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NATIONAL PERSPECTIVES; Reviving a No Man's Land Along the Tennessee River
By KEITH SCHNEIDER

KNOXVILLE, Tenn.

THE Tennessee River flows through this midsize Sun Belt city past Neyland Stadium, home of the University of Tennessee football team. On Saturdays in the fall, an armada of pleasure boats arrive in anticipation of a gridiron victory. Now developers and city officials are focusing on both shores of the river and trying to attract year-round crowds.

On the river's south bank, they are busy transforming 750 acres of vacant or underused industrial land into a mixed-use district of homes, office buildings, hotels, stores and riverside parks, linked by a three-mile river walk. On the north side of the Tennessee River, where the university and the central business district are situated, hundreds of rental apartments and condominiums are under construction.

The city's plan for the South Waterfront is a striking turnabout for an area that in the 19th and 20th centuries was a hub of manufacturing and heavy industry but long ago became, at least in part, a kind of no man's land, with vacant lots alongside the few active enterprises -- a propane depot, a petroleum transfer facility and a hospital.

Last August, the \$9.4 million 50-unit River Towne Condominiums opened, becoming the first new housing development along the South Waterfront. Its two- and three-bedroom units sell for \$195,000 to \$320,000 and all but a handful have been sold, according to University Real Estate and Property Management, the developer.

In March, construction began at Cityview at Riverwalk, a 122-unit condominium and marina, and the largest housing project so far in the new South Waterfront district.

City leaders say they hope that within a generation, the South Waterfront will become the city's hippest neighborhood. A market study paid for by the city predicts that within five years the South Waterfront will have 600 units of housing, 15,000 square feet of retail space and 15,000 square feet of office space. David M. Hill, the senior director of the South Waterfront development, said the projections are conservative.

"We think the South Waterfront will exceed the study estimates," he said.

In 20 years, when the district is fully built out, the study says, the South Waterfront is expected to support 1,000 units of housing, 30,000 square feet of retail space and restaurants, 320,000 square feet of office space and more than 100 marina boat slips.

Meanwhile, along the north bank, on the other side of the Tennessee River, where Knoxville's central business district lies, housing and retail construction is also under way. More than 500 units of housing have been added since 2000, when a handful of young builders began in earnest to convert the city's vacant downtown railroad warehouses and turn-of-the-20th-century office buildings into lofts and apartments.

Knoxville's downtown, particularly the north end, is now alive as it hasn't been in half a century, with hotels, theaters, concert halls, bars, galleries, restaurants, coffee shops and clubs open past midnight during the week and on weekends. The changes reflects years of preparation and planning.

Nearly 2,000 people now live downtown, 600 more than in 2000, helping to increase the city's population from 173,890 in 2000 to

180,000, according to census data. Last year, in a signal that buyer interest is still strong, 319 new housing permits were issued in the central business area.

Amy Gibson, 40, a senior researcher at the Howard H. Baker Jr. Center for Public Policy at the University of Tennessee, is one of those downtown homeowners. Mrs. Gibson and her husband, John, 39, a software engineer, recently bought a two-bedroom 1,040-square-foot unit in the Holston, a former bank building that is under renovation to become a luxury condominium.

"It's cool; it's fun; it's the place to be," she said of the downtown area.

Mrs. Gibson said she was surprised, however, at the \$259,000 price of her condo, which was close to the same price she would pay for a 2,500- to 3,000-square-foot home in a Knoxville suburb.

"Why spend that kind of money on a loft?" she asked. "It's because of the lifestyle -- access to arts and the rest of the city. It's a choice we wanted to make."

The Holston, scheduled to open in a year, is marketing a penthouse unit that sells for more than \$1 million. It also offers 41 other one-, two- and three-bedroom condos, starting around \$230,000, and 8,000 square feet of retail space on the first and second floors. Seventy percent of the units have already been sold, according to David Dewhirst, 43, an engineer and the founder of Dewhirst Properties, which restores and manages old buildings for use as lofts and condominiums.

Since 1997, when he finished renovating a 6,000-square-foot building on Gay Street into two offices and a loft for himself, Mr. Dewhirst has completed more than 20 loft and condominium projects that produced more than 250 new downtown housing units. The Holston is Mr. Dewhirst's newest project.

One of his most popular projects is the Emporium, a 109-year-old furniture-store building on Gay Street that he converted into a 41-unit rental loft building. The one- and two-bedroom lofts rent for \$695 to \$1,595 a month. The Emporium is fully rented and has a long waiting list.

Other new projects in downtown Knoxville include the \$20 million 70-unit Central Station Lofts; the Residences at Market Square, a 24-unit development at the corner of Union and Walnut; and the Trolley Lofts, a renovation of the city's downtown J. C. Penney store.

Mr. Hill, a planner and a senior aide to Mayor Bill Haslam, said the development on both sides of the Tennessee River is what city leaders and residents envisioned. "People want and need different things from a city than they used to," he said. "They want a place that is exciting and fun and clean, and caters to active lifestyles."

From his fifth-floor office in Knoxville's City-County Building downtown, Mr. Hill can see across the Tennessee to the South Waterfront development and the freshly turned dark ground where footings are being poured for Cityview at Riverwalk. The \$30 million first phase of this seven-acre project is a five-story building that will contain a 96-slip marina and 122 condos.

The one-, two- and three-bedroom units at Riverwalk are all roughly 1,250 square feet and sell for \$300 a square foot -- about \$375,000. John Gumpert, the founder of the Atlanta-based Camden Management Partners and the developer of Riverwalk, said that 84 of the units had already been sold. It is scheduled to open in the spring of 2008.

"When we started talking about Riverwalk in the community," Mr. Gumpert said, "all we heard from store owners and professionals was how they wanted to live on the water."

Knoxville took a new interest in the blighted South Waterfront soon after Mayor Haslam took office in December 2003. After a series of studies and public meetings, the city introduced its land-use plan for the South Waterfront a year ago. The plan called for rewriting the rules of development along 15,000 feet of shoreline.

Instead of conventional land-use zoning that set up areas and restricted how they could be used, Knoxville tried an approach called "form-based coding." Essentially, it allows any kind of building anywhere within the South Waterfront district. Its restrictions apply not to how a building is used but to how tall it can be (no more than 50 feet), how close it needs to be to the street and how distant from the river bank, what kinds of exterior materials can be used, and how it should be landscaped. The code calls for extensive tree planting.

Mr. Hill said the form-based approach was intended to make it easier for developers, while ensuring that the South Waterfront has a consistent design and allows the public to have plenty of access to the river. Public parks are sprinkled throughout the plan, and the city is working with developers to finance the river walk.

Leigh Burch, a 50-year-old real estate developer, was one of the first Cityview buyers. His two-bedroom, two-bath condo cost \$310,000.

"It's all about being on the water," he said. "It's a great investment."

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