

Portsmouth OKs \$158 million downtown redevelopment project

By MEGHAN HOYER, The Virginian-Pilot

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An artist's rendering of the planned \$158 million development.

PORTSMOUTH

City leaders Tuesday chose a Texas-based company to redevelop Portsmouth's most desirable downtown spot into a mix of office space and residential units worth \$158 million.

It is the largest single project, most can remember, to be proposed for Portsmouth's downtown.

As part of the redevelopment of the six-acre Holiday Inn site, Lincoln Property Co. plans to build a tower as high as 25 stories, surrounded by shorter residential buildings along the waterfront overlooking Norfolk's skyline.

"We've always looked at this as our premier site," said Kathy Warren, development director for Portsmouth's Redevelopment and Housing Authority. "This has the potential to create a lot of momentum, not just as this property but at other downtown properties as well."

If the plan moves forward, the project would generate \$29 million in tax revenues for the city over its first 10 years, she added.

On Tuesday, the city-run, non profit corporation that owns the Holiday Inn signed off on the project, paving the way for officials to begin negotiations with Lincoln, to determine the scope and the amount of public investment required.



The company's initial proposal calls for a first phase of several five- to eight-story waterfront buildings that will house roughly 200 apartments and 12,000 square feet of ground-level shops and restaurants.

The second phase would involve a tower about 25 stories high. The lower floors would house 130,000 square feet of Class A office space - the largest amount of high-end office space in Portsmouth - and the upper floors would house 100 condominiums.

"Everybody is going to shoot for the sky here," said Chris Garland, development director for Lincoln Property Co. "We want to develop an iconic identity for Portsmouth."

Garland said his company would be looking for one business to occupy much of the office space. Although a boutique hotel had not been ruled out, he said it was unlikely that a big-name convention hotel would replace some of the residential component.

A final phase would redevelop the Portsmouth Visitors Center and the empty park formerly known as Portside into more residential units, although Warren said officials had emphasized that Lincoln needed to keep green space downtown. Also included in the plan are two parking garages with a total capacity of about 1,350 vehicles.

Members of the city's selection committee said they chose Lincoln because the company has experience in commercial, apartment and condominium development. The company also pledged to pay for the demolition of the Holiday Inn and the construction of the parking garages, requiring less public money than the other two finalists.

Nonetheless, Portsmouth will be required to pay costs of improving infrastructure at the site and help provide some subsidies to Lincoln. City Councilman Ray Smith said initial estimates have called for Portsmouth to pitch in as much as \$11 million, although he said that may be reduced as negotiations go forward.

Roughly \$2 million to \$4 million of that cost would be in infrastructure improvements the city has already anticipated spending, Smith said. The water, sewer and storm drainage lines to the site would need to be improved to accommodate the scope of the new development.

Currently, the site is the home to the aging Holiday Inn Olde Towne Portsmouth, a 42-year-old hotel that city officials have said isn't the best use for the prime waterfront location.

In 2004, a non-profit organization composed of the city, Portsmouth's Redevelopment and Housing Authority and the private Portsmouth Partnership bought the hotel for \$6.7 million. Warren said if negotiations with Lincoln go as planned, the hotel would be closed by the end of 2008, when demolition would begin. Lincoln officials have said it would take four years to build all phases of its project. Lincoln beat out two companies with local ties in the bidding process, but officials said the city's decision was unanimous. Lincoln, they said, had the best range and the most flexibility in dealing with the city's character and its finances.

"They're a national player," said David Tynch, president of the Greater Portsmouth Development Corp. "They just had the best project all the way around."

Meghan Hoyer, (757) 446-2293, meghan.hoyer@pilotonline.com