

**MINUTES  
OF**

**PLANNING BOARD  
WORK SESSION**

**PORTSMOUTH, NEW HAMPSHIRE**

**CITY HALL, MUNICIPAL COMPLEX, 1 JUNKINS AVENUE**

**7:00 P.M.**

**SEPTEMBER 24, 2015**

**MEMBERS PRESENT:** Elizabeth Moreau, Vice Chairman; Jack Thorsen, City Council Representative, David Allen, Deputy City Manager; William Gladhill; Colby Gamester, Michael Barker

**MEMBERS EXCUSED:** John Ricci, Chairman, Robert Marsilia, Building Inspector, Jay Leduc

**ALSO PRESENT:** Rick Taintor, Planning Director and Jessa Berna, Associate Planner

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**I. AFFORDABLE HOUSING WITH NEW HAMPSHIRE HOUSING AND THE  
WORKFORCE HOUSING COALITION**

Mr. Taintor welcomed and introduced George Reagan and Ben Frost from New Hampshire Housing and Robin Comstock from the Workforce Housing Coalition.

Mr. Taintor stated that the Planning Board requested the work session this evening to learn what measures it could take to support and create affordable housing in Portsmouth. The Planning Board would like to learn more about what level of incentive would work to make affordable housing attractive to developers in Portsmouth. He stated that the City has done certain things over the years to achieve affordable housing. In 2007, the City adopted a residential density incentive to allow a density bonus in return for a certain number of affordable units. The ordinance (in GRA and GRB) has never been used. There was also a project where the City was considering a 10% affordability for Workforce Housing in a development in exchange for exempting the developer from other requirements around the length and height of buildings, parking and relaxing the site development regulations. There was a housing trust fund created in 2006, although it has never been funded. It is a mechanism for the City to be able to underwrite the development of affordable housing. There is also the first time homebuyers program. This program gives out a couple of grants/year to first time buyers. There were no grants given in the last year. However, this may be due to the rise in the cost of housing. In addition, the City has donated land such as The Cottage and the Lafayette School for construction of housing.

George Reagan, Administrator for the Housing Awareness Program at New Hampshire Housing, Ben Frost, Director of Legal and Public Affairs, and Robin Comstock, Executive Director for the Workforce Housing Coalition of the Greater Seacoast were present to speak about the subject of affordable housing. Mr. Reagan stated that they handle housing issues in New Hampshire. However,

they do not oversee local housing authorities. They finance the development of multi-family construction and they have their own home ownership division to help people obtain homeownership through a variety of programs. They also manage the housing choice voucher program, and the tax credit properties to ensure they are in good shape. They provide data, research, education and advocacy as well.

Mr. Reagan stated that although it is not new, there is a state statute to provide guidance around affordability. One of the guidelines is that no more than 30% of an individual's (or family) income should go towards housing costs.

*Slide: Workforce vs. Affordable Housing – Definitions*

The definition of affordable housing is the ability to pay based on price and income (targeting is important). There are many definitions, depending on the source of funding

- Owners: Making up to 100% area median incomes
- Renters: Making up to 60% area median income

*Slide: 2015 affordability – Ownership*

100% of area median income (family of 4) \$86,100  
Affordable purchase price is \$289,000

80% of area median income (family of 4) \$68,880  
Affordable Purchase Price is \$231,200

60% of area median income (Family of 3) \$46,490  
Affordable rent \$1,160

Mr. Reagan stated that these numbers represent the Portsmouth/Rochester area.

Mr. Taintor stated that when looking at 100% of median income, aiming for \$289,000 as the target price would only allow very few people to afford and qualify for housing. Looking at a price lower than that would allow for a larger pool of potential occupants.

Mr. Gamester inquired as to whether there was any breakdown for age brackets in the numbers presented.

Mr. Reagan stated that he doesn't have that information, but they can obtain the numbers.

Mr. Frost stated that the Director of Housing Research has that information.

Mr. Gladhill inquired about why Portsmouth and Rochester are included in the same area. This area is really a spectrum. The numbers discussed seem to fit Rochester better than Portsmouth. He stated that he could understand the way it was divided if the lines were drawn in the 1960's or 1970's.

Mr. Frost stated that he doesn't know exactly when the lines were drawn and they do change over time. What HUD has attempted to do is to divide the state up into logical economic areas. Within the "Fair Market Housing Rent Areas", wealthier as well as areas that are not as wealthy will be found in the same general area. The numbers may seem skewed, but they are representative of a larger economic area. Manchester is grouped with Bedford. They are next to each other, but are worlds apart.

Mr. Regan stated that the bottom line is whether a home can be rented or bought in an area.

Mr. Gladhill stated that someone working in a restaurant in Rochester may make the same as a person working in a restaurant in Portsmouth, but the home and rental prices are vastly different. He didn't feel that the numbers or the formula used were very realistic.

Mr. Regan stated that a community represents more than just numbers and the numbers can change, but a range of community members, even those that are not there yet, are taken into consideration. It is somewhat about potential too.

Mr. Barker wondered if there was a problem that needs to be fixed. He stated that he doesn't want to be argumentative, but he doesn't see a problem. He lives in downtown and everything is fine on his street. He would like to see facts about affordable housing in Portsmouth. In the City, we hear that more is needed, but how do we really know that. It would be helpful to hear from developers about needed incentives.

Mr. Regan stated that what Mr. Barker is questioning helps to get to the nature of the issue. It is, in many cases, more qualitative than quantitative. Talking to the employer community may help. Asking them what they are experiencing in terms of recruitment and retention. The 603 Initiative is a great Portsmouth focused group involved in the plight of young professionals in the City.

Mr. Frost stated that there are ways to get to the answers to Mr. Barkers questions. However, they weren't asked to do that this evening so they didn't prepare such analysis. That is an analysis for the Planning Board to be doing, but the information is available.

Mr. Frost stated that when the workforce housing law was enacted, municipalities were struggling with how to implement it. So they created the Workforce Guide to Meeting the Challenge to answer the questions of whether communities are providing their fair share of the nation's needs. The question at hand is whether Portsmouth is providing what the region needs in terms of affordable housing. That is the legal task for the statute.

Ms. Comstock stated that she understands why Mr. Barker was asking the questions he was and that they are the right questions even though it may not be part of the discussion this evening. She doesn't want the discussion this evening, because it was not focused on the issues that Mr. Barker was presenting, to be minimized. It was an important discussion to be having.

Mr. Barker stated that the Planning Board needs more information with regard to affordable housing in order to make an informed decision. More than half of the residents of the town rent. That means that it is harder to buy in Portsmouth than it should be.

Mr. Taintor stated that there were four questions that need to be answered.

- 1) (Current Residents) Are Portsmouth residents paying too much? Some of this is available in the census data of people that are paying more than 30% of their income for housing. This information is in the existing conditions report in the housing section.
- 2) (Potential Portsmouth Residents) Do Portsmouth businesses need to have more affordable housing in Portsmouth in order to hire potential residents?
- 3) Is the City providing its share of affordable regional housing?
- 4) Are there areas within Portsmouth of affordability (like Market Square) that need attention?

He stated that it might be futile to get affordable housing in the new housing developments in downtown Portsmouth because of market economics. There is the question of affordable housing for people that live (or want to live) in Portsmouth and affordability for businesses.

Ms. Comstock stated that she hopes that they can work with Portsmouth to provide more of the answers they are looking for.

Mr. Gladhill stated that Portsmouth no longer has the land it used to have. Elwyn Park and Maple Haven were Workforce Housing areas. Prices in those areas are no longer affordable as Workforce Housing. Workers of the Naval Shipyard (where he works) used to live in Portsmouth. Now they live in Biddeford, Sanford, Limington, etc. in order to get more affordable housing and have to commute 45minutes-1 hour to get what they used to get in Portsmouth. Perhaps the problem is not solvable.

Ms. Comstock stated that losing your resident base to other communities can create a social, economic and cultural unraveling of the community. These people are now supporting other communities. It is a complicated subject, but it is an important lens with which to view the matter.

Councilor Thorsen stated that he thought Portsmouth had met the statutory requirement, and if so, the discussion then was about obtaining more than that.

Mr. Taintor stated that there was a lot of housing at the lower end in Portsmouth (subsidized housing) and a lot at the upper end. The middle is what the City is missing. It is a different kind of housing need.

Mr. Frost stated that in some communities across the United States, municipalities can require affordable housing to be built. This is not so in New Hampshire. However, there are regulatory measures available including:

*Slide:* Inclusionary zoning:

RSA 674: 21 IV (a) “inclusionary zoning: land use control regulations which provide a voluntary incentive or benefit to induce the property owner to produce affordable housing units”

Developer incentives include:

Density bonuses (most common)

Reduced lot sizes, frontage, and other dimensions (less common in Portsmouth)expedited permit/application review (not practical in NH due to short 65-day review period)

Financial assistance  
Exemption from fees (esp. Impact Fees)  
Exemption from phasing or growth management ordinance.

Mr. Taintor stated that what is called inclusionary zoning in New Hampshire would be called incentive zoning in other states because inclusionary zoning in other states is, by law, mandatory.

Mr. Frost stated that he has seen many communities that have developed incentives for developers, but the process has created barriers, requirements and costs.

Mr. Reagan mentioned a publication, "Meeting the Workforce Housing Challenge" that he thought might be helpful. He will send the link for the publication to Mr. Taintor. The publication points out that there are a range of options available to answer the questions the Planning Board is asking. The bottom line, he stated, was to "follow the money".

Vice-Chairman Moreau inquired about requiring a percentage.

Mr. Taintor stated that there is no percentage that is required in New Hampshire.

Mr. Frost stated that the question is what will economically induce a developer to create affordable housing. The answer is that they have to make a profit. They may have to make more of a profit than if they were creating other types of housing.

Vice Chairman Moreau stated that with the pricing in Portsmouth that is hard to achieve.

Councilor Thorsen wondered whether there was any way to create ordinances that allow for workforce housing, but without an incentive structure. Building incentives into ordinances is going to lead to distortion. That was his biggest concern with the subject matter.

Mr. Frost stated that he felt Councilor Thorsen had a good grasp on the issue at hand. However, he questions one of Councilor Thorsen's assumptions and that is that the purpose of development is to gain tax revenue. What the purpose is of the regulations that distort the market may be the question. Zoning distorts the market. It is accepted because there must be a certain amount of control in how people use and develop their property. Regulation does distort the market and it is being used to achieve an end. The answer to whether or not to raise tax revenues, or provide affordable housing, is that the two can be balanced to some degree.

Councilor Thorsen stated that in talking about gaining tax revenue he was merely pointing out the effect of putting in incentives. He was wondering what can be done with ordinances in general to make it more possible to implement workforce housing without having an incentive structure built into it.

Mr. Barker stated that if more density is allowed in order to gain more affordable housing, it doesn't mean that higher density is a desired outcome. Incentives are the perfect tool to drive more affordable housing. Perhaps the question is whether more affordable housing is really needed in the City.

Mr. Frost stated that by reducing regulatory barriers (by allowing a wider range of options such as microhousing) more affordable housing can be achieved (potentially). Without an incentive, the ability to control the outcome is lost. Rent down the road may be an unknown for example. With incentives (and approval by the Board) rent increases can be controlled. If there is a need for more affordability, there must be measures in place to control it

Councilor Thorsen stated that liens should be discussed. The property should remain an affordable property in the long term. This could be achieved through a lien process.

Mr. Frost stated that there are several examples of liens. In order to ensure affordability over time, there must be some enforceable means (such as a lien, covenant or deed restriction) of control. The income of the people renting or buying the units can be controlled in this manner.

Councilor Thorsen stated that if he understood the calculation for a lien, it is the difference between the fair market value and the price for which it is sold; that difference becomes a lien.

Mr. Frost stated that this is one way to calculate a lien.

Vice-Chairman Moreau stated that deed restrictions can be put in place.

Mr. Taintor stated that the key that the Board is looking for was in the next slide.

*Slide: Inclusionary Zoning Bonuses:*

Housing Type, Set Aside, Density Bonus, minimum Site/Frontage Reduction

Inclusionary Zoning Requirements:

- 1) Compatibility of type (make affordable units indistinguishable from the others)
- 2) Intersperse affordable units throughout the development (developers tend to want to group affordable units together)
- 3) Control project phasing (don't allow all market rate units to be built before the affordable ones)
- 4) Long term deed restrictions (control long-term affordability)

Inclusionary Zoning Examples in NH:

- 1) Londonderry
- 2) Exeter
- 3) Bedford
- 4) Amherst
- 5) Rye

Mr. Frost went through slides of affordable housing examples in the towns of Londonderry, Exeter, Bedford, Amherst and Rye, and talked about the pros and cons of the approaches each town took.

Mr. Barker wondered if there has to be a certain size (unit) with workforce housing.

Mr. Frost stated that in a development, at least half the units have to have 2 bedroom units, but there is no square footage requirement.

Mr. Frost encouraged thinking of it as the zoning ordinance for the City is what the City is asking of developers.

Mr. Barker inquired as to whether developers could build a 400s.f. unit in downtown.

Vice-Chairman Moreau stated that there it is a per unit dwelling amount, but not downtown.

Mr. Taintor stated that a microunit was defined for the purpose of requiring less parking.

Mr. Barker asked hypothetically, if parking in the downtown was eliminated, what would happen. He stated that this may be the incentive to consider.

Mr. Taintor stated that parking is a huge cost for development.

Mr. Barker stated that a parking area/structure is taxed at a higher rate than the building next to it.

Mr. Taintor stated that because there is a parking shortage in downtown and it is not desirable to exacerbate the problem. People that have no parking spaces have no places to park in a snow emergency except in the garages, which are usually full.

Mr. Taintor stated that if someone is going to build a market rate unit downtown, they are going to build parking spaces to go with it.

Mr. Barker stated that the City is, in effect, forcing people to have parking. They may not want it, they may not have a car, but the City is requiring them to have parking. He wondered about something such as a valet service in Portsmouth. It could be a good service.

Mr. Frost stated that this could be a new developer incentive.

Mr. Taintor stated that the City is requiring half a unit parking for microunits and 1 ½ for regular units.

Mr. Barker stated that requirement is a lot; he wondered about not requiring any parking.

Ms. Berna stated that in the downtown overlay district, 8 microunits with no parking is allowed. There are instances where no parking is required.

Ms. Comstock stated that this discussion fits Manhattan, where most people don't have cars.

Mr. Taintor wondered whether the size of the unit could be regulated. There are no limitations so the market is pushing the units to be larger and larger. That must be controlled in Portsmouth.

Vice-Chairman Moreau stated that people want affordable housing, but they don't want to give up (density, parking) what must be given up in order to get it. That is what must be balanced.

Mr. Frost stated that the question was asked as to whether size of the units could be regulated/limited. Amherst has, as a condition of approval, the units cannot be more than 1,300s.f. of heated floor space. That has essentially capped the market value of properties. The Amherst area (included in the Nashua area) is the most expensive housing area of the state. The size of the housing has limited its value and the units are (even though the units are over \$200,000 in price) considered affordable for that area.

*Slide: Sources of Financial Support:*

- 1) Payments in lieu of providing affordable units (strong track record nationally, little experience in New Hampshire). More density is allowed in exchange for providing more affordable units, or you pay for it. The City then has the money to install affordable housing somewhere in the City, or provide that in lieu of payment to a developer willing to build affordable housing.
- 2) Local Housing Trust Fund
- 3) Housing Revolving Fund RSA 31:95 h (d) (affordable housing and facilitating transactions
- 4) Provisions of municipality-owned property

*Slide: Other Resources:*

- 1) Municipal Housing Commissions – RSA 674:44-h
- 2) Workforce Housing Coalition of the Greater Seacoast
- 3) New Hampshire Housing
  - a) Meeting the Workforce Housing Challenging
  - b) Housing Solutions for New Hampshire

Mr. Taintor stated that one of the key challenges in Portsmouth is the lack of developable land. Even allowing a high density by itself does not allow for affordability.

Mr. Frost stated that they have a tremendous amount of housing data on the website and more available in office. They are available to be a resource for the Planning Board.

Mr. Taintor thanked Ms. Comstock, Mr. Reagan and Mr. Frost for attending and sharing their wisdom.

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**III. ADJOURNMENT**

A motion to adjourn at 8:59 pm was made and seconded and passed unanimously.  
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Respectfully Submitted,

Toni McLellan  
Acting Secretary for the Planning Board

These minutes were approved at the October 15, 2015 Planning Board Meeting.