

# Richmond Zoning Feasibility Analysis

MX · RM-A / RM-B / RM-C · RA Zones | Six Subareas

May 2026

## Methodology | Subarea market characteristics

The financial viability of new development under the proposed zoning varies substantially across the city. Each of the six subareas has distinct market characteristics that affect both subdivision potential and preservation bonus feasibility:

**Property values** affect acquisition economics

*Calculated using property assessment database*

**Rental rates** vary significantly across subareas, impacting income potential

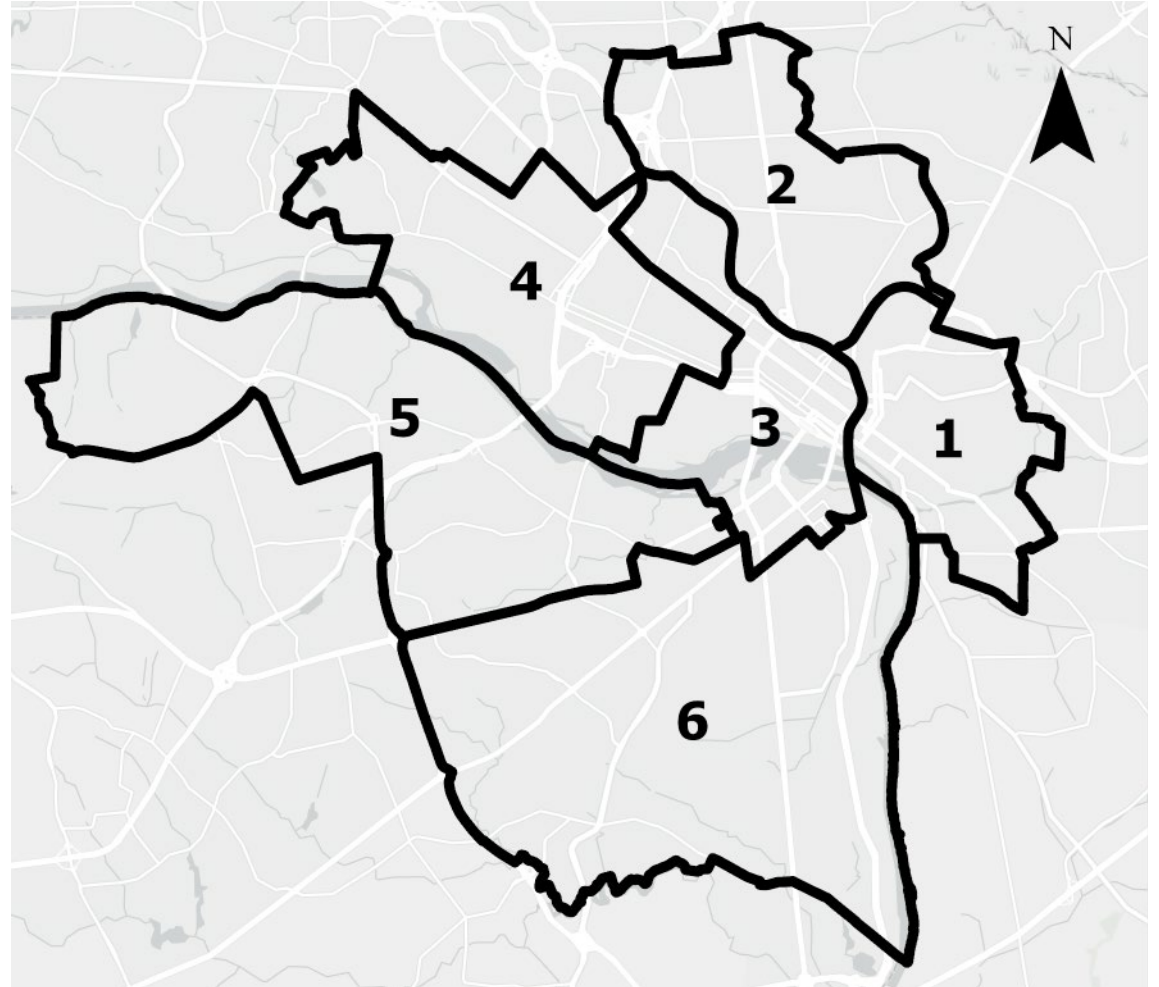
*Calculated using Redfin data*

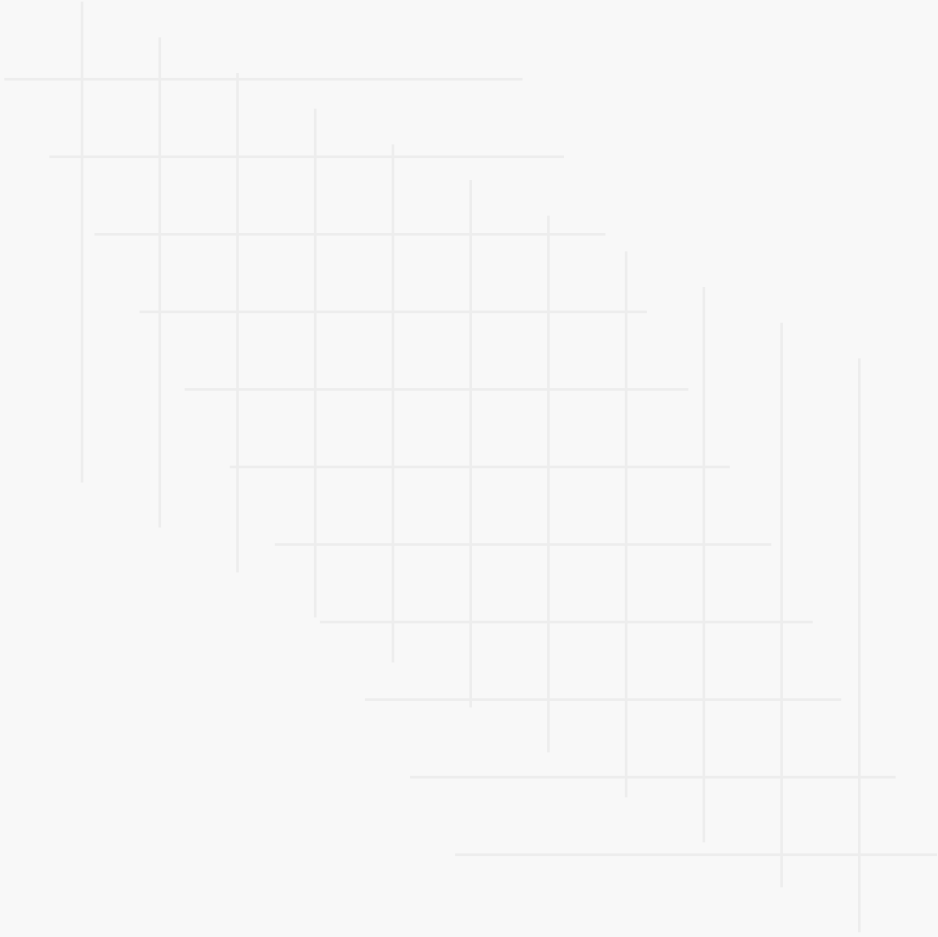
**Sales prices** for new homes vary geographically

*Calculated using Redfin data*

This geographic variation explains why development activity—whether through subdivision or build-to-rent models—will be concentrated in specific subareas rather than distributed evenly across the city.

Map of the six subareas





# Methodology

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# Methodology | How We Screened Parcels

- **Step 1 — Remove parcels that are unlikely to redevelop regardless of market conditions.**

This includes properties with active affordable housing tax credit programs (LIHTC), institutionally owned land (churches, schools, government), and property types that are structurally ineligible — such as condominiums or utility parcels.

- **Step 2 — Exclude parcels where the existing building is too valuable to tear down.**

We calculate the improvement-to-land ratio (ILR) for each parcel using the City's assessment database. A high ratio means the existing structure is worth significantly more than the land beneath it — demolishing it would destroy more value than a developer could recover. These parcels are classified as unlikely to redevelop.

- **Step 3 — Check whether the physical lot can support new development.**

Very small lots may be legally rezoned but are physically incapable of accommodating a new building without combining with an adjacent parcel. Where applicable, these parcels are flagged as assemblage candidates rather than standalone development sites

- **Step 4 — Test financial feasibility for remaining parcels.**

Parcels that survive the first three steps are run through a proforma model that tests whether new construction can generate a market-rate return given today's rents, construction costs, and land values. This step is described in detail on the following slide.

# Methodology | How We Tested Financial Feasibility

For every parcel that passes the initial screening, we build a simplified development proforma — a financial model that estimates whether new construction would generate a sufficient return for a private developer. The core question is: **given what this land costs, what it costs to build, and what rents the market supports today, does a developer earn a market-feasible return on investment?**

- **Construction costs** are derived from published cost benchmarks for the Richmond market and vary by building type — wood-frame construction for smaller buildings, concrete podium or mass timber for larger ones. Soft costs, financing, and developer fee are included.
- **Revenue assumptions** are drawn from CoStar market data and Redfin transaction records, segmented by subarea. Rental and for-sale benchmarks reflect current prices — not aspirational projections.
- **Land cost** is based on the City's property assessment database, calibrated against actual market transactions to account for cases where assessed values diverge from what sellers actually expect to receive.
- **The feasibility test** compares the maximum land price a developer could afford to pay and still hit a 15% return against the parcel's actual assessed value. Where the math works, the parcel is flagged as feasible. Where it doesn't — meaning the land costs more than a development can support — the parcel requires public subsidy to move forward.

This approach produces a conservative, market-grounded picture of development probability — one that distinguishes between what zoning **allows** and what the market will actually **deliver**.



# **MX Zoning Feasibility Analysis**

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# Mixed-Use (MX) Zone | Key Results & Findings

- **Feasibility is concentrated in specific areas of Richmond.**

Mostly Subareas 3 and 4 — covering corridors like Scott's Addition, the Diamond District, and Manchester — have rents high enough to support new construction without public subsidy. In the other four subareas, rezoning to MX alone won't trigger development; the economics simply don't work at current rent levels. There are some examples of border-adjacent to Subareas 3 and 4 proving viable due to proximity.

- **Most commercial properties in the Fan won't turn over.**

Many Fan District parcels are zoned MX but carry land values that reflect their existing commercial use — too high for a developer to assemble and redevelop at a profit.

- **Expect 5–7 story buildings, not towers.**

Even where MX zoning allows more height, the market will largely deliver mid-rise stick-frame construction in the 5–7 story range. Taller construction (podium or mass timber) requires significantly higher rents to pencil out, and those conditions only exist on the largest sites in the strongest subareas.

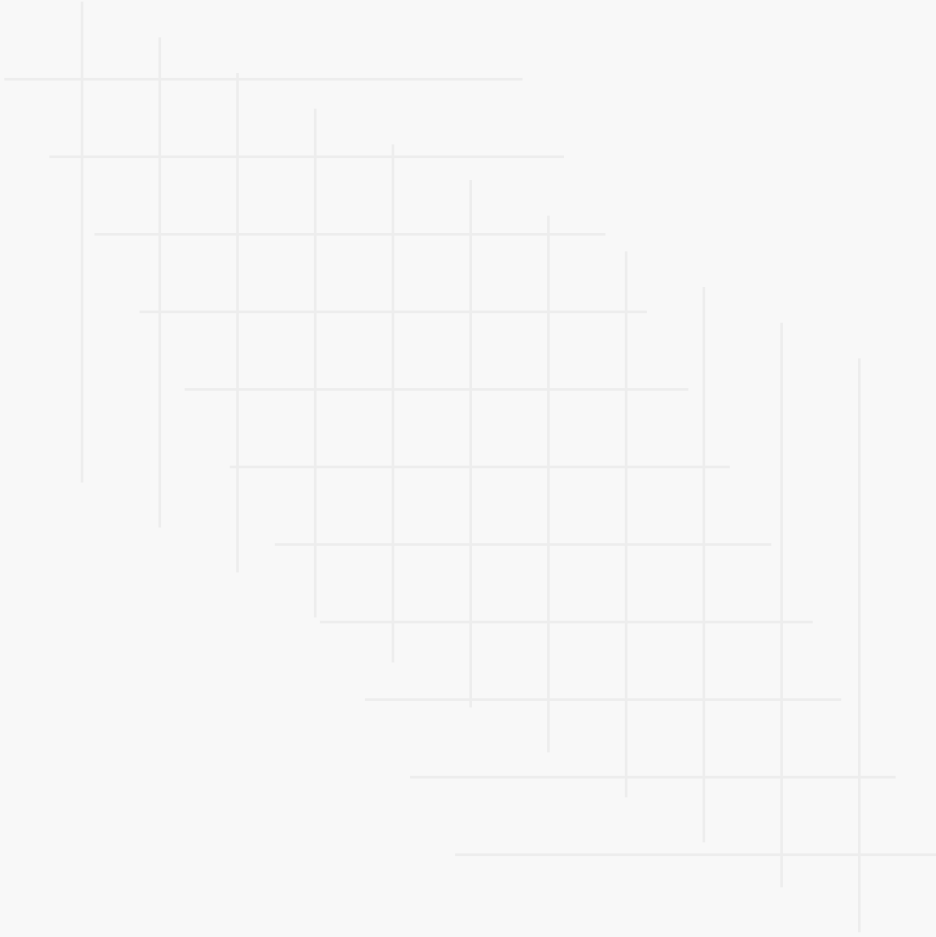
- **Rezoning doesn't guarantee development — timing matters.**

A parcel being "feasible" on paper means the numbers work today; it doesn't mean a shovel goes in the ground. Development will be concentrated among parcels where the land is already underutilized, the owner is willing to sell at market-supported prices, and assembly isn't needed.

# Mixed-Use (MX) Zone | Key Results & Findings

## Development Feasibility Analysis | MX Parcels

Subarea	Above Max Value (Infeasible)	80–100% of Max Value (Marginal)	60–80% of Max Value	<60% of Max Value	Est. Parcels Developing Annually	Annual Units Delivered (Estimate)		
						Conservative	Moderate	Aggressive
Subarea 1	887	0	0	0	0	0	0	0
Subarea 2	604	0	0	0	0	0	0	0
Subarea 3	1,615	27	67	354	12	790	918	1,075
Subarea 4	1,060	22	58	163	6	411	478	559
Subarea 5	461	0	0	0	0	0	0	0
Subarea 6	945	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>5,572</b>	<b>49</b>	<b>125</b>	<b>517</b>	<b>19</b>	<b>1,201</b>	<b>1,396</b>	<b>1,634</b>



# **RM Zoning Feasibility Analysis**

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# Residential Multi Unit Zones | Key Results & Findings

- **RM zoning functions more as a preservation zone than a redevelopment catalyst.**

Nearly all the 5,700 RM-zoned parcels are already built out — 26% are existing multifamily buildings, 47% are single-family homes (townhomes), and only about 8% are vacant or underutilized.

- **The buildings already there most likely will not be torn down**

The median RM parcel has an improvement-to-land ratio above 2.5, meaning the existing structure is worth more than the land alone.

- **Only about 2% of RM parcels are realistic redevelopment candidates.**

Of 5,700 parcels, just 122 — roughly 2% — screen as individually feasible for new multifamily development. All 37 of the highest-probability parcels are in Subareas 3 and 4. Zero feasible standalone parcels exist in Subareas 1, 2, 5, or 6.

- **Assemblage could unlock additional units, but it's not guaranteed.**

Another 173 parcels become viable if combined with adjacent properties — representing roughly 1,460 additional potential units. But assemblage depends on multiple owners willing to sell at the same time

- **The three RM subzones are unlikely to produce meaningfully different outcomes.**

Despite its unlimited unit allowance, most RM-C parcels are too small to accommodate significantly more units than RM-B, which is capped at 12 units per building. RM-A is even less likely to see redevelopment given its 6-unit cap makes the numbers harder to pencil out.

- **The realistic unit yield from RM rezoning is modest.**

Even counting all feasible and assemblage-eligible parcels, the estimated unit yield from new RM development is approximately 2,800 units — spread across the entire city, concentrated in two subareas, and buildable only incrementally over many years.

# Residential Multi Unit Zones | Key Results & Findings

## Development Feasibility Analysis | RM Parcels

Subarea	Feasible Teardowns	Feasible Vacant Lots	Total Feasible Parcels	Est. Teardown Dev. / Year	Est. Vacant Lot Dev. / Year	Total Est. Dev. / Year	Annual Units Delivered (Estimate)		
							Low	Med	High
Subarea 1	0	0	0	0	0	0	0	0	
Subarea 2	0	0	0	0	0	0	0	0	
Subarea 3	152	55	207	4	2	6	18	37	55
Subarea 4	81	7	88	2	0	2	9	17	26
Subarea 5	0	0	0	0	0	0	0	0	0
Subarea 6	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>233</b>	<b>62</b>	<b>295</b>	<b>6</b>	<b>2</b>	<b>8</b>	<b>27</b>	<b>54</b>	<b>81</b>

A decorative graphic on the left side of the slide, consisting of a grid of thin, light gray lines. The grid is composed of approximately 10 vertical and 10 horizontal lines, creating a series of squares. The grid is positioned on a light gray background that transitions from white at the top to a darker gray at the bottom.

# **RA Zoning Feasibility Analysis**

Richmond Zoning Code Change

## Residential Attached Zones | Key Results & Findings

- **RA parcels are overwhelmingly occupied rowhouse fabric with no realistic redevelopment path.**

Nearly all the 10,200 RA-zoned parcels are already built out — only 12% are vacant or underutilized, and the narrow lots that define this zone (median width 25–28 feet) make meaningful densification on a single parcel structurally impossible without assemblage

- **Tearing down an existing structure is only viable in Subareas 3 and 4.**

The median RA parcel has an improvement-to-land ratio above 2.0, meaning demolition destroys far more value than the land can recover in most of the city. Only 412 teardown parcels citywide screen as feasible, nearly all concentrated in those two subareas.

- **Vacant lot infill is the more realistic development path — and it works across more of the city.**

Of the 893 feasible vacant lots, development pencils out in all six subareas. Subarea 6 shows comparable vacant lot potential to Subarea 1 despite weaker market conditions, simply because it has more undeveloped land available than more dynamic Subareas.

- **The RA zone will produce a modest but real amount of new housing gradually.**

The actual annual pace of change is estimated at roughly 10 teardown redevelopments and 26 vacant lot developments per year. At that rate, buildout of the feasible parcel pool would take decades.

# Residential Attached Zones | Key Results & Findings

## Development Feasibility Analysis | RA Parcels

Subarea	Feasible Teardowns	Feasible Vacant Lots	Total Feasible Parcels	Est. Teardown Dev. / Year	Est. Vacant Lot Dev. / Year	Total Est. Dev. / Year	Annual Units Delivered (Estimate)		
							Low	Med	High
Subarea 1	3	256	259	0	8	8	16	20	24
Subarea 2	3	180	183	0	5	5	10	13	15
Subarea 3	234	137	371	6	4	10	20	25	30
Subarea 4	172	60	232	4	2	6	12	15	18
Subarea 5	0	15	15	0	0	0	0	0	0
Subarea 6	0	245	245	0	7	7	14	18	21
<b>TOTAL</b>	<b>412</b>	<b>893</b>	<b>1305</b>	<b>10</b>	<b>26</b>	<b>36</b>	<b>72</b>	<b>91</b>	<b>108</b>

Annual unit estimates are modeled projections, not precise forecasts. Low assumes base RA entitlement (1 unit + ADU per development); Mid assumes partial use of the housing preservation bonus; High assumes maximum use of the preservation bonus (2 units + ADU) across all feasible parcels. Analysis excludes 35 feasible vacant lots ≥ 1 acre that represent large-site subdivision candidates — concentrated in Subareas 5 and 6 — which may yield substantially more units than the per-parcel infill model assumes. Estimates for these subareas should be understood as conservative.



**RKG**