Hampton Roads, named for the natural harbor at the mouth of the James River, has been an important settlement since the early stages of English exploration and colonization of the New World. The harbor and its surrounding area are vital to the nation’s defense and economy and now constitute a major metropolis encompassing 15 Virginia cities and counties and Currituck County in North Carolina. Although the harbor continues to exert its influence, in recent decades the local economy has diversified beyond defense and shipping.

Due to the region’s environmental amenities, such as the beachfront on the Atlantic Ocean and numerous waterfront properties, and relatively low housing costs, the area is a major tourism and retirement destination.

In the cumbersome phrasing of the federal government, the metropolitan area officially is titled the Virginia Beach-Norfolk-Newport News, Va.-N.C. Metropolitan Statistical Area (MSA). Today, however, more people probably know Hampton Roads as “Tidewater” or “the beach” than by its more historic geographic name.

like the harbor and waterways that define the area, housing is essential to the success of Hampton Roads and is as complex as the area’s natural ecology. to gain insight into this complex housing ecology, this article briefly profiles three separate cities: Virginia Beach, Chesapeake, and Portsmouth. Virginia Beach saw a major expansion in its population during the 1980s. Three of every 10 housing units currently in the city were built in this decade, and nearly one in four was built in the 1990s and early 2000s. Consequently, three-fourths of Virginia Beach’s housing supply is less than 35 years old.

Recently, the city’s population growth has slowed considerably—more people are now moving out than in. Nonetheless, the housing market in Virginia Beach has become very tight, with vacancy rates well below the levels required for normal turnover of units. Housing prices have escalated rapidly and the supply of affordable housing is decreasing. Housing prices below the median ($231,000 in 2005) have clustered closer to the median. Only 5 percent of the houses have values below $100,000 and one-third of the houses have values in excess of $300,000. As a result, first-time homebuyers, particularly those with incomes below $50,000, are

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The harbor, the Chesapeake Bay, and three main rivers—the James, Nansemond, and Elizabeth—create a complex natural ecology dominated by water, swamps, and marshlands. The tidewaters of the Atlantic Ocean have shaped the regional development pattern into a multi-nucleated complex of 1.6 million people serviced by a spaghetti bowl of federal and state highways.

the siren call of water has always beckoned people to the area, initially for shipping and jobs, and, of late, for the pleasure of living near the water. the result has been a significant increase in housing prices that could shipwreck the area’s longstanding reputation as an affordable place to live. the OFHEO  Housing Appreciation Index (provided in Figure 1) for the United States, Virginia, and the Virginia Beach (Hampton Roads) MSA, shows that housing values across all three levels stayed on par with the Consumer Price Index (CPI) from 1980 to 1998. Housing doubled in value during this span, but only at the general rate of inflation for other goods. Between 1998 and 2006, housing values in Hampton Roads and Virginia as a whole increased by 125 percent, whereas non-housing prices increased by only 22 percent.

Figure 1. Housing Appreciation Index for Hampton Roads, Virginia and United States

Like the harbor and waterways that define the area, housing is essential to the success of Hampton Roads and is as complex as the area’s natural ecology. to gain insight into this complex housing ecology, this article briefly profiles three separate cities: Virginia Beach, Chesapeake, and Portsmouth. With more than 433,000 people and a land area of nearly 500 square miles, Virginia Beach is the largest city in the commonwealth. It has the only prime Atlantic beachfront in the state. Along with Northern Virginia, it has experienced the steepest increases in housing prices in the commonwealth. Chesapeake, the third-largest city in the state, has 216,000 people and 351 square miles. Since the 1980s, Chesapeake has been the site of major suburban expansion as highway improvements increased access for spillover growth from the metropolitan core.

Portsmouth is one of the oldest cities in Virginia and has a large stock of modest homes. With just under 100,000 people and a land area of only 33 square miles, it is the most densely developed of these three cities. Largely “built out” by 1980, it is now experiencing major redevelopment.

Virginia Beach

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in danger of being squeezed out of the Virginia Beach housing market. A large supply of townhouses—Virginia Beach has nearly half of the metropolitan supply of this housing type—and condominiums helps keep the area somewhat more affordable.

The cost of rental units has also escalated, although not as steeply as ownership prices. The median gross rent jumped from $734 in 2000 to $972 in 2005. Low-income renters are forced to spend large portions—often more than half—of their incomes on housing. Low-income homeowners also face a shortage of affordable units. As with low-income renters, this gap forces low-income owners to pay excessively high portions of their income for their housing.

Although median housing value and gross rent are 21 percent higher in Virginia Beach than for the MSA as a whole, median household incomes are only 15 percent higher than the MSA level. The housing market is not keeping up with housing demand based on the number of jobs created in Virginia Beach; job-related housing demand is increasing at twice the rate of new construction. As a result, commuting from Virginia Beach is decreasing and commuting in is increasing. “The beach” is a great place to visit, but it has recently become very expensive to live there.

Chesapeake

Chesapeake’s northern boundary forms the southern crescent of the Hampton Roads “spaghetti bowl” and is dominated by interstate and state arterial highways. Similar to Virginia Beach and the entire MSA, Chesapeake does not have a true center. However, the location of the densest development is the oldest part of the City of Chesapeake, which is between Virginia Beach and Portsmouth. Despite the size of its overall land area—340.7 square miles—swamp land, including the Great Dismal Swamp National Wildlife Refuge, and sandy soils restrict development throughout much of the southern half of the city.

In 1980, the City of Chesapeake had 114,000 people. As of 2006, its population had nearly doubled to 215,586. From 1984 to 1995, the city experienced annual population growth of more than 3 percent—typically considered a high growth rate—but since 1995, the growth rate has slowed considerably. One-third of the city’s housing stock has been built since 1990 and another 42 percent was built during the previous 20 years. As with Virginia Beach, housing in Chesapeake is relatively new.

The housing market in Chesapeake is heavily oriented to owner-occupied, single-family detached housing. Three-fourths of all households are homeowners. Chesapeake not only has a high overall homeownership rate, but that the ownership rate is also well above the MSA rate for blacks (61 percent vs. 45 percent).

The high level of homeownership in Chesapeake is a reflection of demographics and housing supply. More than three of every four households are families and over half are married-couple families, among which the ownership rate approaches 90 percent. Just over 70 percent of the housing units are single-family detached and another 10 percent are townhouses. The city is so heavily dominated by single-family housing and owner occupancy that there are likely to be too few apartments available for young adults who grow up in the area and for lower-income workers.

The median household income in 2005 was nearly 20 percent higher in Chesapeake than in the MSA ($60,817 and $51,077, respectively), but median house values were only 15 percent higher than the MSA median. In addition, the median gross rent was on par with the MSA median.

The city is experiencing problems of uneven development, with some older areas losing population while newer areas expand rapidly. South Norfolk and adjacent areas were largely “built-out” in the 1950s and now face the challenges of redevelopment in order to remain competitive in the contemporary residential market. The redevelopment already begun in these areas should help meet the need for mixed-density and mixed-income housing in the future.

Housing affordability is a serious problem for some residents. About 2,400 extremely low-income renters and 1,600 extremely low-income owners face considerable housing concerns. About two-thirds of these households devote 50 percent or more of their income for housing. Another 2,000 renters and 1,900 owners with incomes between 30 and 50 percent of the area median have similar housing issues.

Portsmouth

Portsmouth has demonstrated a steady housing demand, which is particularly remarkable 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 around 38,000. In 1990 and 2000, there were, respectively, 38,741 and 38,132 households
in the city, and the Center for Housing Research projects that demand will increase slightly to 38,500 by 2010 and 39,056 by 2020.

Portsmouth, however, faces several challenges based on its housing demographics, and its future could depart significantly from the projected stability—in either a positive or negative direction—depending in part on how the city proceeds.

Although demand for housing in Portsmouth is diverse and spans all household types, the city has its largest shares of regional demand in the single-parent and non-family (mostly single individuals) categories. The city’s shares among markets for single-parent and unmarried couples with children are significantly higher than for married-couple families. As a result, the homeownership level in Portsmouth (59 percent) is slightly below the MSA level (63 percent) but well below the levels in Virginia Beach or Chesapeake.

Portsmouth has a much older housing stock than Virginia Beach or Chesapeake. More than two-thirds of the homes in Portsmouth were built before 1970 and more than one-fourth were built before 1950. As a result, Portsmouth has one of the oldest housing stocks in the region and the area is largely built out. An analysis of vacant residential and underutilized land identified only a few pockets of opportunity for developing new housing, and most of the city’s 2,300 vacant parcels require “in-fill” development between existing houses. Typical of older cities, Portsmouth faces a future dependent on an artful blending of preservation and redevelopment. And like Norfolk, which is on the other side of the Elizabeth River, Portsmouth is promoting preservation of historic districts and creating opportunities for new housing that reflect its vernacular architecture.

Its Westbury neighborhood, for example, was built on the cinders of a distressed and deteriorated public housing project known as Ida Barbour. Westbury provides a range of housing types, prices, and rents, including some assisted housing affordable to the former residents of Ida Barbour. Styles include Victorian, classical, and colonial revival, echoing the styles in Portsmouth’s historic Old Towne neighborhood. An even more ambitious redevelopment effort, Victory Village is a 500-acre, mixed-use community that includes more than 1,600 new homes in a new neighborhood called New Port. Portsmouth’s redevelopment efforts, in combination with its historic preservation programs, are helping the city respond to contemporary housing demand while maintaining the city’s commitment to affordable housing.

Conclusion

The urban landscape is a dynamic mixture of the old and the new, and housing is a key component of that landscape. The complex housing ecology of the Hampton Roads region reflects its complex natural ecology. Originally, the port and rivers provided the impetus for development related to shipping and defense, and modest, affordable housing was needed for shipyard workers and military personnel. As the region’s economy has expanded and diversified, housing demand has shifted to newer and larger homes, making affordable housing for modest-wage workers a product of the past.

Despite the increased wealth of some, the Hampton Roads economy still relies heavily on workers and military personnel with modest incomes. Rapid increases in housing prices have resulted in a diminishing supply of housing affordable to those workers. Housing produced in recent decades has, for the most part, been out of reach of the typical worker. These workers, along with the lower-income households that are dependent on small pensions or government support, must find affordable housing in the older neighborhoods with smaller houses (including larger houses that have been subdivided into multiple units).

Will Rogers, the iconic American humorist, once quipped that you should buy land because they weren’t making any more of it.

What was once a quip, however, is now a telling commentary. We are exhausting the supply of developable land in many of our metropolitan areas and protecting more of the remaining undeveloped land due to environmental concerns and preferences for “green lines” as defenses against sprawl.

The case of Hampton Roads and housing issues epitomize this dilemma. The natural ecology limits the opportunities for dense housing development, and the remaining opportunities are reduced further by the “not in my back yard” (NIMBY) sentiment against higher-density development. Modest wage jobs expand outside the older industrial core, but modest cost housing does not, and housing prices are pushed higher and higher.

Modest houses in older neighborhoods provide a partial solution, as does subdividing older and larger houses into multiple units. But this is a solution with a public cost. The cities that were built during earlier periods of economic expansion, such as Portsmouth, become the affordable housing solution for the rest of the region. In the process, the lower-income households become concentrated farther away from the locations where jobs are expanding, contributing to the deterioration of older housing and diminishing the capacity of older cities to provide the range of housing needed to support city services.

The success of numerous redevelopment efforts in cities across the country readily demonstrates that older cities do not have to be captives of the past. Parts of the past can be preserved, and new construction can reflect the original quality and character of vernacular architectures. Larger redevelopment efforts, such as Westbury and New Port, can create entirely new neighborhoods that complement the urban fabric of surrounding areas. Redevelopment and preservation are not easy, particularly in the preservation of affordable housing opportunities. We need new approaches to codes, standards, and plans that promote investment in mixed-use and mixed-income communities and that enable older neighborhoods to compete more broadly within the contemporary housing market.

The broader and more difficult challenge is regional. In the United States, we prefer to leave land-use and housing decisions to localities and with good reason—property is inherently local. But we have elevated the importance of local control at the expense of meeting the greater regional housing needs. As a result, we have made NIMBY a de facto principle of planning rather than its archenemy. An adequate supply of housing to support economic growth, including an adequate supply that is affordable to workers with modest incomes, has to become a regional priority that forces localities to come up with new solutions for a more sustainable housing ecology for the future.

Endnotes

1 Office of Federal Housing Enterprise Oversight. The Index is based on Fannie Mae and Freddie Mac transactions and controls for the changing composition of units sold in any particular year. It is unadjusted for other measures of inflation, such as the Consumer Price Index.

2 Excluding shelter.

3 The Virginia index is heavily affected by the even higher inflation in housing prices in Northern Virginia.

4 This article relies on the more detailed profiles and analyses of each of these cities produced by the Virginia Tech Center for Housing Research (available at www.vchr.vt.edu).