
Assessing Housing and Redevelopment Strategies Portsmouth, Virginia

*Prepared for the City of Portsmouth and the Portsmouth Redevelopment and Housing
Authority*

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INTRODUCTION

This report, prepared by the Center for Housing Research at Virginia Tech, was commissioned by the Portsmouth, Virginia Planning Department and the Portsmouth Redevelopment and Housing Authority (PRHA). The report is a threefold effort. The main report consists of two components 1) Housing and Redevelopment Opportunities and 2) Housing Redevelopment Strategies. The third component is a special analysis completed by Dr. Ted Koebel's graduate level planning studio class at Virginia Tech. The stand-alone student report is entitled *Opportunities and Strategies for Residential Redevelopment* and provides valuable information that will benefit the City's future planning efforts, particularly in the area of vacant land reclamation. The Center provides the student report for the City's use recognizing that the analytical capabilities of the students' participating in the class ranged from novice to proficient. Each student's work responsibility was based on their professed and learned knowledge of the analytical tools used in creating the report.

Portsmouth, Virginia

Located southeast of the Richmond metropolitan area in the Tidewater region of Virginia, Portsmouth, VA is one of the sixteen jurisdictions that comprise the Hampton Roads Region. This region, also known as the Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area¹ (which we refer to in this report as the Virginia Beach MSA or simply MSA), has experienced significant population and economic growth in recent years. This growth, however, has not always been uniformly distributed throughout the region.

Portsmouth's position in the region has been and remains stable despite sluggish growth indicators. While the City's population has declined over the past fifteen years, the decline has been minimal and as recently as 2003, Portsmouth saw a small population increase. The City's employment base has remained stable due in part to heavy federal government influence. Yet, Portsmouth's unemployment rate was the highest in the region at 4.3%. In comparison, the unemployment rate was 3.3% for the MSA in 2006. House values in Portsmouth are considered some of the most affordable in the region and the City boasts a homeownership rate competitive with the region (Portsmouth's homeownership rate was 64% compared to the MSA rate of 64.6% in 2005). Over the past several years, Portsmouth has pursued an aggressive redevelopment agenda that has changed the face of a number of neighborhoods. Overall, Portsmouth offers strong, stable neighborhoods and a variety of housing options. The challenge for Portsmouth is how to attract and retain more middle to high income residents while continuing to serve the needs of all its citizens.

The Urban Land Institute's (ULI) 2003 Advisory Panel Report of downtown Portsmouth provided a detailed analysis of the City's economic state. The ULI report focused primarily

¹ The geographic components of the Virginia Beach MSA changed between the 2000 U.S. Census and the Census American Community Survey 2005 adding Surry County, Virginia. In a few instances in this report, we provided comparative data for 2000 and 2005 for the MSA. While the geographies were different, Surry County had a population of less than 7,000 persons in 2000, so we made no adjustments in comparing the numbers.

on economic revitalization of the City's downtown core; housing strategy recommendations were provided only as they affected the economic revitalization of the core. This report complements ULI's recommendations for economic development. In fact, the ultimate success of the housing strategies recommended in this report depends on combining those strategies with successful economic revitalization.

HOUSING AND REDEVELOPMENT OPPORTUNITIES

Population Change

The state of housing in an area is influenced by population trends. In Portsmouth, the population reported by the US Census declined by about 8% between 1990 and 2000. The decline slowed over the next five years. According to the US Census 2000, the population of Portsmouth was 100,565 persons while the American Community Survey (ACS) 2005 estimated the population of Portsmouth to be 95,183 or 5% less than in 2000. More recent estimates by the UVA Weldon Cooper Center indicate that the population decline has reversed and the population of Portsmouth is now increasing, although only by less than 1% between 2005 and 2006.

While the numerical change in Portsmouth's population is not particularly significant, it is important to try to understand the reasons behind the change. Two factors influence population change: natural (births and deaths) and migration. The Census Bureau attributes less than half of the population decline between 2000 and 2005 to natural births and deaths. By default, the remainder is due to migration. [See *Opportunities and Strategies for Residential Redevelopment* for a more in-depth presentation of population trends including regional comparisons.]

Migration

Migration into and out of Portsmouth affects the overall population growth of the city. The Census Bureau estimates that between 2000 and 2005, the city's population declined by 3,151 people due to out-migration. The UVA Weldon Cooper Center estimates a net out-migration of 4,400 people from Portsmouth during the same time period. To more fully understand migration into the region, we examined the annual Internal Revenue Service (IRS) Migration data from 2000 to 2005.

The IRS provides a special data file with the net migration for every city and county in the country based on the number of tax filers and exemptions claimed. This file identifies the jurisdictions that had 10 or more tax filers moving into (or out of) their jurisdiction (those with fewer than 10 are lumped into a group). The number of exemptions is an approximation of the number of people moving between jurisdictions (we use the terms "people" or "population" instead of "exemptions"). We estimated Portsmouth's annual net migration by matching the IRS data for in-movers and out-movers and then aggregating these annual estimates from 2000 to 2005.

According to net migration data from the IRS migration files, Portsmouth lost 2,092 persons (i.e. exemptions) between 2000 and 2005. This is significantly fewer persons than the 3,151 persons estimated by the Census Bureau and the 4,400 persons estimated by Weldon Cooper. There are several reasons why tax records would underestimate total migration. New (mainly young) workers might be filing their own tax return for the first time, and some adults do not have income requiring a tax return. Any estimate is also subject to a certain margin of error. Although the IRS migration files appear to underestimate the net out-

migration for Portsmouth, the IRS files are the only source of annual data on the previous locations of people moving into Portsmouth and the new locations of those who moved out.

The majority of in-migration to Portsmouth over the five-year period from 2000 to 2005 came from other jurisdictions within the Hampton Roads/Virginia Beach region (see Table 1). Migration from regional jurisdictions accounts for 59.3% of Portsmouth’s in-migration for the five year period. The city of Chesapeake provided the largest number of in-migrants with 9,537 persons (23.8%). Portsmouth also gained 1,759 (4.4%) people from foreign locations, an effect most likely due to the city’s military facilities and international ship building industry.

Table 1: Top In-Migration Locations, 2000-2005 (700 or more people)

Location	Persons
Chesapeake, VA	9,537
Norfolk, VA	5,069
Virginia Beach, VA	4,242
Suffolk, VA	3,276
Newport News, VA	835
Hampton, VA	779
Total from outside Virginia (excludes persons from out of country)	12,346
Foreign - Out of country	1,759
Total from within Virginia ((includes persons from counties above)	25,885
Total in-migration	39,990

Source: IRS and Center for Housing Research

Most of Portsmouth’s out-migrants moved to jurisdictions in the Hampton Roads/Virginia Beach region (see Table 2). The same six jurisdictions that lost people to Portsmouth over the five year period also gained the majority of Portsmouth’s out-migrant population. Once again, the city of Chesapeake was the top destination for out-migrants gaining 10,372 persons, 24.6% of Portsmouth’s out-going population.

Table 2: Top Out-Migration Locations, 2000-2005 (700 or more people)

Location	Persons
Chesapeake, VA	10,372
Suffolk, VA	4,661
Norfolk, VA	4,470
Virginia Beach, VA	3,749
Newport News, VA	1,010
Hampton, VA	650
Isle Of Wight County, VA	603
Total from outside Virginia (excludes persons from out of country)	13,069
Foreign - Out of country	1,174
Total from within Virginia (includes persons from counties above)	27,839
Total out-migration	42,082

Source: IRS and Center for Housing Research

Decisions on where to locate are influenced by housing costs, length of commute to work, educational systems, crime rate, and a host of other choices. Given the complexity of choices, there is rarely a single or simple explanation for migration patterns within metropolitan regions. Such is the case for the Hampton Roads region.

Some migration patterns however are explainable. As seen in Table 3, Portsmouth gained 493 people from Virginia Beach (the difference between the in-migrants and the out-migrants). A likely explanation for this influx was a rapid escalation of housing costs in Virginia Beach. Rising rents over the 2000-2005 time period significantly impacted renters in Virginia Beach. Those who could no longer afford to rent in Virginia Beach may have moved to Portsmouth in search of more affordable rental housing. Portsmouth is described as “the first choice for first-time homebuyers in the metropolitan area because of its affordability” (ULI 2003). Many first-time homebuyers could not afford to buy in Virginia Beach, so those buyers may have chosen to relocate to Portsmouth.

Other migration patterns are also recognizable from the data. Most notable is the influx of foreign persons between 2000 and 2005. This increase could be connected to either the military influence or the international shipping industry. Although not a major trend, 632 Portsmouth residents relocated to eastern North Carolina counties over the five year period (including 185 persons lost to Onslow County, NC shown in Table 3), possibly as a destination choice for retirees.

Portsmouth’s strong military connection also influences the city’s migration pattern. Table 3 indicates that Portsmouth experienced net out migration to foreign-APO locations (i.e. foreign military bases). In addition, BRAC closings and realignments throughout the country undoubtedly impacted the military bases in the Hampton Roads region. Specifically BRAC closings in Berkeley County, SC in 1993 and another in 2005 could help explain an increase of persons to Portsmouth from that region.

Table 3: Top Net-migration Locations, 2000-2005

Top five net in-migration jurisdictions	
Foreign - Other flows	791
Norfolk, VA	599
Virginia Beach, VA	493
Berkeley County, SC	164
Hampton, VA	129
Top five net out-migration jurisdictions	
Onslow County, NC	-185
Foreign - APO/FPO ZIPs	-206
Isle Of Wight County	-272
Chesapeake, VA	-835
Suffolk, VA	-1,385

Source: IRS and Center for Housing Research

UVA Weldon Cooper Center's estimated population increase (in 2005 the population estimate was 98,514 whereas in 2006 the estimate was 98,733) may be an indication that Portsmouth is indeed attracting first-time homebuyers or other homeowners from within the region. Based on past trends and available current information, the Center for Housing Research has developed a model for predicting housing demand into the future.

Housing Demand Projections

Housing demand projections are based on the Virginia Employment Commission (VEC) population projections and the Housing Demand Model developed by the Center for Housing Research. The Housing Demand Model calculates the proportion within specific age groups that are householders of married-couple families, “other” families, and non-family households. The category of “other families” includes all households where two or more people are related by blood or marriage but without a spouse present. A majority of these households are “single-parent” families with children under the age of 18, but the category also includes a variety of non-spouse families without children. Non-family households include people living alone or without other unrelated individuals. Non-family households include unmarried couples without children (those with children are classified as other families).

The Housing Demand Model estimates a matrix of householder age, household type (married-couple family, other family, and non-family), income and tenure using data from Census 2000 files including the Public Use Micro Sample (PUMS) and Summary Files (SF) 1, 3 and 4. Ownership rates were adjusted based on the 2005 American Community Survey data for Portsmouth and then held constant for 2010 and 2020 for each householder age, household type, household income and tenure cell calculated in the Housing Demand Model. Ownership rates are affected by changes in incomes, householder ages, household types, number of children, divorce rates, economic conditions, housing costs, interest rates, and myriad other personal and market characteristics. The housing demand projections presented here are reasonable approximations of a future that largely reflects the recent past. Significant changes in any of the various factors influencing housing demand will likely result in a significant different pattern of demand than currently anticipated. Consequently, these projections should be considered “baseline” extrapolations of the past that should be revised if future data reveals different trends or if there are significant departures from past patterns.

Housing supply typically increases in response to increases in housing demand. This is most evident in newly developing areas, typically on the suburban fringe, where farm or forest land can be developed for urban uses. As an older city, Portsmouth is largely “built-out” and has few tracts of undeveloped land. Many older cities have experienced declining demand after their peak build-out. Very often older housing stock and neighborhoods become less desired due to obsolescence, increased maintenance and renovation costs, uncertainties about quality and functionality, and negative neighborhood externalities. Many cities and older inner suburbs have experienced substantial declines in housing demand from their peak levels.

Portsmouth has demonstrated remarkably steady housing demand particularly for an older central city. Although there are sections of Portsmouth where demand has declined over time and vacancies have increased, the number of households (every household occupies a separate dwelling unit) has stabilized at around 38,000. In 1990 and 2000, there were respectively 38,741 and 38,152 households in the city; and our baseline projection is for demand to increase slightly to 38,500 by 2010 and 39,056 by 2020. The city’s share of the

overall regional housing market, however, is projected to decline from 6.6% in 2000 to 5.6% in 2020 due to growth in areas where new housing is easier to develop.

The baseline projection indicates that Portsmouth’s population is likely to remain stable. Nonetheless, the city faces several challenges and the future could depart significantly from projected stability in either a positive or negative direction depending in part on how the city plans its future. Portsmouth’s future will also be influenced by its housing demographics “portfolio.” As with investment portfolios, a city’s demographic composition can be concentrated in selected categories (segments) or can be diversified across categories.

Demand for housing in Portsmouth is diverse and spans all household types, ages and incomes. However, the city has its largest shares of regional demand in the “other family” category and in non-families (see Table 4). The city’s shares among markets for single-parent and unmarried couples with children are significantly higher than for married-couple families. For the other-family category, the city’s share of the regional market for the other family category was 9.0% in 2000, while it had 7.3% of the non-family category and 5.3% of the married-couple category.

Table 4: Housing Demand by Household Type

Household Type	Number			Percent of MSA		
	2000	2010	2020	2000	2010	2020
Married-couple	15,704	15,901	16,157	5.3%	4.8%	4.5%
Other Family	9,778	9,558	9,437	9.0%	8.2%	7.7%
Non-family	12,670	13,013	13,462	7.3%	6.6%	6.1%
Total	38,152	38,472	39,056	6.6%	6.0%	5.6%

Source: U.S. Census and Center for Housing Research

Portsmouth had 18,915 married-couple families in 1990 but only 15,704 in 2000. We project the number of married-couple families to increase slightly to 16,157 in 2020. The importance of married-couple families in the housing market is due in part to their higher incomes. Married-couples constitute a large proportion (63%) of households with incomes above \$25,000 in the regional market and are 80% of the family households with incomes above \$25,000. Married-couples constitute even higher portions among households with incomes above \$50,000.

Portsmouth’s share of the married-couple family market could continue to drop due to life-cycle effects. Its overall share of this market is boosted by higher than average shares among low (<\$25,000) to moderate income (\$25,000-\$49,999) married-couple families with householders aged 65 and older. (Incomes are in constant year 2000 dollars in the projection model.) These families are likely to have “aged in place” or were more recently attracted by affordable housing for seniors. If Portsmouth is to maintain its share of the married couple market, the city will need to attract a higher proportion of this market in younger age categories as well as attract seniors from other locations into Portsmouth. For incomes above

\$25,000, market shares among nearly all age categories under 75 years drop to 5% and below (See Tables 5 and 6).

Table 5: Housing Demand by Income, Household Type and Age of Householders

2000		<\$25,000	\$25,000- \$49,999	\$50,000- \$99,999	\$100,000+	TOTAL
Married-couple						
15 to 24 years		139	201	139	16	495
25 to 34 years		430	935	1380	153	2898
35 to 44 years		392	964	1876	133	3366
45 to 54 years		425	829	1513	602	3369
55 to 64 years		372	597	1152	144	2265
65 to 74 years		432	731	620	101	1884
75 and older		332	799	196	99	1427
Other family						
15 to 24 years		721	166	52	9	948
25 to 34 years		1190	799	120	21	2131
35 to 44 years		1064	1253	178	37	2532
45 to 54 years		541	745	331	32	1650
55 to 64 years		262	227	344	33	866
65 to 74 years		195	307	268	38	807
75 and older		277	385	145	36	844
Non-family						
15-64		3614	3437	1043	275	8369
65+		3352	593	260	95	4301

2010		<\$25,000	\$25,000- \$49,999	\$50,000- \$99,999	\$100,000+	TOTAL
Married-couple						
15 to 24 years		122	177	122	14	435
25 to 34 years		382	830	1225	136	2573
35 to 44 years		339	836	1626	116	2916
45 to 54 years		480	936	1706	679	3801
55 to 64 years		446	717	1382	172	2718
65 to 74 years		431	729	618	101	1879
75 and older		368	884	217	110	1579
Other family						
15 to 24 years		634	146	45	8	834
25 to 34 years		1056	710	107	19	1892
35 to 44 years		922	1086	155	32	2194
45 to 54 years		611	840	374	36	1861
55 to 64 years		314	273	413	39	1039
65 to 74 years		194	306	267	38	805
75 and older		307	426	160	40	934
Non-family						
15-64		3648	3470	1053	277	8449
65+		3558	629	276	101	4564

Table 5, continued

2020		<\$25,000	\$25,000- \$49,999	\$50,000- \$99,999	\$100,000+	TOTAL
Married-couple						
15 to 24 years		114	165	114	13	406
25 to 34 years		340	738	1090	121	2289
35 to 44 years		304	749	1457	104	2614
45 to 54 years		480	936	1707	680	3803
55 to 64 years		533	855	1649	206	3242
65 to 74 years		480	813	689	113	2095
75 and older		398	957	235	119	1709
Other family						
15 to 24 years		592	136	42	7	778
25 to 34 years		940	631	95	17	1683
35 to 44 years		826	973	139	29	1966
45 to 54 years		611	840	374	36	1862
55 to 64 years		375	325	493	47	1240
65 to 74 years		217	341	298	42	898
75 and older		332	462	174	43	1011
Non-family						
15-64		3655	3476	1055	278	8464
65+		3896	689	302	111	4998

Source: U.S. Census, VEC, and Center for Housing Research

Table 6: Portsmouth's Share of MSA Housing Demand by Income, Household Type and Age of Householders

2000		<\$25,000	\$25,000- \$49,999	\$50,000- \$99,999	\$100,000+	TOTAL
Married-couple						
15 to 24 years		4.3%	4.4%	5.5%	5.0%	4.7%
25 to 34 years		6.5%	4.9%	5.6%	4.5%	5.4%
35 to 44 years		8.9%	4.2%	4.6%	1.2%	4.2%
45 to 54 years		13.9%	5.2%	4.9%	3.9%	5.2%
55 to 64 years		8.1%	6.3%	6.0%	1.5%	5.3%
65 to 74 years		9.7%	8.6%	5.3%	2.5%	6.6%
75 and older		10.7%	18.0%	3.6%	4.8%	9.4%
Other family						
15 to 24 years		9.8%	9.6%	10.8%	8.2%	9.8%
25 to 34 years		8.7%	9.3%	7.3%	5.5%	8.8%
35 to 44 years		9.0%	8.3%	3.7%	4.7%	7.8%
45 to 54 years		11.7%	9.1%	5.5%	3.8%	8.3%
55 to 64 years		11.8%	6.9%	10.7%	6.3%	9.3%
65 to 74 years		10.5%	11.7%	11.8%	7.8%	11.1%
75 and older		16.2%	19.4%	7.2%	6.5%	13.5%
Non-family						
15-64		7.6%	6.7%	4.3%	5.7%	6.5%
65+		10.9%	6.4%	6.4%	7.1%	9.5%

2010		<\$25,000	\$25,000- \$49,999	\$50,000- \$99,999	\$100,000+	TOTAL
Married-couple						
15 to 24 years		3.8%	3.9%	4.8%	4.4%	4.1%
25 to 34 years		5.9%	4.5%	5.1%	4.1%	4.9%
35 to 44 years		9.2%	4.3%	4.7%	1.2%	4.4%
45 to 54 years		12.3%	4.6%	4.4%	3.5%	4.6%
55 to 64 years		6.6%	5.1%	4.9%	1.2%	4.3%
65 to 74 years		8.1%	7.2%	4.4%	2.1%	5.5%
75 and older		9.0%	15.2%	3.0%	4.1%	7.9%
Other family						
15 to 24 years		8.6%	8.3%	9.5%	7.2%	8.6%
25 to 34 years		7.9%	8.5%	6.6%	5.0%	8.0%
35 to 44 years		9.3%	8.5%	3.8%	4.8%	8.0%
45 to 54 years		10.3%	8.0%	4.8%	3.3%	7.4%
55 to 64 years		9.6%	5.6%	8.7%	5.1%	7.6%
65 to 74 years		8.8%	9.8%	9.8%	6.5%	9.3%
75 and older		13.7%	16.4%	6.0%	5.5%	11.3%
Non-family						
15-64		7.0%	6.2%	3.9%	5.3%	6.0%
65+		9.2%	5.4%	5.4%	6.0%	8.0%

Table 6 continued

2020		<\$25,000	\$25,000- \$49,999	\$50,000- \$99,999	\$100,000+	TOTAL
Married-couple						
15 to 24 years		3.7%	3.8%	4.6%	4.3%	4.0%
25 to 34 years		5.3%	4.0%	4.5%	3.6%	4.4%
35 to 44 years		8.4%	4.0%	4.4%	1.1%	4.0%
45 to 54 years		14.1%	5.3%	5.0%	4.0%	5.3%
55 to 64 years		6.0%	4.7%	4.5%	1.1%	4.0%
65 to 74 years		6.2%	5.5%	3.4%	1.6%	4.2%
75 and older		7.7%	13.0%	2.6%	3.5%	6.8%
Other family						
15 to 24 years		8.3%	8.1%	9.2%	7.0%	8.3%
25 to 34 years		7.0%	7.5%	5.9%	4.5%	7.1%
35 to 44 years		8.5%	7.8%	3.5%	4.5%	7.4%
45 to 54 years		11.8%	9.2%	5.5%	3.8%	8.4%
55 to 64 years		8.9%	5.2%	8.0%	4.7%	7.0%
65 to 74 years		6.7%	7.5%	7.5%	5.0%	7.1%
75 and older		11.8%	14.1%	5.2%	4.7%	9.7%
Non-family						
15-64		6.8%	6.0%	3.8%	5.2%	5.9%
65+		7.5%	4.4%	4.4%	4.9%	6.5%

Source: U.S. Census, VEC, and Center for Housing Research

The city needs to learn more about the amenities and location attributes that attract married-couple families. Although school quality (both public and private) can be assumed to be important, the majority of married-couple families (59% in Portsmouth) do not have children under the age of 18. Some of these are empty-nesters or only have older children in the household, and others might be young couples who will have children in the future, so the current proportion without children under age 18 probably understates the importance of schools on this market segment.

A significant portion of married-couple families chooses housing based on amenities and location characteristics unrelated to schools. This market segment is more likely to desire higher densities and urban life-style amenities, including renovated older homes, distinctive urban neighborhoods, and accessibility to restaurants and entertainment.

The city has above average shares of the regional housing market in almost every age-income combination among non-spousal families. Although non-spousal families are more likely to be younger and not to have children than married-couples, the main difference between the two family types is income. Over 80% of non-spousal families have incomes below \$50,000 and 44% have income below \$25,000. Even small changes in incomes can have dramatic effects on housing consumption for this category. Our projections indicate that the non-spousal family category will benefit from the aging of this group into the 45-64 year-old category, which is expected to increase to 30% by 2010 from 26% in 2000. This will likely

mean greater labor force participation and higher incomes, as these families are less likely to have very young children, the householder is likely to be reaching peak income, and there could be a greater possibility for more people in the household earning income. As a result, incomes and homeownership for this group are expected to shift slightly upward, with ownership increasing from 40% to 42%. Their home ownership rates, however, will remain significantly below the rate for married-couple households (80%) due to their much lower incomes.

Portsmouth also has above average shares of the lower-income (under \$25,000), non-family housing market and of the higher-income (\$100,000+), non-family market aged 65 and older. The later category is very small (only 95 households) and has little impact on the overall market. Non-family households are mostly single individuals (84% in 2000), with most of the remainder being 2-person households (e.g. roommates and unmarried couples).

The non-family segment has shifted more significantly into home ownership and is a main cause of the increasing ownership rate in Portsmouth. Based on the 2005 American Community Survey results for Portsmouth, we project that the ownership rate for non-family households will increase from 50% in 2000 to 59% by 2010 (see Table 7). The non-family owner category will increase by nearly 1,400 owners from 2000 to 2010. Most of this increase is for owners aged 65 and older and probably reflects aging in place of surviving spouses rather than actual increases in demand. Nonetheless, we project an increase of approximately 600 non-family owners under the age of 65 and an increase in the ownership rate from 42% to 49%.

Table 7: Owner-Occupied Housing Demand by Household Type and Age of Householder

	2000	2010	2020
Married-couple	12069	12809	13159
15 to 24 years	77	90	84
25 to 34 years	1801	1741	1549
35 to 44 years	2563	2221	1990
45 to 54 years	2812	3172	3174
55 to 64 years	1951	2341	2793
65 to 74 years	1624	1797	2003
75 and older	1241	1447	1566
Other family	3877	4034	4171
15 to 24 years	86	75	70
25 to 34 years	348	309	275
35 to 44 years	882	765	685
45 to 54 years	808	912	912
55 to 64 years	539	646	771
65 to 74 years	623	654	729
75 and older	591	673	728
Non-family	6358	7723	8070
15-64	3513	4156	4163
65+	2845	3567	3906

Source: U.S. Census, VEC, and Center for Housing Research

The city should anticipate that more housing units, particularly owner-occupied units, will be vacated due to the aging of the population. In 2000, owners aged 65 and older were 31% of all home owners in Portsmouth; by 2020 this will increase to 35%. In the process, more units will be vacated due to moves associated with aging. This will pose both an opportunity and a risk depending on the demand for these units for owner occupancy. Older owners may defer property maintenance and improvements due to decreased physical abilities, restricted incomes and personal preferences. As a result, properties might need significant improvements to remain competitive among younger home buyers when they are placed on the market.

In summary, we project stable housing demand with very modest growth through 2020 overall. Aging and increases in some age-specific ownership rates will result in increased owner demand for approximately 3,100 units (from 22,300 in 2000 to 25,400 in 2020). Rental demand will decrease by 2,200 units (from 15,800 in 2000 to 13,600 in 2020), including reduced demand for approximately 1,100 lower-income units (renters with incomes below \$25,000).

Income and Poverty

Household Income

Based on the Census Bureau's American Community Survey (ACS), the 2005 median household income for Portsmouth was \$40,172² compared to \$51,077 for the Virginia Beach MSA. Table 8 shows the distribution of household income in 2005 for Portsmouth. Over 60% of households had income of less than \$50,000. About one-fifth of households in Portsmouth had household income of \$75,000 or more a year. The incomes of non-family households are included in the household figures. Single person households and households consisting of unrelated persons make up the non-family households who in 2005 had median income of \$26,817 in Portsmouth, much lower than all households which include families.

Table 8: Household Income, Portsmouth, 2005

Household Income	Portsmouth	
	Households	%
Less than \$10,000	4,674	12.5%
\$10,000 to \$14,999	1,849	4.9%
\$15,000 to \$24,999	4,928	13.1%
\$25,000 to \$34,999	5,154	13.7%
\$35,000 to \$49,999	6,654	17.7%
\$50,000 to \$74,999	7,111	18.9%
\$75,000 and more	7,162	19.1%

Source: Census ACS 2005

Family Income

Median family income by definition excludes non-family households which consist of single person households or households with unrelated members. The ACS 2005 median family income for Portsmouth was \$49,624² compared to \$60,761 in the Virginia Beach MSA. Of family households, married couple families had the highest median family income (\$63,887 compared to \$30,427 for other family types). Table 9 shows the distribution of family income in 2005 for Portsmouth. Half of families had income of less than \$50,000. About 7% of families in Portsmouth had income of less than \$10,000 a year. Families were more likely to have incomes of \$75,000 or more than were households (27% of families compared to 19% of households).

² The estimated 2005 median household income and estimated 2005 median family income as reported in the American Community Survey are likely underestimated by about 4.4% due to change in definition of the income reporting period.

Table 9: Family Income, Portsmouth, 2005

Family Income	Portsmouth	
	Families	%
Less than \$10,000	1,646	7.1%
\$10,000 to \$14,999	849	3.7%
\$15,000 to \$24,999	2,866	12.4%
\$25,000 to \$34,999	2,333	10.1%
\$35,000 to \$49,999	3,990	17.3%
\$50,000 to \$74,999	5,187	22.4%
\$75,000 and more	6,251	27.0%

Source: Census ACS 2005

HUD Area Median Family Income

The U.S. Department of Housing and Urban Development (HUD) has its own estimates for median family income³. The 2007 HUD area median family income (AMFI) estimate for Portsmouth, which is based on the Virginia Beach MSA, is \$64,100. The HUD AMFI is the income estimate used for programs such as Section 8 housing vouchers and the Low Income Tax Credit program. A family is considered low income if the family income is between 50% and 80% of the HUD AMFI, very low income if the family income is 30% to 50% AMFI, and extremely low income if the family income is less than 30% AMFI (for a family of four in Portsmouth, about \$19,250 in 2007).

Housing consumption is heavily influenced by income. If Portsmouth is successful in attracting residents with higher incomes, there will be increased demand for higher-end housing for those residents. The reverse is true in that greater demand for subsidized housing and affordable rental units will be the result if lower-income residents are the driving force of the housing market. In 2005, Portsmouth not only lagged behind the MSA in median income but also had a higher proportion of persons below the poverty level than the MSA.

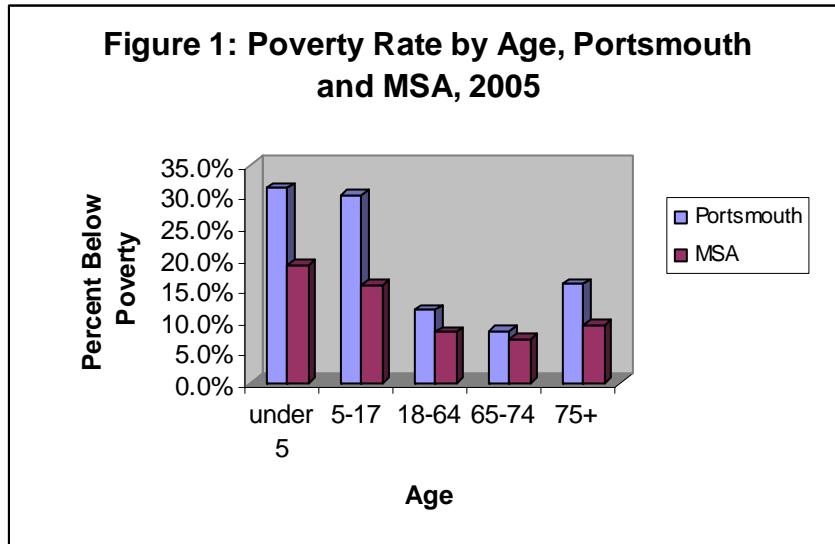
Poverty

Based on the ACS, in 2005 the poverty rate for Portsmouth was 16.8% increasing slightly from 2000 poverty rate of 16.2%. The poverty rate for the MSA was 10.4% in 2005 or significantly under that of Portsmouth. Also, the poverty rate for the MSA dropped rather than rose between 2000 and 2005 (the poverty rate for the MSA was 10.6% in 2000). Poverty comparisons between years should be viewed with caution. The ACS data was based on population for whom poverty was determined over the past 12 months, whereas the decennial Census was based on population for whom poverty was determined in 1999 (or over the past year which is different from over the past 12 months).

The rate of poverty is dependent on age. (See Figure 1.) In 2005, about 30% of persons under the age of 18 were below poverty in Portsmouth. The poverty rate dropped to about 12% for

³ The HUD median family income estimate is based on the 2000 Census and updated using county-level Bureau of Labor Statistics earnings data, the Census Current Population P-60 data, and state-level data from the ACS.

adults between 18 and 64 years of age and was even lower for persons aged 65 to 74 (8%). Persons aged 75 or more had a poverty rate of 16% or nearly double the poverty rate of those aged 65 to 74.



Source: Census ACS 2005

The relationship between tenure and poverty is clear as shown in Table 10. The poverty rate for families in Portsmouth was 12.4% in 2005. When looking at families who owned their home as compared to families who rented, renters were much more likely to be living below the poverty level (5.2% of owner families were below poverty while 26.6% of renter families were below poverty). While rates were lower in the MSA, the pattern was the same with 3.1% of owner families living below poverty compared to 20.9% of renter families.

Table 10: Poverty Rate by Tenure, Portsmouth and MSA, 2005

Tenure	Portsmouth	MSA
All Families	12.4%	8.2%
Owner Families	5.2%	3.1%
Renter Families	26.6%	20.9%

Source: Census ACS 2005

Affordable Housing Gap

A housing gap analysis estimates the deficit/surplus of the housing units that are affordable to certain household income groups both for renter and owner-occupied households. The 2000 Census Comprehensive Housing Affordability Strategy (CHAS) provides special tabulations as a source for estimating that gap, particularly for low-income households.

Extremely low-income renters typically face the most severe shortage of affordable housing (housing costs of less than 30% of household income). Based strictly on the counts of renters and rental units as estimated by the 2000 CHAS data, Portsmouth had a deficit of 1,082 rental units affordable to the lowest income renters (households with income less than 30% of the area median family income of \$48,000 in 1999). However, as seen in Table 11, when adjusting for higher income renters living in the units affordable to the < 30% AMFI households, an even greater housing gap emerged. We estimated that 2,251 renters or over half in the lowest income category lacked affordable rental units. As the income level increased, the housing gap somewhat diminished. Only 13% of low income renters (earning less than 80% AMFI) faced an affordable housing gap. Consequently, nearly a quarter of low-income renters were forced to spend larger portions of their incomes for housing than the 30% threshold indicated by the U.S. Department of Housing and Urban Development (HUD) as a nominal measure for housing affordability.

Table 11. Affordable Rental Housing Gap, Portsmouth

Household Income	Renter Households	Total Units (Occupied + Vacant for Rent)	Surplus/Deficit Units	Units Occupied by Households within Income Limits	% Units Occupied by Households above Income Limits	Housing Gap (Renters Lacking Affordable Units)	Housing Gap (% Renters Lacking Affordable Units)
<30% AMFI	4,136	3054	-1082	1640	41.6%	2251	54.4%
<50% AMFI	7,071	9489	2418	4515	46.7%	1546	21.9%
<80% AMFI	10,938	16179	5241	8353	44.5%	1445	13.2%

Source: U.S. Census 2000 CHAS and Center for Housing Research

Higher-income households occupied over 40% of the units affordable to the <30% AMFI renter households and occupied nearly half of affordable units for the very low (<50% AMFI) and low-income households (<80% AMFI).

Low-income homeowners in Portsmouth were affected to a lesser extent by an affordable housing gap than were renters (see Table 12). The very low-income owners (household

income <50% AMFI) had a surplus of 3,582 affordable units before taking into account higher-income owners living in those units. However, after adjusting for higher-income owners who occupied nearly three quarters of the units affordable to this very low-income group, there was a deficit of affordable units. The housing gap for owners with incomes <50% AMFI was 1,383 units or nearly 40% of very low-income owners lacked affordable housing. For owners with incomes <80% AMFI there was a surplus of 11,823 affordable units based on stock alone. However, when taking into account that 70% or 13,337 affordable units were occupied by owners with higher incomes, the housing gap for low-income owners was 1,514, meaning 20% of low-income owners lacked affordable housing.

Table 12. Affordable Ownership Housing Gap, Portsmouth

Household Income	Owner Households	Total Units (Occupied + Vacant for Sale)	Surplus Units	Units Occupied by Households within Income Limits	% Units Occupied by Households above Income Limits	Housing Gap (Owners Lacking Affordable Units)	Housing Gap (% Owners Lacking Affordable Units)
<50% AMFI	3,576	7,158	3,582	1818	73.2%	1,383	38.7%
<80% AMFI	7,625	19,448	11,823	5526	70.7%	1,514	19.9%

Source: U.S. Census 2000 CHAS and Center for Housing Research

Based on this analysis, the City of Portsmouth would need subsidies for approximately 3,800 very low income renters and 1,383 very low income owners (incomes below 50% of AMFI) in order to overcome its affordable housing deficit for these income groups. Over half of very low-income owners with housing problems are elderly while the majority of the renters are non-elderly.

The affordable housing gap forces low-income owners and renters to pay excessively high portions of their income for their housing. Often the very low-income renters are competing with higher income renters for the same unit. Although most homeowners have fixed payments for principal and interest, their property tax, utilities and insurance costs escalate over time and usually at a much greater rate than their income, especially for elderly homeowners.

The primary assisted housing production program (the Low Income Housing Tax Credit) is probably insufficient to reach the very-low income level in Portsmouth and availability of funding for this program is very limited. While the planned 112 elderly tax credit apartment units for low and moderate income senior citizens will reduce the deficit, it falls short of meeting the need of assistance especially since the non-elderly make up the majority of the very low-income renters. Retaining existing subsidies should be strongly encouraged,

programs for helping seniors stay in their homes should be continued, and other options explored for meeting the housing needs of the city's very low-income residents.

Special Needs Populations

Persons with a Disability

The number of persons aged 5 or older with a disability in Portsmouth declined from 2000 to 2005 according to the 2000 US Census and the 2005 ACS, a 22% decline (See Table 13.). However, looking within age groups is crucial as there are offsetting trends. Persons with a disability 5 to 15 years of age increased by 50% while persons with a disability 16 years of age or older decreased by 27% from 2000 to 2005. While these numbers should be viewed with some caution, the jump in 5 to 15 year olds having a disability could have housing implications in next decade as this group moves into the next age cohort.

Table 13: Persons with a Disability, Portsmouth, 2000-2005

	Persons with a Disability		% Change
	2000	2005	
Portsmouth	22,025	17,078	-22.4%
All Persons 5 or older	22,025	17,078	-22.4%
Person 5 to 15 years	1,283	1,920	49.6%
Persons 16 or older	20,742	15,158	-26.9%

Source: US Census 2000 and ACS 2005

For Portsmouth in 2000, 20% of persons 5 or older had at least one disability (See Table 14.). While disabilities are increasing in the 5 to 15 year old age group, 5 to 15 year olds were the age group in Portsmouth in 2000 with the fewest persons having a disability (12.6%). The age group with the largest number of disabled persons was the 65 and over age group with nearly half having at least one disability.

Table 14: Persons with a Disability Portsmouth, 2005

Age	Total Population	With a Disability	% with a Disability
5 to 15 years	15,249	1,920	12.6%
16 to 20 years	6,007	830	13.8%
21 to 64 years	51,038	8,351	16.3%
65 years and over	12,675	5,977	47.2%
Total	85,239	17,078	20.0%

Source: ACS 2005

Senior Households

Senior households (those 65 or more years of age) comprised 13.3% of persons in Portsmouth in 2005 (See Table 15.). In comparison, 10.6% of people in the Virginia Beach MSA were 65 or older and 11.4% of Virginians were 65 or older in 2005. The percentage of seniors in Portsmouth has declined slightly since 2000. In 2000, 13.8% of persons in Portsmouth were 65 or older.

Table 15: Persons 65 or Over Portsmouth, 2005

	Area	
	Portsmouth	VB MSA
Person 65 or Over	12,675	1,585,416
% of Total Persons	13.3%	10.6%

Source: ACS 2005

Seniors and Housing

Seniors often live alone and generally live on modest, fixed incomes. The median household income for householders 65 or older in Portsmouth in 2005 was \$30,259, second lowest only to householders under the age of 25. In comparison, the household median income including all age groups for Portsmouth in 2005 was \$40,172. Seniors also are more likely to be disabled than other age groups and need housing that is accessible (47% of those 65 and over in Portsmouth had at least one disability in 2005).

The 2000 Comprehensive Housing Affordability Strategy (CHAS) provides data specific to seniors or elderly, specifically households with one or two members aged 62 to 74. Table 16 shows that 29% of all households in Portsmouth that had income less than 30% of the area median family income in 2000 (considered extremely low income, this would have been \$14,400 based on the 1999 MSA median family income of \$48,000) were elderly households as defined by CHAS. The majority of the owner households in the extremely low income category were elderly owners with 54% elderly owners having income less than 30% MFI. About one fifth of renters in the extremely low income category were elderly renters. It is not surprising that the percentages of these low income elderly households having housing problems and cost burdens were high across the board. Still the percentages of those elderly with housing problems or costs burdens were slightly lower than for all renters and for all owners in the extremely low income category.

The income category with the most elderly was the very low income or 30% to 50% of MFI category (about 34% of households in the category were elderly). Again, a high percentage of owners in this category were elderly (55%). About 20% of the renters in the very low income group were elderly. Elderly owners fared better than renters in terms of having housing problems and cost burdens. Over two thirds of elderly renters had housing problems or cost burden greater than 30% of income compared to just over half of elderly owners.

Table 16: Elderly* Households by Tenure, Income, and Housing Problem, Portsmouth, 2000

Household by Income, & Housing Problem	Renter Households			Owner Households			Total (Not just Elderly)	% Elderly
	Elderly Renters	Total Renters	% Elderly Renters	Elderly Owners	Total Owners	% Elderly Owners		
Household Income <=50% MFI	1,391	7,071	19.7%	1,949	3,576	54.5%	10,647	31.4%
Household Income <=30% MFI	822	4,136	19.9%	849	1,569	54.1%	5,705	29.3%
% any housing problems	71.7%	75.5%		70.6%	71.4%		74.4%	
% Cost Burden >30%	71.7%	72.4%		70.6%	70.7%		71.9%	
% Cost Burden >50%	49.3%	54.6%		48.9%	55.1%		54.7%	
Household Income >30% to <=50% MFI	569	2,935	19.4%	1,100	2,007	54.8%	4,942	33.8%
% any housing problems	67.5%	71.9%		54.1%	63.7%		68.6%	
% Cost Burden >30%	66.8%	68.6%		54.1%	62.3%		66.0%	
% Cost Burden >50%	17.6%	18.7%		25.9%	30.1%		23.4%	
Household Income >50 to <=80% MFI	394	3,867	10.2%	1,675	4,049	41.4%	7,916	26.1%
% any housing problems	23.9%	36.6%		29.9%	46.5%		41.7%	
% Cost Burden >30%	23.9%	30.2%		29.9%	44.7%		37.6%	
% Cost Burden >50%	1.0%	1.1%		6.9%	8.8%		5.0%	
Household Income >80% MFI	494	4,841	10.2%	2,998	14,673	20.4%	19,514	17.9%
% any housing problems	0.8%	9.4%		10.4%	12.7%		11.9%	
% Cost Burden >30%	0.8%	3.6%		10.3%	10.7%		8.9%	
% Cost Burden >50%	0.8%	0.2%		1.0%	0.7%		0.5%	
Total		15,779	14.4%	6,622	22,298	29.7%	38,077	23.4%
% any housing problems	47.0%	45.0%		30.3%	27.6%		34.8%	
% Cost Burden >30	46.8%	40.2%		30.2%	25.8%		31.7%	
% Cost Burden >50	22.5%	18.1%		12.7%	8.6%		12.6%	

Source: US Census 2000 CHAS data set (elderly are one or two member households with one or both aged 62 to 74)

Housing Needs of the Disabled and the Elderly

Serving the housing needs of those with disabilities (includes mental, physical as well as sensory disabilities) and the elderly population is a challenge that requires coordination, financial assistance, and education. Often the two special needs groups overlap with many elderly having a disability. A large proportion of both groups have low or moderate incomes. Several offices within the City of Portsmouth provide information and services that address housing and other issues affecting special needs populations.

A key resource for persons with a disability and seniors is the Portsmouth Department of Social Services that provides numerous services. The Department of Social Services assists low-income households in meeting their immediate home energy needs (home heating fuel, cooling and weatherization). Social Services also administers the city's Tax Relief Program. This program assists qualified elderly and/or disabled homeowners by reducing or freezing their real estate taxes.

Social Services in conjunction with the Portsmouth Department of Health provides screening for Medicaid community-based care and nursing home placement and screening for admission to an adult care residence to disabled adults over the age of 18 years and to adults over the age of sixty. Social Services also provides adult companion services which consists of assisting an individual to remain at home by placing a care provider that can perform light housekeeping, meal preparation, shopping, running errands and personal care assistance. Screening and referral for Adult Day Care also help prolong senior's ability to remain living in their home.

Behavioral Healthcare Services works with the Department of Social Services and the City Attorney's Office to assist in the process of attaining guardianship for senior citizens who require assistance in the management of their affairs, another service that encourages non-institutionalized living for seniors. Behavioral Healthcare Services also provides supportive services for supervised living and adult foster care supervision.

The office of Community Relations and Leisure Services assists the elderly who cannot maintain their properties by referring those in need to volunteer groups such as the Civic Leagues, Virginia Cooperative Extension Master Gardener's, Clean Commission, and Churches. The Senior Station is a resource that offers career training seminars, computer training, and other educational services to the elderly. The Senior Station also works with the non-profit organization, Retired Senior Volunteer Program to help place senior volunteers throughout the community and coordinates with the office of Human Resource Management that manages the Portsmouth Pride Volunteer Program, the city's volunteer program.

The City Treasurer's office offers monthly pre-payment plans to Seniors, as well as other citizens, that allows them to make monthly payments versus quarterly payments of Real Estate Taxes and Stormwater Management Utility Fees. This program provides budgeting advantages for those on fixed incomes.

The city offers a number of courtesy services that encourage independent living. The Fire Department assists citizens by advising Virginia Power of known individuals who are power dependent (medical devices, etc.). In the case of power outages, the Fire Department provides oxygen to oxygen-dependent citizens until regular electric service can be restored. And the General Services office directs Waste Management to put out and bring in trash cans for disabled citizens, many of whom are seniors.

Funding to support special needs groups is provided by the City of Portsmouth. The city has committed \$100,000 for infrastructure to build 112 elderly tax credit apartment units for low and moderate income senior citizens using Community Development Block Grant funds.

The HOME program runs a HomeCare Program that assists moderate to low income citizens at least 55 years old and/or disabled whose homes are in need of substantial rehabilitation work. Homeowners can receive financial assistance of up to \$25,000 for rehabilitation work.

Housing vouchers and subsidized housing are a means for helping those with disabilities as well as seniors with low income. The Portsmouth Redevelopment and Housing Authority administers 1,856 Housing Choice Vouchers. The Authority owns and operates a Section 8 elderly facility with 178 units two and other Section 8 facilities with 182 additional units. In addition, the Authority manages 1,200 public housing units.

Homeless

In Portsmouth, or in any locality, it is a challenge to identify and meet the needs of the homeless, especially with an ultimate goal of ending homelessness. The Portsmouth Homeless Advisory Consortium (PHAC) developed the city's plan for managing and eliminating homelessness -- Continuum of Care program (CoC) -- and coordinates the public and private sectors in responding to the needs of Portsmouth's homeless population. The goal of PHAC is to end the problem of homelessness through strategic planning, coordination of services, and public education and advocacy. At monthly meetings, citizens and stakeholders from city agencies, the Portsmouth Redevelopment and Housing Authority, the Portsmouth Area Resources Coalition (PARC), the Portsmouth Self-Sufficiency Project (PSSP), and non-profit or faith-based organizations, discuss community-wide approaches for addressing homelessness.

The Portsmouth Department of Social Services counsels homeless persons and refers them to the Portsmouth Redevelopment and Housing Authority for help in securing assisted housing or to area non-profit shelter providers. The Help and Emergency Response Shelter (HER) focuses on providing shelter to abuse victims while PARC spearheads efforts for delivering shelter and services to homeless persons. PARC provides emergency shelter for the homeless including a homeless shelter, transitional housing, rental assistance, and other supportive services. The city's department of Behavioral Healthcare Services provides homeless case management services and shelter plus care for the homeless in addition to substance abuse counseling and programs. The Oasis Social Ministries along with other churches are key providers of services to the homeless population offering both meals and clothing. The City takes advantage of HUD programs that offer financial assistance aiding the homeless and

other special needs groups and works with financial institutions to offer loan assistance for special needs housing.

PARC is responsible for compiling the best possible counts and information on the homeless population. PARC facilitates the CoC requirement for conducting a homeless census annually on set days in the month of January. The homeless census serves as a tool for measuring the homeless population and provides information for appropriately assessing the needs of the homeless. A point-in-time survey, the homeless census most recently was conducted in the last week of January of 2007. However, we report on the results of the 2006 count which was conducted on January 24, 25 and 26, 2006.

In 2006, PARC found through the participation of all emergency shelter, transitional housing, and permanent supportive housing providers 271 homeless people in Portsmouth. The majority of the homeless population was residing in emergency shelters (154) with an additional 63 residing in transitional facilities. Fifty-four of the homeless persons interviewed were unsheltered. Of the 271 homeless counted, 77 were members of families with children (a total of 28 families). It is important to note that while the point-in-time survey is a valuable tool for tracking the homeless population, it most likely underestimates the actual number of homeless persons. According to PARC, Portsmouth homeless providers served more than 425 different individuals who were homeless in 2006.

Seventy-nine of the homeless were designated as chronically homeless with 24 of those unsheltered. In addition to the 55 sheltered chronically homeless, 11 homeless persons were designated as severely mentally ill, 45 were designated as chronic substance abusers, 41 were veterans, and 20 were victims of domestic violence.

Employment and Housing

In many metropolitan areas around the country, workers vital to the health and safety of the community are increasingly finding it difficult to locate affordable housing. In this section, we explore the relationship between jobs, housing, and the community of Portsmouth. High housing costs not only affect those paying the rent or the mortgage, but may greatly impact the whole community and its ability to function efficiently. If residents cannot afford to live near their jobs, vital services may suffer, traffic problems may occur, residents may encounter problems locating new employment, and employers may encounter difficulties filling job vacancies.

Based on number of units, the supply of housing in Portsmouth is not keeping up with the increase in the number of workers. According to the Virginia Employment Commission (VEC), between 2000 and 2005, the number of jobs in Portsmouth increased by 2,977 jobs across all industries (see Table 17). Given the average number of workers per household in Portsmouth (2005 ratio of workers to households was 1.15), a gain of 2,977 jobs equates to an increase in housing demand of 2,594 units. In other words, for every 1.15 jobs gained in Portsmouth between 2000 and 2005, there was an associated increase of one household in need of a housing unit. From 2000 to 2005, the supply of housing units increased (net) by 933 units. Since the increase in housing units was not sufficient to meet housing demand based on job growth, there was a deficit of 1,661 housing units to support workers. This deficit needs to be considered as Portsmouth considers redevelopment options.

Table 17: Jobs-Housing Balance in Portsmouth and Virginia Beach MSA

	Portsmouth 2000-2005	VB MSA 2000-2005
Increase in jobs	2,977	45,043
Increase in housing units needed based on 1.15 jobs/household Portsmouth and 1.19 jobs/household MSA	2,594	37,902
Increase in housing units	933	47,044
Housing units deficit/surplus based on job expansion	-1,661	9,142

Source: U.S. Census, VEC, and Center for Housing Research

Between 2000 and 2005 the broader metropolitan area produced more housing than needed based on job creation even though MSA-wide the number of jobs increased over the time period. Between 2000 and 2005, the number of jobs in the MSA increased by 45,043 based on data from the VEC. Given the average number of workers per household in the MSA (2005 ratio of workers to households was 1.19), an increase of 45,043 jobs equates to an increase in housing demand of 37,902 units. In other words, for every 1.19 jobs gained in the MSA between 2000 and 2005, there was an associated increase of one household in need of a housing unit. From 2000 to 2005, the supply of housing units increased (net) by 47,044 units. Reducing the increase in housing units by the number of units needed based on job growth resulted in 9,142 units created between 2000 and 2005 that were above that needed solely based on job creation. While at the metropolitan level, which includes the jurisdictions of

Virginia Beach and Williamsburg, gross housing production kept up with housing demand based on job creation, many of the homes produced were at the high-end of the housing market whereas the majority of jobs created provided wages that supported only modest housing (see Table 18).

Many of the jobs generated by the employment base in the metropolitan area require less expensive housing than new construction can produce, although new construction does promote the filtering of older units in the market. As seen in Table 18, only four of the top twenty occupations (based on number of workers) between 2003 and 2005 in the MSA had average earnings above \$50,000 (a bench mark chosen by the research team based on recent housing prices and the incomes needed to afford them). The top seven occupations earned less than \$25,000 per year. As a result, the workforce in the metropolitan area job market, whether in terms of existing or newly created jobs, faces housing affordability challenges especially in the homeownership market. While clearly a serious issue for workers living in the high housing cost locations, the workforce housing dilemma creates an opportunity for Portsmouth with its ample supply of affordable housing.

Table 19 shows the twenty most rapidly growing occupations throughout the metro area during the same period (use caution in interpreting Table 19 as only occupations for which a match was available for 2003 and 2005 are listed). Fourteen or 70% of the 20 growing occupations had average annual wages of less than \$50,000. If the trend continues as one of growth in low to modest paying jobs, more workers in the region will be looking for affordable housing options, a niche that Portsmouth could fill.

Table 18: Top 20 Occupations, 2003-2005 (ranked by number of 2005 workers in the Virginia Beach MSA)

Occupation Title	Workers		%	2005 Annual
	2003	2005	Change	Average Wage
1. Retail Salespersons	25,570	27,500	7.5%	\$21,100
2. Office Clerks, General	19,070	23,900	25.3%	\$24,120
3. Cashiers	18,990	22,540	18.7%	\$15,410
4. Combined Food Preparation and Serving Workers, Including Fast Food	15,330	17,010	11.0%	\$15,660
5. Laborers and freight, stock, and material movers	12,570	13,930	10.8%	\$16,220
6. Waiters and Waitresses	11,850	13,480	13.8%	\$20,670
7. Janitors and Cleaners, Except Maids and Housekeeping Cleaners	10,820	12,280	13.5%	\$17,780
8. Registered nurses	10,410	11,530	10.8%	\$51,960
9. Customer service representatives	12,130	10,330	-14.8%	\$27,200
10. Stock clerks and order fillers	9,250	9,700	4.9%	\$21,370
11. Elementary school teachers, except special education	7,930	8,480	6.9%	\$51,180
12. Bookkeeping, accounting, and auditing clerks	8,380	8,430	0.6%	\$28,490
13. Sales representatives, wholesale and manufacturing, except technical and scientific products	6,320	7,990	26.4%	\$52,990
14. Maids and housekeeping cleaners	6,450	7,420	15.0%	\$15,650
15. Maintenance and repair workers, general	6,320	6,880	8.9%	\$30,070
16. Nursing aides, orderlies, and attendants	7,460	6,510	-12.7%	\$19,620
17. First-line supervisors/managers of office and administrative support workers	7,620	6,370	-16.4%	\$45,830
18. Truck drivers, heavy and tractor-trailer	5,800	6,330	9.1%	\$31,950
19. First-line supervisors/managers of retail sales workers	7,120	6,220	-12.6%	\$38,800
20. Accountants and Auditors	5,120	6,160	20.3%	\$50,730

***Bold for jobs paying more than 50k/year**

Source: US Department of Labor, Bureau of Labor Statistics (May 2003 and May 2005) and Center for Housing Research

Table 19: Top 20 Growing Occupations, 2003-2005 (for the Virginia Beach MSA)

Occupation Title	Workers		%	2005 Annual
	2003	2005	Change	Average Wage
1. Parking lot attendants	160	840	425%	\$16,640
2. Conveyor operators and tenders	70	350	400%	\$26,200
3. Biological science teachers, postsecondary	120	560	367%	\$73,840
4. Title examiners, abstractors, and searchers	160	560	250%	\$27,320
5. Child care workers	1,110	3,350	202%	\$15,430
6. Biological technicians	40	120	200%	\$26,280
7. Power distributors and dispatchers	40	100	150%	\$52,760
8. Architectural and civil drafters	310	720	132%	\$37,900
9. Printing machine operators	470	1,020	117%	\$26,580
10. Environmental engineering technicians	70	150	114%	\$33,480
11. Photographic processing machine operators	230	480	109%	\$19,610
12. Cargo and freight agents	250	520	108%	\$38,300
13. Coaches and scouts	360	730	103%	\$26,790
14. Psychiatric technicians	470	950	102%	\$23,550
15. Emergency management specialists	70	140	100%	\$50,430
16. Credit analysts	150	300	100%	\$56,120
17. Technical writers	170	340	100%	\$51,770
18. Radiation therapists	50	100	100%	\$58,800
19. Cardiovascular technologists and technicians	320	640	100%	\$40,160
20. Mail clerks and mail machine operators, except postal service	590	1,180	100%	\$24,330

***Bold for jobs paying more than 50k/year**
Source: US Department of Labor, Bureau of Labor Statistics (May 2003 and May 2005) and Center for Housing Research

Workforce Housing

To examine housing affordability in Portsmouth for people with low-wage to modest-wage jobs, we estimated the number of units affordable for people in five occupations representing a mixture of growing metropolitan jobs and critical city jobs.

- Cashiers
- Retail/Salespersons
- Firefighters & Police
- Elementary Teachers
- Registered Nurses

We created a table to summarize housing affordability for both the ownership and rental markets for each of these occupations. The following provides a description for the terms and methodology used in these tables.

- Individual annual wage represents the published May 2005 Bureau of Labor Statistics MSA mean annual wage for a particular occupation.
- The median annual household income per wage (Median HHI/W) indicates the median household income for the households with at least one member of the household working in a particular occupation. This is calculated using the 2000 US Census micro data set to estimate the ratio between the total household income with at least one person working in the occupation and income of a single earner in the occupation. [Note: the micro data represents an area including the jurisdictions of the City of Suffolk and the County of Isle of Wight in addition to the City of Portsmouth.]
- We calculated the affordable maximum home purchase price (max. price) for each occupation using the individual wage and median household income per wage in conjunction with a 30% of income affordability threshold and other cost factors of ownership. The other cost factors were mortgage rate, homeowner insurance, mortgage insurance, and local property taxes. We assumed a mortgage rate of 6.5% based on the 2005 national average for 30-year loans, we applied local homeowner insurance rates based on the sale price (for example \$26 per month for a \$100,000 home), we assumed \$45 per month for mortgage insurance, and we applied the City of Portsmouth 2006 tax rate of 1.36. We also calculated the affordable maximum monthly gross rent (max. rent) for each occupation using a 30% of income threshold.
- For home sales, we used the total number of single-family (SF) detached housing units sold between 2004 and 2005 and the combined total of condominium and attached units sold between 2004 and 2005 in Portsmouth (data from the City Assessment data base). Based on the sales price of units sold in those combined years, we determined the number of units that each of our example occupations could afford. While technically a certain number of units are affordable for those in each of our occupations, these units are also in the competitive market and available to those with higher incomes. So the number of units we estimate as affordable is most likely an overstatement of the number of units actually available.

- For the rental market, we found the number of units available for rent as listed on the website <http://www.apartments.hamptonroads.com> in the City of Portsmouth on December 27, 2006 and determined the affordable rent range for each occupation (30% of income). We included 1-bedroom, 2-bedroom, and 3-bedroom units. There were 19 1-bedroom units listed, 26 2-bedroom units listed, and 13 3-bedroom units listed for a total of 58 market rate units advertised. Note that the number of units was only an approximation as the website does not fully account for all rental units actually available on that date in Portsmouth.
- The number of workers in the various occupations is based on metro level data published by the Bureau of Labor Statistics.

Cashiers

In 2005, there were 22,540 cashiers in the Virginia Beach metropolitan area earning an annual individual average wage of \$15,410. Column 1 of Table 20 shows what an individual in this occupation can afford to pay for a house or for rent along with the number of affordable units for sale or rent in Portsmouth. Based on the annual individual average wage (without additional income) for a cashier, we calculated the maximum purchase price to be \$43,887. Using city assessment sales records, there were only 34 affordable units sold during 2004/05 in Portsmouth. Based on the annual individual average wage (without additional income) for a cashier, we calculated the maximum monthly rent to be \$385. There were no affordable advertised market rate rental units available in December 2006.

Most households with at least one person working as a cashier had sources of income other than cashier wages contributing to the household income. Based on a 1.91 ratio of HHI/W for cashiers (the ratio was calculated from the Census micro data for the Portsmouth, Isle of Wight, and Suffolk), we estimated an annual median household income of \$29,382. Column 2 of Table 20 shows what households in this occupation can afford to pay for a house or for rent along with the number of affordable units that had recently been for sale or rent in Portsmouth. Based on the estimated annual median household income for a household with at least one person working as a cashier, we calculated the maximum purchase price to be \$88,987. Using city assessment sales records, there were 510 affordable single-family units sold during 2004/05 in Portsmouth and 188 affordable condominiums or townhouses. Based on the estimated annual median household income for a household with at least one person working as a cashier, we calculated the maximum monthly rent to be \$735. There were 32 affordable advertised market rate rental units available in December 2006.

Table 20: Affordable Housing for Cashiers

	Individual Wage	Median HHI/W
Income	\$15,410	\$29,382
Home Ownership		
Max. price	\$43,887	\$88,987
SF units sold 2004/05	27	510
Townhouses/Condos sold 2004/05	7	188
Rental		
Max. rent	\$385	\$735
Units available for rent on 12/27/2006	0	32

Source: Center for Housing Research

Retail Sales

Retail sales jobs account for about 27,500 workers at the metro level earning an annual individual average wage of \$21,100. Column 1 of Table 21 shows what an individual in this occupation can afford to pay for a house or for rent along with the number of affordable units that had recently been for sale or rent in Portsmouth. Based on the annual individual average wage (without additional income) for a retail salesperson, we calculated the maximum purchase price to be \$62,970. Using city assessment sales records, there were only 119 affordable single-family units sold during 2004/05 in Portsmouth and only 48 affordable condominiums or townhouses. Based on the annual individual average wage (without additional income) for a retail salesperson, we calculated the maximum monthly rent to be \$528. There were only 7 affordable advertised market rate rental units available in December 2006.

Most households with at least one person working as a retail salesperson had sources of income other than retail sales wages contributing to the household income. Based on a 1.91 ratio of HHI/W for retail salespersons (the ratio was calculated from the Census micro data for Portsmouth, Isle of Wight, and Suffolk), we estimated an annual median household income of \$40,265. Column 2 of Table 21 shows what households in this occupation can afford to pay for a house or for rent along with the number of affordable units that had recently been for sale or rent in Portsmouth. Based on the estimated annual median household income for a household with at least one person working as a retail salesperson, we calculated the maximum purchase price to be \$125,487. Using city assessment sales records, there were 1,243 affordable single-family units sold during 2004/05 in Portsmouth and 374 affordable condominiums or townhouses. Based on the estimated annual median household income for a household with at least one person working as a retail salesperson, we calculated the maximum monthly rent to be \$1,007. There were 52 affordable advertised market rate rental units available in December 2006.

Table 21: Affordable Housing for Retail Sales

	Individual Wage	Median HHI/W
Income	\$21,100	\$40,265
Home Ownership		
Max. price	\$62,970	\$125,487
SF units sold 2004/05	119	1243
Townhouses/Condos sold 2004/05	48	374
Rental		
Max. rent	\$528	\$1,007
Units available for rent on 12/27/2006	7	52

Source: Center for Housing Research

Firefighters and Police Officers

Firefighters and police officers are critical components of any community and are representative of the importance of an adequate supply of workforce housing. Police officers account for about 4,220 workers and firefighters account for about 2,380 workers on the metro level earning an annual individual average wage respectively of \$39,210 and \$35,590. For the purposes of this exercise, we averaged the two annual individual wages and report a combined annual average wage of \$37,400. Column 1 of Table 22 shows what an individual in these occupations can afford to pay for a house or for rent along with the number of affordable units that had recently been for sale or rent in Portsmouth. Based on the annual individual average wage (without additional income) for a police officer or firefighter, we calculated the maximum purchase price to be \$115,877. Using city assessment sales records, there were 1,040 affordable single-family units sold during 2004/05 in Portsmouth and 331 affordable condominiums or townhouses. Based on the annual individual average wage (without additional income) for a police officer or firefighter, we calculated the maximum monthly rent to be \$935. There were 50 affordable advertised market rate rental units available in December 2006.

Most households with at least one person working as a police officer or firefighter had sources of income other than police officer or firefighter wages contributing to the household income. Based on a 1.48 ratio of HHI/W for police officers or firefighters (the ratio was calculated from the Census micro data for Portsmouth, Isle of Wight and Suffolk), we estimated an annual median household income of \$55,165. Column 2 of Table 22 shows what households in these occupations can afford to pay for a house or for rent along with the number of affordable units that had recently been for sale or rent in Portsmouth. Based on the estimated annual median household income for a household with at least one person working as a police officer or firefighter, we calculated the maximum purchase price to be \$174,671. Using city assessment sales records, there were 1,840 affordable single-family units sold

during 2004/05 in Portsmouth and 466 affordable condominiums or townhouses. Based on the estimated annual median household income for a household with at least one person working as a police officer or firefighter, we calculated the maximum monthly rent to be \$1,379. There were 57 affordable advertised market rate rental units available in December 2006.

Table 22: Affordable Housing for Fire Fighters & Police Officers

	Individual wage	Median HHI/W
Income	\$37,400	\$55,165
Home Ownership		
Max. price	\$115,877	\$174,671
SF units sold 2004/05	1,040	1,840
Townhouses/Condos sold 2004/05	331	466
Rental		
Max. rent	\$935	\$1,379
Units available for rent on 12/27/2006	50	57

Source: Center for Housing Research

Elementary School Teachers

Teachers are a critical part of any community and account for about 8,480 workers on the metro level earning an annual individual average wage of \$51,180. Column 1 of Table 23 shows what an individual in this occupation can afford to pay for a house or for rent along with the number of affordable units that had recently been for sale or rent in Portsmouth. Based on the annual individual average wage (without additional income) for an elementary teacher, we calculated the maximum purchase price to be \$161,306. Using city assessment sales records, there were 1,714 affordable single-family units sold during 2004/05 in Portsmouth and 449 affordable condominiums or townhouses. Based on the annual individual average wage (without additional income) for an elementary teacher, we calculated the maximum monthly rent to be \$1,280. There were 57 affordable advertised market rate rental units available in December 2006.

Most households with at least one person working as an elementary teacher had sources of income other than teacher wages contributing to the household income. Based on a 2.07 ratio of HHI/W for elementary teachers (the ratio was calculated from the Census micro data for Portsmouth, Isle of Wight, and Suffolk), we estimated an annual median household income of \$105,835. Column 2 of Table 23 shows what households in this occupation can afford to pay for a house or for rent along with the number of affordable units that had recently been for sale or rent in Portsmouth. Based on the estimated annual median household income for a household with at least one person working as an elementary teacher,

we calculated the maximum purchase price to be \$338,459. Using city assessment sales records, there were 2,319 affordable single-family units sold during 2004/05 in Portsmouth and 576 affordable condominiums or townhouses. Based on the estimated annual median household income for a household with at least one person working as an elementary teacher, we calculated the maximum monthly rent to be \$2,646. There were 58 affordable advertised market rate rental units available in December 2006.

Table 23: Affordable Housing for Teachers

	Individual wage	Median HHI/W
Income	\$51,180	\$105,835
Home Ownership		
Max. price	\$161,306	\$338,459
SF units sold 2004/05	1,714	2,319
Townhouses/Condos sold 2004/05	449	576
Rental		
Max. rent	\$1,280	\$2,646
Units available for rent on 12/27/2006	57	58

Source: Center for Housing Research

Registered Nurses

Registered Nurses account for about 11,530 workers on the metro level earning an annual individual average wage of \$51,960. The MSA has a relatively large number of registered nurses as a result of the Naval hospital located in Portsmouth. Column 1 of Table 24 shows what an individual in this occupation can afford to pay for a house or for rent along with the number of affordable units that had recently been for sale or rent in Portsmouth. Based on the annual individual average wage (without additional income) for a registered nurse, we calculated the maximum purchase price to be \$163,922. Using city assessment sales records, there were 1,730 affordable single-family units sold during 2004/05 in Portsmouth and 451 affordable condominiums or townhouses. Based on the annual individual average wage (without additional income) for a registered nurse, we calculated the maximum monthly rent to be \$1,299. There were 57 affordable advertised market rate rental units available in December 2006.

Most households with at least one person working as a registered nurse had sources of income other than nursing wages contributing to the household income. Based on a 1.84 ratio of HHI/W for registered nurses (the ratio was calculated from the Census micro data for Portsmouth, Isle of Wight, and Suffolk), we estimated an annual median household income of \$95,653. Column 2 of Table 24 shows what households in this occupation can afford to pay for a house or for rent along with the number of affordable units that had recently been for sale or rent in Portsmouth. Based on the estimated annual median household income for a household with at least one person working as a registered nurse, we calculated the

maximum purchase price to be \$307,664. Using city assessment sales records, there were 2,304 affordable single-family units sold during 2004/05 in Portsmouth and 573 affordable condominiums or townhouses. Based on the estimated annual median household income for a household with at least one person working as a registered nurse, we calculated the maximum monthly rent to be \$2,391. There were 58 affordable advertised market rate rental units available in December 2006.

Table 24: Affordable Housing for Registered Nurses

	Individual Wage	Median HHI/W
Income	\$51,960	\$95,653
Home Ownership		
Max. price	\$163,992	\$307,664
SF units sold 2004/05	1,730	2,304
Townhouses/Condos sold 2004/05	451	573
Rental		
Max. rent	\$1,299	\$2,391
Units available for rent on 12/27/2006	57	58

Source: Center for Housing Research

Implications for Housing Affordability

The results of our calculations of what individuals working in five example occupations can afford to buy or rent clearly show that the wages of cashiers and retail salespersons are lower than what would be required to purchase or rent most housing units in Portsmouth. Those employed as a cashier or a retail salesperson would have a difficult time finding affordable housing in Portsmouth without a subsidy. Since cashiers and retail sales are two of the top three occupations in the area based on number of workers, this is a significant issue. Based only on wages from their occupation, police officers and firefighters, elementary teachers, and registered nurses have a greater ability than cashiers or retail salespersons to pay for rental housing, but the number of units available are minimal. For police and firefighters, teachers, and registered nurses, there is a supply of affordable units for purchase although households with only one earner would have somewhat limited opportunities to buy an affordable home.

While our calculations show that few rental and ownership properties are within the means of persons working as cashiers or in retail sales without the benefit of additional income, it is important to consider that those workers have to compete not only with each other but with other comparable income level households for a limited supply of affordable housing. In a competitive market, low to moderate income workers must also compete with those in better

paying occupations for many of the same units, a phenomenon also true for fire fighters and police, teachers, and registered nurses.

Renting is not always an easy solution for low to moderate income workers. While it seems there is a large supply of rental housing in Portsmouth (about 41% of occupied units in 2000), many of the renter-occupied units are assisted housing units and not available to the workers in our example occupations. Still, the renter vacancy rate in 2000 in Portsmouth was nearly 9% contributing to keeping rents fairly low (in 2000, the median gross rent for Portsmouth was \$540).

Townhouses and condominiums are often a good option for low to moderate income workers to get into the homeownership market. This option, however, is very limited for cashiers and retail salespersons in Portsmouth. Of the townhouses and condominiums sold in 2004/05, 262 or less than half of the townhouses and condominiums sold were under \$100,000.

In order for workers in our example occupations as well as those in the other low to moderate paying occupations to be able to afford housing and other essential needs, they often rely on additional sources of income. For some, having an additional worker in the household contributing to household income is the answer. However, for one-person households, additional income must come from other sources such as additional wages from working overtime hours or a second job.

Total purchasing power (and thus affordability) depends on total household income rather than an individual's income from a particular job. Married couple families with only one earner along with one-person households have total purchasing power associated with having only one worker unless the earner has more than one job to create more purchasing power. For those working in relatively high paying occupations, the purchasing power based on one job is generally adequate. However, for those one-worker households who are in low to moderate paying occupations, many must resort to working additional hours or more than one job (data are not available to estimate the magnitude) or rely on supplemental sources of income, such as transfer payments (public assistance and Supplemental Security Income) or investment income in order to have enough purchasing power to pay for housing and other household expenses.

Supplemental sources of income for workers, however, are limited. Low-income, single-parent working females may qualify for public assistance through Temporary Assistance for Needy Families (TANF). However, non-elderly single individuals do not qualify for public assistance other than food stamps and, if they have a disability, SSI (but in that case, they might not be working). One-worker households in low to modest wage jobs are unlikely to have significant earnings from investments or savings. By implication, a significant portion of one-worker households have more than one job or work overtime hours in order to afford housing.

Whether from earnings of an additional household worker or from another source, the majority of workers in our example occupations had additional income to supplement their wage. Regardless of the number of workers in the household, the annual median household

income for households with at least one person employed full-time in any of the low to modest income occupations that we examined was substantially higher than the annual average income for that position. Median household incomes for households with a teacher were over twice the annual average wage of persons in that occupation. Median household incomes for cashiers and retail salespersons were about 1.9 times the annual average wage of persons in those occupations. Median household incomes for households with a registered nurse were about 1.8 times the annual average wage of persons in that occupation while median household incomes of households with a police officer or firefighter were 1.5 times higher. For those who benefit from the purchasing power associated with additional household income, housing options are significantly increased.

Commuting Patterns

Commuting patterns reveal the interrelationship between jobs and housing. As to be expected, according to the 2000 Census, many workers both lived and worked in Portsmouth (19,875 out of 49,773 workers). Still, about 60% of Portsmouth workers lived in a range of jurisdictions outside the city. Table 25 shows for the City of Portsmouth the number of in-commuters (workers who lived outside Portsmouth but commuted to a job located in Portsmouth) and out-commuters (workers who lived inside Portsmouth but commuted to a job located in another jurisdiction). In 2000, the City of Portsmouth was a net importer of workers (5,851), as more people commuted into Portsmouth to work (29,898) than commuted out (24,047). These numbers are somewhat affected by the military influence. However, when only including the states of Virginia, North Carolina, Maryland, Delaware, and the District of Columbia as realistic in and out commuting areas, the City of Portsmouth was still a net importer of workers (5,787). More people commuted into Portsmouth to work (29,456) than commuted out (23,669).

Table 25 also lists the top eight jurisdictions for in-commuters to Portsmouth along with the associated number of out-commuters. Of in-commuters, the most workers commuted from the City of Chesapeake (9,976) which borders Portsmouth on the south. The City of Virginia Beach, bordering Portsmouth on the east, was a close second for providing the most workers (7,318) to Portsmouth. The City of Norfolk, across the Elizabeth River to the northeast, contributed 4,380 workers and Suffolk to the west contributed 3,440 workers. Most of the top eight jurisdictions for in-commuters sent more workers to Portsmouth than they received from Portsmouth. Only Norfolk and Newport News had fewer workers leaving to work in Portsmouth than workers coming from Portsmouth to work in their jurisdictions.

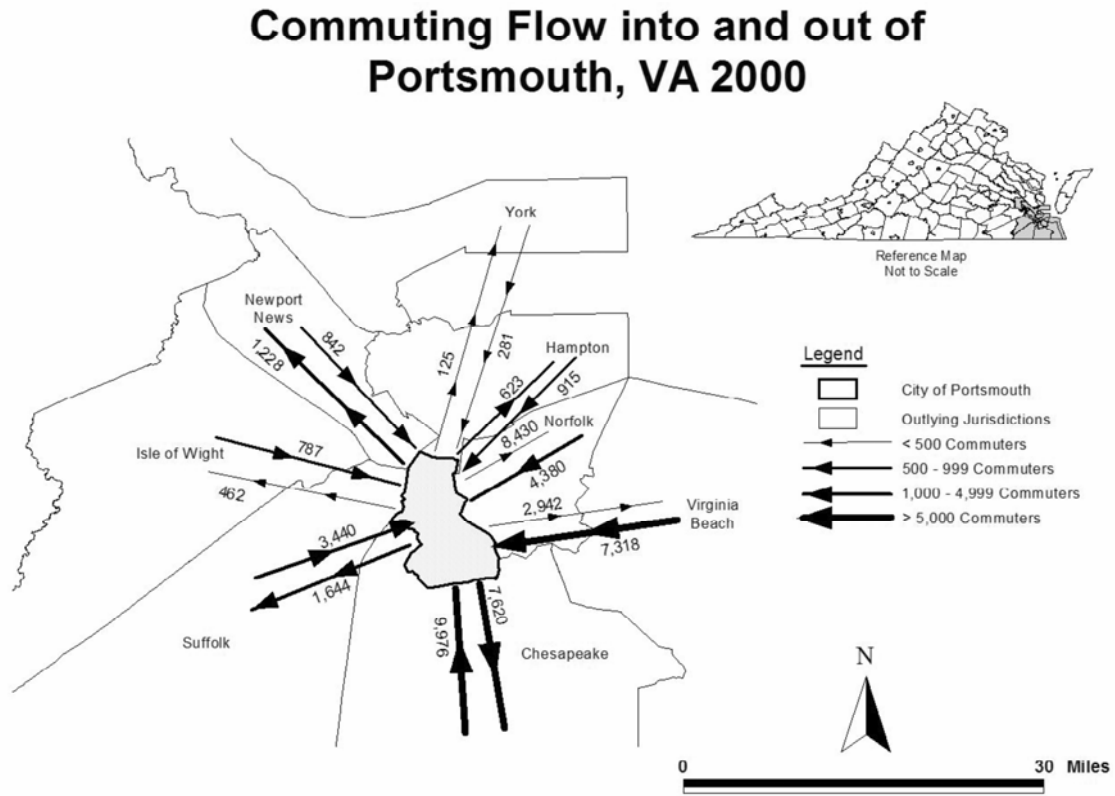
Table 25: Commuting Into and Out of Portsmouth VA, 2000 (Top Eight Jurisdictions for In-Commuting)

Locality	In Commuters	Out Commuters	Net In- Commuters
Total*	29,898	24,047	5,851
Chesapeake	9,976	7,620	2,356
Virginia Beach	7,318	2,942	4,376
Norfolk	4,380	8,430	-4,050
Suffolk	3,440	1,644	1,796
Hampton	915	623	292
Newport News	842	1,228	-386
Isle of Wight County	787	462	325
York County	281	125	156
Total live and work in Portsmouth			19,875

*Includes all jurisdictions, not just the top eight.
Includes some distant locations that most likely
are due to military influence.
Source: US Census 2000

Map 1 shows the commuting flow in and out of Portsmouth in 2000. Again the map only shows the eight top in-commuting jurisdictions, all located in close proximity to Portsmouth. The eight jurisdictions mapped represent all but 1,959 of the 29,898 in-commuters to Portsmouth and all but 973 of the 24,047 out-commuters.

Map 1. Commuting Flow into and out of Portsmouth, VA 2000



It is not surprising that jurisdictions within a large metropolitan area would have a significant number of workers commuting to other jurisdictions to work. The Virginia Beach-Norfolk-Newport News metropolitan area has relatively good transportation access and many job opportunities. It should be noted that in 2000 the median house value in Portsmouth was the lowest of any jurisdiction in the metro area at \$81,300 and the median gross rent at \$540 was about average for the metro area, making Portsmouth a good value for residing whether working in Portsmouth or in another jurisdiction. Yet, the cities of Chesapeake and Virginia Beach, the two largest importers of workers to Portsmouth, both had higher housing costs compared to Portsmouth. In 2000, the median house value and median gross rent for Virginia Beach and Chesapeake were respectively \$123,200 and \$734 and \$122,300 and \$642.

Employment

Commuting patterns clearly show many Portsmouth residents do not work in Portsmouth and many Portsmouth workers do not reside there. There are many factors that drive the decision of where to live and where to work, employment opportunities being one.

The economy of the area is strong and growing as indicated by an unemployment rate of 3.9% in May 2007. After relatively high unemployment during the 1990s (7.4% in 1996), the unemployment rate was 3.4% in 2000 before again rising to a 5.7% in 2004. Since 2004, the unemployment rate in Portsmouth has dropped steadily. This vital economic indicator shows that Portsmouth is a desirable location for businesses. For further discussion, see the section on economic development in *Opportunities and Strategies for Residential Redevelopment*.

The top employers in Portsmouth, as measured by the number of employees, significantly impact the region's economy. The types of positions these large employers offer and the pay associated with those positions largely determines the level of household spending and housing consumption of their employees. According to the Virginia Employment Commission (VEC) there were eight* employers in Portsmouth in 2006 with 500 or more employees (Table 26). The largest employer with thousands of employees was the U.S. Navy Production Department. The naval shipyard provides a workplace that is both stable and offers a high wage rate. The Tidewater Community College with over 1,000 employees is positioned to grow in the upcoming years capitalizing on building skills related to the maritime job market. Four of the eight largest employers were medical facilities (both Maryview medical facilities have over 1,000 employees). Employees of these health facilities earn wages spanning a broad spectrum.

Table 26: Employers in Portsmouth with Over 500 Employees* in 2006

U.S. Department of the Navy Production Department
Tidewater Community College
Bon Secours Maryview Medical Center
Maryview Behavioral Medicine
FHC Mental Health Systems
Pines Residential Treatment
Earl Industries LLC
RUS Uniforms

Source: VEC; other large employers not included in the VEC listing are U.S. Department of Defense (includes the Norfolk Naval Hospital), Portsmouth City Public Schools, City of Portsmouth, Gwaltney of Smithfield, Virginia International Terminal, Sysco Food Services, and Ceres Marine Terminals, Inc.

With manufacturing and health care as the major industries, Portsmouth has the economic strength to potentially support a strong housing market but only if households includes more than one worker or additional sources of income. The average weekly wage in Portsmouth in 2006, according to the VEC, was \$830. This would be equivalent to \$43,160 a year assuming a 40-hour work week. While annual income of \$43,160 is more than sufficient for the rental market, it provides limited opportunities in the homeownership market.

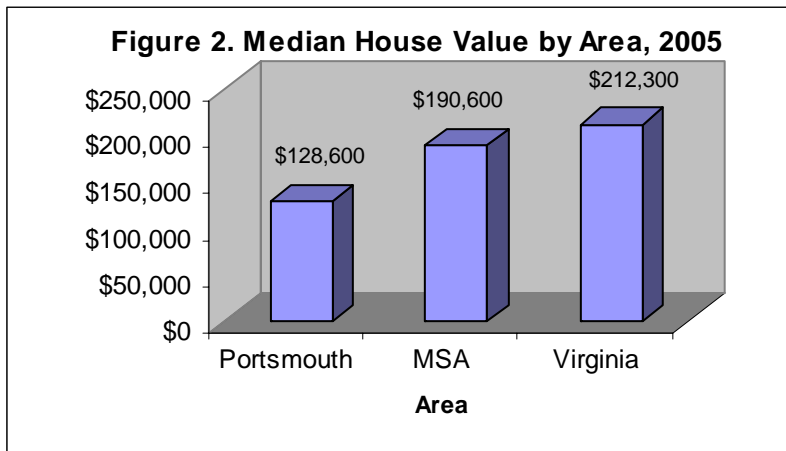
Based on the affordability threshold of 30% of household income, even a single-earner household would be able to afford rent of \$1,079 per month, above the median gross rent for Portsmouth (\$732 according to the 2005 ACS). However, a single-earner making the average wage without an additional income source would have a harder time in the homeownership market. An annual wage of \$43,160 would support a mortgage payment adjusted for escrow and other costs of \$885. According to the calculations used to determine affordability for workforce occupations, an annual wage of \$43,159 would support purchasing a house costing about \$135,000.

Housing Costs

As presented in the prior section, employment and jobs and housing costs are interrelated. All residents need housing, most need jobs, and all are affected by housing costs. In discussing housing costs, we go beyond the city level and try to present a picture of what is going on within Portsmouth. As a community plans for future development or redevelopment, looking within neighborhoods (or in this case census tracts) at house values and loan activity can provide valuable information for making decisions.

House Values

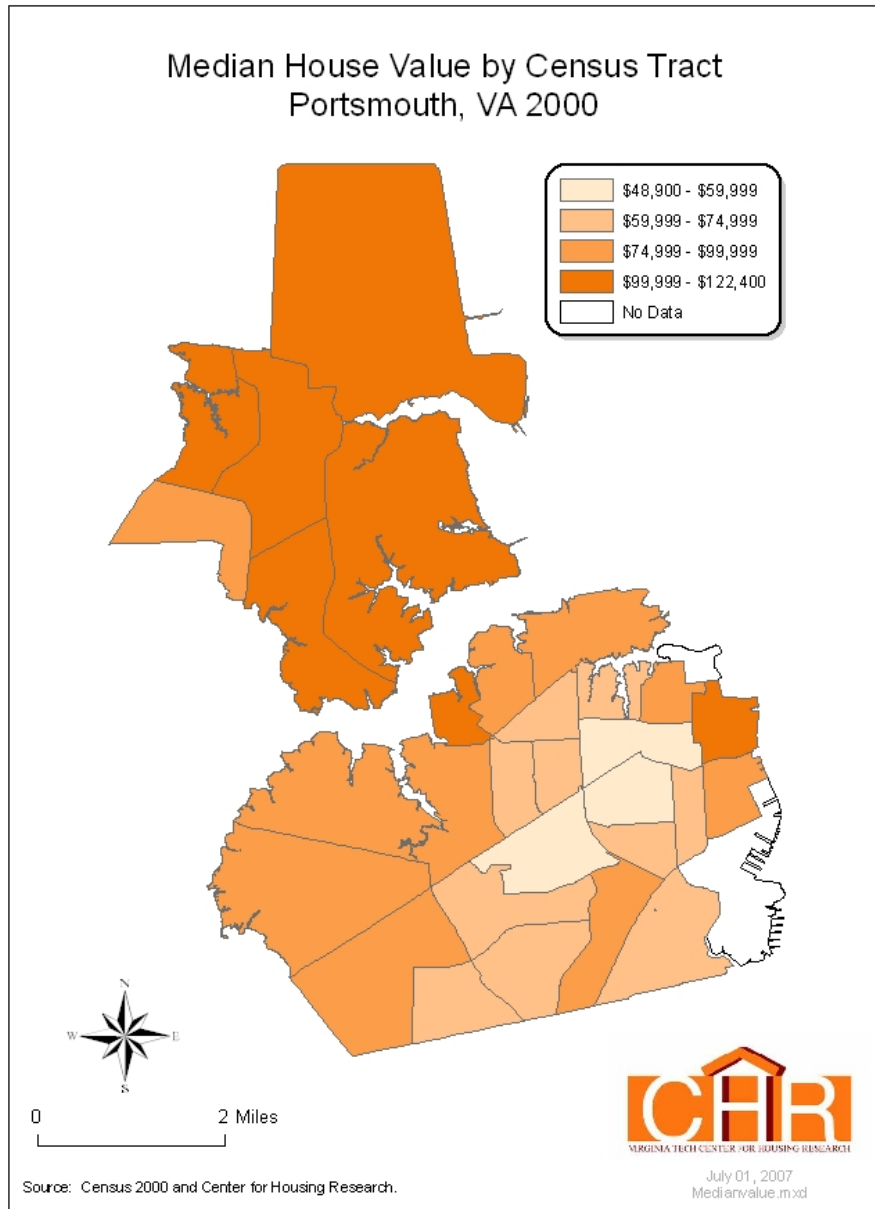
The median house value for Portsmouth based on the Census 2005 ACS was \$128,600 (See Figure 2.). Portsmouth's median value was significantly lower than the median value of the MSA (\$190,600) and Virginia (\$213,200). More revealing than value alone is how incomes match up with housing costs. The median monthly owner costs for owners with a mortgage as a percentage of household income in 2005 for Portsmouth was 24.8%. Median owner costs for owners with a mortgage as a percentage of household income for the MSA and Virginia were only slightly lower at 24.0% and 23.3% respectively. So while house values were generally lower in Portsmouth, the affordability for Portsmouth residents was slightly less or comparable to that of residents of the broader area and the state.



Source: Census 2005 ACS

Within Portsmouth, Map 2 displays the median house value in 2000 by census tract. The darkest shaded areas indicate the more affluent neighborhoods in Churchland and areas along the waterfront. Census tract 2131.04 had the highest median value (\$122,400). Tract 2111 located adjacent to I-264 and site of the now demolished Ida Barbour complex had the lowest median value in 2000 (\$48,900). Historically low interest rates over the past several years and aggressive revitalization efforts on the part of the City and the Portsmouth Redevelopment and Housing Authority have certainly had a major impact on house values since 2000. Unfortunately, more recent Census data are not available at the Census tract level.

Map 2. Median House Value, 2000 by Census Tract, Portsmouth



For additional analysis of home values in Portsmouth, we used data from REIN (the MLS service for the Hampton Roads area) to examine existing and new home sales within Portsmouth from 2000 to 2006.⁴ According to REIN, over the 2000-2006 time period there were a total of 10,413 residential sales in Portsmouth with the median sale price \$108,100, the average sales price \$123,900 (ranging from \$1,500 to \$2,800,000), and the average days on market 52 days. Although median value and sales price are not the same, one can assume that since 2002 there has been a spike in sales prices which would account partly for the difference in the median value from the 2005 ACS and the median sale price from the REIN figure. Table 27 displays sale price ranges by the number of residential units sold. Units priced in the \$100,000 to \$180,000 range accounted for the largest number of sales.

Table 27 also shows average days on the market for properties sold within various price ranges between 2000 and 2006 (approximately through October 2006). Houses with a sales price ranging from \$80,000 to \$300,000 were on the market the least number of days (36 to 49 days). Homes with lower prices did not necessarily sell quickly as many of these homes were likely in poor condition and/or located in undesirable areas. The relatively smaller number of homes priced over \$300,000 also tended to stay on the market longer, with an average time on market longer than two months for most price categories. These trends suggest that homes in the moderately-priced segment of the market are selling in higher numbers and more quickly than are homes in extremely low or high price ranges.

⁴ These data from REIN were provided by Sara Steele. The 2006 year covers sales approximately through October.

Table 27: Homes Sales for City of Portsmouth, 2000-2006

Sold Price	Number of Residential Units Sold	Average Days on Market
\$29,999 or Under	343	88
\$30,000 - \$39,999	352	90
\$40,000 - \$49,999	386	81
\$50,000 - \$59,999	532	77
\$60,000 - \$69,999	713	74
\$70,000 - \$79,999	831	64
\$80,000 - \$89,999	944	49
\$90,000 - \$99,999	673	41
\$100,000 - \$119,999	1110	39
\$120,000 - \$149,999	1682	38
\$150,000 - \$179,999	1186	38
\$180,000 - \$199,999	453	41
\$200,000 - \$249,999	583	36
\$250,000 - \$299,999	339	46
\$300,000 - \$399,999	189	58
\$400,000 - \$499,999	48	73
\$500,000 - \$599,999	20	66
\$600,000 - \$699,999	15	138
\$700,000 - \$799,999	5	99
\$800,000 - \$899,999	2	338
\$900,000 - \$999,999	3	71
\$1,000,000 and Over	4	125

Source: REIN

The City of Portsmouth provided real estate assessment data that included more detailed sales information. Table 28 shows the year of sale by type of unit sold. There were 6,897 residential units including single-family detached, attached (primarily townhouses), and condominiums sold within the 2000-2005 time period. The number of detached and attached units sold rose steadily between 2000 and 2003 and peaked in 2004. Sales for both detached and attached units dropped significantly between 2004 and 2005 probably due to leveling off of interest rates. Condominium sales were modest and stable from 2000 to 2002. New development spurred a jump in sales in 2003 followed by a drop in sales in 2004 which continued into 2005.

Table 28: Type of Unit Sold by Year of Sale, Portsmouth

Year of Sale	Type of Unit						Total Units
	Detached		Attached		Condo		
2000	519	80.2%	69	10.7%	59	9.1%	647
2001	709	81.8%	100	11.5%	58	6.7%	867
2002	838	81.8%	121	11.8%	66	6.4%	1025
2003	1099	78.5%	162	11.6%	139	9.9%	1400
2004	1470	80.1%	238	13.0%	127	6.9%	1835
2005	906	80.7%	132	11.8%	85	7.6%	1123
Total 2000-2005	5541	80.3%	822	11.9%	534	7.7%	6897

Source: City of Portsmouth Real Estate Assessment data and Center for Housing Research

The average sales price for all unit types over the 2000 to 2005 time period was \$120,772 (slightly lower than the average sales price from 2000 to 2006 provided by REIN). Table 29 shows the average sales price by year with a predictable steady rise over the six year time period. The largest percent change from year to year was between 2003 and 2004 (14%) with a slight drop off between 2004 and 2005 (11%).

Table 29: Average Sales Price by Year of Sale, Portsmouth

Year of Sale	Average Sales Price	Annual % Change
2000	\$98,084	
2001	\$104,462	6.5%
2002	\$107,251	2.7%
2003	\$115,655	7.8%
2004	\$131,873	14.0%
2005	\$147,015	11.5%
Total 2000-2005	\$120,772	

Source: City of Portsmouth Real Estate Assessment data and Center for Housing Research

Table 30 breaks down average sales price by type of unit by year of sale. Detached units had an average sales price of \$123,337 while attached units had an average sales price of \$96,216. Condominiums had the highest average sales price of \$131,954. Except for the year 2001, condominiums had the highest average sales price compared to detached and attached unit types. Condominiums are likely to be new or recently renovated units, thus the relatively higher average sales price compared to single-family and townhouse units.

Table 30: Average Sales Price by Type of Unit by Year of Sale, Portsmouth

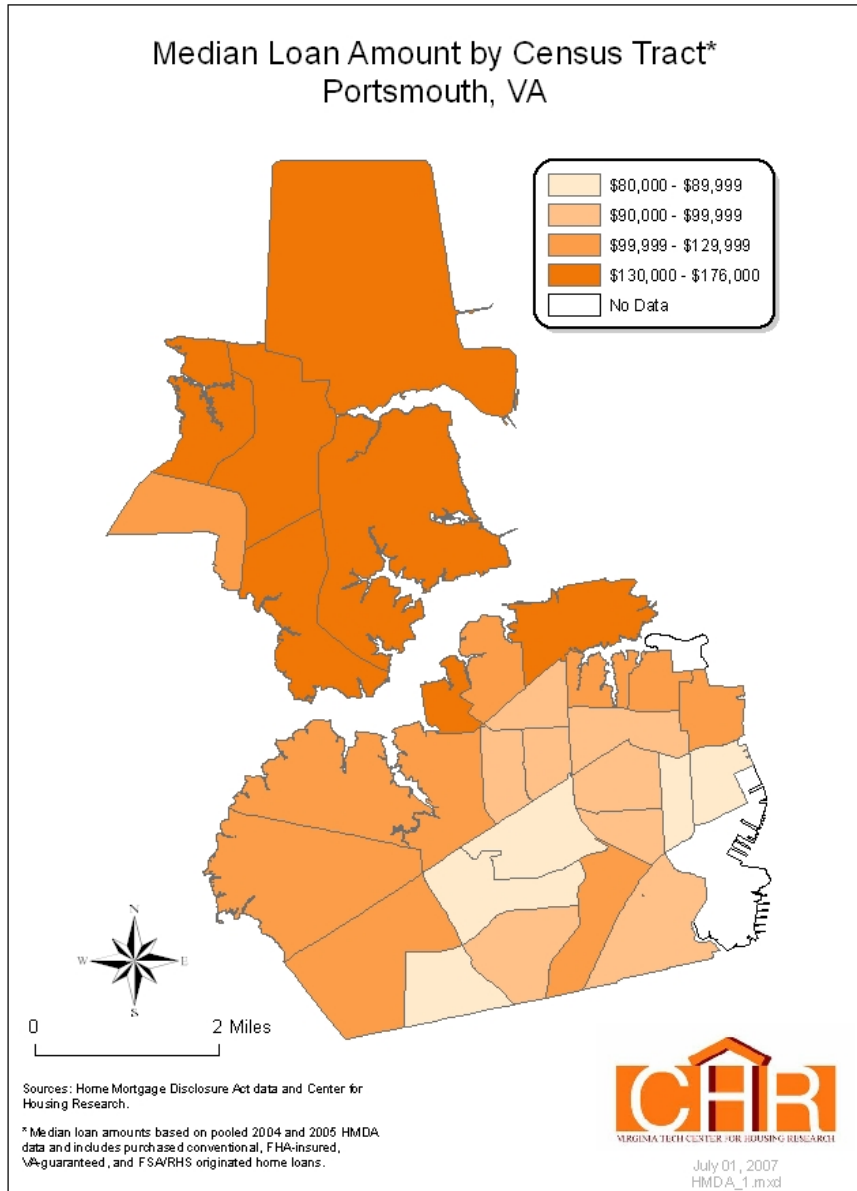
Year of Sale	Average Sale Price by Type of Unit						Total Units
	Detached		Attached		Condo		
2000	519	\$ 99,462	69	\$ 74,065	59	\$114,045	647
2001	709	\$107,536	100	\$ 82,630	58	\$104,534	867
2002	838	\$109,895	121	\$ 86,751	66	\$111,270	1025
2003	1099	\$117,615	162	\$ 90,941	139	\$128,959	1400
2004	1470	\$135,248	238	\$101,689	127	\$149,364	1835
2005	906	\$149,425	132	\$123,369	85	\$158,040	1123
Total 2000-2005	5541	\$123,337	822	\$ 96,216	534	\$131,954	6897

Source: City of Portsmouth Real Estate Assessment data and Center for Housing Research

We also examined Home Mortgage Disclosure Act (HMDA) data to get a better understanding of where housing investment was taking place in Portsmouth. We pooled HMDA data for 2004 and 2005 and extracted loan information. We aggregated by census tract the number of originated conventional, VA guaranteed, or FMHA insured loans for home purchase and calculated the median loan amount, median applicant income, the applicant income to loan amount ratio, and the ratio of number of loans to number of housing units (from the U.S. Census 2000).

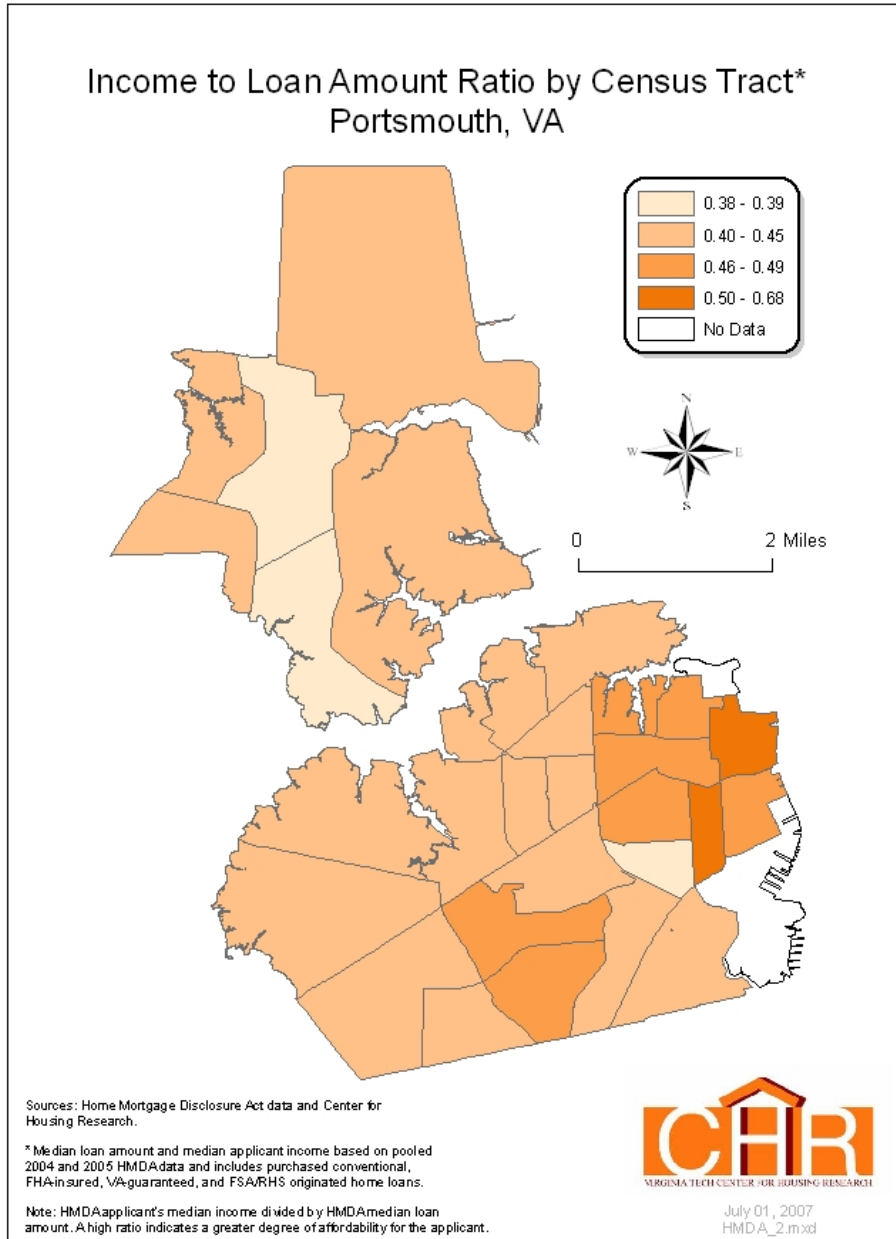
Map 3 shows median loan amount in 2004 and 2005 by census tract. While median house value and median loan amount are not equivalent, they both are indicators of housing market activity and strength, with median loan amount having the benefit of conveying value for recently-purchased units. The darkest shaded tracts had the highest median loan amounts (the highest at \$176,000 was waterfront tract 2104). The lighter shaded areas indicate low median loan amounts with tract 2117 located south of I-264 being the tract with the lowest (\$83,000) median loan amount.

Map 3. Median Loan Amount (pooled data 2004, 2005) by Census Tract, Portsmouth



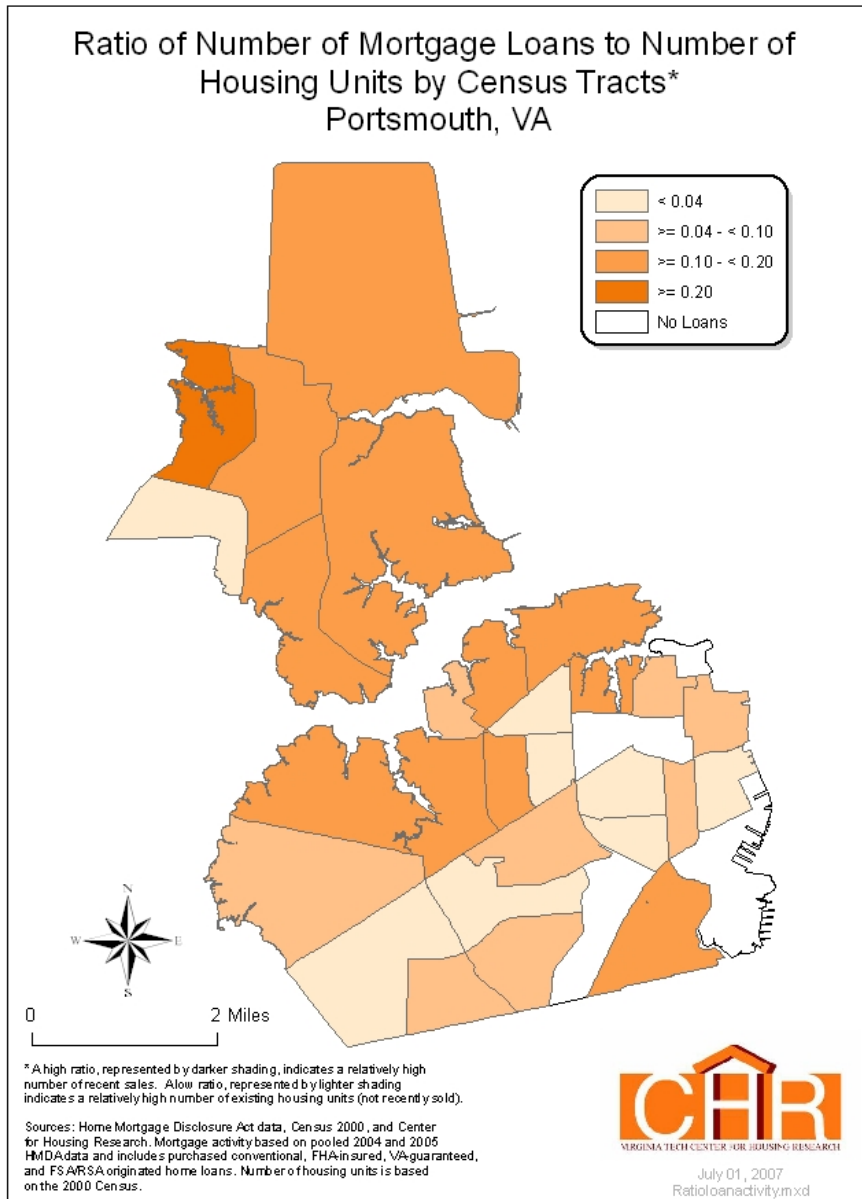
Using the pooled 2004-2005 HMDA data, we created a ratio of median income of loan applicants to median loan amount for each census tract (see Map 4). Census tracts with the highest ratios attracted owners that could most afford their new housing borrowing less and having adequate incomes to support that borrowing. Tract 2109, located on the waterfront in close proximity to the naval hospital, had the highest ratio (.68). This is not a surprising result as it is likely that many new owners are health professionals who bought homes convenient to their work. Census tracts with the lowest ratios attracted owners that borrowed more relative to their income. Three census tracts had ratios under .40. Two, 2130.02 and 2131.03 are located in the Churchland area. In both instances it is likely that new owners preferred to borrow more to move into desirable neighborhoods. Tract 2119 was the third tract with a relatively low ratio of median income to median loan amount. It is more likely in this instance that the new owners were first-time buyers borrowing more to be able to purchase a home. Some new owners in tracts with lower ratios could face significant housing cost burdens and have little discretionary funds for maintenance and upkeep of their property.

Map. 4. Income to Loan Amount Ratio* (pooled 2004, 2005) by Census Tract, Portsmouth



Also using the HMDA data, we created a ratio of the number of mortgage loans (pooled for 2004-2005) to the number of housing units (based on the 2000 Census) for each census tract in Portsmouth (see Map 5). A high ratio, represented by darker shading, indicates a relatively high number of recent sales in that tract. A low ratio, represented by lighter shading, indicates a more static area or a high number of existing homes that have not been recently built or sold. Stagnant areas include neighborhoods south of I-264 including Cavalier Manor, Academy Park, Prentiss Park, Gosport, and Newtown and the area north of I-264 just west of Martin Luther King Highway. Tract 2131.01 located south of Western Freeway in west Churchland was the only Churchland tract with low sales activity. By far, tract 2131.04 had the highest ratio (.28) and the highest amount of sales activity. This Churchland tract contains the neighborhoods of River Shores, Windy Pines, Stone Mill Estates, Hidden Cove, Bishop's Green, Long Point, and Peachtree.

Map 5. Ratio of the Number of Mortgage Loans (pooled for 2004, 2005) to the Number of Housing Units by Census Tract, Portsmouth



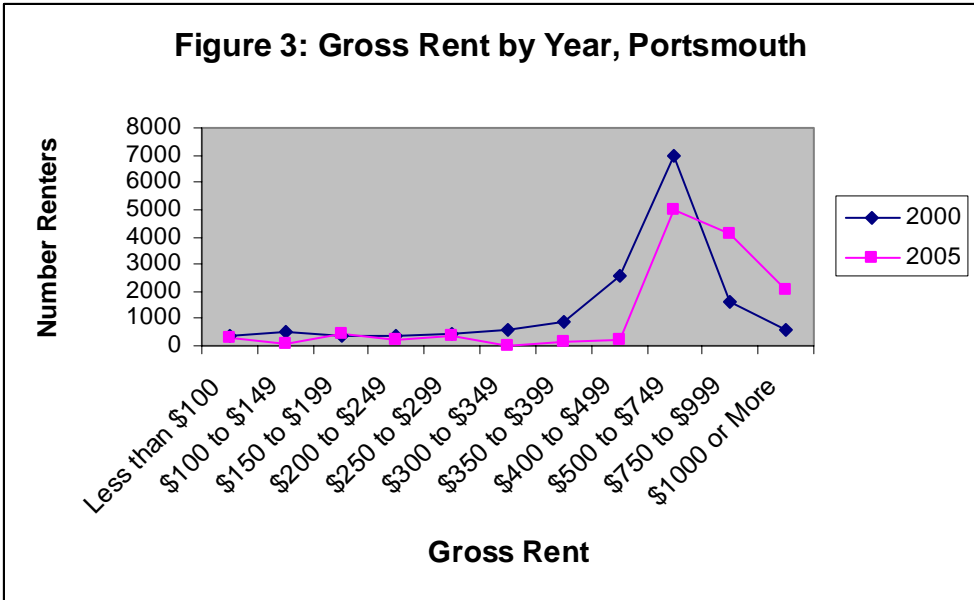
Taken together, the data examined show that Portsmouth has clear pockets of robust home sales activity along with areas that are stagnant. While housing prices will likely continue to rise, it is not clear as to whether sales activity will bounce back after the slight drop from 2004 to 2005. According to the National Association of Realtors, 30-year mortgage rates declined by more than 2 percentage points over the 2000–2005 period stimulating sales and contributing to a surge in housing prices. Recently, these trends have begun to change with rising mortgage defaults triggering a rise in interest rates. The degree to which the City is successful in attracting new residents and the trajectory of mortgage interest rates will be critical factors affecting sales and prices in the future.

Rental Housing

In 2005, the median monthly gross rent for Portsmouth was \$732 compared to \$802 for the MSA and \$812 for Virginia. Looking at monthly gross rent as a percentage of income provides a measure of affordability. The median monthly gross rent as a percentage of household income in 2005 for Portsmouth was 32.4% (the rule of thumb for affordability is less than 30% of income for housing costs). Median monthly gross rent as a percentage of household income for the MSA and Virginia were lower at 29.5% and 28.3% respectively. So while rents were lower in Portsmouth, the rent to income ratio indicates that renting was less affordable for Portsmouth residents than for residents of the MSA and the state as a whole.

The median gross rent in Portsmouth increased from \$540 to \$732, a 36% increase, over the five year period from 2000 to 2005. In comparison, the median gross rent in the MSA increased 30% and the state median gross rent increased 25% over the same time period. This indicates that rents in Portsmouth are “catching up” with rents in other areas. However, incomes have not kept pace with rents. Monthly gross rent as a percentage of household income in Portsmouth rose from 27.7% in 2000 to 32.4% in 2005. In comparison, monthly gross rent as a percentage of household income in the MSA rose from 26.4% in 2000 to 29.5% in 2005 and in Virginia from 24.5% in 2000 to 28.3% in 2005.

As seen in Figure 3, the increase in median gross rent between 2000 and 2005 in Portsmouth is a reflection of an overall increase in higher priced rental units (costing more than \$750 a month). The shift towards higher priced units in Portsmouth was partly due to inflation and partly a result of new rental stock priced at the higher end of the market. The lowest rent range (less than \$100) remained remarkably stable as did rents in the \$150 to \$300 range.



When the cost of renting goes up and/or the supply of rental homes is too limited, renters are encouraged to leave the rental market and enter into homeownership (assuming costs are not prohibitive). Such appears to be the case in Portsmouth. The increase in homeownership rates may have also been driven by recent new construction of single-family detached units, combined with the slower pace of new apartment construction. [See the section *Opportunities and Strategies for Residential Redevelopment in Portsmouth, Virginia* for residential home construction data.] The homeownership rate in Portsmouth increased 9.3% from 2000 to 2005 (58.6% in 2000 to 64% in 2005). At the same time, the homeownership in the MSA increased by 2.6% and the homeownership in Virginia increased by only 2.3%.

HOUSING REDEVELOPMENT STRATEGIES

This component of the report offers the City of Portsmouth, Virginia a menu of community revitalization and redevelopment strategies and tools. The proposed strategies are based partly on the analyses performed in the prior section of this report and partly on examination of redevelopment strategies used in other cities. At the end of this section we provide a matrix highlighting strategies based on case studies of other cities.

Although demand for housing in Portsmouth has been stable and recent trends suggest a shift toward modest growth, the city faces several challenges over the next decades. Since the city is largely “built out,” there are few opportunities to create new neighborhoods and the city’s share of the regional housing market is projected to steadily decrease. Much of the city’s housing stock is highly affordable but is also older and in need of renovation and maintenance to remain competitive in the regional market. The uncertainties surrounding older housing, in comparison to newer units, are numerous, making maintenance and renovation more difficult. Prospective buyers and investors lack important details on structural, mechanical, plumbing, and electrical systems. Standard plans for renovation and reliable cost estimates can be difficult to obtain. Current and prospective residents can wonder about the future of the neighborhood, whether other residents will maintain and improve their properties, and what the plan is for the future.

Portsmouth should continue to promote the diversification of its housing market. The city is very competitive at the lower end of the market and has a large supply of affordable housing. The city can expand its supply of rental and owner housing for households above the regional median income without jeopardizing the supply of housing affordable to households with incomes below the regional median. Portsmouth should strive to become a national model of marketing its housing stock to diverse market segments.

Portsmouth’s established development patterns and existing housing stock offer numerous opportunities for promoting infill development and neighborhood revitalization. Given that Portsmouth is largely “built out” there are few if any opportunities for larger tract development beyond those locations already targeted by the city. We believe that by focusing its attention on existing neighborhoods, Portsmouth can address its four major housing goals: 1) Attracting and Retaining Middle Income Residents; 2) Offering Affordable Homeownership Opportunities; 3) Providing Sufficient Low Income Housing; and 4) Addressing the Housing Needs of Special Populations. This report outlines a set of strategies to achieve these ends. If opportunities emerge for redevelopment of larger tracts of land, the city should follow its existing approach of promoting mixed-income and mixed-use development guided by a master development plan for the subject site.

Create a Portsmouth Neighborhood Portal

In order to improve the city's competitive position in the regional marketplace, it needs to provide current and prospective residents easy access to the data they need to make informed decisions on their choices. In the face of too many uncertainties, consumers will opt for neighborhoods and houses where the future is easier to foresee. Reducing those uncertainties will help improve the competitive position of the city's housing stock. The city should study the potential benefits of a Web portal for important information about its neighborhoods and its housing. This portal could provide or link to data on housing costs, schools, shopping, neighborhood amenities, neighborhood organizations, codes and special districts, and the city's plans visualizing the future of each neighborhood, as well as information related to many of the strategies identified below.

Promote Portsmouth as an Affordable Housing Location

Portsmouth's supply of modest priced houses plays an important role in the region's affordable homeownership market. The city should utilize this strength by promoting opportunities for entry-level, first-time homeowners. Several existing programs in the region provide a variety of services, from counseling to financing for first-time buyers. The Virginia Department of Housing and Community Development's (DHCD) Home Investment Partnership Program (HOME) offers closing cost and down payment assistance to first-time homebuyers with incomes at or below 80% of the area median income. HOME funds are administered through the Virginia Housing Development Authority (VHDA), government entities, or nonprofit organizations. To be eligible for funding assistance, all participants must complete homebuyer education classes. The Portsmouth Redevelopment and Housing Authority in conjunction with VHDA to offer a Homebuyers Club which provides education, counseling, and support to first-time homebuyers. Nonprofits such a Community Housing Partners, Inc. also provide first-time homebuyer education classes and counseling. In addition, local banks and the Federal Home Loan Bank of Atlanta as well as local realtors encourage first-time buyers by offering education classes.

Entry-level owners need affordable maintenance as well as affordable home prices. Older structures require increased attention to maintenance. Home owners and landlords alike can defer maintenance if the costs and uncertainties about future demand outweigh the benefits of maintenance expenditures. Grounds maintenance can be reduced without any immediate consequences. But the cumulative effects of reduced maintenance result in diminished quality and create a disincentive to owners of neighboring properties to continue their own maintenance and upkeep of their properties.

Property maintenance needs to be addressed through a combination of information, social networks, incentives and regulations. The city should assemble information about affordable property maintenance in conjunction with home improvement supply companies. Neighborhood hardware stores and large retailers can be excellent channels for informing owners about good do-it-yourself practices, volunteer assistance programs, "handy-man" services and experienced contractors. The city could organize a neighbor-to-neighbor help program through churches, neighborhood organizations, civic associations, schools and other

service organizations to provide property maintenance help to owners who are physically and financially unable to do needed maintenance chores. The “curb appeal” of an entire neighborhood can be increased through a well designed program.

Larger maintenance and improvement projects can be facilitated with loan programs. Banks and other lenders can help design, scale and deliver a program based on private loans and, when justified, “blended” loans that use public subsidies to reduce the cost to the borrower.

Strategies to promote the city as an affordable market for first-time buyers should also address the challenges in sustaining ownership and building wealth through ownership. At the early years of ownership, many first-time owners can have their ownership threatened due to financial and family set-backs. The current turbulence in the sub-prime market provides ample evidence of the need to provide counseling and intervention services to first-time owners, particularly lower income owners. The city should meet with the existing service providers to make sure that these needs are being addressed. It should also monitor delinquencies and defaults with the help of VHDA, the service providers listed above, and the local banking community. Foreclosures should be monitored to make sure that resale of these homes does not contribute to the destabilization of neighborhoods. The city should explore the best approach to monitoring foreclosures with VHDA, the state HUD office, and the local banking community.

Promote Regional Fair Growth Strategies

Portsmouth’s strength in the affordable housing market notwithstanding, it is also important for the city to promote regional strategies for “fair growth”. Fair growth promotes the creation of a diverse supply of housing types, prices and rents to meet the growing needs for affordable housing within the region. Workers need housing choices that include affordable options near expanding job locations. Promoting a more diverse regional supply of housing and fair access to that housing will complement the diversification of Portsmouth’s housing supply.

Promote Portsmouth as an Affordable Move-up Market

Promoting the affordable entry-level market can help create longer-term demand for the next tiers of housing, particularly in the move-up market. Promoting the move-up market would help retain younger, first-time owners as they advance through the life-cycle and provide demand for middle-market houses being vacated by older owners. The most likely targets are married-couples without children, non-spousal families, and younger singles and unmarried couples. Since federal legislation limits the use of tax-exempt mortgage revenue bonds (MRBs) to first-time buyers, there are few incentives to offer to existing homeowners moving up in the market. The city could explore alternatives to MRBs to provide existing owners incentives to remain in Portsmouth, or to attract a larger share of the regional move-up market. Incentives to owners in the move-up market should be targeted to households with incomes within some reasonable range around the median, such as 80% and 120% of the median.

The city can also provide information about the supply of housing that could appeal to the move-up market. Given the age of the city's housing stock, much of this supply may need renovation and modernization to be competitive within this market. The uncertainties surrounding renovation include adequate information about building characteristics, cost effective plans for renovation, experienced contractors, costs, and financing. The city should explore establishing renovation clinics through building supply dealers and the community college. These clinics could provide instruction on: appropriate and inappropriate do-it-yourself projects; potential hazards associated with renovation including lead, asbestos and mold; model renovation plans (see below) for various prevalent building types; cost estimation and potential costs; contractors; and contacts with the city.

Most homebuyers do not have the expertise, time or interest to become renovators. Households in the move-up market have a greater range of alternatives to choose from in the regional market and the city should promote a "turn-key" option for renovation-purchase. A turn-key program could provide buyers model plans, an anticipated cost range, a list of experienced and capable contractors, a list of Frequently Asked Questions (FAQs), example check-sheets and punch-lists for meeting with contractors, and contacts for financing the renovation and purchase. The value of a turn-key program will grow as city staff and contractors gain experience and can provide buyers greater assurance about costs and quality.

Establish Model Plans for Renovation

The uncertainties surrounding renovation, whether as a do-it-yourself project or through a contractor, could be reduced through the development of tools for diagnosing relevant characteristics of older houses and providing model plans for prevalent building types in Portsmouth. New diagnostic tools can help identify hidden structural, electrical and mechanical features that can contribute significantly to the cost of renovation. These include ultra widebeam radar to see through walls and floors to the floor below; infrared cameras that can diagnose electrical lines, mechanical systems, moisture in walls, roofing problems and insulation problems; ultrasonic cameras to test concrete, crack delineation and identification of materials below a surface; ground penetrating radar to see items below the surface of the ground (utilities, etc.) and soil types; and a combination of lasers and radar to create an interior image in a 3D representation such as a CAD file.⁵ Portsmouth could enhance the competitive position of its older housing stock by establishing a research and training program on housing diagnostics in conjunction with Virginia Tech, Tidewater Community College and the Homebuilders Association.

In addition to the uncertainties discussed above, homebuyers considering older houses have little knowledge of the possible renovation designs that could provide them a more desirable house. Model plans for renovation of different housing styles (such as small ranch houses) could help buyers visualize the post-renovation alternatives that would best fit their housing needs and life-styles, as well as provide a range of probable costs.

⁵ We appreciate the help of Andrew McCoy and John Mitchell of Virginia Tech's Myers-Lawson School of Construction in identifying these diagnostic tools.

Portsmouth could become a national leader in renovation of older homes by addressing the uncertainties that make these homes less competitive in the housing market and by developing the capacity of contractors to use diagnostic tools, make reliable cost estimates and deliver a renovated home as part of a turn-key process.

Redevelop Underutilized and Vacant Properties

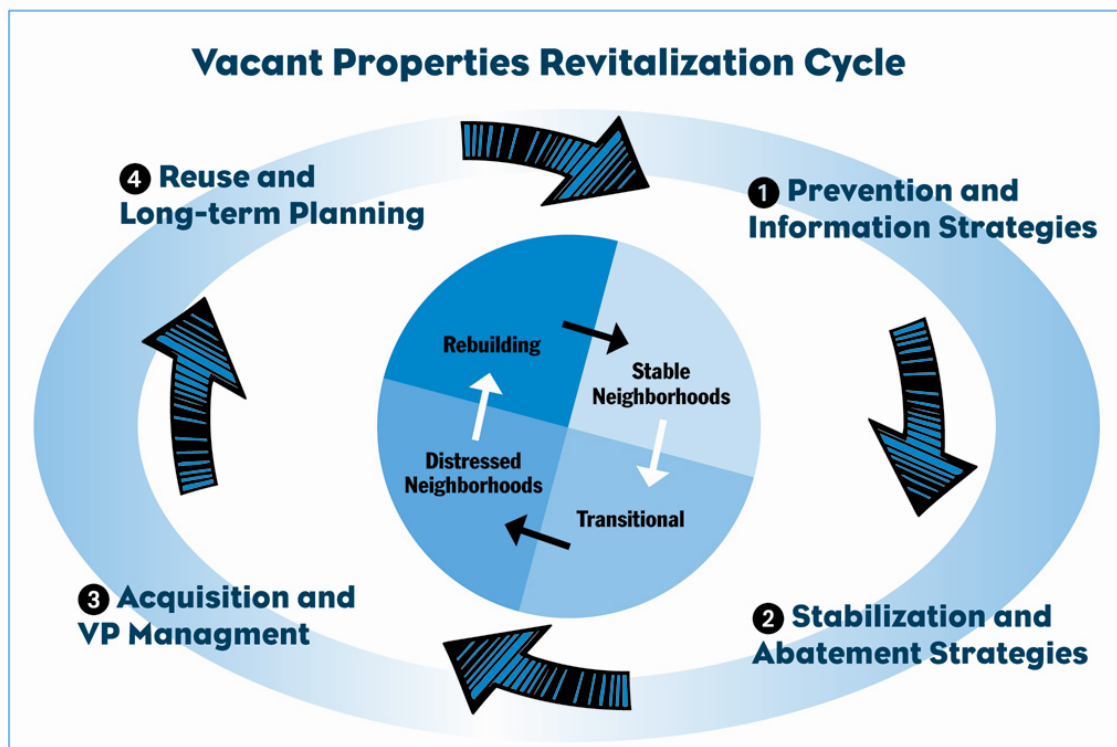
One of the first places to start is for Portsmouth officials to launch a policy initiative that revitalizes the city's existing housing stock and reclaims underutilized and vacant properties. Such an initiative would assist existing owners (residential and commercial) seeking to invest in their properties and neighborhoods. It would also identify problem properties (substandard and/or vacant/abandoned) and apply appropriate strategies to abate and/or acquire and reuse them. Addressing these problem properties will be critical to attracting new residents and retaining jobs and businesses. While certain elements of this revitalization initiative might apply citywide, Portsmouth may also wish to consider a targeted reinvestment approach, similar to Richmond's nationally-acclaimed "Neighborhoods in Bloom" initiative.

Although designing and implementing such an initiative is beyond the scope of this study, the following report sets forth a menu of strategies and tools based on model practices from other cities throughout the country. Many of these ideas are adapted from the work of Virginia Tech's Metropolitan Institute through its partnership with the National Vacant Properties Campaign (NVPC).⁶ NVPC policy assessments set forth a holistic framework that focus on two fundamental areas: 1) prevention and abatement of problem properties; and 2) acquisition, management, and reuse of vacant properties. The challenge for many communities is in the design and management of a series of programs and policies that address each of these fronts in the battle against the blight caused by vacant properties. An additional challenge is recruiting the various public agencies, nonprofit groups, and private entities whose involvement is necessary to collaborate effectively for a sustained period.

The Vacant Property (VP) Revitalization Cycle (see Figure 4 below) illustrates how different programs address different facets of decay and revitalization. The VP Cycle also shows how these relationships extend to certain neighborhoods within a city or certain cities within a region. NVPC field work has found that effective vacant property programs target strategies and tools to relevant neighborhoods and properties—selecting the right remedy for the right place. Many of these programs are then coordinated across different local government departments working closely with CDCs and other nonprofits. These coordinated programs offer a range of appropriate remedies to address all types of problem properties. Many communities often struggle to target these remedies to address the wide variety of vacant property problems that exist within a region or neighborhood.

⁶ For the past four years, the NVPC (www.vacantproperties.org) has worked with more than twenty communities from across the country, such as Richmond, VA, Dayton and Cleveland, Ohio, Memphis, Duluth, Spartanburg, SC, Baltimore, and Indianapolis to provide policy assessments and vacant properties technical assistance. The Campaign's most recent report *Blueprint Buffalo* sets forth a regional strategy for the city and its first tier suburbs to reclaim more than 20,000 vacant properties.

Figure 4. Vacant Properties Revitalization Cycle (J.M. Schilling, Metropolitan Institute)



Prevention and Abatement Strategies

Effective vacant property programs contain a variety of strategies to prevent troubled properties from becoming vacant and to abate properties that often contain dilapidated and abandoned buildings. These may include code enforcement measures such as vacant property registration ordinances or routine rental inspection programs as well as stronger prevention and enforcement actions such as foreclosure abatement education, civil injunctions and prosecution of fraudulent lending. University-managed regional real property information systems can also establish early warning systems that can guide the allocation of resources and strategies. Local housing, fire, and building code enforcement departments often oversee these vacant property programs with assistance/guidance from their municipal law office.

When it comes to code enforcement approaches in relatively stable neighborhoods, routine housing inspections and aggressive code enforcement programs are often sufficient. In neighborhoods with nuisance properties that present threats to public health and safety, local officials must respond with stronger remedies, such as criminal prosecution or nuisance abatement. These code enforcement actions require more detailed and comprehensive property inspections and investigations.

Rapid increases in mortgage foreclosure can trigger serious housing abandonment. State and local governments have a range of foreclosure prevention tools (e.g., hotlines, lending institution working groups, foreclosure counseling, emergency loans, and controlling fraud) that work with residents, lenders and housing advocates. Prevention can occur through actions such as educating borrowers about the potential pitfalls of certain mortgage agreements and policing for predatory or fraudulent brokers or lenders. Working with both sides of the foreclosure problem will address the practices that often lead to foreclosure notices and the reactions individuals frequently take after receiving a foreclosure notice. Lending institutions and government agencies can play critical roles in both scenarios.

Each action has slightly different goals and legal procedures. Local government officials must follow different legal procedures and often work across multiple departments within each jurisdiction to accomplish each action. Certain actions may even require coordination among city, county and town officials.

- **Neighborhood Vacant Property Inventories.** The Virginia Tech urban planning studio project that was conducted in conjunction with this study⁷ provides estimates of vacant and underutilized land for potential residential redevelopment in Portsmouth. The students obtained property tax and zoning records from the city and identified nearly 2,300 vacant residential parcels based on zero values for the building or improvements on the land. About 350 of these parcels are owned by the city or the Portsmouth Redevelopment and Housing Authority (PRHA). The students also classified nearly 600 underutilized residential parcels based on building or improvement values that were less than 50% of the land value. They classified 1,580 commercial, industrial or mixed use parcels as underutilized based on building or improvement values less than 100% of the land value. For the most part, these vacant or underutilized parcels were scattered throughout the city, but four clusters were identified (see Map 6) as targets for redevelopment: (1) the High Street Corridor, (2) the Brighton Neighborhood, (3) Sugar Hill, and (4) Ebony Heights. The city either already targets these areas for redevelopment or they are adjacent to existing redevelopment areas. This studio project provides a good example of the importance of capturing, using and sharing the property records and other administrative records that can help inform public and private decisions on purchasing and on renovating or redeveloping property in the city.

⁷ See Urban Affairs and Planning Studio, 2006. *Opportunities and Strategies for Residential Redevelopment in Portsmouth, Virginia*. Blacksburg, VA

Map 6. Cluster Areas for Redevelopment 2007, Portsmouth, VA

Map HS-3: Focus Areas



(1) High Street Corridor, (2) the Brighton Neighborhood, (3) Sugar Hill, and (4) Ebony Heights

Tax assessor's data generally identify properties that are currently vacant. Information on properties in danger of abandonment or decline may be collected from the city's code enforcement department from lists of substandard apartment buildings, boarded buildings or those awaiting demolition. A list of properties in foreclosure (mortgage and tax-delinquency) might also inform city and nonprofit leaders about the potential inventory of vacant properties.

Armed with information on the number, location, and condition of the city's vacant properties, local officials can more efficiently leverage their resources by targeting the right strategies to the right places. Portsmouth officials, working with its neighborhood associations and university partners, could coordinate vacant property inventories as they design a more elaborate real property information system. Two years ago in York, PA, teams of students, residents, and city staff combed the city searching for boarded buildings and dilapidated houses. York's extensive walking inventory revealed fewer vacant properties than originally believed and helped focus city rehabilitation and code enforcement resources to prevent substandard properties from becoming vacant and abandoned. Community groups in Memphis and Baltimore have organized similar neighborhood surveys of building conditions. Other cities, such as Minneapolis, have leveraged these community driven inventories to design and build a more robust neighborhood indicators and early warning systems.

- **Vacant Property Registration Ordinances.** Portsmouth could also require owners to formally register their vacant properties with the city's code enforcement department. Such vacant property registration ordinances put subtle pressure on the owner to devise a plan to rehabilitate or sell the property. These local laws can also give code enforcement department critical information about the owner—some even require a local point of contact or agent.⁸

Cities, such as Wilmington, Delaware, Chicago, and San Diego have adopted similar VP registration ordinances. These ordinances do not apply to seasonal rentals or properties that are temporarily vacant. They are designed to target chronically vacant properties that have not been occupied for many months, even years. The owners must register their properties, pay a processing fee, and file a plan that outlines their plans to sell and/or rehabilitate. Failure to comply with its requirement creates a fine and becomes a separate violation of the municipal code subject to potential prosecution in court. Some cities have a sliding scale that imposes a civil/administrative penalty the longer the property remains vacant. These registration ordinances can also generate additional revenues that cities can use for related code enforcement programs. For example, in 2005, the city of Wilmington collected \$446,000 as part of its VP Registration Fee program. The fee schedule is \$500 for year one, \$1000 for year two, \$2,000 for years three and four, and \$3,500 for years five through nine, and \$5,000 for year ten. The program also allows the city to waive the

⁸ In October of 2006 Mayor Douglas Wilder of Richmond introduced a local vacant property registration ordinance for the city of Richmond. Unfortunately, Virginia state law imposes limitations on the amount municipalities can charge. Despite these state law limitations we understand the city of Lynchburg has a fairly effectively vacant properties program.

fees if the owner sells, rehabilitates or demolishes structures on their property within the next year.

- **Repair, Acquisition, and Demolition Funding.** Portsmouth could explore ways to use existing state and federal funds to specifically focus on vacant properties. For example, the city could potentially use its CDBG and HOME funds to support CDC and nonprofits with their acquisition, demolition, and affordable housing redevelopment efforts. The Fannie Mae Foundation's 2006 Maxwell Award Winners highlight a number of model projects and partnerships where CDCs worked with local governments to lever such resources to reclaim vacant properties.

Several cities, such as Philadelphia and Baltimore have issued bonds to finance their vacant property initiatives. These bonds can finance demolition, acquisition, and reuse of vacant properties. They can also fund staff capacity to manage land banking, green infrastructure, and nuisance abatement programs. Portsmouth should explore these options either on a city-wide basis or perhaps by exercising its redevelopment powers to identify certain target neighborhoods. They should also consider pooling several of these resources into a revolving housing trust fund.

- **Civic Improvement Associations / Business Improvement Districts.** Recent studies by the University of Pennsylvania document dramatic increases in property values for properties located within business improvement districts. Professor Susan Wachter's analysis of the City of Philadelphia's Neighborhood Transformation Initiative (a city-wide vacant property reclamation program) documented a 28% increase in property value for BID properties. Her work also illustrates the benefit of commercial corridor improvements (23% increases in property values).

Several of Portsmouth's older, traditional neighborhoods might be potential candidates for community-organizing efforts to form business improvement districts or civic improvement associations with a special focus on blight removal and vacant property reclamation. Beyond the obvious benefit of getting business and property owners motivated to remove blight and upgrade their properties, such civic improvement and business improvement districts typically have the authority to impose special assessments or levy fees that could finance code enforcement activities within that district, such as a dedicated code inspector, rehabilitation grants, and perhaps receivership resources. More research would be necessary to identify the scope of such powers.

Residents looking to play a more active role in the upkeep of their neighborhoods could even form 'code teams' similar to the networks established through the *Neighborhood Watch* crime prevention program. Arlington, Virginia can be looked to as an example of such an initiative. The 'Code Rangers' program is run through the Department of Community Services and provides, through educational programs and literature, residents with knowledge about City codes. The City publishes a 'Top Ten List' so that residents can easily identify blatant violations and asks that citizens request compliance from their neighbors. Residents are encouraged to set a good example within the community by

keeping their property violation-free. Finally, if the proactive stance of residents still fails, Community Services Department contact information is made readily available.

Acquisition, Management and Reuse Strategies

Prevention and abatement approaches, unfortunately, may not succeed in every neighborhood or with certain problem properties—the level and nature of the blight and abandonment may be too firmly entrenched or property owners may refuse to maintain their property in a safe and habitable condition. When owners completely walk away from their properties, public agencies, working with their nonprofit partners, must step in to clean the properties, clear legal titles, and facilitate reuse. If they fail to act, these truly abandoned buildings and vacant lots will dramatically accelerate the rate of blight and decay.

Portsmouth may wish to consider a wide array of public policies and strategies that can enhance and perhaps expand existing acquisition processes and offer relevant incentives for private sector and nonprofit developers. Portsmouth could consider developing a series of community-driven reuse plans that would target city resources to certain important neighborhoods as Richmond, VA did with its nationally-acclaimed Neighborhoods in Bloom (NIB) initiative. The following is a list of tools and strategies that focus on the acquisition, management, and reuse stage of vacant properties revitalization cycle:

- **Lead Agency for Redevelopment Initiatives.** The city or the Portsmouth Redevelopment Housing Agency (PRHA) may wish to consider designating a single entity to initiate and manage redevelopment projects and banked land. The PRHA could possibly serve in this capacity provided that they have enough staff devoted to the redevelopment component to be successful (since they also manage the city’s public and subsidized housing).
- **Land Banking.** Land banking is an effective strategy, especially in those cities with hundreds of vacant lots, blighted buildings and tax delinquent parcels. For example, the Genesee County Land Bank Authority (LBA) has acquired over 5,000 tax delinquent properties in Flint, Michigan. The LBA is working with city and community leaders to devise neighborhood reuse and reinvestment plans anticipating the day when the markets recover and people return to Flint. State-level reform of archaic tax foreclosure processes in such states as Michigan, New Jersey, and Indiana can streamline and further enhance the powers of local governments to acquire and strategically transfer vacant properties into the hands of good faith owners.
- **Streamlined Tax Delinquent Property Sale Process.** Consolidation of the tax delinquent property sale process either by decreasing the length of time properties can be delinquent before seized or seeking a third party (law firms and companies that specialize in servicing delinquent property tax digests) would create greater economies of scale in the fees and costs of property tax enforcement. The city may also wish to attach a rehabilitation / reuse requirement to buildings sold at tax sales. It is important to consider instituting a time frame in which these properties are to be repaired / reused, or provide “super” incentives for use by the purchaser only for rehabilitation purposes.
- **Eminent Domain.** In the aftermath from the U.S. Supreme Court’s decision in the now infamous Kelo case, most states have imposed new legislative limitations on the powers

of local government to use their powers of eminent domain. For example, many states now prohibit the city from using eminent domain to take private property and transfer or sell it to another private developer. Moreover, the political and media frenzy associated with eminent domain now makes most public officials reluctant to use it even when the state law clearly authorizes them to do so.

Despite the recent eminent domain chill, Portsmouth may wish to consider the strategic use of eminent domain for larger projects that might require the acquisition of right of way for roads, bike trails, and other public infrastructure investments (e.g., tree lined medians, habitat, open space) that provide a neighborhood with critical public amenities and livability benefits. Examples of areas ripe for such improvements include the I-264 corridor or along major gateways such as High Street. This is similar to the strategy used in Baltimore to develop Harbor Place. In this example, eminent domain was used to realign streets in anticipation of new development. Eminent domain could be carefully coordinated with the redevelopment of land bank properties to enhance the visual landscape of the city's main transportation corridors. (e.g., box store/retail center or Class A office space flanking the highway with lots of green areas and trees).

- **Packaged Infill Strategies.** The city may wish to “package” publicly-owned properties for infill development, utilizing existing city and county resources (HOME, CDBG, TIF, etc.). The City of Phoenix has effectively used this approach as part of the Neighborhood Initiatives Areas. The city acquires tax delinquent vacant lots and then packages an RFP for developers to build a blend of affordable housing (rental and owner occupied) on these scattered sites throughout those targeted neighborhoods targeted for reinvestment as part of the NIA. A 2006 study by Arizona State University found dramatic improvement (over a 50% increases) in the health of the housing conditions in the five NIA neighborhoods from 1994-2004. This could be an interim strategy while pursuing development of a land bank.
- **Targeted Neighborhood Revitalization Plans.** Portsmouth may wish to consider establishing specific neighborhoods as “incentive neighborhoods” similar to Richmond’s Neighborhoods in Bloom areas. The city can then provide certain incentives and resources to these neighborhoods, such as the targeting of local and state funding and services, in addition to “fast-tracking” the building permit process and other processes required for construction or rehabilitation in these areas. More importantly, such targeting of resources should be based on a network or community-driven revitalization plan. The city should consider engaging the residents in these neighborhoods in a charette-style process to determine which types of projects are most likely to generate the highest community benefits.
- **Public / Private Partnerships.** Successful examples that utilized public/private partnerships are the Cuyler-Brownsville neighborhood redevelopment in Savannah, GA and the establishment of Warren Village, Inc in Denver, CO. While these projects are focused primarily on low-income housing and social service / housing integration, Portsmouth could utilize this approach for corridor / gateway redevelopment projects.

- **Middle-Income Housing Incentives.** A variety of local, state, and federal programs offer attractive financing incentives to first-time homebuyers who earn moderate incomes. The Cleveland Fix-Up Fund is a good example of a non-profit that offers a home-repair loan program. Neighborhood Progress, Inc., in partnership with two banks, the Cleveland Housing Network, and several CDCs administer the program which not only offers low-interest loans but also provides technical support, and maintains a website that allows borrowers to track their loan and payment status. Henrico County, Virginia takes a multi-faceted approach to aiding owners in the maintenance and improvement of their properties. Examples of Henrico’s programs include a partial tax exemption for rehabilitated, renovated, or replacement multi-family housing units, a moderate rehabilitation program targeted toward the elderly and disabled which allows for repair grants of as much as \$25,000 for the purpose of bringing dwellings up to minimum housing quality standards, and an emergency repair fund which awards up to \$5,000 to income qualified families who are facing emergency roof replacement, plumbing or heating repairs and the like. The City of Richmond, Virginia [near Henrico County] through Neighborhoods in Bloom offers long term loans to cover closing and down payment costs for homebuyers, first mortgages [NOW loans] that enable buyers to purchase and rehabilitate their house, City real estate tax abatement [partial exemptions] for rehabilitated properties, as well as permanent mortgage financing with low rates for qualified low- to moderate-income borrowers within six targeted neighborhoods.
- **Marketing / Branding Campaigns.** “The right place, the right time” logo (used on the economic development website) should be displayed anywhere possible. Construction of a “Welcome to Portsmouth” sign as you enter on I-264 that is attractive and displays some unique characteristic of the city (a historic building, a mural of a large ship, the riverfront—whatever it is that Portsmouth wants to be remembered by) would catch the eye of those using the interstate. Advertise new residential developments, successful schools (if any) like Catholic or private schools, new retail centers, city events in the Virginia Pilot and other local newspapers and on the regional television channel (if one exists)—make the region aware of Portsmouth’s good qualities.

The following strategies matrix provides examples of strategies based on case studies of other cities and includes some of the above strategies. Where possible, we have chosen to highlight communities facing challenges that are similar to those faced in Portsmouth.

Strategies Matrix: Redevelopment Strategies Successfully Implemented in Other Jurisdictions

	Strategy	Program	City	Program Financing	Agencies Involved	Implementation	Results	Source
VACANT PROPERTY ACQUISITION	Neighborhood Vacant Property Inventory		York, PA		City, neighborhood associations, university partners	Teams of students, residents, city staff, and researchers covered the entire city to document the exact number boarded up and dilapidated houses. Information entered into database.	Data collection revealed fewer vacant and dilapidated properties than perceived; helped to focus City's code enforcement and rehabilitation resources to prevent fewer vacancies in future.	www.vacantproperties.org
	Vacant Property Registration Ordinance	Vacant properties registration fee	Wilmington, DE		Local government	Sliding scale fee schedule designed to target chronic vacant properties. Fees range from \$500 for the first year of vacancy to a maximum of \$5,000 for properties left vacant for 10 or more years. The program allows the city to waive the fee if the owner sells, rehabilitates or demolishes the property within the next year.	The City collected \$446,000 in fees from this program in 2005.	www.vacantproperties.org
	Repair, Acquisition, Demolition Funding	Project 5000	Baltimore, MD	Capital bonds, discounted realtor, title and legal services (saved the city millions of dollars), other discounted services from local businesses.	Housing Authority of Baltimore City (HABC), local businesses and city offices	Put 5,000 abandoned and vacant properties back into productive use. Aggressively seek tax sale foreclosures, quick takes, traditional acquisitions and transfer vacant HABC properties; clear title, and seek RFPs for new, responsible development; leveraging properties to influence type of new development in specific neighborhoods.	Successfully completed 6,100 acquisitions, reduced average acquisition time from 18 months to 8 months, created a GIS database of every city parcel; seeking competitive RFPs for acquired properties.	www.baltimorehousing.org
	Land Banking	Genesee County Land Bank Authority (LBA)	Flint, MI	LBA	LBA, local government	Manage acquired (through foreclosure, gift, or purchase) land and return them back to tax rolls only when LBA determines these properties will be a benefit to the neighborhoods. This strategy allows local governments and community leaders to strategically put vacant properties back into hands of "good faith" property owners.	Acquired over 5,000 tax delinquent properties; working with city and community leaders to create neighborhood reuse and reinvestment plans.	www.thelandbank.org

	Strategy	Program	City	Program Financing	Agencies Involved	Implementation	Results	Source
INFILL AND REVITALIZATION	Eminent Domain	Harbor Place	Baltimore, MD	City of Baltimore, private lenders	City of Baltimore	City acquired over 250 acres, including existing businesses, to make room for a large-scale renovation that included Harbor Place; acquisition of land allowed the city to improve the infrastructure (mainly realign city streets) around the project.	Highly successful project praised by city planners world-wide.	Boulard, Gary "Eminent Domain for the Greater Good?" State Legislatures January 2006.
	Packaged Infill Strategies	Infill Housing Program	Phoenix, AZ	Federal funding (HOME, CDBG, TIF, etc.)	City government	The City attracts developers to infill development by "packaging" an RFP for publicly-owned vacant lots with helpful incentives (such as expedited permitting schedules, waiving development fees, controlling blight on adjacent properties and sharing costs of off-site improvements with city) for developers to build a blend of affordable housing (rental and owner) on these sites.	Since the program's inception, 3,175 new single family homes have been built in designated areas of the city; about 1/3 of these are affordable for low- and moderate-income families.	http://www.ci.phoenix.az.us/BUSINESS/NESS/infillpgm.html
	Targeted Neighborhood Revitalization Plans	Neighborhoods in Bloom	Richmond, VA	CDBG and HOME funding, City also encourages local funding to be targeted to selected neighborhoods.	Local, state and federal officials, LISC, nonprofit and private developers	Program concentrates all CDBG and HOME funding and local funding and support services to six neighborhoods; City officials used data analysis and input from neighborhood leaders to select neighborhoods for the program. Funding is allocated based on the working plan budget of each neighborhood; Specific housing developers then apply for the funding. Funding is for acquisition, demolition, new construction, rehabilitation of dilapidated properties, down payment assistance, and homeownership education.	Recipient of the 2006 HUD Secretary's and Opportunity Empowerment Award. While each neighborhood has unique influences and project characteristics that contribute to the program's success rate, overall the program is successfully revitalizing these areas as shown by a spiked increase in annual average home sales.	Accordino, et al 2005 www.ci.richmond.va.us
	Historic Preservation		Savannah, GA	City of Savannah and private funding sources	City of Savannah, Mercy Housing, public and private investors and lenders	Revitalization projects throughout the city focused on preservation of the historic built environment; city encouraged preservation by fast tracking historic preservation review process; created Planned Neighborhood Conservation areas which are overlay districts that heighten preservation requirements; encouraged adaptive reuse of renovated historic structures for example, Charity Hospital and Florence Street School are now affordable rental housing and several renovated houses provide space for locally-owned businesses.	Successful large-scale projects, specifically the Cuyler-Brownsville neighborhood; large-scale public projects sparked confidence in private owners; Individual property owners began renovating homes en masse. Other large-scale redevelopment projects include Savannah College of Art and Design acquisition and rehabilitation expansion.	www.thempc.org
BEAUTIFICATION	Civic Improvement Associations / Business Improvement Districts	Neighborhood Transformation Initiative	Philadelphia, PA	City issued NTI bonds	Local, state and federal government, CDCs, local businesses, and area banks	Services provided by the city and business improvement districts (BIDs), neighborhood-based organizations, such as trash removal street landscaping tree planting and maintenance add up to 30% to the property value of the homes in the BID. City also provides services such as abandoned car removal (after 40 days), graffiti clean-up and heightened health and safety code enforcement in vulnerable neighborhoods.	28% increase in property value for properties in Business Improvement Districts and 23% increase in value for properties near commercial corridor improvements	http://www.phila.gov/nti/

	Strategy	Program	City	Program Financing	Agencies Involved	Implementation	Results	Source
MARKETING AND BRANDING CAMPAIGNS		Live Baltimore	Baltimore, MD (1997-present)	Nonprofit	Live Baltimore	Live Baltimore Home Center is a nonprofit organization dedicated to marketing the benefits, specifically to young people, of living in Baltimore, MD using aggressive ad campaigns, a web site with rental listings and chats with residents, home buyer information, training for local real estate agents, etc.	In operation for six years; Baltimore's rate of out-migration has slowed markedly (from 1,000 per month in 2000 to 400 per month currently)	www.livebaltimore.com
		ThinkKC	Kansas City Metro (2004-present)	Local and state governments and private businesses	Kansas Area Development Council (KCADC)	Advertising (television, on-line, and print both locally and nationally) that highlight the region's amenities; "Co-branding" the region with area businesses (and products) to promote the region as a top US city for new businesses and residents (ex. billboards with both a product's logo and the ThinkKC logo).	Since starting in 2004, over 200 businesses and communities in Kansas and Missouri have co-branded with KCADC and applied the red KC icon in their own marketing and advertising. KCADC has worked with area partners in both states to fill over 1,847,717 SF of office space, creating 4,150 new jobs, \$166 million in new payroll and \$184 million in new capital investment.	www.thinkkc.com
MIDDLE-INCOME HOUSING PROGRAMS	Neighborhood based tax credit	Homeownership Assistance Program	Montreal, Quebec (1990-?)	Five year municipal tax credit up to \$1,000 per year.	Local government	Amount of tax credit is based on the value of the home (excluding land value); Eligible families must live in a new house or condo in designated neighborhoods.	"Relatively successful"; As of June 1992 helped 1,200-1,500 families.	Varady and Raffel, 1995
		Operation Habiter Montreal -	Montreal, Quebec (1986-?)	Local government	Local government	City sells public land at market or below market prices to housing developers willing to comply with city specifications	Approximately 25,000 units have been constructed; Presumably this program has more of an impact than HAP (see above) because it was designed to attract new residents thus increasing city's tax base; Another sign of success was that this program was the second expansion of the original program (Operation 10,000 Houses)	Varady and Raffel, 1995
		Inclusionary Development Fund	Boston, MA (2005-present)	Boston Redevelopment Authority	Local government offices (BRA, BHA)	Provide incentives (soft second mortgages) for purchasers of multi-family buildings in exchange for stable rents for middle-income residents; Owners that participate can also participate in the middle-income tax relief program for reduced property tax assessment.	Program is a component of the Mayor's "Leading the Way" housing strategy, a comprehensive, city-wide approach to creating housing opportunities at all income levels throughout the city. The first phase resulted in more than 7,500 new units of housing in three years. The second phase aims to create 10,000 new units in four years but its too early to evaluate IDF's success.	www.cityofboston.gov/bra/press/press.asp

CONCLUSION

This document provides an analysis of trends and data for Portsmouth and the region that affect housing and housing redevelopment strategies. Purposefully we did not attempt to merely restate publicly-available housing statistics but rather focus on the analysis of data and trends that could not be readily produced or accessed through existing sources. Some of our findings from the analysis component and the strategy component were:

Analysis

- Portsmouth has remarkably stable conditions related to population, economics, and housing.
- The most recent population estimations by the Census and VEC show the population of Portsmouth increasing.
- The City of Chesapeake was the top jurisdiction in the region between 2000 and 2005 from which people moved to Portsmouth, but also the top jurisdiction to which people moved from Portsmouth. Norfolk was the top jurisdiction for net migration (about 600 more people moved to Portsmouth than moved from Portsmouth to Norfolk) followed closely by Virginia Beach with a net of nearly 500 migrants.
- Portsmouth has its largest shares of regional demand in the household type “other family” and in non-families and is below the region in the married-couple category.
- Strategies to attract mid to high income households should focus on attracting and retaining married-couple households who constitute 63% of households with incomes above \$25,000 in the regional market.
- Portsmouth can expect some modest growth in owner demand over the next decade.
- Portsmouth can expect some decline in renter demand over the next decade.
- The non-family segment has shifted more significantly into home ownership and is a main cause of the increasing ownership rate in Portsmouth.
- Portsmouth has a relatively high proportion of low-income residents compared to the region.
- Over 60% of Portsmouth’s households had income of less than \$50,000 in 2005. About one-fifth of households had household income of \$75,000 or more a year.
- Portsmouth has an affordable housing gap that forces low-income owners and renters to pay excessively high portions of their income for their housing. The City of Portsmouth would need subsidies for approximately 3,800 very low income renters

and 1,383 very low income owners (incomes below 50% of AMFI) in order to overcome its affordable housing deficit for these income groups.

- Senior households (those 65 or more years of age) comprised 13.3% of persons in Portsmouth in 2005.
- The city should anticipate that more housing units, particularly owner-occupied units, will be vacated due to the aging of the population.
- Elderly owners fared better than renters in terms of having housing problems and cost burdens. Over two thirds of elderly renters had housing problems or cost burden greater than 30% of income compared to just over half of elderly owners.
- Overall, the number of persons with a disability in Portsmouth declined from 2000 to 2005 by 22%. However, the percentage of persons with a disability 5 to 15 years of age increased by 50% while persons with a disability 16 years of age or older decreased by 27% from 2000 to 2005.
- In 2006, PARC found through the participation of all emergency shelter, transitional housing, and permanent supportive housing providers 271 homeless people in Portsmouth.
- Jobs and housing are intricately related. Based on number of units, Portsmouth is not quite keeping pace with supplying housing for its workers with an estimated 1,661 deficit in units needed based on jobs.
- Fourteen or 70% of the 20 growing occupations in the MSA had average annual wages of less than \$50,000. If the trend continues as one of growth in low to modest paying jobs, more workers in the region will be looking for affordable housing options.
- A significant portion of one-worker households in Portsmouth have more than one job or work overtime hours in order to afford housing. Still, Portsmouth fairs better than many jurisdictions in the number of affordable units available to service workers.
- Commuting patterns reveal the interrelationship between jobs and homes. In 2000, 19,875 out of 49,773 workers both lived and worked in Portsmouth. About 60% of Portsmouth workers lived in a range of jurisdictions outside the city.
- Portsmouth was a net importer of workers (5,851), as more people commuted into Portsmouth to work (29,898) than commuted out (24,047). The most workers commuted from the City of Chesapeake (9,976) to jobs in Portsmouth with the City of Virginia Beach the second largest source of in-commuting workers.

- The economy of Portsmouth is strong and growing as indicated by a relatively low unemployment rate of 3.9% in May 2007 (down from 5.7% in 2004 but not as low as the 2000 level of 3.4%).
- Portsmouth had a large increase in homeownership from 2000 to 2005 with the rate increasing by 9.3% (from a rate of 58.6% in 2000 to 64% in 2005). Homeownership in the MSA increased by only 2.6%.
- The median house value for Portsmouth based on the Census 2005 ACS was \$128,600 compared to a median house value of \$190,600 for the MSA.
- According to REIN, over the 2000-2006 time period there were a total of 10,413 residential sales in Portsmouth with the median sale price \$108,100, the average sales price \$123,900 (ranging from \$1,500 to \$2,800,000), and the average days on market 52 days.
- Based on Portsmouth assessment records, the number of detached and attached units sold rose steadily between 2000 and 2003 and peaked in 2004. Sales for both detached and attached units dropped significantly between 2004 and 2005 probably due to leveling off of interest rates.
- Stagnant areas of sales activity in 2004-2005 include neighborhoods south of I-264 including Cavalier Manor, Academy Park, Prentiss Park, Gosport, and Newtown and the area north of I-264 just west of Martin Luther King Highway. Tract 2131.01 located south of Western Freeway was the only Churchland tract with low sales activity.
- According to the National Association of Realtors, 30-year mortgage rates declined by more than 2 percentage points over the 2000–2005 period stimulating sales and contributing to a surge in housing prices. The degree to which the City is successful in attracting new residents and the trajectory of mortgage interest rates will be critical factors affecting sales and prices in the future.
- In 2005, the median monthly gross rent for Portsmouth was \$732 compared to \$802 for the MSA. While rents were lower in Portsmouth, the rent to income ratio indicates that renting was less affordable for Portsmouth residents than for residents of the MSA.
- Much of the city's housing stock is highly affordable but is also older and in need of renovation and maintenance to remain competitive in the regional market.
- Portsmouth has significant portions of non-taxable government-owned land and is largely built-out with limited land to develop to attract moderate to high income residents.

Strategies

- Portsmouth should continue to promote the diversification of its housing market. The city is very competitive at the lower end of the market and has a large supply of affordable housing.
- Promoting regional strategies for “fair growth” will complement promoting diversification of the housing market in Portsmouth.
- Portsmouth should focus on existing neighborhoods and in-fill development opportunities as a means of reaching its focus goals.
- The city should study the potential benefits of a Web portal for important information about its neighborhoods and its housing.
- The city should utilize its strength of having a supply of modest priced houses by promoting opportunities for entry-level, first-time homeowners.
- Promoting the affordable entry-level market can help create longer-term demand for the next tiers of housing, particularly in the move-up market. The city should explore establishing renovation clinics through building supply dealers and the community college as means for encouraging the move-up market.
- To encourage homeownership in older areas of the city, Portsmouth should explore the development of tools for diagnosing relevant characteristics of older houses and providing model plans for prevalent building types in Portsmouth.
- To assist existing owners (residential and commercial) seeking to invest in their properties and neighborhoods, Portsmouth officials should launch a policy initiative that revitalizes the city’s existing housing stock and reclaims underutilized and vacant properties.
- To avoid properties from becoming vacant, Portsmouth could implement vacant property registration ordinances or routine rental inspection programs as well as stronger prevention and enforcement actions such as foreclosure abatement education, civil injunctions and prosecution of fraudulent lending.
- Portsmouth should consider public policies and strategies that can enhance and perhaps expand existing acquisition processes and offer relevant incentives for private sector and nonprofit developers. Strategies might include establishing a lead agency for redevelopment management; implementing land banking, a streamlined tax delinquent property sale process, packaged infill strategies, and marketing / branding campaigns; employing eminent domain when appropriate; offering Middle-Income Housing Incentives; and establishing targeted neighborhood revitalization plans and public / private partnerships.