

MINUTES

HOUSING COMMITTEE MEETING

8:30 AM

SEPTEMBER 12, 2016

**SCHOOL BOARD CONFERENCE ROOM
MUNICIPAL COMPLEX, 1 JUNKINS AVENUE
PORTSMOUTH, NEW HAMPSHIRE**

MEMBERS PRESENT: Rebecca Perkins, City Councilor (Chair); Chris Dwyer, City Councilor; Eric Spear, City Councilor; David Witham, Former Chair, Zoning Board of Adjustment; Mike Kennedy, Commissioner, Portsmouth Housing Authority; Nancy Colbert Puff, Deputy City Manager; Rick Taintor, Planning Director; John Ricci, Chair, Planning Board;

MEMBERS ABSENT: Jessa Berna, Planner I

I. WELCOME AND CALL TO ORDER

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II. APPROVAL OF MINUTES

Mr. Kennedy requested to indicate at Line 102 of the June 21 minutes that the waiting list is for all units.

A motion was made by Mr. Kennedy to approve the June 21, 2016 meeting minutes, as amended, and the July 15, 2016 meeting minutes, as presented. Seconded by Councilor Dwyer. The motion passed by a unanimous voice vote.

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III. Review draft recommendations (8/18/16 email from Chair – 15 mins.)

Councilor Perkins explained the goal of the meeting was to review the draft recommendations presented, then incorporate all written and verbal feedback into revised, final drafts for the next meeting on October 3, 2016.

Councilor Perkins indicated the draft recommendations include zoning amendments, a housing policy, and special permitting. The proposed zoning amendments are specific to locations previously identified by the Housing Committee. The draft housing policy, in conjunction with the Master Plan, would implement a structure for the Planning Department and act as a guide for land use boards in decision making. She explained another recommendation for village center permitting. This is an early

stage proposal suggesting that specific areas could benefit from having specialized review by a subcommittee.

Mr. Taintor clarified to Mr. Kennedy that the housing target areas mentioned in Section III.5 refers to the types of locations outlined in Exhibit A. He thought that the policy could be revised if the Committee decides to recommend specific areas for adoption.

Councilor Dwyer felt that further discussion should be had before the public reviews the documentation because there are subtleties that require collective conceptualization from the Committee. She supported the idea of a matrix and thought the Committee should decide on primary and secondary choice zoning for each location. Also, some of the amenities listed for certain areas were inaccurate or lacking.

Councilor Spear echoed Councilor Dwyer's statement that the broad concepts should be discussed before drafting the finer details. He highlighted two focus areas for that discussion. First, the emphasis on large target areas could include details for infill. Secondly, the key principles may need more emphasis on what the Committee intends to achieve.

Councilor Dwyer supported the notion of having a subcommittee for village center permitting, if the State law allows for it.

Chairman Ricci thought the Route 1 corridor should be a high priority area since it has existing municipal services and avoids developing too close to residential areas. He thought the Gateway area is a great location and any other potential site should be doable and attractive for developers.

Mr. Witham thought there may be opportunities available regardless of the spot zoning that currently exists. Somehow the Planning Board and staff should be allowed the flexibility to review some lots on a case-by-case basis without regard for the stigma of spot zoning. Councilor Dwyer noted that form based zoning appears to be the ultimate alternative to spot zoning. She wondered if some type of density overlay zoning could allow for that flexibility and act as a hybrid between form based zoning and overlay zones.

Councilor Dwyer emphasized that some policies may require a legislative change, which may help to declare what certain amenities the City desires.

Mr. Kennedy thought the second paragraph in the draft policy is a key premise for the Committee's objectives, which states that additional housing is critical for continuing economic and civic vitality. The verbiage in that section and the others should also indicate specific standards that are measurable.

Chairman Ricci noted the impacts of future ordinance changes regarding accessory dwelling units should be made aware to the public and considered in the Committee's initiatives.

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IV. Round table discussion with developers

Councilor Perkins invited developers from the audience for further discussion. Those present in the meeting introduced themselves as follows:

- David Choate, Colliers International – He has an extensive background with workforce and affordable housing in the City. Since 1983, he has been involved in the United Way subcommittee, which later became The Housing Partnership, and has seen many common issues that arise in establishing affordable or workforce housing.
- Bill Caselden, Great Bridge Properties, LLC – His company focuses on affordable, workforce, and rental housing throughout New Hampshire and parts of Massachusetts.
- Jeff Johnston, Cathartes – His company’s projects are mostly located in the south Boston area.
- Cynthia Taylor, Housing Initiatives of New England – Her company is a non-profit organization that develop primarily senior housing with services in Maine and New Hampshire.
- Michael Kane, The Kane Company – His company is a local developer.

Mr. Choate referenced a past housing project that was unsuccessful. He thought it was because true workforce housing cannot be layered with the same requirements as market rate housing, such as sidewalks, curbing, or drainage. He thought that some of the requirements would need to be lowered. Mr. Caselden added to Mr. Choate’s statement that the main concern is when off-site amenities are required from the developer. As the number of units increase, the costlier a project becomes for developers. Parking and off site requirements are critical, but that could accumulate to financial infeasibility.

Ms. Taylor mentioned that issues she has experienced are due to the restrictions that Mr. Caselden mentioned. She encouraged consideration for impact fees when planning for affordable housing. The rise in inflation and limited available labor creates unpredictable pricing and makes it difficult for building affordable housing. She suggested finding incentives through impact fees for developments.

Ms. Taylor noted the number of inspections required are overwhelming. She acknowledged the necessity for inspections, but felt that the inspection costs should be set up front and the stipulations be identified beforehand regarding work that is not performed to standards.

Ms. Taylor suggested some type of historic incentive. The State of Maine offers a 20% tax credit for certified rehabilitation of certified historic structures. She also suggested proposing village zones that would allow for mixed use.

Councilor Dwyer thought Ms. Taylor’s comment about impact fees was interesting and added that the City could leverage their impact fees more than they currently are.

Councilor Dwyer responded to Mr. Caselden’s previous statement that some off site amenities could be underwritten by the City to keep the projects more affordable. She wondered if onsite standards are set too high. She explained that different layers of affordability could be incorporated into each project with different onsite amenities. Ms. Taylor understood that other communities have looked into that and she thought it may be difficult to market if too many are built in that manner. Although, she stated her support for aiming to offer different levels of affordability. Mr. Johnston added that the height and

size of the frame would determine the feasibility of those options. It does not cost considerably less to build a micro-unit. In the downtown area, the parking garage could be leveraged, however, high land costs may still pose an issue.

Mr. Witham asked what kind of support from either the City, land use boards, or public does a developer need to have a more successful project. Ms. Taylor responded that all communities are different and in some cases she would have liked to have an overlay zone. She found the most success was when the entire City made strong efforts and desires for affordable housing. She emphasized the importance of having predictable and upfront expectations. Mr. Kane thought that it is fairly easy to build an office building in the City. Although, he thought that eventually the quality, large businesses will not want to do business in Portsmouth anymore since their employees are forced to live elsewhere. He felt that the City needs proper zoning and rules to help provide solid guidance for staff in decision making. He added that small infill would not bridge the current gap in affordable housing. There should be a strategic plan and zoning that specifically aims to make the area a place that people can work and live in. The City should mandate affordable housing and provide the proper support through zoning for the developers to create financially feasible projects. Mr. Caselden added that land use boards are only as good as their land use regulation. He has seen other communities shift certain situations to the Planning Boards by waiver to provide more flexibility in dictating what and how projects are built.

Mr. Caselden felt that affordability is ultimately based on density. He noted that New Hampshire Housing supports more rental and affordable housing and wondered whether they have ever funded a project with a per unit land cost of more than \$25,000 per unit. The downtown Portsmouth area land costs are probably closer to \$100,000 per unit, which is too high for affordable projects. He explained that the issues his company has experienced in a current project at Echo Avenue is mainly due to lack of allowance for greater density. Regardless, there will be challenges from the public, but the City needs to have clear policy for this type of development that will provide adequate grounds for support to the Planning Board. The zoning ordinance should allow for greater density, so that it is allowed by right rather than variance. That is what is necessary for developers to propose fundable and affordable projects.

Mr. Kane added that opening opportunities for variances is not good practice. It is not fair to the developer and the public. It is important to be more objective, so that the public understands what the City aims to achieve and there is less ambiguity in the process.

Mr. Taintor asked what the relationship is between increased zoning density and how that impacts land values. Mr. Caselden recognized a direct relationship between density and land values and suggested that a workforce housing density bonus could be a helpful tool to keep the land value affordable when increasing density. Mr. Choate emphasized that city staff should be more proactive in identifying what is important for the City and then hold a stronger stance behind what the City commits to.

Chairman Ricci addressed three points: 1) that the Planning Board and staff often struggle with communicating and educating what exactly the City aims to achieve; 2) that it is important to start small and in a methodical manner; 3) that he is not a proponent for waiving impact fees. He felt the most important focuses should be on density and zoning and the Route 1 corridor is a great starting point.

Mr. Johnston thought it is surprising to see how much less opposition there is after affordable projects are completed compared to during the application process.

Mr. Choate responded to Chairman Ricci’s previous statements that a major obstacle at the Route 1 corridor are the increasing land values and wetlands. He felt that workforce housing developers do not plan mixed use projects because of the financial implications. Chairman Ricci emphasized that it is important to educate during the process and to focus on the commercial areas. Once a few projects are successful then those will be examples to be modeled after. Ms. Taylor reiterated that village zoning could be very successful in Portsmouth to help shift the costs toward commercial units. Mr. Kane replied to Chairman Ricci that the staff could provide solid recommendations for where workforce housing could be placed and what level of density would be necessary.

Councilor Dwyer thought the Committee should discuss the difference between the self-standing workforce units versus a mixed use concept. If mixed use is not viable because of land costs, then perhaps mixed use just needs to be looked at from a different approach.

Mr. Witham wondered what kind of private partnerships are available that could help to open new opportunities in a creative manner that will alleviate the land costs.

Mr. Kane felt that a basic misunderstanding of affordable housing often leads to the opinion that it is undesirable. There is a perception that it serves undesirable people, but he felt that it attracts a certain demographic that is beneficial to communities.

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V. PUBLIC INPUT

Valerie Rochon, President, Greater Portsmouth Chamber of Commerce

Ms. Rochon noted there are businesses all over the City that are desperate for help. She highlighted three major considerations: 1) the current public transportation options are an issue, especially for J-1 Visa students; 2) density overlay districts should provide more green space; 3) tort reform may be in order since a great amount of public input is made available during the policy and decision making process.

Brian Murphy, Founder, Manypenny Murphy Architecture

Mr. Murphy thought that removing the reference to ‘NIMBYism’ from conversations will help to change the dynamic of this topic since that term is used by a small population of the community. He suggested that when determining how many affordable units are desired, to keep sight of placement gain and community building. Also, he hoped that several policies, the Master Plan, conversations, and any potential affordable housing projects should consider preparation for climate change.

George Reagan, New Hampshire Housing Finance Authority

Mr. Reagan mentioned the Workforce Housing Coalition of the Greater Seacoast of New Hampshire is a helpful resource to provide insight for who the target market is for affordable housing. The tax credit program can be a challenge with mixed use developments. The use of density should be a leverage or starting point for determination versus simply allowing for density. Understanding that aspect first will

help to provide a good sense of what the land and building costs would be. He emphasized that it is also important to understand the broad range of income levels in the target population for workforce housing.

Dan Rawling, Portsmouth Historic District Commission Member

Mr. Rawling highlighted the importance of place making and community building in areas that may need zoning changes. In the past, there have been single use zoning that have made areas almost entirely automobile dependent and isolated from community interaction. One critical piece in identifying livability is the amount of community integration and accessibility to services or recreation. Previously, he submitted a list of compact connected community centers as part of the village planning concept, which identifies important issues that should be incorporated into future development.

William Wagner, 11 Taft Road

Mr. Wagner stated he was involved in the early transitions at Pease. He explained that it was determined to have no residential in the area in order to promote a large tax base in hopes that the rest of the community would support the housing needs. The growth at Pease has been extremely positive and he hoped that both the economic benefits and housing demand that the growth has inflicted would be incorporated into the proposed charge.

Mr. Witham questioned why the large spaces between lots on the Pease Tradeport cannot house residential spaces. Mr. Wagner concurred with that notion, but explained the history of how the decision was made to keep the area non-residential. Councilor Dwyer noted that several years ago the previous Housing Committee had a great deal of discussion with the PDA on that matter and it is worth continuing that dialog again. The impact and connection between the City and Pease Tradeport is evident. Mr. Wagner recommended that the Committee approach the PDA initially with their research and objectives, rather than begin with negotiating. Mr. Witham understood why the PDA decided to exclude residential options in the area, but he felt that eventually the growth will be constrained by the housing availability. Mr. Wagner emphasized that if the City were to present concrete direction, the negotiations with the PDA would then be more effective because over the past three decades there have been minimal issues between the City and the PDA. Mr. Taintor wondered if that the proposed recommendations could go further in considering Pease as part of the solution by suggesting infill or mixed uses in those commercial areas, such as the Manchester Square. Mr. Wagner felt that there is still a priority for the PDA to strengthen the commercial use before residential. However, he felt that the PDA should not be part of the planning process, but rather presented with a recommendation indicating what the City wishes to achieve and provide.

The Committee reached consensus to have two additional meetings. The first would focus on a thorough discussion of the draft recommendations and the second meeting would be a final confirmation of those discussions.

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NEXT MEETING – OCTOBER 3, 2016 AT 8:30 A.M.
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VI. ADJOURNMENT

The Housing Committee meeting of September 12, 2016 adjourned at 10:26 a.m.

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Respectfully submitted,

Marissa Day
Acting Secretary for the Housing Committee