Presented to:
Joint Subcommittee to Study Recurrent Flooding

Presented by:
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On Behalf of:
VACRE/HRACRE

September 10, 2014
Recurrent Flooding: Perspectives from the Commercial Real Estate Industry

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Environmental & Water Resources Engineering
- Federal, State, Local Government & Private Development

Offices in Virginia Beach & Richmond
Virginia Association For Commercial Real Estate

- Promotes Ownership, Use and Development of Commercial Real Estate in the Commonwealth
- Members from Urban Crescent of Virginia
  - Northern Virginia
  - Greater Richmond
  - Hampton Roads
- 800 Member Companies
- 2,000 Individual Members
Organizations Contacted:

- VACRE
  - HRACRE
  - GRACRE
  - NAIOP Northern Virginia
- ICSC Hampton Roads
- Hampton Roads Chamber of Commerce
- Virginia Peninsula Chamber of Commerce
- Williamsburg Chamber of Commerce
- Virginia Beach Central Business District Association
- CREW Hampton Roads

- Urban Land Institute, Hampton Roads Chapter
- Design Build Institute, Hampton Roads Chapter
- Associated Builders and Contractors, Virginia Chapter
- Associated General Contractors of Virginia
- Tidewater Builders Assoc.
- Penninsula Home Builders Assoc.
Recurrent Flooding (RF)
Perspective from Hampton Roads

- RF has many causes
- RF comes from all directions:
  - Oceanside
  - Bayside
  - Major Rivers
  - Internal Tributaries
  - Streams
  - Ditches

→ And Effects ... Almost Everything and Everyone
General Observations

- Localities
  - Actively Responding, Planning, Designing, Retrofitting, Building

- State
  - Actively Responding & Planning

- Commercial Real Estate
  - Issue is “On the Radar”
  - Those Most Aware Today:
    - Shoreline Exposure
    - Surface Transportation Dependent
    - Poor Drainage/Flood Risk

Evaluation of Proposed Roadway elevation: Flood levels, Sea Level Rise, Environmental Impacts and Costs

Sandbridge Road, Virginia Beach Engineering Study (Ongoing)
Issues “on the Radar”

“Now”
- Stormwater Regulations – State/Local Govn’t
- Finished Floor Elevations Increased – Local Govn’t
- FIRM Mapping – Federal Govn’t
- Floodgates within Structured Parking – Local Govn’t
  - The Green at Ghent Apartments, Norfolk

3-5 Years
- Commercial Lending
- Commercial Insurance
- State/Local Government Requirements
Biggest Ally for Now... Time

- But...Lack of planning now
  - Limits available options in the future
  - Costs increase significantly for remaining options

Sea Level Rise and Flooding Risk in Virginia, Sea Grant Law & Policy Journal, Atkinson, Ezer & Smith, Winter 2013
How will Businesses Assess Risk of Recurrent Flooding?

- Capital Risk
- Operational Risk
- Regulatory Risk
- Environmental Risk

Quantifying Risks: Effects Business Decisions on:
- Existing Facilities & Re-investment
- Expansions
- Proposed Facilities
Three Challenges for the Joint Subcommittee:

1. Policies Can Effect National & Regional Competitiveness
2. Clarify Commonwealth Authority and that Delegated to Local Government
3. How to Fund Recurrent Flooding Requirements & Projects
Issue No. 1: Policies Can Effect National & Regional Competitiveness

- Lack of Planning
  - Ever-greater Development/Infrastructure Challenges over Time
  - Loss of Confidence from Military Partners → Economic Loss

- Poorly Executed Strategies
  - Shifts in Development Patterns, Lost Opportunities, Reduced Real Estate Tax Income

- Well Executed Strategies
  - Clearly Articulated Vision & All Stakeholders Engaged
  - Seen as Pro-Active by Business Community
  - Allows for Incremental Change, Flexibility
  - Goals Reached Synergistically
  - Easier to Secure Federal Funds
Example of Well Executed Strategy Development
Issue No. 2: Clarify Commonwealth Authority and that Delegated to Local Government

- What type of Authority is available Now?
- What Level of Government has been delegated that Authority Now?
  - Was it intended for the use being applied re: RF?
- Which level of government is best suited articulating various new standards/requirements/options?

Goals
- Maintain property right protections
- Minimize unintended consequences
- Minimize economic disincentives between jurisdictions
Issue No. 2 Example

- Construction/Building Codes & Unintended Consequences

- Question:
  - Is it in Commonwealths’ best interest to keep decision-making at State level or local level?
  - Local variations can create economic disincentives

- Example: Finished Floor Elevations Are Increasing
  - Q1: They are different in Tidewater localities – should they be?
  - Q2: Does it reduce insurance costs or simply increase economic burden?

- Recommendation:
  - Utilize Virginia’s Board of Housing Processes
  - Identify: benefits of uniformity, needs for flexibility
Issue No. 3 How To Fund Recurrent Flooding Requirements and Projects?

- Simultaneously with Other Challenges:
  - New Stormwater Regulations
  - New TMDL standards
  - DoD Sequestration
  - Restrained Economic Growth

Answer: Judiciously
Issue No. 3 How To Fairly Fund Recurrent Flooding Requirements/Projects?

- **State & Federal Funding:**
  - Identify Local, Regional, State Needs & Time Horizons
  - Prioritize those with Multiple Benefit Solutions
  - Protect Economic Development & Property Values = Long Term Revenue Sources

- **Federal Funding –**
  - Unified Voice/Goals
  - Demonstrate Multiple Benefits
  - Work with Our Military Partners

- Likely an “All of the Above” Approach – Seek Best Fit Solutions
  - Enterprise Utility Rates
  - Local/Regional Taxes
  - TIF
  - Special Service Districts
  - Private Sector
  - State Funds / Revolving Funds
  - Federal Funds
What Are Other States Doing?

- Those with Recurrent Flooding and/or Large Flooding Events
  - Tropical Storms - Coastal
  - Precipitation driven – Mid-western states
- Commonality of Successes/Failures?
  - What do they wish they had done before x, y, z?
- Reaction of Business Community
Thank you for this opportunity to be of service to the Joint Subcommittee and the Commonwealth of Virginia