

AN ADVISORY SERVICES PANEL REPORT

Downtown Portsmouth Virginia



Urban Land
Institute

Downtown Portsmouth Virginia

A Vision Plan for Development

June 22–27, 2003
An Advisory Services Panel Report

ULI—the Urban Land Institute
1025 Thomas Jefferson Street, N.W.
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About ULI—the Urban Land Institute

ULI—the Urban Land Institute is a non-profit research and education organization that promotes responsible leadership in the use of land in order to enhance the total environment.

The Institute maintains a membership representing a broad spectrum of interests and sponsors a wide variety of educational programs and forums to encourage an open exchange of ideas and sharing of experience. ULI initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development.

Established in 1936, the Institute today has more than 18,000 members and associates from nearly 70 countries, representing the entire spectrum of the land use and development disciplines. Profes-

sionals represented include developers, builders, property owners, investors, architects, public officials, planners, real estate brokers, appraisers, attorneys, engineers, financiers, academics, students, and librarians. ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of America's most respected and widely quoted sources of objective information on urban planning, growth, and development.

This Advisory Services panel report is intended to further the objectives of the Institute and to make authoritative information generally available to those seeking knowledge in the field of urban land use.

Richard M. Rosan
President

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About ULI Advisory Services

The goal of ULI's Advisory Services Program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 400 ULI-member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfields redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI's Advisory Services.

Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI panel teams are interdisciplinary and typically include several developers, a landscape architect, a planner, a market analyst, a finance expert, and others with the niche expertise needed to address a given project. ULI teams provide a holistic look at development problems. Each panel is chaired by a respected ULI member with previous panel experience.

The agenda for a five-day panel assignment is intensive. It includes an in-depth briefing day composed of a tour of the site and meetings with sponsor representatives; a day of hour-long interviews of typically 50 to 75 key community representatives; and two days of formulating recommendations. Many long nights of discussion precede the panel's conclusions. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. A written report is prepared and published.

Because the sponsoring entities are responsible for significant preparation before the panel's visit, including sending extensive briefing materials to each member and arranging for the panel to meet with key local community members and stakeholders in the project under consideration, partic-

ipants in ULI's five-day panel assignments are able to make accurate assessments of a sponsor's issues and to provide recommendations in a compressed amount of time.

A major strength of the program is ULI's unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academicians, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this Advisory Services panel report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

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The panel is indebted to the dozens of community, business, and government leaders who provided unique and valuable insights during the interview process. The panel thanks all of these people for offering their time and expertise, and for helping the panel understand the development issues and the concerns of the people who live and work in Portsmouth.

The panel members appreciate the hospitality extended to them by the citizens and businesses of Portsmouth, which made their stay interesting and enjoyable. In addition, the panel thanks the many other contributors without whom this effort would not have been possible.

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Foreword: The Panel's Assignment

The city of Portsmouth is one of the oldest cities in the United States. It is one of 15 cities and counties that make up the Hampton Roads Metropolitan Statistical Area (MSA), which also contains the Virginia cities of Chesapeake, Norfolk, Suffolk, Virginia Beach, Hampton, Newport News, Poquoson, and Williamsburg; the Virginia counties of Gloucester, Isle of Wight, James City, Mathews, and York; and Currituck County, North Carolina. With a total population of nearly 1.6 million, Hampton Roads is the largest MSA between Washington, D.C., and Atlanta. Portsmouth and Norfolk are the only localities in the region that reported a population decline in the 2000 census.

Portsmouth's image within this metropolitan area sometimes is viewed as second class. With a population of about 100,000, the city is far smaller than neighboring jurisdictions. Its population is less wealthy than that of Virginia Beach, and it lacks the business, financial, and cultural resources of Norfolk. But Portsmouth has its own assets, which must be developed and leveraged to their fullest to bring the city greater visibility and marketability, and to increase its share of new economic development opportunities.

Since 2000, Portsmouth has enjoyed a remarkable level of new investment, including the Renaissance Hotel and Conference Center; the nTelos Pavilion; Admiral's Landing, a market-rate condominium development; Ocean Marine Yacht Center; the Port-Centre Commerce Park; the Westbury neighborhood affordable housing initiative; and a renewed interest in the market. Housing values have escalated and homes in Olde Towne—the city's finest historic residential neighborhood—are being restored in large numbers. In the past 18 months, property values in downtown Portsmouth have increased considerably. The city is committed to capturing new investment, but is unclear on the best approach to do so, and needs to upgrade its physical and policy infrastructure—including zon-



Portsmouth is one of 15 jurisdictions that make up the Hampton Roads region.

ing, design requirements, and so forth—to support new growth.

The city has begun to draw the attention of developers seeking new opportunities. A number of prime sites are available for redevelopment, both along the waterfront and downtown. Local officials want to be sure that the proposals they pursue are those that are in the city's best interest; in other words, those that maximize the city's economic development potential, raise the standard of new development, take the city in the right direction, and improve its quality of life. In addition, the High Street corridor west of Effingham Street has been in serious decline for some time, and the



Portsmouth's long and rich history is exemplified by its architectural heritage.



city sees an opportunity to plan this district before it becomes a magnet for new development, to provide a clear vision for both Portsmouth and potential investors that will enable the city to begin to approve projects that further that vision. As part of this process, the city requested the assistance of a ULI Advisory Services panel to provide an outside, objective assessment of the challenges and opportunities facing the city, and to help establish a framework for updating the master plan for Portsmouth's urban core.

The Study Area and Issues

The specific area studied by the ULI panel consists of the following two adjacent neighborhoods:

- Downtown and the waterfront, which is bounded by Crawford Street at the north, the Elizabeth River at the east, nTelos Pavilion and South Street at the south, and Effingham Street at the west; and
- The High Street corridor, which includes the area bounded by Effingham Street at the east, County Street at the south, Jamestown Avenue to the west, and London Boulevard along the north.

The High Street corridor forms a link between downtown and midtown. These two districts form the urban core of the city of Portsmouth. They contain a wide range of existing land uses, including everything from low-quality industrial properties to city offices to some of the finest historic homes in the United States.

The city asked the panel for general recommendations regarding the best mix of development for the waterfront and downtown in the near term, and for specific recommendations about parcels available for redevelopment. For the High Street corridor west of Effingham, the city wanted the panel to develop an overall concept plan for appropriate uses. The city compiled a list of questions to help the panel understand the challenges facing the city, which is summarized below.

Downtown/Waterfront Issues

- How can the city make better use of the waterfront? Should the jail and court complex be re-

located? Should high-rise development be encouraged?

- How can existing cultural resources be better leveraged?
- What is the relationship between downtown Norfolk and downtown Portsmouth?
- What does the panel recommend for the following specific waterfront sites: North Pier, adjacent to nTelos Pavilion; the Civic Center parking lot; the GSA parking lot; the former Portside site; the former David's Nightclub; the Professional building; and the former Allan Furniture building?

High Street Issues

- What land uses are appropriate along High Street, between Effingham and Jamestown?

- Should current zoning designations be revamped in this area? How can good design be encouraged?
- Should the light industrial area be relocated?

General Issues

- How should parking be addressed?
- Should the city promote a family-friendly model or one with more nightlife? Are the two compatible?
- What public improvements are needed to promote development?
- How can the city attract national developers?
- What funding mechanisms are available to the city?

The Need for a Portsmouth Identity and Vision

The panel chose to begin not with the questions listed above, but with a broader strategy. It was evident that the city lacked a vision and an overall focus for its master plan strategy. The panel believed that it was necessary to construct such a framework before moving on to specifics. Recognizing the importance of developing a vision that the city of Portsmouth can realistically undertake and promote—one that it can use to educate and influence the attitudes of the marketplace, the community, and the media—the panel formulated a vision that takes advantage of the community’s assets and trends in the marketplace, and provides for long-term growth and fiscal stabilization.

The panel began the vision process by identifying the many assets that Portsmouth can build upon:

- *Civic Leadership.* The city has a committed and skilled group of elected officials and staff. These leaders, as well as the city’s residents and members of its business community, are dedicated to making downtown Portsmouth more economically competitive.
- *Educational Leadership.* The new school superintendent and the president of Tidewater Community College are bringing innovative, creative new approaches to Portsmouth’s educational institutions and creating linkages between education and business.
- *Recent Vision 2005 Plan Projects.* The Renaissance Hotel, nTelos Pavilion, waterfront residential developments, and streetscape improvements have been major positive initiatives for the city.
- *Cultural Heritage and Assets.* Portsmouth has a long and rich history that is reflected in its historic neighborhoods, churches, and downtown buildings.

- *Poised to Capture New Investment.* Portsmouth has a large amount of developable land within the city limits, offering the only real option for an urban location in the Hampton Roads MSA. The city controls a significant number of key properties.
- *Business District.* The Children’s Museum of Virginia, the planned Virginia Sports Hall of Fame, and recent restaurant and antique shop development along the High Street corridor are positive signs that downtown revitalization is beginning.
- *Stable Military Employment Centers.* The military presence offers an economic base from which to build.
- *Proximity to Norfolk.* Portsmouth can use its location to draw new residents, businesses, and tourism.
- *The Waterfront.* Portsmouth’s waterfront is an exciting and attractive place.

The panel also identified a number of challenges that the city needs to address:

- *Lack of Vision.* Portsmouth lacks a vision for its downtown. The city’s focus has been on projects, not an overall development strategy. The city must prioritize its goals.
- *A Responsible Entity.* The city must designate a single entity that will be responsible for implementing the downtown vision. Today, multiple organizations are responsible for managing multiple tasks, but no one entity is responsible for overseeing efforts or investments.
- *Staff Turnover.* There has been significant turnover of key city staff.
- *Little Financial Community Involvement.* The financial community has not been seriously involved in development projects. To remedy this

situation, the city must encourage the use of public/private partnerships.

- *Public Education Issues.* Portsmouth's public education system has suffered from a lack of commitment and funding.
- *A Strained Tax Base.* The tax base is strained and more than 50 percent of the land in the city is tax exempt.
- *A Tarnished Reputation.* The city's reputation is tarnished by the perception of crime, a generally low self-image, and a lack of pride in the community. The view of downtown Portsmouth from Interstate 264 (I-264) is unattractive and contributes to Portsmouth's negative image among those driving by or into town. Downtown and the area west of Effingham are impaired by physical blight and a high vacancy rate.
- *Lack of a Relationship with the Military.* The city has not built a strong relationship with the U.S. Navy.
- *Lack of Synergy.* Local cultural assets have not been effectively used to build synergies for greater downtown growth.
- *Limited Retail.* The limited array of retail establishments in downtown causes relatively low pedestrian traffic. Low traffic in turn discourages new businesses.
- *Little Green Space.* The city suffers from a shortage of parks and green space, and therefore has a limited sense of place

The panel then formulated a vision for downtown Portsmouth by building on the city's strengths and addressing its weaknesses. Once this vision began to emerge, the panel started to address the questions posed by the city. The panel identified three broad goals for the city's vision:

- *Enhance the Residential Quality of Life.* The city should create a broader range of housing choices, addressing all income levels and meeting their needs with high-quality housing for



both owners and renters. Portsmouth should create an open-space plan to define neighborhoods, enhance the waterfront, and provide a network of pedestrian/bike paths as an amenity for the community.

Portsmouth's waterfront has been enhanced in recent years, but still has much untapped potential.

- *Improve Education and Employment Links.* Compared with the rest of the region, Portsmouth's residents are undereducated and underemployed. Forming partnerships among the city's educational institutions and job providers, including the military, could vastly improve opportunities.
- *Empower the Community.* As a first step in encouraging reinvestment and stimulating job creation, the city should promote a positive image to the retail, tourist, and real estate development industries. It should showcase its assets: the waterfront, downtown cultural assets, historic neighborhoods, and a stable economic base. Finally, the city must prioritize its goals.

Market Potential

The city of Portsmouth is part of the Norfolk/Virginia Beach/Newport News metropolitan area. Portsmouth has outstanding access to the region and the entire eastern seaboard via the interstate highway system, Norfolk International Airport, and the Virginia International Terminals (VIT). Interstate 64 (I-64) is the principle connector from Portsmouth to Richmond and I-95. Within the region, I-64 and I-664 form a beltway that is connected east/west by I-264 and north/south by I-464. Interstate 264 connects downtown Portsmouth with Norfolk, the center of the region, via the Downtown Tunnel.

As of 2000, the region's population totaled approximately 1.5 million. In comparison, Portsmouth's population base was 101,000. Figure 1 compares Portsmouth's population with those of the region's other major jurisdictions.

Portsmouth encompasses 29 square miles along the Elizabeth River. Throughout the city's 250-year history, the U.S. government has played a significant role in the economy and life of the city. Shipbuilding and the presence of the military have defined Portsmouth's economic base and shaped its populace. Today, Norfolk Naval Shipyard at Portsmouth and the Naval Medical Center, Portsmouth, account for approximately 13,000 (nearly 30 percent) of Portsmouth's total employment. Approximately 10,000 (more than 75 percent) of these jobs are held by nonresidents. Many more jobs in the city and the region are linked directly or indirectly to the military's presence.

The shipyard and the naval hospital occupy a large portion of the city's land area. This land is not subject to municipal property taxes. Overall, nontaxable property accounts for more than 50 percent of Portsmouth's total land area, creating a significant challenge to the fiscal health of the city.

Employment

As of April 2003, the region's civilian employment was almost 719,000. Unlike most metropolitan areas, which have lost a significant number of jobs during the recent national economic slowdown, Hampton Roads employment has been remarkably stable. Over the last several years, employment in the Norfolk metropolitan area has ranged between about 715,000 and 720,000 jobs. (See Figure 2.)

The panel's review of unemployment rates over the last ten years shows that the region has consistently performed better than the United States as a whole. As of June 2003, the metropolitan-area unemployment rate was 4.7 percent. While this level is above the 3.4 percent benchmark set in the late 1990s, it was fully 1.8 percentage points below the U.S. average of 6.5 percent. In comparison, unemployment in the city of Portsmouth was 6.7 percent.

This level of economic stability is unusual, and is directly attributable to the metropolitan area's principal economic drivers, which include the military, shipping activity associated with the port, and ship and boat building, along with a strong government presence—both federal and local. In addition, these major industries generate substantial spin-off jobs—with contractors, warehousing facilities, and so forth—that further increase the employment base.

To put this level of contribution into perspective, data developed by the Hampton Roads Economic Development Alliance peg jobs at Naval Station Norfolk at more than 110,000. Other major regional employers include Northrop Grumman Corporation (17,000 jobs), Sentara Health System (14,000), Norfolk Naval Shipyard (7,700), and Riverside Regional Medical Center (6,800). The public sector also acts as a stabilizing influence,

**Figure 1
Population Breakdown, Hampton Roads Metro Area, 2000**

Jurisdiction	Population
Portsmouth	101,000
Norfolk	234,000
Chesapeake	199,000
Hampton City	146,000
Newport News	180,000
Suffolk	64,000
Virginia Beach	425,000
Other ¹	221,000
Total	1,570,000

¹Includes the Virginia counties of Gloucester, Isle of Wight, James City, Mathews, York, Poquoson City, and Williamsburg, and Currituck County, North Carolina.

Source: U.S. Bureau of the Census.



**Figure 2
Employment Trends, 1990–2003**

Year	Total Employment Norfolk Metro Area	Norfolk Region	Unemployment Rate Portsmouth	United States
1990	602,200	4.5%	–	5.6%
1991	594,400	5.6%	–	6.9%
1992	599,200	6.3%	–	7.5%
1993	604,700	5.4%	7.5%	6.9%
1994	617,000	5.7%	8.8%	6.1%
1995	630,600	4.9%	7.1%	5.6%
1996	643,500	4.8%	7.5%	5.4%
1997	667,200	4.8%	7.7%	4.9%
1998	682,500	3.4%	5.4%	4.5%
1999	691,200	3.4%	5.0%	4.2%
2000	702,500	2.6%	4.2%	4.0%
2001	717,200	3.6%	5.4%	4.8%
2002	723,000	4.2%	5.7%	5.8%
April 2002	718,400	4.3%	5.4%	5.9%
April 2003	718,700	4.4%	5.3%	6.0%

Source: Bureau of Labor Statistics, Virginia Employment Commission.

Portsmouth is home to one of the largest working seaports in the United States.

Figure 3
Lifestyle Segmentation Comparison, 2002

Major Lifestyle Segments ¹	Portsmouth	Norfolk Metro Area
Affluent Suburbia	0.0%	7.9%
Second City Leaders	12.3%	16.4%
Upscale City Singles	10.9%	22.3%
Fortunate Retirees	9.1%	7.6%
Other City Centers	35.9%	15.0%
Major Market Cores	11.0%	3.6%
Low Income Seniors	10.9%	2.3%
Blue Collar Winners	6.8%	10.3%
Total	96.9%	85.4%

¹MOSAIC segmentation groups.
 Source: GeoView.

with 46,000 federal jobs, 20,000 state jobs, and 83,000 local government jobs in the region.

Unfortunately, detailed employment trend data for Portsmouth are not available. Major employers in Portsmouth include the Norfolk Naval Shipyard (7,700 jobs), the Naval Medical Center, Portsmouth (5,500 jobs), and the U.S. Coast Guard (1,900 jobs). Importantly for Portsmouth, the city attracts 6,000 people into the area each day to work for these and other employers.

The near-term outlook for the region is for continued stability. Over the longer term, the metropolitan area should continue to experience modest, steady growth. Key factors in this outlook include the ongoing military presence in the region, a forecast for higher spending on defense, a planned resurgence in shipbuilding and maintenance to update the U.S. fleet, and substantial expansion in the port system (attributable to the proposed APM Terminals development, also known as the Maersk/Sealand development).

According to U.S. Census 2000 data, 44 percent of Portsmouth residents had a high school diploma or less education. By comparison, within the Hampton Roads area, 31 percent of the population had less than a ninth-grade education, some high school, or a high school diploma (or the equivalent). In general, Portsmouth's residents are underemployed, underpaid, and undereducated in comparison to other residents of the Hampton Roads area.

During the mid-1990s, military employment declined, reflecting changes in the federal budget and military mission realignment. During that pe-

riod, unemployment remained relatively stable in Portsmouth. This is a reflection of a shift to service sector employment that occurred within the city during this period and, possibly, of the fact that the majority of those who lost their jobs were non-residents. Recent military deployments in Afghanistan, Iraq, and other parts of the world have reduced the area's population of servicemen and servicewomen. A new round of fleet modernization is expected to result in a quickening of ship repair activity at the Norfolk Naval Shipyard and other investments that will augment the city's and the region's economy.

Real Estate Markets

The following sections describe current real estate market conditions in Portsmouth by sector:

Residential Market

Like most older, urban markets, Portsmouth's residential population base is quite varied in both income and ethnic makeup. From a "lifestyle segmentation" standpoint, a popular measure of population diversity, the local market is quite mixed, including categories such as "upscale city singles," "second city leaders," "fortunate retirees," "lower income seniors," and "blue collar winners" (higher-income blue-collar workers). Figure 3 details the share of these groups in Portsmouth relative to the metropolitan area.

Although the 2000 census showed that Portsmouth's population base declined slightly during the 1990s, almost 3,000 housing units were built during that period. For the most part, this new development replaced the older housing stock that is becoming increasingly obsolete in the market. Importantly, this translates into roughly 300 units of new housing demand annually, in a market that, "on paper," appears static.

In terms of residential mix, Portsmouth is influenced by the transient nature of the area's significant military presence. Census data indicate that 59 percent of the city's housing is owner occupied, compared to 64 percent of the metropolitan area's housing. Single-family housing in Portsmouth is very affordable. The panel's interviews confirmed that one of the city's strengths is that it is the first choice for first-time homebuyers in the metropoli-

Figure 4
Average Home Sale Price Trends, 1997–2002

Year	Portsmouth		Hampton Roads		United States (Median)	
	New Homes	Existing Homes	New Homes	Existing Homes	New Homes	Existing Homes
1997	\$132,000	\$76,400	\$165,300	\$121,500	\$146,000	\$121,400
1998	\$131,400	\$78,500	\$170,200	\$128,400	\$152,500	\$127,900
1999	\$133,900	\$79,400	\$176,900	\$129,400	\$161,000	\$133,300
2000	\$134,200	\$79,400	\$194,500	\$130,600	\$169,000	\$139,000
2001	\$134,300	\$87,700	\$206,900	\$141,300	\$175,200	\$147,800
2002	\$174,800	\$92,800	\$213,800	\$139,600	\$185,200	\$158,300

Sources: Residential Data Book—Portsmouth, Virginia, and National Association of Home Builders.

tan area because of its affordability. According to the census, the city’s median home value is \$81,000, about 7 percent below the metropolitan-area average. More than half of the housing stock was valued at \$60,000 to \$100,000, while another 19 percent was valued at \$100,000 to \$150,000.

Portsmouth’s Olde Towne is a unique neighborhood that rivals the scale and quality of other “old town” neighborhoods like that of Alexandria, Virginia. Many of the city’s historic homes are located in this neighborhood and date from the early 1800s. A significant number of these homes have been renovated and restored, and can fetch upwards of \$400,000. In comparison, unrestored homes typically sell for around \$125,000.

Recent data from the local multiple listing service illustrate that the average price of an existing home in Portsmouth increased more than \$16,000 during the last five years, reaching almost \$93,000 as of year-end 2002. This equates to an annual increase of 4.0 percent. In comparison, existing homes in the United States as a whole have increased 5.4 percent over the same period.

Unfortunately, much of the city’s housing stock needs significant repair and does not meet the needs of families seeking high-quality modern housing. Anecdotal stories abound of families coming to the area and not being able to find the appropriate size or style of home in the right price range. This physical constraint has contributed to the perception that there is no “high-quality” housing in Portsmouth. The panel learned from its conversations with local real estate agents that when a good house in a good neighborhood comes on the market, it often is snapped up within a few days. In contrast, older homes in need of repair and located in less desirable locations can stay on the market for as much as a year. Thus, many households relocating to the area simply do not

see downtown Portsmouth as a viable place to live. Rather, they routinely choose to locate in neighboring areas such as the Churchland section of the city, Chesapeake, Suffolk, and Virginia Beach.

This general development pattern is beginning to change, however. Over the last few years, higher-quality new housing has been introduced into Portsmouth’s downtown. Prices typically run from \$225,000 to \$250,000, and can range above \$1 million. This year, Portsmouth is going to host its first “Homearama,” showcasing the new, luxury home products being built in the RiverPointe area, near the Elizabeth River. This recent increase in price is clearly visible in the multiple-listing data. According to this source, new home sales averaged almost \$175,000 in 2002, up a whopping 30 percent from prior years, when new homes typically held steady at around \$133,000.

In addition to these trends in market-rate housing, over the last few years Portsmouth has embarked on a program to enhance the quality of its stock of affordable housing. The most significant

Olde Towne, one of the most desirable neighborhoods in the region, features a large stock of historic homes; quiet, tree-lined streets; and a convenient location.



Figure 5
Apartment Vacancy Rates and Average Asking Rents, 1995–2003¹

Year	Portsmouth/Suffolk ²		Norfolk Region	
	Vacancy Rate	Average Asking Rent	Vacancy Rate	Average Asking Rent
1995	7.8%	\$470	6.8%	\$504
1996	10.1%	\$480	6.3%	\$522
1997	6.8%	\$491	5.8%	\$537
1998	5.9%	\$498	5.6%	\$543
1999	4.3%	\$520	4.3%	\$561
2000	3.4%	\$538	3.2%	\$590
2001	3.8%	\$553	3.4%	\$617
2002	3.7%	\$577	2.9%	\$633
March 2002	3.9%	\$554	3.4%	\$622
March 2003	4.9%	\$587	3.8%	\$657

¹Classes A, B, and C.

²Submarket defined by Reis.

Sources: Residential Data Book—Portsmouth, Virginia, and National Association of Home Builders.

project to date has been the acquisition of the Ida Barbour housing project and its redevelopment as Westbury Commons. Using matching federal Hope VI funds, the city razed the existing units to make way for a new housing development in 2000. Prices for the project's 161 single-family detached and attached for-sale units range between \$95,000 and \$110,000. According to city representatives, the subdivision is fully occupied and residents' annual incomes have risen from \$6,000 to \$32,000. Additional Hope VI phases are expected to add another 261 units over the next several years. The Westbury neighborhood also contains 117 rental units developed under the federal low-income housing tax credit program.

The local multifamily rental market also is driven by the region's transient population base. Over the years, a significant portion of the single-family housing stock has been converted to multifamily rental units. Many older single-family homes have been divided into duplexes and flats. While this is an adequate short-term fix to meet demand, it has resulted in a variety of housing issues, most significantly declining quality and depressed rental rates.

Portsmouth is an older, very built-up community. Unlike its developing neighbors of Suffolk and Chesapeake, there are few traditional apartment complexes in the downtown area. Those that do exist tend to be smaller, older properties with rents that normally range from \$500 to \$600 per month for one-bedroom units and \$575 to \$700 for two-

bedroom ones. Exceptions are the Harbor Tower high-rise building on the waterfront, where one-bedroom units rent for \$860 to \$1,000 per month and two-bedroom units rent for \$990 to \$1,165.

Although rents tend to be rather low, apartment units in the area enjoy a high occupancy rate. Data from Reis, a real estate data service, indicate that the average vacancy in the Portsmouth/Suffolk submarket is just 4.9 percent, while that for the overall region is 3.8 percent. In comparison, the U.S. average vacancy rate for Class A apartments is 7.9 percent. Figure 5 shows apartment vacancy and average rents in the area.

Historically, occupancy has been stable in both the local Portsmouth market and the region. This stability, combined with the significant transient household base, recently attracted the Whitmore Company to Portsmouth to develop a new apartment community located near Olde Towne and the Naval Medical Center. The 250-unit luxury rental project, tentatively called the Myrtles at Olde Towne, will feature a full amenity package that is not found in the market at this time. As currently conceived, the project will contain one- and two-bedroom units that will rent for \$800 to \$1,200 per month, or about \$1.00 per square foot.

Retail Market

At present, Portsmouth's retail market is characterized by a handful of older neighborhood and community strip centers as well as storefront retail space along High Street. Portsmouth's retail

Figure 6
Area Shopping Center Summary, 2003

Location	Retail Space (Square Feet)	Percent Distribution	Number of Centers	Average Center Size (Square Feet)
Portsmouth	1,486,000	7%	6	247,667
Suffolk	342,000	2%	2	171,000
Chesapeake	4,564,000	23%	13	351,077
Norfolk	5,284,000	26%	18	293,556
Virginia Beach	8,391,000	42%	35	239,743
Total/Average	20,067,000	100%	74	271,176

Sources: National Research Bureau, Shopping Center Directory 2003.

environment has been influenced to a great degree by its central location within the region, which in this case is a disadvantage. Because it is just a short drive (12 to 15 minutes) to neighboring communities, Portsmouth residents can easily patronize shopping centers in Suffolk, Chesapeake, and Norfolk, as well as those located across the river in Virginia Beach.

Major malls within easy reach include Chesapeake Square and Greenbrier in Chesapeake, MacArthur Center in Norfolk, Coliseum Mall in Hampton, and Lynnhaven and Pembroke malls in Virginia Beach. Over time, this easy access has allowed these nearby markets to capture Portsmouth shoppers, reinforcing the other markets' retail bases (and tax revenues) at the expense of Portsmouth. In the last several years, Portsmouth's Tower Mall and Mid-City Shopping Center both became functionally obsolete.

The panel's overview of the region underscores Portsmouth's position as a secondary retail market. According to the National Research Bureau's *Shopping Center Directory 2003*, Portsmouth has just six shopping centers with a total of slightly less than 1.5 million square feet of retail space. This list includes Victory Crossing (700,000 square feet), which currently is under construction and not fully leased.

In comparison, the depth of retail offerings (including traditional enclosed malls, strip centers, and big-box retail) in Norfolk and Chesapeake

and, to a lesser extent, in Virginia Beach, make those localities the principal shopping destinations for Portsmouth residents. The panel's overview indicates that Chesapeake, the second-largest city in Virginia, has twice as many shopping centers in operation as Portsmouth, with a retail inventory totaling almost 4.6 million square feet. Norfolk, accessible through either the Midtown Tunnel or the Downtown Tunnel (I-264), adds to this shopping draw, with another 18 centers and 5.3 million square feet of retail space. Figure 6 summarizes the retail offerings in Portsmouth, Suffolk, Chesapeake, Norfolk, and Virginia Beach. (For a detailed profile of retail centers in Portsmouth, Suffolk, and Chesapeake, see Appendix A.)

The panel's analysis of the area, however, underscores the fact that solid retail demand exists in Portsmouth. Based on in-place households and incomes, local residents should generate retail sales of \$461 million, divided among general merchandise, groceries, restaurants, health and beauty, and home improvement purchases. In reality, however, Portsmouth generated retail sales of just under \$337 million in 2002 (according to the Virginia Department of Taxation), which also includes all sales attributable to tourists, visitors from outside the area attending entertainment functions, and the daytime workforce. This more than 25 percent disparity, or \$124 million, between market potential and actual sales demonstrates that a substantial portion of resident sales "leaks" (and results in a loss of retail sales taxes) to neighboring communities.

Figure 7
Retail Spending Potentials from Portsmouth Residents, 2002¹

Number of Households	38,000			
Average Income	\$42,600			
Aggregate Income	\$1,618,800,000			
Retail Category	Percent of Income	Forecast Spending	Estimated Sales/Square Foot	Supportable Space (Square Feet)
Groceries/Food	9.0%	\$145,692,000	\$375	388,512
GAFO ²	11.0%	\$178,068,000	\$275	647,520
Restaurants	4.5%	\$72,846,000	\$300	242,820
Drug and Health/Beauty	2.0%	\$32,376,000	\$300	107,920
Home Improvement	2.0%	\$32,376,000	\$275	117,731
Total	28.5%	\$461,358,000	\$307	1,504,503
Actual Retail Sales³		\$336,800,000		
Sales Inflow/(Outflow)		(\$124,558,000)		

¹Does not include sales arising from tourists, visitors to Portsmouth from elsewhere in the region, or spending by workers.

²General merchandise, apparel, furnishings, and other miscellaneous goods.

³Local sales adjusted to reflect major retail categories.

Sources: U.S. Department of Commerce, and Virginia Department of Taxation.

Figure 8
Area Retail Vacancy and Average Rents, 1995–2003¹

Year	Retail Vacancy		Average Retail Rent (Per Square Foot)	
	Portsmouth/Suffolk ²	Norfolk Region	Portsmouth/Suffolk ²	Norfolk Region
1995	15.6%	9.6%	\$9.95	\$10.99
1996	12.7%	8.2%	\$9.86	\$11.06
1997	12.5%	7.5%	\$10.34	\$11.62
1998	12.7%	6.8%	\$10.86	\$12.22
1999	11.1%	6.8%	\$11.47	\$12.51
2000	11.6%	6.8%	\$11.31	\$12.56
2001	11.5%	9.4%	\$11.02	\$12.57
2002	12.0%	8.6%	\$11.17	\$12.72
March 2002	12.2%	9.7%	\$11.14	\$12.65
March 2003	9.9%	8.1%	\$11.29	\$12.79

¹Includes community and neighborhood shopping centers.

²Submarket defined by Reis.

Source: Reis.

The city is working to reverse this trend with the development of Victory Crossing in central Portsmouth, along I-264. This 700,000-square-foot center is taking the place of the closed Tower Mall. The new power center currently being developed by Faison is anchored by a Lowe's home improvement center, an A.J. Wright discount department store, and a Farm Fresh supermarket, all of which are now open. Reports indicate that the center could be the setting for a new multiplex movie theater. In addition, the Victory Crossing site may become the main location for the new Portsmouth campus of Tidewater Community College (TCC).

In terms of local market performance, community and neighborhood retail centers in the Portsmouth/Suffolk submarket total 3.0 million square feet, according to Reis. Vacancy rates average 9.9 percent in these centers, representing a sudden decrease from the last several years, when vacancies hovered around 11 or 12 percent. Rents average \$11.29 per square foot in the strip centers and \$4.00 to \$8.00 per square foot for the merchant space along High Street. In comparison, strip centers in the region are performing at 8.1 percent vacancy with rents about \$1.50 per square foot higher. The gap between the Portsmouth retail market and the regional one appears to be narrowing, in part due to the softening of the regional market, but also because of a strengthening of Portsmouth's retail.

Office Market

The Portsmouth office market is dominated by local government, the court system, and the professionals who serve these two groups (attorneys, accountants, and so forth). In addition, numerous small companies scattered throughout the waterfront, along High Street, and in the PortCentre Commerce Park are tied to the military, the port, the shipbuilding and ship-repair industry, or the naval hospital.

In general, the Portsmouth office market is small and the space there is older than that in the region's stronger office markets. According to Reis, the entire Portsmouth/Suffolk/Chesapeake submarket totals only 2.4 million square feet, or just 16 percent of the region's overall office inventory. As of the end of first-quarter 2003, vacancy in this submarket averaged 11.4 percent, slightly better



than the region, which came in at 12.7 percent during the same time frame.

Office space absorption has been very modest in both the local submarket and the region over the last several years. Based on Reis data, net absorption in the Portsmouth/Suffolk/Chesapeake submarket was a negative 49,000 square feet last year, the weakest in recent years. The city of Norfolk absorbed less than 100,000 square feet of office space last year, and the region as a whole absorbed only 127,000 square feet. The region's absorption figures in prior years were quite mixed, ranging from a high of 726,000 square feet to a net loss of 282,000, mostly depending on space deliveries.

Class A asking rents in the submarket have been around \$17.00 per square foot, with effective rates shaving \$2.60 off that number. At the end of first-quarter 2003, the effective rent for Class A space in Norfolk was \$20.11; in comparison, the effective rent in the region was \$18.93.

Hotel Market

Portsmouth's lodging market has changed dramatically over the last few years, due to the addition of the 249-room Renaissance Portsmouth Hotel and Waterfront Conference Center. Prior to its opening, lodging in the city was accommodated by budget-oriented properties such as the Holiday Inn (with 272 rooms, 224 of which are currently in service), Days Inn (60 rooms), Comfort Inn Olde Town (62 rooms), and Best Value Inn (55 rooms).

The city has restored the historic character of High Street east of Effingham. An influx of high-quality restaurants and antique shops is a sign that High Street is beginning to turn around.

Figure 9
Area Office Data, 1995–2003

Year	Office Vacancy ¹			Net Office Space Absorption ¹		
	Portsmouth/ Chesapeake/Suffolk ³	City of Norfolk	Norfolk Region	Portsmouth/ Chesapeake/Suffolk ³	City of Norfolk	Norfolk Region
1995	5.9%	19.4%	11.8%	19,000	11,000	108,000
1996	9.4%	12.9%	9.8%	(47,000)	247,000	283,000
1997	8.8%	10.2%	8.1%	8,000	103,000	217,000
1998	6.1%	7.9%	6.1%	339,000	87,000	726,000
1999	11.1%	9.3%	6.9%	58,000	91,000	523,000
2000	6.9%	7.1%	6.8%	322,000	87,000	293,000
2001	9.2%	8.3%	8.3%	201,000	(48,000)	(19,000)
2002	11.3%	11.3%	12.2%	(49,000)	94,000	127,000
March 2002	10.6%	10.0%	10.2%	(33,000)	(67,000)	(282,000)
March 2003	11.4%	13.2%	12.7%	(3,000)	(80,000)	(74,000)

¹Includes Class A, B, and C properties.

²Includes only Class A properties.

³Submarket defined by Reis.

Source: Reis.

In addition, the old Hotel Governor Dinwiddie is being redeveloped as a Hyatt Hawthorne Inn & Suites, which will add another 65 rooms to the inventory when it opens in the near future.

Based on the panel's interviews with local hotel operators, the Portsmouth lodging business appears to rely heavily on the military. In fact, military and related government business make up fully a third of hotel demand in the market. Some of this business consists of long-term stays. While this adds some stability to the market, balancing out weekday/weekend occupancy fluctuations, it puts extreme downward pressure on room rates. For example, military per diems specify hotel rates of \$55 per night between November and March and \$109 for the remainder of the year.

In addition to the military and related business, Portsmouth hotels do significant group business ranging from family reunions to multiday training conferences. This segment adds perhaps another ten percentage points to the military group business. Transient travelers make up the remainder of the business mix. The city's waterfront hotels also are able to tap overflow demand from Norfolk because they are easily accessible by ferry.

Overall occupancy in Portsmouth averages 72.7 percent, compared to 60.9 percent in the region. The smaller, local Portsmouth properties report-

edly are averaging 50 percent occupancy. While daily rates vary considerably among hotels, the average rate in Portsmouth is \$63.70, while the regional average rate is just over \$76.00.

Summary

The panel believes that Portsmouth has the potential for growth in several areas. The city's retail base is limited. Greater choice will create synergies, heavier traffic, and stronger sales for both existing retailers and new ones drawn to the downtown. The residential market is similarly limited. Vacancies are low, indicating the potential for opportunity. The city should develop a wider range of housing types at diverse price points to attract new residents. The area's solid employers, such as the U.S. Navy and the Naval Medical Center, are good demand generators for apartments and other housing types. The city should make a serious effort to develop neighborhoods of mixed-income housing.

Portsmouth has a limited amount of office space, with no Class A space at all. But regionwide absorption has been slow for a number of years. Portsmouth needs newer and better office development, but the market is minimal at this time. Over the longer term, however, the panel envisions the addition of a range of high-rise and mid-rise office buildings to downtown's inventory. The

Average Gross Asking Office Rents ¹ (Per Square Foot)			Class A Gross Asking Office Rents ² (Per Square Foot)		
Portsmouth/ Chesapeake/Suffolk ³	City of Norfolk	Norfolk Region	Portsmouth/ Chesapeake/Suffolk ³	City of Norfolk	Norfolk Region
\$12.78	\$13.94	\$13.37	\$14.27	\$15.06	\$15.23
\$12.81	\$14.22	\$13.71	\$15.12	\$15.40	\$15.74
\$12.82	\$15.00	\$14.04	\$15.37	\$16.77	\$16.53
\$14.42	\$16.00	\$14.82	\$17.92	\$17.96	\$17.33
\$14.30	\$16.33	\$15.30	\$19.96	\$18.22	\$17.67
\$14.58	\$16.50	\$15.44	\$17.27	\$18.52	\$17.88
\$14.75	\$16.87	\$15.63	\$16.76	\$18.89	\$17.88
\$15.13	\$17.33	\$16.23	\$16.93	\$19.74	\$18.64
\$14.73	\$16.79	\$15.61	\$16.70	\$18.88	\$17.83
\$15.27	\$17.57	\$16.40	\$17.04	\$20.11	\$18.93

Figure 10
Hotel Occupancy and Average Daily Rate Trends, 1996–2002

Year	Occupancy		Average Daily Rate	
	Norfolk Region	United States	Norfolk Region	United States
1996	57.5%	65.0%	\$61.63	\$70.81
1997	57.7%	64.5%	\$64.93	\$75.16
1998	59.0%	63.8%	\$67.24	\$78.15
1999	57.7%	63.3%	\$69.99	\$81.27
2000	58.3%	63.7%	\$72.04	\$86.04
2001	58.2%	59.8%	\$72.19	\$84.45
2002	60.9%	59.2%	\$76.22	\$83.15

Source: Smith Travel Research.

city will need to aggressively pursue potential tenants in order to make new office development a reality. This effort will include working with local brokers to identify a potential firm (such as an engineering firm already located in the region that has business dealings with the navy and/or shipyards) that can serve as a build-to-suit tenant or as the lead tenant in a new multitenant building.

In some ways, Portsmouth's low property values can be seen as an asset. Portsmouth has affordable, well-located waterfront property available for development. Few other cities can offer such

an opportunity. The panel believes that once some of the proposed commercial development takes hold, there will be a market for one—possibly two—new downtown hotels. Ideally, the existing Holiday Inn site should be secured for the development of a new hotel that would serve a more contemporary market.

Development Strategies

The panel interviewed nearly 50 public and private representatives, studied the area, and collected and evaluated economic, demographic, and market data. Based on the information it gathered, the panel prepared a development vision for Portsmouth's waterfront and High Street corridor. The objectives of the vision plan, all of which also will help the city achieve broader goals, are as follows:

- Stimulate job creation and augment property and sales tax collections;
- Enhance public education and its links to existing and emerging industries in Portsmouth;
- Encourage significant reinvestment in existing downtown properties;
- Create and support retail opportunities that will serve residents and visitors, recapturing retail sales that presently occur outside the city;
- Leverage the extraordinary value of the Elizabeth River waterfront to provide new economic opportunities and neighborhoods;
- Create new residential areas that offer a wide range of housing, so that more people who work in Portsmouth will choose to live there;
- Identify existing and new employment centers and link them to each other and the rest of the city;
- Stimulate the growth of cultural/recreational opportunities for residents and visitors;
- Strengthen the central city by introducing new commercial uses and additional housing;
- Use new open spaces to define the identity of new neighborhoods and corridors, enhance people's experience and enjoyment of the waterfront, and create a network of paths and bike-ways for residents; and

- Showcase the ingenuity, determination, and hospitality of Portsmouth's residents.

The panel proposes a development program that will help the city achieve these objectives. The program addresses all facets of development, including housing, retail, office, and hotel development. It also includes initiatives for education, cultural resources, recreation and tourism, and infrastructure.

Housing

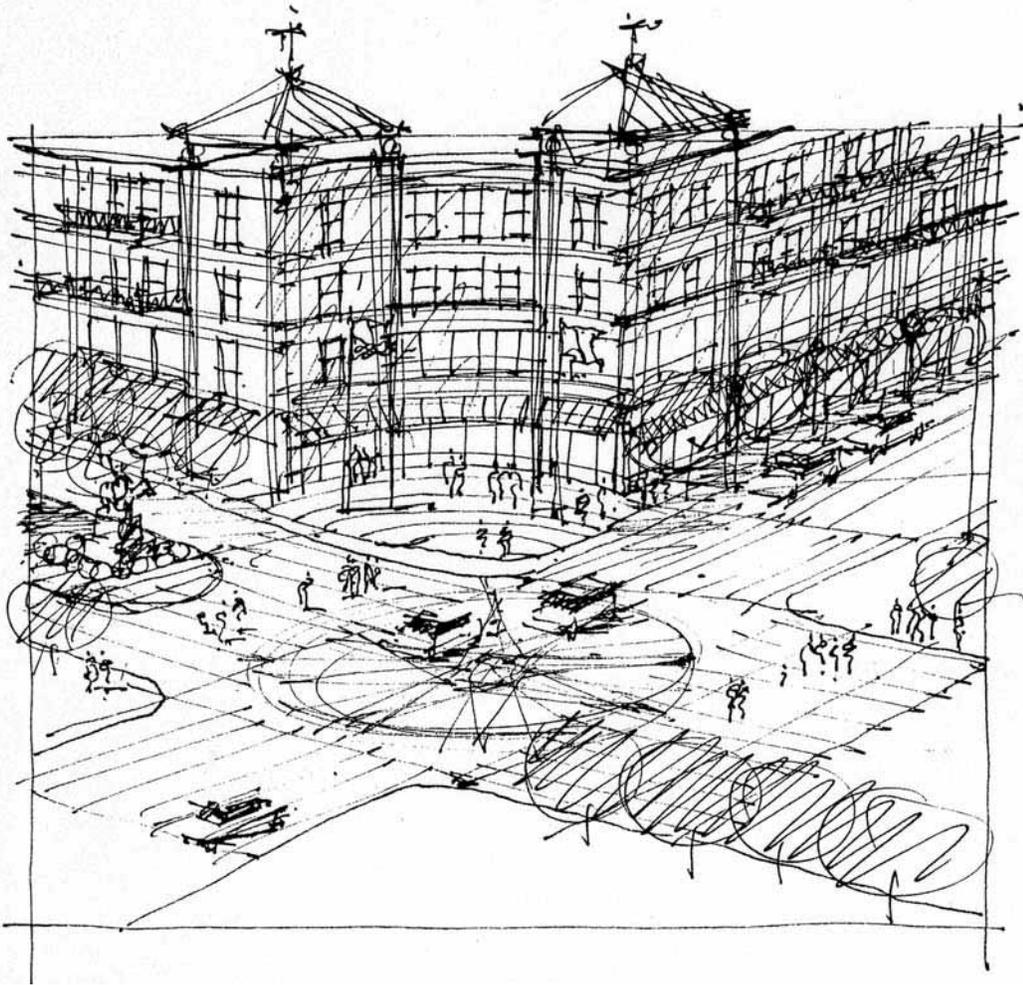
The panel anticipates the creation of approximately 1,500 units of new housing in the downtown area. New housing currently is being developed at a rate of approximately 300 to 400 units per year citywide. Over a ten- to 20-year planning horizon, the proposed units would constitute a relatively modest increase in the current rate of housing production.

The panel recommends that approximately 1,200 units be created in the High Street corridor west of Effingham Street. This should include a mix of mid-rise rental and for-sale flats and loft-style units, plus townhouses targeted to a broad range of income levels. Single-family houses could be developed along London Boulevard. Along the downtown waterfront, flanking the current site of the jail, the panel recommends the development of a pair of ten-story buildings, each containing approximately 100 units. At the waterfront end of High Street, the panel proposes the addition of approximately 24 townhouses in two clusters; at the northern waterfront at Crawford Street, it proposes the development of 50 townhouses on new filled land.

Retail

The panel's plan encompasses three retail nodes: High Street east of Effingham, High Street west of Effingham, and the blocks of Effingham to the

The corner of High Street and Effingham is one of the most important and central locations in the city.



north and south of High Street. In the area of High Street east of Effingham, the panel's objective is to increase the intensity, vitality, and mix of first-floor retail uses. Vacant spaces should be filled with compatible businesses such as cafés and restaurants, general and specialty stores selling clothing and specialty foods, book and music stores, and other related types of merchandisers.

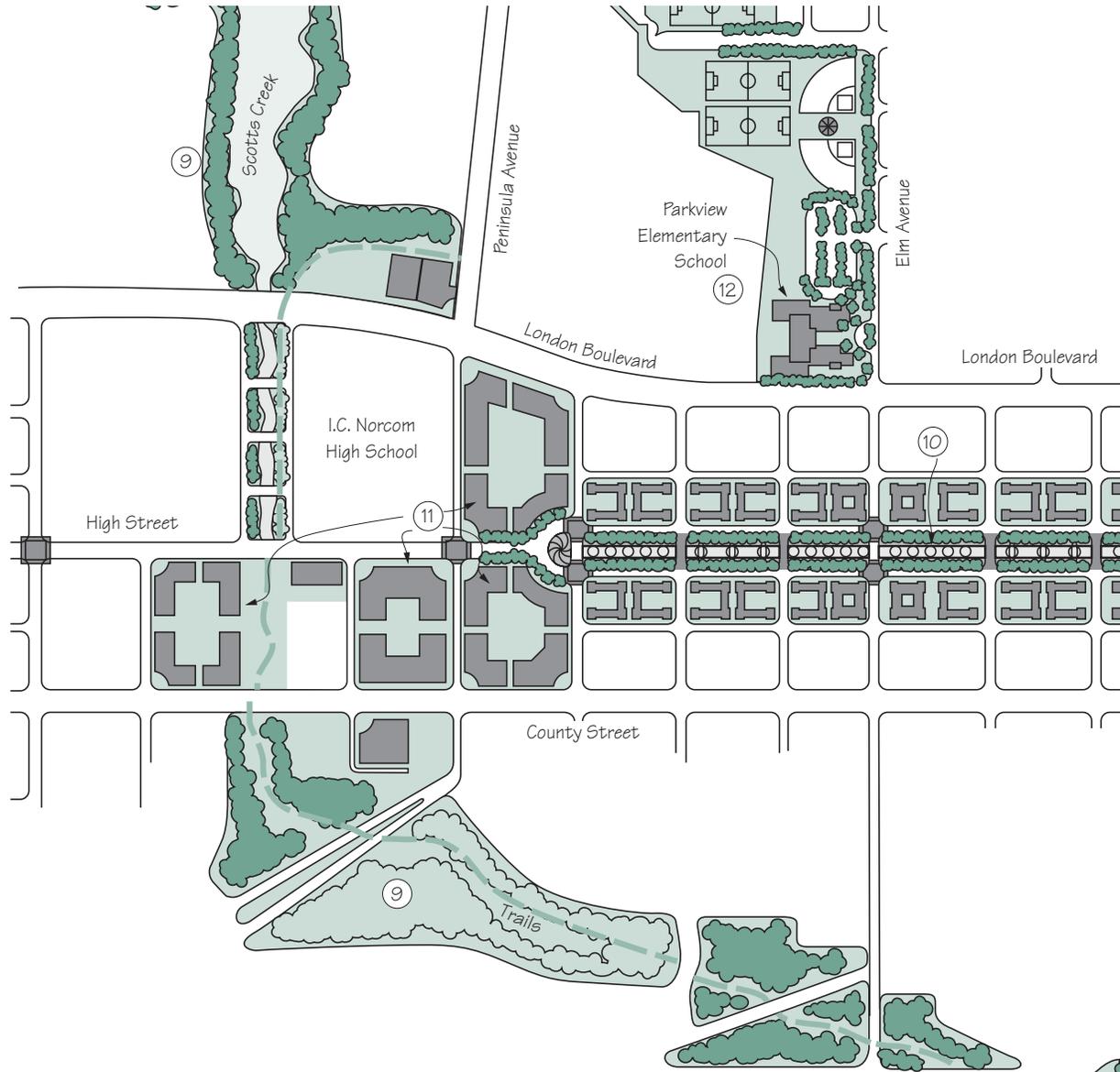
The panel proposes the creation of incubator retail space, which could occupy some of High Street's currently vacant and undervalued retail space while helping to fortify the retail base, generate greater foot traffic, and create opportunities for entrepreneurs. The city could provide technical assistance to foster the efforts of new entrepreneurs in Portsmouth. In any event, the panel assumes that the spaces available for rent would be

relatively small (1,000 square feet or less) and would be available initially for below-market rents.

The panel assumes that, over the long term, a few national retailers will locate in the downtown, along High Street. This would reflect the area's increased vitality as well as increased visitor and employee foot traffic resulting from the development of new downtown office space. These national retailers would offer products and services compatible with existing uses, and would represent companies that are comfortable with downtown/urban locations.

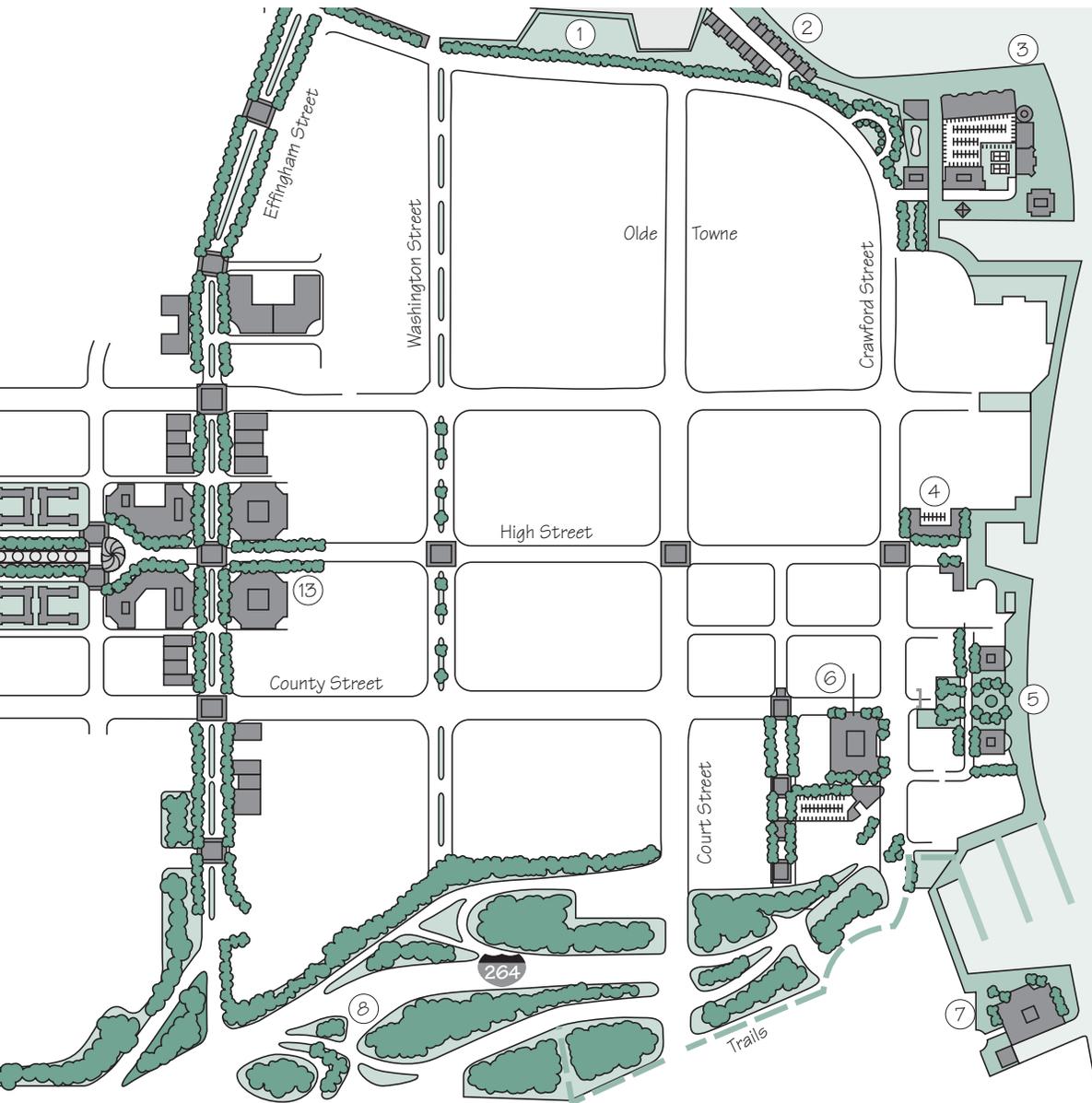
The corner of High and Effingham streets is one of the city's most important and central locations. The panel therefore proposes the development of large retail spaces there, to help anchor the corner and the western end of the downtown retail district.

The proposed plan.



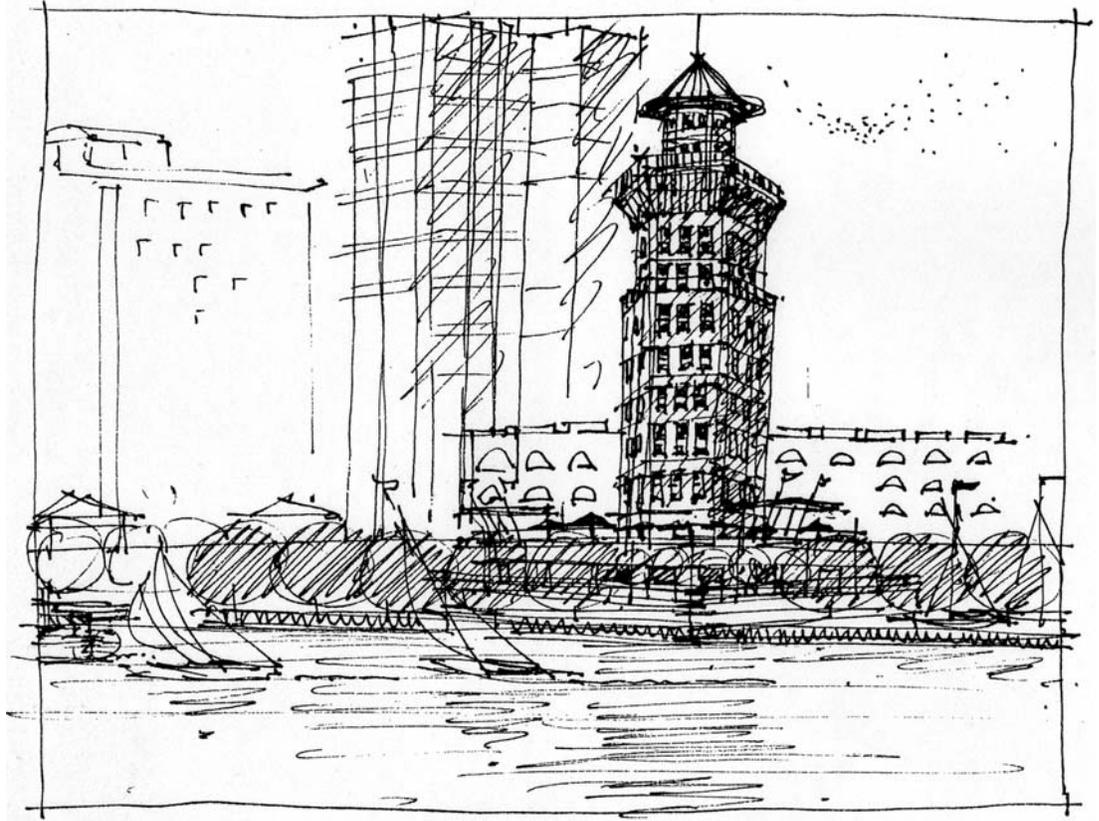
Key

1. A system of parks and walkways along the waterfront would provide green space and passive recreational areas and would help to identify the historic district.
2. About 50 townhouses could be developed on new fill land jutting out parallel to the piers and adjacent to the new parkland.
3. North Point, the current site of the Holiday Inn, should be redeveloped as a smaller, more upscale boutique hotel that would appeal to boaters.
4. High Street Landing would feature a cluster of townhouses at the waterfront end of High Street.
5. New Crawford Square would feature a pair of ten-story residential towers flanking an open plaza on the waterfront. The jail should be relocated to the regional jail complex and replaced by a new terraced plaza connecting to the seawall walkway.
6. Eventually, an office tower could be added to the court complex
7. North Pier should be the setting for a mixed-use high rise with a ground-floor restaurant and structured parking.



- 8. The Portsmouth exit greenbelt should be a forested greenbelt that would improve the view of Portsmouth from the highway and provide green space for walking and biking trails.
- 9. The greenbelt would continue to the west and north, to connect neighborhoods throughout Portsmouth for biking and passive recreation.
- 10. High Street Parkway would be flanked by mid-rise housing and neighborhood-serving retail. A landscaped median down the center would feature a canal.
- 11. The Center for Knowledge would surround the high school and would provide opportunities such as technical job training and continuing education.
- 12. The panel recommends a new elementary school complex with playing fields and other recreational facilities to serve the entire community.
- 13. Effingham Square would be a significant focal point. Signature mid-rise buildings should occupy all four corners at this intersection. To the north and south of the corner, Effingham should become a regional-serving commercial corridor.

The panel proposes the development of a new boutique hotel at North Point, the current site of the Holiday Inn.



Retailers would occupy the street level (and, in some cases, upper floors) of three- to six-story buildings at this important location. Office or residential space could fill the rest of the upper floors.

In the area of High Street west of Effingham—where the panel’s vision plan calls for a new residential district along a redesigned boulevard—the panel proposes a small retail node to serve local residents. Retail uses there could include a specialty grocery, a convenience store, a dry cleaner, a reprographic shop, restaurants, and other service establishments catering to residents’ daily needs. The panel suggests that some of the first-floor space in the new residential buildings along High Street be planned as professional office space—possibly with live/work spaces for residents, who could work on the ground floor and live upstairs. Such uses could include offices for doctors and dentists, real estate agents, architects, and other professionals.

On Effingham Street north and south of the corner of High Street, the panel proposes the development of a commercial corridor. Uses there would include citywide and regional stores that would take advantage of the street’s visibility and high vehicular traffic flows.

Office

The panel proposes the development of approximately 500,000 square feet of Class A and Class B office space in downtown Portsmouth. This use will significantly increase the vitality of downtown retail uses and will make the most of an existing oversupply of structured parking. The panel’s plan proposes the construction of approximately 350,000 square feet of new Class A office space in a high-rise, mixed-use tower located on the North Pier site. Structured parking would be provided at the base of the building and/or on the existing VIP parking lots associated with the nTelos Pavilion. Class B office space would be created on sites near the courthouse, in multiple low- and mid-rise buildings.

The city will need to take the following steps to stimulate the development of such office space:

- Commit resources to a long-term, active effort to search out and recruit a corporate headquarters or regional headquarters as the anchor tenant for the Class A space;
- Provide a package of financial incentives to potential property developers, including zero land basis in the development deals;

- Create design guidelines to ensure that new office buildings serve the city's long-term development and urban design needs, as well as a simplified approvals process (or development agreement) for development proposals that are consistent with the design guidelines;
- Assist prospective developers in securing long-term financing for their projects; and
- Build, own, and manage parking to support office uses.

Over the long term, the investment involved in creating these office developments would be offset by the following:

- Increased property tax receipts;
- Higher property values in nearby parts of the city;
- Improved sales at local retail establishments, as well as increased sales taxes from those establishments;
- Increased hotel and conference bookings; and
- Greater recognition of Portsmouth as a regional center of industry, commerce, and ideas.

Hotel

The panel's plan for the waterfront includes the replacement of the 40-year-old, 267-room Holiday Inn with a smaller (80- to 110-room) high-end boutique hotel. The Holiday Inn site is unique in the region. The point on which it is located offers outstanding, 270-degree visibility and views; it stands at the zero-mile mark of the Intracoastal Waterway and is adjacent to a 350-slip marina. Across the street is Olde Towne, Portsmouth's finest historic residential neighborhood. Next door is the handsome new Renaissance Hotel and Conference Center. Just a few blocks away are some of Portsmouth's and the region's finest restaurants. Because of this site's important location, the new hotel must be a signature building that enhances the downtown skyline and could be used to market the image of Portsmouth.

This new hotel plays an important role in the panel's long-term plan for the area. It would significantly

enhance the site and the area, increase business for local stores and restaurants, and—by increasing activity at this location—would even improve business for the Renaissance Hotel. Eventually, the market may be sufficiently strong to support a third hotel on the waterfront, most likely a mid-sized and mid-priced operation.

The city will need to take the following steps to stimulate the development of a new waterfront hotel:

- Leverage the city's position in the property (once the financial status of the existing hotel is resolved) to gain a controlling interest;
- Identify national developers and hotel owners capable of delivering a suitable, compatible product at this location;
- Prepare a master plan for site development that includes redevelopment of the Harbor Court garage site;
- Create design guidelines for the new hotel;
- Provide a package of financial incentives for potential property developers, including zero land basis in the development deal;
- Assist the developer in securing long-term financing for the project, if needed; and
- Own and manage the parking garage to support residential, marina, restaurant, and hotel uses.

As is already true for the Renaissance Hotel, the benefits of a new hotel will be both tangible and intangible. To be successful, the city of Portsmouth must continue to do what it already has done so effectively in redeveloping its waterfront: It must take an active leadership position, and it must demonstrate commitment, perseverance, and the ability to meet the market.

Education and Technology Training

The panel strongly believes that increased educational opportunities for Portsmouth residents are essential for the city's success. In the interviews the panel conducted with business leaders and public officials, nearly every respondent identified public education as a top priority. Furthermore,

Although the Children's Museum of Virginia is one of the major cultural resources in downtown Portsmouth, the building turns its back on High Street. Opening the museum to the street would bring more foot traffic and, in turn, increased spending at local businesses.



the local military presence offers a unique opportunity for Portsmouth to team with the armed services to develop the kind of education and training programs demanded by today's high-tech military.

The city has an excellent new high school, I.C. Norcom, which anchors the district west of Effingham. The panel recommends the development of a new elementary school downtown, to replace the aged Parkview Elementary School. The city's middle school, which currently is not located in downtown Portsmouth, is a weak link in the public education system. Families need to know that their children can receive the full continuum of education in place; they should not have to leave the community to attend middle school, as is currently necessary. Therefore, the city should locate a site for and build a middle school downtown.

Lifelong education is an increasingly important concept in today's fast-changing, high-tech environment. I.C. Norcom High School should become one component of a new satellite campus to be developed for Tidewater Community College. This "in-town" campus would supplement the main campus currently proposed at Victory Crossing. It would emphasize science and technology, consistent with the emerging mission of the high school, and would provide high school students with the opportunity to take college classes prior to their graduation from I.C. Norcom. It also would offer adult education and job training programs that would draw students from throughout Portsmouth and the surrounding area. The TCC campus would create a large "L" wrapping around the high school campus. The location offers plenty of room to grow and the opportunity for synergies to develop among the high school, TCC, and even the pro-

posed nearby elementary school. Together, these functions could form a unique "Center for Knowledge," becoming yet another amenity that will make living in Portsmouth more attractive.

The anticipated result would be higher graduation rates and higher TCC matriculation rates for Norcom and all city high school graduates. The goal of this education center would be to build relationships among the high school, TCC, and the city's major employers, enhancing the school-to-work transition for local residents and improving the trained labor base for local business. A further goal would be for TCC to seek and receive training contracts for specific technical skills, such as those that might be needed to support activities at the Norfolk Naval Shipyard, the Naval Medical Center, and businesses located in the PortCentre Commerce Park.

Cultural Resources

Portsmouth has significant historical, architectural, cultural, and artistic resources that can enhance the experience of city residents and draw greater numbers of visitors to share in that experience. The panel endorses the city's efforts to expand its cultural facilities and programming. In particular, the panel's plan calls for the creation of a cultural/arts district on High Street in the blocks where the Children's Museum of Virginia and the site of the planned Virginia Sports Hall of Fame are located. Close to the waterfront and easily accessible from all over the region, this ever-changing cultural/arts district would be sufficiently rich and exciting to create a strong positive word-of-mouth reputation and draw repeat visits. To ensure the success of this effort, the panel recommends that the city program year-round activities and events in the district.

From its interviews with Portsmouth civic and business leaders, the panel learned that the city is an important location for national military reunions. The panel recommends that the city undertake a major effort to upgrade and reprogram the Naval Shipyard Museum, to include facilities and activities that would encourage and serve these reunion activities.

Recreation and Green Space

As is the case for cultural resources, increasing recreational resources will make Portsmouth a better place to live, work, and visit. The potential value of increased tourism to the city cannot be overstated. Trails and green space also are important as connectors of residential neighborhoods with commercial areas and with each other. The city should develop a system of parks, trails, and plazas for recreational and aesthetic purposes. The panel proposes the following amenities:

- New and improved public plazas along the waterfront;
- Additional downtown enhancements that will further improve the High Street experience;
- A new public park north of Crawford Street along the Elizabeth River;
- A grand boulevard with a landscaped median that will replace High Street west of Effingham Street; and
- A system of walking/biking trails that will offer new recreational opportunities to all of Portsmouth's residents and visitors.

Infrastructure

The panel's plan calls for the creation of significant new infrastructure components that will transform the city: a system of parks, plazas and trails; street and streetscape improvements; and indoor and outdoor recreational facilities. All of these facilities will require the services of architects, planners, engineers, and designers. In order to reap the maximum benefit from these efforts, the panel recommends that the city institute a residency requirement as a precondition for engineering and design firms to be considered for work on these extensive projects. Specifically, such firms would have to agree to establish an office in Portsmouth for the conduct of the work. Furthermore, they would have to agree that some portion of their employees in that office—perhaps 25 percent—would establish residency in Portsmouth.



Recommended Projects

After setting out this broad vision plan for the city, the panel identified nine major development initiatives that, taken together, could provide a springboard for revitalizing the entire city. These projects would complement and build upon those already underway in the city.

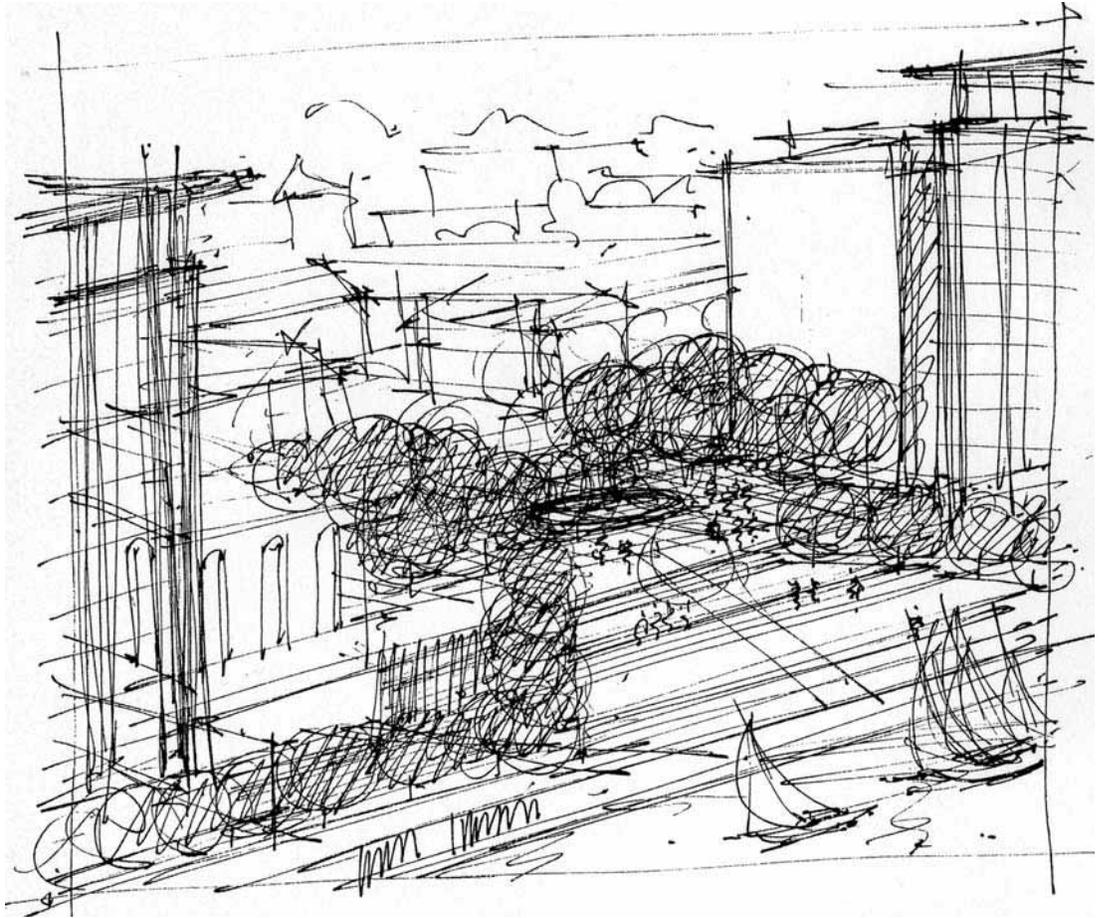
The Walkable Villages of Old Portsmouth

Under the panel's plan, existing neighborhoods in the central area of the city would combine to form several larger "villages." These villages should be based on the proven urban design principle that a comfortable, enjoyable walk between a residence and an activity center such as a neighborhood commercial district should take no longer than approximately five minutes and cover approximately one-quarter mile. The panel recommends that the city recognize, strengthen, and celebrate the vitality of these "walkable villages" within the city center. Each could have its own individual identity, based on its architectural character, natural features, and historic significance. Each needs a center with commercial activities that serve the residents' daily needs. Each could benefit from streetscape and landscaping improvements, as well as improved access to the amenities that are unique to each village. Finally, each could offer a unique blend of diverse housing choices.

Along the waterfront, the panel has identified the following four major development opportunities:

The panel suggests building on the success of the Admiral's Landing condominiums by adding more residential development on the waterfront.

The panel recommends the development of a new public plaza at the site of the jail.



North Point

The panel recommends that the current site of the Holiday Inn be acquired and redeveloped as a smaller, more upscale boutique hotel with a unique character compatible with its prominence and adjacency to the water, such as a hotel that would appeal to boaters. The panel also recommends extending a jetty into the harbor behind the marina. The jetty would contain upscale townhomes.

Admiral's Landing

The panel recommends increasing the density of development at Admiral's Landing to link the landing to High Street and improve the sense of arrival at Portsmouth. Strategies include extending the residential uses on both sides of High Street by completing the Crawford Square development to the south, and constructing—on the Thomas J. McIntyre Federal Building parking lot

to the north—a similarly scaled infill residential development with ground-floor commercial space that would link the High Street business district to the landing. The panel also recommends installing an additional visitors center on the ground floor of the Seaboard Building.

New Crawford Square

The panel suggests that the city relocate the jail to the regional jail complex, demolish the existing jail building, and replace it with a new open space and terraced plaza connecting to the seawall walkway. Twin high-rise towers would flank the new open plaza, covering the existing north front parking podium and offering approximately ten stories of residential units each. An office tower would occupy the west side of the courts complex. Together, these new high rises would reinforce the downtown district.

North Pier

The success of the evening programs at the nTelos Pavilion offers an opportunity to establish a compatible use, such as an upscale restaurant, that could capture patronage from some of the pavilion's visitors. However, the prominence and high visibility of the site dictates a far more intensive use that also will be compatible with the pavilion's nighttime functions. The panel therefore recommends constructing a high-rise, mixed-use building with a ground-floor restaurant. Parking in this building should be made available for shared use by nTelos patrons in the evening, when it is not being used by office workers.

The Shops of High Street

The High Street shopping district between the waterfront and Effingham is one of the most important and charming districts in Portsmouth's historic center city. The panel recommends aggressive efforts to attract new businesses to this district, and to support and retain the existing businesses along the street that populate and lend distinctive character to the area. Such efforts should include the facade loan program—which helps building and business owners improve the appearance of their storefronts—and other similar initiatives.

Crawford's Rill: The High Street Parkway

One of the panel's most ambitious recommendations involves taking advantage of the necessity of reconstructing High Street and its underground utilities from Effingham Street to Jamestown Avenue. The proposed Crawford's Rill would encompass an inland water feature, bringing a body of water to a part of the central city that otherwise has no direct connection to the harbor that

defines the history and character of Portsmouth. The rill would be bordered by a newly landscaped High Street Boulevard, which in turn would be bordered by new medium-density housing. The boulevard would terminate at the proposed Center for Knowledge, while the rill would connect to Scotts Creek, forming the effect of a continuous connection to the harbor.

The Crossroads at Effingham

The panel recommends new medium-density development in the four blocks surrounding the intersection of High Street and Effingham. The redevelopment of these blocks should recognize the significance of these crucial north/south and east/west routes, which connect Portsmouth's major centers of employment, including the center city, the proposed Center for Knowledge, the shipyards, and the Naval Medical Center. Along with the surrounding new development, special landscaping and a new landmark should signal the importance of the intersection.

Forested Open Space

The panel also proposes a forested greenbelt around the central city. Like an emerald necklace linking all segments of the city, this new ribbon of green will comprise a bike and walking path, new open-space landscaping, and a means of connecting the central city's walkable villages with the new Center for Knowledge and the waterfront in ways that encourage exploration in a slower-paced, more direct experience than is possible by automobile. It takes 50 years to grow a forest, so it is important to begin immediately.

Planning and Design

The panel began with a broad perspective and created a new vision for downtown Portsmouth, one that aims to preserve, expand, and strengthen the existing historic city, improve the quality of life, and create new opportunities for investment. Starting from the previously stated goals of enhancing the residential quality of life, providing better links between education and employment, and empowering the community, the panel further identified three key goals for the design and planning process: to improve economic opportunities, preserve and enhance the historic district—which includes the residential streets of Olde Towne and the business corridor along High Street—and develop a significant amount of new housing. These goals—and the panel’s recommendations for how Portsmouth can achieve them—are described below.

Improve Economic Opportunities

The city must expand its economic base to broaden the kinds of jobs available, and to improve the goods and services offered. The panel proposes a slate of economic development initiatives in the following parts of the city:

- The golden triangle, which represents three major employment centers: the Naval Medical Center, Portsmouth, Norfolk Naval Shipyard, and the proposed Center for Knowledge;
- The waterfront;
- The historic business district, which extends along the High Street corridor from the waterfront to Effingham Street; and
- Western downtown, which runs along the High Street corridor from Effingham to the high school complex.

One way to improve the city’s competitiveness is by increasing its visual appeal and livability. The

panel proposes physical planning and design programs in each of the districts.

Preserve and Enhance the Historic District

The city needs to strengthen the historic district and continue facilitating investment along the waterfront and the High Street corridor. The panel was highly impressed with the waterfront as an amenity and “placemaker” for the city. It is significant, but underutilized. The city should use vacant and underutilized city-owned parcels along the waterfront to help create a 24-hour downtown. New office development will increase the daytime population, improving the market for retail and restaurants. New residential development will further enliven the city after sunset.

The plazas along the waterfront should be improved, both aesthetically and functionally. An unbroken waterfront walkway should be created and maintained, so that people can walk along the waterfront, experience the sites and sounds of the working port, and interact with other people. New development should integrate a variety of types of functional open space along the inlets, mingling green space with water. Gathering spots should extend north to the terminus of Court Street.

The city should look for ways to create unique design statements. For example, along Washington Street, for one block on either side of High Street, the city has established a landscaped median with planters. This should be continued for several blocks, using pavers interspersed with turf grass that can be driven over in the intersections.

All businesses and cultural institutions along High Street should engage the street. One glaring problem is that the Children’s Museum turns its back to the street, with an entrance from the rear alley. The panel has learned that the museum is consid-

ering moving its entrance back to High Street. The city should strongly encourage such a move.

The basic historic block plan for the business district works well, and requires only a bit of tweaking. Between Admiral's Landing and Effingham, activity nodes should draw people and activity along High Street. Visual landmarks should be created at major intersections along High Street, at Crawford, Court, Washington, and Effingham streets. These visual landmarks could include statues or fountains, landscaping, and special paving denoting pedestrian crossings. A culture and arts overlay district should be created to support and promote the area's museums, historic sites, art galleries, and emerging antique business. Strict design guidelines should be established for the historic district, as is typical for historic districts of this caliber.

The city has begun to create a walkable, high-quality environment for downtown residents and should continue its efforts. Its strategy for doing so should include basic actions, such as improving sidewalks, crossings, and aesthetics, as well as bolder initiatives, including the addition of a bike-way through the district that will connect neighborhoods to commercial areas and newly created parks. An outdoor recreational amenity should be located within one-quarter mile of every downtown resident. All pedestrianways should be lined with street trees, continuing the green canopy that makes Olde Towne so pleasing.

Develop Considerable New Housing

The city must strengthen existing neighborhoods by understanding their context and identity and improving them. At the same time, the city needs to expand residential opportunities for people at all income levels and all stages of life. To accomplish this, an entirely new mix of housing must be created. Today, Portsmouth's housing is predominantly single-family detached houses on individual lots. This housing suits a narrow range of household types, leaving the majority of the population unserved. Furthermore, it does not create sufficient density to fully energize the downtown.

Portsmouth needs a much broader mix of housing, including a wide range of densities and building



Top: The waterfront is an attractive but underutilized place. More development and more public plazas would enliven the area. Left: Olde Towne's quality and character could serve as a model for new neighborhoods.

forms. The city needs substantially more multi-family rental housing and higher-density for-sale housing, as well as new single-family housing, most of which should consist of infill development in existing neighborhoods.

In terms of design, the character of Olde Towne should be replicated throughout downtown. This does not require copying specific architectural styles or buildings, but rather should involve borrowing proportions, materials, and character. Developers of new housing should use the historic district as a model to produce contemporary neighborhoods of great quality and character for all residents of Portsmouth.

Residential districts should be delineated by the comfortable quarter-mile- or five-minute-walk range. The historic block pattern of development should be respected and extended. The highest-

density housing should be developed close to the downtown, with density tapering down—but maintaining a mix of both product types and price points—as one moves west. New residential projects must be woven into the urban fabric. Walled communities should be strongly discouraged, since they hinder connectivity, detract from the community image, and send the wrong message to those on the outside.

Revitalize High Street West of Effingham

The panel views the 3,000-foot-, 28-block-long section of the High Street corridor west of Effingham as the best opportunity for the city to control the future. Many of the buildings along this portion of High Street currently are vacant, and a good number of sites are vacant or underused. This is the biggest tear in the urban fabric; it drags down the entire region and degrades its image. Rather than attempting to mend the edges, the city should begin by addressing the core of the problem. This corridor should be able to compete favorably with the waterfront, drawing activity and investment down the entire High Street spine.

The panel's vision plan calls for a major revitalization effort along these 28 blocks that would draw activity and investment into the downtown district. It would create a boulevard of new mid-rise (four- to six-story) residential buildings facing a linear park and waterway. The panel has learned that the utilities along this portion of High Street are aged and in need of replacement. While this utility work is being done, a median parkway with

a waterway could be installed down the center of the street. Because the water table is high, a canal, as shown in the illustration below, would be relatively easy to construct.

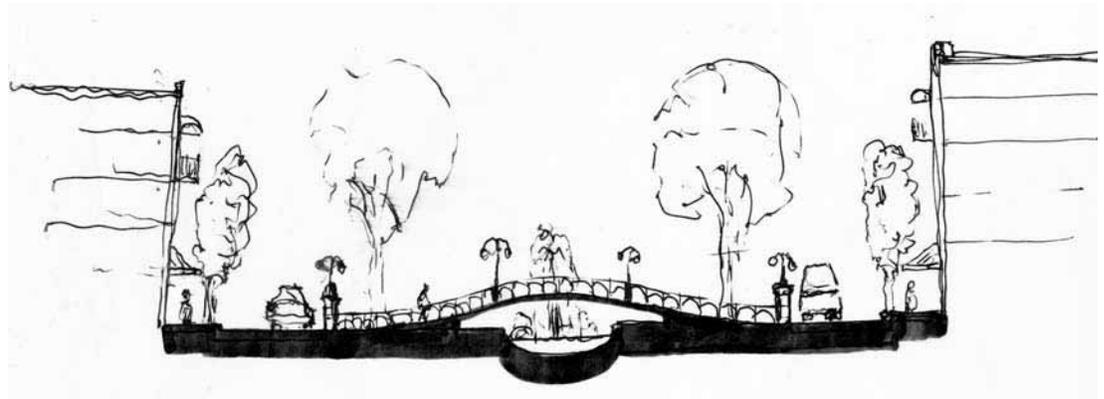
The residential buildings proposed by the panel could be stick built over podium parking, which should be accessed from the rear to maintain an attractive and functional streetscape. Ground floors in some buildings could be converted to retail space as the market evolves. Some structures could include live/work units or other housing types, but the specifics should be left to a developer, not dictated by the city.

The city must establish design guidelines that will ensure varied, high-quality architecture that creates a strong urban presence. These guidelines should address scale, street presence, fenestration, colors, and materials. Unlike design guidelines for the historic east end of High Street, however, those for the west end must provide developers with enough flexibility to address the market with appropriate unit types, price points, and designs. Throughout the central zone of downtown, along both High Street and Effingham, street-edge buildings should be required. No drive-through facilities or street-side parking lots should be permitted.

Improve the Neighborhoods

The city has many roles to play in improving its neighborhoods, including the following. It should:

- Invest in the necessary infrastructure, including completing the street grid and improving the streetscape;



As this cross section shows, a footbridge could extend over the proposed canal and the median along High Street.

- Inject key services back into the community, including such daily necessities as a high-quality grocery store, a drugstore, a hardware store, and other conveniences;
- Create a network of green space that provides a range of outdoor recreational amenities within walking distance of residents' homes; and
- Develop playing fields, a community center, and other recreational facilities.

The panel has suggested locations and concepts for three significant open-space amenities, knitted together with a “ribbon of green” park and bike-way system. The ribbon of green would include the riverfront, a new waterway running along the western portion of High Street, and a forested parkway extending from Scotts Creek, wrapping around to the south along Crawford Street and I-264, and terminating at the nTelos Pavilion. This major amenity will redefine Portsmouth as a more livable and desirable place.

The city should create additional biking opportunities by striping bike lanes along some streets. The panel recommends bike lanes along Port-Centre Parkway, Court Street, and Elm Street, as well as County Street and London Boulevard. They should not be added to Effingham or High streets, which should remain vehicular corridors for the business district.

The city should develop an outdoor recreation center adjacent to Parkview Elementary School. The panel proposes including two baseball/softball fields, three soccer/football fields, and a playground. Located at the school and along the proposed bikeway, the new recreation facility would serve the entire neighborhood. Students from a large portion of the area would be able to bike or walk to school. Because the current elementary school is aged and well over capacity, the city should plan to construct a new school building at this site.

In addition to the outdoor recreational amenities described above, the city should develop a community center and a boys and girls club or similar youth-oriented facility. The panel recommends locating the community center—which would serve teens, adults, and seniors—at the intersection of



London Boulevard and Peninsula Avenue, on a site that the city already owns. This facility would become a focal point of the north end of the downtown. The boys and girls club, located at the intersection of Peninsula Avenue and County Street, would become a focal point at the downtown's south end.

The city has established a landscaped median along two blocks of Washington Street. Such features could be extended to other streets throughout the city.

Set Design Standards

The panel commends the city of Portsmouth for creating and adopting design guidelines for the city's historic sections. The panel believes that successfully implementing the vision plan proposed here will depend heavily on the creation of additional design standards to guide prospective developers of new construction, especially along High Street west of Effingham. Requiring these properties to have a look and feel that is consistent with and complementary to the historic sections of the city will enhance their value and result in a coherent image for the entire city.

Because adding the maximum possible value to revenue-producing properties will be important to the future well-being of Portsmouth, the panel strongly supports the creation and administration of design guidelines appropriate to achieving that goal. These guidelines, however, should remain flexible enough to encourage developers to find creative architectural solutions that meet the needs of the marketplace. The design standards should endeavor to:

- Create a consistent feel for the entire High Street corridor;
- Add real, measurable economic value to each property;
- Raise the value of the city as a whole by creating a unique sense of place specific to Portsmouth;
- Produce a desirable overall environment;
- Promote orderly development ;
- Maximize the value of both public and private investment; and

- Facilitate development by answering developers' questions regarding what can and cannot be built.

The design guidelines should be structured to maintain a consistent character and feel along the length of High Street that is compatible with the historic character of the older parts of Portsmouth. Guidelines should specify appropriate height, scale, bulk, mass, fenestration, overall appearance, density, parking, public access, landscaping, and relationship to the street of new construction and re-development efforts to ensure that they resonate with the overall context of downtown Portsmouth.

Implementation

While the panel sees a need to implement some of its recommendations early on, much of the proposed vision plan can—and should—be addressed incrementally. First, the panel believes that the city must examine carefully the partnership arrangements that currently exist. Experience in other cities has shown that downtown revitalization efforts are more likely to be successful when administered by an independent entity dedicated to that purpose.

Financial Tools and Constraints

Like all cities in Virginia, Portsmouth is limited in its financing options by the Dillon Rule, which means that it must look to either the state constitution or the state legislature for the authority to raise revenue. But unlike many other states, cities in Virginia do have the authority to issue general obligation debt by action of the city council. Information provided by the city's financial adviser indicates that Portsmouth has a sound credit rating based on a solid financial condition. However, it

also has the highest tax rate in the region and, perhaps, the highest percentage of land in the state—57 percent—that is not taxable.

Several types of economic incentives have been used to promote investment and redevelopment in the city. These include both state and federal historic preservation tax credits, which, when used together, can be a major incentive. Additionally, enterprise, empowerment, and historically underutilized business (HUB) zones cover most of the downtown area. The enterprise zone is an economic development program administered by the state that offers both state and local incentives for businesses that locate within the zone. The empowerment zone is a federal initiative designed to stimulate job creation by offering various incentives to businesses in economically distressed areas. Certain areas in the cities of Norfolk and Portsmouth were designated as empowerment zones in 1999. The HUB zone is a federal program through which the U.S. Small Business Adminis-



The development of several mid- and high-rise buildings along the waterfront would make Portsmouth's skyline more distinctive.

Portsmouth's convenient location, just a short ferry ride away from downtown Norfolk, offers great potential for new residential development.



tration awards contracts to businesses on a preferred basis.

Because part of the mission of the Portsmouth Redevelopment & Housing Authority (PRHA) is to serve as the city's redevelopment arm, it administers the city's community development block grant (CDBG) funds for redevelopment purposes where appropriate. The PRHA works closely with the city in the annual allocation of these funds to complement the city's redevelopment efforts. More important, however, is the PRHA's authority to assemble land for either public or private use.

Other potential sources of funding not currently being employed in Portsmouth are assessments for business improvement districts (BIDs), tax increment financing (TIF), and payments in lieu of taxes (PILOT). The city should explore each of these options and seriously consider building a multilayered funding strategy.

Many progressive cities have established BIDs to fund programs designed to augment security, sanitation, and other downtown programs. In Virginia cities, BIDs typically are created as an addition to the existing property tax; in other states, they may be levied as special assessments. In Norfolk, where BIDs are used for downtown improvements, the increase in property tax for the BID is \$0.18 per \$100 actual value.

Although TIF is seldom employed in Virginia, the legislature has authorized its use. Under certain circumstances, it may prove useful when a city needs to establish debt accountability independent of its general obligation debt. TIF also can be used to support bond financing for upfront infrastructure improvements.

PILOT is a funding strategy used in other states in which development corporations issue debt for public or nonprofit purposes. The use of PILOT may or may not be authorized by Virginia law, but it is a funding mechanism that could prove to be sufficiently beneficial for development purposes that the Portsmouth development partners may wish to pursue its passage by the state.

In recent years, the city has invested heavily in land acquisition to accommodate specific high-profile projects or to hold land in anticipation of future project needs. These strategic investments appear to have been a serious economic burden on the city, but the strategy probably has put the city in a good position to attract private investment that will not require the high-cost incentives other cities must offer. Ideally, banks and other private investors can be expected to fund investment-worthy projects. Recently, however, public/private partnerships have become common in complex real estate transactions, such as urban large-scale and mixed-use projects designed to transform the built environment in ways that produce extensive public benefits as well as private profits.

It is clear that the implementation of the panel's proposed vision plan will require major public investment. The extent to which this ambitious program is implemented will be driven both by the city's continued commitment of public resources and by the private sector's interest in further investment in the community. The panel believes that even under the best conditions, further public incentives will be required. The ultimate measure of the plan's success, however, will be the amount of new investment that comes to the community without incentives.

The large scale of the panel’s proposed plan and the range of options for how and when it may be implemented make it impossible for the panel to provide cost/revenue projections. The panel is, however, comfortable in stating that while, in the short-term, implementation will be burdensome for the community, over the long term property values will be substantially enhanced, more property will be returned to the tax base, sales and other local tax revenues will increase, and Portsmouth’s future as a great place to live and work will be assured. The following section describes a strategy for establishing a downtown partnership to oversee the implementation of the panel’s vision for the downtown area.

A Downtown Portsmouth Partnership (DPP)

Experience in other cities has shown that downtown revitalization efforts are more likely to succeed when they are administered by an independent entity solely dedicated to revitalizing a downtown area. Such entities can take the form of a government-established authority or a member-driven and -supported partnership of stakeholders. The panel recommends the latter approach for Portsmouth.

Such an agency could establish policies, facilitate development, promote downtown, prepare and administer design standards for public and private improvements, oversee the operation of the downtown area, and eventually provide financial support for ongoing development. Although it would be an active partner with government, the independence of the member-driven entity would ensure its continuity of purpose and direction regardless of changes in the composition of elected officials or city staff. As keepers of the vision for downtown Portsmouth, the Downtown Portsmouth Partnership (DPP) would have three primary functions, as described below:

Policy and Planning

- Establish and periodically update the downtown vision plan, adjusting it as required to meet changing conditions while ensuring a long-term focus on its overall goals and objectives;

- Manage the downtown plan, ensuring that all proposed public and private development meets the plan’s goals and objectives; and
- Review proposed development projects for conformance to the adopted design standards.

Development

- Actively facilitate real estate development deals, bringing together participants with a stake in such deals, including real estate professionals, relevant city departments, the PRHA, financing sources, major potential tenants, and others as required to seek consensus and support for completing the deal;
- With the PRHA, coordinate the acquisition of key parcels for future development and structures that otherwise might be lost;
- Make properties available at a reduced cost to facilitate development;
- Actively participate in real estate development projects, serving as the developer of last resort when it might be necessary to create catalytic projects that could spur future development;
- Recruit new businesses to locate in existing vacant downtown commercial space;
- Work with existing business owners to help them succeed and stay in downtown Portsmouth;
- Maintain an inventory of commercial and residential properties to help direct prospective residents or business owners to the appropriate real estate agents or developers offering available commercial or residential space;
- Eventually—where possible—provide gap financing for those projects that require it; and
- Issue bonds to fund major projects of public importance that would be repaid by capturing the incremental increase resulting from the development under a PILOT program or TIF.

Promotion and Operations

- Plan and stage events that bring people into the downtown area;
- Establish and administer an “ambassador corps” designed to be “eyes on the street,” help direct

**Figure 11
Implementation Timeline**

Organization	Policy/Planning	Public Improvements	Private Improvements
Phase I			
<ul style="list-style-type: none"> • Create a partnership organization. • Create an improvement district. • Establish a funding mechanism. 			
Phase II			
<ul style="list-style-type: none"> • Create policies to support the plan. 	<ul style="list-style-type: none"> • Create small area plans. • Create a strategy for improving the retail mix and increasing the amount of available retail space. 	<ul style="list-style-type: none"> • Perform actions to improve the existing infrastructure already determined to be necessary, such as High Street infrastructure improvements. 	<ul style="list-style-type: none"> • Continue to support and encourage private sector development of additional housing opportunities and choices.
Phase III			
<ul style="list-style-type: none"> • Establish an ambassador corps. • Begin operations activities. • Begin marketing and promotional activities. 	<ul style="list-style-type: none"> • Review development proposals for consistency with the plan's goals and objectives, and for conformance to design standards. 	<ul style="list-style-type: none"> • Acquire crucial potential development sites. • Encourage the development of proposed large-scale anchors such as the Center for Knowledge. • Establish a parking management process. 	<ul style="list-style-type: none"> • Support and encourage larger-scale residential and commercial development.
Phase IV			
		<ul style="list-style-type: none"> • Implement large-scale infrastructure improvements, such as the development of the Greenbelt Ribbon. • Relocate the jail. 	
	<p>visitors, and report conditions needing improvement or routine maintenance, such as the appearance of graffiti;</p> <ul style="list-style-type: none"> • Under contract to the city, provide routine maintenance such as graffiti removal, minor repairs to sidewalks and curbs, replacement or repair of damaged street furniture, and/or maintenance of street trees and plantings; • Install wayfinding signs and other landmarks to help guide visitors; • Provide and maintain kiosks, banners, and other devices that add liveliness and information about upcoming events; • Work with building owners and the city schools to light vacant storefronts and display temporary student art exhibits to increase the sense of occupancy and continuity of the pedestrian experience on High Street; 	<ul style="list-style-type: none"> • Host a weekly public television show dedicated to promoting downtown as a place to live, work, shop, and play; • Work with business owners to establish coordinated security, operating hours, and mutually beneficial events; and • Coordinate with Hampton Roads Transit the operation of a small-scale shuttle linking various downtown activity centers with the neighborhoods and each other. 	
			<p>The partnership could be structured as a nonprofit 501(c)(3) corporation under the direction of a board consisting of members from both the public and private sectors. Private sector members could include downtown stakeholders: members of the business community, commercial and residential developers, real estate professionals, retailers, neighborhood leaders, and educators. Public sector representatives should include the mayor and</p>

designated representatives, a council member or designated representative, representatives of the PRHA, and educational leaders. The board membership should be weighted toward the private sector stakeholders, to ensure its continuing ability to operate independently from changes in government.

The DPP's primary staff member would be its president, who should be a professional experienced in downtown revitalization who possesses knowledge of the development process and its requirements, the ability to work with both the public and private sectors, and an entrepreneurial attitude. Other staff would be added as the need arises and funding permits.

The DPP's initial operating funds would derive from a combination of membership dues paid by stakeholders and grants from public sector members and philanthropic organizations. The panel projects that the DPP would require a subsidy for its first five to ten years, although the amount of this required subsidy would drop as more development projects occur. As redevelopment proceeds, the DPP would begin to support its own activities through profits from development activities using the BID, TIF, or PILOT mechanisms.

The panel recommends that the DPP use the timeline presented in Figure 11 to implement the pro-

posed initiatives. The specific timing for each of these phases will depend on market conditions, the availability of funds, and the coordination of public and private sector activities. The panel suggests that accomplishing these activities may require a minimum of eight to 12 years.

The panel recommends that the potential stakeholders and partnership members research the activities of similar organizations elsewhere, to determine a model for the DPP. Such organizations include the Downtown Dayton Partnership in Dayton, Ohio, which can serve as an organizational model for a member-driven entity; the Memphis Center City Commission in Memphis, Tennessee, a city/county chartered commission with broad powers and abilities to facilitate and support development whose organizational structure, activities agenda, and long-term, self-supporting funding mechanisms could serve as models for the DPP; and the Downtown Norfolk Council, a BID-based membership organization. The panel also recommends that potential stakeholders visit the International Downtown Association's Web site, www.ida-downtown.org, for more information on the various ways downtown organizations can be structured.

Promoting Downtown Portsmouth

This section describes the panel’s recommendations for promoting the city to potential residents, visitors, and business investors. It also proposes a strategy for elevating the city’s retail image and its potential to draw more investment and development.

The goal of the marketing strategy is to position Portsmouth as an ideal place in which to live, work, play, and invest. To achieve this objective, the city must be marketed as an integrated whole, in ways that build upon its existing strengths and assets. The marketing strategy should serve several purposes. Most importantly, it should establish a framework for coordinating and strategizing marketing efforts, and to educate the media, the business community, and others regarding potential opportunities in the city of Portsmouth.

Perception—whether correct or not—is reality. Portsmouth needs to be proactive rather than reactive, directing information into the marketplace through a variety of media outlets. The city should employ every means available to get the word out. The panel recommends that it take the following actions:

- Develop the reputation of city officials and staff with the media as experts on the region;
- Designate the necessary resources, including staff, to maintain a constant dialogue with appropriate media and marketing outlets;
- Reach out to a broader range of media outlets, particularly the regional print and broadcast media;
- Continually promote the city’s successes and new investments in the city; and
- Continue to convey the message that Portsmouth is undergoing change and emerging as a great place to live, work, play, and invest.

Communications can influence how the community perceives itself and how others perceive it. These efforts can help to build pride and respect among all sectors of the community and perpetuate the image that Portsmouth is a great place to live, work, play, and invest.

Immediate Actions

The city should define its target audiences, both current and future. These might include residents, the business community, elected officials—at all levels—tourists and other visitors, navy personnel and employees of related businesses, the media, and those working in the planning, design, and real estate industries.

Portsmouth currently lacks a unified marketing theme and focus. Materials now being used to promote the city present a number of different and even conflicting messages. All such promotional materials must feature a single, unified theme: the message that Portsmouth is a great place to live, work, play, and invest. While this overall theme should be a unified one, the details of each promotion should be tailored to each individual audience. For example, retailers should be told that downtown Portsmouth is a growing destination for shoppers and diners; potential residents should be presented with information on housing affordability, neighborhood quality, and so on.

The city should search out media and public relations opportunities. Portsmouth is a city rich with assets and ripe for growth, but it has had limited public exposure. Because Portsmouth is one of the most affordable residential markets in the Hampton Roads area, a marketing effort could readily promote Portsmouth as *the* place to live, and an excellent place for investments in housing. Promotions should mention new residential development activity, such as the new projects underway along

High Street, the Myrtles, the Homearama, and investment in outlying areas of the city.

The history of the community needs to be aggressively promoted, as do a multitude of local stories, such as those of the athletes who started their basketball careers at the Portsmouth Invitational Tournament. Cultural activities abound, and should be used to expand tourism. The beginning step should be to contact the *Virginian-Pilot* and make sure that all local activities are included in future *Summer Times* supplements and other relevant inserts. The local and regional press should be kept excited and curious. City economic development representatives should cultivate a reputation as the best source of the current and accurate market and investment information required by the retail industry.

Business begets more business. Media attention should be drawn to any business attraction and growth successes, including new retailers, new professional entities, and new businesses—such as the maritime engineering firm that located at the PortCentre I office building—as well as other milestones of expansion, key contract awards, and project successes. Appendix B contains a partial list of media outlets that Portsmouth should pursue. The city also should participate as a presenter, sponsor, and exhibitor in appropriate trade shows, to advertise and promote Portsmouth as a great place to do business. Such events are a convenient venue for drawing the attention of business leaders.

Expanding Downtown Retail Activity

It also will be important to increase downtown Portsmouth's visibility in the national and regional retail arena; to generate a "buzz" within the retail community that "Downtown Portsmouth is the new best place to be!" The city must educate the retail industry regarding investment in downtown, the short- and long-term potential for retail, and the unique retail experiences available there. Its goal should be to keep area residents, consumers, and tourists coming back to downtown Portsmouth to shop, dine, and be entertained.

The city should develop a strategy to promote Portsmouth as an ideal location for a variety of



The panel suggests lighting all the church steeples in town as a simple but effective architectural enhancement that would enliven the evening skyline and contribute to the sense of place.



The Commodore Theater has successfully filled an entertainment niche.

retailers, including small, neighborhood-based shops and boutiques; restaurants; and grocery and other larger stores. The key to this strategy will be to present a coordinated front that combines the efforts of both the city and the local business community. Portsmouth should model its efforts along the lines of other successful programs, such as Retail Chicago, perhaps the most successful public/private partnership tied to retail development. (For examples of how this organization has coordinated and promoted local retailing, see Retail Chicago's Web site, www.ci.chi.il.us/PlanAndDevelop/Programs/RetailChicago.html.) Part of this effort would involve making available marketing materials and fiscal and demographic information, and providing a central location where developers, investors, and businesses can come to gather information, seek advice and assistance, and learn about potential sites and properties.

Target Audiences

Any marketing effort the city undertakes to attract retailers and retail development should target four distinct audiences, each of which has its own priorities and objectives, and often uses different points of access and resources for gathering information. All, however, require both direct and indirect communication in order to make decisions. The four groups are as follows:

- *Local and National Retailers.* The key individuals to target in this group include the executives involved in making market and location

decisions: owners, real estate and site locators, marketing and promotion experts, and operations staff—who often are known to kill deals.

- *Real Estate Professionals.* Local and national brokers, owners/investors, and site location consultants all are involved in making decisions about where retailers locate and/or expand their presence.
- *The Media.* Media outlets with which the city should develop relationships include local and national business publications as well as general market publications and the trade press, particularly those that cover retail, real estate, site location, and planning/urban design issues. (See Appendix B.)
- *Consumers.* Another important target market consists of area residents and the downtown workforce. Those who live and work in Portsmouth and adjacent communities—particularly those in the military—represent a potential customer base that could support destination and specialty retail.

All four of these targeted audiences need to be kept abreast of ongoing investment activity and progress in the overall redevelopment of downtown, as well as specific information about potential opportunities, including those still in the planning stage. Once this information is assembled, it should be tailored to each specific audience and distributed through multiple channels.

The city might compile a retail E-mail address list of retailers, brokers, developers, and industry media and send a monthly or bi-monthly E-mail newsletter on current leasing and investment activity and opportunities. In addition, the city's Web site should include current retail-related news. A separate but linked retail Web site could provide market information—ranging from demographics, traffic counts, and leasing rates to current development and leasing activity—as well as pictures of new retailers and a database of available sites. Other recommended initiatives include merchandising programs to assist retailers with marketing and merchandising, including help with window displays as well as general advertising and marketing, and cross-marketing programs or

other programs that tie into local businesses' promotional advertising campaigns.

Retail Goals and Objectives

The city needs to attract more streetfront retail to downtown to improve its vitality and sustainability. The retail mix must be expanded to include destination retailers such as specialty stores, restaurants, entertainment uses, and larger-space users. To accomplish this, the city, retailers, and property owners and their agents must think out of the box.

The city should gain an understanding of local retailers, their individual requirements, and the factors that trigger site location and expansion decisions. It should cultivate relationships with strategic partners in the retail marketing effort, including local real estate brokers, property owners, local members of the Urban Land Institute, and so forth. Downtown representatives need to maintain a seat at the table for any citywide initiatives aimed at promoting and attracting retail to the city.

Encourage Creative Uses of Downtown Retail Space

Although the vacancy level in downtown Portsmouth's retail space varies depending upon how it is measured, it exceeds by far the national average of 7.47 percent cited by the International Council of Shopping Centers (ICSC). Discussions of why downtown's retail vacancy rate is so high, particularly when there is such an apparent demand for retail, tend to focus on several factors.

The size, location, and configuration of the existing space often are cited as problems. Brokers commonly assume that spaces smaller than 2,000 square feet are not attractive to retail owners or their representatives; these spaces therefore often are ignored by brokers and retailers alike and remain vacant. The relative desirability of prospective tenants is another issue; some property owners have received multiple inquiries about available space from potential tenants but have not pursued these inquiries aggressively because they consider these retailers less desirable potential tenants than others who may be less traffic oriented and require little or no infrastructure modifications.

Experience in other cities, however, has proven that retailers can be quite creative in their use of space for overall layout, merchandising, and storage. Property owners and their agents must be willing to support such creative efforts and to work with tenants to achieve them, even if doing so requires the reconfiguration of infrastructure. Several cities offer excellent examples of retailers that are working within the constraints of older, smaller storefronts. In the Georgetown section of Washington, D.C., for example, Club Monaco and Patagonia each combined multiple storefronts and levels to create sufficient space to meet their needs. Smith & Hawken's Georgetown store features a side entrance on the ground floor, but its primary floor space is on the second story, overlooking a main street. Similar examples can be found in New York, Boston, Philadelphia, San Francisco, and other cities.

Multistory retailers and smaller "urban footprints" are becoming more common as urban street frontage becomes more desirable. Because large lots are virtually impossible to obtain in downtown areas, national retailers are beginning to be more receptive to flexible and atypical floor plans in preferred locations. Starbucks has multilevel outlets in some locations. Several grocery and big box chains have two-story outlets in a number of cities. Home Depot has just launched a new urban prototype—which ranges in size from 80,000 to 90,000 square feet—as has Best Buy. In New York's SoHo area, a number of former residential and warehouse spaces have been converted to retail uses, several of which boast floor plans previously considered unworkable.

Issues that frequently emerge when retailers are exploring nontraditional space options include visibility, merchandising, and operational costs. The most common concerns relate to the movement of merchandise, including how and where merchandise is unloaded as well as customer flow patterns, all of which can be addressed if the retailer is encouraged to consider alternative approaches to traffic flow and movement. Manhattan's two-story Big Kmart addressed the issue of merchandising by placing larger, heavier stock at grade and the most desirable items—such as jewelry and clothing—on the second floor, to draw consumers



High Street is attractive and extremely well maintained.

through the store. These measures have resulted in considerably higher sales than originally projected. Urban retailers also have tackled the issue of visibility, through the creative use of signage and entranceways

Attract Retailers

The city should proactively recruit appropriate retailers that would expand the quality and array of goods and services available in downtown Portsmouth, including drugstores, groceries, coffee shops (for which a waterfront site such as a hotel lobby would be excellent), dry cleaners, restaurants (both locally and nationally owned), specialty stores, regional arts and crafts stores, apparel stores, movie theaters, and copy shops that also sell some office supplies. In addition, this list should include the upscale and specialty shops needed to change the perception of downtown Portsmouth's retail market among those in the national retail industry. The city should use promotional materials to educate executives at target retailers by focusing on relevant facts about Portsmouth that will influence their location decisions.

Form Alliances

Downtown businesses need to form alliances. The city should facilitate the creation of a downtown retail council. More than 25 retailers and restaurants already are located in the downtown area, collectively representing a formidable force of strength. Not to be left out are those businesses

west of Effingham Street, many of which are national chains and may have marketing dollars.

The mission should be to create a collective voice for downtown retailers, one that has the might and interest to undertake joint marketing and advertising efforts—including special promotions and events as well as coordinated hours that will create a critical mass of customers—and provide a central source from which to disseminate information. A key step in this effort will involve communication with other related organizations, such as the DPP and the Olde Towne Association.

The city should maintain a strong presence at ICSC meetings and should become a serious player in the regional retail industry. It should develop and implement a retailer- and broker-supported strategic plan for the city's participation and representation at the upcoming Mid-Atlantic Idea Exchange and the ICSC National Conference. The city, area developers, owners, brokers, and retailers all should participate, with the common goal of capturing the attention of the regional and national retail industry and attracting and retaining retail activity in downtown and throughout the entire city.

Initiate Special Retail-Oriented Programs

The following types of events and programs can increase consumer traffic and sales and establish a sense of place for downtown retailing:

Enhanced Window Displays. The city should encourage local retailers and other storefront businesses to change their window displays regularly. According to the National Retail Federation, this practice results in increased pedestrian traffic, general consumer interest, and sales. Attractive displays of merchandise, holiday and special event campaigns, and local art exhibits are all potential customer draws.

Vacant storefronts should be made attractive as well. Rather than plague the streets with unsightly views of leasing signs, or—even worse—boarded- and papered-up windows, owners and leasing agents should be encouraged to invite local art museums, galleries, and schools to present exhibits in vacant storefronts. Such initiatives have proven successful in other communities, both in

improving the streetscape's visual appearance and in increasing pedestrian traffic and sales, as well as improving leasing activity.

The city could initiate a coordinated storefront holiday window display program. To encourage participation, the city could offer prizes for the most colorful or creative display, which might be selected by the mayor's office. Holiday window displays are one of the most common marketing programs underway in cities nationwide, both in downtowns and in malls. Such efforts have been effective in drawing attention and increasing sales. Another attractive alternative involves placing simple white lights on all the trees downtown or outlining every shop window with lights along key streets. Some business districts use such lighting year-round.

Discounts and Special Offers. The city could work with retailers and restaurants to offer special discounts to target certain audiences, such as down-

town office workers or military personnel. An extended-hours campaign could be organized in which all stores stay open late one night per week. Many cities offer a weekly or monthly gallery walk as a way to attract foot traffic in the evenings. Such events can be tied into antique store and restaurant promotions.

The city also should explore cross-marketing opportunities, such as campaigns with retailers and theaters, art galleries and museums, and during sporting and other special events. It should encourage retailers and restaurants to participate in promoting themselves to those attending such events. Businesses could partner to offer validation programs. For example, patrons who shop at a certain store could be offered a discount at a restaurant.

Conclusion

The city of Portsmouth has many strengths that can serve as springboards to further re-investment opportunities. The city is conveniently and centrally located in a desirable, rapidly growing metropolitan region. Its dramatic waterfront setting offers tremendous potential for residential growth, business development, and expanded tourism. Portsmouth's history and culture—particularly its large inventory of beautiful historic homes and churches and its commercial district—provide a backdrop that makes the city unique within the region.

Portsmouth's relatively low property values can be seen as an asset and should be exploited to draw new investment. The city offers investors an urban environment with affordable, well-located waterfront property available for development, a rare opportunity that few other cities can match. The economic stability afforded by the military presence and the shipping industry adds to this potential.

The panel has provided development strategies, a physical design framework for new development—both public and private—an implementation strategy, and a set of tools for marketing and upgrading the image of downtown, particularly the retail component. The panel also recommends an array of initiatives that address the city's housing, retail, office, hotel, education, and green-space needs.

Housing

The panel recommends the addition of about 1,500 new units of housing over a ten- to 20-year period. The bulk of these units should consist of mid-rise multifamily units located in mixed-income neighborhoods along the portions of High Street and London Boulevard west of Effingham. Smaller nodes of housing would be added in two ten-story buildings and townhouse complexes on the water-

front. The remainder of the new housing would consist of single-family infill development in existing neighborhoods.

Retail

The panel's retail agenda recommends continuing the revitalization of High Street east of Effingham with specialty retail, cafés, and restaurants, plus incubator retail space, which could occupy some of the smallest existing buildings. The portion of High Street west of Effingham would have some neighborhood-serving retail outlets, and Effingham itself would be lined with regional-serving stores, all housed in buildings that maintain downtown Portsmouth's small-city character.

Office

As part of a long-term strategy, the panel recommends the addition of about 500,000 square feet of new Class A and Class B office development to increase downtown Portsmouth's vitality and foot traffic, as well as provide much-needed jobs and improve the tax base. Specifically, the panel suggests a high-rise office building at North Pier and low- and mid-rise buildings on sites near the courthouse. Because the current demand for office space is not strong, such development must wait for the market to improve. This situation should be helped by some of the early initiatives recommended by the panel.

Hotel

The waterfront site that currently holds the Holiday Inn should be redeveloped as a smaller, more upscale hotel to complement the Renaissance Hotel and Conference Center. Such a hotel could be targeted to a particular niche, such as boaters.

Center for Knowledge

The panel recommends using the I.C. Norcom High School campus as an anchor for a larger educational initiative. The land surrounding the high school could become the site of a branch campus of Tidewater Community College, facilitating partnerships between the two schools and allowing TCC to expand beyond its planned Victory Crossing site into the heart of the community. The Center for Knowledge would be able to meet the educational needs of local employers, including the navy and the ports, and could provide an expanded menu of job training and education for local residents.

Open Space

The panel has recommended a system of parks, plazas, and trails to enhance the quality of life for residents and to provide a more attractive setting for new development. Plazas along the waterfront should be improved, a greenway should be added to the western portion of High Street, and bikeways should weave through existing and planned neighborhoods. Portsmouth already offers a number of important cultural institutions, and the panel suggests using them as marketing tools to expand tourism and attract new residents and businesses.



In sum, Portsmouth has much to build upon in its efforts to become a highly successful city.

The panel believes that the city of Portsmouth has begun to take advantage of its strengths and has great potential to move even further ahead. It can realize the vision of a highly desirable, mixed-use and mixed-income community by prioritizing and coordinating efforts, attracting and working with private investors, and making the most of what is already there.

The jail's removal is crucial to the panel's proposed waterfront strategy. The panel suggests developing an open plaza on the site and building a new courthouse and housing around it.

About the Panel

David N. Goss

*Panel Chair
Cleveland, Ohio*

Goss is the senior director, infrastructure and transportation, for the Greater Cleveland Growth Association, where he manages a regional development/transportation program focused on identifying and prioritizing strategic regional infrastructure investments that support northeast Ohio's economic development agenda. A current example of this program is the Regional Waterfronts Initiative, which is focused on enhancing the development potential of the Lake Erie and Cuyahoga River Valley by improving transportation access. Goss also directs the Build Up Greater Cleveland program, a public/private partnership that supports Greater Cleveland's development and quality-of-life agenda by maintaining and enhancing its public works infrastructure, focusing on roads, bridges, public transportation, and water, sewer, and port facilities.

Prior to his involvement with the Greater Cleveland Growth Association, Goss served as vice president, economic development, for the Gateway Economic Development Corporation—the not-for-profit entity responsible for the construction of Jacobs Field and the Gund Arena—where he managed the corporation's economic development program and served as program manager for two parking garages, the Gateway site, and the Gateway Transportation Management Program.

Goss also has served as the executive director of CLINITEC, Inc., a wholly owned, for-profit subsidiary of the Cleveland Clinic Foundation. In this capacity, he managed the Cleveland Clinic's real estate interests, identified and pursued new health-care business opportunities, and provided general management for the clinic's for-profit ventures and technology-transfer programs. Goss also has 11 years of management experience in the public transit industry, which includes serving as assis-

tant general manager for the Greater Cleveland Regional Transit Authority and director of marketing for the Denver Regional Transportation District. He was an original member of the Transportation Review Advisory Council of the Ohio Department of Transportation.

A former councilman in the city of Shaker Heights and a Leadership Cleveland graduate, Goss is an active member of the Urban Land Institute, where he serves as a member of its Inner-City Council, and recently was elected as a fellow in the American Society of Civil Engineers. He also is involved in several local civic and charitable organizations, serving on the board of trustees of the Cleveland Sight Center, the Citizens League Research Institute, and the Northeast Ohio Regional Alliance.

Walter S. Bialas

Pittsburgh, Pennsylvania

Bialas joined PNC Bank in 1993 to establish an internal market research group. As vice president of the research group, his main role is to provide market research due diligence in support of the bank's commercial underwriting process. Bialas provides custom research to evaluate unique market dynamics, assess location issues, evaluate the impact of competitive projects, and test pro forma assumptions. Projects evaluated at PNC Bank are located throughout the United States and include all property types. Bialas's particular analytic strengths include retail and affordable housing.

Prior to joining PNC Bank, Bialas spent ten years with the national consulting practice of GA/Partners—Arthur Andersen in Washington, D.C. While a senior manager there, he advised clients on the market and financial feasibility of proposed projects across the United States.

Bialas received his bachelor's degree in urban studies from Albright College in Reading, Pennsylvania, and his master's degree in city and regional

planning from Catholic University in Washington, D.C. He is a member of the Research Conference Committee of the International Council of Shopping Centers.

Ray Brown

Memphis, Tennessee

Brown offers architectural and urban design services for individual projects as a consultant to Memphis architectural firms. He provides creativity, skills, experience, knowledge, and ideas in fields of specific expertise the firm may need, such as architectural and urban design, project direction, and project development. Brown seeks projects that have the potential to improve the quality of life for disadvantaged residents by transforming at-risk urban neighborhoods into more livable communities. He directed the design and construction of AutoZone Park in Memphis, one of America's finest minor league baseball parks and a crown jewel in Memphis's downtown renaissance.

As the Memphis Center City Commission's vice president for development, Brown set the framework for the city's downtown urban design plan, facilitated new development, recruited new businesses, and administered design standards. For 26 years, Raymond Brown Architect specialized in providing municipal and private sector clients with architectural and urban design services, focusing on downtown redevelopment and planning projects.

Brown taught architectural design at the University of Cincinnati and was downtown planner for the city of Dayton. He is a member of the Memphis Habitat for Humanity "Green Hat" construction committee. Brown holds a BS in architecture from the University of Cincinnati.

W. Easley Hamner

Cambridge, Massachusetts

Hamner is a senior principal in the Stubbins Associates, an architectural and planning firm that he joined in 1967. His professional career has been devoted largely to the creation of large-scale, memorable urban mixed-use environments that

enhance the city, create value, and engage the imagination. This experience began with Citicorp Center in New York and continued with assignments in Boston, Nashville, Charlotte, San Francisco, Singapore, Kuwait, Taipei, China, Korea, and Greece. He served as principal in charge for the largest hotel complex in the world, the Venetian in Las Vegas. Mixed-use facilities are his primary design interest, and the effects of emerging technologies on the fields of communication, entertainment, education, and shopping particularly intrigue him.

A member of the Urban Land Institute for more than 20 years, Hamner has served two terms on the Institute's Urban Development/Mixed-Use Council and currently is a member of the International Council. He served as a member of the ULI Foundation Board of Governors and is a member of the National Association of Industrial and Office Properties (NAIOP) Mixed-Use Forum. His local civic commitments have included 19 years as board president of Cambridge Community Services (on whose board he now sits), two years as cochair of the Cambridge United Way Leadership Campaign, and eight years as board chair of the Pro Arte Chamber Orchestra. He also serves as a member and past president of the Cambridge Club and is a past member of the Cambridge Foundation Board.

Hamner holds a master's degree in architecture from Harvard University's Graduate School of Design, a bachelor's degree in architecture from North Carolina State University, and a certificate from the Ecole des Beaux Arts Americaine in Fontainebleau, France.

Robert Kaye

Boston, Massachusetts

Kaye is a director of development for Equity Office Properties in Boston. Currently, he is managing the redevelopment of Russia Wharf, a 950,000-square-foot mixed-use project on the Boston waterfront that will include office, hotel, residential, and retail uses with public open space at the water's edge. Kaye previously managed the development planning and entitlements process

for Brighton Landing in Boston, the 1 million-square-foot New Balance world headquarters.

Kaye spent most of his career as a planning consultant, first for Skidmore, Owings & Merrill and later for Vanasse Hangen Brustlin, where he founded the firm's urban planning department. He has participated in the planning for more than 50 projects in the Boston area, including Rowes Wharf, Fan Pier, 500 Boylston/222 Berkeley, Millennium Place, the Fleet Center, Genzyme's Allston manufacturing plant, and Massport's Commonwealth Flats development area. In addition, he has consulted to major corporations and federal agencies on development-related matters across the United States.

Kaye has lectured at Harvard University, Tufts University, and the Massachusetts Institute of Technology (MIT) on environmental planning and impact assessment. He has served on numerous state planning and environmental task forces, including the special task force to rewrite the Massachusetts Environmental Policy Act regulations. For the last five years, he has served on the board of directors of the Brookline Foundation, an organization whose mission is to improve the quality of local public education.

Kaye received a BA from Oberlin College and an MA in urban/economic geography from Boston University. He also completed the Management Development Program at the Boston University School of Management.

Donald F. McIntyre

San Clemente, California

McIntyre currently is an independent consultant whose clients include Orange County, California, and the California cities of Pasadena, Seal Beach, and Monterey. From 1995 through 2000, he was general manager of the Orange County Sanitation District. Prior to that, he was city manager of Oak Park, Michigan, and Vallejo, California. From 1973 until 1990, McIntyre was city manager of Pasadena, California, after which he served as president/CEO of the Central City Association in Los Angeles, California.

McIntyre received a BA in political science from Millikin University and an MA in public administration from Michigan State University.

Paul F. Morris

Portland, Oregon

Morris is an internationally acclaimed landscape architect and urban planner whose 23-year career has been dedicated to creating environmentally balanced and civic-minded solutions to unique and complex community development challenges. He has established a reputation for successfully building partnerships among disparate groups that result in broad-based consensus, a process that requires a blend of technical sophistication with common-sense politics. The owner and principal of a Portland-based consulting firm for 11 years, Morris merged his practice in 1999 with the international multidisciplinary consulting firm of Parsons Brinckerhoff Quade & Douglas, Inc., where he now serves as senior professional associate and director of the firm's National Land Use Resource Center.

Morris's practice has been exemplified by a rigorous commitment to research and innovation, with a special emphasis on merging land use and transportation system planning into mixed-use community design that seeks to maximize economic viability and environmental sustainability. This approach has taken him across the United States and to Canada, Europe, and the Far East, culminating in 31 honors and awards including, most recently, the National Excellence in Transportation Design Award from the U.S. Department of Transportation and the Commanding General's Medal of Excellence from the U.S. Army Corps of Engineers.

All of Morris's professional achievements are rooted in a deep commitment to community service. He has held positions ranging from neighborhood association chair to member of the State Legislative Land Use and Environmental Laws Committee and the Congressional Livable Communities Task Force. He also is active in several professional organizations, including the American Planning Association, the Congress for the New Urbanism, the National Trust for Historic Preser-

vation, the Nature Conservancy, the National Parks and Recreation Association, the Urban Land Institute, and the American Society of Landscape Architects, where he currently serves as national president.

Morris has taught and lectured at universities in the United States and Asia, and is a frequent public speaker at conferences and symposia throughout the United States and elsewhere, most notably before a joint discourse of the Royal Institute of British Architects and Landscape Institute of Great Britain on the topic of "Cities in Renaissance or Ruin." He has written, contributed to, or been featured in more than 80 publications on topics ranging from urban regeneration and transportation/land use relationships to gardens, parks, and memorials.

Morris holds a bachelor's degree in landscape architecture from the University of Oregon and a graduate certificate in planning and development from Harvard University. He is registered as a landscape architect in five states and as a mediator with the Oregon Department of Justice. In 1997, Morris was selected for inclusion in *Who's Who in Science and Engineering in America*, and in 1998 he was inducted as a fellow of the American Society of Landscape Architects.

Robert W. Nilsson

Stevensville, Maryland

Nilsson is an independent consultant. Before founding his own firm, Whatsreallyhappening.com, he held senior management positions with Phillip Holzmann International, Bovis South America, and Turner International, where he served as president and chief executive officer for more than ten years.

Nilsson has established joint ventures and partnerships in South America, Asia, the Middle East, and Europe. These projects have ranged in value from \$100 million to \$6.5 billion. He also has a broad range of experience in global project marketing and development. He helped to develop an e-commerce trading company known as Industry to Industry for the development, engineering, and construction sector. As a consultant, he has ad-

vised companies such as Skanska; Skidmore, Owings & Merrill; and Kohn Pedersen Fox Associates on how to expand services into new areas of the world.

Nilsson received a BSCE from Rensselaer Polytechnic Institute (RPI) and completed Dartmouth College's Amos Tuck School Executive Management Program. He has lectured at Stanford, Harvard, RPI, Berkeley, and Oxford universities.

Catherine Timko

Washington, D.C.

Timko is principal of the Riddle Company, a marketing and business development consulting firm that focuses on real estate and economic development. The Riddle Company assists clients with marketing and repositioning oriented to business and investment attraction. Its services include strategic marketing planning, communications and media planning, editorial and public relations, media audits, business and prospect development, and project marketing. The firm works with clients to identify strengths and weaknesses, define target markets, recognize new opportunities, and devise approaches that are appropriate to and respectful of an organization's personality, policies, and assets to realize established goals for growth, market expansion and repositioning, general marketing, and communications. The Riddle Company's clients include government and quasi-public agencies, investors and capital providers, owners and operators of real estate, and local and national nonprofit organizations.

Timko has more than 20 years of experience working with the public and private sectors. She has been involved with the planning and marketing of numerous economic development and real estate development initiatives, including ones for the District of Columbia. In 2000 and 2001, she directed the District's Retail Initiative, a multiyear effort to reposition the city as a prime retail investment market, attracting national and international retailers and resulting in more than 2 million square feet of new retail space. The effort also yielded extensive industry and media exposure for the District's retail market in national and regional publications, with a market value of more

than \$5 million. This exposure helped inform retailers and developers nationwide that the District of Columbia is indeed a viable destination for investment; for the past two years, Washington, D.C., has been ranked the number-one investment market in the nation. Timko also has worked with other communities, such as Baltimore and Dallas, on similar market repositioning projects.

Timko has a degree in urban planning. She started her career in the public sector, working for cities

such as Wilmington, Delaware; Philadelphia; Miami Beach; and Boston. She also worked with Wallace Roberts and Todd, a national planning and urban design firm. She is an active member of the International Economic Development Council, the International Council of Shopping Centers, and the Urban Land Institute.

Appendices

Appendix A: Area Retail Centers

Profile of Portsmouth, Suffolk, and Chesapeake Retail Centers, 2003

Center Name	Location	Opened/ Renovated or Expanded	Size (Square Feet)	Number of Stores
Victory Crossing	Portsmouth	2002	700,000	31
Williams Courts	Portsmouth	1985/1988	215,000	36
Robert Hall Village	Portsmouth	1990	189,000	–
Churchland Shopping Center	Portsmouth	1970/1998	155,000	33
Westgate Plaza	Portsmouth	1963/1987	127,000	17
Airline Plaza	Portsmouth	1960	100,000	8
Suffolk Plaza	Suffolk	1969/1998	181,000	30
Suffolk Shopping Center	Suffolk	1983	161,000	26
Greenbriar Mall	Chesapeake	1981/1988	809,000	120
Chesapeake Square Mall	Chesapeake	1989/1999	799,000	80
Wal-Mart Center	Chesapeake	1992/1994	600,000	–
Greenbriar Market Center	Chesapeake	1996	495,000	35
Crossway/Greenbrier Center	Chesapeake	1988/1997	372,000	50
Chesapeake Center	Chesapeake	1989/1993	297,000	29
Chesapeake Crossing	Chesapeake	1987/1988	288,000	26
Crossroads Center @ Chesapeake Square	Chesapeake	1991	234,000	24
Great Bridge Shopping Center	Chesapeake	1962/1995	161,000	36
Crossways Center	Chesapeake	1992/1997	153,000	3
Woodford Square	Chesapeake	1986	140,000	26
Indian River Shopping Center	Chesapeake	1962	114,000	16
Poplar Hill Plaza	Chesapeake	1971	102,000	13
Total	Portsmouth	–	1,486,000	125¹
Total	Suffolk	–	342,000	56¹
Total	Chesapeake	–	4,564,000	458¹

¹Totals do not include stores in centers for which the number of stores is not available.
Source: National Research Bureau, Shopping Center Directory 2003.

Major Tenants	Occupancy	Current Owner
Lowe's Home Improvement,	Under Construction	Faison
Maxway, Rack 'N Sack Grocery	54%	Advantis GVA
Super Fresh	–	–
Eckerd, Food Lion, Family Dollar Store	94%	Cursor Properties
55	–	Harvey Lindsay Commercial Real Estate
Food Lion, National Furniture	–	Harvey Lindsay Commercial Real Estate
Big Lots, Goodwill, Save-A-Lot Foods, Schewel Furniture	84%	S.L. Nusbaum Realty
Belk Department Store, Farm Fresh	–	S.L. Nusbaum Realty
Dillard's, Hecht's, Sears	86%	Jones Lang LaSalle
Dillard's, Hecht's, Sears, JCPenney	–	Simon Property Group
Wal-Mart Supercenter, Sam's Club	–	Simon Property Group
Babies "R" Us, Barnes & Noble, Bed Bath & Beyond, Best Buy, Harris Teeter, OfficeMax, Old Navy, PETS MART, Stein Mart, Target	100%	Cousins Properties
Marshalls, Office Depot	98%	Divaris Real Estate
Big Kmart, Michaels	–	Simon Property Group
Big Lots, T.J. Maxx, Fabric Market, Paul's Arts & Crafts	69%	S.L. Nusbaum Realty
Circuit City, T.J. Maxx, Wal-Mart	97%	–
Farm Fresh, Hancock Fabrics, Reggie's Brew Pub	98%	Advantis GVA
Circuit City, Farm Fresh, Michaels	100%	Harbor Group International
Farm Fresh, Roses Stores, Revco Drugs	92%	Harvey Lindsay Commercial Real Estate
CVS, Safeway	–	H&M Investment Group
Super Fresh, Roses Stores, Holiday Health & Fitness	–	Harvey Lindsay Commercial Real Estate
–	–	–
–	–	–
–	–	–

Appendix B: Targeted Media Placements and Trade Shows

Media Placements

Editorial opportunities exist in the following regional and national business trade/industry publications, with which the city of Portsmouth might form relationships:

- *Retail Traffic*: possible ongoing exposure for the evolving Victory Crossing project as part of the Editor's Mall Walk column or similar project coverage;
- *Southeast Real Estate News*: potential coverage in ongoing features on mixed-use and waterfront projects, and in Mid-Atlantic market profiles;
- *Chain Store Age*: issues/features on leasing strategies, the redevelopment of obsolete centers, and downtown markets;
- *Shopping Centers Today*: issues/features on mixed-use developments, Virginia market profiles, and redevelopment features;
- *Shopping Center Business*: issues/features on redeveloping retail markets and Virginia updates;
- *American Airlines, Southwest Airlines, and US Airways* magazines: local stories;
- *AAA World* (the magazine of the American Automobile Association): city reviews and regular features;
- *Urban Land*: mid-Atlantic profiles, features on mixed-use and waterfront developments, communities with military-based economies, and examples of redevelopment and repositioning;
- *Real Estate Forum* (and *Globe Street*): mid-Atlantic and Virginia feature stories;
- *Commercial Property News*: mid-Atlantic and Virginia features;
- *Virginia AIA* magazine: project features;
- *National Real Estate Investor*: features on the mid-Atlantic marketplace, waterfront development, military-based economies undergoing transition, urban retail projects, and redevelopment issues; and
- *Planning*: issues/features on waterfront and adjacent redevelopment strategies.

The city also should develop relationships with the following additional publications, to ensure continuous and positive coverage on activity within Portsmouth and feature articles about the city.

National Publications

- *American City and County*;
- *BUILDER*;
- *Chain Store Age*;
- *Downtown* (published by the International Downtown Association);
- *Economic Developments* (published by the International Economic Development Association);
- *Governing*;
- *Institutional Investor*;
- *Multifamily Trends*;
- *The National Association of Home Builders Newsletter* (ideal for coverage of Westbury and the Myrtles);
- *The New York Times*;
- *Real Estate Forum*;
- *Real Estate News*;
- *Shopping Center Business*;

- *Shopping Centers Today*;
- *Site Selection*;
- *Southeast Real Estate News*;
- *The Wall Street Journal*; and
- *The Washington Post*.

Virginia Publications

- *Inform* (published by the Virginia Society of the American Institute of Architects);
- *Inside Business—Richmond and Hampton Roads Business Journal*;
- *Richmond* magazine;
- *The Richmond Times Dispatch*;
- *Virginia Builder* (oriented to residential builders);
- *Virginia Business* magazine;
- *The Virginia Business Observer*; and
- *The Virginian-Pilot*.

The city also should develop relationships with all relevant wire services, radio stations, television outlets, and Internet media outlets, including Globe Street Online, Sunspot, Bizjournals.com, and Primediaonline.

Trade Shows

City officials or other representatives should participate as presenters, sponsors, and exhibitors at national and local conferences and programs that are attended by the target market and put on by the following organizations. The city also should pursue the possibility of participating at other specialty conferences and technical programs, including those tied to military- and marine-oriented economic development.

- *The Urban Land Institute*: national and market-oriented conferences, regional District Council meetings, local project case study presentations, and national project analysis sessions;
- *The International Economic Development Council*: the council's annual national conference;
- *The International Council of Shopping Centers*: regional annual conferences, where the city can develop relationships with targeted retailers and even pursue retail attraction efforts; and
- *The National Association of Home Builders (NAHB)*: the association's annual conference and issue-oriented events key for connecting with additional residential developers.

