



City of Portsmouth
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Memorandum

To: Planning Board

From: Peter Stith, AICP
Assistant Planning Director

Date: August 14, 2026

Re: Recommendations for the August 20, 2026 Planning Board Meeting

I. PRESENTATIONS

Receive a presentation on the Capital Improvement Plan Process

Background

The Capital Improvement Plan (CIP) is both a financial and infrastructure planning tool that sets forth a multi-year schedule and financing strategies for accomplishing public capital projects that both maintain safe quality city infrastructure and assist in the achievement of Citywide Goals. Careful development of and adherence to the CIP ensures that needed capital projects are accomplished within the City's financial capability. In combination with the annual City budget, the Capital Improvement Plan has a significant impact on the planned allocation of fiscal resources and is thus one of the most important documents considered by the City Council.

State/Local Regulatory Context

RSA 674.5: Capital Improvement Program

"674:5 Authorization. – In a municipality where the planning board has adopted a master plan, the local legislative body may authorize the planning board to prepare and amend a recommended program of municipal capital improvement projects projected over a period of at least 6 years....

The capital improvements program may encompass major projects being currently undertaken or future projects to be undertaken with federal, state, county and other public funds. The sole purpose and effect of the capital improvements program shall be to aid the mayor or selectmen and the budget committee in their consideration of the annual budget."

City Charter

City Charter Section 7.6 - Capital Program:

The Manager shall prepare and submit to the Council a six (6) year capital program at least three (3) months prior to the final date for submission of the budget (May 15). The program shall include:

- *A general summary of its content;*
- *A list of all capital improvements proposed during the next six (6) fiscal years;*
- *Cost estimates, methods of financing, recommended time schedules for each improvement; and*
- *Estimating annual operating and maintenance costs.*

The purpose of the CIP is to:

1. Implement needed improvements on a scheduled basis
 - Provides a complete picture of the City's major development needs
 - Coordinates activities of various City departments and agencies
 - Assists in implementing recommendations of the City's Master Plan
2. Forecast future allocation of fiscal resources
 - Establishes fiscal priorities for projects
 - Aids in the proper utilization of funding sources
3. Help plan for future City expenditures
 - Discourages piecemeal improvements and duplication of expenditures
4. Ensure capital project needs are provided within the City's financial capability
 - Informs the taxpayers of anticipated future improvements
 - Helps to schedule major projects to avoid large fluctuations in the tax rate

As used in the CIP, a capital improvement project is defined as a major fiscal expenditure that falls into one or more of the following categories:

- ✓ Land acquisition;
- ✓ Construction or expansion of a public facility, street, utility or public infrastructure;
- ✓ Rehabilitation of a public facility or public infrastructure provided the cost is \$50,000 or more;
- ✓ Design work or planning study related to a capital project or implementation of the Master Plan;
- ✓ Any item or piece of equipment, non-vehicular in nature, that costs more than \$50,000 and has a life expectancy of 5 or more years; or
- ✓ Replacement and purchase of vehicles which have a life expectancy of more than 5 years or cost more than \$50,000.

Plan Development Process

The capital planning process is coordinated by the Finance and Planning Departments under the direction of the City Manager. Capital project requests are initially formulated by City department heads and submitted to the Finance Department. Members of the public may also submit project requests, which are reviewed by City departments and incorporated into the departmental project submissions as appropriate.

CIP projects originate from three sources.

- ✓ Capital Improvement Plan from the Prior Fiscal Year
- ✓ City Staff
- ✓ Residents

Staff works to update the prior year's CIP projects to reflect the current status, project needs and costing. After city departments and residents submit their new requests for capital project, staff works with the City Manager to prioritize them by utilizing the following:

- **Project requirements** – Is the project required to meet legal, compliance, or regulatory requirements?
- **Timing** – How soon does the project need to be implemented to address the needs identified?
- **Strategic alignment** – To what extent is the project aligned with other city projects, policies, processes?
- **Public value** – How much value does the outcome of this project provide to the general public? How much public support is there for implementing this project?
- **Finance planning** – Is the project fundable in the time frame identified, are there available funding sources for this project?

Although the factors above are consistently utilized in the prioritization process, other factors, such as urgent community needs or public health and safety, may also contribute to the final project placement, allowing the process to be nimble and responsive to emerging community needs.

Planning Board and City Council Adoption

Beginning in 2024, the Planning Board and City Council held a joint work session and joint public hearing to streamline the process to allow the Council to adopt the CIP in December. This same adoption process is proposed this year as is presented in the timeline below. Once adopted, the CIP is utilized in the development of the annual budget in accordance with RSA 674.5.

Financing

Capital improvement projects are funded by a variety of sources. These funding sources include: General Fund (GF) Capital Outlay; Federal/State Grants; Bond or Lease; Revenues (Parking, Water and Sewer); State Revolving Loan Fund (SRF) and Public Private Partnerships (PPP).

General Fund – Capital Outlay – One method used for financing capital projects is through the use of the General Fund – Capital Outlay. The General Fund includes the money raised by the local property tax for a given year. When a project is funded with General Fund revenues, its entire cost is paid off within the year. The intent is to budget annually a certain amount from the General Fund (approximately 2% of previous Fiscal Year General Fund total Budget) to address City General Fund priorities.

Grants – One source of grants is from other levels of government, for example, the Environmental Protection Agency, the NH Department of Health and Human Services, U.S. Housing and Urban Development, NH Department of Environmental Services, and the NH Department of Transportation. Generally, these Federal and State sources provide an outright grant or matching funds to go with locally raised funds. The City also pursues non-governmental private grants when applicable.

General Obligation Bonds – Bonds are used to finance major municipal capital projects. These are issued for a period of time generally extending from ten to thirty years during which time principal and interest payments are made. They are secured by the full faith and credit of the Municipal Government. This type of payment has the advantage of allowing the costs to be amortized over the life of the project and of allowing taxpayers or rate payers to pay a smaller amount of the project's cost at a time. However, they do commit the City's resources over a long period of time and decrease the flexibility of how yearly revenues can be utilized. The City's bonding capacity is a limited resource. All projects that are to be bonded should meet minimum eligibility criteria and must have a useful life of at least equal to the bond terms. **Projects that are funded through bonds must go through an additional process, after the adoption of the CIP and the budget, of authorization by the City Council after a public hearing.**

Revenues – The City has two established Enterprise Funds (Water and Sewer). The needs for these two divisions are met through the revenues raised from providing that particular service. Therefore, there is no impact on the City's tax rate. Additionally, the City has established a Parking and Transportation Fund (Special Revenue Fund). Revenues derived from the City's parking functions are transferred to this fund in order to operate the City's parking and traffic-related activities.

State Revolving Loan Fund (SRF) – This is a program offered through the NH Department of Environmental Services for the purpose of providing low-interest rate funding for approved water pollution control projects. State approval of applications does not bind the City to any of the individual projects but does lock into a low-interest rate loan. Upon completion of projects, the loan becomes a serial bond payable by the City of Portsmouth Sewer or Water Fund to the State of NH. In addition, the City applies for State Aid Grant (SAG) funding to assist in repaying SRF loans up to 30% of the total project cost.

Public Private Partnership – This method of financing involves joint funding of a particular project between the City and one or more private sector or non-governmental partners. This method is used for projects that will benefit the partners and help to minimize costs to local taxpayers.

Deciding on which method of financing should be selected for a given project depends on a number of factors. These include the cost of the project, its useful life, the eligibility of the project to receive funds from other than local taxes, long-term and short-term financial obligations of the City and a project's relative priority in terms of implementation. The Capital Improvement Plan seeks to maximize the potential benefits from all revenue sources.

Timeline

- August 17, 2026 - City Council CIP Presentation
- **August 20, 2026 - Planning Board CIP Presentation**
- September 18, 2026 - Citizens/Committee Requests Deadline
- September 25, 2026 - City Departments Submission Deadline
- September 18 - October 2, 2026 – Staff review Citizen Requests
- October 8, 2026 – City Council Citizen Requests Subcommittee
- **November 12, 2026 – CIP Joint Work Session – City Council & Planning Board 6:00 pm**
- **November 16, 2026 - Joint Public Hearing City Council & Planning Board**
- **November 19, 2026 - Planning Board Meeting Vote to Recommend CIP to City Council**
- December 7, 2026 - City Council Adoption of CIP

II. APPROVAL OF MINUTES

A. Approval of the July 16, 2026 meeting minutes.

Planning Department Recommendation

1) Board members should determine if the draft minutes include all relevant details for the decision-making process that occurred at the July 16, 2026 meeting and vote to approve meeting minutes with edits if needed.

III. CITY COUNCIL REFERRALS

A. Parking Regulations

The draft zoning amendments would remove off-street parking requirements from the Zoning Ordinance and relocate them to the Site Plan Review Regulations. The City Council referred these amendments to the Planning Board in September 2025 following recommendations from the Housing Committee. The Board may advance the zoning amendments to the City Council at this time while continuing to consider related changes to the Site Plan Review Regulations. If advanced at this meeting, the zoning amendments would be before the City Council for first reading on September 14. The Planning Board could then vote at its September 17 meeting on the corresponding Site Plan Review Regulation amendments incorporating parking standards.

Planning Department Recommendation

Vote to recommend the City Council hold first reading on the proposed Zoning Ordinance amendments as presented/as amended.

B. Housing Action Plan

Background

The City Council, at their August 3, 2026 meeting, referred the Housing Action Plan (HAP) for review and comment. The plan builds upon more than a decade of housing studies, public engagement, zoning updates, and policy initiatives, and is intended to provide a practical framework for increasing housing opportunities, improving affordability, and supporting implementation of the City's ongoing Master Plan update. The HAP was developed by staff and the Housing Committee and referred to the City Council. Two public meetings will be held, September 23rd and September 28th. Before responding to the City Council's referral, the Planning Board may want to wait until after the public meetings.

Planning Department Recommendation

Vote to continue review of the Housing Action Plan until after completion of the scheduled public meetings on September 23 and September 28, and request that staff return with a summary of public comments and any recommended revisions.

C. Heritage Commission

At the July 13, 2026 City Council meeting, the Council voted to request the Planning Board review the potential establishment of a Heritage Commission and report back to City Council by September 28, 2026. Below is the excerpt from the Council meeting minutes where this was discussed:

Discussion followed about historic homes, concerns with losing valuable heritage buildings and historical information. A Heritage Commission would help provide additional review processes and preservation of naturally occurring affordable housing, apply for grants and education around preservation.

In researching this for the staff memo, the New Hampshire Preservation Alliance has a webpage on Heritage Commissions found [here](#). It compares the work of a Heritage Commission as advisory to other boards and commissions, similar to that of a Conservation Commission. Establishment of a Heritage Commission would create a body that could conduct historic surveys, provide public outreach and education about historic resources, apply for grants, and serve an advisory role to the land use boards on certain applications that contain historic resources. A Heritage Commission may advise, educate, and recommend, but generally cannot prohibit demolition. If the City's primary concern is preventing the loss of historic buildings, additional regulations would still be required.

Portsmouth currently has two mechanisms for addressing historic resources; the Historic District Commission, which has regulatory authority within the Historic District; and the Demolition Review Ordinance (DRO), which provides a process for review and possible delay of demolition permits involving structures outside of the Historic District.

The Demolition Ordinance provides notice requirements for demolition of structures for applications that are not before a land use board. If an application is before a land use board it is exempt from the DRO. Otherwise, the DRO provides for an objection process that triggers convening the Demolition Review Committee, which conducts a public hearing to receive testimony from the public. The Committee cannot prevent demolition but can further delay demolition up to the maximum time allowed in the ordinance. The Demolition Review Committee has met 3 times in the past 9 years, with three times between 2018 and 2019.

If the main concern is demolition of existing structures outside of the Historic District, the DRO could be amended to require review of buildings of a certain age, increase delay period, require certain documentation of significant buildings prior to demolition, and establishing criteria for determining significance of a structure, to name a few.

In addition to amending the DRO, the City could consider the creation of a secondary historic preservation district which would be administered by the HDC and focus on demolition review. This would utilize the existing expertise of the HDC and would create a regulatory framework as opposed to a Heritage Commission, which would only be advisory.

Determining the primary objectives of the Council will inform the appropriate course of action. If the primary objective is to prevent demolition of historic structures outside of the Historic District, then review of the existing ordinance and possible creation of a secondary district may provide the solution. If the objective includes public education, historic resource inventories, grant funding, and advocacy then creation of a Heritage Commission might be the appropriate solution.

IV. OTHER BUSINESS

A. 409 – 411 Lafayette Road – Post-Approval Waiver Request

Background

This 2-lot subdivision was approved by the Planning Board at the February 19, 2026 meeting and have since been working on their post-approval conditions. The applicant is requesting a post-approval waiver from Section IX.1 of the Subdivision Rules and Regulations, which requires the posting of an installation bond or certified check to guarantee completion of required subdivision improvements. The approved project is a two-lot subdivision at 409 and 411 Lafayette Road and does not involve the construction of new public infrastructure. The applicant states that utilities serving the existing front lot have already been upgraded and that utility work required for the rear lot will be constructed within the Lafayette Road right-of-way under a City excavation permit subject to Department of Public Works inspection and restoration requirements. The applicant contends that a subdivision performance bond would be redundant and create an unnecessary expense.

Under Section X of the Subdivision Rules and Regulations, only the Planning Board has the authority to waive provisions of the regulations by a vote of 6 members, provided the waiver does not nullify the intent of the regulations or the Master Plan. Accordingly, the waiver request has been brought before the Planning Board for its review and determination

Planning Department Recommendation Subdivision Waiver

Vote to grant the requested waiver from Section IX.1 of the Subdivision Ordinance.

[NOTE: Motion maker must select one of the following options]:

- a) Strict conformity would pose an unnecessary hardship to the applicant and waiver would not be contrary to the spirit and intent of the regulations.
- [or]
- b) Specific circumstances relative to the subdivision, or conditions of the land in such subdivision, indicate that the waiver will properly carry out the spirit and intent of the regulations.

B. Board Discussion of Regulatory Amendments and Other Matters

i. Site Plan Review Regulation Amendments

Background

In response to the Planning Board's discussion at the July meeting to further streamline the parking regulations, the proposed amendments to the Site Plan Regulations (SPR) simplify the parking regulations while retaining the standards necessary for effective site plan review. The current draft replaces the prior use-specific parking table with a smaller number of broad use types, simplifying the parking table while preserving a useable framework for determining parking requirements.

The amendments eliminate several detailed provisions carried over from the Zoning Ordinance, including the shared parking occupancy and associated percentage reduction tables. These have been replaced with performance-based standards that allow parking reductions, shared parking arrangements, and other parking modifications when the applicant demonstrates that anticipated parking demand can be met.

In addition, loading area requirements have been simplified by replacing use-specific standards with review criteria based on the scale and operation of the proposed use. The amendments consolidate parking reductions, shared parking, off-site parking, reserve parking, and parking demand analysis provisions into a single Parking Flexibility section. The amendments retain parking stall dimensions, aisle widths, accessible parking requirements, pedestrian circulation requirements, and other parking facility design standards.

Planning Department Recommendation on Site Plan Regulation Amendments

Vote to schedule a public hearing on the proposed amendments to the Site Plan Review Regulations at the September 17, 2026 Planning Board meeting.

ii. Subdivision Ordinance Amendments

The current definition of “abutter” in the Subdivision Ordinance is below:

Abutter: Any person who owns land within two hundred (200) of the boundaries of the land under consideration.

Based on the recent change to NH State law and to be consistent with recent zoning amendments the Board forwarded to City Council, staff recommends the following change to the definition of abutter in the Subdivision Ordinance:

Abutter: A person or entity meeting the definition of "abutter" contained in RSA 672:3, as amended.

Planning Department Recommendation on Subdivision Ordinance Amendments

Vote to schedule a public hearing on the proposed amendments to the Subdivision Ordinance at the September 17, 2026 Planning Board meeting.

iii. Historic District Boundary Amendments

The background below was included in the January 22, 2026 staff memo on this topic.

Background

The current boundary extending out of downtown along New Castle Avenue and Middle Street is a distance of 150 feet on either side, which bisects parcels and, in some cases, buildings. It also includes parcels that do not front on Middle Street. The revised proposal removes the 150-foot boundary and instead includes the entire parcel that fronts the street or corner and removes or includes parcels that are currently bisected by the district.

At the November 20, 2025 Planning Board meeting, the Board referred two parcels (43 and 53 Austin Street) to the Historic District Commission (HDC) for a recommendation back on whether these two parcels should be included in the Historic District.

The HDC met at their regular meeting on Wednesday, December 3, 2025 and voted not to recommend including the properties at 43 and 53 Austin for the following reasons:

1. One property (43 Austin Street) is already deed restricted and has levels of protection that our existing Historic District wouldn't necessarily add to.
2. Adding the properties would be misaligned with the Methodology of redefining the boundaries, which is to include properties abutting Middle Street.
3. The Commission would prefer to move forward with the boundary revisions as originally drafted but would like to have further future discussions during the Master Plan process on the future of the district.

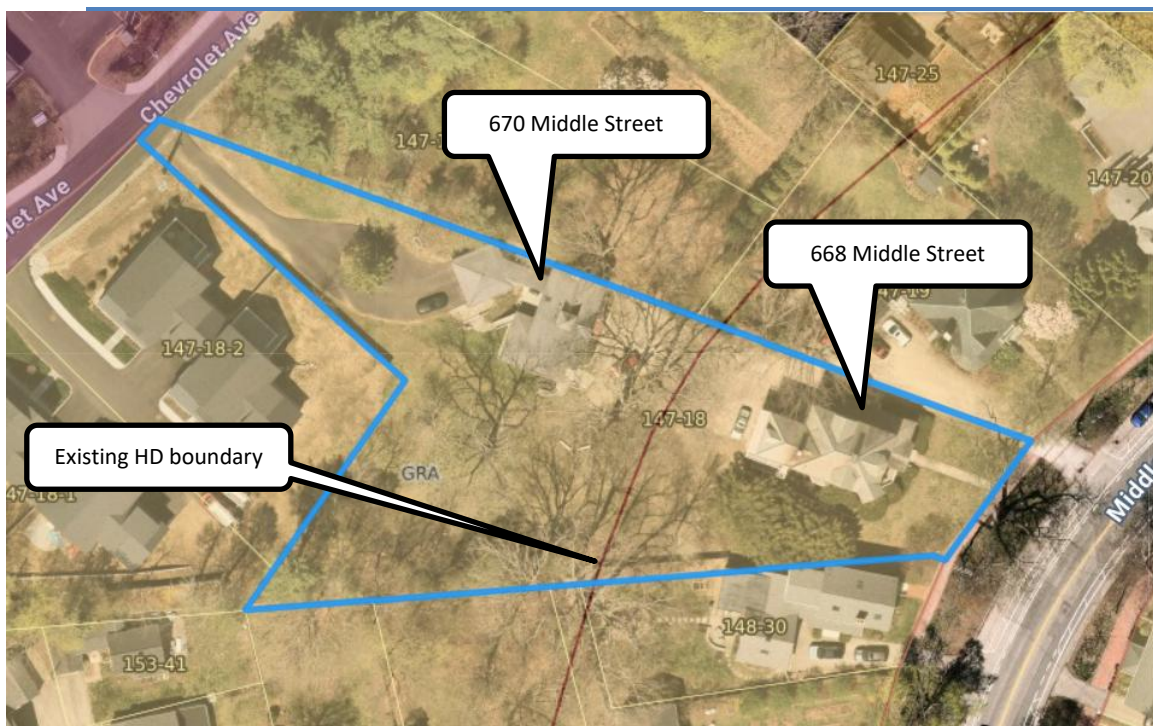
As stated in the action of the HDC above, further discussions about the boundary of the district are desired through the Master Plan process. At the January 22, 2026 Planning Board meeting, the Board voted to table consideration of the amendments until the Master Plan process was complete.

Update

The Planning Board and HDC held a work session at the June 18, 2026 Planning Board meeting and discussed moving forward with the proposed changes along the Middle Street section of the Historic District.

At the July 8, 2026 HDC meeting, the Commission discussed the boundary along Middle Street and did not have any additional changes on their original recommendation to the Planning Board for the boundary changes along Middle Street.

There are two large properties along Middle Street that are proposed to be included in the District in their entirety, 668 - 670 Middle Street and 873 Middle Street. Both of these lots have two dwellings located on them, each with one fronting on Middle Street and the other unit located towards the back of the lot. A letter included from the owner of 670 Middle Street requesting that their house not be included in the expansion and states the common area denoted on their condo plan follows the existing historic district boundary.



873 Middle Street contains 2 buildings and 4 condo units. The map below shows the main house fronting on Middle Street and the second dwelling located at the rear of the lot, currently not in the Historic District. This lot is similar to 668 Middle Street in that the Historic District boundary bisects the lot between the two dwellings.



Planning Department Recommendation

Vote to recommend the City Council schedule first reading on the proposed Historic District map amendments as presented/as amended.

iv. Article 10 Amendments

At the July meeting, draft amendments to Article 10 were distributed to the Board for review. The Conservation Commission has been working on amendments to this section over the past few months and their current draft is included in the packet.

C. Chairman's Updates and Discussion Items

VI. ADJOURNMENT