



## **AGENDA**

**City of Portsmouth  
Housing Blue Ribbon Committee  
Conference Room A\*  
August 14, 2025  
5:30 p.m. – 7:00 pm**

- I. Roll Call
- II. Approval of Minutes – June 12, 2025
- III. Housing Trust Fund and request from Arts and Culture Committee
- IV. Sherburne Update
- V. Low Interest Housing Loan Fund
- VI. RKG follow up
- VII. Future meeting topics: parking minimums as a constraint to housing
- VIII. Public Comment

**Packet:**

- Sherburne Lease Option agreement with PHA: [Legal-25040718460](https://www.seacoastonline.com/story/news/state/2025/07/09/nh-private-funding-model-affordable-housing/84502171007/)
- Article provided by Committee Member O’Leary:  
<https://www.seacoastonline.com/story/news/state/2025/07/09/nh-private-funding-model-affordable-housing/84502171007/>
- Fast Track Housing Potential by Gerry Duffy
- Evernorth Housing Loan Fund prospectus for Upper Valley

*\*Members of the public also have the option to join this meeting over Zoom. Please register in advance for this Zoom meeting:*



Register in advance for this meeting:

[https://us06web.zoom.us/webinar/register/WN\\_C31oHSqFQ9ivUsVRGPmFeQ](https://us06web.zoom.us/webinar/register/WN_C31oHSqFQ9ivUsVRGPmFeQ)

After registering, you will receive a confirmation email containing information about joining the meeting.

City of Portsmouth  
Housing Blue Ribbon Committee  
City Hall Conference Room A

**MEETING MINUTES**

**June 12, 2025**

For the Zoom recording: [https://www.youtube.com/live/JE4pn2Xvq\\_s?si=eIJqnYbS420EzjjE](https://www.youtube.com/live/JE4pn2Xvq_s?si=eIJqnYbS420EzjjE)

Meeting Called to Order at 5:30 pm.

I. Roll Call

Attending: Councilor John Tabor, co-chair; Tracy Kozak, Dagan Migirditch, Jennifer Stebbins Thomas, Erik Anderson, Mary Loane, John O’Leary, Andrew Samonas. By zoom: Assistant Mayor Joanna Kelley. Planning and Sustainability Dept. Peter Stith. Absent: Councilor Beth Moreau, Megan Corsetti, Byron Matto.

- II. Minutes for March 13, 2025; April 10, 2025 and May 8, 2025 approved on a motion by Jim O’Leary seconded by Andrew Samonas.
- III. Available City property for housing. The lower lot at City Hall is the remaining option of the original list; but the prospective GNOD housing development takes priority.
- IV. Report to City Council on Zoning Barriers – short and long-term
  - a. Make parking for projects with 3+ units part of site review by Planning Board (provides more flexibility and streamlines process).
  - b. As a majority of housing in various districts is non-conforming, review dimensional requirements in single-family-zoned areas. Master Plan review.
  - c. Review map changes for 15 possible industrial/commercial that might follow the GNOD example.
  - d. RKG study – public meeting
  - e. Consider zoning options to convert large single family into multi-family
  - f. Review wetlands and wetlands buffer requirements without changing ordinances.

Developer interviews: Mark Stebbins, Eric Chinburg, Tom Balon

- Parking
- Micro units 600 sf or 300 sf
- 3<sup>rd</sup> parking garage
- Housing loan pool (with Housing Trust Fund base), following Upper Valley example. Councilor Cook and Councilor Tabor will explore with local banks. Also look at NH Bankers Association.
- Land is precious use wisely. Height restriction limits not downtown but gateways. Economics work at 8-10 stories with steel construction and elevators

V. Public Comment

- a. Bill Bowen – we need better use of what we have.
- b. Jim Smalley – remove nuisance zoning restrictions

Adjourn on a motion by John O’Leary, seconded by Andrew Samonas, at 6:50 pm.

Next meeting: Public Information Meeting with RKG on July 10 at 5:30 pm in Council Chambers.

DRAFT

**OPTION TO GROUND LEASE  
35 SHERBURNE ROAD, PORTSMOUTH, NH  
FOR THE DEVELOPMENT OF BELOW MARKET RATE HOUSING**

This Option to Ground Lease 35 Sherburne Road, Portsmouth NH for the Development of Below Market Rate Housing at ("Agreement") is made this 4<sup>th</sup> day of ~~March~~, 2025, by and among the following parties:

City of Portsmouth, New Hampshire, a municipal corporation having its principal place of business at One Junkins Avenue, Portsmouth, NH 03801 (the "City");

Portsmouth Housing Authority, a New Hampshire public housing authority, with a principal place of business at 245 Middle Street, Portsmouth, NH 03833 ("PHA"); and

PHA Housing Development LTD, PHA's affiliated New Hampshire non-profit corporation, with a principal place of business at 245 Middle Street, Portsmouth, NH 03833 ("PHAD" and together with PHA, "Portsmouth Housing" and collectively with the City, the "Parties").

**RECITALS**

A. Enhancing the supply of housing choices, especially the supply of below market rate housing options, tops the list of the Portsmouth City Council's goals for 2024-2025 ("City's Goal").

B. In furtherance of the City's Goal and in accordance with its Master Plan (Portsmouth Master Plan 2005), the City's Housing Blue Ribbon Committee recommended that the City Council support the creation of below market rate housing at municipally owned property having an address of 35 Sherburne Road, a site comprised of an approximately 5.3-acre parcel known as City of Portsmouth Tax Assessor Map 259 Lot 10 that is serviced by public water and sewer, and includes, among other attributes, an existing structure, the vacant Sherburne School (the "Property").

C. The City Council voted unanimously to commence the exploration of the creation of below market rate housing at the Property at their April 15, 2024, meeting.

D. The City initiated a process beginning with seeking Letters of Interest and Statements of Qualifications on May 15, 2024, and subsequently, a Request for Proposal (RFP) from pre-qualified housing development teams for the development of the Property on October 9, 2024.

E. The City Council and the Housing Blue Ribbon Committee submitted written questions to the City Manager, and City staff provided the written questions to the two top-ranked firms, including PHA, and the two top-ranked firms submitted written responses which, in addition to the City Council's and the Housing Blue Ribbon Committee's questions, were

subsumed and made part of the City Council agenda packet for the December 2, 2024, City Council meeting.

F. After hearing from the two top-ranked firms and from the public, and after consideration of all written materials submitted during the process, the City Council voted at a December 9, 2024, Special City Council meeting 8-1 in favor of having the City Manager enter a contract with PHA for the creation of below market rate housing at 35 Sherburne Road (the “Purpose”).

G. Portsmouth Housing has demonstrated the management and financial capacity to develop, own and operate high quality below market rate housing, and has agreed to invest its internal staff and its financial resources to fulfil the Purpose (the “Project”).

H. The Parties desire to fulfil the Purpose in good faith and in a manner substantially consistent with plans outlined in PHA’s response to the City’s RFP (“PHA’s Proposal”) as contemplated and understood by the City Council when it cast its December 9, 2024 vote and as further clarified and detailed in PHA’s presentations at the January 30, 2025, “charette” and repeated at the February 1, 2025, “charette,” and the shared results of those “charettes” presented on February 6, 2025, (collectively “the Charette Presentations”).

I. The City Council voted on February 18, 2025, to waive all permit fees for Portsmouth Housing’s development of the Property and voted to establish a certain Land Use Approval Process, as defined herein.

J. The Parties recognize and agree that, so as not to frustrate the Purpose, there are certain conditions precedent to the signing of a long-term ground lease.

K. The Parties recognize the need for flexibility in the scope and timing of the Project, as may be impacted by the Financing (defined below), while concurrently committing to pursue the Purpose at the Property with due diligence, appropriate attention, and deliberate speed in adherence to the conditions precedent as outlined below.

**NOW, THEREFORE**, in reliance on the above recitals and in consideration of the mutual promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

## **1. Option**

- 1.1 Grant of Option. Subject to the terms, covenants and conditions in this Agreement, the City hereby grants to Portsmouth Housing (or either PHA or PHAD) the exclusive option to enter a long-term ground lease for the Property for the Purpose of developing the Project (the “Option”). During the Option Term (below defined), the City will not grant any third party a present or future interest in the Property unless otherwise mutually agreed to by the Parties.

- 1.2 Term of the Ground Lease and Consideration. The term of the ground lease will be at least sixty-five (65) years, and the consideration for the conveyance is the development and operation of the Project for the Purpose.
- 1.3 Exercise. Unless this Agreement is earlier terminated, Portsmouth Housing may exercise this Option by written notice to City, but in no event sooner than the completion of an environmental review pursuant to 24 C.F.R. 58 and any other applicable federal or state agency environmental review regulations (collectively, “Environmental Review”), receipt of a Finding of No Significant Impact (FONSI) and having satisfied the additional conditions precedent described in this Agreement. Portsmouth Housing also may not exercise this Option prior to receipt of Land Use Approvals granted pursuant to the Land Use Approval Process, as defined herein, and not prior to their submission of an application to the New Hampshire Housing Finance Authority for Low Income Housing Tax Credits.
- 1.4 Option Period. Unless sooner terminated or extended pursuant to the terms of this Agreement, and except as provided in paragraph 1.5, the Option shall expire no later than on December 31, 2027(“Option Period”).
- 1.5 Extension of Option Period. The Option Period may be extended for an additional one-year period for good cause shown to the City Manager by Portsmouth Housing. The City Manager, on behalf of the City, shall not unreasonably withhold agreement to a one-year extension to the Option Period.

## **2. Responsibilities of Portsmouth Housing during Option Period**

- 2.1 Due Diligence. Portsmouth Housing shall conduct such due diligence as it deems necessary to determine whether to exercise the Option.
- 2.2 Physical Inspection. Portsmouth Housing shall complete any and all assessments, studies, surveys, and research at its sole cost and expense as it deems necessary or appropriate, (including, but not limited to environmental site assessments, including soil and groundwater testing and subsurface explorations), real estate title reviews, boundary surveys, building and property inspections, flood zone reviews and certifications, reviews of all applicable governmental regulations and ordinances, geotechnical studies, parking and traffic studies, noise overlay studies, as well as reviews to determine the adequacy of public and private utilities serving the Property. If Portsmouth Housing shall discover or determine prior to the expiration of the Option Period that it is not satisfied in any way with the status of the Property or the results of any of its due diligence or inspections, Portsmouth Housing shall have right to terminate this Agreement by written notice delivered to the City, and the Parties shall thereafter be released from any further obligations hereunder. In the event that Portsmouth Housing’s due diligence reveals any condition that in its judgment requires disclosure to any governmental agency or authority, it shall immediately notify the City and may

disclose matters concerning the Property to a governmental authority if, in the opinion of its legal counsel, it is required by law to make such disclosure.

- 2.3 **Title.** During the Option Period, Portsmouth Housing shall perform a title examination of the Property at its sole cost and expense and may conduct a survey, to satisfy itself that title to the Property is good, marketable and insurable, and not otherwise subject to any liens, encumbrances, covenants or other restrictions which would prevent Portsmouth Housing from using the Property for the Project. In the event that the title to the Property is not good, marketable and insurable, or is otherwise subject to any other condition that would impair the Project ("Title Defects"), it shall notify the City, and the City shall be provided a reasonable period of time, no less than ninety (90) days following written notice from Portsmouth Housing ("Title Objections"), within which to resolve such title defects. Any Title Objections shall be delivered to the City on or prior to the expiration of the Option Period. In the event that the City is unable or otherwise unwilling to provide good, marketable and insurable title, or to remove the Title Defects within the ninety (90) day period, Portsmouth Housing, at its sole option, may proceed with any of the following options: (i) afford the City additional time to cure said title defects; (ii) terminate this Option; (iii) negotiate a mutually agreeable solution; or (iv) proceed with the Project, notwithstanding the Title Objections.
- 2.4 **Timetable for Financing Submissions.** Within sixty (60) days of the date of this Agreement, Portsmouth Housing shall deliver to the City Manager for review and acceptance a timetable containing milestones for submission of applications for public and private capital to enable development of the Project ("Financing"). Such timetable shall include milestones for the submission of both preliminary and final application for Low Income Housing Tax Credits by the deadline imposed by New Hampshire Housing Finance Authority for 2025 applications. The Parties acknowledge and agree that the proposed timetable may be affected by the requirements and conditions of third parties, beyond the control of Portsmouth Housing. Portsmouth Housing agrees to keep the City Manager updated on any such modifications to the timetable.
- 2.5 **Reports to the City.** PHA shall provide monthly progress reports to the City Manager or her representative for the duration of this Agreement.

### **3. Responsibilities of the City During Option Period**

- 3.1 **Existing Information.** The City shall make available to Portsmouth Housing, to the extent not already provided, any existing building plans, inspection records, environmental or soil reports or data, or other information relative to the Property and its uses in its possession or reasonably accessible to it.



- 3.2 Right of Entry. The City shall continue to cooperate with Portsmouth Housing to provide access to the site and building in accordance with the Executed Right of Entry between PHA and the City, dated February 4, 2025, **Attachment A.**
- 3.3 Public Meetings. The City shall work with Portsmouth Housing to facilitate any public meetings necessary to the Project and the Land Use Approval Process.
- 3.4 Designation of a Representative and Cooperation. The City shall provide Portsmouth Housing with a single point of contact who shall be responsible for coordinating assistance including: (i) providing access to the Property; (ii) providing Project-related documentation, and any other information reasonably requested; (iii) assisting with public meetings; and (iv) ensuring timely City review and comment on any Project-related deliverables, as may be reasonably requested by Portsmouth Housing, in connection with the Land Use Approval Process or otherwise.
- 3.5 Land Use Board Recommendations. The City will provide guidance and non-monetary assistance to Portsmouth Housing regarding the submission of its site plan application.
- 3.6 Maintenance of Insurance. The City shall bear the risk of any loss to the Property prior to the execution and consummation of the Ground Lease. The City shall maintain casualty and liability insurance upon the Property as currently insured and provide Portsmouth Housing with evidence of same within ten (10) business days of the Effective Date.

#### **4. Progress Milestones**

4.1 Milestones for Obtaining Land Use Recommendations. Portsmouth Housing shall follow the Land Use Approval process established by vote of the City Council on February 18, 2025, and as further defined in that certain Land Use Compliance Agreement by and between the Parties of near or even date herewith (the “Land Use Approval Process”).

#### **5. Approvals**

- 5.1 City Manager Approval. The City Manager’s approval of the Project plans which will be incorporated into the Ground Lease shall be a condition precedent to the exercise of the Option (the “Approval”). Provided that the Project plans are substantially consistent with those submitted and recommended pursuant to the Land Use Approval Process, the Approval shall not be unreasonably withheld, conditioned, or delayed. Portsmouth Housing will promptly notify the City Manager of any material change to any Project plans previously approved, whether necessitated by Financing or other conditions.

- 5.2 Other Approvals. The exercise of the Option is expressly conditioned upon Portsmouth Housing receiving, together with the expiration of any appeals period(s), any and all federal, state or local approvals, licenses, permits, zoning changes, variances, special exceptions, site plans, subdivisions, agreements or consents necessary from any state, federal or local official, regulatory authority, or other agency having jurisdiction over the Property in any manner or configuration, and with any required off-site improvements and impact fee requirements acceptable to Portsmouth Housing as well as any other applicable legal or regulatory requirements (collectively, the "Approvals") relative to the Project.

## **6. Breach and Opportunity to Cure**

- 6.1 **Breach of Agreement:** If any Party (the "Breaching Party") fails to perform or observe any material term or condition, including without limitation the achievement of any milestone, of this Agreement, the other party (the "Non-Breaching Party") may provide written notice to the Breaching Party specifying the nature of the breach.
- 6.2 **Opportunity to Cure:** Upon receipt of such notice, the Breaching Party shall have thirty (30) days or such other mutually agreed time to cure the breach to the reasonable satisfaction of the Non-Breaching Party.
- 6.3 **Failure to Cure:** If the Breaching Party fails to cure the breach within the specified thirty (30) day period, or such other reasonable time as agreed by the Parties, the Non-Breaching Party may terminate this Agreement immediately upon written notice to the Breaching Party.
- 6.4 **Effect of Termination:** Upon termination of this Agreement, all rights and obligations of the Parties shall cease, except for those rights and obligations that expressly survive termination as set forth in this Agreement.

## **7. Ground Lease and Closing**

- 7.1 Closing Documents. Upon the exercise by Portsmouth Housing of the Option, to the extent applicable and if requested to do, the City shall work with Portsmouth Housing to prepare and deliver customary Ground Lease documents including a long-term ground lease, consistent with the terms herein and mutually acceptable to the Parties, and any and all other transfer documents, and affidavits (in customary form) as may be required by Portsmouth Housing's title insurance company, and Financing parties. Counsel for the City shall have the opportunity to review and comment on the affidavits and such other documents. Any taxes applicable to the Ground Lease will be prorated between the Parties as is customary in the State of New Hampshire.

- 7.2 Form of Ground Lease. The Ground Lease shall be in a form mutually agreeable to the Parties. However, the Ground Lease shall provide for rent of \$1.00 and include a right of reentry in favor of the City in the event Portsmouth Housing does not obtain a building permit for the Project by December 31, 2027, unless the Parties mutually agree to an extension.
- 7.3 Timing. The Parties agree to make reasonable efforts to complete the closing on the Ground Lease within ninety (90) days of the Exercise of the Option.
- 7.4 City Council. The form of the Ground Lease is subject to approval by the Portsmouth City Council.

## **8. Casualty and Condemnation.**

- 8.1 Entire Property. In the event that the entire Property is damaged by fire, flood or other casualty, or is subject to an eminent domain proceeding prior to the consummation of the Ground Lease, Portsmouth Housing at any time after the occurrence of such damage or casualty may elect to terminate this Agreement by written notice, in which event to compensate Portsmouth Housing for out of pocket expenses borne in connection with its work under this Agreement, the City will pay over to Portsmouth Housing a portion of the insurance proceeds received on account of casualty or any settlement amounts received through any eminent domain proceeding up to the amount of its out-of-pocket expenses plus 10%. Any remaining proceeds remain with the City. Thereafter, all other obligations of the Parties hereunder shall cease, and this Agreement shall thereupon be void and of no further force or effect.
- 8.2 Partial Property. In the event of a partial eminent domain or casualty (leaving suitable residual property for the Project) prior to consummation of the Ground Lease, Portsmouth Housing may choose to (i) proceed with the Ground Lease pertaining to the residual property and redesign its intended use of the Property to accommodate the Project; or (ii) terminate this Agreement by written notice, in which event, to compensate Portsmouth Housing for out of pocket expenses borne for its work on the Project, the City will pay over to Portsmouth Housing a portion of the insurance proceeds received on account of casualty or any settlement amounts received through any eminent domain proceeding up to the amount of its out-of-pocket expenses plus 10%. Thereafter, all other obligations of the Parties hereunder shall cease, and this Agreement shall thereupon be void and of no further force or effect.

## **9. Representations of the Parties**

- 9.1 City Representations. The City represents that: the Property's use for the described Purpose is permissible under the current applicable zoning ordinance;

the City is not aware of any clouds or defects in title; and the City Manager has authority pursuant to vote of the City Council on December 9, 2024, to enter into this Agreement and to extend the term of the Option as herein provided.

- 9.2 Portsmouth Housing Representations. Portsmouth Housing represents that: it will dedicate a development team, including an architect, civil engineer and other disciplines as may be required, to develop site plans to advance the Project; it will diligently pursue Financing for the Project; and has authority to pursue this Project by vote of its governing body.

## **10. Fees and Costs**

- 10.1 Waiver of Permit Fees. The City agrees to waive local land use, building and inspection permit fees related to the Portsmouth Housing's obligations under this Agreement and for the Project should the Option be exercised.
- 10.2 Costs. Each Party shall bear its own costs for any consultants engaged or other costs incurred to fulfill any part of this Agreement unless otherwise agreed in writing.

## **11. Cooperation**

- 11.1 The Parties shall cooperate with each other to perform this Agreement and to consummate the Ground Lease. Toward such end, the Parties shall take such further actions and execute such further documents as may reasonably be requested by either Party, or their representatives, agents, and consultants.
- 11.2 The City shall review all submissions timely, and any required approval shall not be unreasonably withheld.

## **12. Miscellaneous**

12.1 Ownership and Use of Materials. All materials produced by Portsmouth Housing, including, without limitation, plans, specifications, reports, manuals, pamphlets and articles, shall be the property of Portsmouth Housing, and shall appropriately designate Portsmouth Housing as the owner. Portsmouth Housing shall make copies of these materials available to the City.

12.2 Right to Assign. Portsmouth Housing shall have the right to assign the Option to a separate legal entity formed, controlled or sponsored by Portsmouth Housing for the purpose of the Financing.

12.3 Project Scope and Structure. Unless the Parties otherwise agree through the Project Approval Process, the Parties acknowledge and agree that Portsmouth Housing or its authorized assignee shall be in sole possession and control of the Property upon the consummation of the Ground Lease, and subject to applicable Approvals, shall be authorized to

structure the Project in any manner necessary to optimize Financing and the achievement of the Purpose.

12.4 Compliance with Laws. In connection with this Agreement, each of the Parties shall, and shall require all of their employees, contractors, and agents to, comply with all federal, state, and local laws, regulations, rules, ordinances and orders of any kind which are applicable to any performance under this Agreement.

12.5 Portsmouth Housing Liability. In no event shall Portsmouth Housing be held liable with respect to: (i) any contract between a third party and the City, whether relating to the subject matter of this Agreement or otherwise; (ii) any recommendations, proposals, suggestions, comments, or actions taken or omitted in connection with this Agreement; or (iii) any work performed by the City or by any contractor or consultant of the City.

12.6 Nature of Relationship. The Parties acknowledge that nothing herein shall create an agency relationship, partnership, joint venture, or other ownership relationship between Portsmouth Housing, any third-party contractor, or the City. Portsmouth Housing's participation in this Agreement in no way obligates any further action or financial assistance by Portsmouth Housing beyond the terms hereof. Furthermore, the Parties understand and agree that the ultimate feasibility of the Project is not guaranteed by Portsmouth Housing.

12.7 Notices. All notices shall be in writing and shall be deemed given when delivered by hand or when delivered via certified or registered first class mail, return receipt requested, or via overnight delivery with confirmation of process and shall be addressed as follows:

To Portsmouth Housing:

Portsmouth Housing Authority  
345 Middle Street  
Portsmouth, NH 03833

To City of Portsmouth:

City of Portsmouth, City Manager  
1 Junkins Avenue  
Portsmouth, NH 03801

12.8 Binding Effect; Successors and Assigns. The terms and provisions of this Agreement and the respective rights and obligations of the Parties hereunder shall be binding upon, and inure to the benefit of, their respective heirs, successors, assigns, and nominees.

12.9 Governing Law. This Agreement shall in all respects be governed by, and construed and enforced in accordance with, the laws of the State of New Hampshire.

12.10 Enforceability. Any provision of this Agreement that is determined to be illegal or unenforceable by a court of competent jurisdiction, shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof; and the Parties agree to negotiate in good faith to amend this Agreement to provide for each party to this Agreement the same relative rights and obligations existing prior to such determination of illegality or unenforceability.

12.11 Consent to Jurisdiction and Venue. The Parties submit to the jurisdiction of the courts of the State of New Hampshire and the courts from which an appeal from such trial venue may be taken or other relief may be sought for purposes of any action or proceeding arising out of this Agreement or any related agreement. Both Parties hereby waive their right to a jury trial.

12.12 No Waiver. Failure on the part of any Party to complain of any action or non-action on the part of the other Party, no matter how long the same may continue, shall not be deemed to be a waiver of any such Party's rights hereunder. No waiver at any time of any provision hereof by any Party shall be construed as a waiver of any other provision hereof or a waiver at any subsequent time of the same provision.

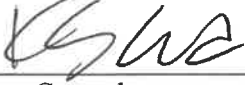
12.13 No Rights Conferred Upon Others. Except as expressly set out herein, nothing in this Agreement shall be construed as giving any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government, other than the Parties hereto, their successors and permitted assigns, any right, remedy or claim under or in respect of this Agreement or any provision hereof.

12.14 Entire Agreement; Amendments. This Agreement embodies the entire agreement and understanding between the Parties hereto relating to the subject matter herein and supersedes all prior MOUs, agreements and understandings between the Parties. This Agreement may not be changed, modified, waived, discharged or terminated orally, but only by an instrument in writing signed by each of the Parties hereto or by the Party against which enforcement is sought. Any change, modification or amendment, which requires the consent or approval of a governmental authority, shall be effective only upon receipt of such approval.

[Signature Pages follow]

The Parties have executed this Agreement on the Effective Date set forth above.

CITY OF PORTSMOUTH

By:   
Name: Karen Conard  
Title: City Manager

PHA HOUSING DEVELOPMENT LTD.

By:   
Name: Craig Welch  
Title: Executive Director

PORTSMOUTH HOUSING AUTHORITY

By:   
Name: Craig Welch  
Title: Executive Director

**ATTACHMENT A  
RIGHT OF ENTRY AGREEMENT**



# Upper Valley Workforce Housing Program

## Information Packet for Impact Investors

PRESENTED BY EVERNORTH, INC.

*The material provided herein is for informational purposes only. It is neither an offer to sell nor a solicitation of an offer to buy any securities. These materials are intended to describe how social impact investors can participate in the Upper Valley Workforce Housing Program. There are risks associated with social impact investments. Past investment performance, including impact, is not a guarantee or predictor of future investment performance or results.*

## Executive Summary

There is a critical housing shortage in the Upper Valley region of New Hampshire and Vermont where employers increasingly cite the lack of access to quality affordable housing as a key barrier to recruitment and retention of essential workers. According to a recent report by Vital Communities, a regional civic engagement organization, the Upper Valley needs 10,000 new homes by 2030 to meet demand.

Meeting the projected demand requires tripling the rate of housing production annually in the region – a task that calls for a range of strategies and participants working together to accelerate the pace of development. One such strategy has been identified through a regional Workforce Housing Initiative, led by a Steering Committee comprised of local business leaders. This Steering Committee has engaged Evernorth, a non-profit housing and community development organization serving northern New England, to develop and implement a program to increase the supply of affordable housing in the region.

The Upper Valley Workforce Housing Program will leverage Evernorth's experience as a multi-family housing developer, lender, and housing tax credit syndicator to identify opportunities to develop new housing and to acquire and preserve existing housing. The Upper Valley Loan Fund will offer low-cost, flexible financing for projects that advance the program objectives. Project financing will be conditioned on the developer's acceptance of deed restrictions that require leasing a portion of the apartments to lower income households at an affordable rent.

Members of the Steering Committee have set an initial capitalization target for the Loan Fund of \$10 million to be invested in producing and preserving affordable rental housing in the region. Contributions to the Loan Fund will be made as a loan from each investor which will carry a below-market interest rate of 1.5% for a term of 15 years. Investors will receive annual interest payments with all outstanding principal and interest due at maturity. Letters of interest totaling \$7,350,000 of potential investments in the Loan Fund have been received from six (6) local employers, including all the members of the Steering Committee. An additional \$2.65 million of capital is needed to reach the target and launch the Upper Valley Loan Fund.

A \$10 million fund at the concessionary terms described above will produce an estimated 260 additional rental homes in the region, of which 243 (94%) will be affordable to people earning between \$13 and \$25 per hour (below 80% of the area median income). The Loan Fund investments will leverage an estimated \$67 million of other public and private financing to accelerate the production and preservation of workforce housing.

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### UPPER VALLEY LOAN FUND

**\$10 MILLION**

INVESTOR CAPITAL

Interest Rate: 1.5%

Maturity: 15 years

RENTAL PRODUCTION

Units: 260

Affordable to:

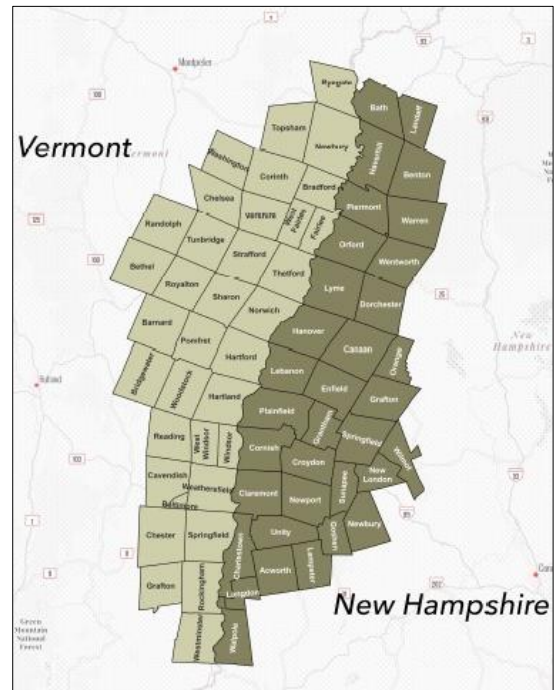
People earning

\$13 to \$25 hourly

# Workforce Housing Program

## Community Needs

The housing shortage has caused rents to rise faster than incomes, particularly for lower-income renters. The Upper Valley Workforce Housing Program will operate within the Vital Communities service area which encompasses 69 adjacent municipalities straddling the Connecticut River boundary between New Hampshire and Vermont. This area, depicted on the map at right, includes communities located in Grafton and Sullivan Counties in New Hampshire and Windsor and Orange Counties in Vermont. There are several economic hubs including the tri-city core of Hanover and Lebanon, New Hampshire and White River Junction, Vermont as well as the Lake Sunapee region, Greater Randolph, former industrial towns of the Route 11 Corridor to the south and Northeast Kingdom towns to the north. The Upper Valley Loan Fund will prioritize financing for projects located in proximity to employment, education, and services where the demand for workforce housing is great. Based on 2020 census data, more than 16,000 renter households in Grafton, Sullivan, Windsor, and Orange counties are considered housing cost burdened, defined as households paying more than 30% of income for housing costs. Cost burdened households often lack sufficient resources to cope with unexpected expenses, save for the future, and generally have fewer resources to meet other basic needs like health care, utilities, healthy food and transportation. The stress of living with this level of financial instability is linked to increased risks of numerous physical and mental health conditions. By investing in projects that increase access to safe, affordable housing near job centers, the Program will promote improved health of residents, environmental sustainability, and a sense of well-being linked to higher employee retention.



Please click below to visit the  
Keys to the Valley  
for a deeper look at the  
Upper Valley Housing Crisis.  
[www.keystothevalley.com](http://www.keystothevalley.com)

## Community Impact

The Upper Valley Loan Fund will help catalyze rental housing production in a segment of the market serving essential workers who are increasingly priced out of the existing and planned housing in the area.

## Rent Affordability Targets

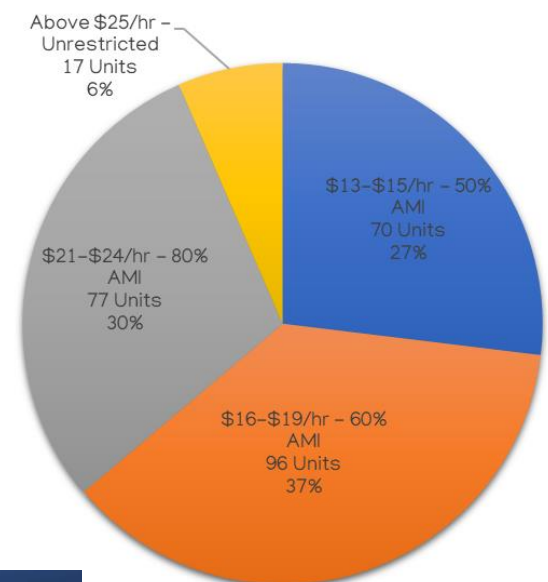
The allowable rents for restricted units will be substantially lower than the market rents in the area, ranging from \$300–1200 lower depending on the household income and unit size. The current market rent and rents considered affordable to households at the Loan Fund's targeted incomes for Windsor and Grafton Counties are listed on the table below. The rents for each targeted income level reflect what is affordable to households assuming 30% of income is available to pay for housing costs.

Affordable Rents at Targeted Income Levels					
		50% AMI	60% AMI	80% AMI	Market (No Target)
<b>1 Bedroom</b>	Grafton, NH	\$825	\$990	\$1,320	\$1,800
	Windsor, VT	\$739	\$887	\$1,182	\$1,500
	Sullivan, NH	\$800	\$960	\$1,280	\$1,280*
	Orange, VT	\$735	\$882	\$1,176	\$1,176*
<b>2 Bedroom</b>	Grafton, NH	\$990	\$1,188	\$1,585	\$2,200
	Windsor, VT	\$887	\$1,065	\$1,418	\$1,700
	Sullivan, NH	\$960	\$1,152	\$1,536	\$1,536*
	Orange, VT	\$881	\$1,057	\$1,410	\$1,410*

\*Due to the limited market data available for Sullivan and Orange County, a precise comparability analysis for market rents is not possible. However, based on the data available it is reasonable to estimate that market rents for these counties are at or below the 80% AMI limit.

## Housing Production Targets

The Loan Fund will leverage other private capital and public subsidies estimated at \$67 million to create and preserve rental housing that will include rent and income restricted units as well as some unrestricted market rate units. For targeted properties, up to 25% of units projected may be unrestricted while at least 75% of the units will be restricted to incomes at or below 80% of the area median. Given the sources of capital needed to achieve the affordable rents above, it is likely the units produced will be subject to permanent rent and income restrictions as a condition of receiving public subsidies. The table below shows the projected number of units to be made affordable and available to households at each income level with Loan Fund investments of \$10 million.



## Rental Homes by Income Level

\$10 Million Loan Fund

Current Wage Income*	% Area Median Income	# Of Units
\$13 to \$15 per hour	50% AMI	70
\$16 to \$18 per hour	60% AMI	96
\$21 to \$24 per hour	80% AMI	77
\$25 or more per hour	Over 80% AMI	17

TOTAL	260
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*\*These wage rates are based on the 2021 published income limits for federal housing subsidies in Grafton and Windsor Counties and are subject to change over time as new income limits are published annually.*

According to data maintained by Vital Communities, the current pipeline of housing development in the region consists of over 1,000 rental units either under construction, permitted or in the permit pipeline in the communities of Lebanon, Hartford, Hanover, and Claremont through 2023. Without any new interventions, only 230 of these 1,000 rental units in the pipeline will be available and affordable to households with incomes at or below 80% of the median income. The Loan Fund will double the number of rental units affordable and reserved for households earning less than \$25 per hour over a three-year period – taking it from 230 to 483. Sustained production of income targeted housing at this level is necessary to alleviate rent burdens on households earning less than 80% of the median income for the region.

## Investment Approach

### Administration and Fund Management

Evernorth will rely on its affiliated lending entity, Evernorth Loan Fund, Inc. to administer the Upper Valley Workforce Housing Program and Loan Fund Manager. Evernorth Loan Fund is a 501c3 nonprofit organization whose sole member is Evernorth. Evernorth Loan Fund is operated and staffed by Evernorth.

The Upper Valley Workforce Housing Program leverages Evernorth's expertise in real estate development, housing finance, and fund management to provide technical assistance to prospective housing developers and engage in cross-sector collaboration with regional anchor institutions and employers to develop and implement strategies that increase the supply of affordable workforce housing in the Upper Valley. The Upper Valley Loan Fund is a key program strategy adopted and led by the Steering Committee which has engaged Evernorth to implement the Loan Fund. The Fund Manager's role is to identify and assess prospective transactions to meet the target goals of the investment fund, to make and service loans, and to manage and report on the portfolio performance. A chart depicting the relationships between Evernorth and its affiliated entities is included as Appendix A.

Evernorth Loan Fund is governed by a Board of Directors drawn from the region with knowledge of the community development industry including lenders, investors, developers, policy makers and business leaders. The Board's role in the Upper Valley Loan Fund is primarily exercised through a Loan Committee which meets monthly or at other intervals deemed necessary for timely review of loan commitment recommendations. The Loan Committee receives reports prepared by staff which includes actions and recommendations of the Credit Committee, and project information and underwriting analysis necessary for consideration of proposed loans. The Loan Committee approves loans within its delegated authority levels and makes recommendations to the Board of Directors for actions where authority is reserved for the Board.

The Credit Committee is comprised of the following senior staff members: Co-Presidents, Chief Financial Officer, Vice President of Lending, and Vice President of Asset Management.



The Credit Committee approves loans within its delegated authority levels and makes recommendations to the Loan Committee for actions where authority is reserved for the Board. The governance of Evernorth Loan Fund, including the Delegation of Authority to the Staff Credit Committee and Board Loan Committee for loan approvals is described in the Lending Policies attached as Appendix B.

The Fund Manager may have various conflicts of interest with respect to its activities on behalf of the Lenders and its relationships with its Affiliates, including Affiliates of Evernorth. Some transactions in which Evernorth may be an investor, general partner or developer will seek loans from the Upper Valley Loan Fund. Transactions involving the purchase, development, investment, sale and management of Evernorth's housing activities will result in the realization by Evernorth of substantial fees, compensation and other income.

The extent and nature of these potential conflicts cannot be known or identified at this time. Evernorth and its affiliates maintain Conflict of Interest policies (attached as Appendix C) requiring that directors who have conflicting interests will disclose them and abstain from voting or other participation at the appropriate level, as their respective fiduciary obligations may require. It is also expected that neither Evernorth nor its staff, nor its affiliates, will take advantage of any conflicts of interest inherent in the Project selection and other services to be rendered by Evernorth or its Affiliates, but will perform their duties faithfully and objectively for the benefit of the Lenders, its Affiliates and the Loan Fund.

## **Investor Participation in the Loan Fund**

### **Investor Commitments**

Investors are invited to initiate their underwriting and review of the Loan Fund investment and provide a Commitment Letter to Evernorth no later than April 15, 2022 if they wish to participate in the Loan Fund. Evernorth will work with each investor to answer questions, provide additional due diligence items that may be needed to secure a funding commitment. Once a commitment has been secured, Evernorth will work with each investor to finalize the necessary legal agreements and close on the Loan Fund. A Form of Commitment is included as Appendix D.

### **Program Related Investment Agreements**

The following agreements provide the legal framework for implementation of the Loan Fund as follows:

#### **1. Loan and Security Agreement**

A Loan and Security Agreement will be executed between Evernorth Loan Fund, Inc. and each investor separately. The Loan and Security Agreement sets forth the terms and conditions for investor capital including the eligible uses of loan proceeds, the reporting to be provided by Evernorth Loan Fund to the investor, and the consequences for the failure to meet any terms and conditions of the loan. The Loan and Security Agreement includes as an exhibit a Form of Collateral Assignment of Loan Documents and states that with each advance under the Loan, Evernorth will complete a Schedule A containing the pertinent information identifying the Eligible Project Loans being pledged to investors. The Loan Agreement will be in a form substantially consistent with the Form of Loan and Security Agreement attached as Appendix E.

## 2. Promissory Note

A multiple advance Promissory Note will accompany each investor Program Related Loan Agreement and will be updated as each draw on investor capital is made by Evernorth. The Promissory Note is an explicit obligation to repay the borrowed funds and specifies the amount to be repaid, the interest rate, and the maturity. The Form of Promissory Note is included as Appendix F.

## 3. Master Loan Fund Investment Agreement

A Master Loan Fund Investment Agreement will be executed by Evernorth Loan Fund, Inc. and all the investors in the Loan Fund. This agreement sets forth the terms and conditions for coordination among all investors in the Loan Fund and Evernorth. The Form of Master Loan Fund Investment Agreement is attached as Appendix G.

## 4. Evernorth Guaranty

Evernorth will provide a payment Guaranty as credit enhancement for Evernorth Loan Fund, the borrower and Evernorth subsidiary. The form of Guaranty by Evernorth is attached as Appendix H.

## Investor Contributions to the Loan Fund

The premise for the Upper Valley Loan Fund is that patient low-cost capital with flexible terms is required to create incentives for developers to produce the type of housing needed. To provide financing to projects at low enough rates to incent developers to increase the affordability, the Loan Fund must attract even lower cost capital from investors motivated by the broader social and economic impacts of addressing the shortage of workforce housing.

## Terms of Investor Capital

Investors will lend capital to the Loan Fund for a 15-year period and generate an annual interest payment of 1.5% with all outstanding principal and interest due at a maturity of 15 years. Evernorth will provide a payment Guaranty and a pledge of Loan Fund assets to investors. During the term of the investment, investors will receive regular reporting on the performance of the portfolio of project loans made with Loan Fund capital and the financial condition of Evernorth.

A summary of the terms for Loan Fund investor capital is provided below.

Upper Valley Loan Fund Investment Summary	
Fund Capitalization	\$10 million
Interest Rate on Investor Capital	1.5%
Maturity of Investor Capital	15 Years
Repayment Terms	Annual interest-only during term with balloon at maturity
Loan Loss Reserves	3% of Loan Amount

Management Fee	No fee – fund management costs to be covered through interest spread on project investments capped at 2%
Deployment Period	Up to 3 Years
Security	Evernorth guarantee and pledge of loan fund assets

## Deployment and Repayment of Capital

Loan Fund capital will be deployed by Evernorth over a 2–3 year period after closing with investors. During the deployment period, Evernorth will select qualified housing projects for financing and call capital from investors during the deployment period in five (5) draws of \$2,000,000 each up to the amount of capital available. Evernorth will call funds from each investor on a pro-rata basis based on the percentage of the total funds committed by all investors in accordance with each funder's multiple advance Promissory Note. Interest will accrue beginning on the advance date and will be paid annually. Each advance will have a maturity date of 15 years from the date of advance by which all outstanding principal and interest is due to investors. The projected Advance and Repayment schedule is as follows:

Capital Advance & Repayment Schedule		
Advance Date	Amount	Maturity Date
12/1/2022	\$ 2,000,000	12/1/2037
6/1/2023	\$ 2,000,000	6/1/2038
12/1/2023	\$ 2,000,000	12/1/2038
6/1/2024	\$ 2,000,000	6/1/2039
12/1/2024	\$ 2,000,000	12/1/2039
<b>TOTAL</b>	<b>\$ 10,000,000</b>	

In the event of prepayment of any project loan, Evernorth may revolve the funds into additional qualified housing projects or may repay investors. There is no penalty for prepayment of investor funds.

## Uses of Loan Fund Capital

Investor contributions to the Loan Fund will be used by Evernorth to make loans to rental housing projects in the Upper Valley which advance the Upper Valley Workforce Housing Program objectives and which are consistent with Evernorth's charitable purpose.



## Project Selection

Responsibility for underwriting and project selection in accordance with terms of its agreements with investors rests with the Fund Manager who retains ownership of the underlying loan assets and is obligated for investor repayments without regard to performance of the individual project investments. Evernorth will evaluate each project for financial feasibility and community impact and financing commitments will be made in accordance with its board-approved Lending Policies, provided as Appendix B. Evernorth's Lending Policies describe the loan underwriting criteria, due diligence, and approval process to be followed in committing Loan Fund capital. The loan approval policies provide for oversight by a Credit Committee of Evernorth's senior management, a Loan Committee of Evernorth's Board, and the full Board of Directors.

## Project Financing

Initial project investments are anticipated to be provided as permanent subordinate "mezzanine" financing designed to lower the amount and cost of equity required by developers. The mezzanine loan is in subordinate lien position behind the first mortgage and provides needed project financing in combination with a minimum sponsor contribution of 5% of required equity subject to underwriting review. The loan is offered for a term up to 15 years with interest-only payments annually and a balloon payment at maturity. It will carry a below-market interest rate starting at 2.5% with an origination fee of 1%. As a condition of financing, the developer is required to accept recorded deed restrictions on the property reflecting required income and rent restrictions to be concurrent with the loan term.

Any loan repayments or Loan Fund income received during the 15-year term of the investment may be recycled into financing for new projects according to the selection criteria described above, provided the term of any such financing does not exceed the maturity of the investor capital. Evernorth may retain an interest spread of up to 2% above its cost of funds on the loan portfolio as its compensation for administering the Program. Amounts above the 2% spread will remain in the fund until all investor funding terms have been satisfied or may be recycled into qualified financing for additional projects. A summary of loan products offered by Evernorth is attached as Appendix I.

### MEZZANINE PRODUCT TERMS



#### PROJECT LOAN AMOUNT\*

##### % OF EQUITY:

Up to 95% of required equity

##### PER PROJECT MAX:

20% of total fund

#### LOAN TERMS

##### MATURITY:

Up to 15 years

##### INTEREST RATE:

Starting at 2.5%

##### ORIGINATION FEE:

1%

##### REPAYMENT:

I-O during term w/principal  
deferred until maturity

##### SECURITY:

Lien on real estate

*\*Loan sizing to be based on project  
underwriting, affordability level, community  
impact, and capital availability.*

# Evernorth's Qualifications & Experience

## Organizational Overview

Evernorth is a non-profit 501c3 housing and community development organization serving northern New England. Evernorth will rely on its affiliate, Evernorth Loan Fund, Inc. a non-profit lender whose sole member is Evernorth, to administer the Upper Valley Loan Fund. Evernorth Loan Fund is staffed by Evernorth pursuant to a Shared Services Agreement. The qualifications and experience of Evernorth's senior staff is attached as Appendix J.

Evernorth united Housing Vermont (HV) and Northern New England Housing Investment Fund (NNEHIF) together as a single entity to serve low- and moderate-income people of Maine, New Hampshire and Vermont with affordable housing and community investments.

Before joining forces as Evernorth, both HV and NNEHIF were nonprofit housing credit syndicators with a 30-year track record investing in affordable housing in our respective markets. Over our combined history, we have raised and deployed over \$1B and have never had a recapture or foreclosure event. All 30 equity funds created have met or exceeded target returns.

Evernorth raises equity by syndicating federal Low Income Housing and Historic Tax Credits as well as various state, historic, and affordable housing credits.

Evernorth brings other critical services to our housing partners. Since 2016 Evernorth has loaned \$25 million for affordable housing through pre-development loans, bridge financing and permanent loans. Since 2010, Evernorth has invested in 24 commercial projects, generating \$70 million in below market equity-like loans for businesses through the sale of New Markets Tax Credits.

Our development, consulting and community investment staff are skilled in shepherding promising projects through the complex development and financing process. The staff help to secure permits, loans and grants to complement the equity and provide construction management services to assure project completion on time and within budget.



*Wentworth Community Housing  
Evernorth & Twin Pines Housing Trust*

As a developer of affordable housing, Evernorth has developed twenty (20) properties creating a total of 764 rental homes in the Upper Valley communities of White River Junction, Hartford, Windsor and Bradford, Lebanon, Hanover, Newport and Claremont. Evernorth has collaborated on these projects as co-General Partner with strong partners including Twin Pines Housing Trust, Windham and Windsor Housing Trust, Downstreet Housing and Community Development, Preservation of Affordable Housing, Kevin LaCasse, Housing Initiatives of New England, Caleb Foundation, and Lebanon Housing Authority.

We have knowledge and expertise in the market, operations, and management of our portfolio properties and use this experience to inform the underwriting of new projects. We monitor construction and lease-up, analyze operating

performance, conduct property reviews, provide regular reporting and perform disposition services on behalf of investors.

Evernorth has offices in Portland, Maine and Burlington, Vermont with a staff of 45. Oversight is provided by a 14-member board of directors.

A more complete description of Evernorth's recent activities and performance can be found in its 2020 Annual Report which is attached as Appendix K.

## Financial Strength and Capacity

Evernorth's strong balance sheet reflects our record of strong financial health with careful and diligent stewardship of our assets and our funders' investments. The 2020 audited financials are included as Appendix L. A summary of Evernorth's financial position is provided below.

<b>SUMMARY FINANCIAL STATEMENT –December 31, 2021 (unaudited)</b>			
<b>Assets</b>		<b>Income</b>	
Cash & Cash Equivalents	\$14,678,373	Fee Income	\$7,700,100
Other Current Assets	\$11,030,924	Grant Income	\$1,111,134
Other Assets	\$9,392,583	Interest, Investments and other	\$288,848
Property & Equipment, (Net Depreciation)	\$553,045		\$9,100,082
<b>Total Assets</b>	<b>\$35,654,925</b>		
<b>Liabilities</b>		<b>Expenses</b>	
Current Liabilities	\$697,341	Program Expenses	\$6,703,701
Long-term Liabilities	\$11,182,497	Management & General	\$784,501
Temporarily Restricted Assets	\$2,714,436		\$7,488,202
Unrestricted Net Assets	\$21,060,651		
<b>Total Liabilities &amp; Net Assets</b>	<b>\$35,654,925</b>		
		<b>Net Income</b>	<b>\$1,611,880</b>

As of December 31, 2021, Evernorth's unrestricted cash balance was \$12 million and comprised 33% of total assets. Unrestricted cash on hand at December 31, 2021 was sufficient to cover over 18 months of Evernorth's operating expenses which is favorable to the 6-month minimum recommended as the industry standard. Evernorth has never filed for bankruptcy or otherwise defaulted on financial obligations to a third party. Evernorth is not delinquent with respect to any obligations owed to an investor or lender. We have no material weaknesses in our financial health, viability, or capacity and have no audit findings.

## For More Information:

For more information and to receive appendices, please contact:

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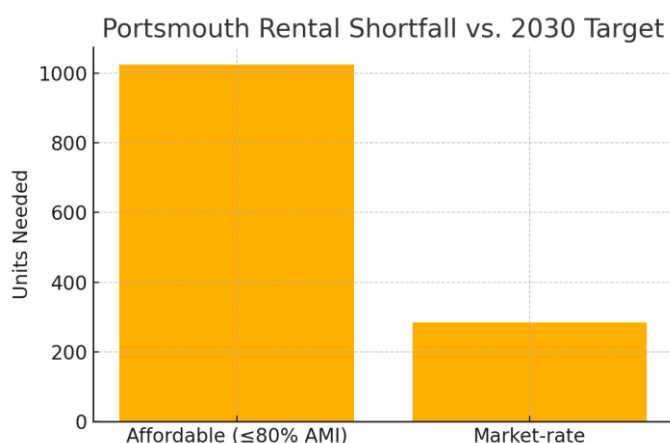
# Before the Master Plan: Fast-Track Housing Potential

Prepared by citizen housing advocates for Council, Housing Committee, and Planning Board discussion.

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## Why Some Things Just Can't Wait

This brief takes zoning ideas identified by the Housing Committee—adds an innovative proven-concept from Dover—and demonstrates immediate potential for unlocking badly needed housing. Why the rush? In its 2022 Portsmouth Market Housing Study, RKG Associates projected a total need by 2030 of 2,879 rental units (market rate and permanently affordable). Our current housing trajectory falls well short of that mark—by over **1,000** permanently affordable rental units.



## Good News: Low-Hanging Fruit to Harvest

Closing the pipeline gap will likely require every tool in the box: LIHTC deals, inclusionary zoning tweaks, public-land RFPs, and deeper local subsidies (trust-fund grants, fee waivers, tax relief). Fortunately however, there is low hanging fruit that can be fast-tracked and does not require two years of deliberation in the Master Plan process.

The Housing Committee has already identified the biggest barriers—parking minimums, non-conforming-lot rules and outdated district maps—are stalling projects today. The six amendments below can be adopted this calendar year, unlocking  **$\approx 1,000$  new dwellings** ( $\approx 30\%$  deed-restricted workforce) while saving months of variance, legal and carrying costs for builders and homeowners alike.

We can and should act now. This briefing explains how it can happen.

## Again, Why The Hurry?

Every month that goes by deepens the crisis, makes solutions more expensive, and affects who gets to live in Portsmouth and who will be priced out.

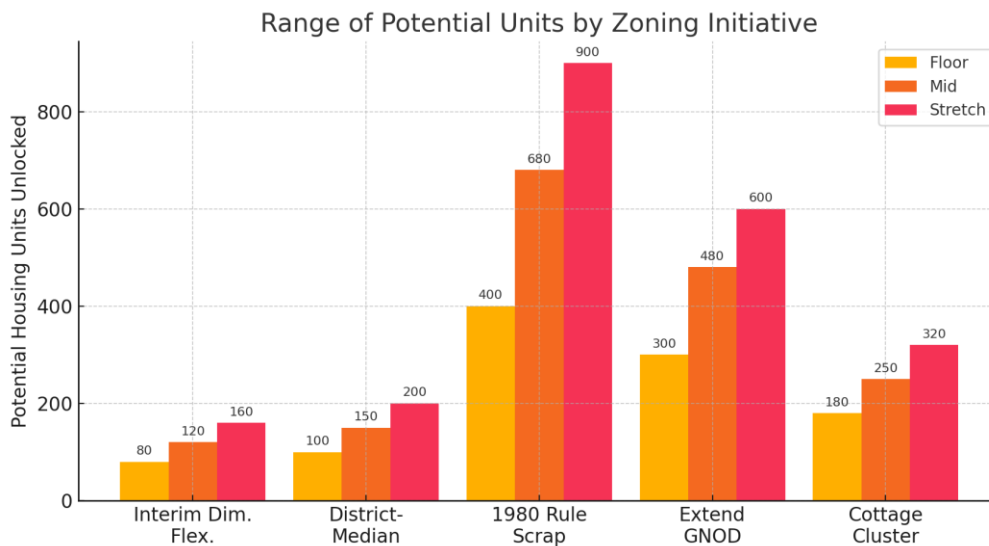
- **Cost of Delay:** Each year of status quo adds  $\pm$  \$7 million in rent and mortgage costs city-wide, driven by shortage-fuelled inflation (RKG modelling) ([portsmouthnh.gov](https://portsmouthnh.gov)).

- **Barriers Already Known:** Five of the six fixes mirror Housing Committee discussion; the lone new item (cottage clusters) is already proven next-door in Dover. ([nhbr.com](http://nhbr.com)).
- **Sunset Clauses Buy Time:** Two proposals for dimensional flexibility would be temporary and expire once comprehensive Master Plan zoning-related vision kicks in.
- **Fast-Track Bundle Conveys Urgency:** Adopting bundle in **Q4 2025** delivers shovel-ready lots for spring 2026 starts, dovetailing with July 10 RKG incentive forum.

We include zoning changes that can be implemented quickly before the Master Plan gets underway. The alternative—waiting effectively two years for the city to adopt the new plan – is unacceptable in a time of housing crisis.

## Six Ways to Quickly Unlock Housing Potential

By acting with a sense of urgency and purpose, Portsmouth can unlock at least 1,000 new housing units by 2030 by addressing six areas of zoning prior to the larger discussions of the two-year Master Plan process beginning soon.



### 1 Cap & Delegate Parking Requirements

- **Action:** Move the parking table to Site Plan Review regulations and cap all housing at **1 stall per unit** with fee-in-lieu.
- **Impact:** ↓ \$10-15 k construction cost per unit (based on \$21-30 k per structured stall) ([homeguide.com](http://homeguide.com)); eliminates ~7 ZBA cases/yr.

### 2 Interim Dimensional Flexibility – Block Median

- **Action:** *Temporary* conformity for sub-standard lots meeting their **block-face median** frontage & area. This is an *interim* fix that ends the variance treadmill now and sunsets once the map rewrite based on new Master Plan is complete.
- **Impact:** Frees ~115 lots for ADUs/duplexes (≈ 140 units by 2027).

### 3 Interim Dimensional Flexibility – District Median

- **Action:** Parallel *temporary* conformity using **district-wide medians**
- **Rationale:** Gives relief in cul-de-sac areas where block medians undershoot parity

- **Impact:** Additional ~120 units; trims ≈ 30 ZBA cases/yr.

#### 4 Scrap 1980-Only Conversion Rule

- **Action:** Strike the 1 Jan 1980 vintage clause so **any** single- or two-family house can convert to 2–4 units via CUP
- **Rationale:** Multi-unit conversions and loosened geographic limits—this clause removal is the cleanest path.
- **Impact:** ≈ 600-750 rentals by 2028; 20-30 % below new-build rents.

#### 5 Extend the Gateway-Neighborhood Overlay (GNOD)

- **Action:** One-page map amendment adding ≈ **39 ac** along Constitution, Heritage & Banfield to the mixed-use 4- to 6-storey zone.
- **Impact:** ≈ 480 units, 40 % workforce; first filings Summer 2026.

#### 6 Cottage Cluster Overlay & Green-Space Exchange

- **Action:** Pilot overlay enabling **10–12 cottages/acre** tied to conservation fee or TDR, modelled on Dover’s 44-unit Back River Road pocket-neighbourhood ([nhbr.com](http://nhbr.com)).
- **Why Include:** Offers a visually tangible, example of “gentle density” — middle-income supply without tall downtown buildings.
- **Impact:** ≈ 250 affordable homes on likely sites; financing 60 ac of permanent open space.

### Call to Action

1. **Bundle the six ordinances** into a single Council referral on **July 15** to lock in 2025 adoption.
2. **Request staff fiscal note** quantifying delay costs vs. accelerated timeline (RKG model).
3. **Direct RKG** to assume passage of these amendments in its incentive analysis, preventing “double study” syndrome.
4. **Next step:** Introduce ordinance red-line and parallel SPR rule on August agenda.

**Bottom line: Failure to act now prolongs the very barriers the Housing Committee has already identified. Pass the quick wins—then let the Master Plan raise the ceiling further.**

### Sources Consulted (External)

1. City of Portsmouth press release on **RKG incentive study & July 10 forum** (May 2025)
2. **NH Business Review** – “Dream of Small, Affordable Homes Becomes Reality with Dover Cottages” (Apr 17 2023)
3. **HomeGuide.com** – National average costs to build structured parking (2025)
4. Housing Committee meeting transcripts May 2, May 16 2025.
5. City Council meeting transcript – Councilor Tabor housing remarks (Jun 24 2025)



STATE

## NH lawmakers to explore private funding model for affordable housing

**Ethan DeWitt** New Hampshire Bulletin

July 9, 2025, 4:46 a.m. ET

For developers of affordable housing, one problem often towers over the others: finding funding.

By pledging to keep rents low, property owners may be providing needed opportunities. But that lower rent can mean lower returns, and a slimmer chance that lenders will approve financing.

The result is that successful affordable housing projects are often cobbled together with a mix of funding mechanisms, from private financing to state and federal affordable housing dollars, many of which are competitive to obtain.

This year, some New Hampshire lawmakers are exploring establishing a new type of funding option to add to the mix: the housing investment trust.

Proponents are pushing for a law allowing for a trust that could operate as a 501(c)(3) nonprofit organization, accept donations and other funds, and develop or restore buildings for housing development. And last month, Gov. Kelly Ayotte signed legislation, [House Bill 633](#), to study the issue.

The proposal has been championed by Michael Dell Orfano, an Amherst real estate developer, and Rep. Gary Daniels, a Milford Republican. As [originally introduced](#), HB 633 would have created a new form of investment trust in New Hampshire law known as the housing investment trust, and require that trust to be a charitable organization.

The original bill would have also required that there be three trustees to oversee that trust, which could be a resident, a different charitable organization, a bank, or a credit union.

After that, the original bill is silent on how the trust might carry out charitable activity to support housing. Dell Orfano says the trust could buy land or properties, renovate buildings, develop units, and create arrangements allowing those units to be rented affordably.

The trust would have to be either a qualifying tax-exempt organization under 501(c)(3) of the Internal Revenue Code, or be recognized as charitable under the state’s definition.

Funding for the trust, according to Dell Orfano, could come from a revolving loan fund that could accept investments from outside funds or individuals and re-invest the returns on those investments into the fund.

Dell Orfano has proposed three investment classes within the fund: a debt class, a capital gains class, and a class for self-directed investments.

“The important takeaway here is that that is entirely independent,” said Dell Orfano, speaking about the revolving fund. “You think of Fidelity, Wellington Management, or New Hampshire’s own Pax World funds. These are the financial institutions that we’ll eventually be dealing with.”

In total, the mechanism could allow developers to access financing aside from state, federal, or other private funds, supporters say.

“What we are bringing to you is something unique, something we haven’t really seen in this legislature before, and that’s a private sector solution that can be added to the toolbox,” said Daniels, speaking to the Senate



Commerce Committee. “We see plenty of bills coming in that look to do different things with the public sector funds.”

That tool could create the possibility of innovative housing developments, supporters say.

New Hampshire continues to experience a severe housing crisis, as median home prices have hit [record levels](#) and as rents rise faster than median income levels. Housing trusts, supporters say, could allow for arrangements such as traditional rental units, cooperative housing, supportive housing, and others, and could make those arrangements short term or long term.

But lawmakers say they need more time to understand the trusts before moving ahead with creating them, and by the time the bill left the House Judiciary Committee in March, the committee had proposed amending it to be a study committee.

“Although establishing another study committee is not ideal, the Judiciary Committee believes this is an important enough issue given the housing crisis that the House should investigate in collaboration with the (Senate),” wrote Rep. Joe Alexander, a Goffstown Republican who is also the chairman of the House Housing Committee, in March.

That version, which Ayotte signed in June, will create a committee of three house members and one senator, who will work to produce a report by Nov. 1.

The investment trust proposal has received the endorsement of Housing Action New Hampshire, which supports affordable housing developments; New Hampshire Housing, the state agency that operates the affordable housing fund; and NeighborWorks, a nonprofit developer of affordable homes.

And it models arrangements in other states, such as Arizona, which allows counties to establish housing trust funds to make similar investments.

In testimony to lawmakers this year, Robert Tourigny, executive director of NeighborWorks Southern New Hampshire, said the trusts could allow for both preservation of historical homes and buildings and the creation of new supply.

“One of the challenges associated with preserving affordability has been the limited financing mechanisms available to consumers outside of conventional long-term financing,” Tourigny said. “A housing investment trust will provide an opportunity to leverage private capital while maintaining affordability for the homebuyer.”

*This story was originally published by [New Hampshire Bulletin](#).*