

2008 Local Enterprise Zone Annual Program Report



Zone Number and Name: *# 4 - Portsmouth/Norfolk*



VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT
Partners for Better Communities

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Richmond, Virginia 23219
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www.dhcd.virginia.gov

According to 13VAC 5-112-550, "A local governing body shall submit annual reports to the department for the purpose of program monitoring and evaluation. Annual reports shall be submitted to the department on Form EZ-E-AR no later than July 15 of the following year. Annual reports shall include information and data for the purpose of program evaluation as requested on Form EZ-3-AR." The material provided by your locality will be used in the DHCD Enterprise Zone Program Report to the General Assembly.

An electronic version of the 2008 Form EZ-3-AR is available on the program webpage at http://www.dhcd.virginia.gov/CommunityDevelopmentRevitalization/Virginia_Enterprise_Zones.htm.

Each locality with an Enterprise Zone designation must submit an Annual Report. In the case of a joint zone, EACH locality must complete an annual report.

Mail the completed report to:
Enterprise Zone Program
Department of Housing and Community Development
501 North Second Street
Richmond, Virginia 23219

Reporting Period: January 1, 2008 through December 31, 2008

Zone Name (Locality): Portsmouth		Zone Number: 4
Year Designated: 1984	Date of Last Amendment: 1999	
Total Zone Acreage: 2,400	Number of Non-Contiguous Areas: 1,652	
Type of Jurisdiction (Check One)		
<input type="radio"/> County	<input type="radio"/> Consolidated City	<input checked="" type="radio"/> City/Town X
Contact Person: Mallory C. Kahler	<i>Change from previous year</i> Yes	
Phone: (757) 393-8804	<i>Change from previous year</i> No	
Address: Dept. of Economic Development City of Portsmouth 200 High Street, Suite 200 Portsmouth, VA 23704	<i>Change from previous year</i> No	
E-Mail: mckahler@portsmouthva.gov	<i>Change from previous year</i> Yes	

Please evaluate the effectiveness of your locality's Enterprise Zone program by answering each of the following items. The reporting period is January 1, 2008-December 31, 2008.

I. ZONE ACTIVITIES

List any major announcements, projects, and/or revitalization activities that have occurred within the zone during the reporting period. For example, the announcement of a major corporation's new location in the zone, announcement of a plant closure, construction of a shell building, or the reuse of an important "white elephant" building. Please take note that DHCD intends to include the list of activities in the annual program report to the General Assembly. (*Limit response to the space provided.*)

During 2008 plans continued with the development of Victory Village, a 135-acre mixed-use park centrally located in Portsmouth at the I-264 and Victory Boulevard interchange. The \$350 million village will consist of Class A and B office space, retail space, hospitality/hotel space, multi-family units, and academic space. Also during 2008 construction began on the infrastructure for the village and on the first phase (183,000 SF) of the academic space. The academic space will house the Portsmouth campus of Tidewater Community College and will open to students in January 2010.

During 2008 revitalization plans were furthered and construction was underway on the Oxford Building, Montgomery Square and the redevelopment of Jeffry Wilson. Located in downtown Portsmouth, the 45,000 SF Oxford Building had been a "white elephant." It is being converted into apartments and ground floor retail space. Montgomery Square is the redevelopment of a series of adjoining downtown buildings once occupied by department stores. Among the adjoining properties is 739 High Street, a "white elephant" at the corner of High and Effingham ~ a well traveled intersection en route to the entrance to the Naval Medical Center (home to over 5,000 military and civilian personnel). A multi-year, multi-phase redevelopment, the project will yield 69 residential units and 50,000 SF of commercial space when completed. The redevelopment of Jeffry Wilson began in 2008 with the demolition of this 400-unit public housing community. Funded in part by a HOPE VI grant from HUD, the redevelopment is scheduled to yield 221 new residential units and prime street frontage for a 5-acre commercial development.

During 2008 BCR Properties completed the construction of an 8,000 SF shell building in PortCentre Commerce Park.

II. LOCAL INCENTIVE UTILIZATION

DHCD is currently developing a comprehensive list of incentives offered within each designated locality, and as such, we are requesting additional information on the local incentives in the annual report. In addition to the 2008 usage rates, **please complete the chart with the details on the qualification criteria for the incentives and local administration process.** By better understanding the local processes in place to provide incentives, DHCD can provide more effective technical assistance. *In the case of joint zones, each locality should report on the specific local incentive use for their portion of the joint zone.*

Provide the following information for all current local incentives during the reporting period in the chart below. For each incentive, describe the qualification criteria in place, the provider of the incentive, and the office/individual who approves applicants. For 2008, indicate the number of qualified businesses and calculate the total financial value of that incentive for 2008. For the incentives that require a certain level of job creation or investment, enter in the total number of jobs created or investment leveraged for all qualified 2008 applicants. Lastly, for any incentives that were not utilized in 2008, please provide an explanation for its lack of utilization and describe any plans to improve usage of the incentive. **In cases where NO local incentives were used in 2008, complete the Description/Administration section and the last of the 2008 Utilization columns.**

INCENTIVE NAME	Description/Administration			2008 Utilization			
	Qualification Criteria	Provider <i>(such as City's Economic Development Office, County IDA, etc.)</i>	Entity/Individual who approves applicants <i>(such as Local Zone Administrator, Commissioner of Revenue)</i>	# of Qualified Businesses in 2008	2008 Financial Value of Incentive	Total # of Jobs Created or Investment Leveraged <i>(for incentive requiring job creation or property investment only)</i>	If the incentive was not utilized in 2008, please provide an explanation and discuss any plans to improve usage
Tax Exemption for Rehabilitated Structures	Buildings must be at least 25 years old. Commercial and industrial rehabilitation must increase the base assessed value by at least 60% with less than 15% structural addition. The owner or agent must file application along with a \$50 fee with the City Assessor Office within 10 days after obtaining building permits to perform rehab. The exemption period is 10 years.	City Assessor's Office	City Assessor	13	\$57,950.61	Jobs (#): n/a Investment (\$): 0	n/a

Commercial Façade Loan	Owners of existing commercial or mixed-use buildings in a designated portion of the zone may qualify for a low-interest loan equal to \$50 per square foot of façade area. Minimum loan is \$5,000 and maximum is \$50,000. The interest rate is Prime minus 2%. The loan term is 10 years. A 1% loan origination fee applies and may be included in the loan.	Portsmouth Redevelopment & Housing Authority (PRHA)	PRHA's Board of Commissioners	0	0	Jobs (#):n/a Investment (\$):0	A direct mail campaign to all businesses to advertise the facade loan program was conducted in 2008. The program was also marketed through PRHA's website. In addition, the incentive was promoted during PRHA's public presentations.
Economic Incentive Grant	On a case by case basis of actual investment and job creation.	Dept. of Economic Development	Portsmouth Economic Development Authority	0	\$0	Jobs (#): n/a Investment (\$): n/a	No eligible projects in 2008.

III. JOB CREATION DATA

Provide the following information for **all businesses within the zone** for the reporting period. In the space under the chart, document the sources used to collect the job creation information. If estimating, explain the methodology used. Larger cities and counties especially, may have to estimate job creation within the zone when using the VEC reports by census tracts. **Please do not use job creation figures for the entire locality**, as we are specifically looking for job creation within the local zone.

Businesses	New	Expansions	Closures
# of Businesses	8	1	3
# of New Jobs Created/Lost	73	45	26
List of Businesses (names) <i>Add additional rows as needed</i>	Eklectik Funk Boutique (1)	R.S. Andrews (45) relocation to zone	Chez Pappiote (5)
	Goodwill (2)		Comfort Restaurant (20)
	Gosport Tavern (18)		Olde Towne Ice Cream Parlor (1)
	Long Boards (15)		
	Innovate Architecture Interiors (10)		
	Multi-Textiles (7)		
	Still Restaurant (15)		
	Taste of Culture (5)		

Sources/Methodology:

Job creation information used in this table was collected and compiled by Portsmouth Economic Development during visits and phone contacts with new and expanding businesses.

IV. INVESTMENT DATA

DHCD tracks private and public investment separately for each locality. In the case of a joint zone, each locality is required to submit an Annual Report, with the investment data requested below reported for each specific locality.

A. Private Investment on Nonresidential Structures

For each type of permit listed below, indicate the number and dollar values of permits issued for private sector actions **within the zone** during the reporting period. Do not use permit information for the entire locality.

Type of Permit	Number of Permits	Dollar Value
<i>New Construction</i>		
Manufacturing	2	\$ 150,000
Office	4	\$ 1,972,206
Retail	0	\$
Mixed-use	0	\$
<i>Alterations/Improvements/Additions</i>		
Manufacturing	1	\$ 711,477
Office	3	\$ 649,900
Retail	1	\$ 650
Mixed-use	23	\$ 6,164,775
TOTAL	34	\$ 9,649,008

B. Public Investment

Please indicate the public dollar amount, and if necessary, provide a description of any public investments that occurred **in the zone** during the reporting period.

Type of Investment	Public Dollar Amount	Description
Infrastructure:		
Streets/Sidewalks	\$ 394,000	Frederick Blvd Joint Repair
Water	\$ 15,000	Storm Drain Repairs
Sewer	\$1,212,000	South & Godwin Street Improvements
Broadband		
Other	\$ 380,000	Seawall Repairs
Public Buildings:		
Improvements	\$ 660,000	Repairs to City Hall & County garages
New Construction	\$ 75,000	Children's Museum of VA
Parks & Schools:		
Improvements	\$	
New Construction	\$ 6,473,857	City's share of infrastructure for new Tidewater Community College Campus
TOTAL	\$ 9,209,857	

V. 2009 GOALS/OBJECTIVES

Please discuss any planned local goals and objectives for the locality's Enterprise Zone program. This can include amending the zone's boundaries or incentives, target number of local businesses to meet with over the specified time period, etc.

- Attend DHCD's "How to Apply Workshop" and to submit an application for a new zone in fall 2009.
- Continue to develop and host monthly business seminars for businesses and property owners in the zone.
- Continue to distribute and mail Incentives Zone brochure to businesses and property owners.

VI. NEW MARKETING MATERIALS

Please attach one copy of any new brochures or other new marketing materials that have been published during the reporting period.

Our brochure was reprinted, but not revised, during 2008. A copy is enclosed attached.

VII. DHCD ASSISTANCE

Please indicate the type of assistance/services DHCD could offer to help meet the goals for the zone and to increase the effectiveness of the local Enterprise Zone.

- Guidance on amendment process
- Technical assistance on local incentive implementation
- Seminars on state incentives to local businesses
- Interest in hosting an Enterprise Zone Workshop
- Other, _____

VIII. ASSURANCES

As the Chief Administrator of the local governing body, I hereby certify that:

1. The information in the Annual Report is accurate to the best of my knowledge.
2. The approved local program incentives are being provided as indicated in the locality's application for Enterprise Zone Designation (Form EZ-1) or any subsequent improvements approved by DHCD.
3. I understand that if no businesses in the Enterprise Zone qualify for state incentives within a five-year period that the zone designation may be terminated.
4. I understand that if the local governing body/assigned agent is unable or unwilling to provide the specified local incentives, the zone designation may be terminated.

Chief Administrator  Date 13 July 2009

Printed Name PAUL HOLT Title ACTING CITY MANAGER