CITY OF PORTSMOUTH, NEW HAMPSHIRE
HOUSING COMMITTEE

THURSDAY, OCTOBER 8, 2026, 5:30 pm
City Hall Conference Room A
1 Junkins Avenue, Portsmouth NH
Zoom recording:

https://www.youtube.com/live/OV9DWG0-VRk?si=F4cUgU8DbtLused0

MINUTES

Meeting Called to Order at 5:35 pm
Roll Call and Welcome
Attending: Councilor John Tabor, Dagan Migirditch, Oliver Chag, Andrew Samonas, Councilor Beth Moreau, Eric Weinrieb, Erik Anderson, Mary Loane, Jennifer Stebbins Thomas. Staff: Planning and Sustainability Dept. Peter Britz, Peter Stith, Izak Gilbo, Stefanie Casella.
Members Excused: Assistant Mayor Joanna Kelley, co-chair; Angus MacDonald, Byron Matto, Caitlin McGrath-Levesque

1. **Approval of Minutes for July 9, 2026** – on a motion by Weinrieb, seconded by Samonas the committee voted unanimously to approve the minutes.
2. **Presentation by Jen Stebbins Thomas**
   Chair Tabor commented that Maeve Nolan, Communications & Engagement Coordinator for the Workforce Housing Coalition of the Greater Seacoast provided answers to prior meeting questions:
   - 79E allows more flexibility than a flay 80% AMI. A range is allowed.

   Stebbins Thomas then walked the Committee through an interactive spreadsheet showing how budget and proforma changes affected the threshold of 7% internal rate of return that developers seek when considering a project. Asking one-third of the units be workforce housing is not economically feasible.

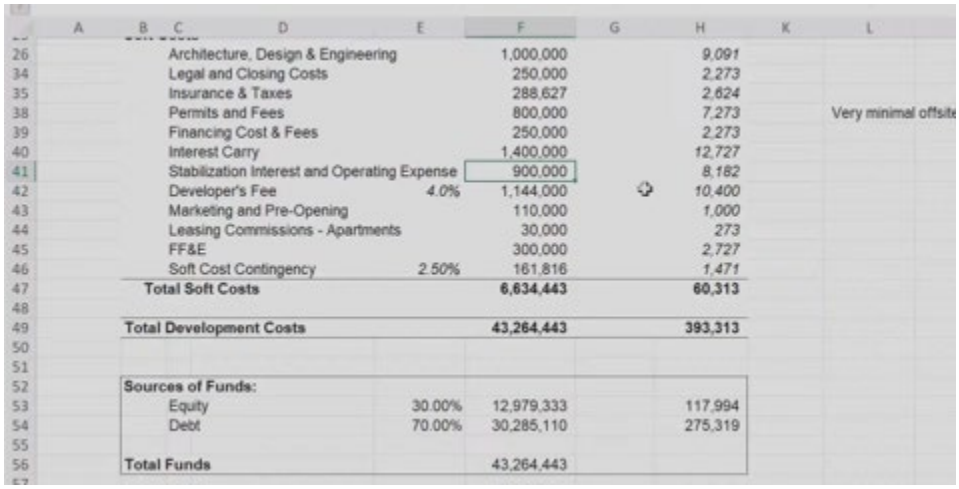
   The recording of this dynamic modeling presentation starts at timestamp 8:54.

   Definitions and assumptions:
   ROI: return on investment
   ROE: return on equity (assumed at 30%, with 70% financed

Budget factors – all estimated conservatively. Samonas commented that the cost of land at $35k in this model seems especially low and that economies of scale in soft costs are needed to make rentals work.

Stebbins Thomas showed the difference if the amenities budget increases from $260k to $275k. At startup, there are operating costs that are not yet covered by rental income,

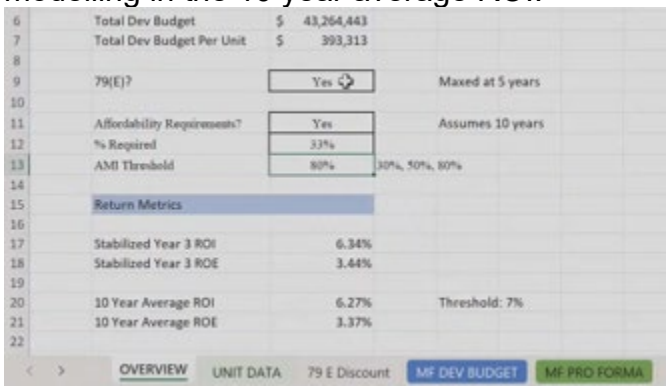
including taxes and loan/interest payments. The Developer Fee os 4-5% is standard.



	Architecture, Design & Engineering		1,000,000		9,091
	Legal and Closing Costs		250,000		2,273
	Insurance & Taxes		288,627		2,624
	Permits and Fees		800,000		7,273
	Financing Cost & Fees		250,000		2,273
	Interest Carry		1,400,000		12,727
	Stabilization Interest and Operating Expense		900,000		8,182
	Developer's Fee	4.0%	1,144,000		10,400
	Marketing and Pre-Opening		110,000		1,000
	Leasing Commissions - Apartments		30,000		273
	FF&E		300,000		2,727
	Soft Cost Contingency	2.50%	161,816		1,471
	Total Soft Costs		**6,634,443**		**60,313**
	Total Development Costs		**43,264,443**		**393,313**
	Sources of Funds:				
	Equity	30.00%	12,979,333		117,994
	Debt	70.00%	30,285,110		275,319
	Total Funds		43,264,443		

Very minimal offsite

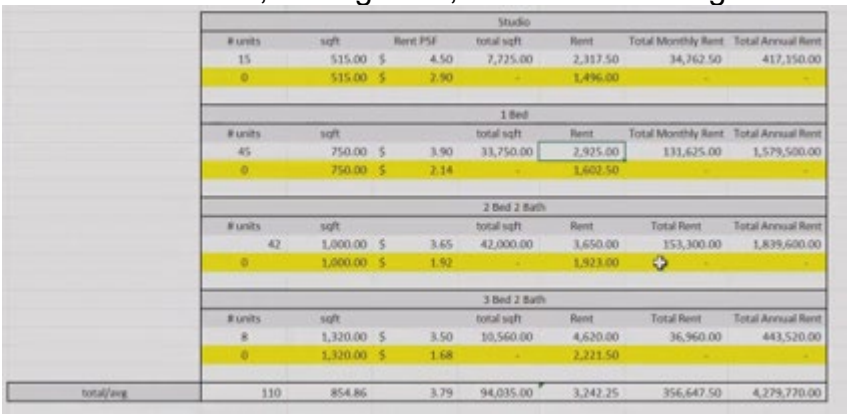
Then when 79E options/restrictions are made, the impact is shown in this dynamic modelling in the 10 year average ROI.



Total Dev Budget	$	43,264,443	
Total Dev Budget Per Unit	$	393,313	
79(E)?		Yes	Maxed at 5 years
Affordability Requirements?		Yes	Assumes 10 years
% Required		33%	
AMI Threshold		80%	30%, 50%, 80%
Return Metrics			
Stabilized Year 3 ROI		6.34%	
Stabilized Year 3 ROE		3.44%	
10 Year Average ROI		6.27%	Threshold: 7%
10 Year Average ROE		3.37%	

OVERVIEW | UNIT DATA | 79 E Discount | MF DEV BUDGET | MF PRO FORMA

The specific impact on the number and types of units offered were then discussed. In Portsmouth demand is highest for studios and 3-bedroom apartments that can be shared by single renters, although this is an underwriting risk as the tenancies are not as stable as families in a 3 bedroom. Committee members considered whether a mix of units and AMI levels would work. Casella asked about reducing amenities and other soft costs to bring building costs down. Fewer amenities mean harder to rent: what Samonas called the law of diminishing return. But Migirditch noted that in an opportunity like the GNOD trade of 1 acre to the City there might be the opportunity to simplify the build to create true, but dignified, workforce housing.



	# units	sqft		Rent PSF	total sqft	Rent	Total Monthly Rent	Total Annual Rent
Studio	15	515.00	$	4.50	7,725.00	2,317.50	34,762.50	417,150.00
	0	515.00	$	2.90	-	1,496.00	-	-
1 Bed	45	750.00	$	3.90	33,750.00	2,925.00	131,625.00	1,579,500.00
	0	750.00	$	2.14	-	1,602.50	-	-
2 Bed 2 Bath	42	1,000.00	$	3.65	42,000.00	3,650.00	153,300.00	1,839,600.00
	0	1,000.00	$	1.92	-	1,923.00	-	-
3 Bed 2 Bath	8	1,320.00	$	3.50	10,560.00	4,620.00	36,960.00	443,520.00
	0	1,320.00	$	1.68	-	2,221.50	-	-
total/avg	110	854.86		3.79	94,035.00	3,242.25	356,647.50	4,279,770.00

Regarding the ask of one-third workforce units, Stebbins Thomas showed how the ROI moves from 7.2% and 7.1% ROE without 79E, to 6.27% ROI and 3.37% ROE which is not attractive. She also noted “there is no magic number.”

Migirditch asked if it is permitted to spread the 79E required workforce units across an owner's existing buildings while building a new building at market rate. Stebbins Thomas and Samonas commented on the perception of lenders and investors.

Stebbins Thomas was asked about adjustments other than to finishes/amenities that could reduce building costs to improve the ROI/ROE impacts and she noted that permitting can be costly, especially if infrastructure work is required.

AMI: Committee discussed whether the ordinance language should be "up to 100% AMI" with the Council determining the requirement on a case by case basis. Because Portsmouth is included with Rochester in the AMI each project needs to reflect reality.

The Committee also discussed income auditing and whether it would be possible to simplify the reporting – perhaps by a third party. PHA has a metric for adjusting rents and occupancies if a tenant's income goes up.

The Committee recognized the need for workforce housing and how the modelling helps understand filling the gap. PHA reports a need for 1500 units by 2030. If AMI at 80% is do-able for a developer with just 10% of the units, then Portsmouth needs to build 15,000 mixed-income units to meet the demand.

Looking at demand, Samonas suggested that the rental demand is stagnating but not deflating. Rate growth has dropped from 3% to 1% and it's been 6 years since the hyper-growth of in-migration to follow jobs. Stagnation is an equalizing moment and assumptions are lagging indicators that need scrutinizing. If rental costs shift, the 7% = do-able disappears. Chair Tabor commented that when the office development market softened, investors' capital shifted to residential and now in cases like the Sunbelt residential is overbuilt.

[Timestamp 1:16:02]

3. Draft Housing Opportunity Grant Ordinance [item continued from September 9, 2026 meeting at which there was no quorum]. Director Britz summarized the adjustments from the Committee:
    - The income level should be "under 100% (under 80%?) AMI
    - The tax break extends, up to a max of twice the number of years, for lower AMI. At 100% the break is capped at 5 years. At 80% could be up to 15 years once the Council determines the public benefit.
    - Migirditch: Build in flexibility to maximize opportunities for workforce housing. Stacking 79E and other incentives should work together.
    - Anderson asked about how 'public benefit' is defined – do PHA and POHA have specifics on how tax relief affects the rest of the community? Dover has a formula but what is the delta between the property value before and after development and calculating the developer's share. Moreau noted this is usually a non-public Council discussion.
    - Percent of workforce units should change from "one-third" to "a target of 10% but no less than 5%, at City Council discretion."
    - Director Britz asked about the mechanics of the approval process. The Committee suggested the Planning Board should hold the first review, with their recommendation then going to Council for approval rather than going to Council, referral to Planning and then back to Council.
    - The Committee wondered if the proof of income process could be simplified. Councilor Moreau said the Seacoast Board of Realtors Housing Advocacy Committee is looking at that and the Federal and State control requirements.

4. **Public Comment: None.**

Other Business
Anderson asked about Nesterly contracts. Currently in Boston, Maine, Mount Washington Valley.

5. **Adjourned at 7:06 pm.**

Next meeting: Thursday, November 5, 2026