

Northwest Arkansas Housing Policy Landscape Assessment Phase Two Report

Prepared for the Walton Family Foundation

December 2020

FBCI Form-Based
Codes Institute

 **Smart Growth America**
Improving lives by improving communities

DOVER, KOHL & PARTNERS
town planning

Project Consultant Team

Chris Zimmerman, Vice President for Economic Development, Smart Growth America

Marta Goldsmith, Director, Form Based Codes Institute

Jeri Mintzer, Deputy Director for Economic Development, Smart Growth America

Jordan Howard, Economic Development Specialist, Smart Growth America

Becca Buthe, Economic Research Analyst, Smart Growth America

Martina Guglielmono, Economic Development Associate, Smart Growth America

Victoria Fanibi, Policy and Communications Associate, LOCUS, Smart Growth America

Joseph Kohl, Founding Principal, Dover, Kohl & Partners

Tables, Maps, and Figures

Tables

Table 1: Commercially zoned land with residential development in Rogers

Table 2: Potential new housing unit capacity under proposed changes

Table 3. Summary of hot spots in Benton and Washington Counties

Table 4. Comparison of Two Commercial Sample Parcels

Table 5. Comparison of Two Residential Sample Parcels

Table 6. Average Downtown Parcels

Table 7. Available Downtown Parcels

Table 8. Average Edge/Adjacent Parcels

Table 9. Available Edge/Adjacent Parcels

Table 10. Average Outer Submarket Parcels

Table 11. Available Outer Submarket Parcels

Maps

Map 1. Commercially zoned parcels with residential uses

Maps 2-5. Current housing density in Rogers compared to the density under the scenario of continued trends under existing zoning, and the scenario modelled for Phase Two

Map 6. Reference Map

Figures

Figure 1. Illustration of Missing Middle Housing Types

Figure 2. Zone R-DP Parking lot in Downtown

Figure 3. Parcel B - Zone RSF

Figure 4. Parcel C - Zone C-2: Vacant lot in Downtown

Figure 5. Four-unit developments in Springdale in the MF-12 Zone

Figure 6. Five-unit development in Bentonville

Figure 7. Hot spot analysis of Washington and Benton Counties, Arkansas – Hot spots of assessed value per acre

Figure 8. Street view near 201 S. Main St.

Figure 9. Street view near 201 S. Walton St.

Figure 10. Street view near SE 3rd St. between A and B St.

Figure 11. Street view near 4000 block of SW Four Winds Ave.

Table of Contents

Project Consultant Team	2
Tables, Maps, and Figures	3
1. Project Overview	5
2. Recommendations	8
A. Take a Regional Approach	8
B. Balance Housing and Transportation	9
C. Leverage the Metrics	10
D. Engage All the Right Partners	11
E. Focus on Education and Outreach	12
F. Build Capacity	13
G. Reform Zoning Codes	15
Action Steps for All Communities in Northwest Arkansas.....	16
1. Expedite the review process for affordable housing options	16
2. Reduce municipal fees for affordable housing projects	17
3. Remove or reduce fees/costs associated with off-site improvements	17
4. Increase housing options	18
5. Adjust parking requirement	20
6. Encourage a mix of uses and eliminate—or restrict the use of—barriers between uses that impede walking, rolling, and bicycling in suburban zones	21
7. Explore inclusionary housing requirements	21
8. Reduce the number of zoning districts	22
Tier One City-Specific Recommendations	23
Bentonville	23
Fayetteville	24
Rogers.....	24
Springdale	25
3. Spatial Analysis	27
4. Missing Middle Housing and Visualizations	33
5. Fiscal Impact Analysis	39
6. Pro Formas	45
7. Case Studies.....	50
8. Conclusion	80
9. Appendix A	81

1. Project Overview

In Phase Two of the Housing Policy Landscape Assessment, the research team drew on the policy assessment presented in the *Phase One Report* to develop six recommendations, which Northwest Arkansas regional and local leaders could take to address the growing challenge of housing affordability. They include:

- Take a regional approach
- Balance housing and transportation
- Leverage the metrics
- Engage all the right partners
- Focus on education and outreach
- Build capacity
- Reform zoning codes

The following recommendations section is organized into those six categories to provide a helpful framework for discussion and presentation. However, achieving housing affordability in Northwest Arkansas will require an integrated and multi-dimensional approach, which calls for the commitment and engagement of all stakeholders—public, private, and non-profit—in the development and implementation of goals, strategies, policies, and actions woven together in a synergetic strategy, grounded in measurable outcomes.

To support these recommendations, the team conducted four different analyses to demonstrate the change in development patterns and the housing supply that could occur in Northwest Arkansas, if recommendations like these were implemented. These projections demonstrate what is possible in the region and can serve as a tool for education and outreach. Several findings from the *Phase One Report* informed these analyses, including the following:

- The data in *Our Housing Future* and the *Phase One Report* for this study show that there is an insufficient supply of housing affordable to households at 60 and 80 percent of the area median income (AMI).¹ Even more concerning, the combined housing and transportation costs—or Housing and Transportation Index (H&T)²—for households at 60 percent of AMI range from a low of 45.6 percent in an edge townhouse in Bentonville to a high of over 90 percent in a downtown mid-rise in

¹ The area median income (AMI) is the household income for the median—or middle—household in a region. Each year, the Department of Housing and Urban Development (HUD) calculates the median income for every metropolitan region in the country. Source: [Greater Greater Washington](#). For the purposes of this study, attainable housing is defined as housing that cost no more than 30 percent of household income.

² 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. CNT suggests that households should pay no more than 45 percent of their total income for housing and transportation combined. See <https://www.cnt.org/tools/housing-and-transportation-affordability-index>

Fayetteville³ (See *Phase One Report* p. 62). While it is not as evident that households at 100 to 120 percent of AMI do not face the same affordability challenges, the H&T Index for these households comes very close to 45 percent of their total living expenses.

- There is significant land capacity to increase housing supply in the region. However, most of this capacity is in greenfield or low-density areas with no transportation options, other than single-occupancy vehicles, and where existing infrastructure is inadequate to meet the needs of new development.
- Most of the interviewees—from both the public and private sector—identified the high cost of land as the number one reason for the short supply of housing options for moderate- and low-income households. 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. However, in the long run, this type of development will cost communities more than infill development as the cost to serve new, low density development is higher than the cost to serve development in existing urbanized areas.
- The continuation of current low-density, single-use, sprawling 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. 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.
- Today, across the region, there are many obstacles and few, if any, incentives to build Missing Middle Housing.⁴ 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—often sell or rent for prices affordable to low- or 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.

The first of the four analyses conducted is a spatial analysis to demonstrate what could happen if changes in policy and practice directed new housing to more cost-effective, efficient locations. The second analysis takes a look at Missing Middle Housing types

³ See the Phase One Report, p.62 for current and projected H&T in various parts of the Northwest Arkansas Region.

⁴ 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.

found in Northwest Arkansas and pairs them with visualizations to demonstrate what different housing densities could look like in a few sample areas across the region. Third, the research team conducted a fiscal impact calculation to visualize and quantify where local governments are generating their revenue, and how this correlates with density of development patterns. Finally, another set of *pro formas* were prepared to evaluate the affordability of potential developments in each Tier One city by looking at typical parcels in the downtown, downtown-adjacent, and outer-edge areas in each of the four largest cities. As an additional layer of analysis, the team also looked at a typical parcel, among those which could be available for development in each of the three types of areas in the same cities.

Several regions across the country have faced housing affordability challenges, similar to those in Northwest Arkansas. As a result, there is a wealth of examples and experience from which to draw. Chapter 8 of this *Phase Two Report* contains nine case studies, as well as summaries and links for additional examples, which demonstrate how the recommendations offered in this report have been implemented in other places across the country. Each case study includes background, a brief description, lessons learned, and contact information.

2. Recommendations

Achieving housing affordability in Northwest Arkansas will require an integrated and multi-dimensional approach, which calls for the commitment and engagement of all stakeholders—public, private, and non-profit—in the development and implementation of goals, strategies, policies, and actions woven together in a synergetic strategy, grounded in measurable outcomes. In this section, the research team proposes a wealth of ideas for consideration, drawn from the assessments conducted in Phase One. The recommendations are organized into five categories, to provide a helpful framework for discussion and presentation. However, it is important to realize that each strategy, if implemented without the others, will be less effective and that it is the synergy among them that will substantially improve the chances for success.

A. Take a Regional Approach

Despite a strong regional identity, Northwest Arkansas lacks a cohesive, comprehensive policy to unify its approach to housing investments. Regional stakeholders noted that without such a policy, Northwest Arkansas faces barriers to addressing its most pressing housing needs (Our Housing Future, p.12).

Like efficient transportation, healthcare, economic development, and open space, housing is an essential part of the community, which must be considered and addressed in a regional context. An administrative assistant who works at the Walmart corporate offices in Bentonville may live in Rogers or Springdale, where he can find more affordable options. A graduate student attending classes in Fayetteville and working in Siloam Springs will have to balance distance and cost to find somewhere she can afford to live. A regional housing supply, which matches the regional demand—in terms of numbers of units, types of housing, and cost—is essential for a healthy economy. The cost of labor is defined regionally, as are job markets, real estate financing costs, and transportation options, so housing must be considered regionally as well.

Local and regional leaders in several metropolitan regions across the U.S. recognized this and have taken on the complex and important assignment of developing a regional housing strategy. In Atlanta, Central Florida, Central Ohio, the Washington, DC region, Portland, and Denver, just to name a few—policy makers have engaged with developers; builders and other business leaders; grassroots and regional organizations; and anchor institutions to address the crisis of housing affordability across their region. They developed metrics, identified obstacles, set priorities, researched models, outlined strategies and tactics, and moved forward to implement policies and practices that will enable all residents in their region to afford a safe and decent place to live where transportation costs are manageable and services and amenities are easily accessible. Case studies of some of these examples are featured in Chapter 8 of this report. The findings presented in both *Our Housing Future* and the *Phase One Report* make it clear

that a significant segment of the region's population is unable to afford adequate housing and transportation, and the situation is projected to get worse. This inability for a growing percentage of the population across the region to afford a safe and decent home that is accessible to jobs, services, and amenities threatens not only the health and well-being of these families, but also the region's quality of life, economy and the core civic and social institutions on which it depends.

While local governments must take the lead on many of the tactics—building understanding, policy change, financing, among others, these steps will be much more effective if they are part of an overall regional approach. Working together, local, regional, state and private entities can create synergies in their concerted actions which, over time, can bring about significant improvement in housing affordability.

B. Balance Housing and Transportation

There are many reasons why regional housing strategies and regional transportation strategies must be developed and implemented in concert. These include traffic congestion, air quality, the cost of providing and maintaining infrastructure, rider and pedestrian safety, among them. For the purposes of this analysis, the research team focused on the cost and quality of life implications of different land use scenarios, with the location of future housing as a primary factor. Housing and transportation are the two largest expenditures for most households. In the *Phase One Report*, the research team used the Center for Neighborhood Technology H+T Index to evaluate housing affordability when transportation costs are taken into account in various locations in Northwest Arkansas. Generally speaking, the less dense the area, the higher the H+T Index. According to the spatial analysis conducted in Phase One (*Phase One Report*, p. 49-50), the majority of the land in the four Tier One cities is occupied by low density housing. The *Phase One Report* (p.17-18) addresses the level of development density sufficient to support transit.

In Bentonville, only nine percent of the land has residential densities greater than six units per acre. In Fayetteville, Springdale, and Rogers, the percentage of land with more than six units per acre falls to five percent or less and in all four cities, less than ten percent of all homes are located in areas with densities of 25 units or more per acre. These low densities mean that almost all trips—to jobs, shopping, recreation, religious services, health care providers, social gatherings—must be made by private car, which is generally the most expensive form of transportation. These low densities also suggest that parcels, and housing units, are likely to be larger, with higher rents and sales prices, especially those units closer to job centers, services, and amenities. Those premiums—whether in sale prices or rent costs—force low- and moderate-income families to move further and further away from jobs and essential services. This out-migration, sometimes called the “drive to qualify,” drives up the cost of transportation even higher, creating a vicious cost/distance cycle for many essential workers in the region.

Housing densities also impact the cost of transportation in another way. The *Phase One Report* addresses the relationship between residential density and the availability of transportation options, stating that, "...the higher the density, the more mobility options available (and)... transit systems are only viable where there are sufficient densities to support it." (p.17) Portland OR, Charlotte, NC, and the Minneapolis-Saint Paul region in Minnesota have set a minimum of 20 units per acre in most of their urban areas, in part, to support the development of transit. If the Northwest Arkansas region is going to succeed in addressing the increases in H&T costs—particularly for low- and moderate-income households—local governments must act in a coordinated and intentional way to encourage mixed-use and higher residential densities along commercial corridors, in town centers and urban adjacent areas, and other locations where alternatives to single-occupancy vehicles are most likely to be available.

For this Phase Two Report, the research team conducted a second spatial analysis, using the city of Rogers as an example, to demonstrate how focusing new residential development in cost-effective, efficient locations—commercial corridors and employment centers radiating from downtown, as well as adjacent to the Razorback Regional Greenway —could better accommodate projected growth while supporting a wider range of transportation options. The report also includes a summary of Missing Middle Housing types found in Northwest Arkansas, paired with visualizations to demonstrate what higher housing densities look like in a few sample areas across the region.

C. Leverage the Metrics

A key component of addressing housing affordability is understanding the scale and metrics of the challenge. The analyses in *Our Housing Future* and the *Phase One Report* are a good start. All of the affordable housing programs that the research team identified make collecting data and communicating metrics a centerpiece of the program. They document the who, where, and why of the people who are struggling to afford decent housing and they collect and analyze data on the supply, demand, location, and condition of the housing stock in the area of focus.

While the metrics used to assess current conditions and track progress should be determined by the leadership of the affordable housing initiative, there are many good models to draw from. Equally important is that all of these metric programs include a public-facing component to ensure that all stakeholders—including the public at large—understand the importance, current conditions, and prevailing trends of housing affordability in their area and the progress that changes in policy bring about.

Good examples of data analysis, metrics, and outreach strategies, which leverage the information for advocacy can be found in the Data Driven Detroit Case Study and many others across the country. Exemplary programs include:

- Neighborhood Dynamics Index—deeds per square mile, average structure condition, and occupied structures per square mile (Detroit)

- Sub-Area Analysis—median year built, median building area, average home sale prices for different size units, all for each of 10 regions in the metro area (Atlanta)
- Mapping of Housing by Census Tract—average structures per lot, condition of structures, occupancy of each structure (Detroit)
- Affordable Housing SCORES—based on each locality’s performance on: new affordable or mixed-income housing completed in the last ten years, preservation projects completed in the last seven years, and/or substantial rehabilitation projects completed in the last three years; housing policies and ordinances; and characteristics of the existing housing stock (Twin Cities Metropolitan Planning Council)

D. Engage All the Right Partners

The housing sector involves many actors. Consequently, a successful affordable housing strategy must engage a wide range of public, private, and non-profit organizations. At each stage of the process, these actors play a critical role, providing leadership, ideas, feedback, and advocacy on an ongoing basis. Many exemplary programs, some featured in the Case Studies, have a substantial and diverse list of partners. Some of these include the following:

- [Mid-Ohio Regional Housing Strategy](#)
- [Central Florida Regional Affordable Housing Initiative](#) (p.5)
- [Boulder County Regional Housing Partnership](#) (p.3)

While the Walton Family Foundation, the Northwest Arkansas Regional Planning Commission, the Northwest Arkansas Council, and other leaders in the region will have a broader understanding of who needs to be engaged in creating and implementing a regional housing affordability strategy, some of the most likely partners include the following:

- Local government organizations: Thirty municipalities and two counties, multiple housing authorities
- Regional organizations including: Northwest Arkansas Regional Planning Commission, Northwest Arkansas Council
- Land use, real estate, and housing organizations: ULI Northwest Arkansas, Northwest Arkansas Home Builders Association, NWA Board of Realtors, Partners for Better Housing, Community Development Corporation of Bentonville/Bella Vista
- Academic and Other Anchor Institutions: University of Arkansas, Center for Business and Economic Research
- Leading regional employers, including Walmart, J.B Hunt, Tyson, health providers, among others
- State agencies: Arkansas Development Finance Authority, Department of Transportation

Who should take the lead in convening and staffing the partnership is not yet evident. While this may differ from place to place, the examples in this report provide ideas and models, which can be adapted to fit the particular political and cultural environment of Northwest Arkansas.

E. Focus on Education and Outreach

Those interviewed for the *Phase One Report*—representatives of regional organizations, local planning officials, and the private sector—all identified a lack of understanding or need for more education as an important obstacle to successfully addressing the housing affordability challenge in the region. Each interviewee expressed concern that decision makers, some in the development and financial sectors and many in the general public, do not fully understand:

- The current status of housing options in the region and the importance of diverse housing types and price points to a growing economy;
- Who in the community—professions, race, income levels, etc.—does not have access to attainable housing and the implications of this for the economy;
- The causes of and potential solutions for the current and future housing affordability challenge;
- Design options for more attainable housing and more affordable H&T—missing middle housing, walkable mixed-use, multi-modal options;
- The connection between a clear community vision for more walkable, mixed-use diverse urban form and individual project proposals; or
- Best practices for increasing housing affordability.

The regional collaboration, data analysis, and creation of metrics described above are important foundational steps in raising awareness of and building commitment to policy and practice changes. The data analysis and metrics establish clear and objective examples of the problem. The broad coalition of partners is essential to ensuring that all perspectives are considered and that there is broad ownership of both the problems and the proposed solutions. Chapter 8 of this report includes case studies with examples of specific approaches that can help raise awareness and build support for a regional housing affordability initiative.

In addition to building awareness of and support for the need for a broad range of affordable housing solutions, there is also a need for decision makers, developers, and the public to understand that higher densities, as part of the solution, does not necessarily have to come exclusively in the form of multi-story apartment buildings. Nationally, the concept of missing middle housing is gaining traction as a way to describe a range of multi-family housing types that accommodate higher densities while fitting in well with a surrounding neighborhood's physical context. Chapter 4 in this report explores missing middle housing options and examples, particularly relevant for Northwest Arkansas.

F. Build Capacity

Local Public Officials—While the local planners interviewed seem to understand the growing challenge of housing affordability in the region and the need to address it through local policy, there was also a general feeling that their agencies did not have the in-house capacity to work with local non-profits, developers, or the financial community to implement a more effective housing affordability program. This lack of expertise and bandwidth in housing is not unusual for medium sized cities. Even larger cities have historically focused their limited staff and financial resources on individuals experiencing homelessness and those with very low incomes. Ensuring a safe and decent place to live for those most in need is an important priority and should continue to command significant resources. But a lack of attention on housing that is affordable to residents with incomes between 60 and 120 percent of area-median income (AMI) has led to the affordability crisis in many cities across the country and must now also become a priority.

Municipal staff need the knowledge and capacity to review local zoning laws to find ways to reduce the cost of building, preserving, and rehabilitating affordable housing—savings which can be passed on the consumer. They need resources to move projects quickly through the approval process, with the minimum amount of back-and-forth to cut down on lengthy approval processes. Inspection staff need sufficient capacity to enforce laws regarding maintenance and safety so that moderately priced housing is safe and that the electrical and other systems operate efficiently, so as not to place additional cost burdens on the tenant or homeowner. Finally, local planning and community development staff should have the opportunity to learn from their peers and others about incentives for developing moderately priced housing in more cost-efficient locations and about missing middle housing and other building types that use land more efficiently, providing more affordable housing options within their current regulatory framework.

Nonprofit Developers—Many cities turn to nonprofit developers to build moderate- or mixed-income housing. While there are a handful of non-profit developers in Northwest Arkansas, they are in the early stages of growth and do not have the capacity to meet the need. One example is Partners for Better Housing (PfBH), in Fayetteville. Established as a 501(c)3 in 2009, PfBH broke ground on its first development, Homes at Willow Bend in Fayetteville this year. While there are many reasons why the project took approximately ten years to break ground, the absence of role models in the region and the unfamiliarity with this kind of housing among public officials and investors very likely slowed the project down. Their experience should help leaders in the community understand how to cultivate more nonprofit developers and expedite their processes from site control to sales and leasing.

For-Profit Developers—The majority of workforce housing (households for those who earn 60 to 120 percent of AMI)—both rental and for sale—will continue to be provided by for-profit developers located in the region, or from outside the region. Currently, most developers in the region build single-family detached housing, higher-priced townhouses—

generally in desirable downtowns—or suburban, auto-centric, multi-family rental complexes. While the four Tier One cities appear to have sufficient density in their current zoning ordinances to accommodate projected growth, these ordinances provide few incentives for developers to build moderately priced units, particularly in places with greater or non-car access to transportation options, employment, services, or amenities. While auxiliary dwelling units (ADUs)—a fairly easy way to increase the supply of well-located more affordable units—are allowed, they are not encouraged. The case study on the ADU program in Santa Cruz, CA offers an example of how this could be done.

Many times, the research team heard that, “Developers build what they build because it’s easy and it’s what they know.” Rather than intransigence on the part of the builders, this view may reflect the resistance from investors, decision makers, and the public when higher densities, smaller units, and other new building types are proposed. That resistance may increase the cost of units by creating delays or requiring redesign of the projects, all of which increases risk. This may speak to the need for broadening the vocabulary of what’s possible, attractive, and consistent with the current physical character of the region, as well as a clearer understanding of what the market wants. Peer-to-peer outreach is often an effective way to broaden this understanding of “new” development models. One good example of outreach to the development community, as well as other key decision makers, is the four-webinar series that ULI Northwest Arkansas offered in Spring 2020.

Public-Private Partnerships (PPPs)—PPPs include a wide range of arrangements where site ownership/control, financing, development expertise, marketing, or other parts of the development process are shared among two or more partners who “live” in the public, private, or nonprofit sectors. Each partnership is designed to draw upon the particular capabilities and expertise of the participating partners and require skill and experience to make them work. For example, in a mixed-income residential development, a local government may contribute a publicly-owned site, CDBG funds, and fee waivers; a nonprofit organization would offer financing that only they are eligible for and outreach to potential residents; and a for-profit developer may provide development and sales and marketing expertise, for a fee. Together they can create a project that none of them could have developed on their own. There are many models of PPPs and experts who can help put the deals together. However, there needs to be understanding and willingness on the part of the local partners to do the hard and time-consuming work to participate.

Financial Tools—Financing housing for low- and moderate-income households is a challenging and complicated process. Our Housing Future suggests that, “the region lacks locally dedicated resources to support affordable housing production or preservation... regional stakeholders see the need for a wider range of resources to address limited housing affordability.” A complete assessment of financial tools for affordable housing is beyond the scope of this project. [A resource](#) from the organization, Local Housing Solutions, describes options for below-market financing to reduce the cost of debt

including federal funding sources, such as HOME and CDBG grants, proceeds from the sale of tax-exempt private activity bonds, activation of housing finance agency reserves, [housing trust funds](#), and other locally-generated funds, such as general revenue and below-market loans from private institutions to fulfill their Community Reinvestment Act obligations.

[Capital subsidies](#) can have a greater impact on achieving affordability than below-market debt financing because capital subsidies do not need to be repaid and actually reduce the amount that must be borrowed in the first place. The Low-Income Housing Tax Credit (LIHTC) is one of the most common capital subsidies used. But LIHTC, until recently, have not been used extensively in the Northwest Arkansas region. Other potential sources of capital subsidies—HOME or CDBG grants, general obligation bonds, tax-exempt multi-family housing bonds, housing trust funds, special purpose tax state credits like historic or new market tax credits, tax increment financing, the Federal Home Loan Banks' Affordable Housing Program, or philanthropic support through grants or program-related investments—all have the potential to provide capital to support the provision or preservation of attainable housing. Many of these are under deployed, or not used at all in the region. For example, as of this writing, the City of Bentonville does not use CDBG funds at all.

Community Land Trusts—Another tool that many communities have adopted to support affordable housing is a community land trust (CLT). A CLT is a nonprofit organization that assembles land, which it then leases on a long-term, renewable basis to the homeowner. The home is more affordable because the cost of the land is not included in the purchase price. The homeowner agrees to sell the home at a restricted price to keep it affordable in perpetuity. The homeowner may realize appreciation from improvements and may share in other capital gains, depending on the conditions outlined in the deed. Chapter 8 includes a case study on the Sawmill Community Land Trust in Albuquerque, NM. There are over 200 CLTs in the United States. More information about CLTs can be found from the [Grounded Solutions Network](#).

G. Reform Zoning Codes

The *Phase One Report* includes an in-depth analysis of the zoning ordinances of the four Tier One Cities to assess how zoning regulations may impact housing affordability and the variety of housing types delivered. This chapter of the Phase Two Report provides recommendations for zoning changes, which could improve the regulatory framework for housing affordability. The first part of this chapter includes general recommendations, which could apply to all of the Northwest Arkansas municipalities. This chapter is followed by a few key specific recommendations for each of the four Tier One communities.

As stated in the *Phase One Report* zoning rules, alone, cannot guarantee a community's success in reaching affordable housing goals. However, there can be rules which might discourage, limit, or prevent a developer who might otherwise deliver affordable units.

Although the research team did not find explicit language in any of the codes of the Tier One Cities that limited or prevented affordable housing development, the remainder of this chapter includes several recommendations, which could make it easier for builders who are inclined to provide it to do so.

Action Steps for All Communities in Northwest Arkansas

Below are action steps that every community in Northwest Arkansas should consider as a way to encourage the development of more attainable housing options. Most of the recommendations below fall into this category. Some are already in use by one or more of the four Tier One cities. Several were adopted recently so the full impact of these regulatory reforms may not yet be known.

1. Expedite the review process for affordable housing options

This incentive is already in place for a few locations in the region. For example, in downtown Fayetteville, the City can grant administrative approvals, skipping reviews by the Planning Commission, to activate more reinvestment in that part of its city. If a community would like more housing options and housing at obtainable costs, it should consider speeding up the process for projects that support that goal.

It comes down to the old expression, “time is money.” A lengthy and unpredictable review and approval process increases a developer’s soft costs—more professional fees for engineers, architects, and attorneys—and carrying costs like property taxes, financing costs for loans, or purchase options. Hard costs will also be affected because the purchase price of building materials tend to increase over time, sometimes rapidly as a result of scarcities and other outside influences.

Implementation: The first step is to establish a list of qualifying projects, including definitions to the code of ordinances, if they are not already included. The code in Fayetteville, for example, provides a list of types of projects eligible for fee reductions, if they are affordable to households with very low incomes:

- Projects funded through federal Community Development Block Grants such as single family, non-profit multi-family supportive housing, and homeless shelters;
- 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; and
- Non-profit multi-family supportive housing, and homeless shelters.

However, there also is a growing need for market-rate affordable, or “workforce” housing that can accommodate households at 60 to 120 percent of Average Median Income, (AMI). These units are typically provided by the private sector—either nonprofit organizations or for-profit individuals or companies. Attainable housing developments could be included in the list of projects eligible for expedited approval, according to the

building types offered, plus a target number of units affordable to households in this income range.

Second, the municipality could establish a list of threshold qualifications that a project must meet to be included on the list. These qualifications could apply to any project that meets the income criteria, or they could be specific to each of the project types. They could include the number of units, size of units, length of time they remain affordable, etc. The geographic location within the municipality could also be a qualification and could be associated with a master planning effort.

As a third step, this new language would be added to the relevant section of the code of ordinances. The same definitions and qualifications can be used in some of the other recommended incentives below.

2. Reduce municipal fees for affordable housing projects

According to one developer in the region, municipal application review fees average about \$5,000 per unit, regardless of the size of the unit, the number of units, or the cost/rent of the unit. In addition, many projects also incur impact fees. These fees are generally passed on to the tenant or purchaser, making these units less likely to be affordable to low- and moderate-income households, or even built at all. To incent the construction or preservation of affordable units, the municipality could reduce or waive these fees for projects that qualify under the city's definitions of affordable housing. Waiving fees is an incentive, which, like expediting the review process reduces the developer's cost, enabling him or her to pass these savings on to the consumer.

Implementation: The municipality could use the same definitions and qualifications used for allowing a streamlined review process. Specific criteria in the code, itself, make it clear to prospective applicants precisely what their options are for fee waivers, or expedited processing, as they begin the initial design phase of the project. In the case of fee waivers, if the project fails to meet the targets for affordable units set in the code when the project is sold or leased, the municipality can always charge the fees at a later date.

3. Remove or reduce fees/costs associated with off-site improvements

Infill projects are often built in locations where infrastructure is inadequate or decrepit. As a result, local governments often impose off-site improvement fees to cover the cost of expansion and repair of this aging infrastructure. These fees are often applied to projects uniformly, regardless of the size. These types of fees originated in the 1970s when large, low-density, greenfield suburbs were growing exponentially at the edge of older cities and beyond. Developers of these low-density, suburban projects were required to pay the cost of extending sewer and water services, to avoid imposing the cost of new infrastructure on the existing taxpayers, who would derive no benefit from the extensions. But infrastructure repairs and replacement in older neighborhoods benefit current residents, as well as new ones. Asking the infill developer to pay the cost of improvements which will serve the entire community will deter infill development of any kind, particularly affordable housing.

Replacing - aging infrastructure costs more than new construction in greenfield sites, and smaller projects have less ability to carry the costs. In addition, there are many unknown factors regarding the condition of underground pipes and drainage facilities, making it difficult to forecast the cost of these improvements in a pro forma.

Larger greenfield projects with higher margins may be able to accommodate these additional—and often unknowable—costs; but infill projects tend to be smaller, with less margin. Also, these are often the sites that are most attractive for mixed-use development or mixed-income or workforce housing. Smaller for-profit or nonprofit developers are more likely to build these smaller projects and the sites are generally closer to employment, services, amenities, and transportation options, lowering the H&T index for these units.

These off-site fees make it even less likely that affordable housing, with its razor thin profit margins will be included in these infill projects. Municipalities should give serious consideration to assuming the cost of repairing or replacing existing infrastructure—using funds from the operating budget, bonding authority, and/or a tax increment financing district—in those areas targeted for new investment and development, particularly if housing affordability is a priority.

Implementation: The municipality should first identify the kind of infill development to be encouraged by size and/or location. Second, like the two recommendations above, the municipality should identify which types of developments, with affordable housing options and qualification, would be exempt from off-site improvement fees. Third, these exemptions should be detailed in sections of the existing zoning ordinance where the specifications for payment for off-site improvements are outlined.

4. Increase housing options

All of the codes reviewed in detail for Phase One could be updated to include more proactive language to promote the development of a wider range of housing options and types. Recommendations include:

- Revise the code to accommodate, and possibly encourage, higher residential and mixed-use densities within walking distance of transit, commercial corridors, centers of economic opportunity, and trails for biking and walking. Each municipality should consider including development bonuses for height and density in exchange for developments, particularly in these types of locations, which include affordable housing options.

Since housing affordability is often tied to higher densities and overall affordability is directly tied to the cost of transportation, locating residential density along transportation corridors makes the most sense. The concentration of residential within walking distance of major transportation corridors can improve prospects for multi-modal transportation options, allowing residents the option to choose to have one less car, or no cars, if they can get to work and meet other daily needs by using these alternative mobility options. To meet housing affordability goals, a

locality can consider offering bonuses, which may include an increase in height and allowed density. In some markets, the income from additional units allowed under the bonus can offset the reduced income from units offered at a lower price or rent. However, increased height and density bonuses are only effective as an affordable housing incentive, unless the site is in a high demand location. In addition, depending on the underlying zoning, additional height bonuses may not work if the added height considerably increases the per-unit costs due to construction considerations such as required additional masonry on the lower levels or the need for added fire prevention equipment, such as a sprinkler system.

- Allow or broaden the rules for Accessory Dwelling Units (ADUs) everywhere in the municipality. ADUs are a relatively easy way to add smaller, more affordable units in existing neighborhoods. An ADU is often less expensive to build or lease than units in larger apartment complexes. These units can also help offset the mortgage or living expenses of the owner of the house. For an example of one community's program to expand ADUs, see the Santa Cruz Case Study in this report.
- Eliminate or reduce minimum lot width requirements, where appropriate. Examples of possible locations include places targeted for increased residential density or infill development, which may include historic town centers, newer mixed-use urban centers, and along and within walking distance of current and future transit corridors and trails. Smaller lots reduce the land cost per unit, a savings that can be passed on to the consumer. Allowing for smaller lot sizes, usually controlled by Lot Width provisions in a zoning ordinance, helps make it possible for smaller footprint buildings to be built on less land, which is a way to increase density without building oversized structures, which may appear out of scale to the surrounding neighborhood. Missing middle housing on smaller lots—small footprint two-story houses, court cottages, bungalows, town houses, and what are called tiny houses—is a good format for this kind of density. Some established neighborhoods, where the physical character is valued by existing residents, may not be as suited for adjusting lot widths.
- Encourage local developers and investors to consider infill development using “missing middle housing” building types. In recent decades, few residential developers in the Northwest Arkansas region have built small incremental developments, such as two- or three-story apartment buildings on infill lots. This form of development was quite common up to the mid-20th Century. What remains from that time, in older communities, are the models for “missing middle housing” because the building types generally do not exist in more recent developments and they are of a size somewhere between a single-family house and mid- to high-rise apartment buildings. They also seem to generally be priced at a mid-range, between more expensive new single-family homes and more affordable, but less roomy or well-located high-rise apartments. These missing middle building types are a perfect example of how a local government can update its zoning rules to

accommodate a wider diversity of housing types. It also would be a way to educate developers unfamiliar with this type of housing about their potential and to provide an opportunity for entry level builders—including Black and brown developers—to build their business and personal wealth from within one’s own community.

Implementation: Zoning codes can be modified to accommodate and even encourage a wider range of housing options. Future master plans offer the best opportunity to identify where within the municipality rules and incentives for a wider range of housing types should be applied.

Each municipality should identify areas across the city where increased densities, smaller lots, and missing middle housing should be encouraged. Zoning for these areas should be adjusted, so that it is clear that these are permitted. These are likely the same areas where incentives for affordable housing, mentioned above, should also be included in the code

Of the four largest cities, Fayetteville has the most liberal ADU provisions in terms of what they allow. Each city should review their rules and consider revising them to make it easier to build these units. In addition to the Santa Cruz case study, mentioned above, Portland, Oregon provides another good example of how to encourage construction of ADUs, including providing a concise list of steps and forms on their [website](#).

In reviewing master plans, municipalities should consider eliminating (or at least reducing) the minimum lot sizes, particularly in areas mentioned above where it would be appropriate to encourage higher densities. Fayetteville’s code includes provisions to accommodate smaller lots and created an “alternative” land use called Cluster Housing. Within that provision is a section that minimum lot widths as low as 20 feet. However, because this land use is not designated on the City’s zoning map, an applicant still must submit an application, demonstrating that the project meets all the requirements in the code for that land use. Although this approach works, it is more time-consuming for both the developer and the city than a traditional subdivision approach, where cluster housing would be allowed by-right.

Finally, city planning and zoning officials should be proactive in encouraging missing middle building types, as part of any community redevelopment efforts or in discussions with local developers. Missing middle housing types could also be included in the list of project types that qualify for incentives such as reduced fees or accelerated approvals.

5. Adjust parking requirement

Localities should consider removing or reducing minimum parking requirements and establish or retain a requirement for a maximum number of parking spaces. Eliminating parking minimums, and occasionally setting maximums has become a popular practice in a growing number of cities nationwide. The cost of providing parking has increased significantly over the last couple decades, and the cost of land, pavement, concrete, drainage, and landscape have increased. Parking lots and garages take up a lot of land that could be put to higher economic use, including income-generation for a landowner

and tax revenue for a municipality. Developers always add the cost to build parking into the final retail cost of a unit, and many developers have indicated that they are required to build more spaces than the market would demand. Municipalities should consider “right-sizing” their parking requirements, reducing or eliminating minimums in many places, allowing the market to determine how much parking is needed.

Implementation: Municipalities should give serious consideration to removing minimum parking requirements in the parking section of the zoning code and provide or retain a maximum limit on the number of parking spaces. These can always be adjusted upward if problems begin to arise.

6. Encourage a mix of uses and eliminate—or restrict the use of—barriers between uses that impede walking, rolling, and bicycling in suburban zones

Each municipality should review their zoning districts to ensure that a mix of complementary uses is allowed, within any one zone. In addition, any language that establishes barriers to pedestrians and bicyclists between uses, especially when co-developed as part of one site plan, whether phased or not, should be eliminated.

Allowing people to walk, roll, or bike from one place to another can have many positive effects on the individual and neighborhood. This increased accessibility reduces dependency on automobiles, lowering both personal transportation costs and carbon emissions. Ease of access for pedestrians and bicyclists also increases the physical and mental health of the individual and helps to strengthen a sense of community among other residents who are walking or biking, meeting friends and neighbors during their trips out of the house or workplace.

Implementation: Localities should modify all commercial zones to permit residential uses. Decide on a range of residential types that would be appropriate for each zone, based on the intensity of the underlying zoning. Also remove buffer or fencing requirements between different uses and encourage or require street and/or pedestrian connection, like sidewalks or paths, across neighboring property lines.

7. Explore inclusionary housing requirements

Some communities in other parts of the country, particularly in strong housing markets, require or incent developers to include affordable units, when there is a significant gap between housing prices and what a large percentage of the population can afford. In some states, like Maryland and Virginia, local governments who chose this route are backed by state statutes, which support this kind of “inclusionary zoning” provision, under certain circumstances. There are many different types of inclusionary zoning programs. According to the U.S. Department of Housing and Urban Development “...Inclusionary zoning programs vary in their structure; they can be mandatory or voluntary and have different set-aside requirements, affordability levels, and control periods. Most inclusionary zoning programs

offer developers incentives, such as density bonuses, expedited approval, and fee waivers.”⁵

Most developers oppose inclusionary zoning. Many will choose not to build where an inclusionary zoning ordinance is in effect. The technique should be used only when necessary, in development areas that are in very high demand. Otherwise, it will be a deterrent. In Arkansas, there are no supporting state statutes to enable these types of local requirements. However, rent control, which might be interpreted as inclusionary zoning, is prohibited. Therefore, it seems likely that a local inclusionary zoning policy would be challenged in court.

Implementation: There are many examples of state statutes, which could be used as models to draft inclusionary zoning enabling language and just as many examples of provisions for a local zoning code. These local codes generally include: requirement of a minimum number of affordable units—typically as a percentage of overall units in the project; the targeted income range; a timeframe for the units to remain affordable—common examples might be 30 or 50 years; and a specific and limited geographic area. It is worth noting that a bill to create a state enabling law, filled in the state legislature on behalf of the City of Fayetteville several years ago, did not receive broad support.

8. Reduce the number of zoning districts

Developers are more willing to develop in an area where the code is transparent, understandable and easy to use. Codes are intended to allow and encourage the kind of development the community wants and to discourage or prohibit what the community does not want. If more housing affordability is a community choice, then the code should be as easy to use as possible for those that will build more affordable housing.

For example, there are 24 different categories of multifamily uses in the Rogers code. This number is excessive and makes the code difficult to use for developers who want to build this product type. In reviewing the code, the research team found little or no difference between some of the categories. For example, the difference between one property zoned RMF-16 and another, next door, zoned RMF16.5 is only one-half unit per acre—almost indistinguishable to a passerby. Regulating by height and building footprint, rather than by density—especially in such small increments—will be more determinate of neighborhood character, because those qualities are visible to the eye.

Implementation: Each community should review their zoning maps and the rules that apply to each designation. Those with similar characteristics should be combined into one category.

One creative approach, which could be done as part of a comprehensive plan update or major code revision project, resulting from a comprehensive planning effort, would be to decide, by looking at characteristics beyond just the land uses—which areas are similar in

⁵ <https://www.huduser.gov/portal/periodicals/em/spring13/highlight3.html>

character. These could still include building uses—possibly multiple uses—but also building heights, building footprints, the character of the streets, and architectural character or building types. Define the areas with common characteristics as new zones and then further refine them, as needed. For simplicity, refer to the Urban to Rural [Transect](#) used in the [Smart Code](#), or other form-based codes and translate the zones into transects. This approach was used by the City of Miami and others when writing citywide form-based codes.

Tier One City-Specific Recommendations

The following recommendations are based on findings and observations from the review of codes for the Tier One cities, outlined in the *Phase One Report*. Most of these will likely require further community discussion before action can be taken.

Bentonville

Bentonville’s Article 401, Zoning District Regulations is well written and organized. The Article offers a good example of best practices in zoning because it organizes information in charts and matrices that allows the user to compare information between zones, reducing the amount of reading time it takes to find what the reader is seeking. The graphics included to illustrate physical conditions also adds clarity. The areas within the Downtown Core and Downtown Edge districts offer the most flexibility. These areas are relatively small, as a part of the city as a whole. A much larger part of the city is zoned commercial and R-1 (single family). The city should consider expanding the downtown edge into the immediately surrounding R-1 district as a fairly straightforward way to increase the area available for intensification. The fragmented edges of the district boundaries in this area, as evident in the [zoning map](#) are indicative of allowing existing conditions, rather than future planning goals, to dictate the zoning hierarchy of the city.

Zoning district boundaries should run through mid-blocks, rather than down the middle of streets so that similar building types face each other. Also, given the large areas zoned as commercial and single family in the outlying areas of the city, the city should allow more flexibility in uses, housing types, and density, to allow these corridors to urbanize, as they grow, without negatively impacting other existing neighborhoods whose character the community wants to preserve. These future urban centers can accommodate greater diversity and density than the historic center of town, since their character will be determined by future growth, rather than historic or cultural significance.

Bentonville’s code has no references to affordable housing. If affordability is a community priority, there are places where the incentives outlined in this report could be applied.

Bentonville’s ADU requirements are sufficient, where they are currently allowed (in DN-1 and DN-2). The city should expand the areas where ADUs are allowed to be either city wide, or at least, a larger percentage of area within the city.

Currently, multifamily units are not permitted within the commercial zones C-1 and C-2. The city should consider changing this provision, given the large land area in the city with these designations and the projected lower demand for commercial and retail real estate. As an example: along Columbia Pike in Arlington Virginia, the county saved the existing market-rate affordable housing and added more units by increasing opportunities for mixed-use and higher densities along a low-density, auto-centric strip commercial corridor. Bentonville could have a similar impact on commercial corridors with similar zoning changes and other incentives.

Bentonville should remove their minimum parking requirements citywide or, at least, in some of the zones beyond the Downtown districts, in areas intended for multi-family housing. Currently, developers are not required to provide bicycle parking. If the city retains minimum parking requirements, they should consider allowing developers to swap out car spaces for bike spaces. With or without minimum parking requirements, the city also could require a minimum number of bike racks or spaces.

Fayetteville

The people of Fayetteville benefit from its large, interconnected network of streets, which make the city very walkable and bikeable, but this is not the case in the newer suburbs. The RSF-4 zone (single family residential) has large areas that lack a mix of uses. Although the neighborhoods in the zone are walkable, residents are much less likely to walk to take care of daily needs. More than a decade ago, the city adopted some best practices in zoning and is seeing the positive effects from those changes. Some of these best practices include an accelerated approval process in the downtown to encourage redevelopment, an easy-to-use ADU policy, and rules to provide affordable units to both the renters and homeowners. The city also has based minimum lot widths on residential unit types, instead of setting district-wide standards and has provisions that allow cluster housing.

Fayetteville has removed parking minimums in non-residential areas and incorporated parking minimum reductions, based on conditions such as proximity to transit stops, and substitution for motorcycle or scooter and bike spaces. Fayetteville should assess the impact of these parking revisions, since they were adopted and decide whether to eliminate minimum parking standards in residential areas as well.

Rogers

Rogers has taken an exemplary approach to zoning in its Downtown Rogers Development Code (DRDC) and its similar Uptown Rogers Development Code (URDC). The URDC is adapted from the downtown creating a model for an urban center outside of the downtown. This is a strategy that other communities in Northwest Arkansas should consider.

However, Rogers also has remnants in their code from older, more conventional ordinances. For example, the 24 variations of multifamily residential zoning districts, as

mentioned above seems accretive, with little rational intention behind it. These should be reduced to only one, or maybe three different levels of intensity: low, medium, high. With so many zones, the colors on the zoning map are impossible to distinguish, much less find the one or two parcels with their unique zoning designation. The City also has other types of zoning designations that may occur on a single lot surrounded in all directions by another zone. This “spot zoning” is, generally, a bad practice because certain rights are singled out for only one owner, rather than for the benefit of the entire neighborhood. A larger overhaul of their existing code, to be structured more like the DRDC and the URDC, should be seriously considered, to include, among other changes, eliminating or reducing minimum lot widths.

In Rogers’ suburban commercial zones—for example C-2 Highway Commercial—multifamily use is permitted, allowing a mix of uses within proximity to one another. However, there are no provisions in the zoning to guarantee that someone could walk from one parcel, or one use, to another one on an adjacent parcel. The City should remove any buffer or fencing requirements between different uses and encourage or require street and/or pedestrian connection across neighboring property lines.

Rogers should consider eliminating or reducing parking requirements, like it has done in the DRDC and URDC, in all of its many multifamily zones, to let the market determine an appropriate number of parking spaces.

Springdale

Springdale recently reformatted the C-3 zone, used in the downtown, to a form-based code. This ordinance is providing best practices that should lead to more housing options. For example, the code has no minimum lot size requirements and has reduced parking requirements. But, as with the Bentonville code, Springdale’s code has no references to affordable housing, except in reference to “manufactured homes” as a land-use. If ensuring affordability is a community priority, there are places where incentives should be added, as described in this report.

Outside of downtown (C-3), Springdale does allow 20-foot-wide lots for townhouses, built within multi-family zones. While this a good start, these zones should be modified where appropriate to accommodate smaller lot widths and sizes generally. The city can decide where cottage courts, cluster housing, small apartment buildings, and other similar “missing middle” residential types are best suited. Currently, the provisions for manufactured homes requires a 60-foot-wide lot, which is much too wide.

Springdale is the only city of the four that does not permit ADUs. The downtown C-3 zone lists the carriage house and the rear garage as accessory buildings, but these may not be used as residences. The City should examine this policy and allow ADUs throughout the City. The City could conduct interviews with community members in the neighboring cities that do allow them to help them formulate a policy, based on real and local habits. In

addition, Springdale should permit multi-family and duplex residential uses in the non-residential zones, outside of C-3.

Springdale's minimum parking standards outside of downtown are higher than typical suburban standards and should be eliminated or reduced. The multi-family parking standards also 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. One provision in their multifamily ordinance, which should be retained, is the restriction that the maximum amount of parking be limited to 20 percent above the minimum requirement. If the minimum is removed, staff can establish a number, based on the existing rules prior to the change. Springdale should consider adding requirements for bicycle parking spaces.

3. Spatial Analysis

Strategically targeted development, along commercial corridors and near employment centers, could increase the capacity for accommodating more housing in a more fiscally responsible manner. This change in development patterns would not necessarily require significant zoning changes, but rather a streamlining in how existing regulations are administered, strategic waivers of fees, and education of decision makers, developers, and the public regarding options for housing design and the value of a wider range of housing choices.

A. Relevant findings from the Phase One Report

The *Phase One Report's* findings across all Tier One cities revealed a dominance of single family detached homes for projected new housing stock, a shortage of truly mixed-use areas, sections of zoning ordinances which are overly complicated, and opposition to denser housing types from local residents and, at times, local leaders. Among the Tier One cities, Fayetteville and Bentonville are similar in that recent changes in planning and zoning have been translated into improved patterns of development and housing density that sets some of the groundwork needed to meet housing capacity needs in a smart growth manner. In contrast, while Springdale and Rogers both have adopted some best practices—for example implementing form-based codes in their downtown areas—hot spot analyses from the *Phase One Report* reveal that neither city contains areas with relatively higher concentrations of housing density or land values, suggesting that their planning efforts have not translated to smart growth development patterns.⁶

While the spatial analysis conducted in Phase One showed that Bentonville and Fayetteville have the potential capacity (under current zoning) to accommodate the population increase projected by 2040, if current development patterns continue, most new housing will be in the form of expensive and sprawling single family detached homes, which impose a higher cost on municipal services. That analysis also revealed that, following current development patterns, Rogers and Springdale are likely to fall short of the projected housing need and that the majority of capacity that does exist is in areas zoned for detached single family housing. In Bentonville, 48 percent of the capacity for new units is in single family zones, compared to 62 percent in Fayetteville, 73 percent in Springdale, and 63 percent in Rogers.

B. Phase Two approach to analysis

For the Phase Two calculations, the research team determined the potential housing unit capacity by modeling a shift to smart growth development patterns, with housing density more concentrated in key areas to limit sprawl and reduce transportation costs. Rather

⁶ The Phase One Report details the reasons why this is the dominant development type, so they are not discussed in further detail here.

than assuming that new housing units will be built following the current sprawling patterns, growth was focused along access corridors and in or near employment centers. The research team conducted a spatial analysis for Rogers, as an example to demonstrate how changes in attitudes, regulations, and practice could lead to an increase in housing supply in these more cost-effective, efficient locations.

While an increase in potential capacity does not guarantee housing affordability, a supply that keeps better pace with demand does lower market pressures, which often results in lower housing prices. Rogers was selected as an example because the hot spot analyses conducted in Phase One reveal that Rogers—as well as Springdale—does not contain areas with relatively high concentrations of housing density or land values.

C. Phase Two analysis emphasis

1. Target empty and underdeveloped commercial mixed-use areas for increased residential mixed-use density and incent developers to consider these kinds of projects

While Rogers' commercial zones allow for mixed-use developments, developments in these zones are often very low density and almost completely single use—either commercial or residential. This trend is similar among each of the other Tier One cities where true mixed-use development is very rare.⁷

2. Streamline zoning where possible

As described in the *Phase One Report's* zoning review, the city of Rogers would benefit from streamlining and simplifying much of their zoning ordinance. Currently, there are 24 multifamily zones and six single family zones. While the other Tier One cities do not have this same issue, they could also benefit from different methods of streamlining their zoning ordinances.

D. Current development trends in zones allowing mixed-use

To better understand the current development in areas that allow mixed-use residential and commercial properties, Table 1 and Map 1 highlight these zones in Rogers. Table 1 below shows commercially zoned land in Rogers that also includes residential uses. While all commercial zones in Rogers allow mixed-use development (residential and commercial on the same parcel), only 11.5 percent of parcels actually include residential uses—and generally at extremely low densities which minimizes the benefits gained from more intense mixed-use development.

⁷ The zoning audit conducted in Phase One revealed that, while each Tier One city has zones that allow for a mix of uses, there is no requirement, or even incentive, for developers to provide this product type, or to ensure that it is possible to walk from one use type to the next.

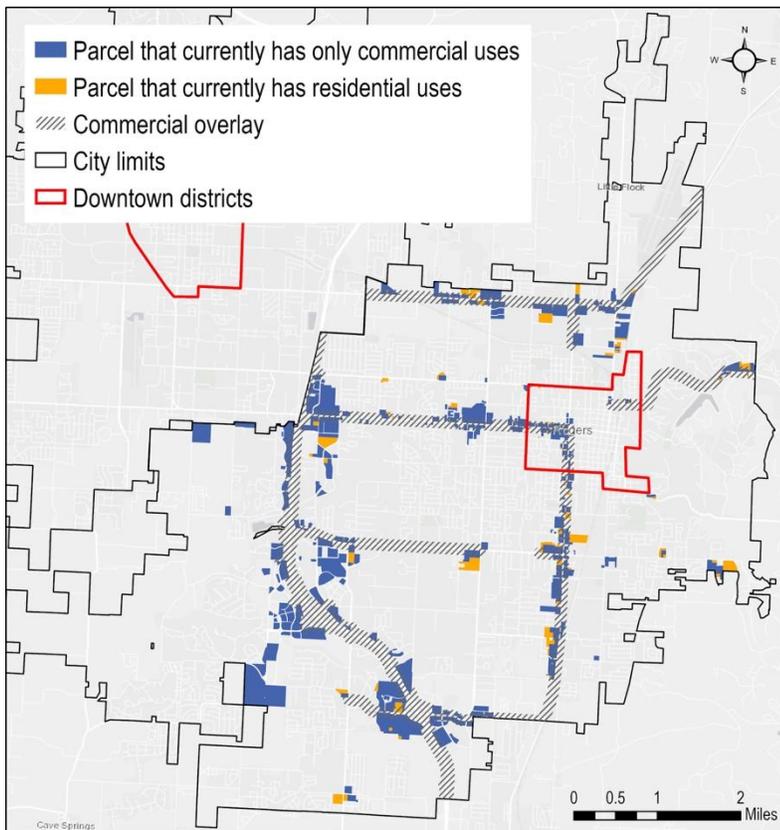
Table 1: Commercially zoned land with residential development in Rogers

Zone	Acres	Percent with residential development	Average DU/acre
C-2	1,158	6%	6.06
C-3	358	21%	1.36
C-4	364	25%	4.29
Total	1,716	11.5%	3.78

All of the color-coded parcels on Map 1 are zoned mixed-use—allowing both commercial and residential uses on the same parcel. The blue parcels—the substantial majority of the lots zoned mixed-use—have exclusively commercial uses. The orange parcels contain residential uses, with or without commercial uses.

The images to the right of Map 1 show typical residential development in these “mixed-use” zones in Rogers. Rather than a mix of uses on a lot, or adjacent to it, most of these parcels are exclusively residential. This demonstrates that, while commercial zones in each of the Tier One cities may allow for mixed-use development, only a small percentage of these parcels actually include residential uses, and even fewer include a mix of uses, particularly at densities where the benefits of mixed-use are fully realized.

Map 1. Commercially zoned parcels that allow mixed-use



E. Phase Two housing capacity

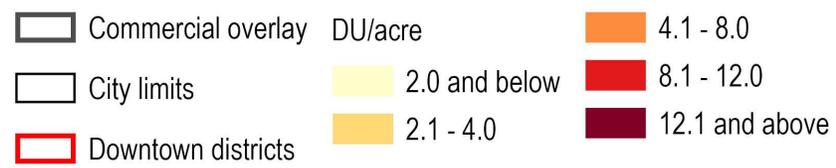
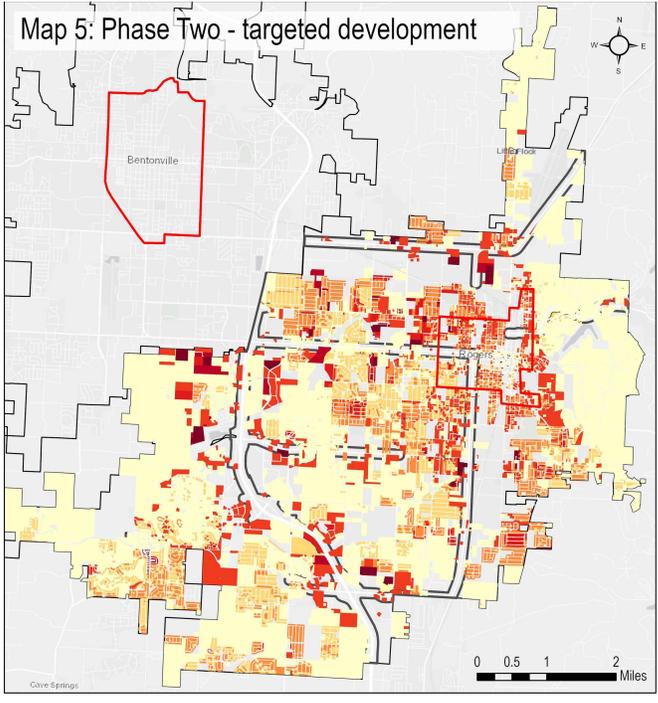
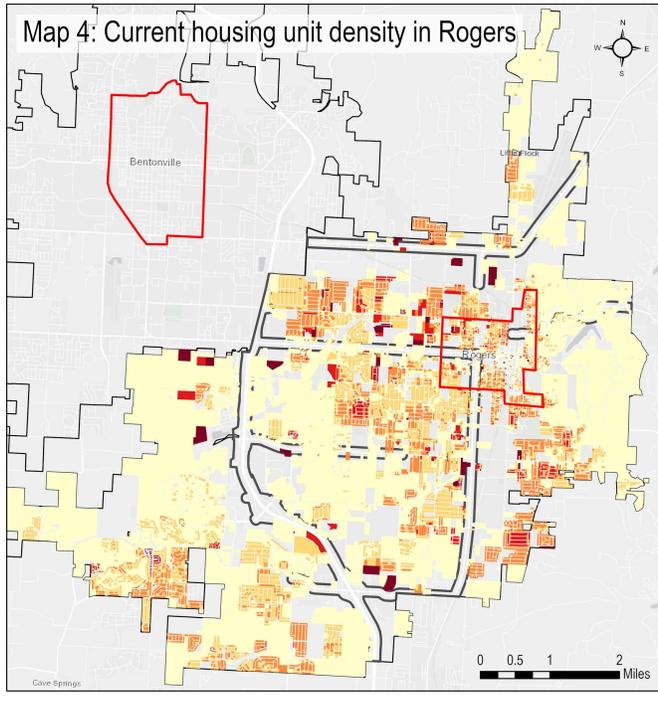
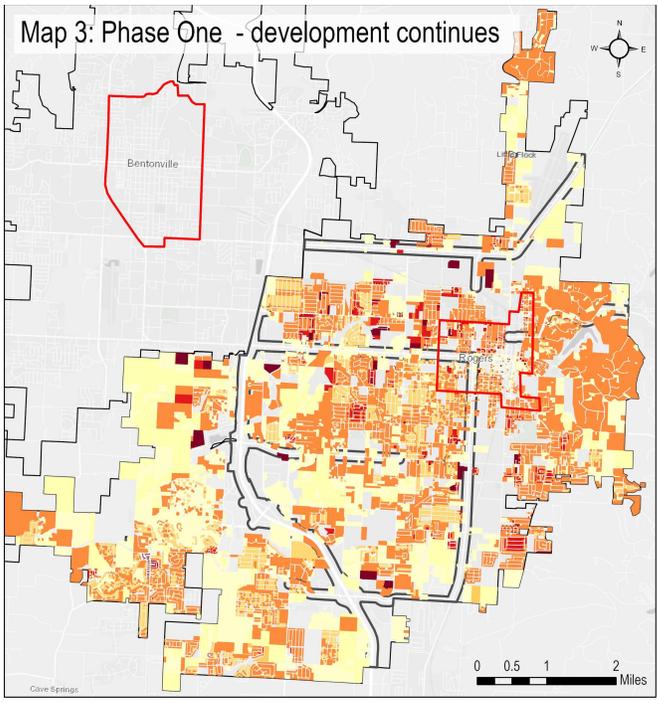
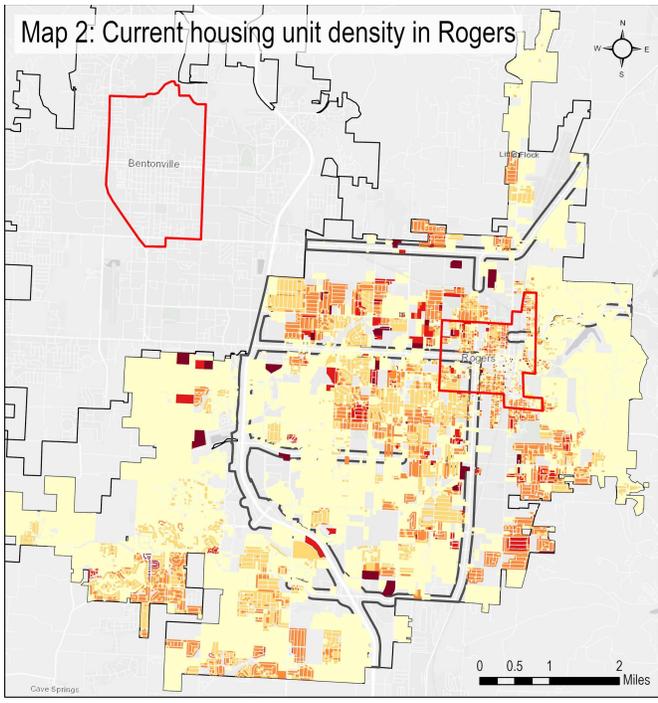
In the original scenario model from the *Phase One Report*, where development trends were extrapolated in line with past development patterns, a potential additional housing unit capacity of 13,300 units was calculated. This capacity fell short of the 2040 projected demand of 15,000 housing units to accommodate the population growth. Therefore, rather than continuing along the current development path, Phase Two analysis models an alternate path. This analysis models a focus on housing development in commercial corridors and employment centers radiating from downtown, including development adjacent to the new Razorback Regional Greenway. It also factors in a simplification of the zoning ordinance as recommended in the section on Local Zoning Reviews. This was accomplished by consolidating the 24 multi-family zones into three and modeling redevelopment at a median density level relative to past trends. For example, RMF 6 - RMF 14 were modeled at a median density of 12 dwelling units per acre.

This modelling resulted in a new potential capacity of 21,315 units—a 60 percent increase in capacity from the original scenario model. While the *Phase One Report* projections included 60 percent of new units in zones restricted to single family development, in this scenario, only 17 percent of new units are restricted to single family zones. This capacity is modelled by an assumption that Rogers streamlines its zoning ordinance, as recommended in the section on Local Zoning Reviews, and encourages well-designed multifamily and mixed-use development, particularly along primary access corridors and in or near employment centers. A more detailed look at this new capacity is shown in Table 2 below.

Table 2: Potential new housing unit capacity under proposed changes

Zone	Additional empty lot development housing unit capacity	Additional redevelopment housing unit capacity	Total	Percent of capacity
Commercial mixed-use	1,500	550	2,050	10%
Form based code areas	90	100	190	1%
Duplex, AH, and office mixed-use	2,750	4,425	7,175	34%
Residential multi-family	4,100	4,200	8,300	39%
Residential single family	1,600	2,000	3,600	17%
Totals	10,040	11,275	21,315	100%

Maps 2-5 below show the current housing density in Rogers compared to the density under the scenario of continued trends under existing zoning, as modelled in the *Phase One Report*, and the scenario modelled for Phase Two.



As seen in the maps above, and detailed earlier in Table 2, rather than allowing a continued expansion of sprawling low density housing (Map 3), strategically targeted development, achieved through a mix of regulatory and educational means, could achieve a greater housing unit capacity in a more fiscally responsible manner as shown in Map 5. Targeting development in this way also strategically directs greater density in places that are, or could be, transit nodes along the major corridors. While this model suggests an increase in potential capacity, local governments likely will need to adopt explicit policies and other approaches to ensure that this type of development occurs, particularly at more affordable rents and sales prices. Some of these approaches are described in Chapter, Recommendations, and the case studies and additional examples, found in Chapter 7, contain many examples from other communities. In addition, the fiscal impacts of different patterns of development are discussed in Chapter 5, Fiscal Impact Analysis.

4. Missing Middle Housing and Visualizations

The desire for walkability and access to amenities like parks, schools, retail centers, and transit exists across communities of all types and sizes. In addition, the high cost of land and other supply side issues like the cost of infrastructure and rising material costs lead to sales prices and rents above the median household income. One approach to improving walkability, and possibly reducing housing prices is to build Missing Middle Housing (MMH) on infill sites and adjacent to more developed parts of the city. MMH is not completely missing in Northwest Arkansas and there are examples of it throughout the region. MMH is generally used to integrate denser, multi-family development into existing neighborhoods to support walkability, access to transit, street-level retail and services, and other amenities. MMH can also be a powerful policy tool to address housing affordability and build wealth.

Although walkable neighborhoods with mixed-use development are often the foundation for urban economic centers, walkability and access to amenities like parks, schools, retail centers, and transit can benefit communities of all types and sizes. This type of housing can be designed to fit the character of each community, making it more acceptable than other forms of multi-family development reconciling the perceived dichotomy between single-family detached residential neighborhoods and the density required to support more and better community amenities.

Figure 1. Illustration of Missing Middle Housing Types



Source: Opticos Design, Inc (2020)

Examples of this type of housing as potential infill development on existing lots in the city of Rogers can be seen in Figures 2-4 below.

Map 6. Reference Map

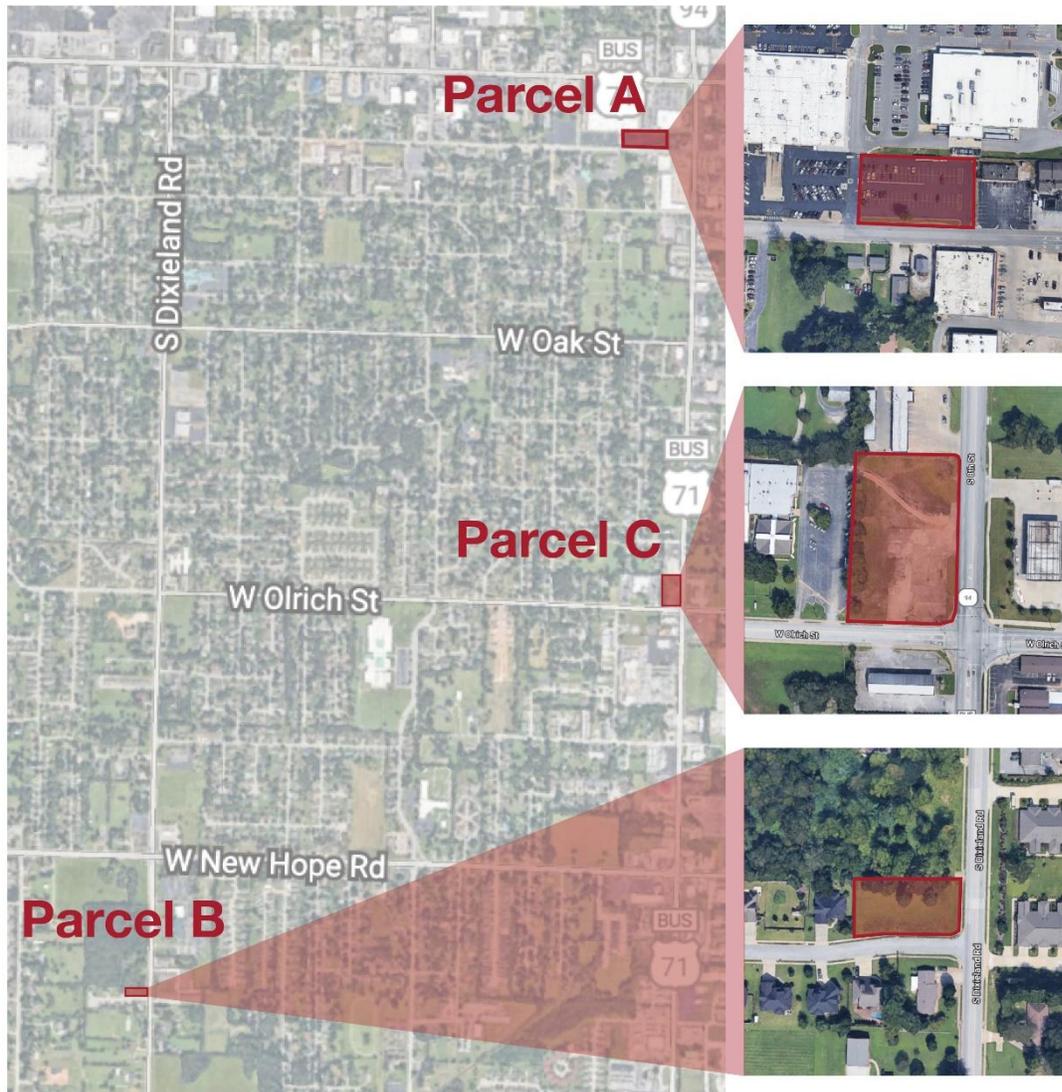
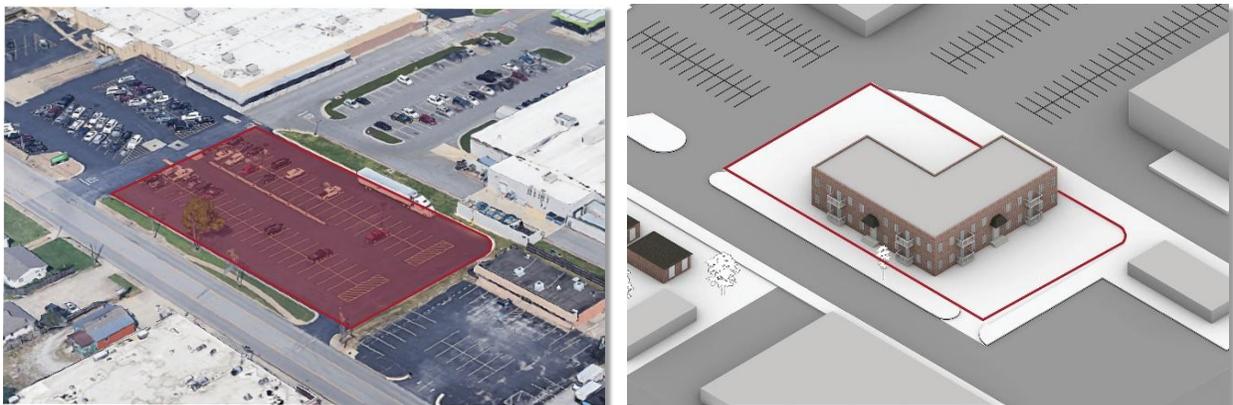


Figure 2. Parcel A - Zone R-DP Parking lot in Downtown



This 40,751 sq ft parcel, located in the downtown area at the intersection of W Poplar St and S 8th St, is currently a parking lot with capacity for 88 vehicles. The current zone for

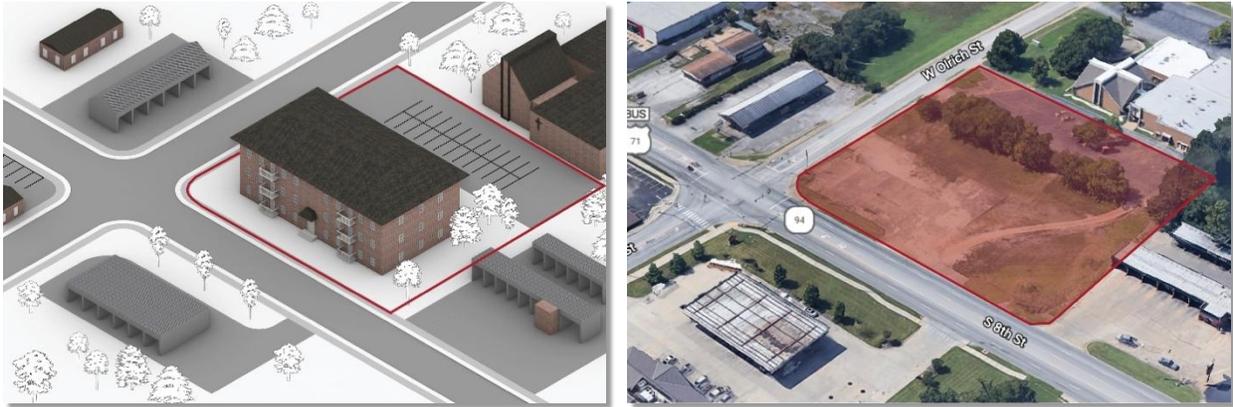
this parcel is R-DP, which allows for a maximum density of 20 units per acre in the form of duplexes. The acreage of this parcel allows for a capacity of 18 duplex units. Given the close proximity to downtown, the parcel has great potential for MMH for families and other households interested in living near the amenities and services the area offers. This particular parcel is exemplary of many prime locations available in and around the downtown areas, which could accommodate the increasing demand in Northwest Arkansas for vibrant, walkable neighborhoods. Currently, the parcel contains two large commercial buildings, surrounded by extensive surface parking. An MMH development on this site also could increase the aesthetic appeal of the block, contributing to a potential increase in property values and desirability in the area.

Figure 3. Parcel B - Zone RSF



This parcel is located on S Dixieland Rd between W New Hope Rd and W Perry Road. The surrounding uses are primarily single-family dwellings with a few civic buildings, places of worship, and small commercial properties. The site is approximately equidistant from Pinnacle Hills Promenade, a large commercial center to the east, and S 8th St, an arterial corridor with a variety of businesses. A neighborhood with low density, single-family units is an insufficient market to sustain and attract a wide variety of amenities. An MMH development in this location would serve as an example for higher-density residential developments, which could create such a market. This parcel is located near the intersection of two arterial roads, one of which connects the two commercial hubs through the residential area. These corridors would be good prospects for rezoning to attract additional mixed-use development. A parcel of 8,224 square ft, for example, could accommodate at least 6 MMH units without altering the character of the largely single-family residential neighborhood.

Figure 4. Parcel C - Zone C-2: Vacant lot in Downtown



This downtown-adjacent parcel zoned for mixed-use development presents a significant opportunity for value creation and capture with a development that includes street-level commercial space topped by one or two floors with residential units. The 20,464 sq ft lot has the capacity to accommodate up to 20 units without being out of scale with the surrounding neighborhood. Like the Zone R-DP parcel described above, this location is in high-demand by virtue of being close to the downtown area. Considering the amount of vacant or underutilized land surrounding this lot, a mixed-use MMH development could offer more affordable housing for several households, while also spurring additional mixed-use development and other investments, which could help to convert the area into a walkable, amenity-rich, mixed-use neighborhood.

The types of housing described in this chapter are not completely absent in Northwest Arkansas. [Appendix A](#) includes examples of existing developments from each of the Tier One cities, which contribute to a gentle increase in density within their neighborhoods. Figures 5 and 6 show two examples from Appendix A, and the accompanying tables show different characteristics of the parcels including the density and zoning of the lots (the rest of the values listed in the tables which are not highlighted in the red boxes are the characteristics of the parcels shown in Appendix A). These structures do not significantly alter the character of the neighborhood, but can have significant positive impacts on walkability, transit readiness, and affordability.

These examples include developments built within the last five years, as well as older structures, and range from six and a half to sixty dwelling units per acre and none of the structures exceed three stories in height. One of the examples shown in Figure 5 below shows a four-unit development in Springdale. This project was built at a density of 11.4 units per acre—at least twice the density of any single-family zone in the city—and is the second highest density allowed anywhere in the city. The design of these higher density projects can be hampered or improved with other zoning requirements, such as minimum lot widths and setback requirements. In this case, the setback is a minimum of 30 feet and the maximum lot coverage is 40 percent.

Figure 5. Four-unit developments in Springdale in the MF-12 Zone



Housing characteristics											
# of units	14	1	1	4	3	1	5	4	4	2	
Density (DU/acre)	60	36	34	24	22.5	20.5	14	11.4	10	6.5	
Acreage	0.232	0.027	0.029	0.332	0.460	0.100	0.360	0.350	0.380	0.310	
Width (feet)	72	16	21	100	25	27	75	110	115	90	
Setback (feet)	14	10	20	50	28	17	20	35	55	43	
Land cost/ft ²	\$4.7	\$19	\$18.5	\$1.9	\$17.0	\$18.0	\$5.1	\$2.0	\$13.4	\$1.4	
Zoning	COR	R-0	D-E	I-1	D-E	D-C	RMF-24	MF-12	R-3	R-1	

*The remaining examples from this chart are shown in [Appendix A](#).

Another example, seen in Figure 6 below, shows a lot in Bentonville which was redeveloped from a single-family home into a row of townhomes. The width of each townhome is only 27 feet and the front setback is 17 feet. The density of this development is 20.5 units per acre, however the price per square footage is nearly eight times that of the previous example from Springdale. While this type of redevelopment does increase density, it does little to address affordability issues. For example, this lot was divided into five new townhomes selling for an average of \$792,000 at 2,912 SF each, or \$278 per square foot.

To avoid being “cost burdened”, experts suggest that households should not pay more than about 25 percent of their pre-tax income on housing. In this case, a household would need a yearly income of at least \$165,000—about 175 percent of the median household income (MHI) for Bentonville—to afford one of these townhomes. While this example shows an attractive and gentle increase in density, the high cost of homeownership illustrates the affordability challenges of the region.

Figure 6. Five-unit development in Bentonville



Housing characteristics										
# of units	14	1	1	4	3	1	5	4	4	2
Density (DU/acre)	60	36	34	24	22.5	20.5	14	11.4	10	6.5
Acreage	0.232	0.027	0.029	0.332	0.460	0.100	0.360	0.350	0.380	0.310
Width (feet)	72	16	21	100	25	27	75	110	115	90
Setback (feet)	14	10	20	50	28	17	20	35	55	43
Land cost/ft ²	\$4.7	\$19	\$18.5	\$1.9	\$17.0	\$18.0	\$5.1	\$2.0	\$13.4	\$1.4
Zoning	COR	R-0	D-E	I-1	D-E	D-C	RMF-24	MF-12	R-3	R-1

5. Fiscal Impact Analysis

On a per acre basis, the Northwest Arkansas region is not optimizing its land use to achieve the most cost effective, highest economic potential. The sprawling, auto-centric development patterns, which characterize most of the region, require significantly more public investment per dollar “earned” in economic return. In addition, these lower value areas are difficult to retrofit with infill development, limiting opportunities to increase their economic return to the city. To quantify the economic return on public investment and compare one parcel to another, the research team conducted a “fiscal hot spot analysis” in each city. The fiscal hot spot analysis is a tool used by SGA in many communities across the country to identify and compare statistically significant concentrations of high or low assessed parcel values. The details of this analytical method are outlined in the next section of this chapter.

- Development patterns in Bentonville, in general, show the highest return per acre on public dollar invested among all of the Tier One cities in the region.
- In Rogers, much of the land area covered by high-value hot spots is in auto-oriented residential sub-developments that are difficult to rezone or revitalize through new development. As a result, the city is not generating as much economic growth as it otherwise could.
- Springdale, among the four Tier One cities, has the least amount of land area covered by concentrated hot spots. The hot spots in the southwestern corner of the city are characterized by low-density, auto-centric development patterns. The residential areas to the north are characterized by clusters of “cold spots”—places with low economic return per acre on public dollar invested.
- Fayetteville has concentrations of hot spots in commercial areas north of the University of Arkansas, as well as smaller, auto-centric hot spots to the east.
- In Washington County, there are few concentrations of high value per acre—only about 6.6 percent of the county’s acreage is in a hot spot and these parcels only contribute about six percent of the county’s total assessed value.

To evaluate the fiscal implications of different development patterns, the research team examined the parcel data from Washington and Benton Counties to visualize the locations and quantify the amounts where the greatest share of local government revenue is generated and how this correlates with development patterns. Generally speaking, there is an inverse relationship between density and the per unit cost of providing public services and infrastructure because higher densities allow for municipal costs to be borne by a greater number of people and businesses. In other words, the greater the density, the less per unit public expenditure.

The total assessed value of real estate—or the “taxable base”—in Benton County is \$2.58 billion. In Washington County, the taxable base is \$1.29 billion. However, the taxable value

of land varies across counties and neighborhoods, especially considering the variations in the value of land in different locations on a per acre basis. Generally, land closer to downtowns and other urban centers is of higher value, and yields greater tax revenue—on a per acre basis—even if larger parcels on the urban fringe bring greater value on a parcel-by-parcel basis.

In order to examine the concentration of taxable value, the research team conducted a fiscal hot spot analysis in ArcGIS—a statistical measure that takes into account the value of all the parcels, their relative location, and how value is clustered together. A property’s assessed value is often influenced by the value of surrounding properties either positively or negatively. A fiscal hot spot analysis measures property values within a set boundary and identifies areas where there are statistically significant clusters of higher or lower valued land. This analysis demonstrates where a municipality is generating its greatest economic value on a per acre basis.

The fiscal hot spot analysis in Phase One, considered only the land value per acre. The hot spot analysis in Phase Two uses the total assessed value per acre, which includes the value of the improvements made as well as the value of the land. Figure 7 shows the parcels of the two counties, as coded by their concentration in assessed value per acre.⁸ Areas that appear as red hot spots are those where there is a cluster of parcels with a higher value per acre, when compared to the county overall. On the other hand, the blue “cold spots” are places where higher values per acre are scattered far apart. Areas that are not significant means that parcels are somewhat randomly distributed with respect to their value per acre.

The analysis of the two counties reveal some interesting patterns. In Benton County, neither downtown Rogers nor the area along the corridor of 8th Street, close to West Walnut Street, appear to have a significant concentration of value per acre. However, there does appear to be statistically significant pockets of value per acre in the southwest quadrant of Rogers and large hot spots are seen in downtown and southwest Bentonville.

The analysis of Washington County shows a different pattern. There, the data suggest that parcel value per acre is distributed, for the most part, in random fashion. Most of the county appears as “not significant” suggesting that there are only a few strong clusters of higher value. Downtown Fayetteville does not have a statistically significant clustering of high value, suggesting that these parcels—which are on a tighter grid relative to the rest of the county—are underdeveloped.

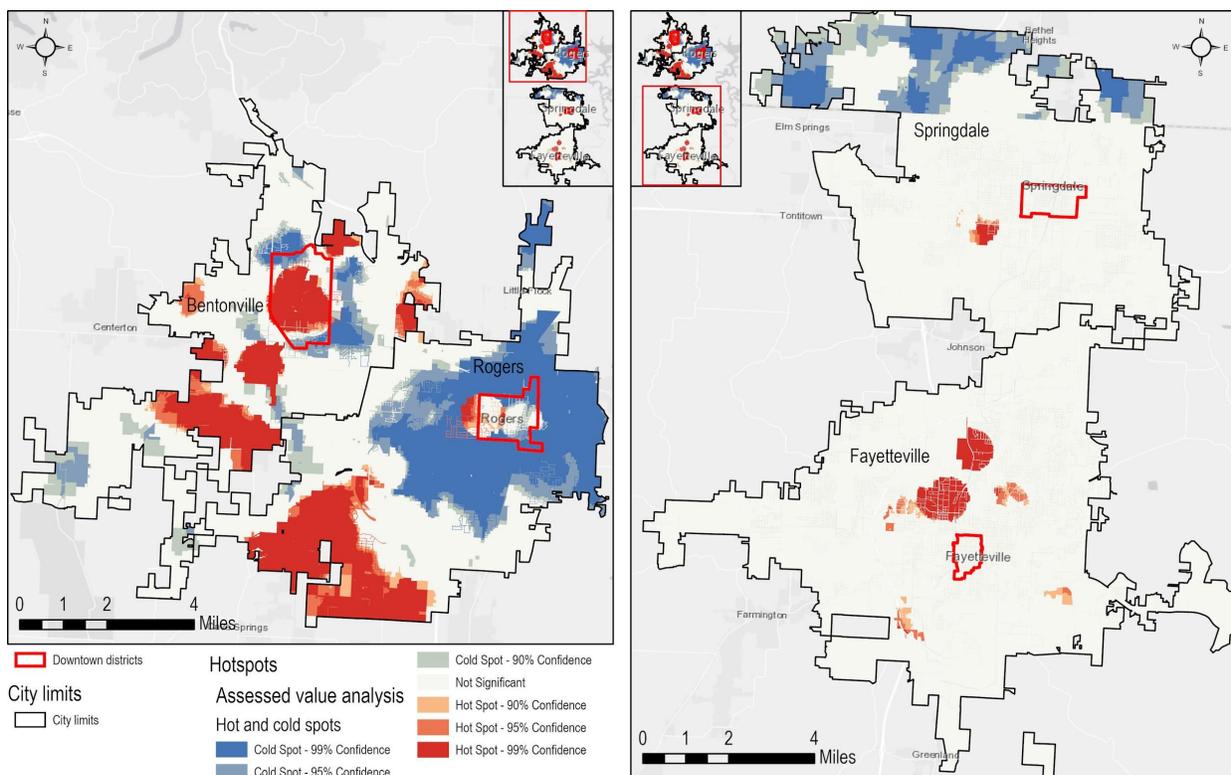
SGA has completed many similar economic hot spot analyses in cities across the country. In most cases, hot spots tend to concentrate in or near downtowns, making a significant contribution to the taxable base of the city. For example, in Atmore, Alabama (population: 9,354) the economic hot spots, which cover five percent of the land--mostly located in the historic downtown--contribute 38 percent of the taxable base. In Fitchburg,

⁸ Only parcels with appraised land value were included.

Massachusetts (population: 40,822), a similar ratio prevailed. There, hot spots were 35 percent of the assessed tax base and six percent of the land area, also concentrated in and near downtown.

By comparison, Washington and Benton Counties are somewhat different in their geographic distribution of taxable base than many other cities. In this region, apart from Bentonville, assessed value (on a per acre basis) is not concentrated primarily in or around the downtowns, which indicates that the historic centers are relatively underperforming or underdeveloped.

Figure 7. Hot spot analysis of Washington and Benton Counties, Arkansas – Hot spots of assessed value per acre



To compare the impact of the hot spots versus other areas of these two counties, Table 3 illustrates that hot spots in Benton County make up about 25.5 percent of the land and 38 percent of the assessed value. Generally, this balance between value and coverage is considered a positive indication. However, in Benton County particularly in southwest Bentonville and Rogers, a large percentage of the areas covered by hot spots are in auto-oriented residential sub-developments that are difficult to rezone or revitalize through new development. In Washington County, there are few concentrations of high value per acre—only about 6.6 percent of the county’s acreage is in a hot spot and these parcels only contribute about six percent of the county’s total assessed value. However, a significant portion of Fayetteville’s parcels to the west of the downtown area are owned by the

University of Arkansas and have an assessed value of \$0 because they do not pay taxes in the same manner for the land they own.

Table 3. Summary of hot spots in Benton and Washington Counties

	All County	Hot Spots Only	Hot Spot Percent
Benton County			
Assessed Value	\$2,576,107,580	\$978,463,130	38.0%
Acres	598,713	152,662	25.5%
Washington County			
Assessed Value	\$1,288,905,107	\$77,138,410	6.0%
Acres	562,429	36,888	6.6%

To illustrate the difference in how the downtown redevelopment could be optimized to the benefit of the region, we compared two sample areas in Benton County.

Example A is a 6.1-acre area located in the core of Downtown Bentonville near 201 S. Main St, consisting of four parcels—collectively 201-209 S. Main Street. Current uses consist of commercial storefronts for some creative companies and a bike shop.

Figure 8. Street view near 201 S. Main St.



In Table 4, example B is a 31.5-acre area in a more auto-oriented location near US-71, south of W. Central Avenue, consisting of two parcels at 201-209 S. Walton St. Uses include a McDonalds and a Chick-Fil-A and a significant amount of surface parking.

Figure 9. Street view near 201 S. Walton St.



The downtown parcels—Example A—although significantly smaller, outperform Example B—the brand-name chains along a major US highway in assessed value. Example B, the fast food uses along the highway, is assessed at nearly \$514,000, or \$16,300 per acre. By contrast, Example A, in Downton Bentonville, has a total assessed value of \$323,793. However, because these parcels occupy only six 6 acres of land, the value per acre is \$52,800, nearly 3.2 times that of the parcel with the auto-dependent uses.

Table 4. Comparison of Two Commercial Sample Parcels

Example location	Acres	Assessed Value	Assessed Value Per Acre
Ex. A: 201-209 S. Main St.	6.1	\$323,793	\$52,800
Ex. B: 201-209 S. Walton St.	31.5	\$513,716	\$16,308

The team conducted a similar exercise using residential parcels. In table 5, example C includes several residential homes adjacent to Downtown Bentonville, just south of SE 3rd Street between SE A St. and SE B St. in a neighborhood legally known as “Railroad Addition.” This block consists of 15 residential parcels on lots averaging 0.36 acres. The block is about 5.35 acres in total. While the homes do sit on relatively decent sized lots, the homes themselves appear to be ranch homes, many under 1,000 sq. ft.

Figure 10. Street view near SE 3rd St. between A and B St.



Example D is located in the western part of Benton County, in a newer suburban subdivision with winding streets and cul de sacs. This section of parcels—around the 4000 block of SW Four Winds Ave.—consists of 17 residential parcels totaling about 4.21 acres of land. The average lot size is 0.25 acre, and the homes are somewhat larger than those in Example C—closer to 1,800 sq. ft.

Figure 11. Street view near 4000 block of SW Four Winds Ave.



Despite the difference in form and appearance, the residential parcels close to downtown provide slightly more assessed value per acre than the newer subdivision. Although the densities are about the same, the higher assessed value per acre in Example C is primarily due to the proximity to downtown and other amenities. With additional density, the per acre assessed value in this area would likely be even higher.

Table 5. Comparison of Two Residential Sample Parcels

Example location	Acres	Assessed Value	Assessed Value Per Acre
Ex. C: SE A & B St, South of SE 3rd	5.35	\$946,760	\$176,964
Ex. D: 4000 block, SW Four Winds Ave	4.21	\$742,150	\$176,283

6. Pro Formas

Across the region, most development projects do not realize an acceptable return for a developer at rents or sale prices less than 150 percent of median household income (MHI). The industry standard for acceptable return is a developer profit of 15-20 percent of the investment. If the return is lower, an investor may choose a less risky option. Even at that MHI, projects in Fayetteville are outliers, with returns generally below the 15 percent developer profit threshold. In the scenarios prepared for this report, in order for residential projects in the downtown areas to produce acceptable returns, they must include retail uses on the ground floor, and the rent levels for the residential units must be at least 120 percent of MHI.

In the *Phase One Report*, the research team evaluated the affordability of potential developments in each of the Tier One cities of Bentonville, Fayetteville, Rogers, and Springdale. These *pro formas* used existing data and assumed that projects would be built at currently allowable density, using current parking regulations. Additional data on unit size, residential income, and retail income were gathered from CoStar. Importantly, assumptions regarding residential income are based on the average rents per square foot (RPSF) in each location. Land costs and lot sizes were estimated, based on the spatial analysis and considered typical for the location. The goal of the exercise was to demonstrate the financial parameters of potential developments under existing zoning, using current rents and costs.

In Phase Two, the project team evaluated the affordability of potential developments in each Tier One city, assuming the inclusion of market-rate affordable units. The team performed two layers of analysis: The first layer of analysis was based on averages of the parcels in the downtowns and areas adjacent to the downtown districts in each city—a similar exercise to Phase One. For the second layer of analysis, the team prepared a scenario for one actual parcel in each of the Tier One Cities. These parcels were selected because they are either vacant or have low value improvements and, therefore, have a higher likelihood to be developed or redeveloped.

The team evaluated the potential rents, based on MHI, for each of the Tier One cities. In these scenarios, the team used the following assumptions:

- Twenty percent of the units in each development project would be set aside for households making 60 percent of MHI;
- Developments in the downtown submarket would include 5,000 SF of ground floor retail with rents held at 2019 levels, to be conservative;
- Unit sizes are the equivalent of the average size found in CoStar data; and
- Density—dwelling units per acre—is based on zoning in the area submarket;

Pro formas were prepared for projects in the downtown, urban edge/adjacent, and outer edge sub markets in each of the four Tier One Cities. Using these assumptions, only the downtown parcels in three of the four cities show the developer making a sufficient profit. The hypothetical Fayetteville development, in Table 7 below, does not show a profit, even when rents are set at 120 percent of MHI. Nonetheless, this exercise highlights the inherent opportunities that downtown, multifamily development offers for middle income housing in each of the Tier One cities. Projects are less and less likely to be profitable the further they are from the downtown. Only projects in the urban adjacent/edge and outer submarkets in Bentonville generate a net profit for the developer, as demonstrated in Tables 8 and 9.

These model *pro formas* demonstrate the enormous challenges that the Northwest Arkansas region is facing in ensuring that all residents—current and future—can afford safe and decent housing.

Below are six tables summarizing the assumptions and projected returns on both average and available parcels in the downtown, urban edge/adjacent, and (two) outer submarkets.

Table 6. Average Downtown Parcels

City	Density	Land Size (SF)	Unit Size (SF)	MHI Level	Affordable Level/Set Aside	Land Cost (PSF)	NOI	Yield on Costs	Developer Profit
Bentonville	30	16,212	901	120%	20/60	\$5.40	\$308,363	8.9%	48.5%
Fayetteville	50	9,542	904	120%	20/60	\$11.05	\$295,658	8.5%	41.8%
Rogers	40	15,057	780	120%	20/60	\$0.91	\$283,359	7.7%	28.4%
Springdale	40	11,014	608	120%	20/60	\$3.05	\$194,716	7.5%	25.6%

*Res Income set at 120% AMI

Table 7. Available Downtown Parcels

City	Density	Land Size (SF)	Unit Size (SF)	MHI Level	Affordable Level/Set Aside	Land Cost (PSF)	NOI	Yield on Costs	Developer Profit
Bentonville	50	33,977	901	120%	20/60	\$11.07	\$873,774	9.0%	50.7%
Fayetteville	40	57,434	904	120%	20/60	\$3.74	\$714,391	5.7%	-5.3%
Rogers	31	40,751	780	120%	20/60	\$5.85	\$514,177	7.5%	25.7%
Springdale	24	30,594	608	120%	20/60	\$1.79	\$272,274	7.4%	25.0%

*Res Income set at 120% AMI

As shown in Table 6, projects on the average downtown parcels deliver an acceptable developer profit with 80 percent of the units affordable to households making a minimum of 120 percent of MHI and 20 percent of the units set aside for households at 60 percent of MHI. With the exception of downtown Bentonville, none of these developments are financially feasible if all rents are affordable to tenants at the median household income. It should be noted that a project with rents at 120 percent of MHI is only feasible if ground floor retail, at prevailing market rents, is included in the project. Without this option, only the average parcel scenario in Bentonville is profitable and the available parcel scenarios are only financially viable in Bentonville and Rogers.

Table 7 demonstrates one possible redevelopment scenario of actual parcels in each of the Tier One cities. The selected parcels are either vacant or have low assessed values. All of the scenarios, with the exception of the one in Fayetteville, are profitable under the parameters stated above. Fayetteville is unique among the four Tier One cities, due to the presence of a large university and the many lower wage industries that service institutions of this scale tend to bring. As a result, the city has a lower MHI and higher poverty rate than would be assumed looking at demographic data. For this reason, in the Fayetteville scenario, developers would have to increase rents for market-rate units—those which are not set aside for income-restricted tenants—to 150 percent of MHI, or higher in order to generate a sufficient net profit. There is more likely a market for these rents than there may be in other parts of the region, as the average household income in the city is higher than the median household income.

In general, these *pro formas* show that these downtown projects would be financially feasible, despite the fact that land acquisition costs in the downtown areas are higher than the regional average. This analysis demonstrates the opportunities and challenges developers and stakeholders have with housing in the region. Currently, developers must charge higher rents in downtown areas—with units set aside at more affordable rents—if they are to construct new housing.

Table 8. Average Edge/Adjacent Parcels

City	Density	Land Size (SF)	Unit Size (SF)	MHI Level	Affordable Level/Set Aside	Land Cost (PSF)	NOI	Yield on Costs	Developer Profit
Bentonville	30	19,561	893	120%	20/60	\$4.40	\$271,681	9.0%	51.0%
Fayetteville	30	18,339	835	120%	20/60	\$4.78	\$122,912	4.6%	-22.6%
Rogers	25	24,687	903	120%	20/60	\$0.73	\$212,747	5.0%	-15.3%
Springdale	25	19,650	825	120%	20/60	\$2.01	\$119,924	5.8%	-4.1%

*Res Income set at 120% AMI

Table 9. Available Edge/Adjacent Parcels

City	Density	Land Size (SF)	Unit Size (SF)	MHI Level	Affordable Level/Set Aside	Land Cost (PSF)	NOI	Yield on Costs	Developer Profit
Bentonville	30	1,074,625	893	120%	20/60	\$0.03	\$14,925,401	9.3%	55.6%
Fayetteville	30	56,683	835	120%	20/60	\$0.42	\$379,903	4.8%	-20.2%
Rogers	25	70,464	903	120%	20/60	\$4.31	\$607,242	6.0%	-0.2%
Springdale	24	135,703	825	120%	20/60	\$1.86	\$834,875	5.4%	-9.5%

*Res Income set at 120% AMI

As shown in Table 8, the average edge/adjacent parcels, with the exception of Bentonville, do not provide an acceptable return to the developer with 80 percent of the units occupied by residents at 120 percent of MHI and 20 percent of the units set aside for tenants at 60 percent of MHI. Because Bentonville has higher incomes, developers can charge the highest rents at 120 percent of MHI with a 20 percent set aside, and still earn a healthy profit.

Table 9 demonstrates the redevelopment scenarios of actual parcels in each of the Tier One cities on the edge of or, adjacent to, downtown. The team selected parcels, which are either vacant or have low assessed values, defined as underdeveloped. None of these scenarios, with the exception of the parcel in Bentonville, generates a developer profit, under the parameters outlined above. Rents set at 120 percent of the MHI are insufficient and would need to be set at a minimum of 150 percent before generating an acceptable profit for the developer.

These edge/adjacent developments would not be financially feasible, despite the lower land acquisition costs as compared to those in the downtown areas. This analysis highlights the market challenges in the edge/adjacent areas for developers. It demonstrates that, for an investment to be attractive, developers need to charge higher rents than most residents can afford.

Table 10. Average Outer Submarket Parcels

City	Density	Land Size (SF)	Unit Size (SF)	MHI Level	Affordable Level/Set Aside	Land Cost (PSF)	NOI	Yield on Costs	Developer Profit
Outer Ctr Benton	20	217,800	919	120%	20/60	\$1.00	\$1,719,560	8.0%	33.7%
SE Washington Cty	10	871,200	1137	120%	20/60	\$1.00	\$2,403,671	4.5%	-24.9%

*Res Income set at 120% AMI

Table 11. Available Outer Submarket Parcels

City	Density	Land Size (SF)	Unit Size (SF)	MHI Level	Affordable Level/Set Aside	Land Cost (PSF)	NOI	Yield on Costs	Developer Profit
Outer Ctr Benton	20	1,306,800	919	120%	20/60	\$0.01	\$10,039,092	7.9%	31.5%
SE Washington Cty	10	1,742,400	1137	120%	20/60	\$0.04	\$4,469,356	4.3%	-29.0%

*Res Income set at 120% AMI

As shown in Table 10, a development with 20 percent of the units set aside for tenants at 60 percent MHI on an average parcel in the outer submarkets will deliver an acceptable profit in Outer Central Benton County but not in Southeast Washington County. The difference is due to the higher median household income in Benton County, which means that rents in Outer Benton County at 120 percent of MHI and 60 percent of MHI for set aside units, are high enough to generate a healthy return. Because incomes in Southeast Washington County are lower than the median household income in nearby Fayetteville, despite the large lot sizes and low cost of land, developers would need to charge rents above most residents' ability to pay to realize a profit.

Table 11 shows scenarios for actual parcels in each of the outer submarkets, outside city boundaries. The team selected parcels, which are either vacant or have low assessed values and, therefore, are underdeveloped. As with the average parcels in the outer submarkets, scenarios on these actual parcels return a project in Outer Central Benton County and not in Southeast Washington County, again due to the difference in MHI between the two counties.

These exemplary *pro formas* highlight locations where developers could and could not make a profit, while including units affordable to low- and moderate-income families, without any subsidies or other market interventions by either the public, private, or philanthropic sectors. These interventions can take many forms and can be introduced as a way to make some of these proposed developments, particularly in the edge/adjacent areas, more financially feasible. Examples of some of these interventions include the following:

- **Parking fees:** The models presume free parking at each development. Charging residents for parking is a way to generate revenue and increase a development's NOI.
- **Tax abatements:** Public sector entities could choose to waive property and development taxes or fees for some number of years, allowing developers to generate higher profits.
- **Reduced building costs:** Stakeholders could subsidize or find ways to reduce building costs. The Low-Income Housing Tax Credit (LIHTC) or the REHAB tax credit for historic buildings that need to undergo renovations are examples of these.
- **Increased density:** By allowing more dwelling units per acre, a development can generate more revenue and offset the land acquisition cost as well as some of the building costs.
- **Inclusionary zoning:** Require developers to set aside a percentage of their units for low- or moderate-income households. In exchange, developers would be allowed to build at higher density levels, or charge higher rents to offset the cost of the affordable units.

Every incentive has both advantages and disadvantages and there will need to be careful coordination with the community and relevant stakeholders to ensure equitable and economically positive outcomes. Examples of these incentives and others are provided in Chapter 7, Case Studies.

7. Case Studies

This chapter contains nine case studies from around the country, which serve as examples of how other communities have addressed their housing affordability challenges. At the end of the section are additional examples, which might also provide useful information as regional and local leaders consider a course of action. Each case study includes the type of example—or “strategy”—it represents, an overview of the key elements, and a contact person for additional follow up.

Code for America and the City of Boulder

Strategy: Community Engagement

Date Enacted: January 2015

Location: Boulder, Colorado

Responsible Parties: Housing Boulder, Code for America

Background

In 2013, [Housing Boulder](#) was launched to develop a “next generation” housing strategy for the city of Boulder, CO. This strategy would define community priorities for the expansion and preservation of affordable housing choices and identify key ideas and strategic directions for near-term action.



NoBo Housing, Boulder. Source: Flickr.

The Housing Boulder project was anchored by two goals: broad community outreach to ensure an open and balanced process, as well as providing interested parties in Boulder with convenient and meaningful opportunities to inform the planning process. The City of Boulder worked with [Code for America](#) (CfA), a nonprofit organization that uses digital platforms to better connect citizens to their government services, to assist in driving a broad and effective [community engagement process](#).

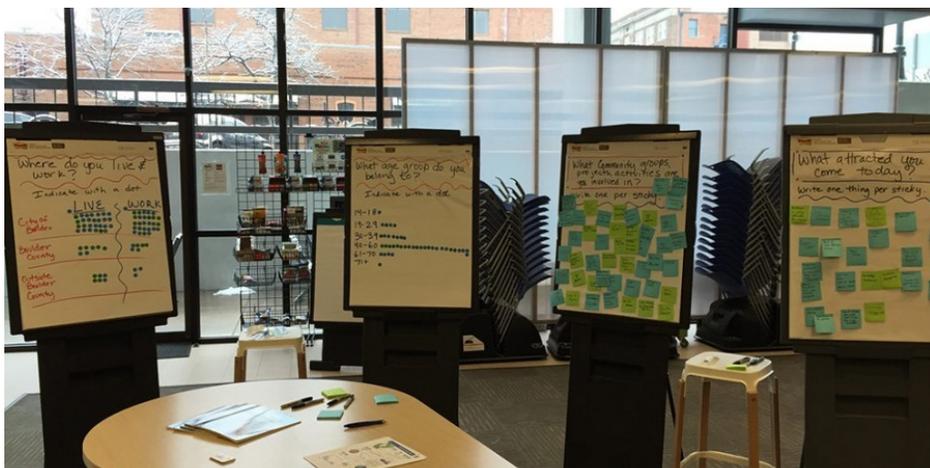
Prior to reaching out to Code for America, the City of Boulder developed a community engagement strategy focused on in-person and virtual community engagement, that included large events, small working groups, and surveys to gather community feedback. The city wanted to ensure that all members of the community were involved, especially those who have been missed with the city’s past outreach efforts. These included renters, non-English speakers, immigrants, seniors, and youth. The partnership with Code for America was the city’s way of strengthening their outreach efforts, while testing new tools to garner participation and insight from underrepresented audiences.

Key Provisions

As a result of their past work, CfA defined five key practice areas for effective community engagement—the Code for America Engagement Standard—which they applied to their partnership with the City of Boulder. These practice areas include:

- **Expanding reach:** As a first step, CfA worked with the city to establish a baseline of constituent groups who currently were participating and set goals for increasing engagement to new groups.

- **Providing relevant and useful information:** CfA determined that information on the City's website was hard to find and hard to understand. Using the HousingBoulder.net homepage, they expanded the user's immediate access to information about what was happening in the Housing Boulder project and provided them the opportunity to participate in an online survey and answer questions on Boulder-related housing issues.
- **Using new channels effectively:** Through user research, Code for America determined that many people were not participating through traditional public meetings because the meetings were held in spaces or at times that were not convenient or welcoming. One of their solutions was identifying spaces where their target constituencies were already meeting in order to gather feedback in places and at times that were convenient for them.
- **Encouraging productive actions:** CfA worked with the city to host a large event where residents discussed housing issues and began to develop tools that the residents thought would be useful to inform them and enable input on the topic.
- **Creating useful feedback loops:** Code for America assessed that many in Boulder did not trust the existing engagement process. One of the steps taken to remedy this lack of trust was to collect the email addresses of Housing Boulder participants and create use them to provide information recapping the sessions and providing ways to stay involved.



Results of a community Engagement exercise in Boulder.
Source: Code for America

Results to Date

Through this process, Code for America and the City of Boulder were able to stimulate dialogue and collaboration among a much broader cross-section of the community, increasing participation, introducing multi-way dialogue, and developing replicable community engagement strategies. As a result of their work, many more citizens from underrepresented constituent groups contributed to the Housing Boulder conversation.

Contact

Michelle Allen, Inclusionary Housing Program Manager

Email: allenm@bouldercolorado.gov

Phone: 303-441-4076

Address: 1777 Broadway, Boulder CO 80302

Program Website: <https://www.codeforamerica.org/> / [https://www-static.bouldercolorado.gov/docs/FinalCityofBoulderReport_\(4\)-1-201602031413.pdf](https://www-static.bouldercolorado.gov/docs/FinalCityofBoulderReport_(4)-1-201602031413.pdf)

Data Driven Detroit⁹

Strategy: Leveraging Data and Metrics

Date Enacted: 2008

Location: Detroit, Michigan

Responsible Parties: Data Driven Detroit

Background

Data Driven Detroit (D3) was created in 2008 (originally named the Detroit-Area Community Information System) to serve as the primary source for data on Detroit and the region. Presently, D3 operates as a stand-alone Low-Profit Limited Liability Company (L3C), which is funded through

fee for services and grants. D3 is an active member of the National Neighborhood Indicators Partnership (NNIP), a learning network of 32 data organizations, managed by the Urban Institute that works to ensure all communities have access to the data and skills to use information to advance equity across neighborhoods. In 2012, D3 became an affiliate of the Michigan Nonprofit Association (MNA). MNA worked to strengthen D3's operations. Together, MNA and D3 executed the Detroit Blight Removal Task Force in 2014, one of the largest data-undertakings in the history of Detroit.

Key Provisions

D3's work falls into three categories:

- **Data and Outreach:** D3 conducts workshops, training, and presentations across metro Detroit to increase data literacy and to empower communities to understand the impacts of using data.
- **Customized Services:** D3 partners with nonprofits, foundations, universities, government agencies, community groups, businesses and individuals to create and execute projects tailored to support their work. Projects may be short-term (collection and analysis of specific data) or ongoing (building, populating and maintaining databases).
- **Open Data:** D3 provides free public access to a variety of processed datasets, maps, visualizations and other tools. Data is available in several formats and accessible to users of various skill levels.



Detroit. Source: Flickr

⁹<https://datadrivendetroit.org/>



Downtown Detroit. Source: Flickr

Results to Date

Since October 2013, Data Driven Detroit (D3) has collaborated with the City of Detroit on Motor City Mapping, a massive project that is dedicated to data collection, cleaning, and analysis. It's the culmination of a process that involved federal, state, and local government officials, Fortune 500 companies, nonprofit organizations, and charitable foundations. In spring of 2014, the data assessed by D3 was used by the Detroit Blight Removal Task Force, an organization with a mission to develop a straightforward and detailed implementation plan to remove every 'blighted' residential structure, commercial structure and public building, and clear every blighted vacant lot in the city of Detroit. For this project, otherwise known as the Motor City Mapping, D3 worked to provide a more comprehensive picture of property in the city. D3 integrated over 20 additional datasets to create the most comprehensive property database ever produced for Detroit. These datasets include historic designation and eligibility, ownership, current and future land use from Detroit Future City, tax delinquency, and foreclosure status, among many others.¹⁰

Today, users can access a data toolbox that contains extensive information on housing, neighborhoods, education, demographics, and a number of other key data components. Specific to housing, D3 hosts extensive housing data for public use, including an opportunity index, a housing information portal, a parcel-by-parcel mapping tool, and a neighborhood index. Since its founding, D3 has partnered with hundreds of organizations on projects ranging in geography from city blocks to 380,000 parcels of land in the city of Detroit.

Contact

Erica Raleigh, Co-Executive Director

Email: erica@datadrivendetroit.org

Phone: 313 296 1440

Address: 440 Burroughs St, Ste 330, Detroit, MI 48202

Program Website: <https://datadrivendetroit.org/>

¹⁰ <http://www.timetoendblight.com/>

Expanding Housing Choices

Strategy: Zoning Reform

Date Enacted: October 2019

Location: Durham County, NC

Responsible Parties: The City of Durham Planning Department, Durham City Council

Background

Durham County, North Carolina is projected to grow by 160,000 people by 2045. In order to accommodate this growth, approximately 2,000 dwelling units will be needed county-wide each year. The diminishing availability of developable land suggests that the city will need to place a high priority on more dense developments. Expanding Housing Choices is a project that explores ways to eliminate barriers and expand the choices people have when it comes to housing options. The guiding goals of the initiative were to:



An accessory dwelling unit in Durham. Source: durhamnc.gov

1. Vary the menu of housing types available to meet an increasingly diverse set of needs;
2. Stabilize housing prices, over the long term, by expanding the supply of housing to keep pace with the rate of population and job growth;
3. Balance densification with context-sensitive development;
4. Create opportunities for small-scale creative infill, particularly in areas where demand is highest; and
5. Streamline processes by making more housing options allowable, without the need for special approvals.¹¹

Starting in the spring of 2018, the Durham planning department assembled a group of affordable and market-rate housing practitioners to advise staff of the challenges that the county face in building a diversity of housing options at varying price points. The group discussions focused on a number housing issues, but ultimately concluded that zoning in Durham can be restrictive. Many zoning districts simply do not allow housing types, other than single-family detached units, which require large tracts of land that are increasingly expensive and/or rare.

To measure public opinion and concerns regarding expanding housing choices in general, and certain housing types more specifically, a questionnaire was made available from June

¹¹ https://durhamnc.gov/DocumentCenter/View/27597/CC_EXPANDING-HOUSING-CHOICES-MEMO?bidId=

15, 2018 through August 15, 2018. Additionally, in an effort to ensure broader participation, planning staff attended several events throughout the summer, including the Rock the Park concert series, the Durham Farmers' Market, and the Latino Festival and flyers were distributed by the Police Department, during National Night Out events. Over 1,300 people participated in the survey.

Based on input from the practitioners group, results from the questionnaire, and best practices from across the country, staff compiled ideas for how to amend the Unified Development Ordinance to allow for a greater variety of housing choices in a context-sensitive manner.

These ideas were presented to the Joint City-County Planning Committee (JCCPC) in June 2018, and the City Council and Board of Commissioners at their work sessions in August and September 2018, respectively. Presentations also were made to grassroots and interest groups, such as the Inter Neighborhood Council (INC), the Coalition for Affordable Housing and Transit (CAHT), the Triangle Council of Government's (TJCOG), the Housing Practitioners' quarterly meeting, and the Planning Department's practitioners' panel. After receiving positive feedback from those work sessions, staff began developing specific revisions to the current regulations.

Key Provisions

Examples of zoning changes that went into effect on October 1, 2019 include:

1. **Accessory Dwelling Units (ADUs)**—establishing sizing requirements for ADUs which include setting the maximum size of the ADU at 800 square feet, with a maximum structure height of 25 feet.
2. **Duplexes**—Subdivisions are permitted throughout residential districts in the Urban and Suburban Tiers.
3. **Infill Rules**—Heights for primary structures were maintained; but they were simplified and clarified.
4. **Other**—Different housing types for cluster and conservation subdivisions were added to the zoning code. Allowances for duplexes in nonconforming lot situations were also modified.

Results to Date

As a result of the zoning changes, Durham has seen a spike in ADUs being developed in the county. There have been a growing number in rural communities of the county, as well as in the downtown. The city aims to build 140 new units a year in the Urban Tier and is assuming a 10% unit a year increase from 2020 - 2024. Each year, an annual report will be released to the Durham City Council and County Commissioners. Geographically, the city will be tracking the number of ADUs permitted, duplexes constructed, and demolitions occurring.

Finally, the city will be establishing Inter Neighborhood Council metrics, which will be used to monitor the progress of this initiative. From January to September of this year, Durham has approved 50 Expanding Housing Choices (EHC) enabled permits. Of these 50, six have been single-family and ADU pairs, 20 have been lot splits, and 11 have been for ADUs.

Contact

Scott Whiteman, AICP, Planning Manager

Email: Scott.Whiteman@durhamnc.gov

Phone: 919-560-4137, ext: 28253

Address: 101 City Hall Plaza, Ground Floor, Suite G500, Durham, NC 27701

Program Website: <https://durhamnc.gov/DocumentCenter/View/24689/Overview-PDF?bidId=>

The Mid-Ohio Regional Planning Commission’s Regional Housing Strategy¹²

Strategy: Regional Collaboration

Date Enacted: September 2020

Location: Central Ohio

Responsible Parties: The Mid-Ohio Regional Planning Commission (MORPC), the City of Columbus, and Franklin County, Ohio

Background

The Mid-Ohio Regional Housing Strategy (RHS) is the result of a partnership between public and private partners in the Mid-Ohio region, led by MORPC, the City of Columbus, and Franklin County. Starting with an assessment of existing and projected housing needs in the region, along with further research into housing supply and demand, the RHS has identified a number of regional barriers and potential strategies for intervention. The strategies were then evaluated by regional stakeholders for regional relevance to create region-specific recommendations for future action.

To capture public opinion and gain further insight, stakeholder convenings, regional strategy workshops, informant interviews, focus groups, and an online community survey was implemented to better inform policies that now reside in the RHS. The RHS engagement strategy focused on ground-truthing findings and recommendations while building the capacity of decision-makers to implement regional housing solutions.

The RHS has culminated into an Implementer’s Toolkit that includes more than 100 different actions designed to equip leaders—and interested citizens—across Central Ohio with the information and tools to act on the region’s most important housing issues.

Key Provisions

At an August 2020 stakeholder working session, attendees identified priority actions for the five core regional barriers to affordable housing:

1. **Increased competition for homes**

Priority action: “Green tape” development review to remove or lower regulatory barriers, making it quicker or cheaper for developers to move ahead with projects that provide public benefit, such as low/moderate-income homes in residential development. It is recommended that this action run a pilot project so communities throughout the region could see how the process works.

2. **Housing instability**

¹² <https://www.morpc.org/rhs/>

Priority action: More tenant-based rental assistance to address housing instability. Stakeholders recommended that existing programs and partnerships between public and non-profit entities be strengthened and expanded.

3. **Barriers limiting access to homes**

Priority action: Enact source of income protection laws (or otherwise expand fair housing laws. Stakeholders recommended developing initiatives to get people into much-needed housing should include funding for rehabilitation of housing and a regional risk mitigation fund.

4. **A limited supply of homes priced for low-income households**

Priority action: Create a State housing tax credit to support priority housing development. Stakeholders recommended generating state support through housing tax credits to serve as additional gap funding for affordable and mixed-income housing.

5. **Demand for more homes serving a wider range of ages, abilities, and households**

Priority action: Create a pilot that supports the development of diverse, lower-cost housing products, leveraging innovative design, and construction techniques. Stakeholders recommended partnering with developers, school districts, economic development interests, and financial interests; and identified zoning density waivers and tax abatements among tools to spur pilot projects.



Knox County, Ohio. Source: Flickr

Results to Date

The MORPC is working with its members to create Local Housing Action Agendas in hopes of translating Central Ohio's regional housing vision and strategy framework into meaningful local action on housing issues. Each agenda will include a jurisdiction-specific overview of housing needs and top priorities for local action, specifically with the intent of advancing equitable growth and building community resilience. The development process

for each agenda will provide an opportunity for a variety of community stakeholders to contribute to forming local housing solutions.

As a means of holding the region accountable for local action, MORPC has created a dashboard to monitor and track progress on key housing indicators related to core regional housing issues. As of today, there are 111 potential actions available for viewing on the dashboard, otherwise titled the Implementer's Toolkit, with a number of actions currently underway in the region.

In addition to the toolkit, MORPC, with the partners of the Regional Housing Strategy, is in the process of developing a tracker for all the work that will be accomplished as a result of the Regional Housing Strategy. This tracker will work to monitor housing cost burden, transportation cost burden, supply, and demand for housing, housing discrimination, and a number of other housing inequality indicators. For continued success, and actualizing the shared vision of equitable development and inclusive prosperity in Central Ohio, there needs to be a coordinated, regional approach that is supported by committed and bold leadership at all levels of governance. The long-term goals for the mid-Ohio region are to increase affordable housing supply, with an increased focus on equitable growth.

Contact

Jennifer Noll, MORPC

Email: jnoll@morpc.org

Phone: 614.233.4179

Address: 111 Liberty Street, Suite 100, Columbus, Ohio 43215

Program Website: <https://www.morpc.org/program-service/regional-housing-strategy/>

JBG Smith and Federal City Council: The Washington Housing Initiative (WHI)¹³

Strategy: Innovative Financing Tool

Date Enacted: 2018

Location: The DC-Maryland-Virginia Area (DMV)

Responsible Parties: Federal City Council, JBG Smith, The Washington Housing Initiative

Background

JBG Smith, one of Washington D.C.’s most prominent developers, partnered with the Federal City Council, a non-profit civic leadership organization, to develop a financing mechanism to preserve affordable housing stock in the DMV region. WHI preserves and creates affordable housing in “high-Impact” locations—where the housing is presently affordable, but will likely see affordability diminish with time—and partners with service providers to deliver neighborhood services to both residents and the surrounding community.



A multi-family development in the DMV. Source: JBG Smith.

Key Provisions

The Washington Housing Initiative has three components: The Impact Pool, The Washington Housing Conservancy, and the Stakeholder Council.

The Impact Pool, managed by JBG Smith, is an investment vehicle designed to support the creation and preservation of affordable workforce housing. The Impact Pool provides long-term, lower-cost, permanent financing to developers and owners. The returns on investments are capped, allowing for excess proceeds to be used to support long-term affordability and neighborhood services across the portfolio.



Apartment homes in Washington, DC. Source: JBG

The Washington Housing Conservancy is an independent, non-profit organization that acquires, develops, owns, and operates workforce housing in high-impact locations as a way to keep residents living close to their jobs by offering multi-family housing at affordable

¹³ <https://www.federalcitycouncil.org/initiatives/washington-housing-initiative/>

rental rates. Capital from the Impact Pool helps to finance the properties purchased by the Washington Housing Conservancy.

The Stakeholder Council, composed of thought leaders, academics, government and policy leaders, non-profit service providers, key investors, and key donors, advises both WHC and the Impact Pool on real estate, social impact, and community engagement.

Results to Date

Since its launch in 2018, the Washington Housing Initiative along with the Federal City Council spent the majority of 2019 structuring and formalizing the structure of their non-profit, the Washington Housing Conservancy, and The Stakeholder Council. Once established, the WHI began raising funds and was able to acquire \$100 million in capital to begin deploying into properties in the region. Since the start of 2020, despite the slowdown in deployment due to COVID-19, WHI has helped to secure a 326-unit property for the Housing Development Corporation of Alexandria and now has close to 1,200 units under contract, which are deals that will likely close by the end of this year or in the first quarter of 2021.

Tony Williams, former mayor of Washington, DC and CEO of the Federal City Council the goal and strategy are as follows “*...By helping preserve housing affordability in rapidly changing communities, we hope to allow residents to benefit from neighborhood improvements instead of being displaced by them. Applying the market knowledge and expertise of the private sector to DC’s affordable housing will provide a tool to help those who serve our community, such as first responders, educators and service workers, remain in DC.*”

Contact

AJ Jackson, Executive Vice President, Social Impact Investing, JBG SMITH

Email: bajackson@jbgsmith.com

Address: 4747 Bethesda Avenue, Suite 200, Bethesda, MD 20814

Program Website: <https://www.washingtonhousinginitiative.com>

Sawmill Community Land Trust

Strategy: Innovative Financing Tool

Date Enacted: 1996

Location: Albuquerque, NM

Responsible Parties: Sawmill Community Land Trust

Background¹⁴

Sawmill Community Land Trust (SCLT) is a nonprofit organization, founded in 1996. The Trust replaced the Sawmill Community Development Corporation as the development anchor of the Sawmill Advisory Council (SAC), a grassroots neighborhood organization formed in 1986 to advocate for a cleaner, healthier neighborhood where the operation of a particle board factory had created serious environmental problems. Despite the environmental issues, real estate values in the Sawmill neighborhood began escalating, as the neighborhood became more attractive for residents and businesses.

The Sawmill Community Land Trust worked with the City of Albuquerque to reclaim 27 acres of a former industrial site. From this effort, Arbolera de Vida, a master planned neighborhood centered on quality affordable housing, was created. A few years later, Sawmill Community Land Trust was able to secure an additional seven acres of land adjacent to Arbolera de Vida. The Sawmill Community Land Trust oversaw the expensive environmental clean up of this property enabling it to be developed with more affordable housing and economic opportunities for low- to moderate-income residents.

Key Provisions

The Sawmill Community Land Trust is guided by several organizational goals:



Sawmill's The Artisan. Source: Apartment Ratings.



Sawmill's Villa Nueva. Source: Apartments.com.

¹⁴ <http://www.sawmillct.org/about-us/history/>

- Create a permanent reserve of affordable housing for families at, or below, 80% of Area Median Income
- Carefully steward and manage our portfolio of affordable housing in order to maintain subsidies and quality
- Provide financial education and counseling to first-time homebuyers in order to help ensure their success
- Provide “as needed” support and counseling to existing homeowners who may be facing unforeseen personal or financial challenges
- Develop retail/commercial/light industrial spaces that benefit the community with job creation and needed services
- Help protect existing residents from negative impacts of new development
- Empower residents to make informed decisions about their future
- Create a built environment that retains its physical integrity for future generations while preserving the natural attributes and cultural history of the community
- Support ecological renewal and energy conservation
- Connect land trust residents, citizen leaders and neighborhood associations with resources through referrals and advocacy in order to support and strengthen families and neighborhoods

Results to Date

The community land trust now holds 34 acres of reclaimed industrial land, where there are 93 affordable, owner-occupied homes and three affordable apartment complexes. Additional affordable rental housing and new community-driven economic development projects are planned for the future. Sawmill Community Land Trust has re-envisioned once-useless industrial property into a wonderful affordable community.

Contact

Vic Goodridge, Land Trust Manager

Email: SCLTManager@sawmillclt.org

Phone: 505-764-0359

Address: 990 18th St NW, Second Floor, Albuquerque, NM 87104

Program website: <http://www.sawmillclt.org/>

King County Regional Housing Task Force¹⁵

Strategy: Regional Collaboration

Date Enacted: July 2017

Location: King County, WA

Responsible Parties: The City of Seattle, King County

Background

The King County, WA Regional Affordable Housing Task Force was created in November 2016 to bring together representatives from King County, the City of Seattle, and other cities in the county together to develop a regional plan to address King County's affordable housing crisis. The task force met nearly monthly for a year and a half to understand the scale of the regional affordable housing crisis, its impact on King County communities, and possible strategies to address regional concerns.



Residents of King County. Source: King County Housing Authority.

Regional experts in housing gave presentations to the Task Force on an array of housing affordability-related topics. In addition to engaging the public at the July kickoff meeting, the January 2018 meeting served as another avenue for public contribution where community members provided testimonies about their experiences with housing affordability challenges. The Task Force met in October and December to finalize and adopt the Five Year Action Plan.

Key Provisions

The Task Force recommended a Five-Year Action Plan with seven key goals, each with a number of strategies to achieve the goal. The overarching goal of the plan is to, “Strive to eliminate cost burden for households earning 80 percent or less of the Area Median Income, with a priority for serving households at or below 50 percent Area Median Income”. The seven goals of the plan are as follows:

- 1. Create and support an ongoing structure for regional collaboration**

Strategies for this goal include: Create an Affordable Housing Committee of the Growth Management Planning Council (GMPC) and support the creation and operation of sub-regional collaborations to increase and preserve affordable housing.

¹⁵

https://www.kingcounty.gov/~/-/media/initiatives/affordablehousing/documents/report/RAH_Report_Print_File_Updated_10,-d-,28,-d-,19.ashx?la=en

2. **Increase construction and preservation of affordable homes for households earning less than 50% area median income**
Strategies for this goal include: Developing a short-term acquisition loan fund to enable rapid response to preserve affordable housing developments when they are put on the market for sale.
3. **Prioritize affordability accessible within a half mile walkshed of existing and planned frequent transit service, with a particular priority for high-capacity transit stations**
Strategies for this goal include: Implementing comprehensive inclusionary/incentive housing policies in all existing and planned frequent transit service to achieve the deepest affordability possible through land use incentives to be identified by local jurisdictions.
4. **Preserve access to affordable homes for renters by supporting tenant protections to increase housing stability and reduce risk of homelessness**
Strategies for this goal include: Expanding supports for low-income renters and people with disabilities and adopting programs and policies to improve the quality of housing in conjunction with necessary tenant protections
5. **Protect existing communities of color and low-income communities from displacement in gentrifying communities**
Strategies for this goal include: Authentically engaging communities of color and low-income communities in affordable housing development and policy decisions and increasing investments in communities of color and low-income communities.
6. **Promote greater housing growth and diversity to achieve a variety of housing types at a range of affordability and improve jobs/housing connections throughout King County**
Strategies for this goal include: Updating zoning and land use regulations (including in single-family low-rise zones to increase and diversify housing choices and decreasing costs to build and operate housing affordable to low-income households.
7. **Better engage local communities and other partners in addressing the urgent need for and benefits of affordable housing**
Strategies for this goal include: Supporting the engagement of local communities and residents in planning efforts to achieve more affordable housing and expanding engagement of non-governmental partners to support efforts to build and site more affordable housing.

Results to Date¹⁶

The Affordable Housing Task Force disbanded in 2019 and was replaced by the Affordable Housing Committee of the Growth Management Planning Council of King County. County staff, in support of the Affordable Housing Committee, were responsible for creating a dashboard to track affordable housing efforts, needs, and policies, and measure how well the region is reaching the goal of 44,000 new or preserved affordable housing units in the next five years.



Apartment homes in King County, WA.
Source: King County Housing Authority

In its inaugural year, the Affordable Housing Committee cited major progress in meeting the demand for affordable housing. Accomplishments included:

- The establishment of South King Housing and Homelessness Partners, a new sub regional collaboration designed to promote creative strategies to build and preserve affordable housing in South King County.
- The State Legislature adopted House Bill 1406, which redirects sales tax revenue to affordable housing and is projected to generate \$160 million countywide over the next 20 years.
- The State Legislature adopted a suite of new eviction protections. Senate Bill 5600 and House Bill 1440, combined, provided tenants with additional notice before evictions filings and rent increases, as well as expanded a landlord mitigation fund and limited certain fees.
- Microsoft Corporation pledged \$500 million to preserve existing affordable housing, spur construction of new units, and partner with nonprofits to address the affordable housing crisis.
- The City of Seattle proposed updates to its Affirmative Marketing guideline and developed a Community Preference policy to promote housing opportunities in high risk of displacement neighborhoods.

Contact

McCaela Daffern, King County Affordable Housing Committee

Email: mdaffern@kingcounty.gov

Phone: (206) 263-3627

Program website: <https://www.kingcounty.gov/depts/community-human-services/housing/affordable-housing-committee.aspx>

¹⁶ https://www.kingcounty.gov/~media/depts/community-human-services/housing-homelessness-community-development/documents/affordable-housing-committee/AHC_AnnualReport2019_10-16-2020.ashx?la=en

The Santa Cruz County Accessory Dwelling Unit Package

Strategy: Promotion of Accessory Dwelling Units

Date enacted: N/A

Location: Santa Cruz, CA

Responsible parties: The County of Santa Cruz

Background

The County of Santa Cruz, CA has a proactive program to encourage the creation of accessory dwelling units (ADUs). The county sees ADUs as an effective way to add housing to quickly add more affordable units to the community, without the need to subdivide lots to create new parcels. The county has developed an expansive ADU package that educates homeowners on the fundamentals of ADU zoning and permitting requirements, as well as general costs associated with building ADUs. In addition to comprehensive guidance, the county has developed fee waivers to reduce sewage connection, roads, and permit fees.

Key Provisions

The county developed an ADU webpage where residents of Santa Cruz are able to learn about the county's ADU regulations and types of ADUs, apply for a building permit, and look up ADU-eligible parcels using an interactive mapping tool.

In addition to the webpage, Santa Cruz County has developed lengthy ADU financing, design, and guides, which walk readers through ADU prototypes, county loans subsidies which may assist in financing ADUs, and the ADU approval process.

Finally, the County has waived or reduced certain fees related to ADUs including:

- Reduced building permit fees for Conversion ADUs.



ADU. Source: Santa Cruz County ADU Financing Guide, 2017.



ADU. Source: Santa Cruz County ADU Financing Guide, 2017.

- Waiver of sewer and water connection fees for JADUs and Conversion ADUs
- Waiver of Planning Department permit fees for ADUs ≤ 640 sf
- Waiver of impact fees for ADUs less than 750 sf. Impact fees for larger ADUs are proportional to square footage.
- Waiver of transportation and roads fees, when no parking is required for ADU.
- Waiver of Affordable Housing Impact fee for Conversion ADUs.

Results to Date

Due to state legislation, including Housing Element Laws that require all municipalities to provide housing for a variety of income levels, the County of Santa Cruz has worked to incentivize the legal construction of ADUs. Every year since 2016, the Santa Cruz has been required to adjust their ADU codes to match the preemptive law from California state legislation. Each year that the law has changed, the ADU code has become more and more permissive to applicants, thus making Santa Cruz's code similarly permissive. Upon creating and launching the ADU package with all its guides and easy permitting process, approved applications for ADUs have risen from 10-15 per year to closer to 35 a year.

Contact

Suzanne Isé, AICP, Principal Planner, Housing Division

Email: Suzanne.Ise@santacruzcounty.us

Address: 701 Ocean St., Room 418, Santa Cruz, CA 95060

Phone: 831.454.5166

Program website: <http://www.sccoplanning.com/ADU.aspx>

Central Florida's Regional Affordable Housing Initiative

Strategy: Regional Collaboration

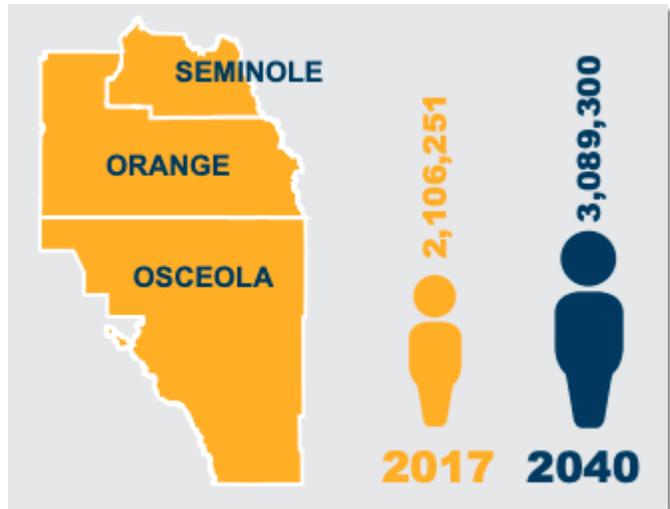
Date Enacted: May 2018

Location: Central Florida

Responsible Parties: Seminole County, Orange County, Osceola County, and the City of Orlando

Background

Prompted by a growing housing shortage in the Central Florida region, the Mayor of Orange County at the time, Teresa Jacobs, gathered a number of partners from Orange, Seminole, and Osceola counties and the City of Orlando to consider the possibility of a broad, regional affordable housing strategy. In collaboration, these jurisdictions created the Regional Affordable Housing Initiative to study and implement solutions to the affordable housing crisis in the Central Florida region.



Central Florida regional growth statistics.

Source: Regional Affordable Housing Initiative report.

Over the course of two years, the partners drew on internal resources, consultants, housing industry representatives and observations from the community. They identified strong interest in new housing types and improved diversity, as well the need to enhance local area resources for affordable housing. There was broad consensus among the partners that a single solution, targeted to any specific issue or population would likely not be sufficient to advance an affordable housing agenda. Instead, they determined that a more comprehensive and multi-faceted approach must be considered.

In 2016, as a means of initiating conversation with the larger community, the partners held a summit to outline the intent of the initiative and to begin exploring regional housing strategies and best practices from all over the country. The speakers, who provided broad housing perspectives, included national and local elected officials, industry participants, consultants, and representatives from non-profits or housing interest groups. Early on, partners realized that they must address: *where* the housing market is experiencing inefficiencies, *what* housing types should be encouraged, and *how* a shared strategy across jurisdictions might help advance policies to diversify housing activity.

Key Provisions

Through an open exchange, which was then supported by evidence-based research and outside opinions, the partners have crafted a shared mission, goals, strategies, and tools to address Central Florida's housing needs:

1. **CREATE:** Increase the housing supply to meet the needs of all current and future residents.
Strategies of this goal include: Reviewing and modifying development regulations to support a broad range of housing types and promoting state housing legislation that supports affordable housing efforts.
2. **DIVERSIFY:** Encourage diversity of housing types and energy-efficient housing.
Strategies of this goal include: Exploring financing mechanisms and development concepts that support “Missing Middle” and mixed-income development and increasing the availability of development sites by establishing or expanding mixed-use zoning districts.
3. **PRESERVE:** Preserve existing affordable housing stock, including financially assisted & rent-restricted units.
Strategies of this goal include: Establishing regional and local gap financing sources for preservation transactions and building the capacity of nonprofit housing developers to acquire and preserve at-risk properties.
4. **INTEGRATE:** Promote social and economic integration.
Strategies of this goal include: Promoting mixed-income communities by encouraging integration of affordable housing throughout the region and supporting mixed-use, walkable neighborhoods connected by transit.
5. **EDUCATE:** Improve financial literacy and education of future home renters and buyers.
Strategies of this goal include: Establishing a comprehensive marketing plan to increase awareness of housing affordability resources and partnering with higher education institutions, hospitals, and employers to support investments in workforce education and training.



Apartment community in Orlando, FL. Source: LandstarParkApts.com.

Results to Date

The overall goal of the Regional Strategy is to increase housing production so that housing, at multiple price points, becomes more widely available. The narrower goal is to encourage specific price points in selected locations by using existing delivery systems and incentives. With time, these efforts will begin to change trends in the overall housing market and reduce the percentage of cost-burdened households, particularly among low-income households and renters. Implementation of the strategy will depend, primarily, on each partner jurisdiction's willingness to adopt proposed tools and measures of acceptable performance. The engaged jurisdictions will continue to meet regularly, discuss their specific efforts, and compare their progress.

Since the release of the report, Orange County has to integrate the goals and strategies of the regional housing strategy into its planning and development strategies for the future:

- Orange County is actively considering tools that can be employed locally, and regional, that not only address physical characteristics of housing but also provide financial incentives for developers and builders.
- The county has already created a housing trust fund in which the government has committed to placing at least \$10 million every year for the next 10 years, totaling \$100 million, for the purpose of developing more affordable housing.
- Over the next 10 years, 180,00 housing units are expected to be constructed, and through the county's incentive, they are hoping for at least 33,000 of the units to be designated affordable housing.
- Orange County has updated their ADU regulations, and are considering actions on parking requirements and linkage fees to fund affordable housing.

In Orange County, strategic partnerships have been developed and are working to further the impact, an strengthen the impact of the Central Florida Regional Affordable Housing Initiative. In 2019, the Central Florida Foundation (CFF) launched the Central Florida Regional Housing Trust Fund titled "housd," of which the City of Orlando is a working partner. The trust has been successful in securing private and public capital, which has since been invested in numerous properties in Central Florida to be renovated, rescued, or built. Due to the nature of the trust, the properties will be kept affordable in perpetuity as the capital from the properties will waterfall back into the trust. CFF's goal is to renovate, rescue, and build 25,000 units over the course of the next 10 years.¹⁷

Orange County recognizes that to move forward, other localities in the region must also act. As stated upon the release of the report, the success of the regional housing strategy will depend on the cooperation of every jurisdiction. Each county and city must work in concert with its neighbors to make sustainable changes to the region.

¹⁷ <https://cffound.org/about-us/>

Contact

Alberto Vargas, Manager, Orange County Planning Division

Email: alberto.vargas@ocfl.net

Phone: 407.836.5632

201 South Rosalind AV, 2nd Floor, Orlando, FL 32801

Program Website:

<https://www.orangecountyfl.net/NeighborsHousing/RegionalAffordableHousingInitiative.aspx#:~:text=ABOUT%20THE%20INITIATIVE,broadly%20established%20affordable%20housing%20strategy>

Additional Examples

[The Metro Atlanta Regional Housing Strategy](#)

The Metro Atlanta (GA) Housing Strategy provides detailed information and data about the region's housing submarket and offers a set of actionable steps that local communities can consider taking to address their housing issues. The goal is to foster a greater mix of housing options in the region, reflective of each community's specific housing needs. The Metro Atlanta region is divided into ten housing submarkets, based on characteristics such as average sales price, age, type, and size. For each of these submarkets, there are six strategies and related tactics that present options for local governments seeking to address their housing challenges.

[The Charlotte, NC Regional Housing Strategy](#)

In response to concerns related to current and future housing needs, the City of Charlotte, NC partnered with the regional [CONNECT Our Future](#) project to develop a regional housing strategy. In [Volume I](#), the city conducted a housing needs assessment across the 14-county region. The study included the collection and analysis of new data drawn from a 2013 Housing Needs Assessment Survey, as well as the collection and analysis of existing data, such as County Assessor data, building permits, and employment and income information from other federal data sources. The [Volume II](#) report—which includes an analysis of impediments and fair housing equity assessment.

[The Washington, DC Region Housing Strategy](#)

Recognizing a growing imbalance between housing demand and unmet need, the Metropolitan Washington Council of Governments (COG) responded with a regional approach to develop a housing strategy. The study began with a “deep dive” to project the amount of housing needed to meet the present and projected demand of the region, where future housing could be located, and how to ensure sufficient affordability of future units. This deep dive resulted in three regional housing targets for COG members to pursue, which were officially adopted by the COG Board in September of 2019.

[The Boulder County Regional Housing Strategy](#)

Across Boulder County and beyond, the rising cost of renting and buying a home has placed a significant burden on communities throughout the region. The regional plan was created through a collaboration of localities to reach a unified vision for the region. The resulting housing affordability plan contains a number of strategies, which included establishing a regional housing production goal, bolstering the county's financial resources, and securing land and redevelopment opportunities.

[The Housing Toolbox for Massachusetts Communities](#)

The Housing Toolbox for Massachusetts Communities was created to provide easy

access to information about the housing development process. It is intended mainly for those directly working for or serving municipalities. Housing advocates, non-profits, and developers will also find much of the information and tools useful as they work to create affordable housing.

[Bang the Table](#)

Bang the Table is an online community engagement platform intended to support public leaders in forging meaningful connections with their community and to drive inclusive, transparent, and measurable community engagement processes that empower collaborative learning, discussion, and debate. Since its founding, Bang the Table has engaged more than 10 million participants on its platform. [Housing affordability](#) is one of Bang the Table's key areas of focus.

[The Metropolitan Washington Council of Governments](#)

The Metropolitan Washington COG is an independent, nonprofit association, with a membership of 300 elected officials from 24 local governments, the Maryland and Virginia state legislatures, and the U.S. Congress. COG monitors the region's progress in creating and preserving long-term, committed affordable housing and [addressing an imbalance between the location of jobs and housing](#). COG is a co-convenor of the [Housing Leaders Group of Greater Washington](#), a group of more than a dozen public and private sector representatives, who work to meet regional housing affordability demands. COG partnered with Urban Institute to produce the research report, [Housing Security in the Washington Region](#), which quantifies critical gaps in affordable housing across incomes, and summarizes local government and philanthropic support for housing regionwide; and COG plays an active role in developing [tools](#) and providing technical assistance to local governments on their housing affordability initiatives.

[The Snohomish County Housing Affordability Regional Taskforce](#)

The Snohomish County Housing Affordability Regional Taskforce (HART) developed a five-year action plan that identifies priorities for County and City governments to accelerate their collective ability to meet the affordable housing needs of all County residents and sets a foundation for continued success through 2050. In January 2020, HART released a [five-year action plan](#), which highlights the local government's roles in providing housing affordability, as well as a framework for meeting regional housing goals.

[The Preservation Compact and Community Investment Corporation](#)

The Preservation Compact is a partnership of organizations in Cook County, IL, whose mission is to preserve both subsidized and naturally occurring affordable rental housing in the Chicago area. Its policies and priorities are guided by data and analysis from partners, including the Institute for Housing Studies at DePaul University. The Preservation Compact is led by the Community Investment Corporation (CIC), a nonprofit certified Community Development Finance Corporation, which finances acquisition, rehabilitation and preservation of affordable rental units in the Chicago region. Ten years ago, the McArthur Foundation partnered with the Urban Land Institute to convene a leadership committee composed of key public and private leaders to develop a strategy for preserving affordable

rental housing in Cook County. The Preservation Compact and the CIC were the outcome of these strategic discussions.

[The Partnership for the Bay Area's Future](#)

The Partnership for the Bay's Future is "...a collaborative effort aimed at advancing our region's future by solving its interconnected challenges—housing, transportation, and economic opportunity (in the San Francisco Bay area)." Launched with the support of the San Francisco Foundation, the Chan Zuckerberg Initiative, the Ford Foundation, Local Initiatives Support Corporation (LISC), Facebook, Genentech, Kaiser Permanente, the William and Flora Hewlett Foundation, the David and Lucile Packard Foundation, the Stupski Foundation, and Silicon Valley Community Foundation, the Partnership has set ambitious goals to...expand and protect the homes of up to 15,000 households...over five years, and preserve and produce more than 8,000 homes over the next five to ten years." The Partnership has set up two funds to begin its work. The Bay's Future Fund, one of the largest in the nation, is to fill the financing gap for preserving and producing units. The Policy Fund will support local efforts to preserve and expand housing supply, with a focus on protecting low-income tenants.

[HouseATL](#)

HouseATL is a cross-sector group of civic leaders committed to building the political and community will for a comprehensive and coordinated housing affordability action plan in the City of Atlanta. HouseATL is an open taskforce – initiated through the convening power and resources of ULI Atlanta, The Arthur M. Blank Family Foundation, Central Atlanta Progress, Center for Civic Innovation, and Metro Atlanta Chamber of Commerce.

[The Minneapolis 2040 Comprehensive Plan](#)

The Minneapolis 2040 Comprehensive Plan is the culmination of two years of community engagement, where the people of Minneapolis shared their vision and hopes for the future of the city. The city held over 100 meetings with thousands of residents and other stakeholders to this inclusive comprehensive strategy to life. The Minneapolis 2040 plan is guided by a number of strategies that aim to eliminate disparities, make affordable housing accessible, and complete neighborhoods that prioritize sustainability.

[Somerville Community Development Corporation's Anti-Displacement Affordable Housing Toolbox](#)

Somerville has undergone many changes that have revitalized its neighborhoods, supported the flourishing of the arts, and made it a more vibrant, more diverse, and more desirable place to live. Over time, the increased cost of Somerville housing has forced out many of our city's low and moderate-income renters and left some residents who wish to purchase their first home with no choice but to leave Somerville to find a more affordable location. The Anti-Displacement Toolbox offers a set of strategies that the city intends to implement to preserve and increase the supply of affordable units in Somerville, and to develop programs that better support low-income renters and homeowners.

[Seattle, WA Small Lot Zones](#)

In 2018, as part of a series of zoning changes to improve housing affordability in Seattle, Small Lot Zones were integrated into the city’s zoning code. These small lots allow a range of new and remodeled homes compatible in scale and character with existing houses, but with a maximum height of 30 feet. These small lot zones encourage more “missing middle” housing that is in between the density of Seattle’s and single-family and multifamily zones.

[Oregon’s Housing Choices Bill \(HB 2001\)](#)

House Bill 2001 aims to provide Oregonians with more housing choices, especially housing choices more people can afford. The law, passed by the 2019 Oregon Legislature, lets people build certain traditional housing types, like duplexes, in residential zones. These housing types already exist in most cities but were outlawed for decades in many neighborhoods. These limitations contribute to increased housing costs and fewer choices. House Bill 2001 will require updates to local laws that currently limit the types of housing people can build.

[The Dudley Street Neighborhood Initiative](#)

The Dudley Street Neighborhood Initiative (DSNI) was formed by residents who live on Dudley Street, in Roxbury, MA, seeking to reclaim a neighborhood that had been ravaged by disinvestment, arson fires and dumping. DSNI organized neighbors to create a comprehensive plan and a shared vision for a new, vibrant urban village. To secure development without displacement, DSNI gained eminent domain authority, purchased vacant land, and protected affordability. Together, DSNI has created greater civic participation, economic opportunity, community connections, and opportunities for youth.

[The Douglass Community Land Trust](#)

The Douglass Community Land Trust, in Washington, DC, is a key recommendation of the 11th Street Bridge Park’s Equitable Development Plan—a community-driven effort designed to ensure local residents can stay and thrive as the community redevelops. The 11th St Bridge Park is an initiative of the Ward 8 nonprofit Building Bridges Across the River, which engaged the community via 200+ resident meetings to develop the Equitable Development Plan. Initially incubated by City First, a DC-based family of CDFI organizations, the Douglass Community Land Trust was born and became an independent organization in the Spring of 2020. The Trust enables inclusive and equitable development and preservation of permanently affordable housing, local small businesses, and other public assets through community ownership of land.

[Portland’s Accessory Dwelling Unit System Development Charges Waiver Program](#)

Starting in 2010, the City of Portland implemented the Accessory Dwelling Unit (ADU) System Development Charges (SDC) Waiver Program as an incentive for property owners and developers to construct accessory dwelling units as a way to increase the housing supply. Under the program, the city will waive system development charges—fees assessed by the Water Bureau, Portland Parks and Recreation, Bureau of Environmental Services, and Portland Bureau of Transportation. The SDC ADU Waiver Program requires

owners to agree not to use any structure on the lot (including the ADU) as a short-term rental for ten years. If the ADU is used as an accessory short-term rental at any time during the 10-year period, any waived SDC fees must be repaid at 150% of the then-current SDC rate.

[Chicagoland Regional Housing Initiative](#)

Though metropolitan Chicago's housing market remains weak, the availability of affordable homes in communities with good jobs, transit access, and quality schools continues to fall far short of demand. Since 2002, the public housing authorities participating in RHI have pooled a portion of their available rental assistance vouchers to provide long-term support for the rehabilitation or construction of multifamily, affordable rental homes in opportunity communities across the region. The pooling and transferring of subsidies have allowed RHI to support 406 apartments in 28 developments in 19 quality communities around the region.

[East King County Affordable Housing Trust Fund](#)

The purpose of the Housing Trust Fund is to create and preserve housing for low and moderate-income individuals and families in East King County. Low Income is defined as less than 50% of the King County median income, and moderate-income is defined as less than 80% of the King County median income. Emphasis is placed on providing housing affordable to low-income households. However, funding can be provided for moderate Income households, especially for homeownership opportunities.

[Massachusetts 40B](#)

Chapter 40B is a Massachusetts state statute, enacted in 1969, which allows developers to override local zoning bylaws in municipalities where less than ten percent of the housing stock is defined as affordable. The goal of Chapter 40B is to allow working families and seniors to remain in communities where they might otherwise be priced out. The statute was designed to permit the development of multifamily and affordable housing in suburban and rural parts of the state. There is no public subsidy, rather the cost of the affordable units is absorbed by the developer as part of the overall financing of the project.

8. Conclusion

Overall, the Northwest Arkansas region is a growing area with affordability challenges similar to regions across the country. As discussed, rather than a continued expansion of sprawling low density housing, a strategy of targeted development along commercial corridors and among employment centers, achieved through a mix of regulatory and educational means, could achieve a greater housing unit capacity in a more fiscally responsible manner. The result would be increased affordability options for current and future residents of the region.

To further support affordability, Missing Middle Housing is necessary for the region. While this type of housing is not completely missing in Northwest Arkansas, there are only a few examples throughout the region. The lack of this type of housing and the desire for walkability and access to amenities like parks, schools, retail centers, and transit means a premium on what is available, ultimately affecting the affordability of the region as a whole. Further, the “high” cost of land in the region—whether real or perceived—has produced prices for for-sale homes and rents for multifamily units above the median household income in each of the Tier One cities, forcing residents to go farther away from amenities found in the core of the Tier One cities.

The overall land use of the region, on a per acre basis, also limits economic growth in the region. Its sprawled development patterns lead to auto-centric development that makes mixed-use development more difficult and limits the opportunities for additional economic growth.

These realities are borne out when modeling potential housing developments in the region, as most of the projects pencil out only at rents and prices that are 150 percent or greater of MHI. At lower MHI levels, only projects in the downtown areas break even, and then only when retail income is included—a reality that would not encourage most developers to invest. The research team sees that market interventions could have an impact on housing prices should the region choose to pursue them, but these are usually the result of long engagement processes with local, regional, and stakeholders.

As reported in *Our Housing Future*, there is clear evidence that, “...housing is becoming increasingly inaccessible to the region’s workers, families and seniors.” Indicators of this growing challenge include: Northwest Arkansas is growing and dynamic, and its issues are not unique, nor are its goals of providing affordable housing and expanding walkability and access for residents. However, a proactive approach is necessary throughout the region to address affordability challenges and allow opportunities for further economic growth.

9. Appendix A

A slide deck that demonstrates existing Missing Middle Housing examples in Northwest Arkansas.

Existing Density in Rogers

36.3306138, -94.1183948



Housing characteristics

# of units	14	1	1	4	5	1	5	4	4	2
Density (DU/acre)	60	36	34	24	22.5	20.5	14	11.4	10	6.5
Acreage	0.232	0.027	0.029	0.332	0.460	0.100	0.360	0.350	0.380	0.310
Width (feet)	72	16	21	100	25	27	75	110	115	90
Setback (feet)	14	10	20	50	28	17	20	35	55	43
Land cost/ft ²	\$4.7	\$19	\$18.5	\$1.9	\$17.0	\$18.0	\$5.1	\$2.0	\$13.4	\$1.4
Zoning	COR	R-0	D-E	I-1	D-E	D-C	RMF-24	MF-12	R-3	R-1

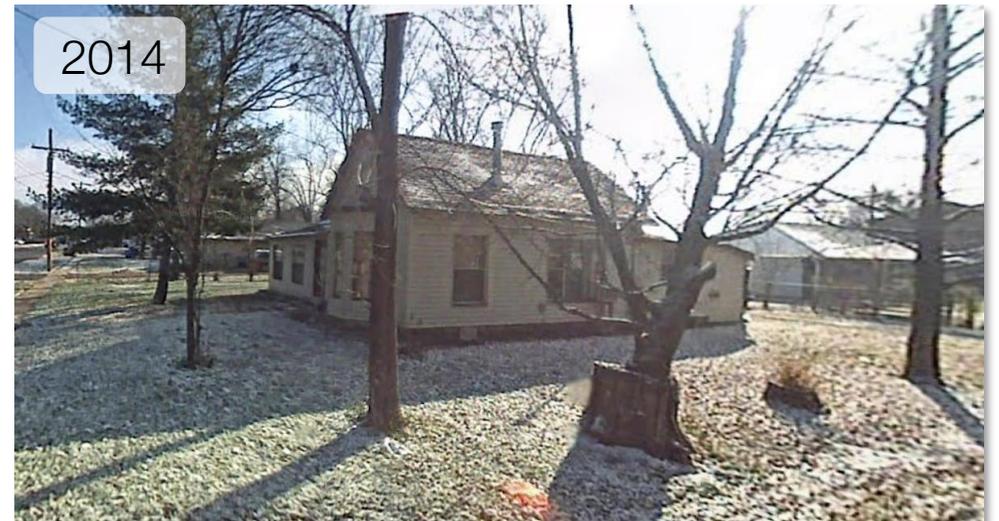
Existing Density in Bentonville

36.368202, -94.2114802

2019



2014



Housing characteristics

# of units	14	1	1	4	5	1	5	4	4	2
Density (DU/acre)	60	36	34	24	22.5	20.5	14	11.4	10	6.5
Acreage	0.232	0.027	0.029	0.332	0.460	0.100	0.360	0.350	0.380	0.310
Width (feet)	72	16	21	100	25	27	75	110	115	90
Setback (feet)	14	10	20	50	28	17	20	35	55	43
Land cost/ft ²	\$4.7	\$19	\$18.5	\$1.9	\$17.0	\$18.0	\$5.1	\$2.0	\$13.4	\$1.4
Zoning	COR	R-0	D-E	I-1	D-E	D-C	RMF-24	MF-12	R-3	R-1

Existing Density in Bentonville

36.375111,-94.210569

2019



2014



Housing characteristics

# of units	14	1	1	4	5	1	5	4	4	2
Density (DU/acre)	60	36	34	24	22.5	20.5	14	11.4	10	6.5
Acreage	0.232	0.027	0.029	0.332	0.460	0.100	0.360	0.350	0.380	0.310
Width (feet)	72	16	21	100	25	27	75	110	115	90
Setback (feet)	14	10	20	50	28	17	20	35	55	43
Land cost/ft ²	\$4.7	\$19	\$18.5	\$1.9	\$17.0	\$18.0	\$5.1	\$2.0	\$13.4	\$1.4
Zoning	COR	R-0	D-E	I-1	D-E	D-C	RMF-24	MF-12	R-3	R-1

Existing Density in Springdale

36.1989709, -94.1357164



Housing characteristics

# of units	14	1	1	4	5	1	5	4	4	2
Density (DU/acre)	60	36	34	24	22.5	20.5	14	11.4	10	6.5
Acreage	0.232	0.027	0.029	0.332	0.460	0.100	0.360	0.350	0.380	0.310
Width (feet)	72	16	21	100	25	27	75	110	115	90
Setback (feet)	14	10	20	50	28	17	20	35	55	43
Land cost/ft ²	\$4.7	\$19	\$18.5	\$1.9	\$17.0	\$18.0	\$5.1	\$2.0	\$13.4	\$1.4
Zoning	COR	R-0	D-E	I-1	D-E	D-C	RMF-24	MF-12	R-3	R-1

Existing Density in Bentonville

36.3706638, -94.2078705

2019



2013



Housing characteristics

# of units	14	1	1	4	5	1	5	4	4	2
Density (DU/acre)	60	36	34	24	22.5	20.5	14	11.4	10	6.5
Acreage	0.232	0.027	0.029	0.332	0.460	0.100	0.360	0.350	0.380	0.310
Width (feet)	72	16	21	100	25	27	75	110	115	90
Setback (feet)	14	10	20	50	28	17	20	35	55	43
Land cost/ft ²	\$4.7	\$19	\$18.5	\$1.9	\$17.0	\$18.0	\$5.1	\$2.0	\$13.4	\$1.4
Zoning	COR	R-0	D-E	I-1	D-E	D-C	RMF-24	MF-12	R-3	R-1

Existing Density in Bentonville

36.3649883, -94.211569

2019



2013



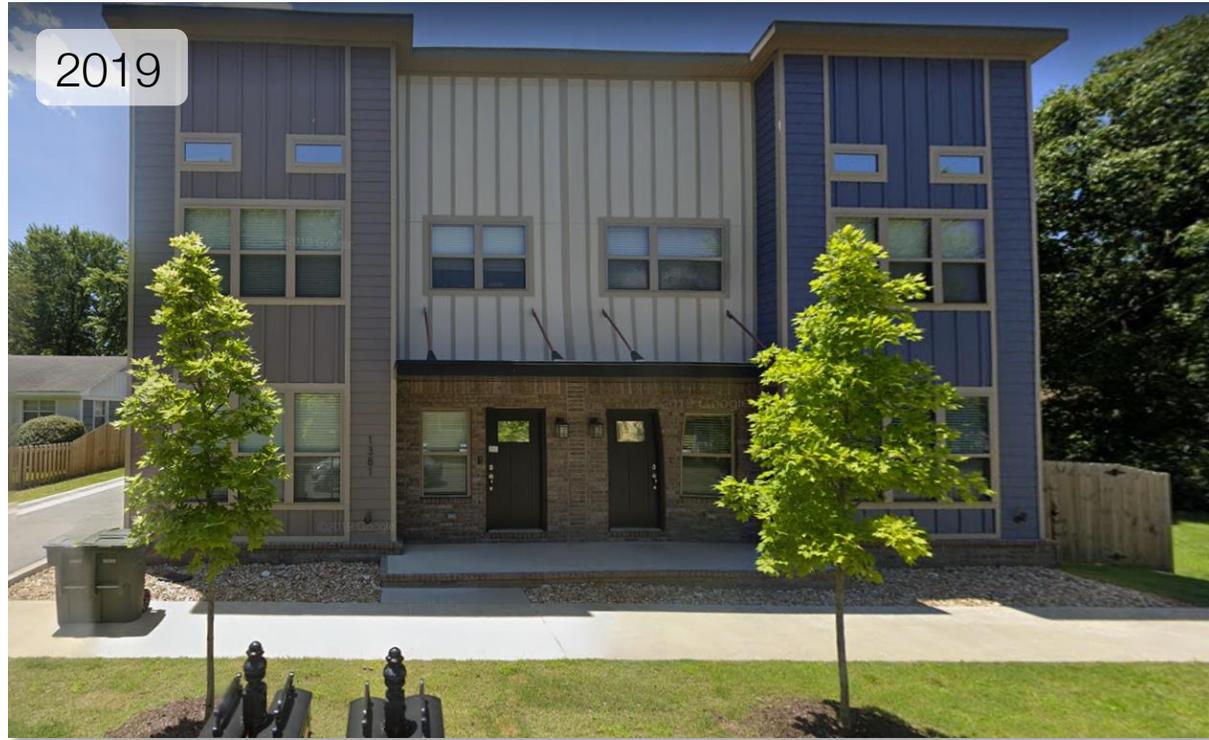
Housing characteristics

# of units	14	1	1	4	5	1	5	4	4	2
Density (DU/acre)	60	36	34	24	22.5	20.5	14	11.4	10	6.5
Acreage	0.232	0.027	0.029	0.332	0.460	0.100	0.360	0.350	0.380	0.310
Width (feet)	72	16	21	100	25	27	75	110	115	90
Setback (feet)	14	10	20	50	28	17	20	35	55	43
Land cost/ft ²	\$4.7	\$19	\$18.5	\$1.9	\$17.0	\$18.0	\$5.1	\$2.0	\$13.4	\$1.4
Zoning	COR	R-0	D-E	I-1	D-E	D-C	RMF-24	MF-12	R-3	R-1

Existing Density in Fayetteville

36.081184, -94.173068

2019



2014



Housing characteristics

# of units	14	1	1	4	5	1	5	4	4	2
Density (DU/acre)	60	36	34	24	22.5	20.5	14	11.4	10	6.5
Acreage	0.232	0.027	0.029	0.332	0.460	0.100	0.360	0.350	0.380	0.310
Width (feet)	72	16	21	100	25	27	75	110	115	90
Setback (feet)	14	10	20	50	28	17	20	35	55	43
Land cost/ft ²	\$4.7	\$19	\$18.5	\$1.9	\$17.0	\$18.0	\$5.1	\$2.0	\$13.4	\$1.4
Zoning	COR	R-0	D-E	I-1	D-E	D-C	RMF-24	MF-12	R-3	R-1

Existing Density in Springdale

36.1980611,-94.1354287



Housing characteristics

# of units	14	1	1	4	3	1	5	4	4	2
Density (DU/acre)	60	36	34	24	22.5	20.5	14	11.4	10	6.5
Acreage	0.232	0.027	0.029	0.332	0.460	0.100	0.360	0.350	0.380	0.310
Width (feet)	72	16	21	100	25	27	75	110	115	90
Setback (feet)	14	10	20	50	28	17	20	35	55	43
Land cost/ft ²	\$4.7	\$19	\$18.5	\$1.9	\$17.0	\$18.0	\$5.1	\$2.0	\$13.4	\$1.4
Zoning	COR	R-0	D-E	I-1	D-E	D-C	RMF-24	MF-12	R-3	R-1

36.3768821,-94.2144679

Existing Density in Fayetteville



Housing characteristics

# of units	14	1	1	4	5	1	5	4	4	2
Density (DU/acre)	60	36	34	24	22.5	20.5	14	11.4	10	6.5
Acreage	0.232	0.027	0.029	0.332	0.460	0.100	0.360	0.350	0.380	0.310
Width (feet)	72	16	21	100	25	27	75	110	115	90
Setback (feet)	14	10	20	50	28	17	20	35	55	43
Land cost/ft ²	\$4.7	\$19	\$18.5	\$1.9	\$17.0	\$18.0	\$5.1	\$2.0	\$13.4	\$1.4
Zoning	COR	R-0	D-E	I-1	D-E	D-C	RMF-24	MF-12	R-3	R-1

Existing Density in Fayetteville

36.3828676, -94.2098982



Housing characteristics

# of units	14	1	1	4	5	1	5	4	4	2
Density (DU/acre)	60	36	34	24	22.5	20.5	14	11.4	10	6.5
Acreage	0.232	0.027	0.029	0.332	0.460	0.100	0.360	0.350	0.380	0.310
Width (feet)	72	16	21	100	25	27	75	110	115	90
Setback (feet)	14	10	20	50	28	17	20	35	55	43
Land cost/ft ²	\$4.7	\$19	\$18.5	\$1.9	\$17.0	\$18.0	\$5.1	\$2.0	\$13.4	\$1.4
Zoning	COR	R-0	D-E	I-1	D-E	D-C	RMF-24	MF-12	R-3	R-1