

# VIRGINIA

TOWN & CITY



# Mixing it up

Mixed-use / mixed-income loans  
spark revitalization projects



## About the cover

*VHDA's Dale Wittie and developer Buddy Gadams stand in front of The Law Building in Norfolk. Due to a recent expansion of VHDA's mixed-use/mixed-income loan program, local governments and developers have more options when it comes to financing rental properties – enabling them to serve a broader range of income levels. Photo by Doug Buerlein.*

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## Features

### Mixing it up



Local governments and developers now have more options for serving more Virginians thanks to new mixed use/mixed income loans from VHDA. These loan programs help to create communities that serve a broad range of incomes.

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### Transportation Trend: Are you prepared for a car-lite society?



Americans of all generations are moving toward the 15-minute community where they can live, work and play in the same place. Localities will need to shift their focus from planning around cars to preparing for more public transportation, ride sharing, biking and walkable streets.

By Matt Thornhill and John Martin

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### Nine myths about redistricting – busted!



The Commonwealth and the country are waking up to the problem of gerrymandering. For localities, it can dilute their voice in state and national politics. But a recent Supreme Court case and three lawsuits in Virginia are signs that change is in the air.

By Brian Canon

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### Please don't put me on hold!



Chesapeake's Customer Contact Center is a revealing case study of a municipal call center. Can one group really field calls and answer questions for all departments? Learn how Chesapeake put its call center to work for customers and the city government.

By Heath Covey

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# The rules have changed

## New flexibility in mixed-use/mixed-income loans sparks revitalization efforts statewide

FOR THOSE WHO develop mixed-income and mixed-use properties, there's cause to celebrate. New, flexible financing options are allowing local governments and developers to better serve the unique housing needs, demographics and preferences of their communities. The days of limited, one-size-fits-all financing are over.

An enhanced mixed-use/mixed-income loan program, launched earlier this year by the Virginia Housing Development Authority (VHDA), is changing the way local governments and developers look at revitalization and housing opportunities. That's because the properties they finance under the new program can serve a broader range of incomes than ever before. In fact, all of VHDA's mixed-income options now allow for a significant percentage of units to be rented to households with unrestricted income levels; the balance can serve low- to moderate-income households (in most cases, those with 80 to 100 percent of the area median income). This increased flexibility allows for more income diversity, which is vital for addressing local economic development and revitalization objectives.

To take advantage of the new program, local governments must designate areas or specific properties as revitalization areas, in accordance with the VHDA Act.\* If such a designation already exists, then no additional action is needed. Local governments across the state have already taken this first step toward enhancing housing opportunities in their communities.

"Seeing so many towns and cities take on this important revitalization really is a story worth telling," said VHDA's Director of Rental Housing Dale Wittie. "These new financing options are creating possibilities for developers all over the state. Our goal is to work closely with those developers and localities, and help them make their vision a reality — as well as a beautiful, welcome addition to the community."

There are communities throughout Virginia that illustrate the transformation that is possible with the right mix of financing and resources. Following are some of their stories, including the redevelopment of a brownfield site, repurposing a historic downtown office building, adaptive reuse of an industrial building, and a new commuter-oriented development.

*\*Virginia Code 36-55.30:2.*

In this article, we look at how new financing options from VHDA are providing new possibilities for rental communities throughout the state. While the new options allow for more income diversity in financed rental properties, VHDA's core mission is focused on housing for Virginians with low-to-moderate incomes.

### An overview of housing income ranges

**Low to moderate income housing** – generally serves households earning 80 percent or less of the area median income (AMI).

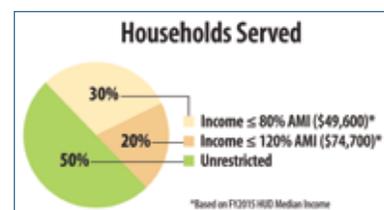
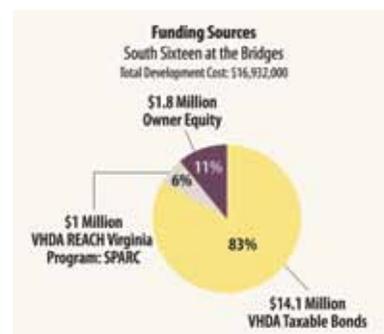
**Workforce housing** – generally serves households earning 80 to 120 percent of the area median income (although some expanded definitions include households earning between 60 and 150 percent AMI).

**Market-rate housing** – generally serves households earning more than 120 to 150 percent of the area median income.

## South Sixteen at the Bridges

### Roanoke, Va.

On a site where a mill and scrap yard once stood, there is now a vibrant community known as South Sixteen. This mixed-used development is home to hip hangouts like Starbucks and Moe's Southwest Grill and 157 mixed-income apartments with rents ranging from \$730 to \$1,200.



"I think a mix of incomes in an apartment community is healthy," said Richard Souter, a developer with WVS Companies and Roanoke River Associates. "That's one reason we have a mixed-income component as part of our VHDA financing. I also think including mixed-use is a great idea, because it gives apartment residents the nearby amenities they're looking for."

Located across Jef-



**South Sixteen at the Bridges is located across from the Virginia Tech Carilion School of Medicine.**

erson Street from the Virginia Tech Carilion School of Medicine, South Sixteen features a public promenade and a kayak launch area. And, there is more to come – South Sixteen is part of a 10-year brownfield redevelopment, which will eventually include the rehabilitation of two historic buildings, and a second phase with additional housing, retail and entertainment spaces. As the community grows, the developer is working with local businesses and others to capture and maintain the neighborhood’s unique history.

## The Law Building

Norfolk, Va.

“Most of the people renting our apartments are of the Millennial generation. It seems like every time we show a unit, they ask about light rail and public transportation. Downtown Norfolk is in a perfect position to benefit from what these folks are looking for,” said Buddy Gadams, a developer with Marathon Development Group.

## The City’s Perspective



Marc Nelson

*Interview with Marc Nelson, Special Projects Coordinator for the City of Roanoke Department of Economic Development*

**What was the city’s initial response to the South Sixteen project, when first approached by the developer?**

The City was very pleased when the WVS Companies informed us that mixed-use housing would be among their first undertakings on the site. South Sixteen is part of a larger redevelopment project called “The Bridges,” an ambitious repurposing of a 22-acre former industrial site.

**Did the city find their part of the process (issuing permits, etc.) to be easy to manage?**

Every project has its challenges, for the developer as well as for the municipality. In the case of South Sixteen, that challenge was to ensure a portion of the building was safe and inhabitable for tenants arriving in late August to enroll in Virginia Tech Carilion’s academic programs. The City’s various permitting entities, including the building inspections division and the fire marshall’s office, made every effort to help the developer meet that challenge while ensuring compliance with all applicable codes and ordinances.

**Now that South Sixteen is complete, would the city like to see more mixed-income housing?**

Diverse housing options play a key role in fostering a livable and vibrant community. We would certainly welcome more mixed-income housing developments within the City of Roanoke.

**Is there anything you would like to share to encourage other municipalities to work with developers on these types of developments?**

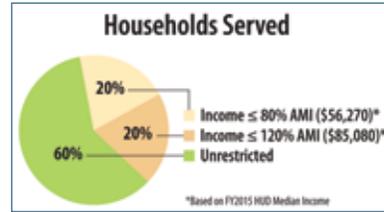
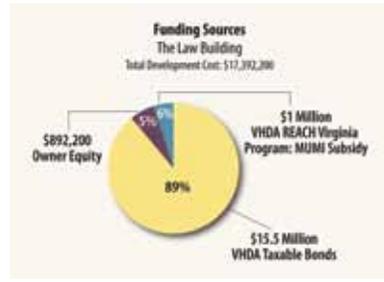
My advice would be to make sure the developer has experience doing these kinds of projects, especially if performance incentives will be involved.

## Revitalization

Once filled with the offices of lawyers and bankers, today this 100+ year-old building is home to 136 of the most modern apartments in Hampton Roads, with rents ranging from \$905 to \$1,700 a month.



Young professionals like the Law Building's proximity to the light rail, the waterfront and Town Point Park.

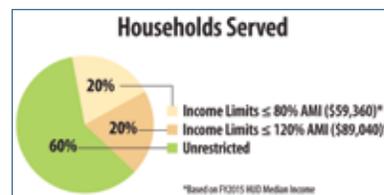
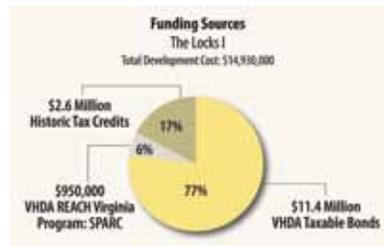


and Smoothie King, and, coming soon, the largest Starbucks on the East Coast.

## The Locks I and II

### Richmond, Va.

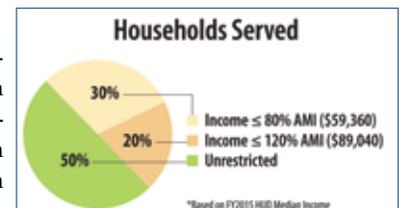
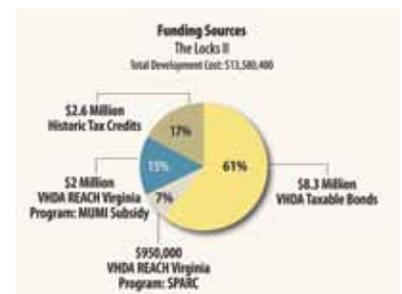
This \$33 million mixed-income development involved the historic rehabilitation of four industrial buildings used for manufacturing from 1895 to 2011. Today, The Locks I and II contain 174 apartments located on the newly developed Haxall and Kanawha canals, close to downtown shopping, restaurants and offices.



The property leased up quickly, with rents beginning at \$874.

“Developed appropriately, a property like this is a sure thing just based on the trends.

People ages 25 to 30 prefer renting to buying. City populations, including Richmond's, are growing. There's a chronic shortage of apartments in the Richmond area, and living downtown is just plain hip,” said Rick Gregory, managing partner of Fountainhead Properties and co-developer with WVS Companies.



This successful transformation from 19th century factory buildings to ultra-modern apartments has been



**The Locks I and II received a national Timmy Award for historic preservation and innovative redesign.**

recognized with a 2014 Timmy Award. The Timmy Awards honor the preservation and restoration of historic properties, and celebrate innovative redesign and usage of great buildings from America’s past. Entries are judged on the basis of overall design and quality, interpretation and respect of historic elements, as well as market success.

## The Villages at Goose Pond Marshall, Va.

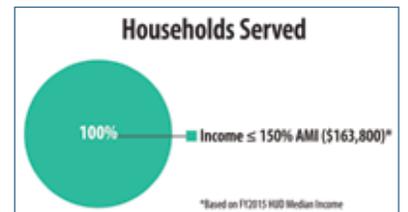
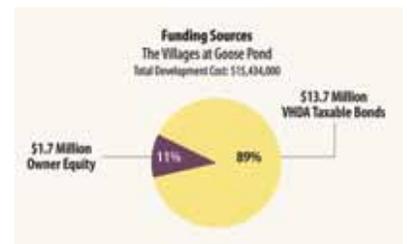
Located in Fauquier County, this 71-townhouse complex is a mixed-income community that fits well into its small town surroundings. Current residents earn, on average, 80 percent of the area median income. The first tenant moved into the \$15 million property last November.

“Goose Pond provides nice housing people can rent un-



**At the Villages at Goose Pond, some tenants with lower paying jobs receive rental assistance in the form of Housing Choice Vouchers.**

til they’re ready to buy,” said Brian Selfe, president of Wellworth Properties, Inc., the developer and property manager of The Villages at Goose Pond. “Some tenants, especially millennials, are renters by choice, who may never buy a house but still want a great place to live that’s perfectly located and priced right.”



Three- and four-bedroom apartments are available, each with a two-car garage. According to Selfe, some Goose Pond tenants who have lower-paying jobs receive Housing Choice Vouchers for tenant-based rental assistance.

“I love VHDA loan programs, because as a developer, they give me the ability to get a rental complex going, fully develop it and then hold on to it for the long term — 20 to 30 years,” said Selfe.

## One size does not fit all localities

Every locality has its own unique population characteristics and housing needs. Whether it’s creating new uses for old places – or building something from the ground up – financing needs to be flexible enough to match the community’s needs. The new loan options available through

## Revitalization

VHDA are causing developers to take note, and local governments to take action. More flexibility in lending has led to new opportunities for development and revitalization throughout the state.

“VHDA is excited to be a part of a transformation that’s helping ensure that housing infrastructure is ready for Virginia’s new economy,” said Wittie. “We look forward to financing

more attractive, comfortable places that Virginians can call home, in communities all across the state.”

Local governments and developers who want to learn more about the new financing options can contact Dale Wittie at 804-343-5876 or [Dale.Wittie@vhda.com](mailto:Dale.Wittie@vhda.com). More information is also available at [vhda.com/SuccessStories](http://vhda.com/SuccessStories). 

# More than mortgages

## VHDA’s rental programs

Perhaps best known for affordable mortgages for first-time homebuyers, VHDA has also financed more than 152,600 rental units since its inception. The organization plays an active role in housing education, providing thousands of first-time homebuyer classes each year, and online educational resources for renters and homebuyers. VHDA also offers programs and grants to help people with disabilities and the elderly make their homes more livable.

Since its inception, VHDA’s lending investment in communities has supported more than 370,000 local jobs and contributed more than \$27 billion to Virginia’s economy through local tax revenues and jobs.\*

**\*Source:** VHDA data; calculations based on formula developed by the National Association of Homebuilders.

## Housing search site and e-book for renters Resources for local governments

VirginiaHousingSearch.com is a free online housing locator service, sponsored by the Virginia Housing Development Authority (VHDA). The website contains detailed information about more than 108,300 rental properties throughout Virginia, and helps people find the housing that best fits their needs. More than 2,500 landlords, property managers and owners use the site as well, to promote their properties at no cost to them. For information about Virginia Housing Search, contact Community Outreach Specialist Mario Wells at 804-343-5541 or [mario.wells@vhda.com](mailto:mario.wells@vhda.com).

VHDA also recently published a free eBook for renters. *How to be a Successful Renter* covers the ins and outs of finding, leasing and living well in an apartment or rental home. The eBook is available for download on VHDA’s website at [vhda.com/RenterEd](http://vhda.com/RenterEd). Localities are encouraged to promote the

eBook and link to it on their websites. For more information on renter education, please contact Kelly Gill-Gordon at 804-343-5534 or [Kelly.Gill-Gordon@vhda.com](mailto:Kelly.Gill-Gordon@vhda.com).





Start a *metamorphosis*  
**of your own.**



Join the growing number of Virginia communities using VHDA financing to bring about revitalization and affordable, quality housing. With our flexible new financing options, your plans for building a brighter future can begin to take flight. Contact VHDA's Director of Rental Housing Development, Dale Wittie at 804-343-5876 or [Dale.Wittie@vhda.com](mailto:Dale.Wittie@vhda.com).

 Follow VHDA's Blog: [vhda.com/blog](http://vhda.com/blog)



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