

WALTON FAMILY
FOUNDATION



Northwest Arkansas Housing Policy Landscape Assessment

Executive Summary

September 2021

Summary

Housing affordability is a challenge that requires **regional solutions** developed and implemented through **local partnerships**.

Housing prices have risen steeply across Northwest Arkansas in recent years, making it more difficult for the average household to find an affordable place to live. Today, there are insufficient tools to finance a broader spectrum of housing options, and inadequate production capacity and experience among municipalities and housing developers in Northwest Arkansas around affordable housing.

The high cost of land is the number one reason given for the shortage of attainable housing options. Due to this and other factors, most affordably priced housing in Northwest Arkansas is being built in suburban greenfield areas where land and infrastructure is less expensive. The continuation of these current lower density and sprawling development patterns will have serious long-term negative implications for affordability, impose longer commutes and restrict access to daily needs and amenities, especially for lower- and middle-income households. Creating more opportunity for higher density developments with a mix of uses that enable people to walk or bike to their daily and weekly needs will, on the other hand, reduce transportation costs and provide health and environmental benefits.

By taking a **regional approach**, building **capacity and cross-sector collaboration**, focusing on **education and outreach** as well as considering **strategic zoning code reforms**, Northwest Arkansas can address housing affordability and ensure a region where **all residents have access to safe and quality housing**.

Research Overview

In 2020, a team led by Smart Growth America assessed policies that affect the supply and price of housing in Northwest Arkansas and analyzed current capacity and market conditions for **a wider range of housing types and price points.**

Two subsequent reports detail these findings and include recommended changes in policy and practice that could help the region successfully address these challenges. The reports build on [Our Housing Future](#), a call to action published by the Walton Family Foundation in 2019, which found that **“housing is becoming increasingly inaccessible to the region’s workers, families and seniors.”**

Over the course of the assessment, the research team conducted interviews, analyzed zoning codes and development processes, tested current and future growth projections and developed an understanding of the financial impacts of public and private investments as they relate to housing affordability.

“ Housing is becoming **increasingly inaccessible to the region’s **workers, families and seniors.** ”**

Key Findings

- The continuation of **current low density, predominantly single-family development patterns** will have serious negative implications for **affordability, impose longer commutes and restrict access to daily needs and amenities**, especially for low- and moderate-income households.
- **Housing affordability is a challenge** that requires regional solutions developed and implemented through a local partnership. While individual cities vary, the Area Median Income – the midpoint of household incomes in the region – is increasing much more slowly than median home sale price.
- **Regional housing solutions** must be integrated with **multi-modal transportation solutions** to ensure sustained affordability, especially for low- and moderate-income households.
- There is an immediate need to **educate local leaders and the public** about who lacks access to attainable housing, the importance of diverse housing types and price points to economic growth, the drivers of and potential solutions for current and future housing challenges, and what these solutions look like.
- There are **insufficient tools to finance** a broader spectrum of housing options at the scale required to meet the projected demand. In Northwest Arkansas today, financial feasibility for new developments is nearly impossible at affordable rents. Subsidies can create affordable rents, but housing that includes a mixture of uses and density can also make more affordable units possible.

- There is **insufficient production capacity and experience** - as well as a lack of incentives - among local developers to provide the number of units and range of housing options needed to meet the projected demand.
- **High land costs** are the number one reason given for the shortage of attainable housing options. As a result, most moderately priced housing is built in suburban greenfield areas where land and infrastructure is less expensive, there is generally less development opposition from citizens and the review process is not as cumbersome.
- Under current zoning there is **nearly enough land capacity in the region to accommodate** the number of additional housing units needed to meet the demand. However, most of this capacity is in the wrong location for the most efficient use of land and infrastructure. Even in locations where city zoning allows transit-supportive density (20 units/acre), most are being developed at less than half this amount.
- Each of the four largest cities in Northwest Arkansas allows mixed use development in some areas, but each also has some exclusionary rules related to lot sizes that could be re-examined. **A more dense mix of commercial and residential development enables people to walk or bike** to many of their daily needs, reducing transportation costs and providing health and environmental benefits.
- Today, across the region, there are **many obstacles and few, if any, incentives to build diversity in housing options**, which play an essential role in meeting the future needs of the regional population.

Recommendations

Take a Regional Approach

A strong and diverse housing supply is an essential component for a healthy regional economy. Achieving this takes public, private and nonprofit sectors working together across municipal boundaries. This is especially important in Northwest Arkansas, where there are several distinct, yet interconnected, anchor cities. While there is strong regional collaboration in some arenas, this is not yet true for housing. While local governments must take the lead on many of the tactics, such as building understanding, policy change and financing, among others, these steps will be much more effective if they are part of an overall regional approach.

Balance Housing and Transportation

Housing and transportation (H+T) are the two largest household expenditures. Most of the region's housing is in low-density neighborhoods located away from jobs, amenities and essential services, resulting in higher H+T costs for households. More well-located housing options at greater densities can increase opportunities for transit options and result in lower H+T costs. Regional housing and transportation strategies should be developed and implemented in concert.

Leverage the Metrics

Finding solutions and tracking progress require measuring and understanding the scale and patterns of the challenge. The Our Housing Future report and this Northwest Arkansas Housing Policy Landscape Assessment can serve as a quantitative foundation for this understanding, but a component that tracks progress on current conditions, policy priorities, key indicators and outcomes will be essential for long-term success.

Engage Broadly with Partners

A successful strategy must engage many actors, including public decision-makers, developers, investors, community-based organizations and advocates.

Focus on Education and Outreach

Raising awareness of the importance of housing affordability in the region should include increasing understanding of the range of individuals and families who cannot afford decent and safe housing in the region, why there is a shortage of affordable housing, what the possible solutions are, and how proposed projects help meet the needs of all members of the Northwest Arkansas community.

Build Capacity

Build capacity and skills in regulatory reform, project design, financing, communications and outreach, and public-private partnerships among local public officials, nonprofit and for-profit developers, investors and community-based organizations.

Reform Zoning Codes

Although the research team did not find explicit language in any of the large cities' codes that limits or prevents affordable housing development, they identified several zoning changes all communities in the region should consider making as a way to encourage the development of more attainable housing options. The report includes eight specific recommendations regarding local zoning code reform that could improve the potential for increased affordable housing production in Northwest Arkansas communities.