

County Manager's Proposed
FY 2025 Budget

Department of Community Planning, Housing and Development

County Board Work Session

March 14, 2024 | 3:00 – 6:00 p.m.





An aerial view of a modern city street intersection. The scene is dominated by tall, modern buildings with glass facades. A circular graphic overlay is present on the left side of the image, containing text. In the background, a street sign for 'S FERN ST' is visible. The street is busy with pedestrians, including a person in a wheelchair, and a cyclist. The overall atmosphere is one of a vibrant, urban environment.

Mission

To support and guide how Arlington changes and grows physically, socially, culturally, and economically to create an environment that is vibrant, equitable, inclusive, and sustainable and which prioritizes public health and safety for all, now and in the future.

Business
Operations

Director's Office

- Comms/Engagement
- Research/Strategic Initiatives

Housing

Inspection
Services

Neighborhood
Services

Planning

Zoning



Major Accomplishments

Housing Investment

- \$5.59M in AHIF allocations in FY2023 and 174 new Committed Affordable Units (CAFs) (21 new construction and 153 preservation)
- 2,000 CAF unit inspections across 20 properties.
- Regional Fair Housing Plan
- New Affordable Housing Dashboard

Growth Management

- 8 approved site plans and 1 approved Columbia Pike Form Based Code Use Permit in 2023, which generated \$13.65M in AHIF contributions; \$6.9M in off-site transportation contributions and \$7.35M in public space contributions--plus 1 use permit for the new 266,000 sf APS Career Center.
- 1 major area/corridor plan (Plan Langston Boulevard), 166 use permits & site plan amendments, 1 County Board-initiated study, 3 Special GLUP Studies, 14 façade inspections, 202 Administrative Change Requests, 9 Zoning Ordinance Amendments, 15 landscape plan inspections

Neighborhood and Community Investment

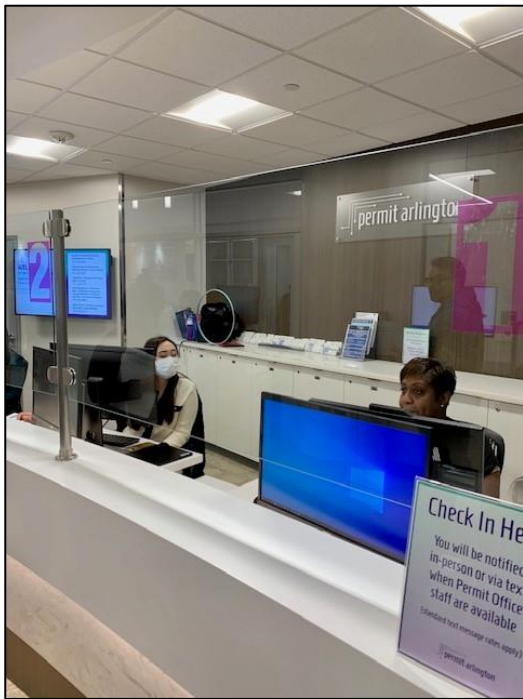
- 2 Arlington Neighborhoods Program projects in FY2023, totaling \$610K in improvements
- Historic and Cultural Resources Plan Adopted and 12 Historic Preservation Fund Grants Awarded

Safe and Orderly Development

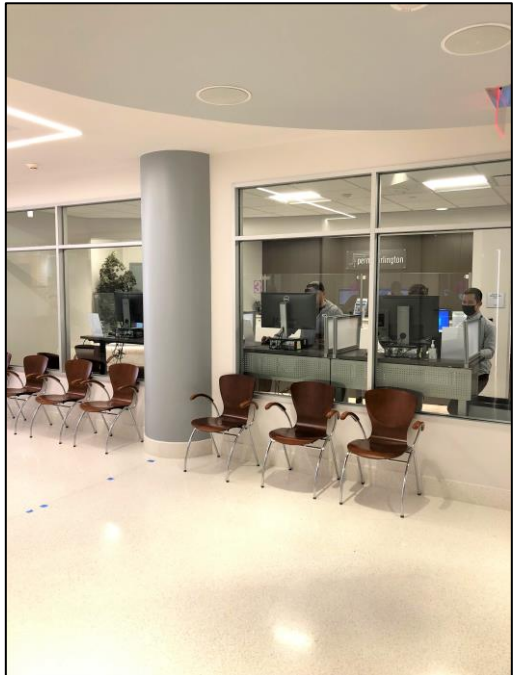
- 6,568 Zoning Permits Reviewed, 176 SF Homes issued COs, 2,252 Zoning Inspections, 117 BZA Cases, 194 pre-application meetings, 427 FOIA requests, 1,042 Customers Served in-person (92% Customer Satisfaction Rating!)
- Nearly 15,000 permits issued with a value of ~\$1.8B, and nearly 65,000 inspections completed through Inspection Services

Community Engagement

- Launched 18 online engagement opportunities, heard from 9,836 community stakeholders, had 5,932 views on CPHD videos, hosted 50-in person pop-ups, sent 56 e-newsletters to 28,000 subscribers, and created 100+ graphics.



- **Moved to Bozman lobby in March 2023:**
 - Focus is customers that prefer in-person assistance or do not have home technology.
 - Average of 62 in-person customers served per week
 - 6-min. avg. wait time and 13-min. avg. service time
- **Supplement to 24/7 access to new Permit Arlington System:**
 - Enterprise approach between CPHD, DES & DTS
 - System development completed in Sept 2023
 - Focus is now ongoing maintenance and support
- **Effective July 1, 2024, the Center will open four days per week.**



Customer Service Goals

Five key goals were instituted in 2009 to gauge the County's progress towards improved development-related services:

- 1. Customer Experience** - Improve customer satisfaction with the quality, professionalism, timeliness, and expertise of permitting technicians as measured by customer satisfaction surveys. Select progress to date:
 - ✓ Completion of the multi-phase Permit Arlington system project in Sept. 2023 which allows customers to apply for all permits, submit plans, request inspections, and pay virtually 24/7.
 - ✓ Opened a one-stop Customer Service Center in 2009 and pivoted to the Bozman lobby in March 2023.
- 2. Permitting and Plan Review of Commercial Interior Alterations** - Reduce permitting and plan review of interior alterations of existing commercial buildings, which at the time of the creation of the Fund was over 90 days, to same day service (or the next day for complex projects). Select progress to-date:
 - ✓ In 2009, created an in-person fast-track process for interior alterations of existing commercial buildings for a single floor and residential building and small additional alterations. The current electronic fast-track process provides an expedited electronic plan review within 2 business days.
- 3. Timeliness of Construction Inspections** - Complete 100% of inspections within 24 hours of being scheduled; at the time of the creation of the Fund, 85%-95% of inspections were completed within 24 hours. Select progress to-date:
 - ✓ Currently, inspections are completed either 99% or 100% of the time within 24 hours of being scheduled.

Customer Service Goals

4. **New Residential Total Construction Plan Review Time from Application to Permit Issuance** - Issue all new residential permits within four weeks, at the time of the creation of the Fund, wait times were 8-10 weeks. Select progress to-date:
 - ✓ While a variety of factors affect the time to issue a permit; currently, building permits for new residential houses have a 10-business day plan review time frame for each review cycle. Most new houses require multiple review cycles.
5. **New Commercial Total Construction Plan Review Time from Application to Permit Issuance** - Complete initial reviews of new commercial projects within 10 weeks and issue permits within 6 months. At the time of the Fund's creation, wait times for initial reviews were 6 months and permits were 18-24 months. Select progress to-date:
 - ✓ Currently, building permits for new commercial buildings have a 15-business day plan review time frame for each review cycle. Almost all commercial buildings require multiple review cycles.

Focus on Equity

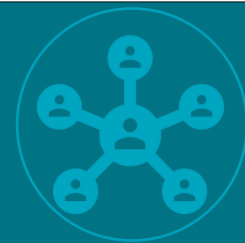
- Participation in County-wide equity training opportunities
- Racial History Timeline
- Demographic Dashboards
- Partnered with DPR on “Let’s Talk About It” dialogue sessions

Normalize



- Participation on the Racial Equity Core Team
- Established CPHD Racial Equity Committee
- New Department Mission
- Racial Equity Action Plan development
- Participation in two GARE-COG DMV Mini-series on Racial Equity in Comprehensive Planning, and budgeting.

Organize



Focus on Equity

- Race & Ethnicity Dashboard
- Use of Racial Equity Lens Tool in Plans and Reports
- Barcroft Apartments
- Homeownership Study
- Expanding Housing Choice: Missing Middle Housing Study
- Expanded Community Engagement
- Arlington Neighborhoods Program Review Implementation
- Permit Arlington Center
- Commencing Update of Comprehensive Plan

Operationalize



- Ongoing assessment of efforts as work continues
- Review of Racial Equity Assessment Tool for CPHD
- Race & Ethnicity Dashboard Briefing Summary – Findings and Trends

Assess



FY 2025 Budget Highlights

Operations, programs, and services resourced by the General, Community Development and Development Funds in FY 2025 are guided by the priorities of equity, innovation and resilience:

- Comprehensive approach to land use planning that centers people and is guided by principals of equitable development
- Housing finance, development, supply and supportive neighborhood and community service programs
- Policy and regulatory framing to effectuate efficient development related processes and reviews
- Increased access to quality and timely customer service
- Long-term health and sustainability of the Development Fund

Key Budget Considerations

- Strategic reductions in General Fund to minimize impact on staff capacity and well-being.
- Balance proposed reductions with level of service needed to maintain and support customer needs and County-wide priorities
- Maintain consistent funding levels in the Community Development Fund
- Market impacts on development and related revenues and fees
- Relationship between resources, performance and impacts - *outcomes*

General Fund

Summary of Proposed Changes

	FY 2024 Adopted	FY 2025 Proposed	Change	% Change
Expenses	\$12,621,708	\$12,730,997	+\$109,289	+0.9%
Revenue	\$2,186,920	\$1,685,340	-\$501,580	-22.9%
Staff	82.0 FTEs	80.0 FTEs	-2.0 FTEs	

- Decrease in revenue due to a projected decrease in planning projects (-\$586,920), partially offset by an anticipated increase in fee revenue (\$85,340) due to the fee review.
- Expenses increasing mainly due the addition of one-time funds associated with the Historic Resources Inventory (\$100k), partially offset by the proposed reductions.

General Fund

Proposed Reductions

	Budget Impact	Staff Impact
Associate Planner Current Planning	-\$141,036	1.0 FTE (vacant)
Associate Planner Comprehensive Planning	-\$126,236	1.0 FTE (vacant)
Code Enforcement Inspector	-\$119,020	1.0 FTE (vacant)*
Housing Consultants	-\$71,000	
Printing Costs	-\$19,805	

*Position to be frozen in FY2026

Community Development Fund

Summary of Proposed Changes

	FY 2024 Adopted	FY 2025 Proposed	Change	% Change
Expenses	\$3,132,006	\$3,132,006	-	-
Revenue	\$3,132,006	\$3,132,006	-	-
Staff	4.5 FTEs	4.5 FTEs	-	-

- The FY 2024 Adopted budget includes entitlement CDBG/HOME/CSBG funds and \$600,000 in program income.
- The FY 2025 Proposed budget assumes level entitlement funding, including projected program income. Any unspent balances at the end of FY 2024 will be carried over into FY 2025.
- Projecting level funding for FY 2025; however, the future of federal budgets may be uncertain.

Community Development Fund

Development Fund

Summary of Proposed Changes

	FY 2024 Adopted	FY 2025 Proposed	Change	% Change
Expenses	\$27,781,797	\$29,078,292	+\$1,296,495	+4.7%
Revenue	\$24,263,095	\$25,297,987	+\$1,034,892	+4.3%
Staff	136.0 FTEs	136.0 FTEs	-	

- The FY 2025 Proposed budget includes increases associated with a new contract for elevator inspections (\$600k).
- Increase in revenue is due to changes in CPHD fees (\$4,619,987) and DES fees (\$830,000) associated with the outcome of the fee review, offset by a reduction in permitting activity(-\$4,415,095).

Development Fund

Development Fee Analysis

- Cross-department, multi-year effort with consultant support to evaluate the **cost of County resources required to process, review, and approve permits, plans, inspections** and related development services.
- *Costs include staff time, overhead and indirect cost allocation.
- **Scope:**
 - General Fund – Planning (94 fees/7categories)
 - Development Fund -
 - Zoning (106 fees/5 categories)
 - Inspection Services (144 fees/17** categories)

* The current 21% indirect cost surcharge will be eliminated. ** 3 additional categories not studied due to limited use.

Development Fee Analysis

- Analysis showed current aggregate fees are under recovering the cost of providing services.
- The proposed goal is **100% cost recovery for Zoning and Inspection Services**, and **75% for Planning**.
- Increases would be **phased in over multiple years** to mitigate customer burden.
- Eight fees will also **decrease**, four will be **eliminated** and many will **remain the same** until further staff analysis is completed. There are also four **new fees**.
- Analysis will also be done outside the budget cycle on time estimates, data collection and potential structural and organizational fee **changes for customer and administrative ease**.

Development Fund

Proposed Fee Increases

- **Zoning (over 3 years):**
 - Fees under 70% cost recovery would increase 30% in FY 2025.
 - Fees between 71% and 100% cost recovery would be adjusted to full cost recovery in FY 2025.
 - Proposed FY25 revenue is \$2,627,888 (+\$212,553)
- **Inspection Services (over 2 years):**
 - Fees under 25% cost recovery would be increased by 35% to 50% in FY25.
 - Fees between 25% to 50% cost recovery would increase 30% in FY 2025.
 - Fees recovering greater than 50% but less than 100% would increase 25% or to full cost recovery in FY 2025.
 - Proposed FY25 revenue is \$22,670,099 (+\$4,407,434).
- For both **Zoning/Inspection Services**, select fees that require additional analysis - **no change** .

Development Fund

Proposed Fee Increases

- **Planning (over multiple years):**
 - Increase fees no more than 30% each year over several years until 75% cost recovery is achieved.
 - The target cost recovery is capped at 75% to account for staff time spent on work items outside of applicants/customers' control.*
 - FY25 revenue is \$1,560,340 (+85,340).

* Includes County Board and Planning Commissioners' requests and atypical volumes of resident outreach and engagement.

Development Fund

Fee Impact: Sample Projects (CPHD/DES)

Project Type	Project Description	Total FY 24 Charge to Customer	Total FY25 Charge to Customer	Impact to Customer (% change)
Residential Project	New 9,295 sq. ft. single family dwelling w/2 car garage	\$16,192	*\$19,694	\$3,502 (22%)
Commercial project	16 story mixed use building with 2 levels of parking garage (75 parking spaces); 231 units and 3,500 sq. ft of retail space	\$830,762	**\$990,761	\$159,999 (19%)

* Includes proposed FY25 fees for DES, Zoning and Inspection Services.

**Includes proposed FY25 fees for DES, Zoning, Inspection Services and Planning.

Development Fund

Output and Outcome Measures

Housing Development and Supply

Output Performance Measures	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Estimates	FY 2025 Estimates
Number of CAF units approved	1,580	174	142	494
Rental CAFs: Cumulative Number	11,039	11,213	11,355	11,849
Rental CAFs: Total CAFs affordable at or below 60% AMI	8,703	9,998	10,140	10,634
Rental Homes Provided to Senior Households	1,111	1,111	1,111	1,191
Rental Homes Provided to Family-Sized Households	5,398	5,510	5,761	5,796
County Loan Funds Allocated in Fiscal Year (millions)	\$195.6	\$5.6	\$12.2	\$63.5
County Loan Funds Disbursed in Fiscal Year (millions)	\$173.8	\$36.4	\$21.4	\$20.0

Output and Outcome Measures

Housing Development and Supply

Outcome Measures	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Estimates	FY 2025 Estimates
Rental housing stock affordable to households under 60% AMI as a percentage of the total housing supply supporting financial stability	11%	12%	12%	12%
Percentage of Rental Homes Provided to Family-Sized Households living in CAF properties	49%	49%	49%	49%
Percentage of Rental Homes Dedicated to Elderly Households living in CAF properties	10%	10%	10%	10%
Percentage of all Senior Housing available as CAFs supporting aging in place	57%	57%	57%	57%
Percentage of accessible CAF units that are occupied by persons with disabilities enhancing housing stability	62%	59%	59%	59%

Next Steps:

- Continue to refine existing outcome measures.
- Review data sources and collection processes for improvements.

Equity Lens Summary

- Who Benefits?
- Who is Burdened?
- Who is Missing?
- How Do We Know?
- What Do/Did We Do?



Upcoming and Ongoing Projects and Initiatives

- Arlington Neighborhoods Program Implementation Framework
- Barcroft Renovation/Redevelopment
- CAF Strategies
- Commercial Resiliency
- Comprehensive Plan Update
- Crystal Houses



- Development Fund & Fees
- Equitable Engagement/ "Radical" Inclusion
- Historic and Cultural Resources Plan (Implementation)
- Historic Preservation Fund (Grants Administration)
- Homeownership Study
- Improving Access to Information

- Multifamily Reinvestment Study
- Neighborhood College
- Neighborhood Grants Program
- Neighborhoods Project
- Permit Arlington/Center
- Regional Fair Housing Plan (Implementation)
- RiverHouse Site Plan
- VHC Site Plan
- Zoning Ordinance/Amendments



CPHD Planning Division Preliminary Work Program Calendar Years 2024-25



Key Work Program Considerations

1. **Timely accomplish non-discretionary**, core mission services
(site plans (and amendments), use permits (+ reviews), admin. changes, etc.)
2. Prioritize **major long-range planning work from CY2023 work program**, before adding new initiatives
3. Support the **Commercial Market Resiliency Initiative**
(regulatory, procedural, and policy updates)
4. Advance **targeted zoning studies** to 1) address known issues and 2) better align regulations with policies
5. Consistently apply a **racial equity lens** to our work and the selection of it
6. Reflect more limited services from **reduced staffing**, and grow capacity
(professional development and training)



Preliminary Division Work Program Priorities

1. Support timely review of more than 10 active site plan/use permit development applications, and just as many (or more) anticipated proposals
2. Barcroft Apartments Master Financing Development Plan (Land Use Plans/Policies)
3. Comprehensive Plan Update - (Phase 1)
4. Multifamily Reinvestment Study (and ZOAs)
5. Melwood Site Special GLUP Study (and other SGLUP Studies)
6. Zoning Studies (or ZOAs) for Broader Areas/Issues and Development-Specific
7. Commercial Market Resiliency Initiative actions

Envision an Arlington County transformed from a collection of inter/independent neighborhoods and delineated transit-oriented development corridors to an integrated high opportunity transit-oriented community, accessible to all.

COMMUNITY PLANNING, HOUSING, AND DEVELOPMENT



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