

Northwest Arkansas Housing Policy Landscape Assessment Phase One Report

Prepared for the Walton Family Foundation

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FBCI Form-Based
Codes Institute

 **Smart Growth America**
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town planning

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I. Project Overview

In September 2019, the Walton Family Foundation (WFF) released *Our Housing Future: A Call to Action for Northwest Arkansas*. Based on an extensive community and stakeholder engagement effort led by Enterprise Community Partners, *Our Housing Future* provides clear evidence that, “...housing is becoming increasingly inaccessible to the region’s workers, families and seniors.” Indicators of this growing challenge, cited in this 2019 report, include:

- Household income growth has lagged rising rent and for-sale home prices in three of the region’s four largest cities in the last several years.
- Regional employers have started expanding their facilities to less costly areas partly due to a limited supply of homes affordable to their workers in the region.
- On any given night, nearly 2,500 people in Northwest Arkansas (including more than 1,000 children) lack a permanent place to live.

While some major employers recently have increased their commitment to the region, committing to new facilities in downtowns, projections of the growing gap between household incomes and the combined cost of housing and transportation signal a future scarcity of housing options for middle- and low-income households (See Tables 13 & 14).

During the engagement process, stakeholders identified the four most urgent housing challenges that Northwest Arkansas faces in the coming decade:

- Lack of a regional housing policy;
- Need for diverse housing options;
- Limited choices for low-income households; and
- Weak links between housing and transportation options.

The Walton Family Foundation partnered with a research team composed of the Form-Based Codes Institute/Smart Growth America and Dover, Kohl & Partners to conduct a Housing Policy Landscape Assessment in two phases. In Phase One, the research team assessed current local, regional, and state regulations and policies that affect the supply and price of housing in WFF’s Home Region and analyzed the current capacity and market conditions of the region’s housing. In Phase Two, the team will suggest incremental and holistic regulatory and policy changes—and other steps—that local and regional leaders could take to encourage the development of more housing options across the region. The Phase Two report will include examples of how these approaches have worked in other communities and will outline the predicted impact of those policies in the region’s four largest cities. Both phases of the project are guided by the findings and recommendations presented in *Our Housing Future* and are intended to inform the Walton Family Foundation’s Home Region housing affordability strategies for the Foundation’s Strat-25.

The findings and analysis of Phase One are presented in this report and include:

- A summary of interviews with key public and private stakeholders in the region;
- An in-depth review of zoning codes in the four largest cities in the region;
- Spatial analysis of the current and future housing density, capacity, and land costs, under existing law; and
- Model pro formas of residential projects that could be built in each of the four largest cities, under current ordinances.

II. Key Findings

Several key findings emerged from the Phase One assessment. These findings reinforce the conclusions outlined in *Our Housing Future* and are consistent throughout various analyses and discussions with stakeholders.

1. **Housing affordability is a regional challenge that requires regional solutions developed and implemented through a regional/local partnership.** Expanding housing options must be recognized by all public and private stakeholders in the region as an essential prerequisite for economic prosperity. A respected regional organization must lead a collaborative effort to assess the need, set goals, and identify and implement strategies at the regional and local levels.
2. **Regional housing solutions must be integrated with regional transportation solutions** to ensure that combined housing and transportation (H&T) costs are affordable, especially for low- and moderate-income households. Providing more attainable housing, served by multi-modal transportation options, is essential to addressing housing affordability. All regional transportation plans should have housing elements.
3. **There is an immediate need to educate local leaders and the public** to understand:
 - a. The current status of housing options in the region and the importance of diverse housing types and price points to a growing economy;
 - b. Who in the community—professions, race, income levels, etc—do not have access to attainable housing—housing that meets the needs of those with incomes between 80 and 120-percent of the Area Median Income—and the implications for the economy;
 - c. The drivers of and potential solutions for the current and future housing challenge;
 - d. What more attainable housing and more affordable H&T¹ look like—missing middle, walkable mixed-use, multi-modal options; and
 - e. The relationship between their community vision and individual project proposals.
4. **There are insufficient tools to finance a broader spectrum of housing options** at the scale required to meet the projected demand.
5. **There is insufficient production capacity and experience**—as well as a lack of incentives—among local and regional developers—to provide the number of units and range of housing options needed to meet the projected demand.
6. **High land costs are the number one reason given for shortage of attainable housing options.** Other reasons mentioned were:
 - a. The cumbersome, unpredictable, and increasingly long project review process in urban areas;
 - b. The cost of streetscape and other infrastructure, which are generally the responsibility of the developer;
 - c. The per unit fees that developers are required to pay.

¹ For the purposes of this study, attainable housing is defined as housing that cost no more than 30 percent of household income. Affordable combined housing and transportation costs equal no more than 45 percent of household income.

As a result, most moderate priced housing is built in suburban greenfield areas where land is less expensive, infrastructure is less expensive to provide, there is less opposition from citizens, and the review process is not as cumbersome.

7. **Under current zoning there is nearly enough capacity in the region to accommodate the number of additional housing units needed to meet the demand** from the projected growth. However, most of this capacity is in the wrong locations, in terms of efficient use of land and infrastructure.
8. **The continuation of current development patterns will have serious negative implications for affordability, impose longer commutes, and restrict access to daily needs and amenities, especially for households at or below 120 AMI, with lower densities and sprawling patterns.** The prevailing trend—to build the majority of new housing as single-family detached units, or large-scale multi-family apartments in the outer suburbs will make safe and decent housing unaffordable for a growing percentage of the population.
9. **Today, across the region, there are many obstacles and few, if any, incentives to build Missing Middle Housing.**² These smaller units, on smaller lots, at higher densities—especially when built on infill or urban edge sites and/or close to multi-modal transportation options—typically demand rents or prices attainable by low and moderate-income households. While single family, detached and multifamily housing in large scale buildings have their place in every community, Missing Middle Housing, when built at scale can add diverse housing options to the region and play an essential role in meeting the future needs of the growing and increasingly diverse population.

² Missing Middle Housing—a term coined by Dan Parolek, founding principal at Opticos Designs—is a range of house-scale buildings with multiple units—compatible in scale and form with detached single-family homes—located in a walkable neighborhood.

III. Tier One Cities

Members of the research team interviewed a range of stakeholders across the region, including planning staff from seven municipalities in the region, including the four largest cities—referred to as “Tier One cities” for the purposes of this report—and three smaller cities, referred to as “Tier Two cities.” Three developers and representatives from ULI Northwest Arkansas and the Northwest Arkansas Regional Planning Commission were also interviewed. The team asked for their views on the findings in *Our Housing Future*, the most significant obstacles to the development of a wider range of housing options in their community and/or the region as a whole, potential solutions for the region, and their thoughts on examples from other places. A summary of their remarks is provided in this section.

Table 1. Key Demographic and Housing Indicators in Tier One Cities

Indicator	Bentonville	Fayetteville	Rogers	Springdale
Population (2019)*	46,857	86,765	67,615	81,641
Area Median Income (AMI) (2019)*	\$87,253	\$46,035	\$65,314	\$51,724
AMI Change (2014-2019)	15%	15%	22%	15%
Median Rent Change (2014-2019)**	11%	12%	11%	17%
Median For-Sale Price Increase (2014-2019)***	60%	24%	44%	24%
Percent of households with Income ≤ 80% AMI*	38%	50%	49%	49%
Percent of housing cost burdened households*	26%	35%	25%	31%
Percent of HH income spent on housing and transportation****	52%	46%	53%	47%
Projected growth in number of households (2010-2040)*	14,400	25,100	15,000	25,000
SFD as a percent of housing stock*	66%	49%	68%	62%
Owner/Renter Ratio*	55/45	34/66	59/41	52/48

Source *American Community Survey, **CoStar, ***Zillow, ****Center For Neighborhood Transportation

Bentonville

With an area median income (AMI) (2019) of \$87,253, Bentonville is the wealthiest of the four Tier One cities and incomes and housing costs are rising faster here than in any other part of the region. The city is the headquarters of Walmart, and the company plays a large role in the city’s development. Between 2016 and 2019, the AMI increased by 15 percent, the median rent increased by 11 percent and the median price of a home by 60 percent. Despite this affluence, 38 percent of the city’s households earn 80 percent or less of AMI and more than a quarter of the

households pay more than 30 percent of their income on housing. Bentonville is expected to add 14,400 households between 2010 and 2040.

On the supply side, 66 percent of the housing in Bentonville is single-family detached housing with most of the remainder in small-scale (2-9 units) and medium-scale (10-49 units) multifamily buildings. In 2019, there was an insufficient number of available rental units for all households at all low and moderate-income levels, with the exception of moderate-income households (80-120 percent of AMI), for which there were barely enough units to meet the need. As incomes increase, older, more affordable units are replaced by fewer, larger, and more expensive units, exacerbating the housing shortage for low and moderate-income households. While auxiliary dwelling units are allowed in the city, most are rented as short-term rentals for visitors, rather than adding to the affordable housing stock.

The Strategic Growth Plan—a part of the [Bentonville Community Plan](#), which serves as the city’s comprehensive plan—identifies three priority areas where growth in population and jobs should be directed. These include: Priority Area 1—Downtown Intensification, which incorporates urban neighborhoods in and around downtown; Priority Area 2: Infill, which incorporates vacant properties which are currently served by infrastructure within the context of existing development; and Priority Area 3: Edge Growth, which includes those areas proximate to existing infrastructure. The Plan emphasizes directing growth to those parts of the city where infrastructure already exists, increasing densities in the downtown, and directing development to vacant and under-developed properties in and around the city center, rather than to the edges or unincorporated areas.

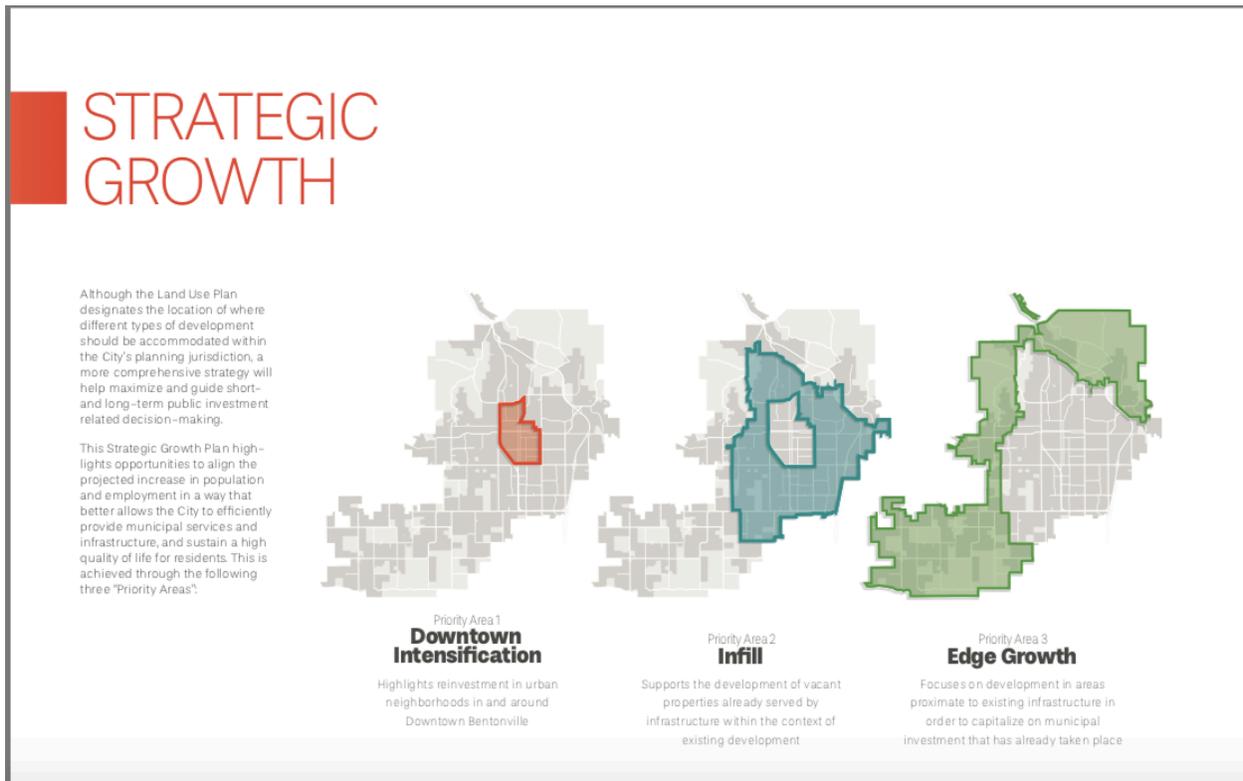


Figure 1. Bentonville Community Plan, adopted 10/23/2018, p. 44

However, there is a disconnect between the vision as laid out in the Community Plan and the Planning Commission and City Council’s responses to project proposals for multifamily projects, which they are hesitant to approve. City leaders cite concerns about traffic and stormwater

management, and current residents are concerned about the impact of these developments with a wider range of housing types on their property values. As a result, several of the planners interviewed said that local decision makers often deny projects with more and smaller units in favor of new, large, and expensive single-family detached homes, which are more consistent with current development patterns.

The City recently adopted form-based standards for the Downtown Core and Downtown Edge districts (See Sec. [401.8-B](#)) to promote a greater mix of uses, encourage more connectivity, and improve walkability over time. The code eliminates restrictions on density, but parking minimums still constrain the number of units that can be built on a parcel. In areas that the Community Plan designates as infill, the Plan calls for smaller lots and higher densities, but the developer must request rezoning to accomplish this, making the process lengthy and unpredictable. Other challenges to producing more affordable units mentioned by developers include: the requirement to pay for new or replacement infrastructure, even in the downtown, where existing infrastructure is out of date or has not been properly maintained; significantly longer project review times; utility easement requirements that limit densities; project fees that average \$5,000 per unit; and the absence of any density bonuses in exchange for affordable units.

While Bentonville has the greatest capacity for new housing, when compared to expected population growth, it is also the city where incomes have risen the most. But with rent growth surpassing income growth, it is likely to continue to encounter affordability problems in the future.

Fayetteville

Home of the University of Arkansas, Fayetteville is the most populous city in the region. The median household income of \$46,035, is much lower than Bentonville, likely due in large part to the significant student population. Median household income grew by 15 percent between 2016 and 2019. Median rents grew at 12 percent and median for-sale home prices grew at a notably higher rate of 24 percent. Fifty percent of the population earn 80 percent or less of the AMI and 35 percent of Fayetteville households pay more than 30 percent of their income on housing. The city is projected to add 25,100 households between 2010 and 2040.

On the supply side, almost half (46 percent) of the housing stock is detached, single-family homes with most of the remainder of the stock in small- and medium-scale multifamily buildings. In 2019, there was an insufficient number of available rental units for households at all low and moderate-income levels, with the exception of moderate-income households (80-120 percent of AMI), for which there were barely enough units to meet the need.

Housing in downtown Fayetteville is very expensive. The university does not have sufficient housing on campus to accommodate the student population, creating significant pressure on the private rental market in the downtown and university areas. In addition, it is very difficult to build multifamily projects in these areas because the per square foot costs to build are high. Both planners and developers said that current residents often oppose any new development that are not single-family detached dwellings. In addition, Arkansas is the only state that does not require a [Warranty of Habitability](#) for rental units, which would require landlords to ensure that units are in safe, habitable, and livable condition. As a result, there is no legal assurance that rental units will meet minimum habitability standards for safe and decent housing.

The current zoning ordinance allows for single-family detached, duplexes, triplexes, and quadruplexes, but developers tend to build single-family detached and duplexes. City staff speculate that this may be, at least in part, because single-family and duplex homes are exempt from stormwater and historic preservation requirements. They also suggest that current parking minimums are excessive, discouraging multi-unit developments and contributing to the high cost of housing. The city ordinance does allow ADUs, which can add smaller, more affordable units to the housing stock, but the principle structure on these properties currently cannot be rented. City staff is working on a revision that would allow both the ADU and the principle residence to be rented out.

In January 2020, the City adopted City Plan 2040, an update of City Plan 2030. While all six of the stated goals in City Plan 2030 were updated, the 2040 updates emphasize two goals, in particular: Goal 1, which makes infill and revitalization a top priority for the City; and Goal 6, which commits to creating opportunities for attainable housing. Consistent with these goals, the City Council has rezoned many neighborhoods to allow for more density and variety, but residents continue to successfully oppose more dense developments. Other obstacles to creating more affordable units include the limitations on the number of unrelated individuals who can live in a household, and the absence of any incentives to include affordable units in market rate developments.

Both city staff and developers mentioned the Willow Bend project as a good example of a public-private partnership that developed a mixed-income community. But the amount of time the project took to get underway, the lack of expertise in both the public and private sectors to structure the project, and the limited number of affordable units that the project includes are all held up as examples of why Fayetteville needs to be more proactive in creating programs that remove barriers, build expertise, and provide financing to produce the number of attainable units needed in the coming years.

Fayetteville's multi-family market is unique to the region because of the student population. Rents are the highest rents in the region, by far, with downtown rents unaffordable for much of the population. There is sufficient land capacity to meet future demand, but affordability will remain a challenge as the population grows. Most likely, demand will be met by building on undeveloped land farther out, as well as higher priced housing in the downtown. The City may have the opportunity to build more affordable housing just outside the downtown and university areas.

Rogers

Home of the original Walmart store, the City of Rogers offers attractive amenities like an historic downtown, the largest lake in Arkansas, an extensive trail network, and close proximity to the Bentonville-based Walmart headquarters campus—the largest employer in the region. As a result, Rogers is one of the fastest growing cities in Northwest Arkansas with a median income of \$65,314, among the highest of the region. Area median income has grown 22% since 2016 and median rents have grown 11%. For-sale housing prices have risen by 44 percent—the second fastest of the Tier One cities. With a quarter of the households spending more than 30 percent of their income on housing and almost 60 percent of households living in owner-occupied homes, many residents are likely to be priced out of the for-sale market, putting additional pressure on rental properties. This pressure is compounded by the fact that 49 percent of the city's households earn 80 percent or less of AMI and that Rogers' population is expected to grow by 15,000 households between 2010 and 2040. These data indicate that the low- and moderate-income

population will continue to be a comparable percentage of the overall population and, as a result, housing affordability will continue to be a challenge, unless specific actions are taken to address it.

The supply side of the equation tells a similar story. Almost 70 percent of the housing stock is single-family detached homes, with another 20 percent of the stock in small- and medium-scale buildings. There is insufficient availability of rental units for households at 80 percent of AMI or below for current residents and historically, very little new multi-family has been built, even in the downtown.

City staff are optimistic that Rogers is putting the tools in place to add a wider range of housing options, particularly on the west side of the Rogers. The City Council has recently approved the development of multifamily housing, and is making investments in new infrastructure to support higher densities. They have identified publicly owned land where new, higher density housing can be built and targeted federal funds to rehabilitate older homes. The mayor has called for “diverse neighborhoods, not homogeneous subdivisions”. The [Comprehensive Growth Map](#) identified three regional centers—40-50 acres each—where two- to three-story mixed use development, including housing, will be encouraged and ADUs are allowed by right. The City recently adopted a form-based code to spur more diversity in downtown residential development. The new code removes any limitations on density and does away with parking requirements. Staff is considering ways to adapt this code for other parts of the city.

Staff also emphasize that more education is needed—for decision makers, the public, and developers—in order for these envisioned changes to actually happen. Today there are almost no multi-family developments in the downtown area and current residents—including some elected leaders—oppose any new multi-family and rental development because of the negative perceptions they have of the people who will live there. Further, while Rogers prides itself on being “developer friendly,” staff believe that most developers do not “have a good handle” on the market for more diverse housing types and are unwilling to take the perceived risk in bringing them to market. Corporate developers in the area compete to build “the biggest and brightest,” and direct philanthropic support to housing for the very low-income residents. As a result, no “missing middle” housing is being developed. Finally, stakeholders mentioned that there is very little willingness to undertake mixed-income projects due to the limited experience in structuring public-private partnerships in both the development community and the public sector.

Currently, land costs are low in Rogers and the City could benefit greatly from increased density—especially in their downtown where it is financially possible—as they struggle to ensure affordability for households at 60 to 80 of AMI. One major challenge the City faces is a complicated zoning system that specifies areas for rental units. It is also possible that Rogers will absorb growth from other communities, due to higher rents elsewhere.

Springdale

Springdale is the industrial center of Northwest Arkansas, with the most diverse population of any city in the region—the only majority (51 percent) minority city in the region. Second in population to Fayetteville, the median income in Springdale is \$51,724, the second lowest in the region, rising 15 percent from 2016 and 2019, although local planning staff stated that the addition of 3,100 households between 2010 and 2016 indicates “considerable growth” for the city. Median rents increased by 17 percent over the same period, the fastest in the region, and the median sale price for a home rose by 24 percent. Forty-nine percent of the population of Springdale had a median

income of 80 percent or less of the AMI in 2019 while slightly over half of the population (52 percent) owns their own home. The city is expected to add 25,000 households between 2010 and 2040 and has a significant Hispanic/Latinx and Marshallese population.

Over 60 percent of the housing stock in Springdale is composed of detached single-family homes, with another 33 percent in small and medium-sized buildings. As with the other three major cities in the region, there is an insufficient supply of rental housing for households with incomes at 80% of AMI and below.

In 2017, the City adopted a form-based code for the downtown, as part of a *Downtown Transformation Plan*. The new code includes integrated design standards, guidelines for bicycle facilities, sidewalks and other pedestrian-oriented improvements and allow for greater heights and densities. The Transformation Plan has led to improved connections to natural features, such as daylighting the creek along the Razorback Greenway, the renovation of Emma Avenue and the restoration of the Apollo Theater. Allowing for more development intensity has led to more diverse housing types as well as a wider range of prices in the downtown—with attainable rents and for-sale prices—when compared to downtowns in the rest of the region. Springdale also has four Opportunity Zones, which the City hopes to leverage to attract investment in multi-use development in the downtown and east part of the city.

In areas outside of the downtown, which are still governed by a conventional zoning code, limits on building heights and densities are driving up the cost of housing. Lot size minimums and limits on the number of units per acre constrains developers' ability to provide the more affordable units needed by much of the current and future population. While planned unit development (PUD) zoning has been used to demonstrate how high-quality multi-family development in these areas can succeed, both economically and from a design perspective, this type of zoning can only be used for projects of ten acres or more, which limits their applicability to most new projects in the city. Staff is working on a proposal to go before the City Council in the coming months, which would adapt the downtown form-based code for residential areas adjacent to downtown.

In older parts of Springdale and at the edge of the city, limits on stormwater and sewer capacity restrict the City's ability to approve higher densities, even if the zoning were to allow it. Also, because the school district looks for inexpensive large tracts of land, new schools are generally located on the city's edge, where families tend to follow.

Springdale is currently a majority minority city and has the highest rent increases over the past five years. It also has the lowest incomes and the least capacity for multifamily to meet future housing demand. While it currently has lower rents for the region, and is perceived as an affordable place to live, the future of Springdale is most likely to be continued sprawling development and residents who commute to other communities. Demand will increase, causing rents to rise.

IV. Tier Two Cities

In addition to interviewing planning staff from the four largest cities in Northwest Arkansas, developers, and regional stakeholders, the research team consulted staff from three other communities—Bella Vista, Centerton, and Siloam Springs—about housing affordability issues in their communities and, particularly, whether they could add additional perspective on the barriers contributing to the problem.

Bella Vista

Originally developed as a private resort community in 1917, Bella Vista, with a 2019 population of 23,328, was incorporated as a city in 2007. There is almost no commercial development in Bella Vista and 94 percent of the population works outside the city. The update of the 2040 Comprehensive Plan, just considered by the City Council, designates mixed-use areas. A bedroom community for Walmart employees and retirees, the senior population is higher than the rest of the region.

Most of the developable land is still owned by the family of the original developer and land use is governed by private covenants. While there have been some updates to the zoning code to encourage the development of a more diverse housing stock—ADUs and tiny homes are permitted under the code and duplexes are allowed by right—many of these provisions conflict with private covenants and few have been exercised.

Centerton

The City of Centerton, with a 2019 population of 13,252, located west of Bentonville on Highway 102, has grown from a railroad stop and fruit orchard community of the early twentieth century into a suburban bedroom community in the Northwest Arkansas region. The City is in the process of adopting a new Comprehensive Plan which designates a new town center and other commercial and mixed-use areas. The Plan includes a master street plan, places a strong emphasis on walkability and trail orientation, and enables the construction of more affordable housing. The current zoning code is substantially out of date and does not have sufficient detail to give citizens confidence that new, more intense development will be consistent with their goals and vision.

As a result, much of the public is suspicious of new development in general and multi-family projects, in particular. Most new development is single-family detached houses, which do not generate sufficient income for the City to underwrite infrastructure improvements needed for more intense development. The City's requirement to provide infrastructure—water, sewer, streetscape, public open space—increases the cost of housing, making it even more difficult to develop market-rate affordable options. While local developers are not inclined to build outside their comfort zone of single-family detached housing, a few are delivering townhome and duplexes—both in the rental and for-sale market.

Siloam Springs

The City of Siloam Springs is somewhat of an outlier among those interviewed by the research team. Located 20 miles west of the Fayetteville-Bella Vista Corridor, Siloam Springs, with a 2019 population of 16,567, serves as a bedroom community for businesses in Eastern Oklahoma, where

30-45 percent of the resident's work. A new Tysons Foods processing plant will soon bring 2,300 jobs to the City by 2023.

Siloam Springs is just beginning work on an update of its Comprehensive Plan. They hope to use the process as an opportunity to educate residents about the value of density. The City's current CEO is a former urban planner and is working to communicate some of these concepts to the Board of Directors, who govern the City. Currently, Siloam Springs has "textbook Euclidean zoning," and would consider adopting a form-based code in the future. There is a need to educate both the leaders and the public on why attainable housing is important to the economy and how it can fit into the community.

VI. Local Code Reviews

The research team conducted an in-depth review of the zoning ordinances of the four Tier One cities to assess how they impact housing affordability. The team uses exploratory questions to evaluate whether existing municipally adopted zoning rules help or hinder a community's pursuit of a wider range of housing options, in particular options that are more affordable to low- and moderate-income households. The review focuses on the physical constraints and opportunities that either allow or limit access to a variety of housing options and assumes that individuals or families of different financial means can choose the housing option that works best for them. The exploratory questions include an assessment of the proximity of housing to other uses and transportation options because this can have a significant impact on affordability.

The review looks at both zoning regulations and the application review process. It was clear from our interviews that an unpredictable and time-consuming approval process is often a deterrent to attracting private sector development except, perhaps, in the higher cost residential or commercial real estate sector. Historically a lengthy review process has been used by communities to exclude growth in general or in sectors where the public is resistant.

Factors known to restrict the development of a wider range of housing types and price points—and mentioned repeatedly during our interviews include the following:

- Rules that add to direct costs—requiring certain materials or construction procedures. These are not common in zoning codes that primarily focus on use, buffers to separate uses, density, setbacks, and heights.
- Requirements that add to soft costs—a lengthy review process adds costs to applicants who must pay attorneys and specialists who prepare engineering and construction documents and attend meetings.
- Fees to submit an application and impact fees, once a project has been approved.

Examples of rules that support more affordable options include:

- Rules that provide indirect cost savings to the end user, over time—for example, requirements that support a more walkable urban form. In addition to the health benefits to our minds and bodies, and environmental benefits for our planet, these rules make it easier to walk or bike to destinations, which inherently reduces transportation costs and increases independence.
- Rules that can accommodate small increments of investment. Smaller local investments can jumpstart revitalization of existing neighborhoods and improve equitable access to income growth, because the cost to enter the market is lower.
- Rules that allow gradual increases in density as the city grows—ordinances that direct higher densities to areas that have existing infrastructure, instead of to greenfields, farmland and natural lands on the edge. This makes neighborhoods more walkable which causes an increase in viable transportation options.

Density

Although it is true that zoning codes that allow higher densities can contribute to housing affordability, higher densities do not guarantee more affordability. High land values can be a major factor in high density areas that precludes the development of more affordable housing options. These elevated land values are often caused by: 1) the development potential given by the zoned entitlements—higher densities and business intensity adds value; and 2) the desirability/popularity

of the neighborhood—which increases the value/cost based on supply and demand. The hope that higher densities produce more affordable units into the market depends on the economy of scale that spreads land and construction costs among more units, bringing down the average per-unit costs. More affordability comes when those savings are passed through to the end user in the purchase price or monthly rent.

Higher density does not have to mean big or tall buildings. Smaller units cost less to build, and increased density means they are closer together, reducing per unit land costs. Density—expressed as the number of units/acre—can look and feel very different. The same density can result in a big building, with big setbacks, or adjacent or attached smaller buildings with minimal setbacks. These smaller units come in many different forms: tiny houses, cottages, accessory dwelling units, townhouses, bungalows, multi-family buildings. They can be detached or attached units. Rules that require wide minimum lot widths, deep front setbacks, and low maximum building lot coverage increase the amount of land needed for what could be a small unit. Habitat for Humanity, for example, has been providing a lower cost and lower density solution for decades. They are low density because the houses often are subject to large lot and setback requirements. Reduced lot size requirements and the same size units can produce higher density with buildings that don't block the sunlight from their neighbors and blend in well with neighbors. Lower or no minimum off-street parking requirements may also allow a reduction in lot size—and cost, or allow for more trees and other vegetation, as well.

Public dislike and fear of higher density development has many drivers: 1) myths and misunderstandings about the kinds of people who live in multi-family housing and fear that their presence in the neighborhood will lower property values, 2) fears about traffic congestion, and 3) concerns about overburdening civic facilities and programs, such as school systems. What is less well understood, particularly by the public, is that the benefits of density often make life better and cheaper, especially when coupled with walkability and additional mobility options. Examples that confirm public fears of density, generally come from areas dominated by cars usage. In these cases, adding any development contributes to traffic congestion and the developments tend to be larger and uglier because of the vast amount of land devoted to parking. In addition, this orientation to single occupancy vehicles limits social interaction, which detracts from the sense of belonging and the sense of pride that makes us happier and better neighbors. The solution is to add density in places where walkable and bikeable environments exist or are planned, especially where there is also access to transit and/or rideshare options and/or a road or trail system for bicycles and other low powered wheeled devices.

1. Since greater residential density with reduced parking supports transit ridership and other transportation options, what is the optimum density in these places?

The best general answer is that the greater the density, the more mobility options will come available. Unfortunately, there is not one answer for a “winning number.” Rather, the optimum density depends on numerous variables. Urban areas that are served only by single occupancy vehicles cause more traffic and complaints from residents will not be the same as in urban areas served by transportation alternatives. However, transit systems are only viable where there is sufficient densities to support it. The question of how much density is needed is asked more and more as our urban centers grow. Across the country, researchers and professional land use and transportation planners have collectively produced at least three sets of standards for new development, which are referenced in this [article](#) and summarized below.

- The [LEED for Neighborhood Development program](#) (LEED-ND) has minimum requirements to qualify for submitting an application for certification. There is a point system for achieving status at various levels of certification. A project with higher densities beyond the qualifying amount will receive higher points. Their requirements are a minimum density of 7 to 12 units per acre and a floor to area ratio (FAR) of 0.5 for residential uses and 0.8 for non-residential uses, depending on the transit service level.
- The [Enterprise Green Communities program](#) has a minimum of 5 to 15 DUs per net acre depending on housing type and community size.
- The [Living Community Challenge program](#) has a minimum of 0.5 to 3.0 FAR for all uses in designated urban zones, or about 10 DU per net acre for the lowest level of residential uses.

The same article explains that some cities have required minimum densities for a variety of reasons beyond just supporting existing transit systems including assisting patronage of local businesses, expanding housing options, reducing automobile traffic as a way to reduce pollution, and promoting new investment in or preservation of open space. Cities that have taken these steps include: Portland OR, Charlotte, NC, and the Minneapolis-Saint Paul region in Minnesota, which set a minimum of 20 units per acre in the most urban areas. The article also mentions that the Federal Transit Administration (FTA) rates projects submitting for funding rating places with a density of 2,560 persons per square mile at the lowest level up to densities of 15,000 people per square mile for a higher rating. Projects with higher ratings are more likely to receive funding. With Arkansas' average household size of 2.52 persons per household, a density of 15,000 people per square mile yields a density of 9.3 gross units per acre while a density of 2,560 people per square mile yields a household density of 1.59 units per acre.

Together, these analyzes suggest that densities of about 20 units per acre or more should be the target for urban areas, with minimum densities ranging between 8 and 10 units per acre.

The other part of the equation is not just density, but ridership because that is what helps pay for it. To bring the calculations back to the count of people, let us use the 5-minute walking convention for a pedestrian shed to service one transit stop. A square-half-mile is one-fourth of a square mile (640 acres) in area, so we can use 160 acres as the size of a ped-shed. When we look at size of areas of higher density in each of our Tier-One cities, we can see how many ped-sheds fit within them. If the areas of higher densities in each of the cities are small, with only a few ped-sheds, the viability of transit falls back into question, even though the local density might normally be sufficient.

2. Do the Tier One cities have enough density within their boundaries, under current zoning, to support transit or other benefits? What are the current allowable densities and where are they allowed within the city boundaries?

Bentonville

City Wide Residential Acreage: 10,796 Acres

City Wide Residential Units: 23,637 Dwelling Units (DUs)

Overall Citywide Density: 2.19 dwelling units per acre, factoring only residentially zoned properties (net, not counting thoroughfares and public areas).

For the four densest residential zones, the chart below shows: 1) total acreage and acreage as a percent of city's residential zones; 2) Number of dwelling units within those zones and the percent they represent of the total number of dwelling units citywide; and 4) the net density for each of the zones.

Table 2. Density by Right for Densest Residential Zones in Bentonville

Zoning	Acres/% of Land	Dwelling Units/% of Land	DU/Acre
I-2	33.43 Acres 0.31 %	653 DUs 2.8 %	19.53
C-1	55.10 Acres 0.51 %	525 DUs 2.2 %	9.53
R-4	260.56 Acres 2.41 %	2,133 DUs 9.0 %	8.19
D-E	36.53 Acres 0.34 %	224 DUs 0.9%	6.13
Totals	385.62 Acres 3.57 %	3,535 DUs 14.96%	9.17

Table 3. Bentonville Densities by Zone

Zone	Acreage	% DT Area	Median Density	Density in DT
R-1	481.1	0%	4.07	2.74
R-3	113.3	11%	7.03	5.01
R-0	76.4	7%	5.38	4.53
A-1	72.1	7%	0.48	0.82
D-C	67.3	6%	4.82	2.99
C-3	39.4	4%	-	0.08
D-E	36.5	3%	8.84	6.13
I-2	27.3	3%	19.53	10.03
C-2	26.3	3%	-	0.08
DN-2	24	2%	5.41	2.8
RC-2	15	1%	7.12	5.95
PRD	14.9	1%	10.51	9.54
PUD	13.4	1%	6.01	0.75
R-E	12.6	1%	0.5	1.51
DN-4	7.4	1%	5.48	3.26
C-1	5	0%	9.53	5.86
DN-1	4.2	0%	5.42	4.82
R-2	2.7	0%	8.73	4.06
DN-3	2.7	0%	9.38	4.49
RC-3	1.3	0%	11.64	8.61
R-ZL	0.5	0%	7.33	8.53
Total			5.38	3.76

The zoning code in Bentonville does not regulate densities by land use. None of the zones citywide specify a maximum density or units per acre. Instead there are requirements for height

and land coverage of buildings. Table 3 (above) shows that three of the zones with the highest densities are also within the downtown, however the C-1 zone is mostly outside of the downtown. Zone R-4, the largest of the higher density zones, is completely outside of downtown.

The downtown neighborhood has a height limit of 50 feet. That is likely a four-story building, but could, in some cases, reach five stories. Five-story buildings with creative parking reductions can get up to about 50 units per acre. Table 4 (shows the total acreage for each of the zones in the down town, the percent of area within the downtown they cover, and compares each zone’s citywide median density to the median density of the same zone in the downtown.

Because current densities and the number of units are quite low, it is likely that increasing these actual densities, in some places, would improve the chances for a viable transit system. With 386 acres included in the four densest zones, the City could support about 2 and one-half transit ped-sheds.

Fayetteville

Citywide Residential Acreage: 24,298 Acres

Citywide Number of Residential Units: 35,868 Dwelling Units (DUs)

Overall Citywide Density: 1.48 dwelling units per acre, factoring in only residentially zoned properties (net, not counting thoroughfares and public areas).

For the four densest residential zones, the chart below shows: 1) total acreage and acreage as a percent of city’s residential zones; 2) Number of dwelling units within those zones and the percent they represent of the total number of dwelling units citywide; and 4) the net density for each of the zones.

Table 4. Density by Right for Densest Residential Zones in Fayetteville

Zoning	Acres/% of Land	Dwelling Units/% of Land	DU/Acre
RMF-40	147.87 Acres 0.6%	1998 DUs 5.6 %	13.51
MSC	36.64 Acres 0.2 %	402 DUs 1.1 %	10.97
UT	36.47 Acres 0.2 %	383 DUs 1.1 %	10.5
RPZD	281.35 Acres 1.2 %	1479 DUs 4.1%	5.26
Totals	502.33 Acres 2.07%	4,262 DUs 11.88%	8.48

The highest densities in Fayetteville are in the *Residential Multi-Family-Forty (RMF-40)* zone. There are similar zones for 24 and 18 units per acre. These higher density zones are located predominantly west of downtown, north and south of the University campus, in a large area east of downtown, and in scattered suburban locations. Fayetteville’s code has a cluster housing option that is not tied to a specific zone, that could allow a higher density, which, depending on the design of the units, could yield a net density of 50 units per acre.

Some zones in downtown Fayetteville have densities higher than the citywide density, but not significantly higher when compared to the four zones with the highest density, which extend beyond the downtown. Table 5 below lists the zones that make up the downtown showing the

acreage and percent of area within the downtown of each zone. The table compares the citywide median density for each zone to the median density for that zone in the downtown. Note that the city's zone, RMF-40, which is the highest allowable density, is not located within the downtown.

With the low current density and number of units in these zones, it is likely that higher densities could be achieved under current zoning, which would improve the likely viably transit system. With a total of 502 acres currently zoned for the four highest densities, there is zoning in place to support about three transit ped-sheds.

Table 5. Fayetteville Densities by Zone

Zone	Acreage	% DT Area	Median Density	Density in DT
DG	30.1	44%	8.17	9.8
NC	18.4	28%	6.28	7.6
MSC	11.6	17%	10.97	15.3
RSF-4	6	9%	3.45	5
DC	0.9	1%	N/A	11.6
P-1	0.7	1%	2.77	15
RMF-24	0.4	1%	6.34	11.5
R-O	0.2	0%	4.07	5.6
Total	68.3		6.28	10.65

Rogers

City Wide Residential Acreage: 15,408 Acres

City Wide Residential Units: 26,837 Dwelling Units (DUs)

Overall City-wide Density: 1.74 dwelling units per acre, factoring only residentially zoned properties (net, not counting thoroughfares and public areas).

For the four densest residential zones, the chart below shows: 1) total acreage and acreage as a percent of city's residential zones; 2) Number of dwelling units within those zones and the percent they represent of the total number of dwelling units citywide; and 4) the net density for each of the zones.

Table 6. Density by Right for Densest Residential Zones in Rogers

Zoning	Acres/% of Land	Dwelling Units/% of Land	DU/Acre
RMF-22B	20.06 Acres 0.1%	426 DUs 1.6 %	21.24
RMF-12B	247.60 Acres 1.6 %	1,593 DUs 5.9 %	6.43
C-2	70.82 Acres 0.5 %	429 DUs 1.6 %	6.06
RMF-18B	226.64 Acres 1.5 %	1,204 DUs 4.5 %	5.31
Totals	565.12 Acres 3.67 %	3,652 DUs 13.61 %	6.46

The City of Rogers appears to have more zones than are needed for good urban form. In many of the zones, the rules are generally the same, with only minimal differences. For example, the “*RMF*” zone has 24 variations where the only difference among them is the maximum allowed density. These maximums range from 10 to 31 units per acre, scattered across the City. Buildings on these lots can only occupy 40 percent of the ground area, with 30-foot front setbacks. The result is a garden-style apartment building with parking lots replacing the gardens. The results of this kind of regulation is most likely be dense buildings set so far apart that transit overall density is not sufficient to support transit.

As a contract, Rogers followed best planning practices to create the Downtown Rogers Development Code (DRDC), which incrementally allows for infill development and reinvestment in the City’s downtown. The City also has identified a suburban area for further intensification with new development by designating it with the Uptown Rogers Development Code (URDC). Both the *URDC* and the *DRDC* areas are targeted for growth and regulated by a form-based code. These districts have no specified density limits, using, instead, height and footprints limitations to ultimately control the number of units built. Within each of these districts there are subdistricts with varied restrictions. For example, heights are limited to 12 stories in *U-COR* and 5 stories in *U-COM*, with other complimentary conditions. There are no maximum heights in *U-ENT* and a 3-story maximum limit in *U-NBT*. These codes are relatively new, so there have been relatively few completed projects to date built under the codes.

Table 7 (below), or to the side, lists the zones that make up the downtown area, their acreage, and the percentage of area they cover within the downtown. The Table also compares the zones citywide median density to the downtown median density for the same zone. Some of the areas within the downtown district may use the DRDC and the URDC, which can yield a higher density, but the underlying zones were used to calculate the areas covered and existing numbers of units in the downtown.

With the current density and number of units being low, this indicates that a higher density in places would improve the likelihood of a viable transit system. At 565 acres allowed in the four densest zones, there is enough allowable density for about three and a half ped-sheds.

Table 7. Rogers Densities by Zone

Zone	Acreage	% DT Area	Median Density	Density in DT
R-DP	175	29%	4.94	3.5
I-1	58	10%	-	1.2
C-2	56	9%	6.06	0.2
NR	46	8%	3.86	4.1
COR	36	6%	2.29	2.1
COM	33	6%	2.09	2.3
NBT	28	5%	5.79	3.9
I-2	28	5%	-	0
RSF-5	22	4%	4.3	3.2
IA	21	4%	-	0.1
RSF-5	19	3%	2.86	3
RMF-12B	19	3%	8.59	4.4
R-AH	16	3%	7.2	4.8
R-O	16	3%	3.08	1.6
RMF-12A	10	2%	7.72	4
RSF-8	7	1%	5.61	2.3
RMHC	6	1%	5.99	8
O	3	1%	2.3	1
RO-CU	1	0%	0.05	1
C-3	1	0%	-	2.4
RMF-6B	0	0%	5.23	6.3
W-0	0	0%	0.8	3.5
Total	601		4.62	2.7

Springdale

City Wide Residential Acreage: 74,444.38 Acres

City Wide Residential Units: 3105 Dwelling Units (DUs)

Overall City-wide Density: 0.42 dwelling units per acre, factoring only residentially zoned properties (net, not counting thoroughfares and public areas).

For the four densest residential zones, the chart below shows: 1) total acreage and acreage as a percent of city's residential zones; 2) Number of dwelling units within those zones and the percent they represent of the total number of dwelling units citywide; and 4) the net density for each of the zones.

Table 8. Density by Right for Densest Residential Zones in Springdale

Zoning	Acres/% of Land	Dwelling Units/% of Land	DU/Acre
MF-24	10.06 Acres 0.1%	184 DUs 5.9 %	18.29
MF-4	21.39 Acres 0.3 %	141 DUs 4.5 %	6.59
SF-3	32.40 Acres 0.4 %	147 DUs 4.7 %	4.54
MHP	8.14 Acres 0.1 %	30 DUs 1.0%	3.69
Totals	71.99 Acres 0.97 %	502 DUs 16.17 %	6.97

Densities in Springdale are tied to multi-family zones, with six variations in density. The highest density—*MF-24, High Density Multi-Family Residential District*—is 16 units per acre by right, but with incentives, a maximum of 24 units per acre can be achieved. However, there are very few *MF-24* zones and some currently have single-family detached houses or are vacant. There are additional *MF* zones with densities of 12, 4, 3, and 2 units per acre. Unfortunately, these are scattered across the city, rather than in one contiguous area.

In the downtown C-3 districts, heights go up to five stories in the *Neighborhood Center Type 1* category. Table XX (to the right) lists the zones that make up the downtown area, their acreage and percentage of area they cover within the downtown. The Table also compares the each of the zones' citywide median density to the densities with the same zoning designation in the downtown.

Because current densities and the number of units are quite low, it is likely that increasing the actual densities in some places would improve the chances for a viable transit system. With 296 acres included in the four densest zones, the City could support about 2 transit ped-sheds.

Table 9. Springdale Densities by Zone

Zone	Acreage	% DT Area	Median Density	Density in DT
MF-12	114.4	39%	4.64	5.3
C-2	67.0	23%	0.03	0.3
P-1	51.1	17%	-	0.4
I-1	24.8	8%	-	0.4
C-3	16.0	5%	-	0
C-1	11.1	4%	-	1
SF-2	4.7	2%	3.7	4
O-1	4.4	1%	0.49	1.4
C-5	2.4	1%	-	0
Total			2.095	0.4

Table 10 (below) Summarizes and compares acreage and densities for the four Tier One cities

Table 10. Densities and Acreage in Tier One Cities

Indicator	Fayetteville	Bentonville	Springdale	Rogers
City-wide Acres*	24,298 Acres	10,796 Acres	74,444.38 Acres	15,408 Acres
City-wide Res. units	35,868 DUs	23,637 DUs	3,105 DUs	26,837 DUs
City-wide Density	1.48 DU/Acre	2.19 DU/Acre	0.42 DU/Acre	1.74 DU/Acre
Top 4 zones Acres*	502.33 Acres	385.62 Acres	71.99 Acres	565.12 Acres
Top 4 zones Res. Units	4,262 DUs	3535 DUs	502 DUs	3,652 DUs
Top 4 zones Density	8.48 DU/Acre	9.17 DU/Acre	6.97 DU/Acre	6.46 DU/Acre

*net area of zones with residential uses

3. Are there non-residential uses within a five-minute walking distance (about a quarter mile) of the higher density residential areas?

A key consideration for housing affordability is whether residents have access to a range of mobility options, in particular the less costly options of walking, biking, or transit. The research team assessed the degree to which these options are available to residents in the four Tier One cities.

Bentonville: Non-residential uses are proximate to homes in the area with the traditional grid of streets, although not all streets have connected sidewalks. In the suburban areas, there are no sidewalks. Areas with only single-family homes are large and it appears that the street pattern would enable biking to other uses.

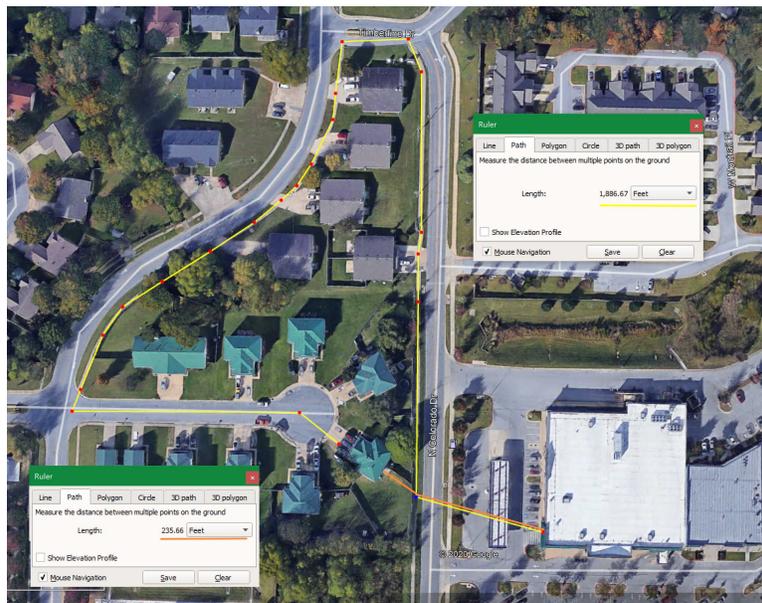
Fayetteville: Non-residential uses are within walking distance to higher density residential development in many locations. The exceptions are the large areas regulated by single-family zoning—mostly *RSF-4*—where the homes in the middle of those districts are more than a quarter mile from any non-residential use.

Rogers: Distances to non-residential uses in the *Uptown* and *Downtown* areas are definitely walkable. The distances increase further out from the downtown.

Springdale: There is close proximity to non-residential uses in the downtown and along corridors in some areas further away from downtown.

A five-minute walk-- roughly 295 feet to walk per minute—seems to be a determining factor as to whether someone will choose to drive or walk to a destination. However, proximity is not the only measure of walkability, but rather it is an indicator of the opportunity. Without sidewalks, walking ever short distances might be too dangerous. Without shade or shelter, the walk may be too unpleasant at times for people to consider walking or biking for even a short distance.

In the image below, if there was no fence on the left, it would take the resident of the duplex less than one minute to go to the grocery store. But in looking at the aerial view, it would take that resident more than seven minutes to walk around the block and then back to the store. In addition, a pedestrian would have to cross a highway with no crosswalk or light, as well as an active parking lot. While seven minutes is not excessive, it is indicative of the problem with zoning schemes founded on separating uses. In this scenario, it is most likely that the resident would never think to walk to that store.



4. Does the code allow bonus densities, which are specific to the inclusion of affordable housing?

Density bonuses or other provisions to incent affordable housing in a zoning ordinance is a key indicator that a community is committed to housing affordability. The review of zoning ordinances in the four Tier One Cities revealed the following:

Bentonville: The code contains no provisions for bonus densities.

Fayetteville: The code contains no provisions for bonus densities.

Rogers: In the *U-COM* zone, developers are allowed an additional floor by providing more open space at the ground level. The current maximum is 5 stories. This height bonus is not tied to the provision of affordable units, but it could have an impact on housing prices. A smaller building footprint means fewer

units per floor. The additional floor may not provide the developer with enough additional square footage to make up for the units lost to the additional open space.

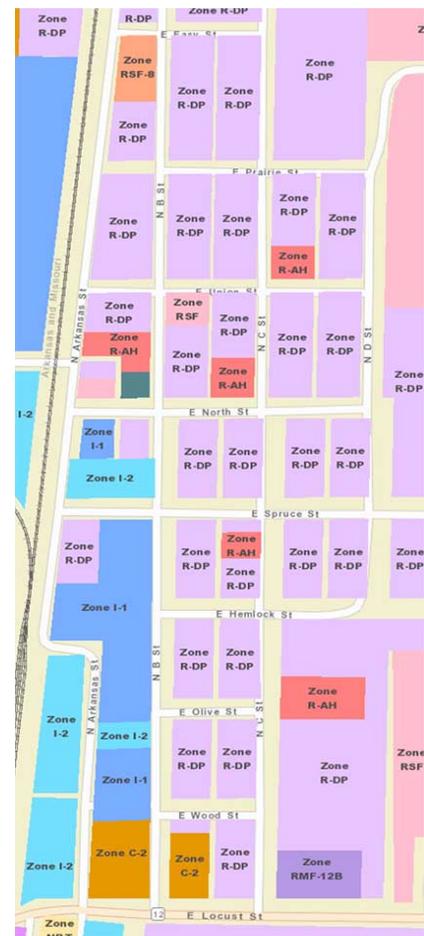
Springdale: Springdale’s *Multi-family Residential Design Guidelines and Standards* offer additional density in exchange for specific design improvements; but they are not tied to the provision of affordable units. The word affordable does not appear in this document, however “diversity in housing types” is included in the document as a desired outcome.

5. Are there other zoning rules applicable to the provision of affordable units?

Bentonville: The code contains no rules specific to the provision of affordable units.

Fayetteville: The code contains no rules specific to the provision of affordable units.

Rogers: The Rogers ordinance has a zoning category specific to affordable housing, called *R-AH*. (shown in image of the zoning map to the right in the darker, reddish-orange color) Heights are limited to 35 feet, and front yard setbacks must be at least 25-feet. The minimum open space standard in the zone is 30 percent and buildings are limited to no more than 40 percent ground coverage. Manufactured homes (trailers) are allowed in the zone, under special approval based on building standards and various dwelling types are allowed. Multiple public and semi-public uses are allowed in this zone. For single-family lots, the rules are very suburban: minimums of a 60 feet width and a total lot area of 6000 square feet. Parking spaces requirements are typical for a suburban context. Benefits or incentives offered in exchange for affordable housing in this zone are unclear. The zone’s rules seem similar to other “non-affordable” zones. In one area, the *R-AH* zone is assigned to individual lots surrounded by *R-DP* (duplex and patio homes), a frowned upon practice normally referred to as “spot zoning.”



The house on the right is on a lot that is zoned R-AH. The other lots with houses in the picture are zoned R-DP. The house on the R-AH house has no features that distinguish it from the others. While there is no difference between the structures, will the affordable housing designation affect its



Springdale: The Use-Unit 14: *Medium Density Single Family Affordable Housing (SF4)* appears to be a provision for manufactured homes (trailers) on an individual lot (not in a *Manufactured Home Park*). This use unit is allowed in *A1: Agriculture, SF-4: Medium Density Single Family Affordable Housing. Use Unit 15: Manufactured Home Park* is a separate provision. There is also Section, 2.11: *Manufactured Housing Appearance Standards*, found in *ARTICLE 6.-Supplementary District Regulations* with standards that are intended to make manufactured homes look like an immovable house. There is a zone specific to Use Unit 15 called 2.12 *MHP—Manufactured Home Park*. This zone was probably created for trailer parks that existed at the time the zoning was first adopted. A new trailer park would require the applicant to apply for rezoning to this designation.

Minimum Lot Size

Narrow lots are commonly found in the centers of older, historic towns; platting existed long before zoning. The plan for Washington DC in 1791 was a plat map. Before zoning, minimum lot sizes did not exist because land was sold in narrow increments to match the buyer's budget. A buyer could buy one lot, plus a portion of the lot next to it and then the seller would sell the remainder of that lot to another. Or, if lots were bigger, there were no restrictions to subdivide and add a house, perhaps for family members or for income. Newspapers from the 1800s show half lots and quarter lots for sale, serving more like investment accounts for property owners who were not in the development business, reducing the cost of market entry for small investors, whether building a house, an apartment building, a shop front building, or a standalone non-residential building. Early in the 20th Century, lots got larger and standardized to match the mass production of homes and zoning emerged to regulate where and how communities were created.

Minimum lots sizes were introduced into zoning law at about the same time that other exclusionary practices, such as red-lining, began. There is no evidence that these minimum lot size requirements were adopted with the intention to exclude households with lower incomes, the effect is that these lots are more expensive. A recent study by M. Nolan Gray and Salim Furth, entitled, [Do Minimum-Lot-Size Regulations Limit Housing Supply in Texas?](#) makes the case that the majority of developers tend to ignore minimum lot size requirements, providing wider lots

to increase the selling price. This practice increases the purchase price more than most homebuyers really want or need. The authors suggest that localities consider removing minimum lot size requirements to allow more options for homebuyers. These points, and others, are summarized in a [blog post](#) about the study.

Many cities platted before the 1930's have 50-foot-wide lots. Some, like Coral Gables, FL in an area south of its downtown, changed the minimum lot width to 60 feet. This “retro-zoning” leads to disruptive effects on older neighborhoods when houses are torn down and replaced. For example, if a purchaser buys a 50-foot wide lot in a district with a minimum requirement of 60 feet, she might have to buy two lots to build one house, destroying two older structures in the process. This practice drives up the cost of the land and the house so that, unless the property values are extremely low, makes any investment highly risky and, therefore, unlikely.

Today, minimum lot size rules can limit opportunities for the development of smaller house options, like small cottages or compounds of smaller units that can be built and sold on a fee-simple basis.

6. What are the typical lot widths in zones?

- Bentonville: The code has a wide range of minimum lot widths that are based on building types. However, the width for each building type can change, depending on the zone. This simple formula can yield significant variation in building form within a neighborhood. For example, a single-family lot has a minimum width of 60 feet in the *R-1* through *R-4* zones; but in downtown zones like *R-C2*, for example, a single-family lot can be 50 feet without an alley or 35 feet with an alley. In *R-C3* a single-family lot can be as narrow as 15 feet.
- Fayetteville: For the most part, the minimum widths vary based on the residential unit types, so they can vary even within the same zone. This allows for flexibility in unit size and cost. The narrowest allowable width appears to be 25 feet for townhouses in the urban zones.
- Rogers: Mostly everywhere in the city the lot widths are wide and may deter the development of affordable housing, with the exception of their two urban areas—*Uptown* and *Downtown*—both of which offer a wide range of lot widths for a wide range of housing options.
- Springdale: The narrowest allowed single-family lot is 60 feet wide. Townhouses are allowed in multi-family zones, with a width of 20 feet for the internal lots, 50 feet at the corner of two streets, and 28 feet for an end unit internal to a block. The downtown *C-3* follows a form-based approach and does not reference lot widths.

7. Is the development of small houses on small lots possible?

- Bentonville: Small houses are allowed in the downtown zones, *R-C2* and *R-C3*, if alleys are provided. The widths of single-family lots can have a minimum of 40 feet in *R-ZL* (zero lot line) and 50 feet in *R-ML* (manufactured homes lots). Townhouses with minimum lot sizes of 25 feet are possible in all of the residential zones except *R-E* (Estate) and *R-1*. In *R-CS* (downtown) townhouses can be 15 feet wide if they have an alley.

- Fayetteville: The City has a cluster housing provision intended for “innovation and variety” in housing opportunities. (*Chapter 164.22 - Cluster Housing Development.*) Cluster housing is considered a use, not a zone, although the rules in this chapter are for physical buildings. Highlights of this use category include the following:
- It is applicable (by right or as a conditional use) in multiple zones, both residential, mixed, and commercial.
 - The underlying zoning rules apply, except for density, bulk and area, building area, street frontage requirements, and lot splits.
 - The density limits are not as clear. One rule says that there is a maximum of 12 units per acre, except in multi-family zones that have more than 20 percent open space, in which case, there are no limits unless controlled by the underlying zoning. This is supportive of affordable housing but removing density rules altogether might be clearer and more helpful as the limits on height and building size are sufficient to manage physical character.
 - Elsewhere in the code, the language is clearer, stating that if cluster housing is permitted by right, then density is controlled by the underlying zoning. If it is conditional, then density is doubled.
 - Multiple buildings do not have setbacks, except for at the lot perimeters, which must follow the underlying zone setbacks.
 - Heights are controlled by underlying zoning.
 - Common areas must be maintained by an association.
 - Accessory dwellings are not permitted. Perhaps this is because they are not necessary, given that smaller houses are allowed and ADU ordinances generally come with limitations.
 - Up to 75 percent of units do not have to face streets; instead, they can face walkways and public spaces.
 - There are open space requirements that vary based on the size of units. The open space requirements are unclear if there is a wide range of unit sizes.
 - There is a private open space requirement of 250 sq ft for each unit. Buildings must be a minimum of 750 sq ft. Parking spaces and driveways do not count as open space. Combined, these provisions mean that more than 1000 square feet per unit is required.
 - Parking requirements include a minimum of 1.5 parking spaces per unit for units less than 1000 sq feet and 2 spaces for units greater than 1000 and one bike rack space/slot per unit.
 - Common building footprints may, by right, go up to 2000 square feet (40' x 50' for example). Allowing a larger footprint for larger developments could add to affordability.
 - No more than two buildings can look the same. This provision could add to development costs and housing prices.
 - Existing single-family houses on lots where this use is developed, may remain, but no new ones will be permitted. This could be interpreted as prohibiting free standing small, like a cottage court, which seems contrary to the goal of housing affordability.

Fayetteville also has *Small Lot Standards (Chapter 164.23)* that have frontage requirements for front doors facing the street, and if there is a garage door covering more than 50 percent of the frontage, an upper story with a window is required.

Rogers: Small houses are allowed In the *Uptown* and *Downtown* zones.

Springdale: Small houses only allowed in the downtown C-3 zone. Even a free-standing manufactured home (trailer) must be on a lot with a minimum width of 60 feet. A manufactured home park presumably would have units close together, but the code is unclear.

Residential Building Type Options

Healthy, diverse communities offer multiple choices of places to live with a wide variety of price points. This range of options provides a person, a couple, or a family the opportunity to choose to live in a place that both meets their lifestyle needs and fits their budget. When viewing from a helicopter or airplane, every community will look like it has many building options. But at street level, it might be impossible to walk from a street of houses to a street of townhouses because, in general, apartments are clustered in one place, expensive houses in another, and the less expensive houses in a different area, Townhouses don't quite fit into any of these building types so, often, a city will create a "floating" zone where a developer has to request a special approval, which typically means that townhouses are built where the developer happens to own or be able to acquire land, rather than where it makes sense for them to be built. Cities should make it easier to build multiple residential building types within areas that are walkable or where they best fit for other reasons.

8. Other than single-family houses and single-use, non-residential buildings, what other residential buildings or unit types are possible in the zoning ordinance?

Bentonville: The Bentonville code permits multiple types of residential building in its residential zones, however the building types that tend to be denser are eliminated from the lower density zones. Types include single-family, two-family, townhouses, and multi-family.

Fayetteville: The City allows a wide range of unit types and uses—townhouses, duplexes, multi-family houses, and cluster housing, which is defined as small groupings of units of different sizes. In sum, multiple housing types are allowed in multiple zones.

Rogers: Rogers allows a mix of residential building types, such as multi-family buildings, single family units including "tiny houses" as defined by Section 10-36, cottage courts/clusters, mobile homes, manufactured homes, Live-work units, duplexes, group residential complexes that share kitchens and other common areas, and townhouses.

Springdale: The code allows multiple residential unit buildings, 3- and 4-unit buildings, duplexes and townhouses, and manufactured homes (trailers). Duplexes have their own zoning category but are permitted within multi-family zones with the various other types. The downtown C-3 zone describes even more variations of these residential types.

Accessory Dwelling Units

Accessory dwelling units are a particular building type, which is often addressed under separate and specific rules, which are different from other unit types.

9. Are accessory dwelling units allowed? If so, under what conditions?

Bentonville: ADUs are allowed only in the downtown districts (*DN-1 and DN-2*) on single-family lots, with conditions found in *Article 601.01, Accessory Building*. *Article 601.02* is referenced but says “reserved” in the online PDF, but there are rules in *601.01 (h)* specific to *Accessory Dwelling Units*. Conditions include:

- The maximum size is 50 percent of the primary’s structure.
- The maximum footprint is 720 square feet.
- ADU lot coverage is included in the overall lot coverage as limited by zone.
- Side and rear setbacks are a minimum seven feet.
- Only one ADU is allowed per lot.
- In zones A1, RE, R1, and DN-1 Districts, either the primary or accessory dwelling unit must be owner-occupied.
- In zones C2, I1 and I2 Districts, ADUs only can be occupied by property caretakers.
- The architecture of the ADU must be similar in materials and finishes to the primary residence.
- No minimum parking is required, but no more than one space can be provided.

Fayetteville: Accessory dwelling units are allowed by right or on a conditional basis in almost every zone in the city and do not count toward maximum density requirements. Provisions are laid out in *Chapter 164.19 - Accessory Dwelling Units (ADU)*. Conditions include:

- Maximum occupancy of 2 persons total per lot, beyond family members living in the primary house.
- Maximum of two accessory dwelling units per lot with a total of 1200 square feet per lot.
- An additional parking space is required if the ADU is above 800 square feet.
- ADUs have a maximum height limit of 2 stories.
- An interviewee stated that ADUs could not be rented, but this limitation does not exist in Chapter 164.1. This limitation may only apply in some zones.
- Rogers: Rogers does allow ADUs, as detailed in *Sec. 14-738.-Accessory Dwelling Units (ADU)*. The rules apply to all zones, allow a maximum of two individuals per unit, the units cannot be larger than 50 percent of the principal house, and they do not count toward density limitations.

Springdale: There are no references to accessory structures for residential use. The downtown C-3 zone lists the carriage house and the rear garage as accessory buildings, but cannot be used as residences.

10. Where allowed, are ADUs permitted by right, or do they require special approval?

Bentonville: Accessory dwelling units (ADUs) are permitted in DN-1 and DN-2 on lots with single-family structures and do not require additional land area per the table below, but are subject to additional standards in Article 601.02 Accessory dwelling units.

Fayetteville: Accessory dwelling units are available by-right in almost every zone of the city. No special reviews are required, as they would be shown in the site plan and submission drawings.

Rogers: Staff can approve them, with enough information submitted by the applicant.

Springdale: There are no provisions for ADUs in Springdale.

Mixed-Use Opportunities

Just like having a mixture of residential types in the community, mixing uses within a neighborhood generally has a positive impact on the community. The right mix enables people to walk or bike to many of their daily or weekly needs, reducing transportation costs and providing health and environmental benefits.

11. Are there zones that allow for a mix of uses?

Bentonville: The commercial zones *C-1* and *C-2* do not allow residential units, but do allow some residential facilities, for example, assisted living. *C-3* and the downtown zones do accommodate residential uses. The residential zones do not allow commercial uses, with minor exceptions such as food trucks; and they do conditionally permit various civic and cultural uses.

Fayetteville: Fayetteville has non-residential zones that allow for various housing types in the zones. All the residential zones allow conditional office uses and civic uses. It appears from our initial review that all the zones are mixed-use, even though the names of some zones may indicate a single use. Fayetteville has *Accessory Commercial Uses* that are allowed in *RMF (Residential Multi-family)* and *R-O (Residential-Office)* districts if they meet the criteria for *Unit 25* type uses—offices, studios, and related services.

Rogers: A mix of uses is allowed in the *Downtown* and *Uptown*. Although the other zones in the city are named for specific land uses, there is some mixing of uses permitted within each one. For example: *C-2, Highway Commercial* also allows for multi-family use. This is a good start but it offers no guarantees that if the uses are mixed, it would be possible to walk from one to the next.

Springdale: A mix of uses is, for the most part, limited to the *Downtown C-3* district, which follows a form-based format, found in *Chapter 32*. Residential zones allow for home occupations, cultural, civic, recreational uses, and health

care clinics. *Zone O-1 Neighborhood Office* permits single-family homes, duplexes, and townhouses. Only a few commercial zones allow residential uses. *C-1, Neighborhood Commercial* permits conditionally single-family houses; and *C-4, Planned Commercial District* allows *Use Unit 12*, high density residential.

12. Can commercial properties also include residential units?

- Bentonville: Bentonville only allows residential units in commercial properties in the downtown districts and in C-3.
- Fayetteville: Yes, all of the zones, including commercial zones allow for a mixture of uses, even though they are named after specific uses. The types of uses vary from zone to zone.
- Rogers: Residential units are allowed in all commercial properties.
- Springdale: Other than Downtown's C-3 zone, residential units are only allowed in commercial properties in two other zones, *C-1, Neighborhood Commercial* conditionally permits single-family houses and *C-4, Planned Commercial District* allows *Use Unit 12, High Density Residential*.

13. Does the planned unit development (PUD) ordinance—or equivalent—accommodate development patterns akin to Traditional Neighborhood Development (TND) or Transit-Oriented Development (TOD), which are based on principles of walkable developments?

- Bentonville: There are two types of PUD-like ordinances: *Sec. 401.10 PUD, Planned Unit Development*, and *Sec. 401.11 PRD, Planned Residential Development*.
- The PUD ordinance specifically states that one of its purposes is mixed use. The direction leads towards innovation, and smaller networks of infrastructure, streets, public open space, and other features found in walkable communities.
 - The PRD specifically calls out traditional neighborhood design, requesting housing type options, variations in dwelling types, etc.
- Fayetteville: The City has a *PZD, Planned Zoning District*. Rules for this district do not prohibit walkable communities, but also do not encourage them.
- Rogers: The planned unit development standard (*Sec. 14-717 - PUD*) can be linked to underlying zoning, and thus must meet the rules for both. Since multiple use types are allowed in various zones, this condition should not prohibit a mix of uses. However, it is unclear whether the streets in the PUD zone must be suburban in character.
- Springdale: *Article 6, Sec. 5.-PUD—Planned Unit Development Standards* of the code does not have standards that would prevent a traditional walkable community but they also do not guarantee it.

Parking Regulations

Parking regulations emerged in the 1960s as more people moved to the suburbs and the lower densities and separation of uses forced them to drive to meet their daily needs. This was also the

time when the first wave of baby boomers came of driving age and began to get their driver's licenses. Today, major retailers press developers to provide plenty of surface parking spaces in front of their stores, reasoning that shoppers are more likely to come to their store if parking is close and easy to find. As this pattern of development became the norm, many have come to believe that a guaranteed parking space wherever they go is an unalienable right. Although this parking appears to be free, there are costs to the developer to build them and maintain them, as well as the public costs of infrastructure to access them and significant environmental cost in terms of air pollution and stormwater runoff. For most residents, the cost of a parking space is added to the cost of the unit whether they purchase or rent. When people live in areas served by transit, or that have a mix of uses, they tend to have fewer vehicles and lower transportation costs. Walking between origins and destinations becomes an option, sometimes the better option than driving and parking.

In big cities, people who do not own a car still pay—through their rent, mortgage payment, taxes or other fees—for the construction and maintenance of parking spaces that they do not use. Typical costs include more than \$10,000 for a space in a paved parking lot—including the cost of drainage, landscaping striping, signage—and \$20,000 to \$30,000 for a space in a structured garage. Some cities are removing minimum parking space requirements, allowing developers to build only as many spaces as they believe the market demands. These cost savings get transferred to the end users, making housing more affordable. In addition, large parking facilities push uses further apart, reducing the likelihood that people can use other means of transportation which generally cost less than a single occupancy vehicle.

14. Are the parking requirements high, average, or low for the zones they serve?

Bentonville: Parking and loading standards for the City of Bentonville are found in *Art. 501, Off-Street Parking and Loading*. The downtown zones—*DC* and *DE*—have no parking minimums for buildings under 3000 square feet and lower than normal parking for commercial uses at one space /500 square feet on the first floor. Upstairs is lower than normal as well with one space for upstairs residential and in zone *DE (Downtown Edge)* there is an additional one-half space required for any number of bedrooms above two. Parking standards for the remaining zones appear to be typical for suburban locations. The minimum requirement for commercial uses is one space per 250 square feet; for theaters, the minimum is one space per four seats.

Fayetteville: Parking requirements in the Fayetteville code are considered low, and serve as both the minimum and maximum number of spaces allowed. These include:

- One space per unit for multi-family and townhouse developments.
- Two spaces per single-family, duplex, or triplex unit, with no additional spaces required for more bedrooms.
- One per 500 square feet for a home improvement store.

In 2015, the City removed all minimum parking requirements for non-residential uses. The requirements below—typical for suburban developments—used to be the minimum requirements, but now serve only as maximums:

- One per 100 square feet for restaurants, plus 4 stacking spaces in the drive-thru (Stacking spaces add up to the length of a drive thru aisle for car cueing.)
- One per 250 square feet of retail.
- One per guest room for hotels.

Rogers: The Rogers code includes parking minimums in different sections of the code document. They are listed within each zone section. In *URDC, Uptown Rogers Development Code*, there are two groups of subzones. The first group, which includes *U-COR, U-COM, and U-ENT*, have no minimum parking requirements for the ground floor, one space per unit for residential units, one half space per hotel room, and typical amounts for ancillary uses in the hotel such as restaurants, conference centers, etc. For *U-NBT*, the second group, the standards are also typical: one space per 300 sq ft, 1.5 space per dwelling unit, and one space per hotel room.

Rogers has a zone specific to affordable housing with fairly standard minimum parking requirements:

- Two spaces per unit for single-family, patio, and two-family units.
- One space per sleeping accommodation for rooming houses, dorms, fraternities and similar types of residential facilities.
- One space per bed for nursing homes, which seems inexplicable considering the unlikelihood that residents drive on a regular basis.

Springdale: The parking requirements for various uses are not listed in one reference table. Instead, they are in different sections, with the other rules for each zone. This approach is easier for the developer, who is focusing on only one zone, to find them and understand the minimum parking requirements that apply to his or her project. For example, Springdale requires less parking for commercial uses in the center of town, than for commercial areas further from the center. The standards for the *C-3* zone—the downtown form-based code—have low minimums. They include: two spaces per residential unit of any kind, no parking requirements for non-residential uses less than 7,500 square feet, and one space per 1,250 square feet for any project over 7,500 square feet.

However, in *Article 7, Off-street Parking and Loading*, in *C-3* zones, there is no minimum parking for existing buildings or for the first floors of new construction, under 3,000 square feet. For non-residential buildings over 3,000 feet, the regulations require one space per 500 square feet on the ground floor and one space per 1000 square feet for upper floors. One space per unit is required for residential buildings. These standards are also considered low.

Minimum parking standards elsewhere in the City are on the high side of typical suburban standards. The multi-family parking standards seem high at three parking spaces per dwelling unit for the first 20 dwelling units, 2.25 spaces per dwelling unit for the next 50 dwelling units, and 1.75 spaces per dwelling unit for each dwelling unit over 70 dwelling units. The multifamily

ordinance restricts the maximum amount of parking to 20 percent above the minimum requirement. (*Ill. Design Guidelines and Standards, D. Parking, 2. Parking Amount and Type.*)

15. Are there areas that have no parking requirements?

- Bentonville: The two downtown zones, *DC* and *DE*, have no parking requirements for buildings less than 3000 sq ft. This is a benefit for commercial properties and small businesses that occupy those buildings. This can make residential more affordable and help support small, local businesses, although with limited impact.
- Fayetteville: Non-residential zones have no parking minimums. What had been minimum parking requirements in the past are now used as maximum parking limits. For residential zones, the minimum and the maximum are the same number. Reductions are permitted, based on conditions such as proximity to transit stops and substituting motorcycle or scooter spaces. Providing bike racks discounts the parking requirement by 10 percent. Interestingly, an applicant can increase the parking spaces by providing certain features, like bioswales.
- Rogers: The Uptown and Downtown—*DRDC* and *URDC* zones—have no parking requirements.
- Springdale: Minimums are only included in the downtown *C-3* zone for ground floor non-residential uses.

16. Where there are no parking requirements, are there mechanisms to offset parking or loading needs, such as shared parking?

- Bentonville: Joint use of fixed parking in an integrated site is permitted. There does not appear to be shared parking for calculating a lower requirement. There is no mention of shared loading. In the downtown districts, satellite parking can be offsite, but by no more than 200 feet from the primary structure. The parking must be owned by the same person or entity as the building it serves.
- Fayetteville: Yes, see *Chapter 172.05 - Standards For The Number Of Spaces By Use.*
- Rogers: Shared parking is allowed. No description of how to submit the analysis.
- Springdale: There is no reference to shared parking in the standards, with the exception of *Article 12.-Ballpark Area/Southwest Springdale District Overlay, Sec. 2.- Development Guidelines. 2.7 Parking and Loading Areas, f- Combined Parking.* This section states that uses that do not share the same hours of operation may share spaces. Shared parking requires a written reciprocal parking agreement by involved parties and with calculations approved by the City.

17. Do the streets accommodate on-street parking?

- Bentonville: On-street parking is accommodated in the areas of town that have the traditional city grid, along streets that have curbs. Many streets have soft edges with drainage swales flanking both streets, not accommodating a parking lane.
- Fayetteville: On-street parking and parking permit programs in the urban neighborhoods are common in the code.
- Rogers: Rogers has the same conditions as Springdale.
- Springdale: On-street parking is found throughout the city, in the suburban areas as well as in the city center, especially along streets that have curbs. The collector streets do not appear to be designed to allow for on-street parking. In the downtown, most on-street spaces are demarcated by white painted borders.

18. Can you count on-street parking spaces toward private parking requirements?

- Bentonville: This is not permitted, but on-street spaces in the downtown might be used to justify the lower parking requirements in that area.
- Fayetteville: This is permitted, as found in *Chapter 172.05 - Standards For The Number Of Spaces By Use*.
- Rogers: In the *DRDC* and *URDC*, on-street bike parking can count toward bike parking requirements. The same does not hold true for motorized vehicles.
- Springdale: This is not permitted, but on-street spaces in the downtown might be used to justify the lower parking requirements in that area.

19. Are bicycle parking spaces required?

- Bentonville: Bicycle parking is not required.
- Fayetteville: Bike parking
- Rogers: Bicycle parking is required:
 - Outside of the *Downtown* zone and *Uptown* zone, any non-residential site that requires 15 or more vehicular spaces must also have one bike rack for every 20 spaces. Multi-family uses require one rack per 30 spaces.
 - In the *DRDC* and *URDC*, the minimum requirement for non-residential uses is two bicycle spaces for the first 3000 sq ft and one space for every 1,000 additional square feet. For residential uses, bike parking must be 15 percent of all required vehicular parking. In the *U-NBT* zone, there is no bike parking requirement for non-residential uses, but for residential uses, bicycle parking must be 20 percent of required vehicular spaces.

spaces are required in parking lots that require more than 5 spaces.

Springdale: Bicycle parking is not required, although there are rules about where bikes can be parked and ridden.

20. Do the codes allow for the detachment of parking from the sale of units?

- Bentonville: No provision was found in the code.

- Fayetteville: No provision was found in the code.
- Rogers: No provision was found in the code.
- Springdale: No provision was found in the code.

Urban Agriculture

The ability to grow one’s own food, or participate in local food growing programs can lower the household food bill, making the overall cost of living in lower.

21. Is there the opportunity to grow or harvest food within the city limits?

- Bentonville: Community gardens are listed in definitions, with a description of their general purpose described. They are permitted in residential zones, as are domestic animals.
- Fayetteville: Livestock farm animals are allowed only in *R-A, Residential Agriculture* or zones that allow *Use Unit #6, Agriculture*. Elsewhere, ducks and female chickens (no roosters) are allowed in single family lots, with the maximum number starting at four for a 5,000 square foot lot or smaller and a gradual increase based on additional lot size. Community gardens are referenced as not to be excluded, but there are no parameters regarding them.
- Rogers: The *A-1- Agricultural District* has community gardens listed as a use.
- Springdale: There appears to be no prohibitions against home gardens. There are no references to community gardens. Larger animals are mentioned as allowed for the agricultural zones. No exotic animals are permitted within the city limits.

Home Occupations

Most municipalities allow for home occupations, but some are more restrictive than others. With so many people working from home, due to COVID-19, many people have recognized that they save money and time by not driving to work each day. It is likely that many of these people will continue to work from home for the long-term. The effect that these changes will have on zoning rules remains to be seen.

22. Are home occupations allowed?

- Bentonville: There are two types of home occupation regulations. *Type A* home occupations have the most limitations and is allowed in all the zones except *C-1* and *C-2*, probably because there is no residential use in those zones. *Type B* allows some flexibility but is still restrictive in that those operating the business must live within the home and there can be no traffic impact. *Type B* can be approved conditionally in all the same zones but is permitted by right in the downtown zones *DC* and *DE*, and in *RO (Residential-Office)*. All of this is described in *Section 601.12 Home Occupations*.
- Fayetteville: Home occupations are allowed in every residential zone.
- Rogers: Home occupations are allowed in Rogers. The requirements are covered in *Sec. 14-736, - Home Occupations*.

Springdale: *Article 6, Section 2.8* contains a limited list of which home occupations are permitted.

23. What are the restrictions or fees on home occupations?

Bentonville: Type A home occupations are approved administratively by city staff. These are restricted as follows:

- The ordinance has fairly typical restrictions.
- The home occupation cannot occupy more than 25 percent of the gross habitable ground floor area of the principal dwelling unit.

Type B home occupations are those that do not meet one or more of the requirements of a Type A home occupation and/or by their nature, have characteristics that may not be suitable for a residential structure or area. Type B home occupations must be approved by the planning commission through the conditional use procedure.

Fayetteville: Limitations found in *Chapter 163.08 - Home Occupations* include:

- The home occupation cannot occupy more than 30 percent of the floor area of the residence.
- There can be no exterior indication of a business, no signs, façade alterations, etc.
- No employees are allowed.
- In single family zones, the home occupation permit lasts for only one year. The business cannot be open to the public and the permit can be revoked, if the business generates traffic.

Rogers: The Rogers ordinance includes regulations that prohibit signage, traffic generation, business in an accessory structure, noise, deliveries, etc. Business activity is limited to no more than 25% of gross floor area and an annual permit is required.

Springdale: Home occupations require a license and approval from the planning commission. The rules include the usual limitations on exterior indications. They also state that the business cannot use accessory buildings, nor require a second kitchen. There can be no onsite consumption of food, if made there. There is a list of specific permitted occupation types and some uses, like medical treatment and therapeutic massage, are prohibited.

Building Materials

Most zoning ordinances do not get to the level of detail to prescribe certain types of building materials. Sometimes in historic areas, or within PUDs, there are requirements that could be cost prohibitive for construction when the goal is to provide houses at a lower price point. Given that these requirements do not tend to be city wide, they do not likely pose a threat to affordability in the community overall.

24. Does the code require specific building materials, if so in what circumstances?

Bentonville: No building material requirements were identified.

- Fayetteville: No building material requirements were identified.
- Rogers: There are building material requirements for commercial and mixed-use buildings. Masonry of various types are required on 75 percent of facades in the *URDC (Sec. 14-732. - Uptown Rogers Development Code (URDC). 5.6 Exterior Building Materials)*. For zoning requirements in the *DRDC* and the *URDC*, some adjustments are allowable, based on reducing costs to the end user, but no specific provisions for affordability are provided in the code. Waving these requirements may be a good incentive in exchange for providing affordable units.
- Springdale: In *Article 12.-Ballpark Area/Southwest Springdale District Overlay, Sec. 2. - Development Guidelines. 2.4 Building Design*, there are some requirements for building finish materials. However, these requirements do not appear to be ones that will increase construction costs significantly or at all.

Landscaping (shading to reduce cooling costs)

Extensive landscaping requirements do seem that they might drive up the cost of housing if applied to residential properties. However, if native species are used, and plantings shade the buildings, they also can help reduce cooling costs in the summer months.

25. Do landscaping requirements exist in the code for residential properties or developments?

- Bentonville: These regulations are specified in *Art. 1400 Landscaping, Screening and Buffering*. They apply to all developments requiring a certificate of occupancy, parking lots that require large scale development approval, and residential preliminary plats. Bentonville's landscaping ordinance is well organized and thorough. It has normal standards written for suburban developments that have requirements for screening, buffering, and parking lot tree plantings, but exempts areas in the downtown districts and provides a few different standards for those districts. The section includes explanatory diagrams that are easy to understand. There is also an extensive preapproved planting list in *Sec. 1400.13*.
- Fayetteville: Landscape regulations can be found in *CHAPTER 177:-LANDSCAPE REGULATIONS*. These regulations required landscape plans for approval for all subdivisions, large scale developments, nonresidential construction, multi-family buildings of three or more units, and parking lots.

Highlights of these regulations include the following:

- All plans must be reviewed by an urban forester in the City.
- One tree per lot is required in single-family subdivisions.
- In non-residential subdivisions, the number of trees is determined by the frontage along the streets (30 foot spacing).
- An invasive plant species list describes what CANNOT be planted.
- A three-year maintenance plan required.
- Other than frontage plantings, regulations specify the required number of plans only for water detention ponds.

- There is a Tree Preservation ordinance, CHAPTER 167: - TREE PRESERVATION AND PROTECTION,” which includes a minimum canopy requirement for each zone, by percentage of canopy, based on the size of the property.
- Buffer strips are required between residential and non-residential uses.

These regulations are standard. Refer to comments for Springdale under this same question, regarding buffers.

Rogers: The Rogers code does not appear to have a specific Chapter for landscape standards, but within the large-scale development plan approval (Sec. 14-230), there is a subsection that specifies criteria for plant material. Also, Sec. 14-256 (12) and (14) addresses landscaping for parking lots. Other sections in the code refer to this section, but not the section number. There are parking lot and buffer references, as well as open space types and design criteria in the form-based code for downtown, Sec. 14-715.- *Downtown Rogers Development Code (DRDC)* and in Sec. 14-732.- *Uptown Rogers Development Code (URDC)*.

Springdale: The landscaping section of the code, *Chapter 56 - LANDSCAPE AND BUFFERS ARTICLE II. - LANDSCAPE AND BUFFERS* is applicable everywhere, except on single-family and duplex lots. There is an exception for new additions that are less than ten percent of the existing building footprint, or 2500 sq ft, whichever is lower.

The advantages of the landscaping provisions are that:

- The ordinance has good illustrations for buffers to screen parking from streets.
- Seventy-five percent of all trees must be shade trees.
- Low maintenance landscape materials are encouraged
- The ordinance includes a species list.

The disadvantages of the provisions are that:

- Sec. 56-38.-*Screening* has buffer requirements for landscaping between single-family houses, duplexes, multi-family, commercial, and industrial. The system is well thought out and easy to understand, but it might impair walkability. The required number of trees is linked to linear frontage, tied to creating buffers, for the interior of parking lots, and along perimeters that may not adjoin streets.
- There is no guidance in the *Landscaping* section to shade buildings to reduce cooling costs.

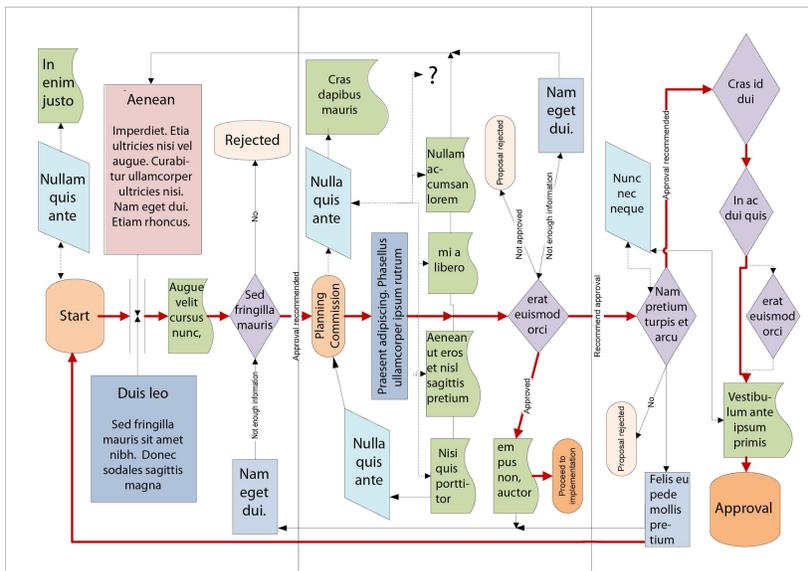
Although well-meaning and, in many cases, welcome when they create a visual barrier and cut down on dust, buffers also can serve as a physical barrier between family, friends and businesses by creating an obstacle to walking between destinations. The requirements in the Springdale ordinance will help reduce the overall urban heat island effect, but the way they are written appears to be more appropriate for new greenfield

development and make it difficult to integrate smaller increments of development, which is often the pattern for slowly densifying existing parts of town. Providing opportunities for smaller investors to do incremental development, instead of favoring large residential tract developers, is good for the local economy and for creating more diverse housing options.

Application Approval Process

In each of the four Tier One cities, first-time users looking at the approval process, may see something like the diagram below:

Figure 2. Universally Perceived Development Approval Process; Source: Dover, Kohl & Partners



Each city has evolved its own project approval process over decades. If the city wants a different pattern of development from the one that they are receiving, maybe they need to make the process more complicated. However, if the city wants to promote a particular kind of development—for example affordable dwelling units—local leaders should give serious thought to how to

simplify or expedite the review process to make it easier to achieve that goal.

Fayetteville appears to have done this already. The approval process varies widely, depending on the type of development proposed and the location. The review process is simple, if an applicant wants to build a multi-family building, townhouses, or a single-family house on lots that are zoned for these uses or building types. In most of these cases, the applicant can go directly to the building department. Sometimes additional submission requirements are needed. For example, Fayetteville has a Historic District Commission that must issue a Certificate of Appropriateness for anything in that district. This is not a significant hurdle, if the applicant is proposing a project appropriate in scale and character within the district.

If the project requires a subdivision, this avenue, in most places, triggers public hearings with various review and approval boards. In Fayetteville, a subdivision of one lot into two or three lots is referred to as a Lot Split. If a single property is subdivided into four or more lots, the application requires a plat. Projects that require a plat, and are either non-residential, multifamily, or mixed-use, the plat application will be processed as a Small Site Improvement Plan—if it is one acre or less in area—or a Large Site Improvement Plan—if the parcel is greater than one acre. Fayetteville already has taken measures to expedite the approval process and lower the cost for all development, including projects that include affordable housing. The city has eliminated public hearing requirement for Small and Large Improvement Plans so that both of these subdivisions, as well as Lot Splits, can be approved administratively. These developments are still subject to notice

requirements, which are paid for by applicants, and other and fees. From the notices, anyone wishing to comment is directed to the Planning Division's Zoning and Development Administrator. The cost savings to the developer are the reduction in consultant or attorney fees that they would have incurred, if there were legislative hearings. Prior to this change in the code, every development plan had to be approved by the Planning Commission. If an applicant is denied administrative approval, they can appeal to the Planning Commission, and then to the Board of Adjustment. Appeal to the City Council is not an option.

There are multiple fees, the application of which depends on the nature of the application and vary considerably in cost from project to project. Local developers interviewed stated that, on average, these fees total about \$5,000 per residential unit, including planning review and approval fees, building construction fees, and others. By way of example, Fayetteville fees for any given project might include:

- Platting fees, plus additional fees if the application is tabled to a later meeting.
- Large Scale Development and Site Improvement review fees.
- Planned Zoning Districts (PZD) review fees, an alternative to Large- or Small-Scale Improvement Plans.
- Grading and Drainage Permit fees.
- Resubmittal fees.
- Zoning fees.
- Street and Sidewalk fees, if construction affects public rights of way, such as a new curb-cut for a driveway.
- Fees for Tree Preservation.
- Administrative Review fees.
- Vacations of Rights-of-way fees, if requested.
- Building Permit fees, these are numerous and depend on the aspect of the construction. *
- Water and Wastewater Impact fees. *
- Police and Public Safety System Impact fees. *
- Fire Protection System Impact fees. *

* Note: The last four fees listed may be exempted for affordable development, as defined below:

Affordable Housing and Homeless Shelter Exemption. Construction of single family, non-profit multi-family supportive housing, and homeless shelters funded wholly or primarily by federal Community Development Block Grants, non-profit service organizations such as Habitat for Humanity, Housing and Urban Development housing loans and similar programs designed to provide affordable, owner-occupied, single family residences to low-income individuals, non-profit multi-family supportive housing, and homeless shelters shall be exempted from payment of impact fees pursuant to this ordinance by the Impact Fee Administrator.

This exemption is found in:

- Chapter 159-Fees, 159.02 – Water and Wastewater Impact Fees, (D) Fee Determination (6) Affordable Housing and Homeless Shelter Exemption.
- Chapter 159-Fees, 159.01 – Fees/Schedule, (10) Building Permits, (f) Exemptions from Permit Fees (ii) Affordable Housing and Homeless Shelters.
- 159.03 - Police and Public Safety Impact Fees, (D) Fee Determination, (4) Affordable Housing and Homeless Shelter Exemption.
- 159.04 - Fire Protection System Impact Fees, (D) Fee Determination, (4) Affordable Housing and Homeless Shelter Exemption.

By comparison, in Springdale, the process is the same for all projects that require subdivision. After submitting an application with the required items, there is a Technical Plat Review, where the applicant meets with the Technical Plat Review Committee composed of staff from various departments. During this review, staff will point out deficiencies, if any. The application then goes to the Planning Commission, where a public hearing will be scheduled within 60 days. If adopted, the applicant submits for Final Plat with any changes requested by the Planning Commission. The application then goes back to the Technical Plat Review Committee for a second review. After any further changes are made, the application goes for a second time to the Planning Commission within 60 days for another hearing. Once the Planning Commission has approved the project, the application goes City Council for a public hearing and final approval. If the review process goes smoothly, it generally takes 6 to 9 months.

Rogers follows almost the same process as Springdale with its Department of Community Development, Planning Commission, and City Council conducting sequential reviews and approvals.

In Bentonville, the process is similar to Springdale and Rogers, but the approval process does not require a second approval from their Planning Commission. However, the Planning Commission may require a return hearing to give the applicant sufficient time to make changes and improvements to the plans and submission items, as requested by the Planning Commission. Upon Commission approval, the application moves forward to City Council for final approval or denial.

Below are four examples of actions that cities could take to reduce costs for affordable housing regarding the approval process and fees:

1. Ensure that there are no additional steps required for an application intended to provide more affordable housing, beyond those required for a builder of market rate housing.

For example, an interviewee in Bentonville explained that, while the comprehensive plan allows for smaller lots and higher densities, the developer must request a zoning change to allow for these. Although this rule applies to all development, it adds to the “soft” costs for steps that are likely to result in more affordable units. None of the four Tier One cities, required extra steps for projects that included more affordable units.

2. Allow relevant physical/design adjustments to projects that provide affordable units. These should be targeted toward those factors that influence the developers “bottom line” like more floors/more units or lower parking requirements.

In Rogers’ *DRDC* and *URDC* zones, the code states that some adjustments will be allowed, based on the provision of affordability. Unfortunately, there are no specific suggestions provided in the code as to what those are or could be. No such allowances for physical adjustments specifically for the provision of affordable units were found in the three other cities’ zoning. It is likely that provisions such as allowing for smaller lots and relaxing restrictions for accessory dwelling units would incent the provision of more affordable units.

3. Enact strategies to expedite the project approval process for applicants who propose to build affordable or mixed-income housing.

Any applicant will agree that the longer the approval process takes, the more it costs. One way to expedite the process is for elected officials to adopt more specific rules and authorize city staff to grant quicker approval for those application that meet the requirements and include

more affordable units, thus letting the applicant skip the time-consuming public review and approval process.

As described above, Fayetteville has taken this approach regarding plat approvals. In Bentonville, and Rogers, all applications must go through the normal legislative approval process. In Springdale, the process is the same with the exception of smaller plats—subdividing one lot into two or three lots—which can be approved administratively. With an administrative approval, both the city staff and the applicants benefit from the reduction of time and effort required to prepare, make statements to, or present before a board or council. One local developer explained that, in all four cities, the project approval time has doubled in recent years. Although this is one person’s view, it suggests that there has been an increase in volume of development and/or staff limitations to process applications.

4. Reduce or eliminate impact fees and tax revenue in exchange for increasing the number of affordable units.

As described above, Fayetteville has exceptions for the payment of certain fees, tied to specific affordability requirements. If these reductions are not resulting in the affordable units that the city seeks, perhaps more reductions or eliminations would have the desired result. None of the other three cities have similar measures in their zoning codes.

Summary of Findings

There are a few major takeaways regarding these four codes and housing affordability. These are summarized below.

- All four cities recently have implemented best practices in zoning reform. From discussions with key stakeholders, there appears to be common discontent that, after the hard work of getting these measures adopted, there are not more results. While it is possible that it is simply too early to see the positive affects those changes will bring about, discussions revealed that public sentiment, and in some cases that of the leadership, is not always supportive of projects that these changes are intended to allow. There seems to be agreement that both patience and education is needed to fully implement these updates.
- The number of zones tied to different densities seem excessive and difficult to navigate. When looking at two multi-family projects side-by-side, can an observer really discern the difference between 10 units per acre and 12 units per acre? Having different threshold levels of density is fine, but three or four levels are generally sufficient and would be much clearer and easier (and less expensive) to regulate and follow. Each community should move past the numbers game regarding density and focus on regulating physical characteristics that can have more impact on both affordability and neighborhood viability.
- In some areas of the four municipalities, mostly in the outer lying areas, the arrangement of zoning districts on the zoning maps looks as if someone shook up a cup of dice and threw them on a game table. The analogy of a game of chance is not so far off as the zoning maps of all four cities appear to have been designed, based on requests from land owners, rather than proactive decisions about neighborhood character and scale or intended infrastructure and transportation plans. The best way to reduce infrastructure and transportation costs—for the city and the end user—as cities grow is to connect them by corridors and organize growth so that every new development contributes to progress,

instead of worsening the problems. For example, Rogers should begin by reducing the number of multi-family zones, from 24 to no more than three or four, perhaps with the difference among them being based on height, rather than density, with the heights changing gradually from one to the next.

- The zoning codes for Springdale and Rogers seem based on the assumption that manufactured homes (trailers) on 60-foot or wider lots is the only form of affordable housing available to the community. There is a need for education using examples from other places of other kinds of building types to meet housing affordability goals. While it appears that Springdale’s form-based code for the downtown could create opportunities for more affordable units, the words “affordable” or “attainable” does not appear on any of its 126 pages.
- It is impressive that all four cities have worked to make positive change in their communities as evidenced in the number of zoning improvements and master planning efforts that have taken place over the last ten years, and are still underway. The adoption of form-based codes and the easing of requirements that do not significantly affect the appearance of a place are all steps in the right direction.
- Another change worthy of noting is that, in several places, some of the communities now allow a mixture of uses in what were historically suburban use-oriented zones. However, as currently written, the rules for these zones do not guarantee that the outcome will be mixed, nor does it guarantee pedestrian access, from one place to another—for example, you can’t safely walk between a motel and next-door pharmacy—unless you bring a machete to hack your way through a landscaped buffer and fence.
- Some of the most important zoning and administrative issues that will be addressed in our recommendations in Phase Two include the following:
 - There need to be more direct incentives to attract affordable units.
 - More administrative approval is needed to speed up the project review and approval process.
 - Inclusionary zoning policy must be reintroduced to the community’s conversation in the hopes to overturn any existing local or state law prohibitions.

In summary, these cities need to commit to the cause, for their own benefit and the lives of others.

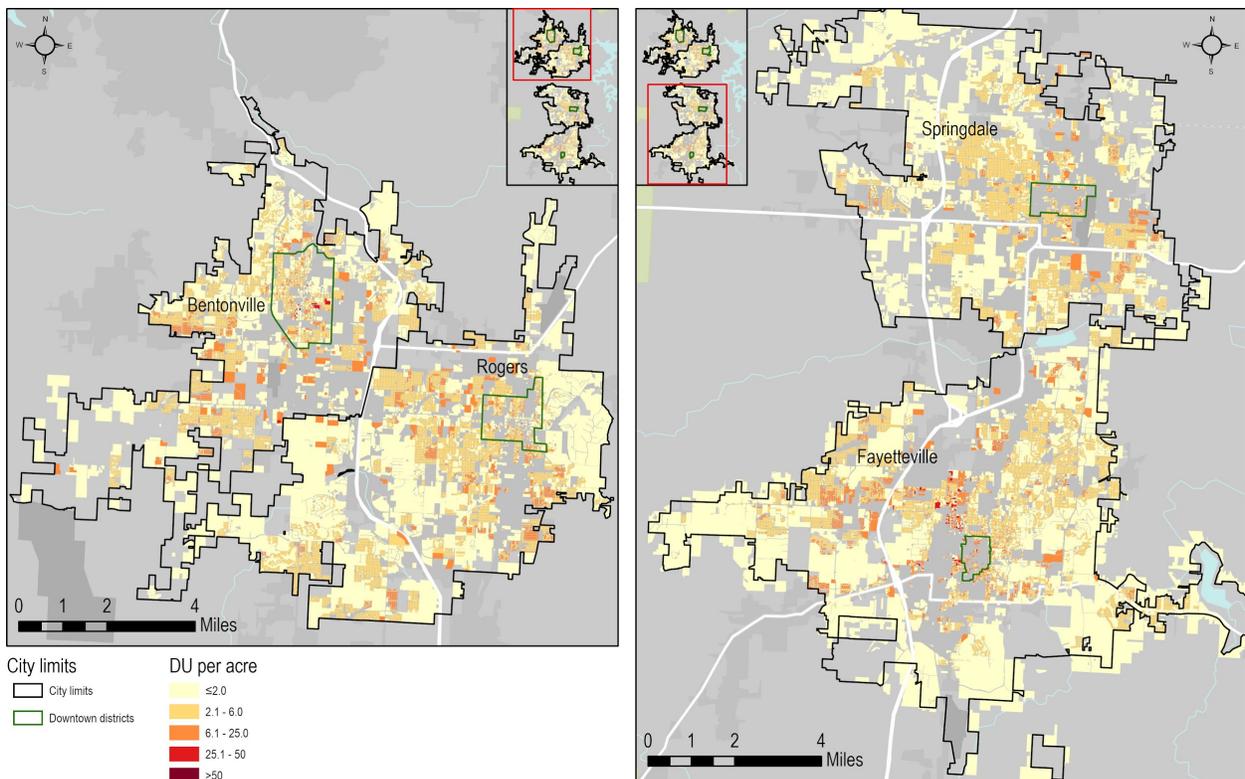
VI. Spatial Analysis

To better understand the regional housing landscape in Northwest Arkansas, a series of spatial analyses were conducted across the four Tier One cities. To conduct this analysis, data was obtained from each of the four cities, as well as Washington and Benton counties.

Housing Density

The data were used to visualize and understand the current density and distribution of housing across the region and to understand where capacity exists for additional housing units, under current regulations. Current housing density (in dwelling units per acre) across all four Tier One cities is shown in Map 1. Current housing density was calculated on a parcel level basis by dividing the number of dwelling units on the parcel by the parcel acreage.

Map 1. Current Dwelling Unit Density in Tier One Cities ³



As seen in Map 1, the majority of the land in all four cities is occupied by low density housing, defined here as six housing units per acre or less. Figure 3 provides a visual for these ranges of density using examples from Bentonville.

³ Grey areas inside city boundaries are non-residential, while grey outside city limits represents areas beyond the scope of the analysis where data was not gathered and analyzed.

Figure 3. Dwelling Unit Density Examples in Bentonville



0.5 DU/acre
(AR-52 & County Hwy 580)

4 DU/acre
(SW 10th St & SW Navajo Dr)

13 DU/acre
(The Links at Bentonville Apts)

Figures 4 and 5 further illustrate that the vast majority of land with residential uses in each city is dedicated to low density housing. The amount of land used for residential purposes with six or fewer units per acre ranges from 91 percent in Bentonville to 96 percent in Springdale. As shown in Figure 5, Fayetteville and Bentonville have greater proportions of dwelling units located in areas with a density above six DU per acre than Springdale or Rogers. Only 26 percent of current dwelling units in Springdale exist within areas with a density of six DU per acre or above compared to 49 percent in Bentonville (see Figure 4).

Figure 4. Percentage of Residential Land Within Current Dwelling Unit Density Ranges in Tier One Cities

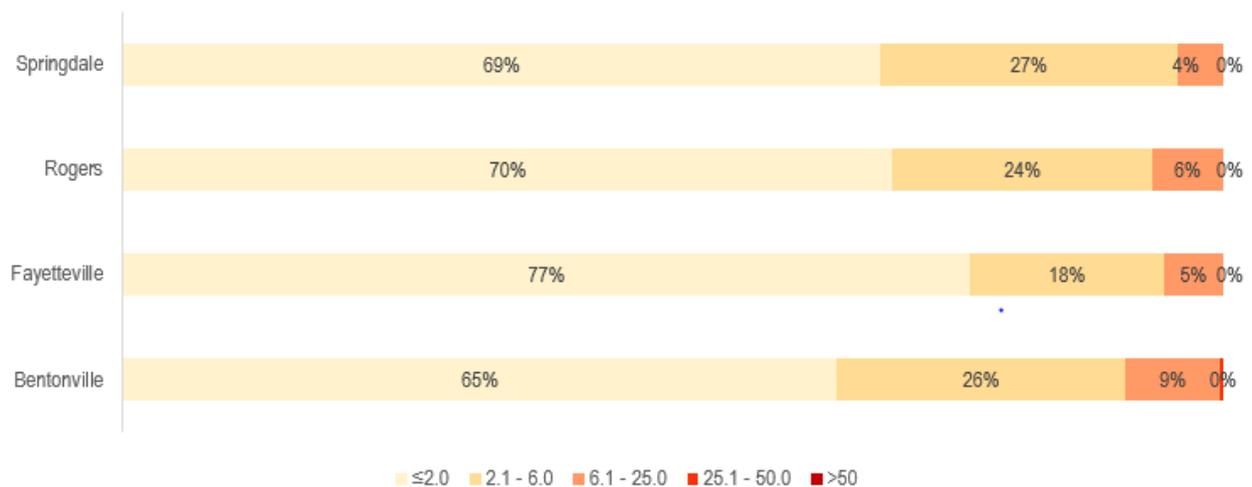
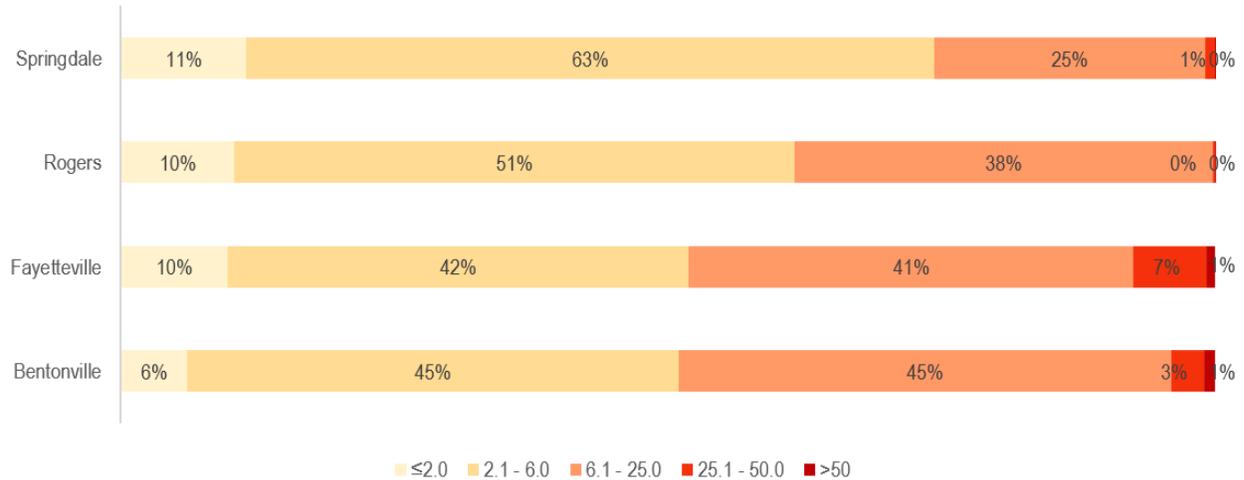
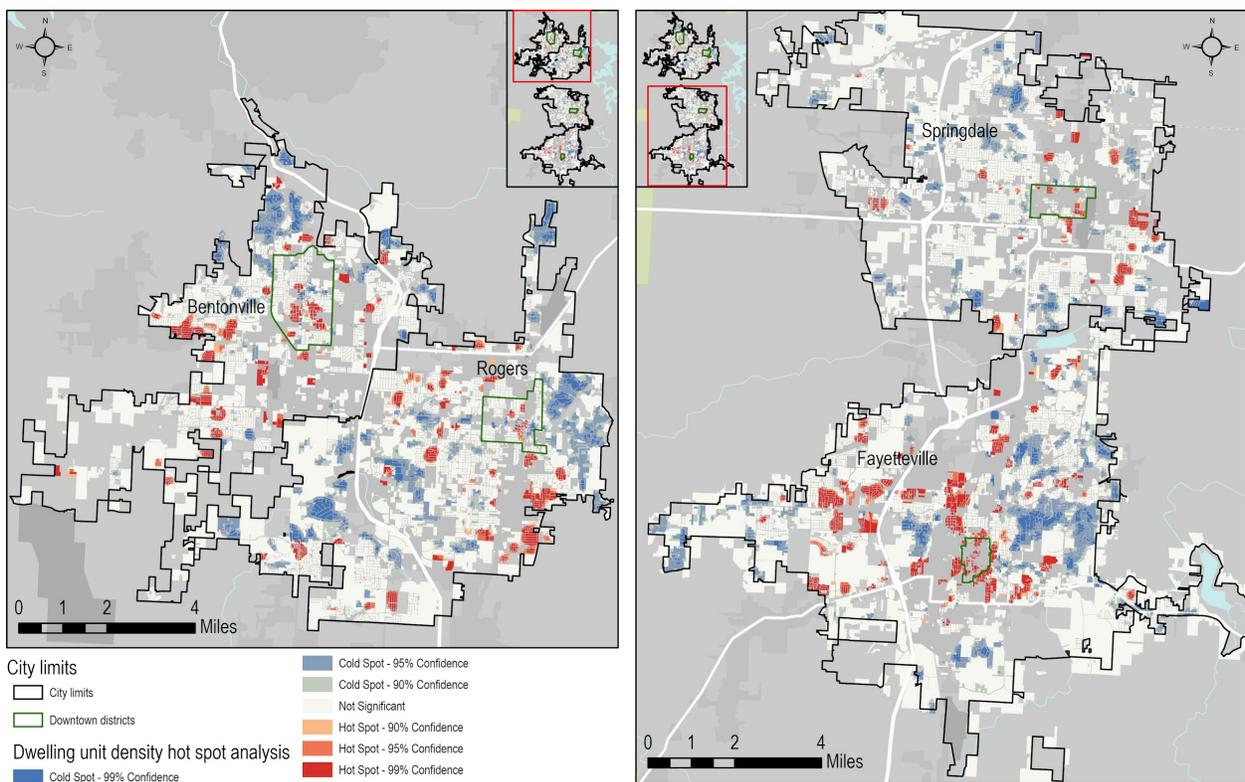


Figure 5. Percentage of Current Dwelling Units Within Density Ranges in Tier One Cities



To visualize the spatial patterns of housing unit density, a hotspot analysis was conducted in ArcGIS. A hotspot analysis is a useful tool to visualize where high density and low-density housing is clustered. A hot spot is an area where high-density parcels are clustered and a cold spot is an area where low density parcels are clustered.

Map 2: Dwelling Unit Density Hotspot Analysis Across Tier One Cities



As shown in Map 2, rather than large clusters of dense housing development which are usually observed in downtown areas and residential centers, there are many small clusters of densely developed land scattered throughout each city. This pattern again highlights that the majority of land is dedicated to low density developments, in the range of less than one to six dwelling units per acre, with scattered parcels of land developed at higher densities. Fayetteville has the most prominent cluster of higher density housing development in the downtown and downtown adjacent

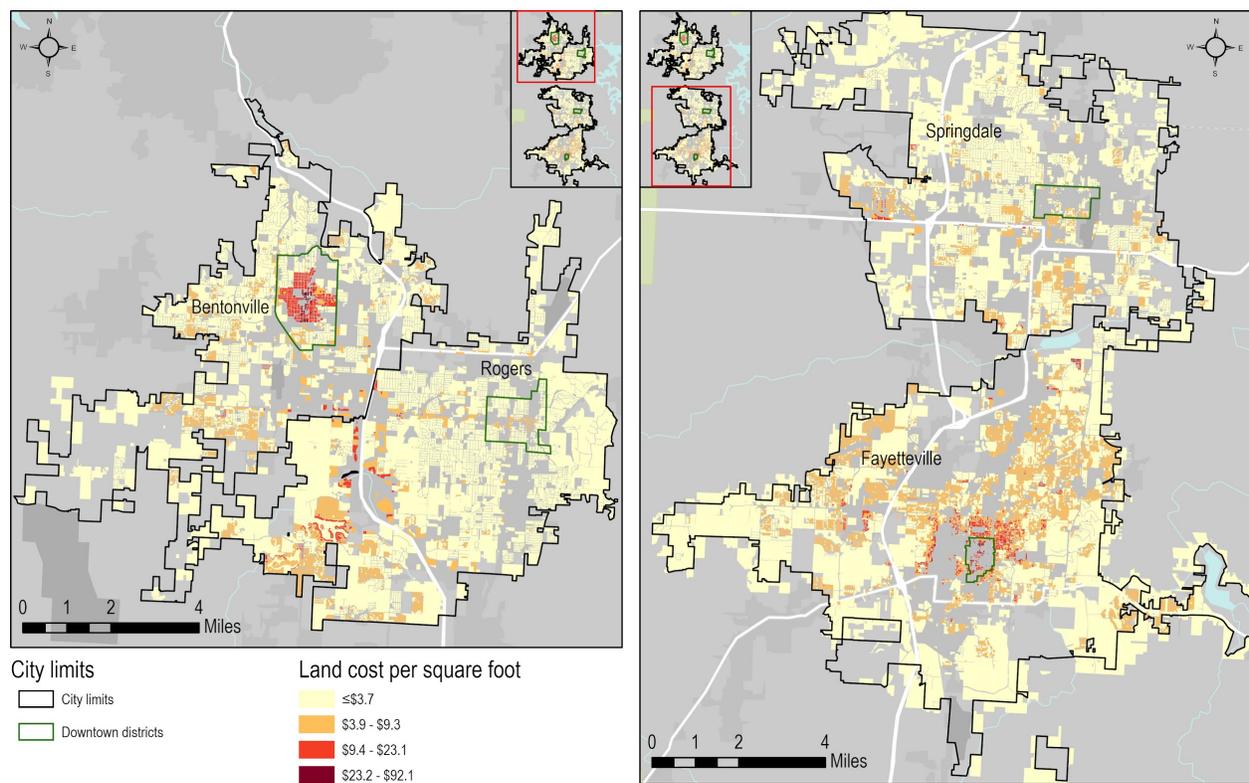
area, especially near the University of Arkansas. Bentonville has a similar though less distinct pattern of higher development parcels concentrated in the downtown district, though there are numerous clusters outside of this area. Springdale has very few clusters of either high- or low-density development as indicated by the limited number of hot or cold spots, while Rogers has significant cold spots in the east and southwest parts of the city with some scattered hot spots of density along the southwestern city limits.

This scattered density of development is likely due to a combination of factors that make development more profitable in the edge areas of each city. Land values generally decrease and parcel size generally increases with distance from each city center. This results in more housing being built in a low density, sprawling pattern, away from activity centers.

Land Costs

To understand the spatial patterns of land prices in the region, Map 3 illustrates the cost of land per square foot across all Tier One cities.⁴ Land costs were calculated on a parcel level basis by dividing the assessed value of the parcel by the parcel acreage.

Map 3: Land Value Per Square Foot in Tier One Cities



A large proportion of the land where housing is located throughout the Tier One cities is valued at less than \$3.70 per square foot. Map 3 clearly illustrates higher land values in the downtown areas of both Bentonville and Fayetteville. Land values are currently higher in both Bentonville and Fayetteville, than in Springdale or Rogers, as shown in Table 3. These differences in average land values have implications for the location of future housing, though such locations may not be where housing demand is actually greatest.

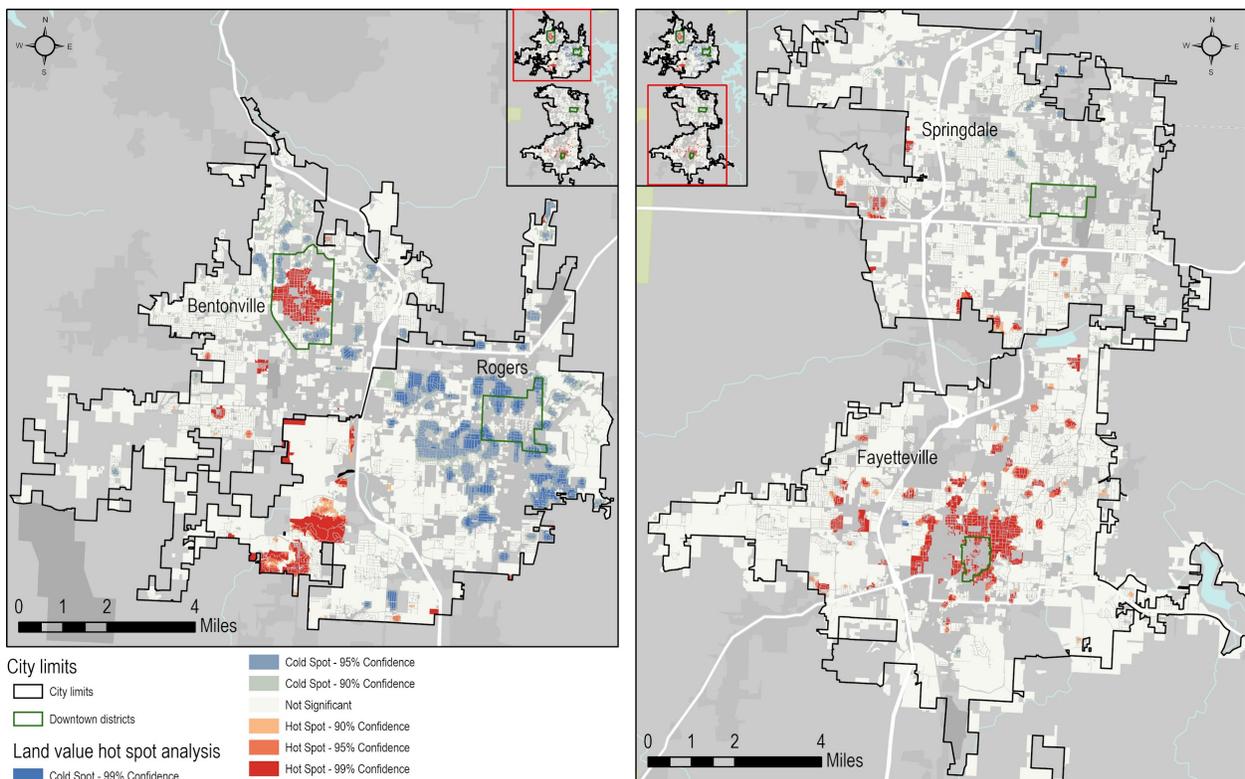
⁴ Land values derived from data provided by city and county assessors, not for sale data.

Table 11. Average Land Value Per Square Foot Across Tier One Cities

Fayetteville	Bentonville	Springdale	Rogers
\$5.39	\$4.25	\$3.41	\$2.72

Another hotspot analysis was conducted to visualize where high and low-value properties are clustered. A property’s value is often influenced by the value of surrounding properties, either positively or negatively. Map 4 shows hotspots as areas where high value properties are clustered and cold spots as areas where low value properties are clustered.

Map 4: Land Value Hotspot Analysis Across Tier One Cities



This hotspot analysis reveals the large clustering of high value properties in downtown Bentonville and Fayetteville with only a few cold spots in either city. The two large hotspots in Rogers consist of high valued single-family parcels near the golf course in the southwest part of the city. The downtown area of Rogers contains and is surrounded by cold spots—clusters of lower valued land. The vast majority of land in Springdale does not have significant land value clustering which indicates that, in comparison with the land value in the other cities, Springdale falls in the middle range of land costs and lacks clusters of either higher or lower valued land.

Future Capacity—Extrapolating Current Trends

Building on the analysis of existing density and land value, the team estimated the future housing capacity of each Tier One city under a scenario in which no changes to individual city plans and ordinances, or regional plans and regulations are made. This scenario is based on the assumptions that: current development trends continue, empty parcels are developed, high value land with improvements worth less than 50 percent of the land is redeveloped, and residentially zoned land

where the existing density is less than 25 percent of the density that is allowed (and observed) is redeveloped.

The capacity for each parcel identified as likely to redevelop was calculated based on its zoning designation. Zoned density (in DU/acre), as described in city ordinances, was compared with the distribution of observed dwelling unit density in each distinct zone. A range of future capacity for each parcel was then calculated where the low end incorporates development at a lower end of the observed/allowed density, and the higher end incorporates the maximum observed and allowed density. Thus, the range of future housing unit capacity for each city is the sum of the individual parcel capacities. The low end of this range is a projection of the capacity for additional units if all of the identified parcels are redeveloped at lower densities, while the high end of the range projects the additional capacity if all parcels are redeveloped at the maximum observed densities. The results, shown in Table 4, are presented as a range because anticipating the density of development that will occur, even within the extrapolation of current trends and zoned density allowances, presents challenges due to many unknown variables.

These assumptions and trends create a ‘most likely’ outcome of housing capacity. This outcome is described in Table 4 in terms of the resulting range of additional housing capacity for each city, as well as the need based on projected growth, as outlined in *Our Housing Future*. This range was calculated through assessing what is possible under current regulations with development trends continuing in the same patterns - incorporating the range of density currently observed in the development of each distinct zone.

For example, in Rogers, if current trends continue, up to 13,300 units of housing could be built. While this still falls short of the projected need of 15,000, it could be significantly fewer units if redevelopment occurs at lower densities, and the reality is likely to be somewhere in the middle of the range, around 10,200 units. These calculations do not project when these units are likely to be built, which has important implications for housing affordability. If the delivery of new units continues to fall behind demand, or if additional units are built primarily for higher incomes, the problem of housing affordability would be exacerbated.

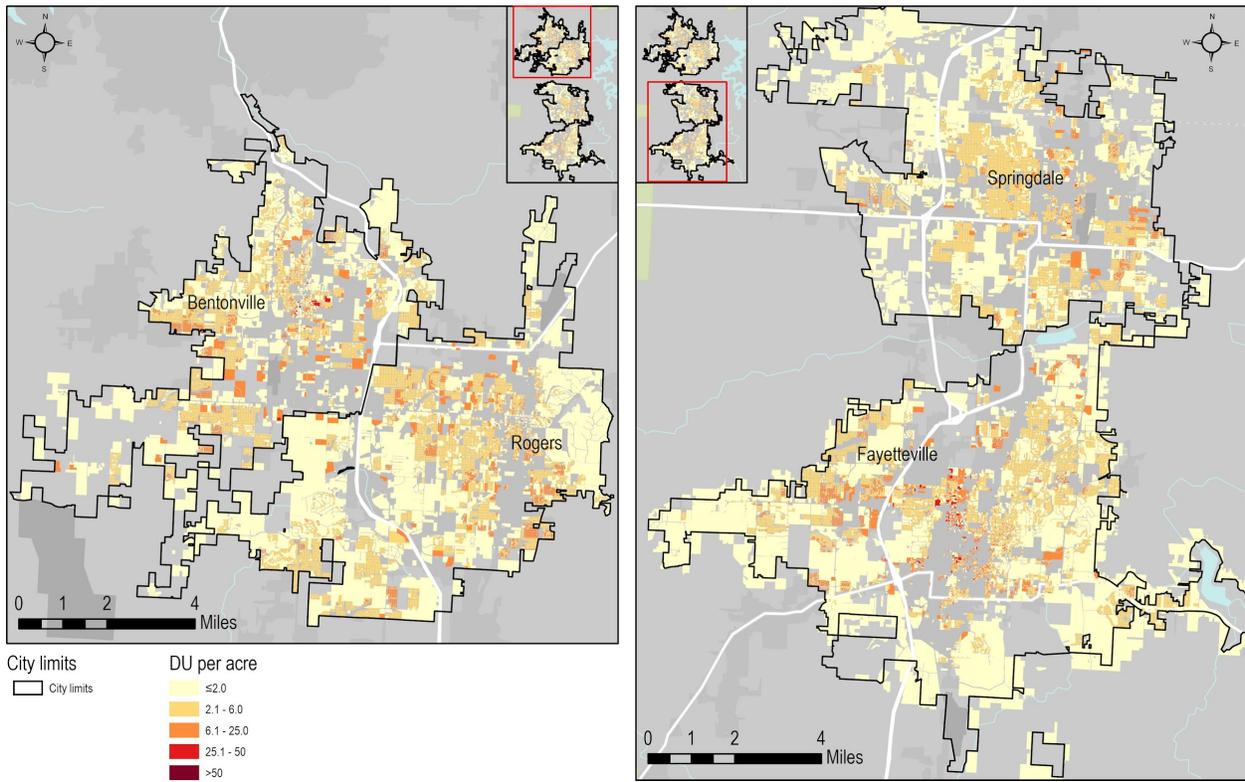
Table 12. Housing Unit Capacity and Projected Need

City	Range of additional housing unit capacity	Percent of capacity located in Single Family zones	Need based on projected 2040 growth
Bentonville	11,900 - 25,600	43%	14,000
Fayetteville	20,400 - 27,700	62%	25,100
Rogers	7,100 - 13,300	60%	15,000
Springdale	12,100 - 19,750	73%	25,000
Totals	51,500 - 86,350	60%	79,100

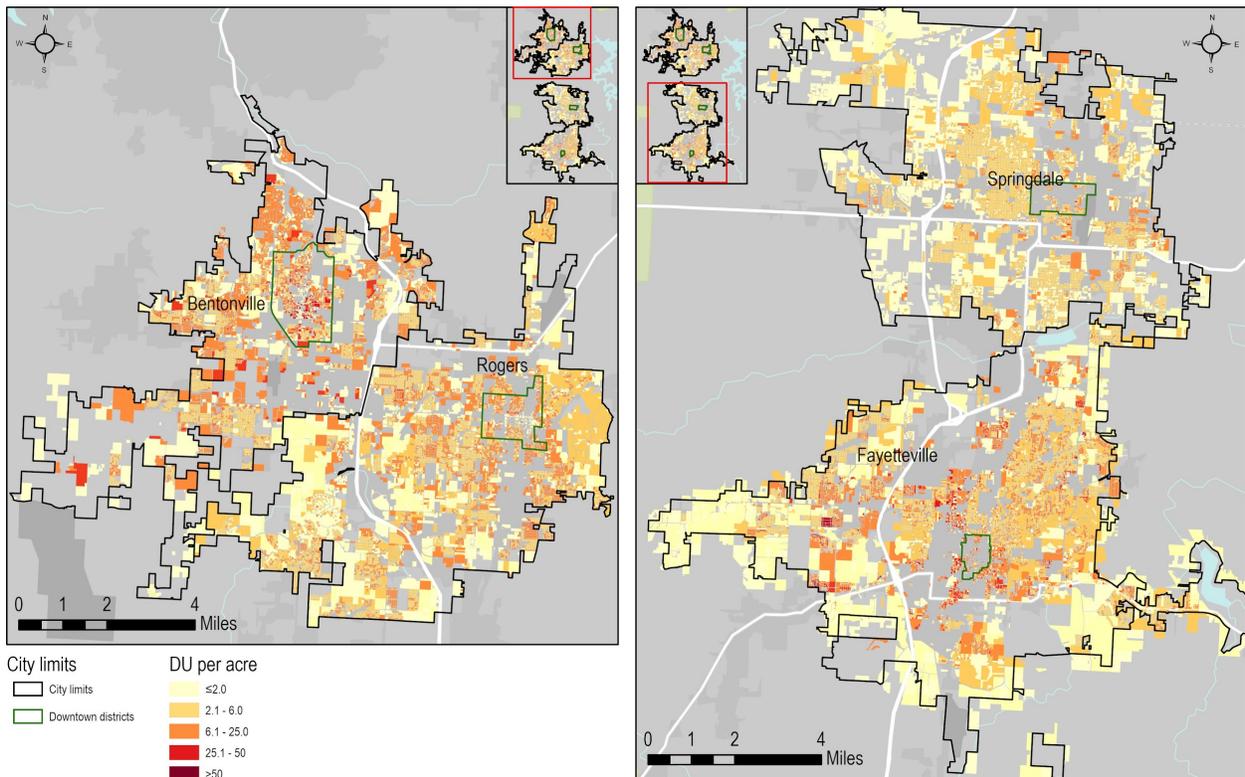
Table 12 also shows that the majority of space for new housing units exists in single-family zones, which have the lowest allowable densities and unaffordable price points for many of the region's residents. While 43 percent of Bentonville’s additional capacity exists within these single-family zones, approximately 73 percent of Springdale’s future capacity exists within these zones. Thus, while Springdale is not currently facing housing affordability challenges in the same way that

Bentonville and Fayetteville are, if current patterns continue, housing affordability challenges will be compounded for the region in the future.

Map 5: Current Density for Northwest Arkansas Tier One Cities



Map 6: Future Density Under No Change Scenario



The results of this spatial analysis reveal several key takeaways. There is significant land capacity to increase housing supply in the region. In addition, land values are not yet to the point of preventing higher densities in downtowns and activity centers, especially in Rogers and Springdale. However, current trends show that, under the status quo, the most likely path to meeting the projected housing demand is to build new units in lower density, sprawling patterns further away from the city centers, and that housing may be financially out of reach for many families in the region, as well as contrary to the communities' goals and values.

Table 13. Summary of Spatial Analysis Findings

	Bentonville	Fayetteville	Rogers	Springdale
Density clustered in downtown		✓		
Higher value land clustered in downtown	✓	✓		
Ability to meet projected housing need under current conditions	✓	✓		
Ability to meet projected housing needs in a smart growth manner				

VII. Model Pro-Formas

Developers and financial institutions use pro formas to “pencil out” proposed real estate developments to ensure that they will provide a return on investment. For multi-family developments, developers typically expect a 7.0 to 7.5% yield on costs, which measures the rate of dividend income of the original investment and a 15.0 to 20.0% profit margin on the development.

The analysis and model pro formas presented here demonstrate the impact of existing regulations and policies on a model workforce housing development, defined as targeting residents making between 80 and 100 percent of the Area Median Income (AMI). For each city, the research team prepared a model pro forma for a potential development in the downtown area and another “edge” development in the urbanized area, outside of the downtown. The team also utilized two outer submarkets, one in Benton County and one in Washington County to simulate a “greenfield” development farther away from currently urbanized areas.

A summary of baseline conditions is provided, along with building cost calculations, average projected rents, and the impact of those factors on current and future housing affordability in each of the Tier One cities.

Pro Formas

The following data were assembled from a variety of sources: *Our Housing Future*, CoStar, and Zoning codes from the Tier One cities of Bentonville, Fayetteville, Rogers, and Springdale. Data on density and parking regulations were gathered from zoning data provided by each of the city staff. Data on unit size, residential income, and retail income was gathered from CoStar. Land costs and land sizes are estimated, based on a spatial analysis conducted by the research team and are considered a reflection of “average” costs and size. Building costs were drawn from discussions with planners, developers, and other stakeholders in the Northwest Arkansas region. Industry costs across the region are slightly lower than national averages, due to the lower cost nature of the region. Finally, Net Operating Income (NOI), Yield on Costs, and Developer Profit are all estimates based on calculations using the data described above.

It’s important to note, these are theoretical multi-family developments, and any similarity to any proposed or in development buildings is purely coincidental. The findings are meant to illustrate the challenges and opportunities localities, developers, and housing advocates face when working to expand housing affordability in Northwest Arkansas.

Table 14. Our Housing Future & CoStar Median Multifamily Rents

City	OHF Rent (2017)	CoStar Downtown (Unit) (Q42019)	CoStar Citywide (Unit) (Q42019)
Bentonville	\$570	\$1,207	\$902
Fayetteville	\$720	\$1,528	\$760
Rogers	\$575	\$858	\$903
Springdale	\$450	\$523	\$742
Bentonville	\$570	\$1,207	\$902

Table 6 demonstrates the median rents for the multifamily downtown market in each of the Tier One cities in 2017, as presented in *Our Housing Future*. Q4 rents for the downtown areas, and each city as a whole for 2019 from CoStar also are shown. Because CoStar focuses on commercial, income-generating properties, approximately 25 percent of the area's multifamily market is not included in the calculation. This includes smaller properties, rooms in private homes, and homes not rented through a commercial site. In addition, CoStar focuses on average rents, while *Our Housing Future* calculated the median rents. In the analysis, the research team uses the CoStar estimates, as they are more in line with the reports from area planners, developers, and other stakeholders.

Table 15. Bentonville - Downtown & Edge Sample Development

	Downtown	Edge
Density (DU/Acre)	20	12
Units	14	4
Land Size (SF)	30,000	14,000
Unit Size (SF)	776	893
Retail SF	5000	N/A
Parking (Per Unit)	1.5	1.5
Residential Income (PSF)	\$1.57	\$1.01
Retail Income (PSF)	\$15.83	N/A
Land Cost	\$6.00	\$3.65
Building Cost	\$150/GSF	150/GSF
NOI*	\$236,773	\$28,567
Yield on Costs**	5.4%	3.2%
Developer Profit***	-10.1%	-47.5%

*Estimate, **7 - 7.5% Industry Standard, ***15-20% Industry Standard

Bentonville, the northernmost of the four Tier One cities, benefits from the corporate presence of Walmart. As a result, multi-family developments are able to attract relatively high rents for the area. Owing to this demand, land costs are also higher. However, Bentonville currently allows a modest amount of residential density in its downtown area. Its edge areas draw lower rents, but for

developers to turn a profit, asking rents must be above the current average, even with retail rents being the second highest in the region.

Table 16. Fayetteville - Downtown & Edge Sample Development

	Downtown	Edge
Density (DU/Acre)	40	30
Units	13	10
Land Size (SF)	14,000	14,000
Unit Size (SF)	904	835
Retail SF	5000	5000
Parking (Per Unit)	1	1
Residential Income (PSF)	\$1.69	\$0.91
Retail Income (PSF)	\$35.58	N/A
Land Cost	\$11.00	\$5.00
Building Cost	\$150/GSF	\$150/GSF
NOI*	\$374,725	\$55,559
Yield on Costs**	9.3%	2.7%
Developer Profit***	54.5%	-54.3%

*Estimate, **7 - 7.5% Industry Standard, ***15-20% Industry Standard

The Fayetteville rental market, the southernmost of the four Tier One cities, benefits from the University of Arkansas. As a college town, there's constant demand for housing. As a result, multi-family developments are able to attract the highest rents in the region. Land costs are also the highest in the region, serving as an obstacle to new development. Fayetteville also allows the highest residential densities, particularly for downtown mixed-use projects. Rents on the edge of the city are lower, but for developers to turn a profit, asking rents must be above the current average. Average rents can be achieved for a downtown development, if there is a mixed-use component, with ground floor retail because retail rents in Fayetteville are, by far, the highest in the region.

Table 17. Rogers - Downtown & Edge Sample Development

	Downtown	Edge
Density (DU/Acre)	12	10
Units	4	3
Land Size (SF)	13,000	13,000
Unit Size (SF)	780	903
Retail SF	5000	N/A
Parking (Per Unit)	3	3
Residential Income (PSF)	\$1.10	\$1.00
Retail Income (PSF)	\$9.35	N/A
Land Cost	\$3.00	\$1.50
Building Cost	\$150/GSF	\$150/GSF
NOI*	\$73,318	\$21,918
Yield on Costs**	4.0%	3.1%
Developer Profit***	-32.8%	-48.1%

*Estimate, **7 - 7.5% Industry Standard, ***15-20% Industry Standard

The Rogers rental market benefits from its proximity to Bentonville, allowing easy access to employment and entertainment amenities in the larger city. Multi-family developments are able to attract relatively high rents in the downtown, as well as in edge neighborhoods. However, land costs in both parts of the city are lower than comparable areas in Bentonville. The City of Rogers allows significantly less residential density in their downtown than nearby Fayetteville and somewhat less density that Bentonville does in its edge neighborhoods. As a result, demand for residential properties in Rogers is outpacing supply, making delivery of affordable units difficult.

Table 18. Springdale - Downtown & Edge Sample Development

	Downtown	Edge
Density (DU/Acre)	15	12
Units	4	4
Land Size (SF)	13,000	14,000
Unit Size (SF)	608	825
Retail SF	5000	N/A
Parking (Per Unit)	1.5	3
Residential Income (PSF)	\$0.86	\$0.90
Retail Income (PSF)	\$11.20	N/A
Land Cost	\$6.00	\$3.00
Building Cost	\$150/GSF	\$150/GSF
NOI*	\$92,775	\$21,403
Yield on Costs**	5.2%	2.6%
Developer Profit***	-14.0%	-57.8%

*Estimate, **7 - 7.5% Industry Standard, ***15-20% Industry Standard

Springdale currently offers the most affordability of the four Tier One cities, with the lowest rents for multi-family units. Despite these low rents, land costs are similar to the regional average. Additionally, Springdale has higher residential densities than Rogers, but lower than Bentonville and Fayetteville. Unlike the other three Tier One cities, rents in edge neighborhoods in Springdale are higher than in the downtown.

Table 19. Outer Submarkets Development

	Outer Central Benton County	Southeast Washington County
Density (DU/Acre)	20	10
Units	320	350
Land Size (SF)	696,960	1,524,600
Unit Size (SF)	919	1137
Retail SF	N/A	N/A
Parking (Per Unit)	1.5	1.85
Residential Income (PSF)	\$0.95	\$0.85
Retail Income (PSF)	N/A	N/A
Land Cost	\$1.00	\$1.00
Building Cost	\$150/GSF	150/GSF
NOI*	\$2,535,606	\$3,145,986
Yield on Costs**	3.7%	3.4%
Developer Profit***	-38.4%	-43.9%

*Estimate, **7 - 7.5% Industry Standard, ***15-20% Industry Standard

The outer county submarkets generally allow for lower densities but have larger parcels. As a result, the developments are generally larger than the ones in downtown and edge areas. Additionally, land costs are lower in the outer submarkets. However, the lower rents and comparable building costs mean that, despite large NOIs, achieving sufficient yield on costs and profit from the developments is more difficult.

Overall, the affordability of multifamily housing in the region is highlighted in these example pro formas. For developers to make industry acceptable returns, rents need to be charged above the average level. From discussions with regional stakeholders, this is what leads to challenges for current and future residents and why bridge financing in the form of housing assistance, the Low-Income Housing Tax Credit (LIHTC) and philanthropic investments are often necessary.

Affordability

These pro formas provide an example of what the current regulatory environment and market can provide. However, what developers can provide at the returns they seek, when compared to what current and future residents can afford may not always be the same. Housing costs are just one part of the cost equation for end users. Transportation costs, particularly in auto-centric environments found throughout most of the United States, are an equal consideration. In order to take this into account, the research team calculated the “Housing & Transportation Index” for households in Tier One cities with incomes at 60, 80, 100, and 120% of AMI. The “Housing & Transportation Index” (H&T) was developed by the Center for Neighborhood Technology (CNT) and provides a comprehensive view of affordability in a given neighborhood, taking housing and transportation costs into account. According to CNT, a household’s combined housing and transportation costs should be no more than 45% of its income. In the table below, the average rents for the four cities are displayed. Using area median income data for each city from the American Community Survey and then combined with each city's transportation index to display an affordability index at each income threshold. The lower the number, the greener, and thus more affordable at that level of AMI. The redder the number, the closer or further above 45% it is, and thus is more unaffordable at that level of AMI.

Table 20. Current Northwest Arkansas H&T Affordability, 2020

Downtown - Midrise

City	Avg RPSF	Avg Rent/Month	Avg Rent/Year	H&T - 60	H&T - 80	H&T - 100	H&T - 120
Bentonville	\$1.34	\$1,207	\$14,488	52.6%	45.7%	41.6%	39.8%
Fayetteville	\$1.69	\$1,528	\$18,333	90.4%	73.8%	63.8%	59.6%
Rogers	\$1.10	\$858	\$10,296	52.3%	45.7%	41.8%	40.1%
Springdale	\$0.86	\$523	\$6,275	45.2%	40.2%	37.1%	35.8%

Edge - Townhouse

City	Avg RPSF	Avg Rent/Month	Avg Rent/Year	H&T - 60	H&T - 80	H&T - 100	H&T - 120
Bentonville	\$1.01	\$902	\$10,823	45.6%	40.5%	37.4%	36.0%
Fayetteville	\$0.91	\$760	\$9,118	57.0%	48.8%	43.8%	41.7%
Rogers	\$1.00	\$903	\$10,836	53.7%	46.7%	42.6%	40.8%
Springdale	\$0.90	\$743	\$8,910	53.7%	46.5%	42.2%	40.4%

Outer - Garden

Area	Avg RPSF	Avg Rent/Month	Avg Rent/Year	H&T - 60	H&T - 80	H&T - 100	H&T - 120
Outer Ctr Benton	\$0.95	\$873	\$10,477	51.6%	45.4%	41.7%	40.2%
SE Washington	\$0.85	\$966	\$11,597	63.5%	54.2%	48.5%	46.1%

As the table demonstrates, the region already has affordability challenges at the 60 and 80 percent of AMI households. Further, while 100 percent and 120 percent of AMI households do not face the same affordability challenges, their H&T Index comes very close to 45 percent of total costs.

To project future affordability, the research team calculated the future rents by taking the average rent growth of each city by area (downtown, edge, and outer submarkets) over the past five years. Future AMI was taken from the American Community Survey projections 2020-2025. The results are displayed in the table below.

Table 21. Projected Northwest Arkansas H&T Affordability, 2025

Downtown - Midrise

City	Avg RPSF	Avg Rent/Month	Avg Rent/Year	H&T - 60	H&T - 80	H&T - 100	H&T - 120
Bentonville	\$1.37	\$1,239	\$14,865	51.7%	45.0%	41.0%	39.3%
Fayetteville	\$1.75	\$1,586	\$19,030	90.3%	73.7%	63.8%	59.5%
Rogers	\$1.16	\$903	\$10,831	51.4%	45.0%	41.2%	39.6%
Springdale	\$1.03	\$623	\$7,479	48.0%	42.2%	38.8%	37.3%

Edge - Townhouse

City	Avg RPSF	Avg Rent/Month	Avg Rent/Year	H&T - 60	H&T - 80	H&T - 100	H&T - 120
Bentonville	\$1.12	\$1,001	\$12,014	46.6%	41.2%	37.9%	36.5%
Fayetteville	\$1.02	\$853	\$10,240	59.7%	50.7%	45.4%	43.1%
Rogers	\$1.11	\$1,003	\$12,039	54.2%	47.2%	42.9%	41.1%
Springdale	\$1.05	\$868	\$10,416	57.0%	49.0%	44.2%	42.2%

Outer - Garden

Area	Avg RPSF	Avg Rent/Month	Avg Rent/Year	H&T - 60	H&T - 80	H&T - 100	H&T - 120
Outer Central Benton	\$1.08	\$991	\$11,891	52.8%	46.4%	42.5%	40.8%
SE Washington	\$0.94	\$1,063	\$12,757	65.3%	55.5%	49.6%	47.1%

As the tables above demonstrate, the affordability challenges will increase for the region. Of the four Tier One cities, Springdale is experiencing the most rapid rent growth and will face increasing affordability challenges in the years to come.

The following tables show the projected H&T Change for each city at different income thresholds, over the next five years:

Table 22. Projected H&T Change, 2020 - 2024

Downtown	H&T - 60	H&T - 80	H&T - 100	H&T - 120
Bentonville	-0.9%	-0.7%	-0.5%	-0.5%
Fayetteville	-0.1%	-0.1%	-0.1%	-0.1%
Rogers	-0.9%	-0.7%	-0.5%	-0.5%
Springdale	2.8%	2.1%	1.7%	1.5%

Edge	H&T - 60	H&T - 80	H&T - 100	H&T - 120
Bentonville	0.9%	0.7%	0.6%	0.5%
Fayetteville	2.7%	2.0%	1.6%	1.4%
Rogers	0.6%	0.4%	0.3%	0.3%
Springdale	3.3%	2.5%	2.0%	1.8%

Outer	H&T - 60	H&T - 80	H&T - 100	H&T - 120
Outer Central Benton	1.3%	0.9%	0.8%	0.7%
SE Washington	1.8%	1.3%	1.1%	1.0%

The slower growth in rents in the downtown areas could lead to an improvement in affordability for every city, except Springdale, at all income levels. Increased demand and rent growth could threaten this potential affordability. However, the edge and outer areas all are projected to face growing affordability challenges, particularly in the desirable edge areas of downtown.

The research team also evaluated the for-sale market in the Northwest Arkansas region. Utilizing median home values from Zillow, the research team evaluated current median home value, one- and five-year changes, and one- and five-year forecast. Additionally, the research team estimated mortgages on for-sale housing as a percentage of monthly income. The team made several assumptions, including a down payment of 10%, an interest rate of 5.0%, annual property taxes of

\$4,500 per year, and annual insurance of \$1,200 per year. The results are displayed in Table 15 and Table 16 below.

Table 23. Northwest Arkansas Home Values

City/Market	Median Home Value, 8/2020	Median Home Value, 8/2015	1-year change	5-year change	1-year forecast	5 Year Forecast*
Bentonville	\$257,900	\$206,000	5.4%	25.2%	-1.5%	\$322,876
Fayetteville	\$219,202	\$171,000	-2.8%	28.2%	-2.4%	\$280,991
Rogers	\$211,425	\$162,000	6.3%	30.5%	-1.3%	\$275,929
Springdale	\$177,068	\$133,000	4.4%	33.1%	-2.3%	\$235,737
Outer Benton County	\$209,990	\$162,000	6.3%	29.6%	-1.3%	\$272,196
SE Washington County	\$196,786	\$151,000	3.6%	30.3%	-2.5%	\$256,455

*Based of Zillow 5 Year Growth

Table 24. Northwest Arkansas Income and Mortgages

City/Market	Median Household Income	Per Month Income (Current)	Mortgage % of Monthly Income (Current)	MHI Projections	Per Month Income (Projected)	Mortgage % of Monthly Income (Projected)
Bentonville	\$87,523	\$7,294	23.6%	\$92,878	\$7,740	25.0%
Fayetteville	\$46,035	\$3,836	40.0%	\$47,852	\$3,988	43.4%
Rogers	\$65,314	\$5,443	27.5%	\$71,126	\$5,927	28.8%
Springdale	\$51,724	\$4,310	30.9%	\$54,216	\$4,518	33.5%
Outer Benton	\$71,061	\$5,922	25.2%	\$76,719	\$6,393	26.4%
SE Washington	\$51,480	\$4,290	33.2%	\$54,048	\$4,504	38.1%

Following this, the research team analyzed the areas H&T on for-sale housing, similar to the analysis conducted on the rental market in Northwest Arkansas, the results are displayed in Table 25 below.

Table 25. Northwest Arkansas For-Sale H&T

City/Market	H&T (Present)	H&T (Projected)	Change
Bentonville	48.6%	50.0%	1.4%
Fayetteville	64.0%	67.4%	3.5%
Rogers	53.5%	54.8%	1.3%
Springdale	55.9%	58.5%	2.6%
Outer Benton	52.2%	53.4%	1.3%
SE Washington	59.2%	64.1%	4.8%

As the table demonstrates, the H&T costs on for-sale housing are similar to the rental market in the region. The additional barriers to home ownership, such as a down payment, insurance, and yearly maintenance costs exacerbate the challenges that residents in the region face. The similarity between the costs for the rental market and the for-sale market further highlight the housing affordability challenged faced by the Northwest Arkansas region.

VIII. Existing State and Regional Strategies

While it is clear from *Our Housing Future* and a dozen interviews that housing affordability is a regional challenge and requires regional solutions, it is also evident that currently there is little or no regional leadership, cooperation, or strategy to address the housing affordability problem. Every interviewee agreed that addressing the housing affordability challenge is essential if the region is to continue to prosper. While much of the implementation for solving the problem must be addressed locally, there must be a regional initiative to define and measure the need, allocate the responsibility, coordinate the effort, education decision makers and the public, and document progress.

The good news is that Northwest Arkansas has a history of regional cooperation on other important issues in the region. Several stakeholders cited the Razorback Regional Greenway and network of trails and parks as a model for regional cooperation. Others mentioned the Northeast Arkansas Regional Intermodal Facilities Authority, the Northwest Arkansas Bicycle/Pedestrian Master Plan, and the Creative Arkansas Community Hub & Exchange (CACHE), which depends largely on local implementation of a regional plan for arts and culture. This track record of regional cooperation combined with local implementation provides an excellent foundation for addressing this important topic.

The region also benefits from strong regional leadership. Several well-established public and private organizations were identified as potential leaders and partners for this effort. These include many of who were represented on the Housing Solutions Task Force that guided *Our Housing Future*. These include:

- Community Design Center, University of Arkansas
- Center for Business Research, University of Arkansas
- Major Corporations: Walmart, J.B. Hunt, Tyson Foods
- Northwest Arkansas Council
- Northwest Arkansas Regional Planning Council
- Partners for Better Housing
- Walton Family Foundation
- Urban Land Institute, Northwest Arkansas District Council

We also found local planning staff to be knowledgeable about the problem and potential solutions and committed to participating in regional/local partnerships to educate others and in a comprehensive regional strategy to resolve the challenge.

There was less confidence in the prospect that solutions would come from the state level. Although tenants' rights were identified as an important part of addressing housing affordability, Arkansas is the only state in the country that does not have a law requiring a Warrant of Habitability for tenants of rental properties. In addition, just last year the Legislature passed [Act 446](#), which serves as a prohibition on local governments from imposing design requirements on developers. This legislation limits local governments from setting standards on single-family roof design, exterior paint color, the number/type of rooms, and many other design components.

IX. Next Steps

The research team proposes a two-step approach for Phase Two of the Housing Policy Landscape Assessment. The team will highlight the most important obstacles to addressing housing affordability, which were identified in this Phase One report. These will include regulatory barriers, knowledge and capacity gaps, and misunderstandings about the nature of the problem and potential solutions.

The team will then develop recommendations to address these barriers, based on research from Phase One, knowledge of and experience with solutions in other places, and further research in Northwest Arkansas, and will outline the predicted impact of those policies in the region's four largest cities. The team will also develop a list of exemplary strategies and programs from other places which have potential for adaptation in Northwest Arkansas and prepare case studies of those that have the most relevance.

Finally, building on the proposed steps in *Our Housing Future*, the team will add recommendations for next steps, including possible leadership organizations, structures and a timeline for moving forward. The research team looks forward to working with the Walton Family Foundation on the next phase of this important project.