

DRAFT
MEETING MINUTES OF THE PORTSMOUTH
ECONOMIC DEVELOPMENT COMMISSION

February 2, 2018

City Hall, Conference Room A

7:30 a.m.

Members Present: Bob Marchewka, Chairman; Cliff Lazenby, Nancy Pearson, Sarah Lachance, Alan Gold, Philip Cohen, Jen Zorn, Ron Zolla (via teleconference) and Dana Levenson (via teleconference)

Excused: Everett Eaton

City Staff: City Manager John P. Bohenko, Economic Development Program Manager Nancy Carmer

Chairman Marchewka opened the meeting at 7:35 a.m.

Welcome new City Council Representative Nancy Pearson to EDC

Mr. Marchewka introduced and welcomed Nancy Pearson to the EDC. In addition to being a City Councilor she currently works as Director of the NH Business Center for Women & Enterprise (CWE).

Approval of draft meeting minutes of January 12, 2018

Commissioner Lachance moved and Commissioner Cohen seconded a motion to approve the draft meeting minutes of January 12, 2018. The motion carried unanimously.

Presentation on Workforce Housing Initiative, Craig W. Welch, Executive Director Portsmouth Housing Authority (PHA) gave an overview of the history, mission and charge of the Portsmouth Housing Authority. He identified local properties under PHA's control, agency and their respective funding sources. There are currently 450 people on the agency's waiting list for housing which is an indication of the need for additional affordable housing for the City's growing workforce and its aging demographic. This has led to a new workforce housing initiative by the agency to construct 68 units of affordable housing with underground parking on the lot between the Central Fire Station and the PHA's Feaster Apartments on State Street. Most of the units will be small bedrooms with rents between \$900 and \$1,200 per month. In order to make the project feasible there will some market rate units as well. Mr. Welch stated that at least 60% of the units will be affordable to persons earning 60% of the area median income which translates to \$30,000- \$40,000 annually. The units would remain affordable indefinitely. These units are especially in demand for person's working in the city's hospitality, arts and culture, and other service industries as well as in municipal fields. The goal is to give priority in the tenant application process to Portsmouth residents.

The project is estimated to cost between \$12 million and \$15 million and ideally will be financed through the highly competitive federal low-income tax credits. The project is scheduled to go before the Historic District Commission on February 7th followed by the other land use boards. The goal is to secure all necessary permits by August. Challenges to the project are provisions for parking, a potential height variance and the competitive nature of the low-income tax credits. The PHA is hoping to get a positive community response to this centrally located project that meets an urgent community need. The goal is to build local support of the project.

Old Business/Project Updates

McIntyre Project Update and Public Input Process - City Manager Bohenko reported on the status of the project noting that the City Council ratified the proposed plan for public input and approved the development partner, Redgate/Kane as recommended by the outgoing City Council.

Stage 1 of the public input plan will kick off on Saturday February 3rd from 9am-noon. Portsmouth Listens will be participating in the event and will provide facilitators. A repeat of this effort will occur on Thursday, February 8th at 6:30 pm for residents that wish to learn more about, and provide feedback on a re-use plan for this property slated for redevelopment under the federal Historic Monument Program. As a member of the Mayor's newly appointed Steering Committee on the public input, Commissioner Cohen will be able to report back to the EDC on the project.

Implementing EDC 2018 Action Plan- Next Steps

At the January EDC meeting there was consensus around forming small task forces to undertake and implement action items in the 2018 Action Plan. Commissioner Lachance suggested task forces topics on advocacy and education around the McIntyre Redevelopment Process and on Workforce Housing. Commissioner Gold asked if it might be preferable to integrate into existing committees tasked to address these topics rather than forming separate EDC task forces. The consensus was to integrate with existing entities. Assistant Mayor Lazenby suggested that the EDC also engage in efforts to get a more fair and accurate assessment of commercial properties by securing income and expense information. Currently that information is provided only on a voluntary basis and only 91 out of 1,372 (6%) of local businesses comply. He feels that the EDC can play an education/advocacy role on this issue which is the topic of NH Senate Bill 509.

Manufacturing Roundtable Update

Ms. Carmer reported on the results of the survey that followed the initial Manufacturing Roundtable held at Great Bay Community College in November 2017. Results indicated that attendees felt the initiative is helpful and ranked topics for future quarterly meetings. At the top of the list was workforce recruitment/training, healthcare costs, and generational shifts in the workforce. The next roundtable will be in mid-February. The roundtable topic will be employee recruitment assistance.

New Business

Public Infrastructure Projects/Business Impacts

The City Manager and staff met this week with representatives of two business on Islington Street to discuss the impacts of public infrastructure projects and specifically the forthcoming Islington Street improvements. The recent gas company project negatively impacted the firms that rely on customer access to their business and parking. The Manager will be requesting a meeting with Unitil to discuss business concerns regarding gas line projects. Going forward, the City intends work with businesses to develop a construction mitigation plan for the Islington Street project similar to what it did for the State Street project in 2009. It includes modification of the construction schedule for special events, temporary signage for businesses and notification on digital messaging board that businesses are open. The City's website and a resident engineer in the field will provide construction updates and opportunities for business feedback.

HB 1609 Local option for Rooms and Meals Tax

NH House Bill 1609 is a bill that allows towns and cities to adopt an additional surcharge under the meals and rooms tax on hotel occupancy within the town or city and deposit the funds collected by the department of revenue administration and paid to the town or city into a capital reserve fund, revolving fund, or other special revenue fund. Last month the Mayor testified in favor of the bill at the NH House Ways and Means Committee in Concord. This local option bill, if passed and adopted locally could create a revenue stream to offset municipal expenses associated with managing events and the impacts from the City's tourist economy. It is estimated that Portsmouth businesses send roughly \$27 million to the state in meals and rooms taxes and only receives \$1.1 million in return. This is because

the return is not based on local contributions, but rather on population. The Manager estimates that a \$2 surcharge per night on the City's 1900 hotel rooms (based on a conservative 75% occupancy rate) could return \$1.4 million annually. It is likely that the hotel industry and lobby would oppose the bill. Yet, in addition to offsetting municipal costs, some of the returned money could be allocated to promote destinations in the City. Councilor Pearson suggested that, if possible, it could also be beneficial to link the revenues back to a workforce housing program for hospitality workers.

Other Business

1. Commissioner Zorn asked if there was any update on the anticipated date to re-open the Sarah Mildred Long Bridge. City Manager Bohenko said no date has been provided. The delay is related to mechanical issues within the tower structure.
2. Commissioner Cohen asked if there was any more information on the HarborCorp project other than what was reported in the paper this week. City Manager Bohenko said that the litigation against the project by a small group of residents set back the construction date. He will check in with Planning Director Juliet Walker to see if she has any additional information and report back.

Confirm Next Regular Meeting: March 2, 2018, 7:30 AM

Public Comment

David Choate of Colliers International noted that:

1. The tenant (Lab Corp) at 175 Heritage Avenue will vacate the space at the end of its lease in June. The 25,400 square foot space would be well suited for a similar laboratory use or medical device tenant.
2. He supports the PHA workforce housing project
3. The real estate community is opposed to requests for business information for the tax assessments because it violates privacy rights.
4. Finally, he said retail space in the downtown typically commands about \$40 per square foot which is difficult for retailers that do not own their building and leads to turnover. He offered that the West End business area is currently the sought after location for business in the City.

Adjournment – With no further business, the meeting was adjourned at 8:48 am.

Respectfully submitted,
Nancy Carmer
Economic Development Program Manager