

**To: Hanover County Planning Commission**

**Cc: Hanover County Board of Supervisors**

**From: Collin Moseley, Resident of Foxhead, Ashland District**

**Re: Proposed use of Air Park Associates LLC Site and impact to neighboring property values**

**Date: 17 February 2020**

The request for rezoning REZ2019-00037 (Wegmans Distribution Center on Air Park Associates LP site) poses a substantial risk to existing property values in proximity to the site. The risk of material impacts to existing property values is substantial enough to merit further and specific consideration by the Hanover County Planning Commission and the Board of Supervisors. We request a detailed study of the potential effects be commissioned to inform the site's development to address the leading causes of property value decline, and further address the needs of all citizens impacted by the proposed development.

More than 500 existing single family homes are within  $\frac{3}{4}$  of a mile of the proposed development site, and at least another 500 homes within 2 miles. The following points demonstrate that there are strong indicators that industrial development, such as the current proposal, will depress property values of nearby homes leading to economic losses of \$6.1M to \$19.1M in aggregate<sup>4</sup> to the County.

- 1. The study of the development of commercial sites in close proximity to existing residential neighborhoods demonstrate negative impacts on property values.**
  - A 2015 study published by Georgia State University<sup>1</sup> identified that industrial commercial developments, such as the proposed Wegman's site use as a distribution center, have negative impacts on property values within a  $\frac{3}{4}$  mile radius, between 4% and 12% (Figure 1) beginning before construction starts and continuing to decline following completion.
  - In 2014, a Morning Call article cites three studies<sup>2</sup> of a proposed 822,500 square-foot warehouse facility in Nazareth, PA determined the development would reduce nearby property values by 11.5%.
  
- 2. Development of industrial commercial sites puts downward pressure on property values on two dimensions: supply rises and demand falls.**
  - Supply rises as existing home owners near the proposed site sell (e.g. to access available equity, or avoid nuisances, etc.), and;
  - Demand falls as knowledge of the site becomes more widespread (e.g. news reports, construction begins, builds emerge, etc.) making properties less desirable.

**3. Wegman’s prior developments of distribution center are not analogous to the currently proposed site development.**

- The Rochester facility was completed in 2004 on a plot between existing neighborhoods of single family homes (circa 1970s) and the Greater Rochester International Airport (built in 1953) and *hence the proximity to the airport was priced into the market.*
- The Pottsville facility was completed in 2012 on a plot in an industrial zone with no substantial nearby single family dwellings.
- The current proposed site has negotiated proffers from 1995, which were negotiated in partnership with the community to protect property values and *hence the proposed site development is not priced into the local housing market.*

**4. Certain related factors also influence the impact of commercial developments in close proximity to existing homes.**

- A 2018 article published by the San Francisco Chronicle<sup>3</sup> creates a framework for evaluating the impact of commercial development on residential properties:
  - Where traffic and congestion are well managed, the impact is lessened; **it is undisputed that Wegman’s will add traffic volume.**
  - Where availability of public transportation is high, the impact is lessened; **no public transportation is available near the proposed site.**
  - Where development improves neighborhood culture, the impact is lessened; **no cultural value is added through this project.**

**Figures:**

Figure 1: Identified impact on single family home sale prices within ¾ mile radius of industrial site development<sup>1</sup>

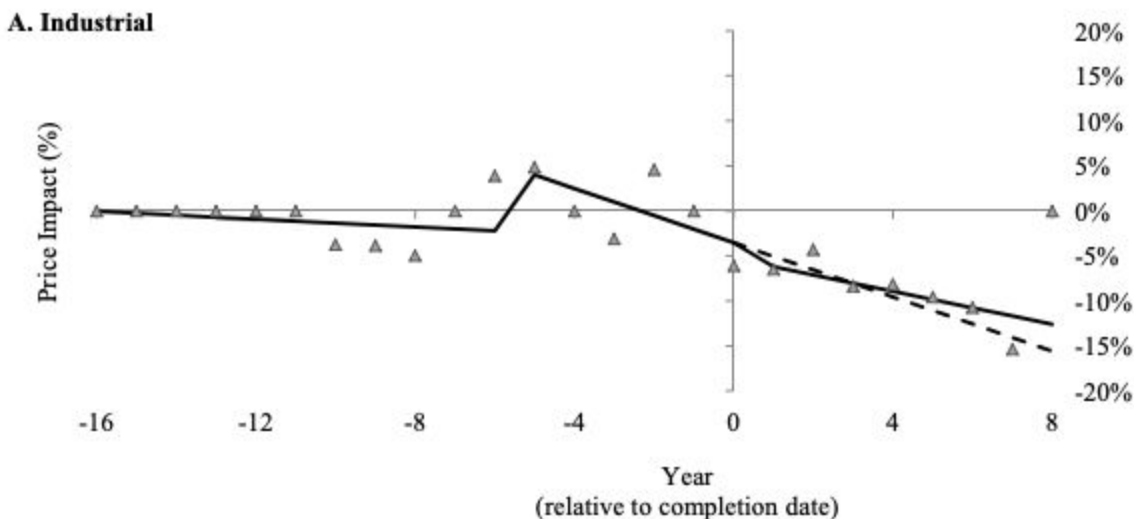
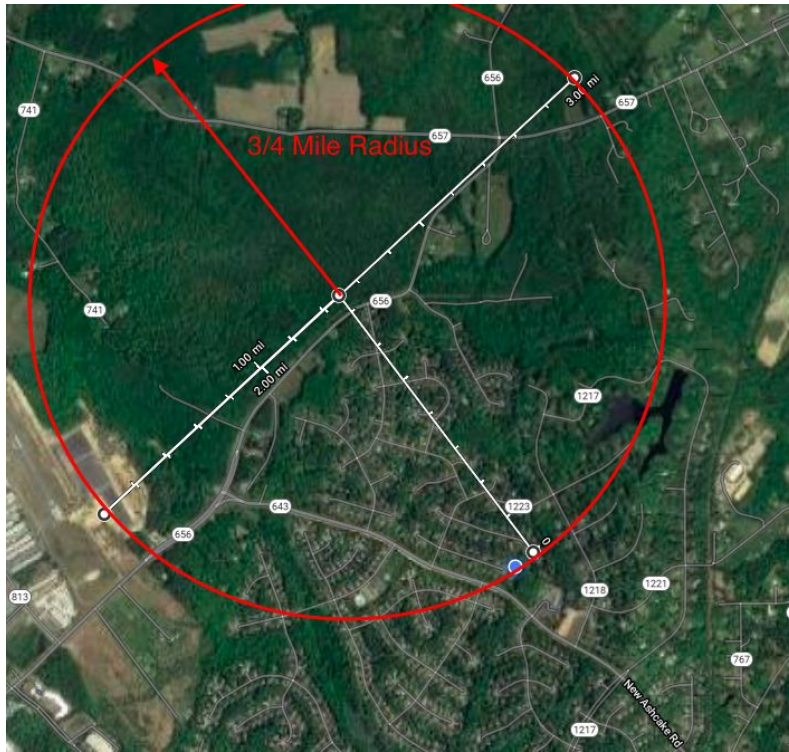


Figure 2: Single family homes within  $\frac{3}{4}$  mile radius of proposed development site.



**Sources:**

1. Wiley, J. Ph.D. "The Impact Of Commercial Development On Surrounding Residential Property Values." Georgia State University. April 2015.  
<https://www.gamls.com/images/jonwiley.pdf>
2. "Experts: Warehouse plan would hurt home values, could affect air quality in Lower Nazareth." *The Morning Call*. 10 February 2014.  
<https://www.mcall.com/news/local/mc-xpm-2014-02-10-mc-lower-nazareth-warehouse-hearing-20140210-story.html>
3. Cockerham, Ryan. "The Effects of Commercial Property on Residential Value." *San Francisco Chronicle*. 26 July 2018.  
<https://homeguides.sfgate.com/effects-commercial-property-residential-value-7923.html>

**Calculations:**

4. Based on average home price: \$286,432 (as of 31 December 2019 from Zillow.com for zip code 23116). Percentage declines from Source 1 (page 31): 4% to 12%. Per home loss estimated as \$11K and \$35K, respectively.