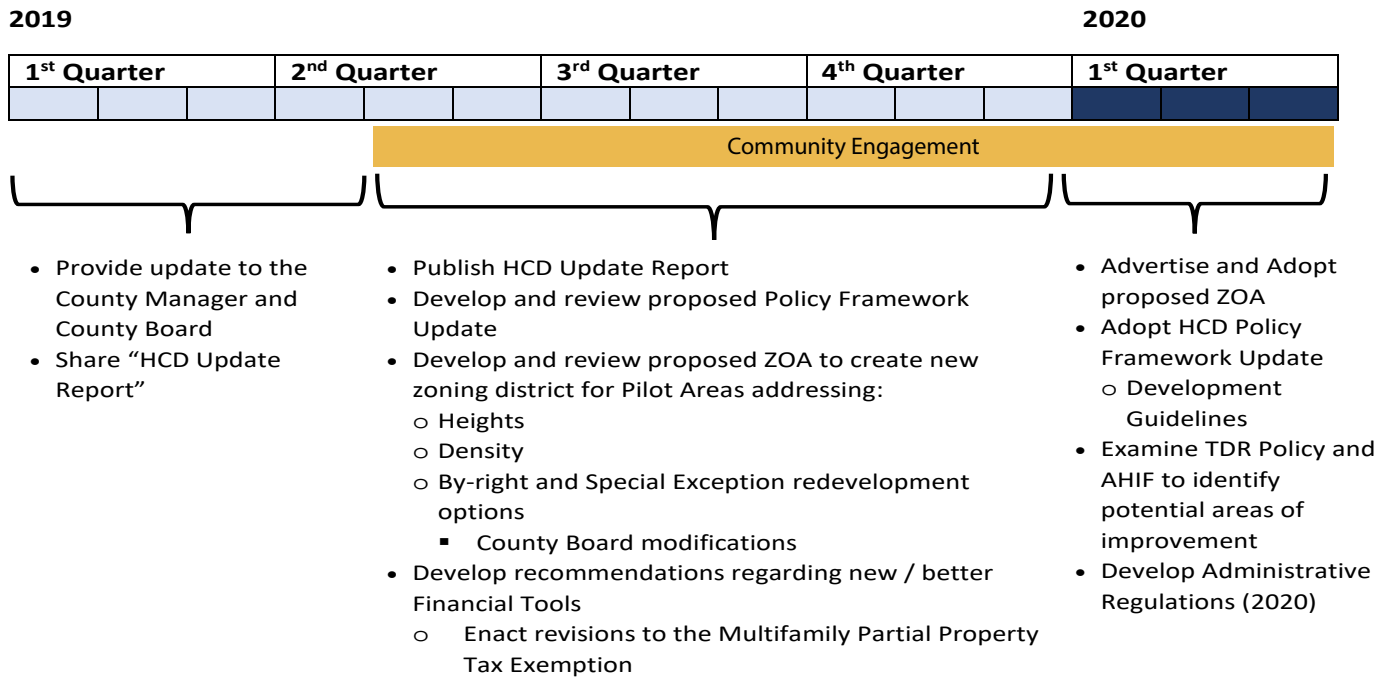
Area	Existing Units	Potential New Residential Units	Potential Committed Affordable Units	Total Units
Penrose	455	490	123	945
Spout Run / Lyon Village / North Highlands West	1,909	1,066	458	2,975
Westover	665	502	151	1,167
Total	3,029	2,058	732	5,087

POTENTIAL STUDENT GENERATION FROM NEW UNITS IN THE FOUR HCD PILOT STUDY AREAS

Based on Arlington Public Schools' Annual Enrollment Projections Report (12/16), County staff estimated the number of new students that could be generated by the potential new development shown in the table above. Student Generation Rates vary by building type, which are shown in the table below.

Area	Garden Apartments			Elevator Apartments			Total New	
	Units	Student Generation Factor	Students	Units	Student Generation Factor	Students	Units	Students
Penrose	-	0.338	-	490	0.083	41	490	41
Spout Run / Lyon Village / North Highlands West	122	0.338	41	944	0.083	78	1,066	120
Westover	177	0.338	60	325	0.083	27	502	87
Total	299		101	1,759		146	2,058	247

Next Steps / Timeline



Proposed Timeline

Beginning in the second quarter of 2019, staff will re-engage with the community to review this document and share research and analysis that has been completed. As a first step in an approximately 12-month process, staff will meet with the HCDAG, which has provided input throughout the process, to provide an update and to get initial feedback. Additionally, staff will meet with advisory boards and commissions, most notably the Planning Commission, Housing Commission and Historical Affairs and Landmark Review Board (HALRB), and the broader community as staff’s recommended approach is refined. It is anticipated that a County Board Work Session will be scheduled mid-year to review community input and to determine next steps.

In early 2020, staff will develop proposed zoning text to be reviewed by the Zoning Ordinance Committee (ZOCO) of the Planning Commission, as well as an update to the HCD Policy Framework. The Policy Framework Update will, among other things, provide additional guidance for the review of potential redevelopment projects within HCD areas.

Community Engagement Plan

Phase I – Initial Feedback on HCD Update

Advisory Boards & Commissions

- Housing Conservation District Advisory Group (HCDAG)
- Planning Commission (LRPC)
- Housing Commission
- Tenant-Landlord Commission
- HALRB
- Urban Forestry Commission
- Other

Stakeholder Groups

- Alliance for Housing Solutions
- Arlington Chamber of Commerce
- NAIOP
- Northern Virginia Apartment Association
- Civic Associations
- Plan Lee Highway Working Group

Phase II – County Board Check-in

Objectives:

- Summarize input
- Confirm approach
- Identify potential refinements
- Outline next steps

Phase III – Continue Public Engagement / Refine Approach

- Continue to meet with Advisory and Stakeholder Groups
- Draft proposed Zoning Ordinance and HCD Policy Framework changes

Phase IV – Advisory Board / Commission Meetings and Public Hearings



Potomac Towers Apartments



Park Adams Apartments



Sheffield Court Apartments

Appendix

Feasibility Studies and Redevelopment Options

In assessing opportunities for redevelopment within the HCD, staff studied site context and conducted a feasibility analysis, based on the proposed development standards discussed on a conceptual basis in this document, including new height standards and flexibility on other parameters, such as setbacks, lot coverage and parking requirements. Staff has identified a range of redevelopment options that could be pursued by property owners within the HCD with this additional flexibility.

A range of options is appropriate in acknowledgement that each site has its own unique surrounding context as well as physical and financial constraints. Also, property owners may have different goals and interests. Depending on the site and property owner, some of the redevelopment options may not be viable, but it is anticipated that some affordable housing units may be preserved and/or committed, over time, utilizing the tools that are proposed for the HCD areas.

Staff tested several scenarios to determine how / whether new development could be spurred through the additional flexibility that would be available should the Zoning Ordinance be amended as suggested by staff. Staff also assessed to what extent affordable housing preservation goals could be achieved within each scenario.

Observations

There are many single-family and two-family lots that are non-conforming due to lot width standards within the Arlington County Zoning Ordinance. (*By-right standards are summarized on page 24.*) These homes, due to their size, provide a valuable affordable housing resource. Addressing this non-conformity would help to maintain the viability of these structures long-term by allowing building expansions. In addition, with modified setback standards, stand-alone accessory dwellings could also be permitted. New standards are shown / discussed in the following pages to indicate how, with additional flexibility, these properties can be maintained, expanded and used more

creatively to meet the County's affordable housing goals.

There are also a number of multi-family building typologies found within HCD areas: small 6-12 unit buildings, sprawling garden-style campuses and high-rise buildings; each site type having different opportunities for redevelopment and different constraints. For "small" sites, with fewer than 20 units, interior improvements and bump-outs might be a way to increase the size or number of units on a site without a substantial investment.

On the other hand, total redevelopment of a small site, utilizing the new height, setback and other standards, could substantially increase the number of units on a site, potentially increasing the return to the property owner. For these small sites, total redevelopment options under HCD could include multi-family and stacked flat scenarios. It may be more advantageous for the current owner to undertake the redevelopment project, as opposed to an investor, as acquisition costs limit viability.

For garden-style campus sites, infill, partial redevelopment, and total redevelopment are viable options, because the site layout, which typically contains open landscaped areas, parking areas and small individual buildings, can provide options that enable the phasing of construction. For high-rise sites, total redevelopment would seem to be a less feasible option, due to the high value of the existing concrete and steel buildings and the loss of revenue in the interim. For these sites, infill development, located on parking and open space areas, is more likely to occur.

As part of staff's analysis, affordability requirements (see page 20) were considered. In the examples shown in this Appendix, the affordability requirements, which are tiered based on the scope of the redevelopment, are shown. These examples illustrate how, through the use of additional density, the multi-family character can be preserved and some long-term affordability can be achieved.

The redevelopment options and ideas contained in the Appendix are illustrative and were prepared for discussion purposes. They should not be construed as predetermined redevelopment plans. Further, the illustrative drawings contained herein do not reconcile important community goals and County policies, such as loss of tree canopy, parking requirements, and historic preservation. No inferences should be drawn from the inclusion of the sites selected for evaluation.

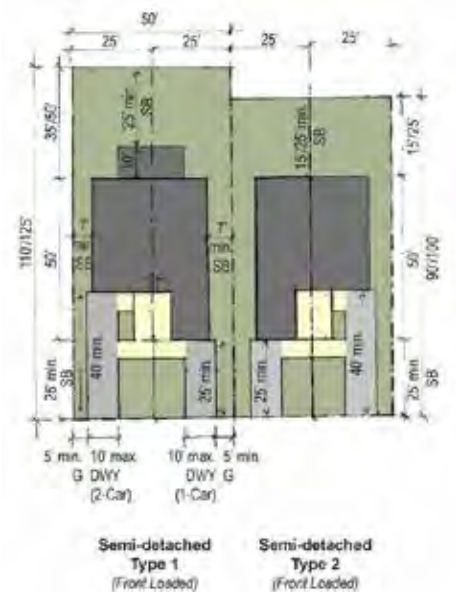
Nonconforming Lots

The Zoning Ordinance sets standards for lot size within each zoning district, however staff has determined that, throughout Arlington and the HCD areas, there are many parcels that were developed prior to the current standards and are therefore nonconforming. Typically, the lots are nonconforming due to insufficient lot width. As a result of this nonconforming status, homeowners are not able to expand their homes; which does not allow homeowners to make the improvements to what are typically small, modest homes, to keep them updated, larger, yet moderately priced. Allowing additional flexibility with regard to density, setbacks and other development standards may make new building typologies possible in Arlington, such as mansion homes and stand-alone accessory dwellings. These concepts are explored on pages 33 and 34.



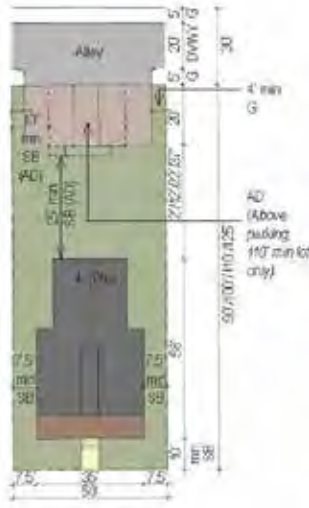
POTENTIAL REVISED STANDARDS

	Existing RA8-18 District Requirements	Existing Typical Conditions
Lot width	Minimum (min.) 35 ft.	25 ft.
Lot area	Min. 3,500 sq. ft.	2,500 - 2,700 sq. ft.
Lot area per dwelling unit	Min. 3,500 sq. ft.	2,500 - 2,700 sq. ft.
Lot coverage	Maximum (max.) 56%	45%
Setbacks		
Front yard	Min. 25 ft. from right-of-way, except: <ul style="list-style-type: none"> • stoops/porches: min. 15 ft. from right-of-way • parking: min. 18 ft. from right-of-way 	15 - 18 ft.
Side yard	Min. 10 - 14 ft. (10 ft. plus 1 ft. additional for each 2.5 ft. of building height above 25 ft.)	7 - 9 ft.
Rear yard	Interior lots: min. 25 ft. Corner lots: min. 10 - 14 ft. (10 ft. plus 1 ft. additional for each 2.5 ft. of building height above 25 ft.)	Main building: less than or equal to 25 ft. Accessory building: 0 ft.
Parking	Min. 1 space per unit	1 to 2 spaces
Density	Max. 12.4 units per acre	16 units per acre
Height	Max. 35 ft. / 3.5 stories	2 stories (some pop-ups)

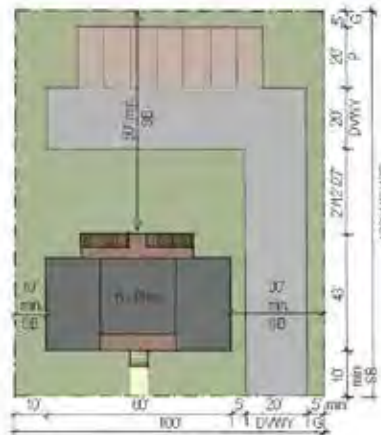


REDEVELOPMENT OPTIONS - MANSION HOUSES

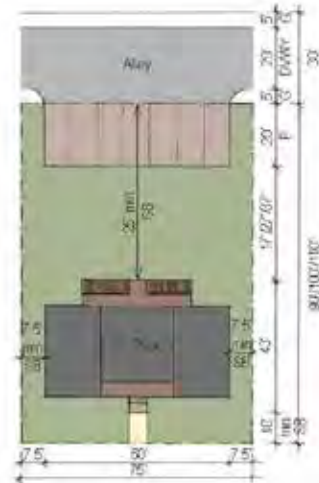
(may not be allowed currently due to setback and density standards)



Mansion House Apartments
4-Plex
(Rear Loaded)



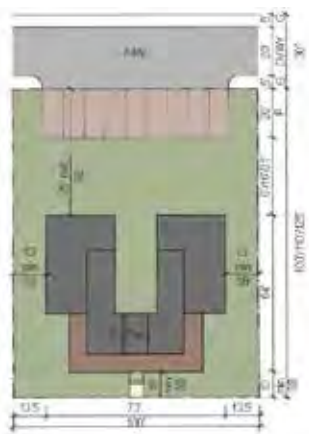
Mansion House Apartments
6-Plex
(Front Loaded)



Mansion House Apartments
6-Plex
(Rear Loaded)



Mansion House Apartments
8-Plex
(Front Loaded)



Mansion House Apartments
8-Plex
(Rear Loaded)

Development Ideas

- Reduced and/or modified setback requirements
- Maximum driveway widths within the front yard
- Minimum width for landscape strips between edge of property and parking area
- Rear loading scenario (for sites with access to alley or private drive in rear)

Affordable Requirement: None

Accessory Dwellings



Revisions to the existing accessory dwelling (AD) unit ordinance were adopted on November 27, 2017. The revisions were intended to encourage greater use and therefore produce more AD units while preserving Arlington’s single-family neighborhoods. The original ordinance did not allow for accessory dwellings in detached accessory buildings. The amendment revised the accessory dwelling regulations to allow detached accessory buildings to be used to create accessory dwellings, but only where the accessory building existed prior to November 27, 2017 and where only interior alterations may be conducted to convert the building into an accessory dwelling (and with other restrictions related to height and footprint). The County Board directed the County Manager to return to the Board with options on setbacks for new detached accessory dwellings built after November 27, 2017.

During 2018, County staff conducted additional research and analysis on potential rear and side setbacks for new detached accessory dwellings. The County’s goal is to adopt standards that allow for the creation of detached accessory dwellings in newly-constructed accessory buildings in 2019. At present, semi-detached homes are not permitted to have accessory dwellings. Staff proposes to allow accessory dwellings within the HCD under similar conditions to those for single-family properties.

Development Summary

(may be revised based on County Board’s consideration of Accessory Dwellings in “R” Districts)

Maximum GFA for Accessory Dwelling:

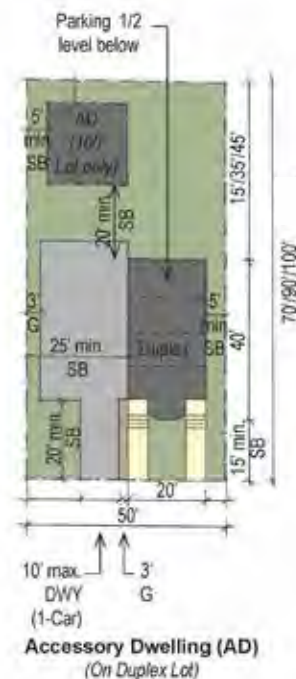
- Main dwelling less than 1,000 square feet: 45% of the combined floor area of main and accessory dwelling, up to 500 square feet
- Main dwelling greater than 1,000 square feet: 35% of the combined floor area of main and accessory dwelling, up to 750 square feet

Maximum Height: Smaller of 25 feet or 1.5 stories

Minimum Side / Rear Setback: 5 feet (or 10 feet for corner lots)

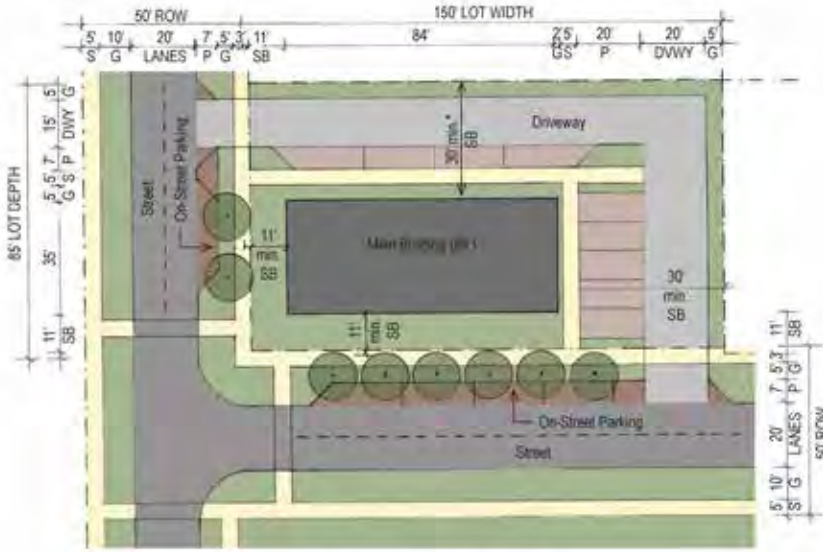
Affordable Requirement: None

REDEVELOPMENT OPTION



SMALL APARTMENT BUILDINGS (CONTINUED)

REDEVELOPMENT OPTIONS - SMALL APARTMENT SITE REDEVELOPMENT



Garden Apartment Low-rise
(12 unit)



Garden Apartment Low-rise
(15 unit)

Development Summary

- Site Area: 0.29 acres
- 3 floors
- 12 units (1 to 3 bedrooms)
- No site consolidation required

Parking:

- Required: 14 spaces (1.125/unit)
- Provided: 14 spaces
 - On-site: 9 spaces (surface)
 - On-street: 5 spaces

Affordable Requirement: 1

Development Summary

- Site Area: 0.29 acres
- 3 floors
- 15 units (1 to 3 bedrooms)
- Site consolidation required for parking

Parking:

- Required: 17 spaces (1.125/unit)
- Provided: 18 spaces
 - On-site: 11 spaces (surface - shared driveway access with adjoining lot)
 - On-street: 7 spaces

Affordable Requirement: 2

Infill Development

EXISTING DEVELOPMENT



Mid- and high-rise development sites typically have residential towers surrounded by surface parking lots and open lawn areas. Given the value of the existing buildings, the best redevelopment approach would be to build new structures in the parking and/or open space areas so as to limit disruption to the existing residents and maintain positive cash flow during construction.

The infill development example below, includes new high-rise towers and a parking structure located on the former parking areas. This example illustrates the need for parking flexibility to help with project feasibility.

REDEVELOPMENT OPTION



Development Summary

- Site Area: 5.1 acres
- 521 units
- Existing Apartments - High Rise (8/10 floors): 229 units
- New High-Rise 1 (8 floors): 98 units
- New High-Rise 2 (14 floors): 194 units

Parking:

- Required: 587 spaces (1.125/unit)
- Provided: 306 spaces (0.59 /unit)

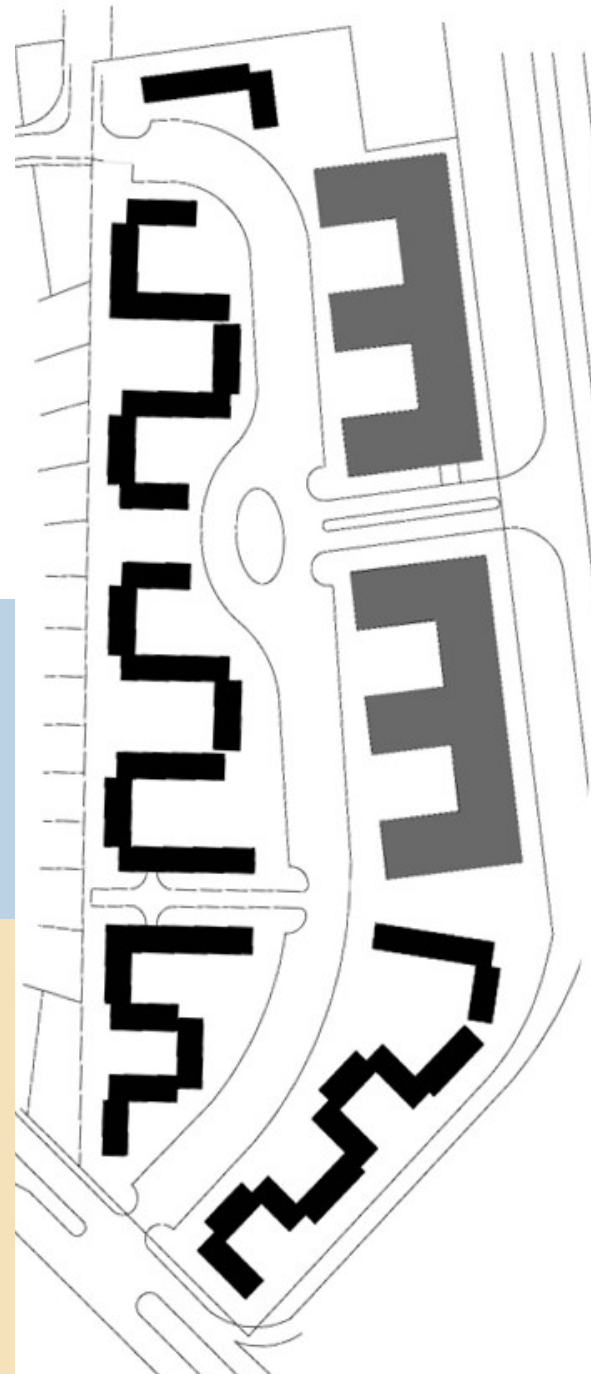
Affordable Requirement: 104

Partial Redevelopment

EXISTING DEVELOPMENT



REDEVELOPMENT OPTION



Within HCD areas, garden-style apartment developments would have a range of development options, including less intensive projects such as interior rehabilitation or bump-outs, and more substantial projects ranging up to partial or full redevelopment.

With partial redevelopment, property owners or developers may choose to maximize development on only a portion of their site, within the proposed new HCD development regulations to be developed as part of this process, while preserving the existing buildings on the remainder of the site.

Development Summary

- Site Area: 12.4 acres
- Existing Garden Apartments (Low Rise 3 floors): 369 total units
- Total with Redevelopment: 624 units
- Existing Units to remain (Low Rise 3 floors): 243 units
- New Garden Apartments (Mid-rise 5 floors): 381 units

Parking:

- Required: 701 spaces (apartments: 1.125/unit)
- Provided: 701 spaces [359 on-site garage / 246 spaces on-street (existing)]

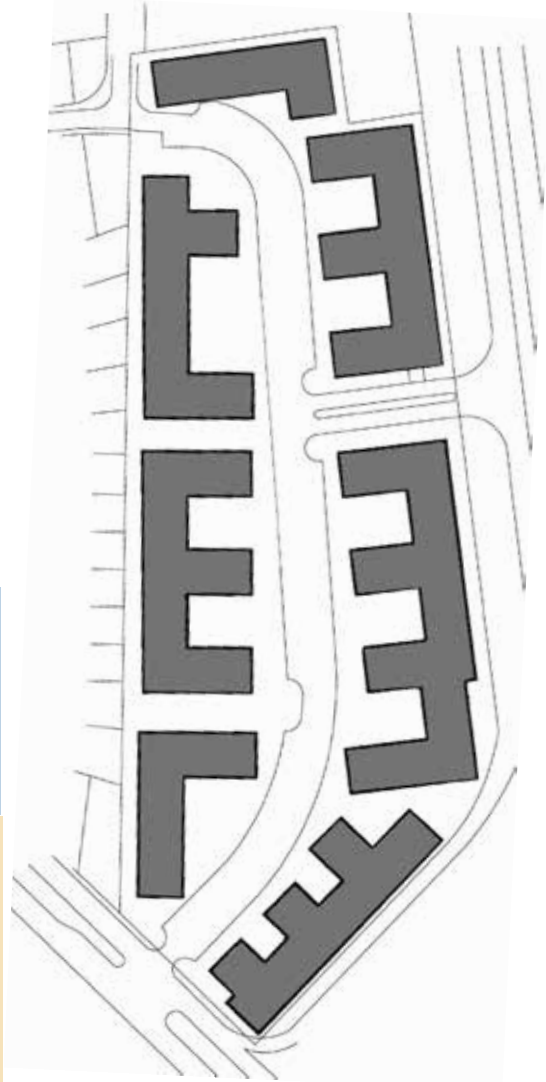
Affordable Requirement: 77

Total Redevelopment

EXISTING DEVELOPMENT



REDEVELOPMENT OPTION



Under a full redevelopment scenario, property owners or developers may choose to maximize development on the entirety of their site, within the proposed new HCD development regulations to be developed as part of this process. This example illustrates the need for parking flexibility to help with project feasibility.

Development Summary

- Site Area: 12.4 acres
- Existing Garden Apartments (Low Rise 3 floors): 369 total units
- New Garden Apartments (Low and Mid-rise 4-5 floors): 1,023 units

Parking:

- Required: 1,151 spaces (1.125/unit)
- Provided: 775 spaces (.76/unit)
- On-site: 523 garage spaces (1-2 levels below)
- On-street: 246 spaces (existing)
- New On-street: 6 spaces

Affordable Requirement: 183

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housing.arlingtonva.us/affordable-housing/housing-conservation-district

