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Midlothian Leviathan

The impact of a Midlothian commuter rail project on the Richmond region could be enormous -- if Chesterfield County puts into place the necessary zoning and special tax districts.

By James A. Bacon

Hallsboro Store served as a community center for much of rural Chesterfield County in the late 19th century. The handsome, two-story building, capped by a slate roof and ornamented with bracketed eaves, stood at the center of what we might call today a small "mixed use" district. The structure housed a general store and post office. The proprietor lived on the second floor. Employees of a nearby tannery and lumber mill used it as their commissary. Located on a rail line radiating out of Richmond, the store functioned as a transportation junction as well. Travelers would patronize the store while waiting for the train.

Passenger service ended in the 1950s, the store closed in 1962 and the railroad depot standing adjacent has been torn down. In recent years, Hallsboro was renovated as a private residence. But its newest owners, developers of the massive Roseland mixed-use project, would like to restore the building to its original use as a train station -- a train station that serves commuter rail traffic to downtown Richmond and points beyond.

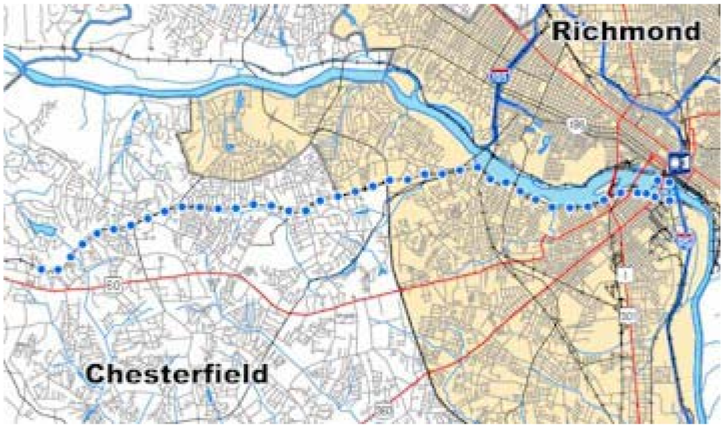
"Here's a resource right in your back yard," says Casey Sowers, general manager of Roseland, a 1,400-acre project bordering Rt. 288 that would build some 5,140 residential units and 1.5 million square feet of office and retail space. "This station and the line aren't going anywhere. They've been here for over a century." The Norfolk Southern rail line is still active but only two or three freight trains use it per day, suggesting that ample capacity remains for passenger rail. Says Sowers: "It's an opportunity you can take advantage of."

Commuter rail in Chesterfield County? The very idea sounds outrageous. Chesterfield, the sprawling, fast-growing county southwest of the City of Richmond, is one of the most auto-centric jurisdictions in Virginia. Development is spread out, land uses are strictly separated, and interconnectivity between cul de sac subdivisions and retail/office pods is poor. Outside of the small community of Chester, there are few interconnected sidewalks or bike lanes. No one walks in Chesterfield, other than for exercise, and very few ride the bus. The county has steadfastly resisted efforts by the Greater Richmond Transit Company to expand its bus service there.

In sum, very few of the proper conditions exist to support a viable commuter rail, which requires dense nodes of interconnectivity and walkable development around train stations to support passenger volume. A 2003 report commissioned by the Richmond Metropolitan Planning Organization scored a Midlothian rail line through Chesterfield County only sixth among the 10 regional scenarios for commuter rail or light rail studied. And that, remember, was the sixth best project in a metro area where there is so little interest in rail transportation that there is not a single rail project under active consideration.

The main virtue of the Midlothian route, which in the Richmond MPO study stops short of Roseland, is that the rail line already exists -- it does not have to be built. As long as a transit authority could negotiate access to the rail line, the up-front capital investment of $81 million (in 2003 dollars) would be relatively modest. On the other hand, based on the demographic and land use characteristics around the stations along the route, the study projected that the rail line would generate only 1,700 boardings per week. That equates to 340 boardings per workday. Assuming most passengers ride both ways, that's 170 passengers per day, or about 30 passengers daily per station.

By no stretch of the imagination would it be cost effective to invest $81 million *and* cover roughly $1 million a year in operating deficits to take 170 drivers daily off the Richmond metropolitan road network. Even with increased monies flowing into state rail projects as a result of The Comprehensive Transportation Funding and Reform Act of 2007, there are too



This map shows the path of the proposed east-west Midlothian commuter service. This route stops short of the Roseland project, which lies off the left-hand margin of the map, just beyond Rt. 288.

many other rail priorities for anyone to fantasize that the Midlothian commuter rail described in the Richmond MPO study might one day qualify for state and federal funding.

But that's not the end of the story. The Richmond MPO report made key assumptions that severely limited the latitude of anyone who might think of providing rail service in the region. First, it assumed no changes to the disconnected, low-density human settlement patterns along the route. As the study acknowledges:

> Most ... projects develop Transit Oriented Development (TOD) overlay districts to apply to the planned station areas. In these locations, higher density development is often permitted with a subsequent reduction in the amount of required off-street parking. The intent of TOD planning is to create a higher density, walkable transit node with a variety of land use types (office, residential, commercial) within close proximity. Research has documented the positive effect this type of station-area land use planning can have on transit system ridership.

At this stage, there are no TODs planned for any of the potential Richmond corridors, the authors note. However, if the City of Richmond and Chesterfield County permitted TODs and redevelopment spurred ridership, the economics of the project would look very different.

Second, the transit study assumed that capital funds would come from the public sector. Under traditional heavy/light rail financing schemes, state, federal and local governments pay the full freight, so to speak. For new construction. However, mechanisms now exist in Virginia law -- Community Development Authorities (CDAs) and Tax Increment Financing (TIFs) -- to issue bonds to cover the up-front capital costs, extract some of the increased property values through Tax Increment Financing, and pay down the bonds.

Indeed, it is possible to conceive of developing a commuter transit corridor with no assistance from the state or federal governments whatsoever. The process would look like this:

- Plan the commuter service along an existing rail line, thus avoiding the costs of acquiring right of way and constructing the line. In the case of Midlothian commuter rail, Norfolk Southern would be engaged as a partner.

- Identify potential rail stations at periodic intervals along the route. These would be placed primarily in commercial areas where they could be rezoned at higher density without disrupting existing neighborhoods and provoking citizen opposition.

- Create Community Development Authorities around each station. The CDA districts would extend 1/4 mile from the station, encompassing the rail line, commercial property owners and residential property owners who opt in. These CDAs would be empowered to issue bonds and underwrite improvements in the districts such as rail stations, parking decks and streetscape improvements, while also chipping in to cover the capital cost of the commuter rail service.

- The CDA bonds would be paid back by means of a special tax levied upon property owners within the CDAs. (Theoretically, some landowners could be incorporated into a CDA against their will. I would argue that participation should be purely voluntary, and that unwilling landowners should be exempt from participation.)

- Local governments along the rail line -- in this case the City of Richmond and Chesterfield County -- would create Transit Oriented Development overlay districts that would allow landowners to re-develop their properties at higher densities within walking distance of the stations. Developers may be required to maintain Transportation Demand Management (TDM) plans to reduced localized congestion that would incur the wrath of neighboring landowners.

- Local governments could help landowners offset costs by sweetening the pot as needed by granting higher densities around the rail stations.

Such an arrangement would have several virtues. First, the project would not proceed unless the funds could be raised through the private sector, protecting against politically driven boondoggles. Second, it would liberate the project from the budgetary vagaries of state and federal government, eliminating major obstacles that might prevent it from moving forward. Third, by financing the project through taxes on private property owners, it would sidestep the scandal of generating windfall profits for politically connected landowners, as appears to be taking place in the Rail-to-Dulles Metro rail project in Tysons Corner.

This point cannot be emphasized enough: *The project would not proceed unless it created enough economic value to make it a win-win for everyone -- the City of Richmond, Chesterfield County, Norfolk Southern, and private landowners -- and if it offered sufficient protections to preserve the quality of life for nearby residents.*

That's a tall order, of course. It's entirely conceivable that the numbers won't work out. If that's the case, I would argue, the project doesn't deserve to be built.

But if the numbers *do* work out, the project could represent a boon to the City of Richmond and Chesterfield County -- at very little expense or risk to local governments. At a time when state and local governments are starved for road-building funds in the Richmond region, privately funded Midlothian commuter rail could create new transportation capacity to keep the region moving.

A hundred years ago, the wealthy bankers and industrialists of downtown Richmond created the suburb of Bon Air south of the James River. They sent their families there during the summer, and they traveled back and forth by train, says Joan Girone, a commercial real estate broker and former member of the Chesterfield Board of Supervisors, who resides in the leafy Bon Air community today.

Bon Air was just one stop among many along that rail line at the turn of the past century, Girone says. Richmonders used the rails to commute back then, and she thinks they can again. "I think the Richmond region is the only region of a million people in the country that does not have a transit system," says Girone. "We don't have a regional bus system. We don't have a train system."

That's all the more remarkable when you figure that Richmond was the first city in the world to build an electric trolley-car system, that commuter rail prospered a century ago, and that the city, a major transportation junction in the 19th century, sprouts rail lines and rail right of way in all directions.

Girone, who has devoted herself tirelessly to promoting passenger rail in Richmond, is enamored with the idea of Midlothian commuter rail. She envisions a line running from sparsely populated Amelia County through the giant Watkins Centre and Roseland developments off Rt. 288 circumferential highway, through the Robious Road/ Midlothian intersection, through Bon Air, old Manchester and downtown Richmond, and then spinning out to the Richmond International Airport east of the city. The population is growing, traffic congestion is getting worse, and it's impossible to widen roads fast enough, she says. The Richmond region needs to consider a new model -- nodes of transit-oriented development around commuter rail stations -- that enable people to get around without driving everywhere in their cars.

The Richmond MPO is well advanced in its Regional Mass Transit Study, which should be complete by the end of the year. Until publication of that document, the only authoritative study of rail in Richmond is the Richmond Rail Transit Feasibility Study, published in 2003. That report lays out the key elements of Midlothian commuter rail.

The 15-mile rail line would have six stations:

- Downtown Richmond, either at the Main Street Station or a spot less than three blocks away. (Linking the Norfolk Southern rail line to the station, a major intermodal hub in downtown, would require repairing an abandoned railroad interchange.)

- Manchester, just across from the James River from downtown Richmond. This old neighborhood has seen hard times, but gentrification is taking root.

- Sheila Lane, near the intersection of Forest Hill Ave. and Chippenham Parkway, adjacent to an existing shopping center.

- Buford Road, near the old Bon Air station.

- Robious Road, near the intersection with Huguenot Road -- an area with extensive commercial development.

- Otterdale Road, near the intersection with Midlothian Turnpike. Much of the land remains to be developed.

Presumably, the follow-up study will recommend extending the rail line to Roseland and Watkins Centre, if not farther.

Given the modest level of ridership anticipated, the service would require only two trains with a locomotive and two coaches each. The trains would operate four inbound trips during the morning peak, four outbound trips during the afternoon peak, and perhaps one round midday trip to provide continuity of service. If all went smoothly, the trip would take approximately half an hour. There would be no service on weekends.

Operating costs would be extremely low: about $1.6 million annually (in 2003 dollars). Fares would generate about $600,000, leaving a deficit of about $1 million a year.

The biggest nut to crack is the up-front capital cost. This includes not only purchasing the trains but repairing the link to Main Street Station in downtown, building stations and park-and-ride lots, adding "passing" sidings where passenger trains pull over and allow freight trains to pass, and a layover-maintenance facility to park the trains.

The Roseland project. The Rt. 288 interchange can be seen in the upper right-hand corner. The rail station would be located in the commercial cluster seen in the upper-left.

Anticipating no change to land use patterns, the Richmond Rail Transit Feasibility Study expects nearly all passengers to arrive at the stations by car, where they will park either in park-and-ride lots or in existing retail parking lots. The fact that everyone must arrive by car is one of the main reasons why ridership is expected to be so low, about 170 passengers per day.

The key to making commuter rail work, says Girone, is to plan for Transit Oriented Development around the proposed rail stations -- something that Chesterfield has yet to do. "Here's my point," she says. "Identify the sites on a land use plan. Then, when you do the six-year transportation plans, plan to have the money to buy the site, just like you do for libraries and parks. It's called long-range *planning*."

Casey Sowers and his father George B. "Buddy" Sowers, Jr., founders of GBS Holding Ltd., see Roseland as an antidote to what ails Chesterfield County. Located near the intersection of Rt. 288 and the Powhite Parkway, the project will be well served by highways. But GBS is not simply exploiting the project's proximity to the new roadway. The goal is to create a community where residents drive less, and where they can meet many of their needs locally -- without hopping onto the county's overloaded transportation arteries in the first place.

Roseland will embrace New Urbanist planning guidelines: mixed uses, clustered housing, preservation of open space, a grid-like network of streets and pedestrian- friendly streetscapes. "Vertically mixed" buildings will contain offices and stores on the first floor and apartments above. "At Roseland," says Casey Sowers, "someone can leave his or her home in the morning, have coffee at the corner café, go to work, go for a run or bike ride, go out to dinner, all without ever getting into a car. This should be the model for any large new development in our county, to reduce our dependency on the automobile."

Commuter rail would help wean Roseland residents from their auto-centric lifestyles, Sowers maintains. He thinks there's an untapped market for people to ride to work in a train, reading the newspaper or checking e-mail on a laptop, instead of fighting the rush hour crush into downtown on the Powhite Parkway. The train trip would take little longer, and commuters could spend their time productively.

Under current plans, Roseland already has some elements in place to encourage rail ridership. Plans call for a shuttle service running from one end of the property to the other, providing ready access to the train station. Bicycle paths would link to the station, and people could easily walk from a number of apartment buildings nearby. Though still in the conceptual stages, Sowers is toying with the idea of integrating electric vehicles into the transportation plan, with special parking spaces where vehicles can recharge their batteries. He also anticipates plenty of retail parking for those who insist upon driving their cars the short distance to the station. Peak demand for retail parking and commuter parking tend to balance one another fairly well.

If Chesterfield County actively encouraged Transit Oriented Development by approving increased density within 1/4-mile of the station, that would increase Roseland's range of options. The project could build even more multi-unit condos and apartments near the station, allowing more people to access it on foot, as well as structured parking where people could park right next to the station.

Instead of treating the railroad as an undesirable land use, Sowers cites the examples of other Southern towns that have turned their railroads into an attraction. "Tens of thousands of people [in those towns] are coming just to watch the trains going by," Sowers says. "People bringing their kids. People celebrating the trains. Combine the retail business with some medium-density residential to support it, and the convenience of light rail directly adjacent to it.... Put three or four of those things together, and you can create a pretty charming place."

Demographic trends support Sowers' notion. Reconnecting America, a not-for-profit group promoting Transit Oriented Development, forecasts that the number of households near transit stations will reach 15 million by 2030. The growth will be driven by a surge in the number of singles and empty nesters who prefer to live in smaller homes with in walking distance of restaurants, entertainment and other amenities.

Roseland and nearby Watkins Centre are natural advocates of commuter rail: They've already done much of the hard work. They've consolidated the land around their rail stations, and they don't have to tear anything down. The challenge gets more complicated at other station locations, such as Robious Road, Bon Air and Manchester where the land is encumbered with existing development.

That's where the higher density comes in: Increase the density enough, and local government can incentivize local property owners to re-develop anything. Much of the land around the proposed stations consists of shopping centers and parking lots. With the right to rebuild at higher densities, property owners would happily buy out their tenants' leases and build multi-story buildings and parking decks instead. The transit vision for Chesterfield and Richmond would be to replicate on a modest scale Arlington County's highly successful strategy of spurring development around the five Metro stops on the Ballston-Rosslyn Corridor.

One intriguing strategy for enticing Norfolk Southern into the initiative would be to grant "air rights" over its railroad right of way -- the ability to literally build a structure above the railroad tracks. Such a structure would serve the added benefit of splicing together the development on either side of the railroad tracks, improving connectivity and improving pedestrian circulation.

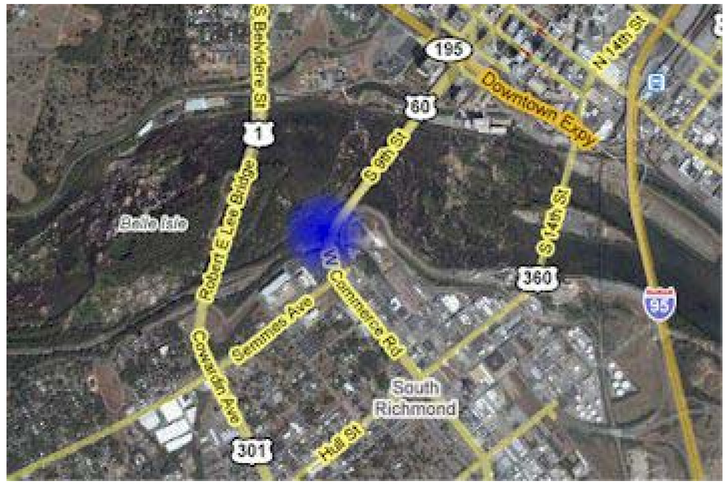
Transit Oriented Development around the rail stations would dramatically alter the economics of the rail commuter project. If CDAs were established around seven stations between Manchester and Watkins Centre, and if each CDA issued $30 million in bonds, it should be possible to raise more than $100 million to fund the up-front capital costs of the rail line, create a $20 million endowment to subsidize the train's ongoing operating costs, and leave $90 million to pay for improvements that make the stations more accessible.

Here's the million-dollar question: Will access to commuter rail service, streetscape improvements and increased densities create enough economic value to induce property owners to join the CDAs and pay the higher taxes? There's no way to know without undertaking detailed studies of the route, identifying the landowners and querying them directly. That job in itself would take considerable resources. But it should not be an insurmountable task to pull together a number of stakeholders to underwrite the effort.

There are a number of foreseeable obstacles to pursuing a private-sector version of Midlothian commuter rail.

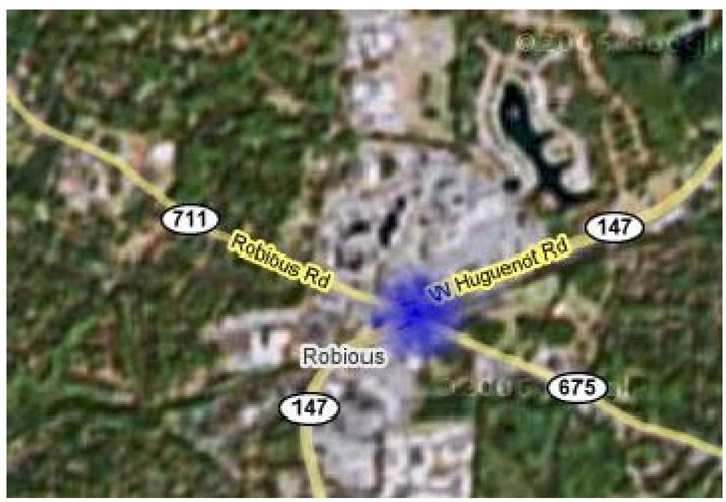
Build It and They Do *Not* Come. Many communities have built rail projects in which the touted passenger traffic never materialized. Many Richmonders are committed to the flexibility and freedom that automobiles provide, skeptics might say, and Richmond may never come close to replicating the Arlington experience.

That's why it may be necessary to create an endowment, or fund of some sort, to cover potential shortfalls in operating costs. A $20 million endowment, invested to yield a five percent annual return, could throw off $1 million a year indefinitely -- enough to cover the deficit projected in the Richmond MPO study. (If putting transit-oriented development into place improves ridership significantly, the operating deficit could well be smaller.) Alternatively, the CDAs could be restructured to pay an ongoing revenue stream that would cover any operating deficits, building up an escrow account if not needed.



(Above) The blue dot displays the approximate location of the proposed Manchester station on the edge of the James River (seen as the dark band in the center of the image). A rail station there could stimulate the re-development that is taking root in the decayed urban neighborhood. (Image courtesy Google Maps.)

(Below) This aerial photo shows development around the Robious-Huguenot intersection. The area could be re-developed at higher densities without severely impacting nearby residential neighborhoods. (Image courtesy Google Maps.)



There Goes the Neighborhood. Transit Oriented Development in other communities has been delayed or derailed by concerns that increased density would intensify traffic congestion locally. NIMBYs don't care if mixed-use development and commuter rail takes drivers off *regional* arteries and connectors if the increased concentration worsens traffic in *their* neighborhood. One potential strategy is to require developers, as a condition of receiving higher densities, to adopt Traffic Demand Management (TDM) plans to reduce localized traffic congestion -- encouraging carpooling, van sharing, telecommuting, bicycling, whatever -- and to hold them accountable if their performance measures aren't met.

NIMBYs also fear the visual impact of high-rise buildings in the TOD districts towering over their single-family dwellings. That concern can be easily alleviated by scaled zoning: permitting the highest buildings above or around the rail stations, mid-rise buildings a little farther away, and smaller buildings on the edge of the district. The result would be a tapering, pyramid-like effect that creates no jarring juxtapositions with residential neighbors. (See Ed Risse's treatment of Public Way Rights and Pyramid development strategies for Rail-to-Dulles in "All Aboard!", *Bacon's Rebellion*, April 16, 2007.)

There Goes the AAA Bond Rating. Chesterfield County, like the Commonwealth of Virginia, is committed to maintaining its coveted AAA bond rating. It has been argued in other localities that CDA indebtedness incurred would count against the county's indebtedness, which would undermine its credit rating. I have heard experts insist that CDA indebtedness would *not* count as county debt. A definitive legal ruling on this issue might be necessary to persuade Chesterfield County and the City of Richmond, which has a AA bond rating, to approve the CDAs.

Even in the absence of a positive ruling, a bond downgrade is by no means inevitable. Higher indebtedness could be offset by the increased value of Chesterfield's tax base, with rail stations acting as magnets for office development. According to a recent article in the *Wall Street Journal*, a University of North Texas study found that between 1997 and 2001, office properties near Rapid Transit stations in suburban Dallas increased in value 53 percent more than comparable properties not served by rail. Similarly, Arlington County found that land values in the Ballston-Rosslyn Corridor grew 84 percent between 2002 and 2006.

On the positive side, other foreseeable developments might *help* Midlothian commuter rail. One priority of rail enthusiasts in Virginia is establishing a high-speed rail link from Bristol, Roanoke, Lynchburg and Richmond. That would run along the same Norfolk Southern rail line as Midlothian commuter rail. If that project were ever funded, the potential would exist to share infrastructure along the Midlothian portion of the route.

Similarly, Midlothian commuter rail would benefit enormously if other Richmond rail projects under evaluation by the MPO were built. Rail lines comprise a network, and like any network, the value to those who use it increases exponentially with the size of the network. Running a rail line from Main Street Station to Richmond International Airport would make the rail connection even more valuable to Roseland residents. The same could be said if riders could hop on a train, change at Main Street Station, and ride out to Ashland or Short Pump.

Chesterfield County is the linchpin of Midlothian commuter rail. If the county wants to avoid risk taking of any kind, the rail project will never happen. But if county officials ponder the future beyond their next re-election, they'll see the necessity of taking bold measures. The Southern Environmental Law Center projects that the county of 300,000 residents could add 125,000 housing units by 2030. Those people have to live somewhere. And they will clog county roads if given no other options. With few funds available to build new roads, Midlothian commuter rail may be the only thing standing between Chesterfield and gridlock.

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