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May 27, 2015

Arlington County Board
2100 Clarendon Boulevard
Suite 300
Arlington, Virginia 22201

Dear Chairman Hynes,

The Arlington Chamber of Commerce would like to express the our general support for the direction and aspirational goals outlined in the proposed Affordable Housing Master Plan and the Affordable Housing Implementation Framework.

As you know, the Chamber exists to strengthen businesses and the economic environment for those who work, live and do business in Arlington. Our member businesses recognize the critical role that housing affordability plays in achieving that mission and applaud the proactive approach that the County is taking to address this very important issue. A sustainable community requires a range of housing options affordable to a broad spectrum of citizens. Moreover, the strength and viability of the local economy relies on the availability of a mix of housing options as it directly impacts workforce recruitment and retention. It also serves as a key factor in business location decisions, further underscoring the need to take measures to ensure that the County's economic development efforts and commercial revenue base are not negatively impacted. The Chamber believes that the adoption of the proposed Comprehensive Plan element will place Arlington County on the leading edge of addressing this important issue not just regionally, but on a national scale.

Of course, as in any endeavor, the devil will ultimately lie in the details of the formulation and implementation of policies to achieve the goals and objectives set out in the new Comprehensive Plan element. To this end, the Affordable Housing Master Plan and Affordable Housing Implementation Framework documents have been vetted through the Chamber's Government Affairs/Economic Development Committee and subject matter experts within our membership as well as community and business leaders comprising our Executive Committee and Board of Directors. Therefore the Chamber has provided for your consideration more detailed insights, comments and feedback that this process has yielded.

The Chamber supports and generally identifies with the sentiment of Goals 1.1.6 and 1.2.1 in the proposed Affordable Housing Master Plan: Remove

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barriers to the production of moderately-priced rental housing, including non-subsidized housing and Incentivize the production of moderately-priced housing through land use and zoning policy. The substantial needs documented by County staff – currently at about 7,000 units and growing – can not be addressed through local government subsidies and programs alone. Market-rate affordable units also play a critical role. It is vital that the private sector be a willing and motivated partner in any comprehensive initiative to address housing affordability. This can only be achieved through the provision of flexibility, removal of barriers and establishment of incentives to allow the market to address areas of housing need and demand in a creative and unfettered fashion.

Existing challenges to the development of affordable housing include the cost of construction (including those costs related to the development approval process and real estate acquisition), zoning restrictions governing height and density of buildings, and community opposition.

Therefore the Arlington Chamber of Commerce recommends the following:

- The County should seek out opportunities and means to offset or help developers/owners to work around these impediments to achieve the mutually shared goal of increasing the County's affordable housing stock. Bonus density and tax credits/incentives stand out as helpful tools to make affordable housing a more economical and cost effective proposition for property owners and developers in Arlington. Much can additionally be achieved through the relaxation of regulatory burdens and requirements and flexibility in Board policy with regard to the provision of affordable units. Respecting the desire to de-concentrate affordable housing stock, policies adopted pursuant to this goal may constrict and constrain developers seeking to build affordable units, particularly in light of the type of location-based community opposition and costs stipulated above.
- In addition to location and geographic distribution of units, the County should carefully evaluate restrictions with regard to the type of units deemed acceptable as well as characteristics of such development like height and density. Acceptance of developer-proffered units available to a broader range of individuals at higher levels of the area median income (AMI) may further yield the development of more affordable units, improving the overall affordability of housing in Arlington. These serve as just a few examples of policy areas where flexibility in the County's approach may yield dividends towards the achievement of the goals and objectives outlined within the Master Plan document.

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- The Chamber supports maintaining the current provisions of Arlington's Affordable Housing Ordinance and undertaking a study of affordable housing parking standards as recommended within the proposed Affordable Housing Implementation Framework.
- Additionally, the Chamber fully supports efforts to streamline the land use approval process specifically for CAF projects and moving forward with the Affordable by Design Study to examine opportunities for enabling greater flexibility in housing types to achieve housing affordability.
- One notable exception, however, to the overall theme and direction of the Affordable Housing Implementation Framework is Financing Strategy #4. County staff recommends the removal of the five year step-down and phase out of the Multifamily Rehabilitation Partial Property Tax Exemption. Such a policy would minimize the effectiveness of the existing program by reducing the incentive for property owners of older multifamily buildings to maintain and rehabilitate properties, keeping rents low and preserving market rate affordable units. Conversely, this change would likely result in pressure on housing providers to increase rents, rendering these precious units no longer affordable to individuals lower on the AMI scale. The Chamber urges additional deliberation and careful consideration leading up to the implementation of such concepts and policies.

The Arlington Chamber sincerely appreciates the opportunity to provide feedback on this important element of the County's Comprehensive Plan. We look forward to continuing to engage as a partner in addressing housing affordability going forward and further commit to work towards educating the broader business community regarding the study and its implementation.

Sincerely,

Kevin Shooshan
Chair

Kate Roche
President & CEO

CC: Arlington County Board members Jay Fisette, Libby Garvey, Walter Tejada, John Vihstadt