

Rio/29 Small Area Plan Focus Group Summary

July 21, 2016

The county and its consulting team on July 21, 2016 held a focus group meeting with representatives of local businesses, developers, and property owners with an interest in the Rio/29 area. This summary describes the main points that participants made in regards to obstacles and opportunities to new development and redevelopment in the area.

For the area as a whole – what are the greatest impediments for development or redevelopment?

- **Lease Agreements:** Shopping centers have lease agreements with tenants that limit near term redevelopment. The agreements may require a buyout or relocation on site to allow any more extensive redevelopment.
- **Development Staging:** The quadrants of Rio/29 are all developed, leaving very little room to stage development. For example, where does parking go, construction vehicles, supplies, etc. while other portions are redeveloped?
- **Height Limits:** Buildings in this area are generally limited to 60 feet by zoning. Anything 45 feet or higher requires step backs.
- **County Fiscal Resources:** The county is limited in its financial ability to incentivize development, but public-private partnerships are going to be critical for more extensive redevelopment in the area.
- **Developer Risk:** The properties in this area are financially viable at current use and intensity. How can you phase development so that the owners retain the anchor tenants they rely on? This may also require incentives so developers are willing to take the risk.
- **Market Viability:** The uses the county wants to see in the Rio/29 area need to be market viable. The county will need to provide some flexibility to developers to meet future market demand.
- **Parcel Fragmentation:** Many parcels in the area, especially on the west side of 29, are small and have many different owners. They will probably need to be consolidated to conduct large scale redevelopment. And the vision could make it harder to consolidate by increasing property value.
- **Rezoning:** Developers typically need to rezone property or get a special use permit to build anything in this area. That increases time and cost.
- **Flight Paths:** What height is allowed in the area given the proximity to CHO?
- **Residents:** The commercial portions of 29/Rio are close to residential neighborhoods. Their attitudes towards redevelopment and potentially higher density are an important factor.
- **Through Traffic:** 29 handles a lot of through traffic that creates congestion and could limit the attractiveness of the Rio/29 area. The presence of 29 also makes it difficult to knit each quadrant of the intersection together in a walkable form; pedestrian overpasses should be approached with caution. Internal pedestrian connectivity within each quadrant, or connecting a couple of the quadrants, is probably more feasible.
- **Cost:** Redeveloping the area is expensive. Property acquisition and construction are one component, but the cost of temporarily losing tenants and revenue during redevelopment is also a concern.

- **Stormwater Management:** Stormwater regulations have become more stringent. Taking an area-wide approach to managing stormwater will be very helpful given the land constraints.

For the properties you own or are interested in – What are the greatest opportunities?

- **Zoning for Higher Density:** Allowing higher density through the zoning would be tremendously helpful for making the vision of a walkable, urban environment become reality. Vertical development will make the land more valuable and bring more revenue from development.
- **Multifamily Housing:** There is strong demand for multifamily housing. Allowing it in the Rio/29 area may help developers fill retail space, especially small shops attractive to local retailers. But flexibility to do multi-family only is important. Multifamily above retail works well in larger markets, but in smaller markets the “under”-retail is harder to lease due to a lack of parking in front of such developments, a local culture of separated retail, and the layout of retail under housing being smaller square footage, of which the local market already has a strong supply.
- **Commercial:** There is a shortage of space for commercial uses in this area, with a 4-story medical office cited as one potential example. Adding jobs in the area will also help add vitality and make retail and residential uses more viable.
- **Visibility:** The 29 north corridor is highly visible with more than 40,000 vehicles passing each day through the area. The uses along the highway from Barracks to the airport account for more than 40 percent of total county revenues.
- **Community Building:** The downtown mall is a great success because it’s a place where people want to be due to the walkability, entertainment, and mix of uses. It appeals to young adults and professionals. Making the Rio/29 area a place where people want to be (aka place making), rather than simply a place to run errands, is essential.

What is needed to help you develop or redevelop your property into a more walkable urban form? How might the county support redevelopment to the desired form?

- **Leadership & Partnership:** The long-term redevelopment of the area will be challenging. It will require productive partnerships among the developers, residents, and the county. A spirit of collaboration, unity, and ongoing dialogue is key. This is an opportunity for a fresh start.
- **Vision:** A clear vision with the support of county elected officials and staff, and alignment of the vision with development regulations and the general attitude towards development is important. This will require the county to be more proactive, engaging in “creative deal making.”
- **Streamline Processes:** The county can support redevelopment by making it easier for developers to do what the county wants. This entails planning, site plan review, permitting, zoning, etc. The processes in place now are constructive, but they require a lot of time, which increases developer costs.
- **Match Zoning with Vision:** The county can support redevelopment by revising its zoning so that the vision is easier to implement and doesn’t require as much time and effort to go through rezoning processes.
- **Infrastructure:** The county can make street and pedestrian improvements that support development. Stormwater infrastructure is also going to be needed.
- **Provide Flexibility:** The demand for future uses is uncertain. Flexibility in the zoning code is key to ameliorating the risk inherent in redeveloping the area. For example, this may entail

encouraging housing over retail, but allowing housing only if that's what the market will support.

- **Public Transportation:** Adding density in the area will make public transportation more viable. Public transportation will need to play a role in reducing vehicle trips to/from the area. As the area densifies, a circulator may become feasible and help with traffic.
- **Transportation:** Adding density in this area may add traffic within the area. Addressing higher transportation demand is a key to the success of the area.
- **Incentives:** Redevelopment is inherently risky, especially in an area where many existing uses are financially viable. The county can help by providing financial incentives for urbanization.
- **Define the Study Area:** That will be a key milestone in the project and will help the property owners and businesses give more specific ideas.

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- **Vertical Mixed Use as Opportunity:** Shopping center redevelopment is the most logical catalyst for more dense, mixed use development. Underwriting and financing remain challenges to vertical mixed use.
- **Public Infrastructure Needs:** Structured parking will be needed and the county will need to support that effort because, except in the largest redevelopments, the private sector won't be able to afford it. Future tax revenues from redevelopment will generate new tax revenue that will cover the cost of new publicly-financed infrastructure.
- **Tax Increment Financing:** The county could consider taxing property at its pre-development value for 5 years and then adjusting to true value for last 5 yrs. Charlottesville and Richmond have programs like this.
- **Uncertainty as an Obstacle:** Developers may spend 2 to 3 years and 10% of a project's budget on engineers, architects and lawyers with little certainty of success. That uncertainty is an impediment to redevelopment. The return on investment has to be significant to take the risk.
- **Opposition to Change/Growth:** There is substantial negativity towards growth in development in the region. This complicates the process and increases uncertainty.
- **Greater Density a Must:** There are opportunities for greater density for both residential and commercial development. The county has decided to concentrate all growth on 5% of its land area. The only way for that to work is density, which requires greater height.
- **Flexibility of Uses:** It's important to allow for greater density and multiple/more uses. The market will figure out what uses are viable. Factories/industrial uses are unlikely to locate in the Rio/29 area because they can't pay the rates to locate in this area.
- **Process Improvements:** Simplify the process and don't require so much detail on engineering and architecture before changing zoning or approving special use permits.