

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 4<sup>th</sup>,  
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 22<sup>nd</sup> 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 4<sup>th</sup>.

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 4<sup>th</sup> 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 a 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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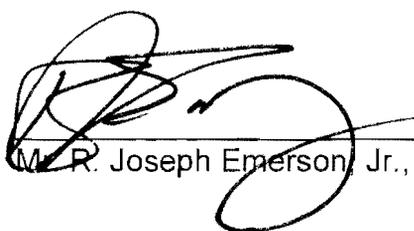
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Mr. R. Joseph Emerson, Jr., Secretary



Mr. Ernest B. Vanarsdall, Chairperson