

Issue Guide



Parking Spaces and Power Lines: Impacts on Housing Affordability

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About this Guide

This guide presents three options (or 'approaches') for addressing the high costs of parking and underground utilities in Arlington County as they relate to affordable housing.

The approaches in this document are not policy proposals, but are provided as a continuum of options. The document also highlights several PROS and CONS of the three approaches.¹

Our goal in this document is to discuss the **benefits**, **drawbacks**, and **tradeoffs** involved in different options as they relate to cost containment for parking and utility undergrounding of buildings with committed affordable units, as well as market-rate units.²

What benefits and drawbacks to these options are there for you? What are some of the tradeoffs that these approaches bring to mind for you?

Overview

Parking requirements and utility undergrounding are two high-cost items with a potentially significant impact on housing affordability in Arlington.³

Developers who wish to build properties with committed affordable units often seek highly-prized tax credit assistance from the Virginia Housing Development Authority (VDHA).⁴ This tax credit program has a maximum cost limit per unit. Further, tax credits may be part of the package on a mixed-income unit site⁵, having an impact on market-rate unit costs as well.

Cost containment may also be important for so-called "market rate" units. It is a housing policy goal of Arlington County that "market rate affordable housing should be the primary means of providing affordable housing". However, the increasing cost of rents is starting to affect higher income County residents as well. In 2000, the

¹ National Issues Forum, n.d., *A Guide to Forums, A Nation in Debt: How Can We Pay the Bills?*

² "Committed affordable units" or "CAFs" are contractually committed to remain affordable for decades for households in a specified income range, usually 60% or less of a region's Area Median Income (AMI). They are usually owned by nonprofits. They differ from "market-rate affordable units" or "MARKS," which are affordable because of the condition of the property relative to other rental units and as such are subject at any time to being sold or razed to make way for more upscale units. Landlords also may choose to improve these properties at any time and raise rents accordingly. *Source:* Alliance for Affordable Housing, 2012, *Housing for a Diverse & Sustainable Community Fact Sheet*. Accessed September 3, 2013.

³ According to federal guidelines, taking into account that a household's income must also cover food, health care, transportation, taxes, and savings for future needs, "affordable" housing should cost—for mortgage or rent, plus utilities—no more than 30% of their gross household income. Census data from 2011 show that almost 10% of Arlington households that rent already spend 30-35% of their income on housing and another 40% spend 35% or more on rent. Most committed-affordable units are for households earning 60% or below of the Washington Region AMI. *Sources:* American Community Survey, *Selected Housing Characteristics, 2011 American Community Survey 1-Year Estimates*, <http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmm>. Accessed September 7, 2013; and Alliance for Affordable Housing, 2012, *Housing for a Diverse & Sustainable Community Fact Sheet*. Accessed September 3, 2013.

⁴ VDHA is "a self-supporting, not-for-profit organization created by the Commonwealth of Virginia in 1972" focused on attaining quality, affordable housing and it "provides mortgages, primarily for first-time homebuyers and developers of quality rental housing." *Source:* Virginia Development Housing Authority, 2013, *About Us*, http://www.vhda.com/about/Pages/AboutUs.aspx#_UjXiTH_3MII. Accessed September 3, 2013.

⁵ Mixed-income unit sites have both committed affordable housing and units that rent at market rates.

average Arlington rental unit required an income of 52% of AMI to meet the federal goal of paying no more than 30% of income for housing costs; in 2012, the average unit required 74% of AMI to be affordable.⁶

Lower costs for parking and utility undergrounding can make it easier for a project to ‘pencil’—or work financially—for obtaining private financing as well, which is needed for both committed affordable and mixed-unit projects.

Parking standards exist in Arlington—and in most communities—based on a policy goal of ensuring that developments manage the demand that they create. This is why localities require parking lots for shopping centers and office buildings as well as apartment buildings.

However, 12% of people in transit-friendly Arlington do not own cars and the figure is 16.7% in the County’s Metro corridors.⁷ Census data also show that about 18% of Arlingtonians who rent do not own cars.⁸ Despite these facts, the pressure to retain space for cars is real in our region.

Parking is expensive to build. Recent County data indicate that the average costs for underground parking in Arlington ranged from \$30-53K per stall for affordable properties.

The County requirement for utility undergrounding is based a desire for quality development among all types of housing, whether market-rate or affordable. There is an aesthetic argument for undergrounding, in that wires are hidden from view, and they also are less susceptible to power outages during storms.

But undergrounding also is not cheap, with costs for recent affordable projects in Arlington ranging from \$18-25K (including underground utilities, tree preservation, curb cuts, etc).

The crux of the question is, **to what degree can we contain parking and undergrounding costs in order to facilitate building more affordable housing in Arlington?**

Approach 1:
Continue the Status Quo

Arlington’s current policies have been effective in stimulating affordable housing and change isn’t needed.

Approach 2:
Change Arlington’s Parking Formulas and/or Provide County Funding Support

Arlington’s policies have been effective but we could be doing more by either changing the parking formulas and/or providing additional County funding support.

Approach 3:
Let the Market Work

Repealing Arlington’s current policies for parking stalls and undergrounding are in the best interest of stimulating more affordable housing in the County.

⁶ See Arlington County Department of Community Planning, Housing and Development, 2012, *Annual Affordable Housing Targets Report for FY 2012*, <http://tinyurl.com/c4mulz4>. Accessed September 15, 2013.

⁷ American Community Survey 2006-2010 5-Year Sample, Tabulated by the Planning Research and Analysis Team, Arlington County Department of Community Planning, Housing & Development; excerpted from *40 Years of Smart Growth: Arlington County’s Experience with Transit Oriented Development in the Rosslyn-Ballston Metro Corridor*, December 6, 2012, by the Arlington County Department of Community Planning, Housing and Development, Planning Division, pages 54, 62 and 63, http://www.arlingtonva.us/departments/CPHD/planning/powerpoint/rbpresentation/rbpresentation_060107.pdf. Accessed September 7, 2013.

⁸ By comparison, just over 5% of Arlington owner occupied households do not own cars. See U.S. Census, 2013, *Tenure by Vehicles Available, Universe: Occupied housing units, 2011 American Community Survey 1-Year Estimates*, http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_11_1YR_C25045&prodType=table. Accessed September 8, 2013.

Approach 1:

Continue the Status Quo

For parking, the County currently requires 1.125 parking stalls per unit constructed.

Developers must request a variance⁹ from the County if they don't want to build to this ratio. They can appeal the decision if their request for a variance fails. But the variance and appeals processes cost time and time is money, which can introduce uncertainty for a developer. Delays usually drive up costs.

In addition to parking requirements, the County also requires undergrounding of utilities. County data show that infrastructure costs, including underground utilities, tree preservation, curb cuts, etc., for recent affordable projects in Arlington ranged from \$18-25K per unit.

Benefits of Approach 1	Drawbacks of Approach 1
<input type="checkbox"/> Arlington has generally done well and is considered a regional leader in affordable housing.	<input type="checkbox"/> The potential loss of tax credits greatly impedes our ability to build more affordable units and impedes our ability to ensure a diverse Arlington.
<input type="checkbox"/> People will 'vote with their feet' when choosing where they want to live and how much parking is important to them.	<input type="checkbox"/> Parking and utility undergrounding requirements are creating high costs for developers that result in high rents to recoup.
<input type="checkbox"/> The current approach is good because there are fewer complaints from neighbors.	<input type="checkbox"/> Underutilized parking spaces are lost investments in places where we can least afford it.
<input type="checkbox"/> Utility undergrounding is safer and more reliable than overhead wires.	<input type="checkbox"/> The status quo is out of step with Arlington's emphasis on walkability and environmental responsibility.
<input type="checkbox"/> Undergrounding wires is more aesthetically pleasing because wires are out of public sight.	<input type="checkbox"/>

⁹ Known as a special exception in the County's Master Transportation Plan. See Arlington County Government, 2009, *Master Transportation Plan: Parking and Curb Space Management Element*, pages 13-14, <http://www.arlingtonva.us/departments/EnvironmentalServices/ProjectsAndPlanning/file73120.pdf>. Accessed September 7, 2013.

**Approach 2:
Change Arlington’s Parking Formulas and/or Provide County Funding Support**

This option involves a change in the parking formula for Arlington. It also assumes there are fewer options for utility undergrounding.

This challenge is not unique to Arlington. For over a decade, experts have been writing about the impact of parking on housing costs.¹⁰ Many high-cost, highly desirable communities have experimented with parking regulations, including abolishing parking minimums citywide or in certain districts.¹¹

Arlington is considering creating a Transit Oriented Affordable Housing Fund (TOAH). The primary purpose of the TOAH is to help pay for infrastructure/parking-related costs for affordable housing development.

By reducing certain costs associated with new construction and redevelopment, this could make it easier for developers to obtain tax credits and therefore build more affordable units in the County.

Benefits of Approach 2	Drawbacks of Approach 2
<ul style="list-style-type: none"> □ There would be greater ability for Arlington to obtain tax credits. 	<ul style="list-style-type: none"> □ Changing the formula may not necessarily result in more affordable housing for Arlington.
<ul style="list-style-type: none"> □ Changing the formula would encourage or reward less car usage. 	<ul style="list-style-type: none"> □ There may be neighborhood pushback as a result of having more cars parking on Arlington streets instead of in spaces at affordable properties.
<ul style="list-style-type: none"> □ Changing the formula is in line with the priority goal of County government to provide housing for a diverse community. 	<ul style="list-style-type: none"> □ Would this deny affordable parking to people who need it to get to work?
<ul style="list-style-type: none"> □ A program like the Transit Oriented Affordable Housing Fund allows undergrounding that supports aesthetic and safety/reliability goals and also reduces developer costs. 	<ul style="list-style-type: none"> □ This approach means more funding is needed from the County (for TOAH, for example) and potentially less funds for other initiatives.
<ul style="list-style-type: none"> □ Reducing development costs could attract more development, and which might result in greater production of affordable housing. 	<ul style="list-style-type: none"> □ Some people think Arlington already has too much new development; we should be looking for other ways to incentivize affordable housing only.
<ul style="list-style-type: none"> □ Changing the formula would stimulate creative solutions like shared building parking, more Zip Car stations, etc. 	<ul style="list-style-type: none"> □

¹⁰ See Manville, Michael and Donald Shoup, 2010, *The Price of Unwanted Parking*. University of California Transportation Center: Policy Brief 2. Berkeley, CA, <http://tinyurl.com/lzfl9gk>; and Newcombe, Tod, 2013, *Do Parking Minimums Hurt Housing Affordability?*, Governing, July 18, 2013, <http://tinyurl.com/mp8kymm>.

¹¹ Tumlin, Jeff, 2013, *Getting Parking Right*, Presentation at Coalition for Smarter Growth Program, April 17, 2013, <http://www.smartergrowth.net/resources/getting-parking-right/>.

**Approach 3:
Let the Market Work**

This option involves the County lifting existing requirements for parking stalls and utility undergrounding.

It assumes the market will provide the housing affordability mix that will best serve Arlington’s diverse needs and interests.

Developers who want to make a deal work in Arlington should be able to do so. They need the flexibility to respond to what all residents need and want.

Benefits of Approach 3	Drawbacks of Approach 3
<ul style="list-style-type: none"> □ Developers know their markets best, since their own money and reputations are on the line. 	<ul style="list-style-type: none"> □ There is no guarantee that letting the market work will result in as many or more affordable units.
<ul style="list-style-type: none"> □ Regulation costs money, so why not let competition do its job? 	<ul style="list-style-type: none"> □ If the market changes, it’s harder to add parking later on.
<ul style="list-style-type: none"> □ Letting the market work would stimulate creative solutions like shared building parking, more Zip Car stations, etc. 	<ul style="list-style-type: none"> □ Developers will underbuild and there won’t be enough parking – because no one will want to pay for parking – and there will be spillover effects on streets adjacent to affordable properties.
<ul style="list-style-type: none"> □ People will ‘vote with their feet’ when choosing where they want to live and how much parking is important to them. 	<ul style="list-style-type: none"> □ There are good reasons why the County requires developers to underground utilities.
<ul style="list-style-type: none"> □ Removing the cost of parking may allow developers to create a higher number or more of a range of affordable units. 	<ul style="list-style-type: none"> □ Removing the cost of parking may allow developers to create a higher number of affordable units but there are people who may need access to parking who can’t access it.

Finally . . .

Arlington often sets the pace for new ideas in smart planning and housing affordability. The most recent example of this is the **Columbia Pike Neighborhoods Plan** which won the Benjamin Banneker Award for Outstanding Social Commitment and Community Initiatives from the National Capital Area Chapter of the American Planning Association.

The Plan, adopted in July, 2012, sets forth a vision and planning policies to guide future development activities along the Pike. A main element of the plan is retention of over 6,000 affordable housing units for incomes at or below 80% of the area median income as more housing is created for new residents. A new Form Based Code zoning tool is being developed that will aid in the preservation of these units and guide how new development should occur.

The one-stop site for all things Columbia Pike: <http://www.columbiapikeva.us/>

Other initiatives that may be of interest to you:

The Affordable Housing Study is a very important multi-year study that will:

- Examine existing principles, goals and targets;
- Assess current programs and resources;
- Identify needs and gaps in the provision of affordable housing;
- Develop short, mid- and long-term goals;
- Identify policy issues, funding priorities and strategies; and
- Present recommendations to the County Board.

<http://www.arlingtonva.us/departments/CPHD/housing/hpp/page87215.aspx>

or tinyurl: <http://tinyurl.com/mwek6se>

Realize Rosslyn is updating the Rosslyn Sector Plan Primary goals of this Plan Update include a better urban design framework and a more specific and deliberate building heights strategy.

<http://sites.arlingtonva.us/rosslynsector/>

The Commercial Parking Study

“In planning for developing new office buildings, developers may sometimes propose to build less parking than the County standard. In 2012, the County Board directed County staff to investigate the consequences of reduced parking for site plan office buildings and to develop methodologies for mitigating possible impacts of reduced parking.

The Commercial Parking Study will explore alternative methodologies, evaluate their possible ramifications, and propose a clear and consistent methodology to evaluate site-specific parking ratios and associated transportation improvement strategies proposed in applications for site plan office buildings.” (County website)

<http://www.arlingtonva.us/departments/EnvironmentalServices/dot/Parking/page88037.aspx>

or tinyurl: <http://tinyurl.com/mncyodp>