



of Learning test scores, free and reduced meals participation, average daily attendance and student transiency) to identify revitalization areas. These areas were scored from 1 (lowest revitalization need) to 10 (highest revitalization need) for existing subdivisions with 10 or more housing units. An average score of indicators was created, then ranked in order. The highest 20% scored subdivisions were considered a revitalization area for purposes of the County Road Cash Proffer Policy.

As part of the County's zoning proposal review process, Community Enhancement provides feedback in the pre-application conference, Technical Review Committee, and application review. Specifically, the Department maintains case documentation and determines which applications are in a revitalization area for the purposes of the County Road Cash Proffer Policy. During inquiry, we noted the following:

- The same employee determines revitalization areas and provides feedback during zoning reviews. Annual updates are shared with the Director.
- Employees follow steps to determine revitalization areas and participate in zoning case review. Revitalization area status for zoning applications is e-mailed to Planning and Transportation Department's during the zoning approval process. These steps are not formalized through written procedures and required documentation related to each case review has not been established. Community Enhancement personnel intend to create specific procedures and documentation consistency has improved.
- The Revitalization determination model is updated annually and shared with the Director, however, specific steps to describe model update and reporting used in the determination is not consistently retained. Community Enhancement uses various County, State and Federal reporting and performs data validity tests.

As of January 2020, staff revised the revitalization determination model using different indicators. The new model, Residential Real-Estate Market Index (**Figure 1.1**), uses the basic analytical approach from the Reinvestment Funds' Market Value Analysis done for Richmond and used nationally in major cities. The model measures the stability and vitality of individual housing markets using five revitalization variables. The median residential assessment variable is weighted two times compared to other variables. Unweighted variable information on residential vacancy, owner occupancy, property crime density, and assessment per rental unit, is collected for each neighborhood but not used to determine revitalization area status.

**Figure 1.1 – 2020 Residential Real-Estate Market Index – Weighted Variables**

	Number of Neighborhoods	Stability Variables		Vitality Variables		
		Median Residential Assessment (20 Points)	Median Residential Assessment Growth (10 Points)	Percentage New Construction (10 Points)	Percentage with Building Permits (10 Points)	Residential Sales Density (10 Points)
Thriving Market	29	\$ 332,400	18%	13%	7%	17 to 1
Established Market	40	237,225	20%	1%	5%	19 to 1
Mature Market	28	207,550	15%	3%	5%	24 to 1
Transitional Market	32	176,400	16%	1%	4%	24 to 1
Re-Investment Market	17	149,550	12%	1%	3%	31 to 1
Revitalization Focus	18	133,425	8%	1%	2%	30 to 1
Non-Residential	4	N/A	N/A	N/A	N/A	N/A
Average Block Group in Chesterfield County		\$ 202,700	16%	2%	5%	23 to 1

A block group is a geographic unit determined by the Census Bureau and used by the County to measure revitalization indicator data. A block group must be among the bottom 20% (i.e., a Re-Investment Market or a Revitalization Focus Market) and must have a median assessment value lower than \$150,000 to be considered a revitalization area. Both models identified revitalization areas generally in or near the Chippenham Parkway corridor, Route 1, Rt. 10/Rt. 288, South Harrowgate Road, Enon, Ettrick and Matoaca Village.

Our analysis primarily consisted of developing an internal control questionnaire (ICQ) to help Community Enhancement identify potential risk areas and evaluate controls and processes for revitalization projects where a road cash proffer would not be accepted.

During our evaluation, we noted potential improvement opportunities for management’s consideration. Community Enhancement could develop and document internal procedures to clearly document steps for revitalization determination, annual model update notes, zoning case review required documentation and file retention requirements.

We believe our assessment provides an objective review of internal controls for the revitalization Road Cash Proffer Policy program provided to Internal Audit for evaluation; however, because of the significance of departure from the requirements, auditors were unable to and did not conduct the engagement in accordance with generally accepted government auditing standards (GAGAS).

We appreciate Community Enhancement’s assistance during this project. Should you have any questions, or further assistance, please call Terry Parker or me at extension 1240.

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