

9/3/15

Executive Summary

The Committee was asked to identify the principal strategic challenges that Arlington faces, point out the barriers to overcoming those challenges and recommend ways to address them.

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Arlington is challenged today and is entering an era of tough choices with diverse needs competing for money, space and community support.

In addition, this is a time of unusual change in the leadership of the County and Schools. The Committee recommends that addressing the challenges identified in this Report be a priority for both elected and appointed officials.

What do we see as the principal challenges?

- A threatened commercial tax base
- A scarcity of land for public facilities
- A shortage of housing that is affordable for young families (and others)
- The absence of a coordinated data-driven mechanism for strategic facility planning
- The need to revamp our system of civic communication and engagement

A Threatened Commercial Tax Base

Like all local governments in Virginia, Arlington relies heavily on the real estate tax for its revenues. Unique among its Virginia neighbors, 50% of Arlington's real estate taxes comes from commercial properties which include office, retail, hotel and multi-family rental residential. The comparable figure in Fairfax is 25%, in Prince William, 21%.

Decades of a thriving commercial office market has afforded Arlington top-rated schools and a wide variety of public amenities, all while keeping residential taxes low. But that model is threatened now because of a rapid rise in the vacancy rate in commercial office buildings, which is currently 21 percent, more than double its historic level. This is meaningful to every Arlingtonian because every one percent

increase in office vacancy rate equates to a half cent on the real estate tax rate, which is \$_____ on the average single family home.

The causes of this rapid rise in office vacancies are several which means that there is no easy solution. Base Relocation and sequestration at the federal level have reduced the presence of the traditional federal agency tenants and their private consultants; the rise of teleworking and the trend toward shared office space has reduced the demand for private office space; and the opening of the Metrorail Silver Line has brought competition from new offices to our west in Tysons and Reston.

Arlington can no longer rely on its location and reputation to sell itself. It must step up its game in marketing and improve its receptivity to business, both those currently located here and those wanting to come. It must focus on new markets such as research and education and build on the work that has begun with technology businesses in Crystal City and Ballston. It must be willing to respond quickly and with flexibility to requests for minor or temporary changes to buildings or their environs. An enhanced role for the Business Improvement Districts is allowing such changes is recommended.

The Committee recognizes that office development can sometimes put added pressure on county facilities and services, pose additional traffic issues, and challenge the aesthetic vision that some Arlingtonians have of their neighborhoods and the County. In order to make clear the trade-offs the County Board must make, the County Staff Report accompanying a commercial development project should include a statement of its tax impact along with the more traditional analysis of transportation and other impacts. In addition, the charge to the appointed citizen Economic Development Commission should be revised to assign it the job of reviewing the staff tax impact statement and providing its comments directly to the County Board.

Recommendations:

- **Step up marketing efforts to attract commercial office tenants**
- **Add an economic impact statement to project Staff Reports**
- **Require an EDC letter to Board re economic impact of each project**
- **Enhance the role of the BID's in approving temporary changes**

A Scarcity of Land for Public Facilities.

Arlington is only twenty-six square miles, the smallest and most densely populated County in the country. Of that twenty-six, 9.5 is owned by federal, state or regional bodies or taken up by transportation rights of way. Another 14.2 is privately owned. County and Schools account for the final 2.2 and that land is already crowded with heavily used public facilities.

As Arlington's population grows (projected to reach 283,000 by 2040 based on the adopted General Land Use Plan), the demand for more schools, open space and facilities for public services will grow as well. For example, we will not only need to build schools for more kids but also provide sports fields and basketball courts for those kids to use, facilities to park and service the school buses that transport them, and space to store the equipment that repairs the streets and plows the snow on the streets they use. And a similar range of needs will be required for every age group from adult recreation to continuing education and library services.

The challenge for the future is, first, to make better use of the land and facilities we have and, second, to look for opportunities to "create" more land. What does that mean? It means building up, rather than out. It means building over and under whenever possible. It means making facilities flexible and adaptable and appropriate for joint use, whenever possible. And it means finding land where it does not now exist, such as decking over on I-66. These solutions are likely to present engineering challenges and are almost certain to be more expensive but, because land is our scarcest resource, novel and creative approaches may prove to be the most prudent.

To help meet these growing needs, Arlington should formalize a "land acquisition fund," adopt policies for its use and include all types of public facilities as well as the costs associated with any "newly created" land.

Recommendations:

- **Make maximum use (and reuse) of the facilities we have**
- **Encourage joint use of facilities**
- **Build up, under and over rather than out**
- **Create "new" land**

- **Establish a land acquisition fund**

Dealing with changing demographics

Arlington will grow, adding another 70,000 residents if we follow the currently adopted land use plan. The challenge is addressing the needs of those parts of the population that are growing and, particularly those population elements that are critical to our economic future. Diversity is one of our strengths. We are a place where a wide range of people want to live. We attract exceptional people from all walks of life and, importantly, we attract the businesses that want to employ them. We are appealing to the 29 year old who does not want to own a car and wants to live in an urban setting; to the 67 year old who wants to continue to live in the community where her children were raised; and to the young family attracted by the quality schools and the outdoor and indoor spaces and places inviting for children.

But some obvious challenges arise. Increasingly, middle-class families, those earning 80-120 percent of median income, cannot afford to live in Arlington. How do we keep the 29 year old when he or she has children and is looking for a suitable affordable place to live? Are the schools prepared to handle the growing and diverse population that Arlington is likely to attract? Do we have the active recreation facilities they seek? These millennials are the heart of Arlington's future workforce and a critical ingredient in attracting 21st century businesses to locate and grow here. Whether the 29 year old will stay in Arlington to raise his or her family is one of the central, difficult to answer questions about Arlington's future. We do know that the quality of the schools will be an attraction. We do know that the close-in transit-oriented environment appeals to many. But will we have the housing to accommodate them and will the County and the schools have anticipated their numbers correctly so that perceived school crowding will not be a disincentive?

The Committee spent a great deal of time on the issue of projecting future County and school population and has made a series of recommendations to coordinate more effectively the availability and use of demographic data between the schools and the County. On the critical issue of housing that is affordable to those starting out, the Committee has discussed several approaches for the County to consider in

what will likely require further, detailed attention. On the issue of meeting the needs of a diverse student body, the Committee recommends an enhanced program of wrap-around services involving County, school and non-profit community resources in a coordinated program. And, finally, on the issue of meeting the needs of the growing over 65 population, the Committee recommends that more Arlington-specific data be collected and analyzed so that we can plan for seniors in their 60's, 70's, 80's and beyond.

Recommendations:

- **Improve the data flow between County and APS to improve student population projections**
- **Focus on starter housing for new families (and others)**
- **Use demographic projections to help define future facility needs**
- **Enhance wrap around services coordinating school and after-school needs**
- **Better identify the needs of those over 65 (and 85)**

Strategic Facility Planning and Priority Setting

As the Committee dealt with the task of developing a process for the County and School Boards to use in the Siting of Public Facilities, the question arose of how strategic priorities were set for future facility needs. How does a particular project find its way into the Capital Improvement Plan and how does that relate to the County's broader vision of its future? What is the role of the community in thinking through these strategic priority setting decisions?

Our recommendations are designed to achieve four goals:

- Institutionalize better coordination between Schools and County and among the several County departments including development of criteria for prioritizing facility needs
- Improve the opportunity for public participation and input into the early stages of priority setting for future facilities
- Bring together the information about ongoing demographic and economic changes in the County and schools with the early planning and thinking about future facilities.

- Identify long-range strategic issues and their implications for facility needs and provide a basis for prioritizing candidates for inclusion in a future update of the CIP.

We recommend the Boards establish a Facility Strategic Planning Committee comprised of two County Board and two School Board Members (with a rotating Chair) to set policy and give direction to a Joint County/APS Staff Team chaired by a designated senior person from the County Manager’s office and comprised of the key facilities planning staff from APS and County departments. The staff person designated to lead the effort must be senior enough to provide direction and leadership to the rest of the team and be charged with taking a longer strategic view of needs. A longer term, data-driven strategic view of needs—in conjunction with a recognition and understanding of immediate priorities—is critical to ensuring a balanced view of capital needs.

The Facility Strategic Planning Committee would receive annual updates on demographic trends, development market projections and other factors (including the natural aging of structures) and, for schools, the general geography of future school needs that might impact the need for future facilities, whether County or Schools.

In developing a master list of projected future needs, the four-person Committee would review those facilities currently including in the approved pipeline (e.g. the CIP and other previously identified needs) and also the various adopted plans that are part of the Comprehensive Plan, and supporting documents of the Comprehensive Plan including sector and area plans that are adopted for different areas of the County.

Community involvement would be achieved through a County Advisory Council including some members from the Planning Commission and the APS Facilities Advisory Commission. Opportunities for broader community input would be established.

Recommendations:

- **Implement the proposed Public Facility Siting Process**
- **Establish a data-driven County/APS Strategic Planning unit**

- **Set up the interdepartmental staff team and citizen advisory council**

Revamping the Community Dialogue

Arlington has always prided itself on its level of civic participation, from the early 50's when a new generation of residents, many of them federal employees, wrested control of the schools from the segregationist-minded state, to the blossoming of citizen-led land use planning designing our Metrorail corridors. But, in reality, even the most robust civic process reaches only a small percentage of the population. And that is becoming more the case as a new generation gets its information from new sources and communicates in different ways. Our conclusion is that the County and Schools have to redouble their effort to engage with the diverse population that lives and/or works here.

What does this mean as a practical matter? It means developing accessible, educational and actionable information and distributing it through effective channels. It means more vigorous and creative communications and two-way civic engagement efforts, first from the elected officials who set the policy but, just as importantly, from the professionals in the County and Schools who carry out the policies and provide the services. Traditional community meetings have a place. But we have a diverse population, some of whom respond best to information in a digital age where education is provided in short-term text and calls to action are clear and allow easy response. Not everyone is interested in - or able to – regularly visit County or school offices or troop over to the County office building to sit around a table and talk for several hours at a community meeting. That does not mean that people are not concerned about what is happening in the community. New formats and different kinds of places and times for meetings (or virtual meetings) are needed. In the course of this Study, the Committee experimented with some new forms of communication. But, at best, we would award ourselves a “B” in that effort, partly because what is needed is a system-wide rethinking of our communications and civic engagement strategies and practices. The elected officials and staff should experiment with new communications media and, importantly, find ways of reaching those whose participation rates have historically been low. Not an easy task, but one critical in keeping Arlington moving forward together.

Recommendations:

- Build on Arlington’s tradition of civic engagement to reach new audiences
- Recognize that a diverse population receives information in a variety of ways
- Experiment with new channels of communication, particularly social media

A Final Word

The Committee appreciates the opportunity that the County and School Boards have given us to learn more about our community and work with each other and with the Resident Forum to offer you these recommendations. We want to give a special thanks to County and Schools staff and especially to Jennifer Smith, Matt Ladd and Lisa Stengle who led the talented staff team.