

Office-To-Residential Conversions for Arlington

A Compromise for Arlington's Housing Issues

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September 29, 2022

Office-To-Residential Conversions (O2R) are a smart approach that Alexandria, Fairfax, DC, and now California are adopting. There are many reasons why this is a sensible way to deal with the housing issues cited in Arlington's Missing Middle (MM) study. This is explained below.

It is noteworthy that California, which like Arlington, has been wrestling with housing crisis issues has just passed a very significant compromise. This compromise is very different from the track Arlington is on. Considering that California is probably the bluest and most progressive state in the Union and often sets a model for other progressive states and localities, I think this should be recognized as a viable alternative to Arlington's current MM proposal.

The California Assembly recently passed AB2011 (by a 67-4 vote) and Senate passed SB6 (by 33-0). The bills were signed at a ceremony by Governor Newsom on Sept 28.

[<https://www.latimes.com/california/story/2022-09-28/california-affordable-housing-commercial-properties>]

O2R also offers the practical benefit of giving the County Board the opportunity to be heroes by adopting a compromise that embodies the value goals of Missing Middle while retargeting its most objectionable part. O2R also addresses Arlington's ridiculously high office vacancy rate.

Why O2R is a Better Solution:

1) **Availability:** The reduced need for office space has been quietly ongoing for the last 20 years and was accelerated by COVID and the switch to working from home. Today the office vacancy rate in Arlington is above 24% (for class "A" space per Colliers 2Q2022). This is 8x higher than what the industry considers a "good" office vacancy rate. There is no sign that this high vacancy rate will abate. Vacancy will increase. Empty office buildings are a financial problem for building owners and reduce the County's tax revenue. It is also not good look for Arlington. O2R can go a long way to improving this situation.

2) **Transit Oriented:** Much of Arlington's office and commercial space is already located near transit. This is not true of the residential land MM seeks to up-zone.

3) **Greater Impact:** O2R would enable larger projects, producing more residential units in less time, without MM's adverse impact on residential neighborhoods.

4) **Speed and Cost:** Gutting an office building to bare concrete and refitting it for residential often takes less time and is less costly than building new. This should (fingers crossed) lead to more affordable units. Reuse and recycle is also better environmentally.

[<https://www.gensler.com/gri/design-parameters-for-urban-office-to-residential-conversion>]

5) **Infrastructure:** Office and commercial areas usually have better electric, water, sewer, data, etc. infrastructure than residential areas. Working with larger developers on remaking larger areas may allow adding parks and could provide an option to obtain space for additional school infrastructure.

6) **Parking:** Office and commercial buildings usually have plenty of parking, sometimes much more than a residential building would require. This could reduce the temptation to provide so little parking that residents are forced to park on residential streets.

On Nextdoor a woman wrote about the multiplex that replaced a house at 905 Jackson: "brought more congestion and more pressure for on-street parking. Despite its proximity to Metro, the tenants [mostly group of roommates renting together] overwhelmingly have cars, many of which they park on the street because the building does not provide enough parking at a rate they choose to pay. ¶So, if you are keeping score at home we are minus one SFH, and minus many mature trees and permeable surface area. Luxury rentals properties are plus 13 units, and developer profits are plus \$\$ \$\$\$. Congestion on the street is plus many cars, and traffic snarls at that end are plus the many, many more comings & goings of thirteen households. Sadly, there is zero change to affordable housing, and no increase in stable, long-term rental housing for families unless they can afford to pay top market-rate."

7) **Congestion:** Office and commercial property are generally located on wider streets and near arterials. Many of Arlington's residential areas have narrow streets, some have "yield streets" where two cars cannot pass unless one pulls to the curb. O2R would avoid residents blaming you for congestion, noise, and their diminished their quality of life.

8) **Green Space:** Office and commercial property is often surrounded by large areas of hardscape. O2R provides an opportunity to convert hardscape to green

space. This is better than having developers clear cut residential lots, converting lawns and gardens to hardscape.

Most of the County's permeable surface area is in the area targeted by MM. Preserving lawns and gardens would retain permeable surface area necessary to control runoff, water pollution, flooding, as well as preserving habitat area. A County government that seeks to be environmentally concerned should be more aggressive about preserving green space.

One of the residents at the Sept 15 "Conversation" described a teardown near her home built by BCN. BCN's plan was to clear cut the entire lot. Neighbors had to fight to keep some trees. BCN then threatened to sue one of the adjacent neighbors forcing them to remove a beautiful, mature tree on their lot. She described BCN as arrogant and very difficult.

9) **Environment & Health:** Instead of creating a heat island O2R would preserve the currently cooler parts of Arlington. The Marymount University Heat Watch project showed that the areas of the County targeted by MM were significantly cooler in the summer than the developed areas.

Higher temperatures worsen air pollution by increasing ground-level ozone smog and airborne pollen. Dirtier air has been linked to higher hospital admission and death rates.

Heat stress has been associated with alienation, substance abuse, mood/anxiety disorders, schizophrenia, and dementia.

Higher temperatures lead to increases the number of harmful insects and plant diseases. Higher temperatures lead to dramatic changes in precipitation and severe storms.

Lower-income communities are at greater risk than others from these environmental effects because they often live in more environmentally-susceptible areas and have less access to air-conditioned space.

10) **Lower Regulatory Burden:** O2R would enable County government to work with fewer developers on larger scale projects. Producing more units with less regulatory work would be preferable to having to manage many smaller projects. County planners and the BZA are already complaining about their work load. [<https://www.arlnow.com/2021/09/17/county-planners-are-overworked-but-the-planning-commission-has-an-idea-to-help/>]

11) **Prudence:** O2R can be accomplished with less drastic regulation than comprehensive up-zoning. O2R would not run the risk of establishing an up-zoning that could not be rescinded without a significant risk of successful litigation against the County.

At at the Sept 15 “Conversation” Libby Garvey insisted that up zonings could be readily reversed. Few attendees believed her.

According to Real Estate Transactions in Virginia [<https://mccandlishlawyers.com/wp-content/uploads/2020/01/2019-Planning-and-Zoning-in-VA.pdf>]: (bolding of text added by me)

*“In Board of Supervisors v. Snell Constr. Corp.,²⁴⁵ the court said that a comprehensive downzoning enjoys a presumption of validity because it is adopted only “after a period of investigation and community planning” that lends predictability to the process. Piecemeal downzonings, however, do not satisfy this predictability test... **[yet] it is unclear what can ever be a “comprehensive” downzoning. In Aldre Properties, Inc. v. Board of Supervisors, the court ruled that the downzoning of one-third of the county, consistent with an amended comprehensive plan, was a piecemeal legislative decision.**” (Note that I am not a Doctor of Laws, I have a doctorate in regional economics, so I can’t give legal advice.)*

At the Sept 15 “Conversation” I challenged Libby Garvey to “show me.” Several of the attendees brought up the issue of rampant tear-downs destroying much of the affordable single-family homes in Arlington. Libby Garvey admitted that the flurry of teardowns was triggered by recent changes in County ordinances. I suggested that the County should promptly reverse these changes and wait to get sued. The County should not proceed with comprehensive up-zoning until the County’s ability to reverse is reliability established.

Libby Garvey responded to my followup email about this and assigned a staff member to respond. Unfortunately, two weeks have passed without a response from staff.

12) **Good Governance:** O2R has less stink about it. O2R does not look like a sell out to developers (as some have accused). O2R is a sensible and effective solution to a difficult situation.

At the Sept 15 “Conversation” some residents were grumbling and questioning the honesty of government officials. Similar sentiments keep

cropping up on Nextdoor and ARLnow comments. Some call it “a failure of governance.”

13) **A Valid Compromise:** The California compromise summary document specifically states: *“this would allow production of new affordable housing units at scale, without changing the density or character of existing residential neighborhoods.”* This shows us a way for Arlington to successfully address the housing crisis while avoiding the anger of residents who do not want their neighborhoods plundered and degraded.

Issues Not Addressed By O2R

While O2R does address more development and equity issues than MM, O2R does not address all (as if any policy could). O2R is the best feasible option available to us. Its shortcomings should be kept in mind and addressed with additional policy options.

1) **Congestion:** While O2R is unlikely to cause as much severe congestion as MM, some areas are already very congested and should be developed with great care. Arterials and streets in some commercial districts (e.g. Clarendon) are already congested, even at mid-day. Projects like Courthouse West will exacerbate congestion.

Adding density to already congested areas will not be easy. Some already have one-way streets. Some have narrow sidewalks. Some have buildings very close to the curb. The only easy option would be to ban all on-street parking. However, merchants would complain about the lack of easy customer parking and room to receive deliveries. Eliminating parking would also flood already congested residential streets with additional parked cars. Residents would be reminded that the Board cut back the RPP last year.

2) **County Services:** The increased cost of schools and expansion of various County services (e.g. police, fire, health, parks & rec, social services...) would still need to be paid for.

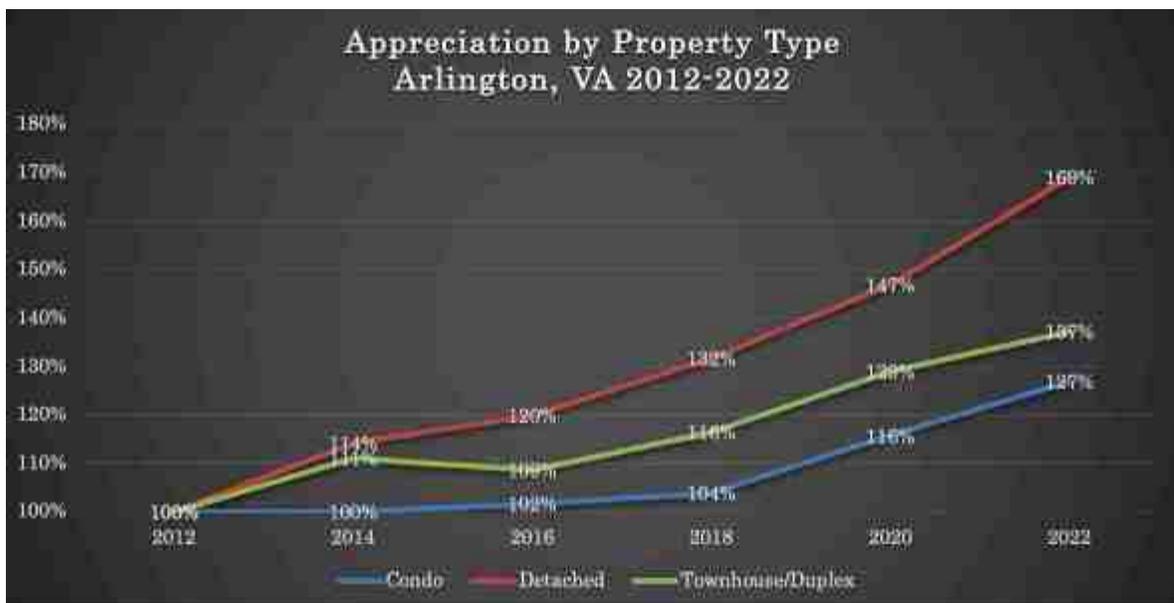
3) **Tax Revenues & Fairness:** An influx of lower-income residents would decrease revenue per capita at the same time as costs per capita would increase. Taxes would need to increase.

Increasing assessments of land value would be especially difficult and unfair on low-income and many middle-class homeowners and seniors living on a fixed income and savings. Unfair because these homeowners are still living in the same house, in the same place, and are no better off: “land rich and

cash poor.”

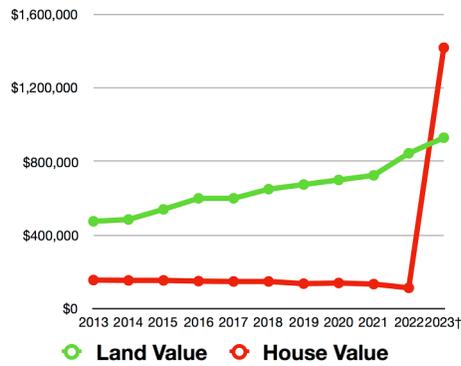
4) **Inter-Generational Wealth Effect:** Homeownership is an important way to build wealth and financial security for present and future generations. Single-family homes build wealth faster than other property types. According to the National Association of Realtors the net worth of a homeowner in 2021 was about 40 times higher for homeowners vs. renters. Neither MM nor O2R advance the goal of creating more diverse and equitable housing options. Addressing Arlington’s epidemic of teardowns would help. MM would enable more teardowns.

[<https://www.nvar.com/docs/default-source/pdfs/nvar-position-on-arlington-missing-middle-framework-6-27-22.pdf>]



<https://www.arlnow.com/2022/06/07/ask-eli-which-property-types-appreciate-faster-rea1/>

5) **Shrinking Stock of Starter Homes:** Teardowns are causing a housing crisis of their own by eliminating Arlington’s affordable starter homes. Replacement houses can cost 2 or 3 times as much as the house that was torn down (one recent SFH on Jackson St is advertised at 14x its previous assessed value). This will probably trigger significant increases in assessments on neighboring properties that will probably force some residents out of their homes. Addressing Arlington’s epidemic of teardowns would help. MM would enable more teardowns.



† 2023 asking price by speculative builder; Land value extrapolated

5) **Population Decline:** Arlington is already experiencing a net decline in higher-income residents and the general population decreased in the last year. These two factors must be taken into account when considering major quality-of-life changes. While O2R would not lower the quality of life as severely as MM it would increase congestion that could increase the rate of out migration and lower the appeal of moving into Arlington for those who consider congestion undesirable. [<https://cardinalnews.org/2022/08/29/more-people-are-moving-out-of-northern-virginia-than-are-moving-in/>]

Related Concerns

1) **Divisiveness:** Advancing proposals that divide large portions of Arlington residents is destructive to Arlington’s sense of community. Doubling down on the divisive proposal only makes matters worse. If staff had conducted open-minded community outreach this conflict could have been avoided.

Until recently Arlington put great emphasis on promoting its great neighborhoods. Residents bought homes relying on this implicit social contract. Shattering this social contract was bound to create conflict. Why was this not obvious to County planners?

2) **Governance Problems:** The MM controversy is a symptom of larger governance shortcomings that should be addressed: conflicts of interest and poor workmanship plague Arlington’s planning process. Arlington needs to evaluate how it got here and seek remedies. It could be as simple as slowing things down so staff has more time to focus on quality or hiring staff who are more familiar with Arlington. Staff and commissioners that have obvious conflicts of interest should not be put in positions of influence, they should be lobbying from the outside, not the inside. Staff and commissioners duty is to represent the interests of Arlington residents foremost.

3) **Community Outreach:** County planners’ typical community outreach session is

a lengthy one-sided presentation with little time for discussion. Questions asked on Zoom sessions that staff does not like get ignored. Online surveys present multiple-choices among equally unpleasant alternatives and trick questions. Summaries of community feedback submitted to the Board are too often misleading. These practices are a disservice to the community and destroy confidence in government. *Surveys conducted by other parts of Arlington government have been much fairer and responsive to resident's input. For example, the recent survey about water bills was exemplary.*

Dr. Thomas Piwowar, PhD. has been an Arlington home owner since 1986. He received a Ph.D. from the University of Pennsylvania in Regional Economics and Conflict Resolution. He worked for over a decade as a policy analyst and forecaster for various federal and state agencies. He then established a consulting practice specializing in electronic publishing. He was one of the two "Computer Guys" broadcast by WAMU and NPR. He is now happily retired.

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