



Pleasure House Point Tidal Wetland Mitigation Bank Fact Sheet

Background

In January 2025, questions were raised about whether the City of Virginia Beach needed to continue with the Pleasure House Point (PHP) Tidal Wetland Mitigation Bank, given that the New Mill Creek Tidal Mitigation Bank had recently become available. After reviewing regulatory, financial, ecological, and long-term program needs, the City determined that the PHP Bank remained the only reliable and watershed appropriate option.

Why the New Mill Creek Bank Was Not a Viable Alternative

Limited Credit Availability

- As of January 2025, the New Mill Creek Bank had 5.27 tidal wetland credits available.
- The City's known need already totaled 6.947 credits, with additional needs anticipated from future flood protection projects.
- Even if the City had purchased all available credits, the total would still not meet long-term requirements.

Financial Considerations

- Credits at the New Mill Creek Bank were priced at \$1.5 million per credit, resulting in an estimated cost of \$10.42 million for the City's known needs.
- The estimate was not final and was likely to be revised since prices were anticipated to rise in 2025.

Market Uncertainty

- Credits had only recently become available and were subject to competitive demand.
- The City had no way to know who else was bidding or how quickly credits might be purchased by other entities.
- This uncertainty threatened project schedules, long-term planning, and cost management

Credits Could Not Be Purchased at That Time

- Federal regulators strongly advise waiting to purchase mitigation credits until a project's permit is close to approval. At that stage, the project's impacts and required mitigation are clearly defined, and the appropriate bank has been verified. Buying credits too early can put applicants "at risk" if the amounts are later found to be incorrect—or if the credits cannot be used at all.
- Regulatory agencies do not intervene in disputes between applicants and credit bankers, and bankers are not required to issue refunds for early purchases. In all cases, applicants must use credits from the mitigation bank that regulators determine provides the best ecological benefit.
- Major projects, including the Windsor Woods, Princess Anne Plaza & The Lakes Flood Protection Project, the "Mega Bundle", were not far enough along to determine exact impacts.

Uncertain Future Availability

- Credits available in January 2025 were not guaranteed to remain available 1–2 years later when permits would be reviewed.
- Other buyers could have exhausted the supply, and regulators could have determined that out-of-watershed credits were not appropriate.

Regulatory Considerations

Watershed Requirements

- Historically, New Mill Creek served only the Elizabeth River, the Lower James River, and the Lafayette River watersheds; the Lynnhaven River Watershed was added only recently.
- Most upcoming City impacts occur within the Lynnhaven River Watershed, where no private tidal mitigation banks existed.
- Regulators could have required mitigation within the same watershed, making the PHP Bank the only acceptable option.
- Purchasing credits outside the Lynnhaven River Watershed would have provided no ecological benefit to the watershed where impacts occurred.

Timing and Risk

- The final permit for the City's largest project, the Windsor Woods, Princess Anne Plaza & The Lakes Flood Protection Project, the "Mega Bundle", was estimated to be roughly 18 months away.
- Waiting for that decision risked:
 - » major project delays
 - » increased costs
 - » prolonged flood vulnerability for neighborhoods
 - » contractor and construction impacts

Environmental Stewardship

Protecting the Lynnhaven River Watershed

- The Lynnhaven River Watershed is one of the most developed in the City and has experienced significant historical tidal wetland loss and water quality impairment.
- Past losses included the filling of wetlands at Pleasure House Point in the 1970s with dredged material.
- The City sought to prevent additional loss, particularly from its own projects, by using mitigation that benefits the Lynnhaven River Watershed directly.

Long Term Commitment

- The City initiated the PHP Mitigation Bank in 2012 to ensure local, watershed-appropriate mitigation would be available for future projects. This coincided with the City's purchase of all Pleasure House Point lands, and the mitigation bank was incorporated into the master plan for those lands, as approved by an interagency stakeholder group.
- Owning the bank ensured that credits would be:
 1. Available when needed, without market competition or price volatility.
 2. Accepted by regulators for Lynnhaven River impacts.
- The City of Virginia Beach was the only locality in the region with an approved municipal tidal mitigation bank, providing unmatched flexibility for future flood protection projects.

Conclusion

Relying on the New Mill Creek Tidal Mitigation Bank would have introduced significant regulatory, financial, and environmental risks. Limited tidal wetland credit availability, escalating costs, market uncertainty, and out-of-watershed limitations made it an unreliable option. The Pleasure House Point Mitigation Bank remained the only dependable, cost-effective, and watershed-appropriate solution to support current and future flood protection projects while preserving tidal wetlands in the Lynnhaven River Watershed.