

1 Minutes of a special work session regarding the Innsbrook Area Land Use Study,
2 beginning at 5:30 p.m. and held in the County Manager's Conference Room,
3 followed by the Minutes of the regular monthly meeting of the Planning
4 Commission of the County of Henrico held in the Board Room of the County
5 Administration Building in the Government Center at Parham and Hungary
6 Spring Roads, beginning at 7:00 p.m. Thursday, April 15, 2010. Display Notice
7 having been published in the Richmond Times-Dispatch on March 25, 2010 and
8 April 1, 2010.
9

Members Present: Mr. Ernest B. Vanarsdall, C.P.C., Chairman (Brookland)
Mr. C. W. Archer, Vice Chairman C.P.C. (Fairfield)
Mr. Tommy Branin (Three Chopt)
Mr. E. Ray Jernigan, C.P.C., (Varina)
Mrs. Bonnie-Leigh Jones (Tuckahoe)
Mr. R. Joseph Emerson, Jr., Director of Planning, Secretary
Mr. David A. Kaechele
Board of Supervisors Representative

Also Present: Ms. Jean Moore, AICP, Assistant Director of Planning
Mr. James P. Strauss, CLA, Principal Planner
Mr. Benjamin Sehl, County Planner
Ms. Jamie Sherry, County Planner
Ms. Sylvia Ray, Recording Secretary

10
11 **Mr. David A. Kaechele, the Board of Supervisors' representative, abstains**
12 **on all cases unless otherwise noted.**
13

14 Mr. Vanarsdall - The Planning Commission will now come to order for
15 this special work session.
16

17 Mr. Emerson - Thank you, Mr. Chairman. Tonight Ben Sehl will
18 present to you a draft of the Innsbrook Area Land Use Study. As you know, he's
19 been working on it for some time. We have scheduled an open house for May 4th,
20 which will occur at Innsbrook. Ben will give you the exact location. We're using a
21 building within Innsbrook for our open house. It will be the same style as the
22 open houses that we conducted for the 2026 Plan. This is a large area land use
23 study. It's the largest one we've ever done; it's, I believe, 1,185 acres. It's kind of
24 an exciting undertaking. With that, I'll turn it over to Mr. Sehl and let him present
25 the document to you.
26

27 Mr. Sehl - Good evening. I'd like to start by saying thank you for
28 the opportunity to present the Planning Department's Draft Innsbrook Area Land
29 Use Study tonight.
30

31 Mr. Vanarsdall - Your mike is not on, I don't think.
32

33 Mr. Sehl - I'll project a little better. In front of you, you'll find a
34 packet that contains the presentation I'll be giving to you this evening, as well as
35 a number of pages showing the changes that have been made since the initial
36 draft that was distributed to you about three weeks ago. We've also provided a
37 clean copy of the draft study, as well as a brochure that will be mailed out to the
38 community in the coming days. I'll discuss that further in a little while.

39
40 The Board of Supervisors directed staff to conduct a study of the future land uses
41 in the Innsbrook area on September 22nd of last year. The draft study recognizes
42 the important part that Innsbrook plays in the County's economy and how current
43 economic conditions and building vacancies can impact the overall economic
44 health of the County and the region.

45
46 The intent of the study was to examine how current conditions impact
47 development within the Innsbrook area and to study opportunities to infill
48 development that could respond to the influence of recent mixed-use
49 development trends.

50
51 This slide shows the steps that staff has currently undertaken in creating this land
52 use study. The study area has been defined and documents have been drafted
53 detailing the vision and goals for the area. Our next step will be to present these
54 documents to the public, and once any necessary revisions have been made
55 based on their input, hold public hearings with the Planning Commission and
56 Board of Supervisors.

57
58 The map on your screen here shows the boundaries of the Innsbrook corporate
59 center. To determine the area subject to the County's land use study, these
60 boundaries were good. For the purposes of our study, we then looked at other
61 developments and opportunities in the area, taking into consideration
62 transportation links and vacant properties for redevelopment. The expanded
63 boundary of the study area is shown here.

64
65 The County study area includes Innsbrook as shown on the previous page, with
66 the addition of areas such as the former Circuit City headquarters complex and
67 West Mark south of West Broad Street. Transportation infrastructure such as
68 interstate interchanges and connections to mass transit facilities were also
69 considered in these boundaries. Adjacent underdeveloped or undeveloped
70 properties were also included. Overall, the study area contains approximately
71 1,185 acres and over 7 million square feet of office development, as well as 1.6
72 million square feet of retail development.

73
74 After defining the study area, one of the first things the staff did was assess
75 current conditions. Recognizing the importance of Innsbrook as an economic
76 generator for the County and evaluating the impact of recent economic trends on
77 the area were an important part of the background research necessary. For
78 instance, according to recent market studies, the area around Innsbrook has a

79 vacancy rate exceeding 25% at this time. The increase in vacancy rates in the
80 vicinity provides an opportunity for the County to study the impacts of these
81 vacancies, as well as determine if changes to the planned uses in the area could
82 insure Innsbrook remains a viable economic generator for the County and the
83 region.

84
85 Several site visits were made to the study area to evaluate existing conditions.
86 From these site visits, it was determined that the properties within Innsbrook
87 have been constructed with a high level of quality, but development in the area
88 generally reflects a type of development that was typical of the time period during
89 which Innsbrook was created. This type of development is characterized by
90 separating uses that require large areas of surface parking and often under
91 utilize valuable property. Recent trends toward sustainable development have
92 meant that communities are reevaluating the way that they grow in order to
93 achieve a more efficient use of available land. This is demonstrated by the
94 recently adopted 2026 Pan with an increased presence of mixed-use
95 development designations.

96
97 To take advantages of opportunities for infill development, staff developed three
98 scenarios as shown on this map. This map has been revised to the most recent
99 version of the draft and you should have a copy in front of you. These
100 development scenarios are intended to maximize the redevelopment potential of
101 the study area, while still assuring adequate protection of adjacent residential
102 uses and guide density and building height into appropriate areas. Staff also
103 developed policies for each of the scenarios to provide additional guidance.

104
105 Mr. Emerson - Excuse me. The package of information that you have
106 in front of you, there have been some revisions made to the draft that we
107 provided to you at the last meeting. So you do have those changes, and that's
108 one of the changes that Ben just touched on.

109
110 Mr. Sehl - Right after the presentation, you'll have a more
111 detailed copy of the map, and then following that are all of the changes to the
112 document that you first saw.

113
114 Mr. Emerson - And then you have a clean document, just so you
115 know what's in your package, and then a flyer that we intend to mail. The
116 changes are reflected on the land use map similar to the one reflected on the
117 screen. You also have a redlined copy of the pages that changed within the
118 documents you have. We did this because we felt when you read your other
119 document, you may very well have made some notes in it that you wanted to
120 refer through the meeting.

121
122 Mr. Sehl - As I did note earlier, those revisions have been
123 distributed to you. The major changes in the document are centered on the
124 development scenario section of the study, as well as residential use distribution.

125 The most notable changes to the development scenario section of the study is
126 the removal of the height restrictions. We believe it is more appropriate to limit
127 height based directly on proximity to single-family residential uses versus setting
128 a potentially arbitrary limitation. So in place of the height limitation in the
129 development scenario section of the plan, staff has instead developed a couple
130 of different policies that added building height limitations in two different sections
131 within 150 feet of the boundary of the study area, as well as 300 feet of any
132 residential development. Those are areas directly adjacent to existing single-
133 family residential homes.

134
135 To go into greater detail for those development scenarios, I'd like to kind of walk
136 you through each of the different ones that'll be on the bottom of the slides here.
137 The first are the areas proposed for lower density. The first time you saw these
138 they were areas of lower height and density, but then again, those height
139 restrictions have been removed from the study. Instead we have a blanket
140 restriction on those heights within certain distances of existing single-family
141 developments.

142
143 The areas proposed for lower density could possibly support residential
144 development of up to 10 units per acre. These areas are located closest to
145 adjacent single-family neighborhoods and must therefore be respectful of the
146 boundaries that are created with those neighborhoods in that they share with the
147 existing homes that have been developed alongside the boundary.

148
149 Next you'd see the moderate density areas. These areas are also close by to
150 existing single-family homes, but generally have more room for buffering and
151 creating appropriate transitions to adjacent residences. Therefore, they can
152 support somewhat higher densities, but should also be certain to create
153 transitional areas that are complementary to these existing uses. These areas
154 still could include the existing approved urban mixed-use development within the
155 study area and the densities that are shown here are consistent with the
156 approved densities for the Highwoods UMU that was approved by the Board of
157 Supervisors.

158
159 Lastly you'll see the largest chunk of the study area, which are those areas that
160 are dedicated to the greatest density. These are located farthest from existing
161 residential uses and concentrated along major transportation corridors in the
162 study. Therefore staff believes that these areas are best suited for the most
163 intense development and density is recommended to be no more than 40 units
164 per acre.

165
166 In addition to the guidelines that I discussed regarding the height limitations
167 adjacent to existing single-family residences, staff has also developed a number
168 of draft policies that pertain to site building design, pedestrian accommodation,
169 transportation, and landscaping. These policies are intended to guide
170 developers as they create proposals for development within the study area, as

171 well as provide additional direction for staff when we review those applications.
172 They are intended to create a similar form of development that has been seen in
173 recent mixed-use development within the County, such as West Broad Village
174 and Rocketts Landing. You can see some of the conceptual renderings that
175 were submitted as part of those developments and this is similar to the form of
176 development that you might see as properties within Innsbrook are redeveloped.

177
178 In addition to the three development scenarios, staff had developed three land
179 bays in the study area, which are separated by the transportation corridors of
180 West Broad Street and Nuckols Road. These land bays will provide staff with
181 baseline records numbers such as existing non-residential square footage to use
182 during a review of future development proposals. This is especially important
183 considering the County's desire to maintain an appropriate mix of residential and
184 non-residential uses. In this way, the County can ensure that an excess amount
185 of new residential development is not concentrated within the study area or any
186 one area of the study area. Limiting residential development in each land bay
187 and the entire study area to 50% of the total development within each land bay
188 will help achieve both of these goals. So in essence, there is an existing amount
189 of non-residential development. They can develop residential uses up to the
190 current level of non-residential development. The only way they could exceed
191 that would be through developing additional areas such as offices.

192
193 We note that this percentage has been modified on page 22 of the revised draft
194 provided to you this evening. Staff believes that this change is necessary and
195 appropriate considering the importance that residential development will play in
196 creating a true mixed-use environment throughout the study area.

197
198 Based on these factors that we've discussed this evening, staff has
199 recommended the majority of the study area be re-designated to Urban Mixed-
200 Use on the 2026 Future Land Use Map. Certain properties such as government
201 facilities or areas within the 100-year floodplain would retain their current
202 designations. Staff also recommends the area be designated as a special focus
203 area, which would allow the guidelines for development contained in the study to
204 be used in review of development proposals in the future. Re-designating
205 properties within the study area for UMU does not remove the requirements to
206 rezone those properties for this form of development or lessen the strict
207 requirements for developments of this type such as infrastructure impact
208 statements and detailed master plans. The guidelines and policies for the area
209 would instead provide additional guidance for staff and potential developers, and
210 send a clear message about the type of development that is desired within the
211 study area.

212
213 Designating the majority of the area to UMU would also allow the area to meet a
214 portion of the County's mandated urban development area. These areas have to
215 meet certain density requirements, which are about to change due to recent

216 legislation that has been passed by the General Assembly. This would allow us
217 to meet a portion of that.

218
219 Consideration could also be given in the future to designating the area as a
220 technology zone. As briefly described in your study, these zones function similar
221 to Enterprise Zones and allow for reduction in fees for developments within the
222 zone, as well as allowing additional regulatory flexibility for the locality.

223
224 The area shown here was essential in developing a notification area for the
225 study. We thought that insuring adequate public input in the study process was
226 essential and therefore we developed this notification area. The properties shown
227 in this map will be included in the mailings for a planned public meeting. That
228 mailing will include the brochure that was distributed as part of your packet; it's at
229 the very back end of it. That will be mailed out next week, early next week, to
230 give everybody a couple of weeks noticed to the planned meeting. This area
231 includes over 2400 property owners within the area and it also directs those who
232 receive it to the website that the County has created. It's part of the Planning
233 Department's website. There is information regarding the study, the initial steps
234 that we have taken. And soon after our work session this evening, either
235 tomorrow or early next week, the draft study, the same copy that you've received
236 tonight, will be posted there as well so the public can get an advanced look
237 before coming to the open public meeting planned for May 4th.

238
239 That website also provides a way for the Planning Department to be contacted
240 with any comments or questions. Those comments and questions will be
241 evaluated by staff after they've been submitted, as well as the information that
242 we gather from the public information meeting. Any potential revisions will be
243 made prior to additional meetings with the Planning Commission in advance of
244 the public hearings and potential work sessions with the Board of Supervisors as
245 well.

246
247 That really brings us to the next steps in the process. As I said, on May 4th at the
248 Highwoods One office building, which is located at the northwest corner of Cox
249 and Nuckols, is where the meeting will be held. That meeting will be similar to the
250 format that the Magisterial District Comprehensive Plan meetings were held in
251 May, 2008. It will be an open house format from 5:00 to 7:00 p.m. That
252 information is detailed in the brochure as well. Based on the 2,400 notices that
253 we plan on sending out, we hope to receive a good bit of public comment at
254 those meetings. Based on the outcome of that meeting, staff will then potentially
255 hold an additional work session, or at the very least, come back to your May
256 rezoning meeting and if we have enough time, get all of those comments
257 together and have a discussion item on your agenda on May 13. That would
258 allow staff to look at the initial comments that we received at the public
259 information meeting. Based on that, we could potentially see another work
260 session with the Planning Commission, if they thought it was necessary. And
261 then, based on the outcome of that, we could potentially have a work session in

262 July with the Board. Staff is currently anticipating ultimate adoption by the Board
263 of Supervisors in August.

264

265 That essentially concludes the information that I have to provide to you this
266 evening. I am certainly happy to answer any questions you have on the study. I
267 know it's a big document that we've provided and we hope that we provided you
268 adequate time to review it.

269

270 Mr. Vanarsdall - Any questions for Mr. Sehl?

271

272 Mr. Branin - With news getting out that this is being prepared,
273 have we been getting any feedback or contact with the County in regards to
274 Innsbrook?

275

276 Mr. Sehl - There have been I would say 10 or 12 people who
277 have contacted the department. We have an e-mail address set up on the
278 website. We have not received anything through e-mail yet at this point. We
279 have been receiving phone calls. Some are from property owners and some are
280 from property managers in the area looking for a general—because the study
281 has not been posted to the website yet, just general information of where we are
282 in the process.

283

284 Mr. Branin - So basically no comments, just strictly trying to gather
285 information?

286

287 Mr. Sehl - Trying to gather information.

288

289 Mr. Vanarsdall - They can contact you through to e-mail and phone
290 and so forth?

291

292 Mr. Sehl - Yes sir. You'll find—

293

294 Mr. Vanarsdall - It would be easier for them to get back in touch with
295 us.

296

297 Mr. Sehl - On the very back page of that brochure there's a
298 listing of online resources. It contains a direct link the County's website, as well
299 as an e-mail address that we set up specifically for this study. If they e-mail that,
300 it comes to a couple of different people in the Planning Department so that we're
301 able to respond.

302

303 Mr. Emerson - Also, I will note again that we haven't done this
304 mailing yet. This will go out next week. Based on comments tonight, we would
305 post the draft document either tomorrow or Monday. If you don't have any
306 changes tonight or changes that we can make in the morning, it's possible we
307 may have this study posted tomorrow afternoon on the website for the public to

308 begin to absorb and access. We would mail this next week. The reason we went
309 into such detail explaining everything in our flyers is because we are doing a
310 large mailing area. Again, it's been noted it's 1,185 acres. If you go back to the
311 notification map, it is difficult to determine an adequate notification area for a
312 project of this size and then to have a logical breaking point. We try to use major
313 roads versus coming down a neighborhood road. So we were challenged a little
314 bit in regards to how we drew the notification area. Again, by making it accessible
315 on the Internet and putting together a fairly informative flyer, we're hoping to be
316 able to notify people and educate them as to what's going on.

317
318 Mr. Vanarsdall - That's good, thank you.

319
320 Mr. Kaechele - One question. In the land bays A through C, where
321 you don't have the zoning residential areas, is this high density or is it—

322
323 Mr. Sehl - This is by the greatest intensity area, as shown here.
324 You're correct. In Land Bay C, which is the southern most land bay where Circuit
325 City and West Mark are located, there aren't directly adjacent residential uses.
326 So that area is actually all designated for greatest density. It doesn't have any of
327 the height restriction. There are some residential neighborhoods adjacent to
328 Land Bay A to the east. Those areas would be subject to the proposed height
329 restrictions that we discussed. That's where our greatest density area would be.
330 It would still be limited by the height that's in our Urban Mixed-Use ordinance, but
331 that height can be increased through a provisional use permit process.

332
333 Mr. Archer - Ben, in one of the slides you mentioned that there
334 were large underused parking areas. Is that a general condition or is that due to
335 underutilization or vacancy or what?

336
337 Mr. Sehl - I think those areas very well could be parked to the
338 County's requirement. They may be underutilized depending on the tenant. But I
339 think from staff's standpoint where those areas—you might still need the same
340 number of parking spaces, but those areas could be through the use of
341 structured parking or other means, you're losing out on building square footage
342 potentially. I think that's what staff is indicating by underused or underutilized.

343
344 Mr. Archer - You didn't say unused - you said underused.

345
346 Mr. Sehl - As you can see through some of the images that were
347 provided, it very well depends on the tenant that might be in an office building, if
348 there are—those vacancy rates that I discussed early obviously play a part.

349
350 Mr. Archer - I can understand that because depending on the type
351 of tenant, that could determine what drives the number that might appear.

352

353 Mr. Sehl - Our current office district regulations, we have certain
354 parking requirements for all those uses.

355

356 Mr. Emerson - A better way to describe it may be “unrealized
357 potential.” I’m certain it’s parked per our regulation. Of course, “per our
358 regulation” means you allow enough for the workers and then people who visit.
359 And hopefully you still have a few spare spaces. Normally, our parking lots
360 throughout the County, as you well know, don’t fill up except at Christmas, the
361 commercial entities. What you have here is an increase in property value that
362 has now leant itself to unrealized potential in increasing some density and
363 actually building parking structures to handle that parking.

364

365 Mr. Vanarsdall - Anybody else?

366

367 Mr. Branin - Mr. Chairman, I don’t know the protocol in a work
368 session. We hear from staff and we talk amongst ourselves. The applicant, Mr.
369 Kreckman from Highwoods, is in the room. I would ask if you and Mr. Secretary
370 would want, for the sake of the Board, allow him to make some comments?
371 We’re running a little ahead of schedule.

372

373 Mr. Vanarsdall - I don’t have any objection.

374

375 Mr. Emerson - As. Mr. Branin said, it’s not normal, but I don’t have a
376 real objection to that. Highwoods and Innsbrook has been involved in their study,
377 which [unintelligible], which I know at least some of us have been involved in. I
378 don’t see it as a problem.

379

380 Mr. Branin - Mr. Secretary, in the view of Mr. Kreckman will, of
381 course, be meeting with Mr. Kaechele, and staff, and yourself on a regular basis,
382 but the rest of the Commission doesn’t get an opportunity to hear from him until
383 the case is heard.

384

385 Mr. Vanarsdall - Come on over and take the mike.

386

387 Mr. Branin - Not to put you on the spot, Mr. Kreckman.

388

389 Mr. Kreckman - Not at all, not at all. I’m kind of wearing a couple of
390 hats. Thank you for the opportunity. I’m vice president of Highwood Properties.
391 A third of the Innsbrook is owned by our company. I’m also president of the
392 Innsbrook Owners Association, which includes practically all the owners in the
393 park. So I’m here with a dual responsibility, if you will.

394

395 We started this study several years ago, really, when Markel Insurance, which is
396 one of our partners in the park, was looking at what should they do. Should they
397 stay in Innsbrook, they own some land in West Creek. What are the relative
398 values of using that for another suburban office park or staying in Innsbrook?

399 We're heavily involved in what the future would look like. And we came to the
400 conclusion after about a year or year and half of study that the kind of location
401 that companies like theirs were looking for was a more urban type of location. To
402 attract the best of brightest of employees, they needed to have a certain kind of
403 location, which fostered a lot of interaction, a lot of activities, a lot more of the
404 urban intensity and excitement than a suburban campus. It got us thinking about
405 what that meant for the future of Innsbrook. As we finished the suburban
406 horizontal development of the park, what was the future of Innsbrook. So we
407 began our own in-house focus groups and discussions with property owners,
408 employees, and the like. So we realized that as we look at the kind of LEED
409 developments, sustainable development, and we look at the workforce that the
410 companies needed to have to be successful, and then how do we go out in
411 economic development and attract new companies. I'm in this as much for my
412 own company as I am for the other property owners at Innsbrook.

413

414 I think what you have the opportunity to do here with the interstate systems that
415 are there, all the infrastructure that's there, is to now take Innsbrook from a
416 horizontal suburban, very nice, award-winning office park—I love what we did—
417 but the next phase in the next 25 or 30 years as we look down the road, is to
418 make it more vertical. As we talk about that, though, I think—we talk a lot about
419 urban mixed-used, but I like to use the word urbane. I think we have to
420 essentially look at the buildings. So we're very excited that the County has taken
421 this step in how to re-designate this area and it's now going beyond Innsbrook,
422 and I think rightly so, as the area south of Broad Street is an important area to
423 look at as well. So we're really excited about this in terms of the planning
424 process.

425

426 One thing that wasn't mentioned—and I'll move to that as well—as we had the
427 recent storm water regulations. There is a lot of concern about that. We should
428 still be concerned it's not going away. One of the things that is very important to
429 us as you look at the UMU designation and the Urban Development Area
430 designation is that will allow us, in conjunction with the County to include
431 Innsbrook in the County storm water management plan under the existing
432 development—the existing storm water regulation. That's very important. As you
433 look to being economically competitive with other areas, the cost of
434 environmental compliance and storm water compliance is a major factor. The
435 lakes at Innsbrook are more than what is required for normal storm water
436 management. So part of our study—we've done a land-use study and we've
437 done a storm water management study. What we've found is we have the
438 existing capacity within the lake system to allow us to meet the existing storm
439 water quality regulations to the zoning capacity that you've already granted in
440 terms of impervious services. It's a little technical, but at the end of the day,
441 we're able to continue to develop Innsbrook to what you've allowed us to under
442 the zoning we have by being designated an urban development area and using
443 the current regulations. As that gets rolled forward in the County's storm water
444 management plan and is accepted by the State, it puts all of us—all of us as

445 property owners and the County—at a very competitive position for the future to
446 be able to attract new development. The economic development people will be
447 able to sell this plan that you're getting ready to adopt with the combination of
448 storm water compliance issues together. That puts us in a very competitive
449 position.

450

451 I want to thank you for taking step. It's a very important step. The Innsbrook
452 Association is completely behind this and I know a lot of the neighbors that we've
453 talked to around us are very much in faor this as well. If you have any questions
454 for me, I'll be glad to try to answer them. If you go to our website—
455 innsbrook.com—all the things that we've done are on the website. You're
456 welcome to look at that.

457

458 Mr. Vanarsdall - Thank you. It was very informative.

459

460 Mr. Kreckman - The only thing, frankly, I should say is we've enjoyed
461 working with the staff. I think it's a great example of the public sector and the
462 private sector working together to achieve a very excellent common goal for all of
463 us. So I want to say Joe and the staff have done an excellent job of preparing
464 this study and looking at the facts and coming up with a very workable plan.

465

466 Mr. Kaechele - Before you leave, I know it's a long-range plan and
467 the idea to get people living close to where they work. I think the citizenry, that's
468 going to be our first question, how do we expect to handle the increase in traffic.
469 What's the current answer to that, that the infrastructure will fall in place with
470 rezonings?

471

472 Mr. Kreckman - That's a very good question, Dave. One of the
473 problems of the suburban planning model is that you tend to focus traffic on two
474 major roads and two intersections. So you tend to get a bottleneck. What we're
475 proposing is sort of—lower level, the implementation study of the overall concept
476 is that we will have what I call porous grid system. We talked to some of the
477 property owners. You'll get more intersections by having a grid and block
478 development. More ways for people to move within and around the park. Part of
479 the problem is, as you know, Sadler Road several years ago, folks were afraid
480 with what might happen with Innsbrook. So we have a requirement that we can't
481 go out on Sadler Road. We had to build that big berm over there by Wachovia.
482 And now that folks have assembled some of that land over there and some of the
483 neighbors that have talked about this are saying that's stupid. With the
484 realignment of Sadler Road, we can get rid of that berm and we can create more
485 of a forced grid system that allows people to move easily down the residential
486 areas by multiple paths in Innsbrook and back out. So you're taking the pressure
487 of from many areas by having more ways of moving around.

488

489 LEED has come out with a neighborhood development certification program. One
490 of the criteria they have is the number of intersections you have within a specified

491 radius of your park. We're pretty comfortable that by doing this, we would be well
492 qualified to meet that criteria of the LEED program. In fact, everything we're
493 doing here puts us in a position to go out and be one of the first communities to
494 get LEED certification.

495

496 We've talked about that the County provided lanes for roads in the future. We're
497 trying to also provide a lane for a transit corridor inside the park that will allow us
498 to look to the future as to how we would have internal lanes within the park.

499

500 I hope that's good.

501

502 Mr. Emerson - The second part of that answer is correct, Mr.
503 Kaechele. We talked to Works about this in regards to the study. We'll analyze it.
504 That's one of the reasons for the land bays. As the re-zonings come in, we'll
505 analyze it and improvements will be made as necessary based upon traffic
506 studies and utility flow studies and things of that nature. It's kind of hard to
507 assess at this point exactly what the need will be. Many of the answers are
508 contained within what Paul told you, the grid pattern will assist. It will be analyzed
509 as each section comes in. We'll run a cumulative count and view it as we
510 normally do re-zonings. It just we're more concentrated in this area.

511

512 Mr. Kreckman - One thing you have to keep in mind I've laid out
513 layout Innsbrook against downtown Richmond. And if you lay Cox Road in the
514 same track as Broad Street in downtown Richmond, Innsbrook from Broad
515 Street to the end of Cox Road, we go from a point right east of Main Street
516 Station all the way west to the Lee monument. That's how big Innsbrook is. So
517 as you talk about infrastructure, this is going to take a long time. It's not going to
518 happen overnight. And Joe is right, we're going to have to keep track of how well
519 we're doing it in interim periods against traffic studies and traffic congestion. We
520 don't want to make it worse.

521

522 Mr. Vanarsdall - If there's nothing else, we'll close this session and
523 we'll reconvene downstairs in the Boardroom.

524

525 Mr. Emerson - We'll plan to post this on the website.

526

527 **AT 6:53 P.M. THE MEETING RECONVENED IN THE BOARD ROOM**
528 **FOLLOWING THE WORK SESSION.**

529

Members Present: Mr. Ernest B. Vanarsdall, C.P.C., Chairman (Brookland)
Mr. C. W. Archer, C.P.C., Vice Chairman (Fairfield)
Mr. Tommy Branin (Three Chopt)
Mr. E. Ray Jernigan, C.P.C., (Varina)
Mrs. Bonnie-Leigh Jones (Tuckahoe)
Mr. R. Joseph Emerson, Jr., Director of Planning, Secretary
Mr. David A. Kaechele

Board of Supervisors Representative

Also Present: Ms. Jean Moore, AICP, Assistant Director of Planning
Mr. James P. Strauss, CLA, Principal Planner
Ms. Lisa Taylor, County Planner
Ms. Sylvia Ray, Recording Secretary

530

531 Mr. Vanarsdall - We had a session upstairs, so we're reconvening
532 here tonight. Welcome to everybody, all the Planning Commissioners, Mr.
533 Kaechele down on the end who represents the Board, and our secretary, Mr.
534 Emerson.

535

536 We don't have anyone here tonight because we only have one case and that one
537 is going to be deferred. So, good evening, Mr. Strauss.

538

539 Mr. Emerson - Mr. Chairman, would you like to do the Pledge
540 tonight?

541

542 Mr. Vanarsdall - Oh, I'm sorry. Please stand for the Pledge of
543 Allegiance to the Flag.

544

545 Thank you.

546

547 Mr. Emerson - Mr. Chairman, I do not believe we have any news
548 media with us tonight. With that, the first item on your agenda is request for
549 withdrawals and deferrals, and those will be presented by Mr. Jim Strauss.

550

551 Mr. Strauss - Good evening members of the Commission. Staff is
552 aware of one request for deferral and that is in the Brookland District. It is case
553 C-6C-10, Kneading Therapy, Incorporated. This is a request to amend proffered
554 conditions accepted with rezoning case C-36C-92. The applicant is requesting
555 deferral to the June 10, 2010 meeting.

556

557 **(Deferred from the March 11, 2009 Meeting)**

558 **C-6C-10**

559 **Carol LeRoy for Kneading Therapy, Inc.:** Request
560 to amend proffered conditions accepted with Rezoning Case C-36C-92 on Parcel
561 755-758-3580, located at the southeast intersection of Springfield Road (State
562 Route 157) and Huron Avenue. The applicant proposes to amend Proffer 1(a)
563 related to landscaped buffers, amend Proffer 5(a) related to permitted uses, and
564 amend Proffer 6 related to hours of service. The existing zoning is B-2C. The
565 Land Use Plan recommends Commercial Arterial.

565

566 Mr. Vanarsdall - Anyone in the audience in opposition to this case, C-
567 6C-10, Carol LeRoy for Kneading Therapy, Inc.? No opposition. I see that Mrs.
568 Carol LeRoy just walked in—I'll give you a little publicity—the owner of Kneading
569 Therapy. Nice to have you, Carol. With that, I recommend C-6C-10, Carol

570 LeRoy for Kneading Therapy, Inc., be deferred to June 10, 2010, at the
571 applicant's request.

572

573 Mr. Branin - Second.

574

575 Mr. Vanarsdall - Motion by Mr. Vanarsdall, seconded by Mr. Branin.
576 All in favor say aye. All opposed say no. The ayes have it; the motion passes.

577

578 At the request of the applicant, the Planning Commission deferred C-6C-10,
579 Carol LeRoy for Kneading Therapy, Inc., to its meeting on June 10, 2010.

580

581 Mr. Emerson - Mr. Chairman, that was the only request for deferral
582 we had tonight. You have no requests for expedited items. That leaves no cases
583 to be heard. You do have two remaining items on the agenda. I think at this point,
584 if it meets with your approval, I would request that you go to the minutes and
585 consider the approval of the minutes for your March 11, 2010 meeting.

586

587 Mr. Vanarsdall - All right, let's do that. Anybody have any changes for
588 the minutes? No changes? Did anybody read them this week? All right. Then I
589 need a motion.

590

591 Mr. Jernigan - So moved.

592

593 Mrs. Jones - Second.

594

595 Mr. Vanarsdall - Motion by Mr. Jernigan, seconded by Mrs. Jones. All
596 in favor say aye. All opposed say no. The ayes have it; the motion passes.

597

598 Mr. Emerson - Mr. Chairman, that leaves you with one item on your
599 agenda, which is a presentation from the Home Building Association of
600 Richmond, "Greater Richmond Regional Trends: Changing Demographics and
601 Housing Needs." I believe you have the information regarding the speakers.

602

603 Mr. Vanarsdall - Mr. Warren Wakeland, who is the Director of
604 Government Affairs for the Home Building Association, I believe he is going to be
605 first. After Mr. Wakeland, we have Barry Merchant, who is the Senior Policy
606 Analyst for Virginia Housing Development Authority. We're glad to have both of
607 you with us tonight.

608

609 Mr. Wakeland - Thank you, Mr. Chairman.

610

611 Mr. Vanarsdall - Tell us what we need to do and what the trends are.

612

613 Mr. Wakeland - I'm going to leave that to Mr. Merchant, because he is
614 the expert and he created this presentation. I really didn't have anything prepared
615 to say tonight, other than thank you very much for taking the time to listen to Mr.

616 Merchant. His presentation is going to have to do a lot with the type of housing
617 that we need to start looking at providing in the area. For quite a while now, we
618 have looked at what I consider to be more high-end housing. The trends that
619 you're going to hear from Mr. Merchant are to look at lower priced housing.
620 People are looking at smaller housing, smaller lots, less maintenance. I'm not
621 going to run on forever here, so I'm going to let Mr. Merchant go ahead and give
622 his presentation. Thank you.

623

624 Mr. Vanarsdall - Thank you, sir.

625

626 Mr. Merchant - Good evening. I appreciate the opportunity to be with
627 you. I'm Barry Merchant with Virginia Housing Development Authority. As you're
628 probably aware, VHDA is Virginia's state mortgage finance agency. We are an
629 independent agency created by the General Assembly for the purpose of raising
630 capital to fund affordable housing opportunities in the Commonwealth both
631 through loans to first-time homebuyers, as well as to developers for the
632 development of affordable rental housing serving lower and moderate-income
633 populations in the Commonwealth.

634

635 My role at VHDA is in our policy and research area, where I'm in charge of our
636 research activities, policy analysis, as well as our strategic planning efforts. The
637 report I'm going to be sharing with you tonight was part of some initial efforts
638 we've had-beginning as a renewed statewide needs analysis process, which will
639 carry us over the next several years. The last statewide housing needs
640 assessment was done back in late 2001 and much has changed in that time. The
641 first step in this process was to take an initial look at what the demographic
642 changes that we're going to be seeing, going forward over the next decade, and
643 how they're going to impact housing demand. I shared this information on a
644 statewide basis on a couple of occasions over the last 18 months and was asked
645 as a result to speak to the Chesterfield County Planning Department. For that, I
646 tailored the remarks to the Greater Richmond region, which actually mirrors the
647 statewide trends very closely. Out of that presentation came the request to meet
648 with you here this evening.

649

650 As I said, this work was originally done for VHDA's internal planning and policy
651 development purposes. At VHDA, we divide the state into six economic regions
652 with differing economic demographic and housing profiles. This analysis was
653 done in regard to each of these regions. One of those regions is Greater
654 Richmond. But for purposes of understanding how we're defining Greater
655 Richmond, so you understand the context of the data I'll be sharing with you, it
656 includes the Richmond Metropolitan area with the exception of Caroline County.
657 For our planning purposes, we are now including what we refer to as the
658 Northern Tier Region because we see much of the development now in Caroline
659 County being pulled into the Greater Washington economic orbit. But we've also
660 included the Farmville area, which of the more rural areas of the state, it is
661 becoming more associated with Greater Richmond because Greater Richmond is

662 tending to grow more to the west. As I indicated previously, this region really
663 most closely mirrors statewide averages in trends of all the six regions that we
664 looked at.

665
666 So I'm going to speak to you tonight principally on the impact of demographic
667 change on housing demand as we move forward. As we know, demographic
668 change is a key driver of housing demand. While the housing downturn has
669 focused most of the attention over the last several years on the impact of
670 mortgage lending on home construction and overall market health, less attention
671 has been paid to the critical role that shifting demographics play in shaping the
672 magnitude and nature of housing demand. What hasn't been readily recognized
673 is we've really had the overlay of two very profound trends that have mutually
674 impacted each other, one being the housing bubble. And housing is a very
675 cyclical industry. Corresponding to the peak of the housing bubble was the peak
676 of a long-term cycle of demographics which, unfortunately, is leading to a much
677 harder downside to this cycle than we've seen in others. And this is in addition to
678 the factors in the mortgage industry that are playing such a significant part. We
679 are now entering a new market cycle not just for economic reasons, but for
680 demographic reasons. They'll be heavily influenced by the large coming shifts in
681 demographics.

682
683 As we all know, housing needs change with age. Housing demand is heavily
684 driven by new household formation, especially among young households, but
685 also by the changes in residents that occur as households age through the
686 lifecycle. Each stage of life brings the need for different types of housing in terms
687 of size, cost, and location. I think too often in a very high economic level there's a
688 tendency to look at aggregate household formation, aggregate population trends,
689 and not see the extent to which it's the age profile changes in the population that
690 really are in some cases more significant in driving housing demand.

691
692 We can really divide the lifecycle into four broad periods, each with its own
693 different housing needs. For young households, generally those under age 35,
694 the need is for affordable rental housing or for starter homes. Once people reach
695 middle age, households tend to be larger, people need more space, and they're
696 also more affluent, and many are able and willing to trade up to larger homes.
697 That was really what we saw dominate this past housing cycle that we've just
698 come out of. But once people have been through that empty nest stage of
699 housing purchase or rental—in many cases, renters trade up to larger or nicer
700 rental accommodations—they tend to stay put by and large in their empty nest,
701 younger retiree stage of life. It's really only when people reach that later stage of
702 life when physical frailty or disability starts to impact them that they may consider
703 a move to an alternative senior housing residence of some type as a way of
704 reducing the burdens of home upkeep or to seek housing that provides services
705 and other support.

706

707 As I've said, the coming housing cycle is going to look very different from the one
708 now ending. The reason for this is we have generations of a very different size in
709 absolutely terms. If each succeeding generation was of the same size, changes
710 in housing demand by age wouldn't make much difference, but that hasn't been
711 the case in the last century. We have the baby boom, which has been a key
712 driver of housing demand throughout its lifecycle, but we now also have the
713 children of the baby boom, the echo baby boom, now entering adulthood, which
714 will likewise be a driver of housing demand going forward.

715
716 This chart hopefully will help drive home just how significant these changes in
717 demographic cycles are on housing demand, if you will. The axis in both charts
718 are age cohorts for the adult population starting with households just starting out
719 to the left through old age on the right and divided into those four groupings I
720 referenced by general type of housing demand. If you look at the top, what you
721 see for the Greater Richmond Region was the change in population. Not the total
722 population but the change in population during this past housing cycle, which
723 really began in the early '90's following the last significant real estate recession
724 and carried through the peak of the housing boom. You can clearly see in this
725 how the overwhelming growth in population in the region—and this is true across
726 the country—was really driven by the baby boomers who are in that “trade-up”
727 stage of life.

728
729 There's been a lot of frustration on the part of affordable housing advocates over
730 the last 15 to 20 years about the lack of attention to less costly starter homes or
731 affordable apartments. But the reality is, from the development community
732 standpoint, that new construction was really being driven by where the demand
733 was, and the demand was for “trade-up” homes, which is why that's mostly what
734 we've seen be built over the last 15 to 20 years.

735
736 If you look at the bottom chart at what demand is looking like through this coming
737 decade, you will see a very different picture. You see the baby boom having
738 aged into the “empty nest” or “early retiree” phase of life and you see the impact
739 of the baby bust—sometimes referred to as Generation X—coming in behind the
740 baby boom and that “trade-up” phase of life. And you can see how radically
741 different demand is going to be going forward for the kind of housing construction
742 and development we've seen in this past 15 years. But then you can see over on
743 the left a resurgence of demand among young households, which was negligible
744 this past cycle, but will become significant going forward.

745
746 Generation Y, the children of the baby boom—sometimes known as “millennials”
747 and other various terms—are now entering adulthood. Up until now, they have
748 been primarily impacting college campuses and driving demand for student
749 housing. You can see that in VCU, Harrisonburg, Charlottesville, and you've
750 seen it in other college communities around the state. But soon we're going to
751 start seeing the impact across a broader array of communities as these
752 households reach the point of setting up independent households, enter the

753 workforce, and seeking a permanent home. The impact of this has been retarded
754 by the recession because the reality is during times of significant recession such
755 as we're in, young households with starter incomes can't afford to live
756 independently. Those who might choose to live on their own either get
757 roommates, or go back to live with mom and dad, or stay in alternative situations.
758 But all that's doing is creating pent-up demand. At some point when we hit a
759 recovery phase, that pent-up demand will enter the market and create an even
760 stronger demand going forward. So even though that demand isn't being seen at
761 the moment, it will be there as soon as we enter an economic recovery phase.

762
763 It's also important to understand that even though the baby boom is still, in sheer
764 numbers, a more significant impact than their children in the population, they
765 won't have as much impact on housing over this next cycle as they've had in the
766 past. The reason for this is because they're entering that stage of life where
767 there's relatively little mobility. They're already housed; they're likely to stay in
768 place. They're not going to be the group generating net new housing demand.

769
770 Nevertheless, there was the expectation—or had been up until the economic
771 downturn—that just the sheer size of the baby boom generation was going to
772 create substantial new demand for what some were referring to as “trade-down”
773 homes for vacation housing and other alternative housing options. Through
774 sheer affluence and numbers, the baby boom would be able to exercise this in a
775 way that previous generations hadn't. However, reality is now hitting home and
776 those assumptions are now being called into question. We're already seeing to
777 some extent that economic conditions may well reshape baby boomer choices—
778 maybe not their wants, but the choices they're likely to make in the marketplace.
779 The reason for that is I think fairly clear. Home equity makes up the largest
780 share of their net worth. In light of both losses in home equity, as well as losses
781 in retirement savings—although some of that may be in the process of being
782 made up—they may choose to “age in place” as previous generations have in
783 order to rebuild the resources they need for retirement.

784
785 The reality is, unfortunately, today's housing stock is not adequate to meet
786 emerging needs. And here, this isn't a statement based on total numbers of
787 housing units, but rather the type of housing unit relative to the type of need
788 we're going to see going forward. Unfortunately, we're facing a very serious
789 imbalance in the kind of housing stock we have at the moment relative to the
790 needs we're going to see going forward. We clearly have a severe surplus of
791 large “trade-up” homes. That market was severely overbuilt. Quite frankly, part of
792 the reason for the mortgage crisis we're in at the present time is that there was a
793 tendency at the tail end of the boom to bring young households into the “trade-
794 up” stock before they really ready financially to do so, to keep that market going.
795 We're now paying the cost of that. That really has, in some ways, siphoned off
796 some of what would have been future demand for that type of stock. So we have
797 too many large trade-up homes and too few housing units suited to the groups
798 that are going to dominate housing demand over the next decade.

799

800 In particular, we're going to need quality affordable rental housing because it's
801 households under 35 that make up the vast majority of the renter population.
802 Even with the increase in homeownership we saw this past decade, over half of
803 young households rent. In this past cycle, because of relatively small growth in
804 that age group, we were able to accommodate rental-housing needs through the
805 acquisition and rehabilitation of the older existing rental stock. But there's going
806 to be a need for "net new units" going forward. Here in the Richmond area, when
807 I say "net new units," that doesn't necessarily in all cases mean newly
808 constructed units. Much of this rental demand to date has been met within the
809 City of Richmond through reuse in Shockoe Bottom and in other parts of the City
810 of older non-residential buildings that have been converted to residential uses.
811 It's still the creation of "net new units" as opposed to acquisition, rehab, and
812 preservation of what's already there.

813

814 It's also not clear whether Generation Y, the echo baby boom, is going to be able
815 to achieve homeownership as rapidly or as readily as the previous generations
816 have. In many cases, they're holding enormous debt at a fairly young age in this
817 past cycle through a lot of smoke-and-mirrors financing. They were able to
818 access mortgage credit for less; those days are over. Underwriting standards
819 continue to be tightened and will continue to be tightened further over the next 18
820 to 24 months as lenders realign their lending standards with the risks that are
821 now recognized going forward. That's going to make it much more difficult for
822 young households to become homeowners and is probably going to delay
823 homeownership because of the principle changes you're seeing, in addition to
824 higher minimum credit scores or larger down payments. The down-payment
825 requirements are being increased across the board.

826

827 Also, when we look at income for housing going forward, we're really looking at a
828 very different picture than we did this past cycle because affluence does vary by
829 age. In this past cycle, housing demand was being driven by households in the
830 age groups with the highest average income. You can see from this chart the
831 degree to which that middle age group's income typically exceed the overall area
832 median. But then you look at the two groups that I referenced that are going to be
833 dominant going forward, and they're the ones with the low median income. There
834 simply isn't going to be the purchasing power in the market. That, coupled with a
835 completely new world in terms of mortgage lending standards that's going to
836 require an adjustment of people's purchase of housing irrespective of what they
837 may want.

838

839 To sum up, I'd like to just speak to what some of the local policy implications are
840 of shifting housing demand. Affordability for young workers is going to be a
841 challenge going forward as we enter the recovery mode. Obviously, with surplus
842 labor force at the moment everywhere, this probably isn't a pressing issue for
843 local governments. Getting the existing workforce back into jobs is the key
844 priority. But as we move hopefully into recovery going forward and as the baby

845 boomer retires, it is going to be important for localities to be able to attract young
846 households in order to be able to maintain their workforce. To be able to do that,
847 they're going to have to be able to provide housing young workers can afford.

848

849 We're not quite to this point here in the Richmond area, but you can see in
850 Northern Virginia some of the stark challenges that poses. Quite frankly, the way
851 Northern Virginia dealt with its housing affordability issues this past cycle was "let
852 people drive until they qualified." That was the term in the mortgage industry,
853 driving growth in areas well beyond the formal metropolitan area boundaries into
854 Greater Washington out to Culpeper, and the Winchester, and to very, very great
855 distances seeking affordable housing. It's what created the gridlock on the
856 highways in Northern Virginia. That simply isn't going to be an option going
857 forward. Affordable housing is going to have to be created in greater proximity to
858 jobs.

859

860 The existing housing stock also doesn't meet the needs of other groups. As the
861 population ages, we're seeing an increasing share of the population having some
862 form of disability. People with disabilities lack access to affordable, accessible
863 housing. While senior households may desire to age in place, we know that
864 much of the existing housing stock really isn't well suited to the array of
865 disabilities that come with age. Retrofitting existing homes remains costly and
866 difficult. There really aren't any easy cost-effective solutions to that need. We're
867 seeing a growing demand for a wider array of new housing incorporating
868 universal design. At VHDA, we're working very hard to both educate the
869 development community about universal design, as well as incentivize and
870 promote universal design in the housing we're financing.

871

872 So new local strategies are needed to facilitate more affordable development.
873 We have models that worked well this past cycle when expensive trade-up
874 homes dominated the market, but are going to be more difficult to make work
875 going forward just in practical terms. What that means is that local governments
876 and the homebuilding community are going to have to work together to find ways
877 of reducing development costs, while at the same time maintaining the long-term
878 quality of the housing stock and the vitality of local communities. Despite current
879 high residential vacancies, new affordable housing construction will be needed
880 once the market recovers, prices stabilize, and household growth resumes,
881 which they all will.

882

883 There are positive sides of changing attitudes and practices I think can lead us to
884 a new future. Generation Y is embracing urban lifestyles and housing
885 preferences that support needed changes in land use and development.
886 Likewise, there are indications that the broader public is becoming more
887 accepting of more vibrant income mixing types of developments that can
888 accommodate a wider array of housing options serving multiple generations'
889 demands and needs. I think if we look back a couple of generations, we can see
890 we've been through this before. When the baby boom entered the housing

891 market en masse—the whole garden apartment type of model of development—
892 which has somewhat fallen out of favor at the moment—didn't exist prior to the
893 baby boom. That was suburban community's answer at that stage in time to how
894 to accommodate that need within a model that worked within the density
895 preferences for suburban communities. So we do have a history of dealing with
896 these changes in the past.

897

898 To sum up, development practices can be adapted to fit the new market reality.
899 Working together, local governments, community groups, and developers can
900 build consensus on new models of housing development that will enable
901 communities to grow and thrive in the coming cycle of demographic and housing
902 market change.

903

904 With that, I'll be happy to answer any questions you might have.

905

906 Mr. Vanarsdall - Thank you for a good presentation. Any questions for
907 Mr. Merchant by Commission members?

908

909 Mr. Branin - I have a couple questions and a couple statements.
910 When Mr. Wakeland stood up and he said one of the things that you would be
911 commenting on is smaller housing, one of the challenges we have as
912 Commission members is established neighborhoods. And when I end this
913 statement, I'll make a comment. I've been on the Commission for eight years
914 and there have been pieces of land that developers would come in, and Mr.
915 Kaechele and I both have commented on a small village with smaller housing
916 with high quality. The developers told us under no circumstances would they
917 even consider that. Because of the economic times now, we're seeing people
918 coming in and asking for smaller houses like Mr. Wakeland commented on. But
919 our challenge as Commissioners is how to make that work or flow. The reason
920 why I say that is we have communities that even though the minimum request is
921 3,000 square feet, everything built is 4,000 and above.

922

923 I received a call the other day from a neighborhood called Barrington here in
924 Richmond, the association president there. The whole neighborhood is beside
925 themselves because there is one cul-de-sac that another developer—not the
926 developer that built Barrington—wants to develop and he's going into an
927 association meeting saying he wants smaller houses. We have to look at how to
928 make that work, how to allow smaller housing in dense areas where all the
929 housing in the area is a lot larger and a lot higher quality. It's a struggle. We
930 understand the economic times, we understand the development and the
931 developer's needs to come up with something, and what the current demand is.
932 But we can't address that demand and ignore how that new development will
933 affect the current housing.

934

935 Have you all talked to current developers out there—you were talking about the
936 need for more apartments and smaller housing—revitalizing the areas? We were

937 talking about areas of older apartments in Henrico County that are in premier
938 areas. The idea of being able to take those out and come in with smaller
939 housing, because those areas economically are more feasible to come in with
940 smaller quality housing and get rid of older, run-down apartments. Are you all
941 making any motions to the development community in regards to that, that you
942 should look at properties that need to be revitalized to come in with smaller
943 housing?

944
945 Mr. Merchant - Revitalization is one of our priorities at the VHDA.
946 And I think you're right, that's clearly one of the opportunities. The other thing
947 we're seeing now is much of the demand for rental housing that is now coming
948 forward is generational, which means that it'll have an ebb and flow as well. But
949 what we're seeing is, because of the lag time since the last major surge of new
950 rental development—which really ended in the late '80's—preferences have
951 changed. The younger generation doesn't want to live in the same kind of
952 housing. Unfortunately, even though much of the older rental stock is well
953 maintained, some of the older garden apartment developments have become
954 stigmatized as low-income housing simply because through age and weaker
955 demand over this past cycle it's been lower-income households that have been
956 able to access and live in that housing.

957
958 What you see among younger renters is a desire for the loft, and not just newer
959 units, but new style units, more urban type that they identify with their generation
960 and not mom and dad's housing. What that tells me is that there is some of the
961 older, more poorly designed, somewhat more obsolete rental stock that probably,
962 because of changing demand and tastes and things, should be let go and
963 redeveloped. It could be used to create opportunities for newer affordable
964 housing opportunities. I think there are opportunities in older commercial
965 corridors to create, either through infill on un-built sites or through redevelopment
966 of declining commercial strip zones, new higher-density rental housing that can
967 be built to fit current tastes and demand. It can also be better aligned with transit
968 needs. In the VCU corridor along Broad Street in Richmond, the extent to which
969 there is also student housing, but that degree of rental development that's
970 occurred, some are dorms and some are rental, but it supports transit. And over
971 time, pushing new rental housing development into corridors like Broad Street,
972 you support whatever rapid bus service or whatever the model for transit in our
973 region is.

974
975 At VHDA, we're being challenged to create more mainstream housing for people
976 with disabilities, and yet the stable populations are much more dependent on
977 transit. We've been through a cycle where most of the new rental development
978 has been acquisition and rehab of older developments in older city
979 neighborhoods. The disabled population feels like it's being pushed into limited
980 areas of housing.

981

982 Mr. Branin - In our district when I was younger, an area called
983 Crestview had seen its time, had outlived its time. The Gumenick's came in and
984 took it down. Most Richmonders thought they were nuts because we generally
985 don't do that. That neighborhood has revitalized and revitalized the school there.
986 You go into the school, which is an older building, but you would never guess
987 because of the excitement of the PTA and of the parents in that school. I think
988 smaller and more affordable housing is fine, but it should be first looked at and
989 pushed into revitalization areas instead of green space.

990
991 Mr. Merchant - Right. I don't necessarily disagree with that.
992 Speaking of that, along with the piece of their land Horsepen and Glenside that
993 was redeveloped, is a good example of private redevelopment where older,
994 obsolete housing was converted into more affordable homeownership and new
995 rental opportunities. You can revitalize older neighbors through rehabilitation
996 where the housing stock is still attractive and sound, but you can also do it
997 through redevelopment or a combination of the two.

998
999 Mr. Vanarsdall - Mr. Merchant, that area he spoke of, it has not gone
1000 down, it was built back. The reason it hasn't is pure and simple. We had the
1001 proffers that most homebuilders do not like. In the days that it was built the first
1002 time, we had nothing to hang our hat on and it went down, down, down. That's
1003 happened that one time. If this is still right, Mr. Secretary, I think we have the
1004 most rental property of any other locality in the region. What do you do when you
1005 build a nice apartment building and it eventually turns into nothing? What do you
1006 do? So there are two ways to look at it. After World War II, there were a lot of
1007 apartments built. Before some of them went away, the rats wouldn't even stay in
1008 there. So what do you do?

1009
1010 The other thing that you mentioned about proffers, we do have a lot of strict
1011 proffers. When I say strict, they're good proffers. But we do not have a cash
1012 proffers, as Chesterfield and Hanover.

1013
1014 Mr. Merchant - The reference to cash proffers wasn't meant to infer
1015 that it's inappropriate for local governments to try and recoup the cost of
1016 development. It's just that that model, the cash proffer model, the way it's
1017 structured—the point I'm trying to make is it's going to be hard to sustain going
1018 forward for strictly economic reasons, fully apart from the policy question of
1019 whether it works or doesn't work from a fiscal standpoint.

1020
1021 Mr. Vanarsdall - Mr. Archer will vouch for this. At one time there was
1022 an article in the *Wall Street Journal* that apartments were the most profitable
1023 thing to build. So time after time we were asked for apartments. We had so
1024 many apartments we started saying no, so they came along with condos. Then
1025 we just about ran out of condos. Like you said, the public demands all of this.
1026 We don't have anything to do with somebody going all the way to the end of
1027 Goochland and into the border of the next county to build apartments.

1028

1029 Mr. Merchant - I would suggest that for rental housing that's serving a
1030 population that may be of limited income initially simply because of stage of life,
1031 but which will have greater means as they increase through the lifecycle—
1032 because we are going to see a heavy waning of that development demand—it's
1033 as much in demand now as from young singles who are wanting a different kind
1034 of housing than maybe would be appropriate for families seeking rental housing.
1035 Housing designed in a manner that could be converted to condominiums, as
1036 particularly single renters age to the point of wanting to purchase homes would
1037 avoid the problem down the road of aging obsolete rental housing.

1038

1039 Mr. Vanarsdall - Any more questions for Mr. Merchant.

1040

1041 Mr. Kaechele - I wanted to ask one. You were projecting an increase
1042 of rental housing stock. How much of a factor is rental housing in the overall
1043 market versus rental apartments and homeownership?

1044

1045 Mr. Merchant - Do you mean what share of housing?

1046

1047 Mr. Kaechele - Yes.

1048

1049 Mr. Merchant - I'm not sure in Henrico what the current
1050 homeownership rate is. I'm guessing in your county it's probably 60 or 70.

1051

1052 Mr. Kaechele - I guess we have that number, don't we?

1053

1054 Mr. Emerson - Yes sir, we do. I don't know if off the top of my head,
1055 but it's relatively high. As Mr. Vanarsdall noted, I believe our rental stock is
1056 second only to the city as far as the number of units. There are other localities
1057 surrounding us that don't have the rental stock or the apartments that we have.

1058

1059 Mr. Merchant - In all honestly, one of the challenges localities are
1060 going to have going forward is the result of the current foreclosures. There is a
1061 large share of homes that are, in the short run, at least, transitioning from
1062 homeownership to rental. Investors are purchasing REO properties, bank-owned
1063 properties on the cheap. Housing markets are regional. Henrico doesn't have its
1064 own separate housing market from Richmond or Chesterfield. But in the greater
1065 region to the extent that rental-housing needs are adequately met in more
1066 traditional rental settings, the single-family rental situation will revert over time
1067 back to homeownership, or at least there's a great chance it can.

1068

1069 On the other hand, if we don't meet rental needs over this next decade in the
1070 more traditional rental settings, there is a risk that some of this housing just stays
1071 rental because people need a place to live. Particularly with these properties that
1072 go through rough times as a result of foreclosure and investors, if there's a ready
1073 rental market for this property, some of these investors may just stay long term.

1074 That's not healthy for neighborhood stability going forward. There are families for
1075 whom single-family makes sense, as long as rental occupancy doesn't dominate
1076 single-family neighborhoods. Scattered single-family rentals aren't a problem.
1077 Large numbers of absentee landlords in single-family neighborhoods are a
1078 problem. That's where you start to get serious neighborhood decline. Well-
1079 managed rental developments with quality asset management is, in most cases,
1080 going to get you a better result than under-capitalized mom-and-pop investors
1081 scattered through single-family neighborhoods.

1082
1083 Mr. Vanarsdall - Thank you, sir.

1084
1085 Mr. Jernigan - Mr. Merchant, has anything changed on Section 8? I
1086 know some people that own a lot of rental housing. Section 8 seems like it was
1087 diminishing for a while, but now it seems like it's coming back.

1088
1089 Mr. Merchant - There are two Section 8 programs. There's the
1090 program that really was terminated in terms of new development but still has a
1091 substantial inventory of apartments that had long-term subsidy contracts. Then
1092 there's currently the more active program, the Housing Choice Voucher Program,
1093 where the subsidy is assigned to the eligible tenant household. It then goes out
1094 and locates an apartment or home—any rental unit in the community—where the
1095 landlord is willing to participate and the housing meets the housing quality
1096 standards, and the landlord meets the eligibility requirements to participate.
1097 During the housing boom, landlords said we don't want to bother with Section 8,
1098 it's a headache, it's paperwork or whatever, we don't need to bother with that
1099 because we can readily rent our units for full rent. During the height of the boom,
1100 it was a serious challenge enabling low-income households with Housing Choice
1101 vouchers to locate apartments in the region except for in limited locations. But
1102 now there is probably stronger demand on the part of landlords. When the
1103 market comes back, that could quickly change again.

1104
1105 Mr. Vanarsdall - Can't you just stay in workforce housing?

1106
1107 Mr. Merchant - The term "workforce housing," has been used mostly
1108 in recent years by local governments and other groups trying to serve a
1109 population with income above the eligibility level for a low-income housing tax
1110 credit program, but still not able to fully afford housing in the community.

1111
1112 Mr. Vanarsdall - That's what I'm talking about. Some governmental
1113 body controls that. If I'm a fireman, only I can stay there. You can't tell
1114 somebody else they can't stay there. It's controlled by income.

1115
1116 Mr. Merchant - Right. Now there are some allowances being made in
1117 federal regulations to give a little bit more latitude. In Northern Virginia in
1118 particular, local governments are looking for ways to provide subsidies to enable
1119 housing that they can target to public workers—emergency personnel, teachers,

1120 etc. Generally, what's being done there isn't through rental housing, but rather
1121 through local government. Down payment assistance programs target those
1122 populations in conjunction with affordable home purchase programs.

1123
1124 Mr. Vanarsdall - So far, it didn't go over too well in Henrico County. We
1125 had an opportunity to go down to the end of James River bridge in Newport
1126 News and look at a big development. I went down there and it's very nice. But
1127 still something the government controls. It's not Section 8. Any more questions?
1128 Any of you back there who would like to add anything or come down and speak?

1129
1130 Mr. Merchant - Thank you very much.

1131
1132 Mr. Vanarsdall - Thank you, Mr. Merchant, Mr. Wakefield. Thank you
1133 all for coming. Very educational.

1134
1135 Mr. Emerson - Mr. Chairman, that completes your agenda for tonight.
1136 The only item left is your motion for adjournment, unless the Commission has
1137 something.

1138
1139 Mr. Branin - So move.

1140
1141 Mr. Archer - Second.

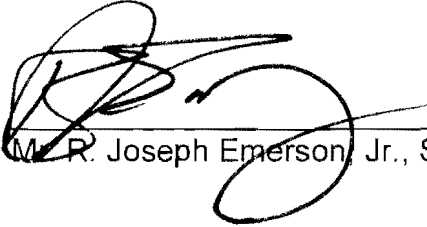
1142
1143 Mr. Vanarsdall - Motion by Mr. Branin, seconded by Mr. Archer. All in
1144 favor say aye. All opposed say no. The ayes have it; the motion passes.

1145
1146 The meeting adjourned at 7:46 p.m.

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1154  _____
1155 Mr. R. Joseph Emerson, Jr., Secretary

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1162 _____
1163 Mr. Ernest B. Vanarsdall, Chairperson

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