

## I. Introduction

The City Council adopted the following goals and objectives for work of the Land Use Committee on February 27, 2022.

- A. Increase diversity of housing types and price points
- B. Remove regulatory barriers for housing diversification in neighborhoods (ADUS) – context sensitive design and consideration to impacts to traffic, on street parking and other infrastructure impacts
- C. Restructure incentives to deliver greater public benefit in workforce housing construction
- D. Identify and maximize partnerships, coalitions, and funding opportunities to deliver affordable housing.

This report provides key information that will inform the work of the first round of regulatory amendments supported and guided by the Land Use Committee.

## II. Local Planning Context

### A. City Council Adopted Goals 2022-2023

1. Diversify and Enhance the Supply of Housing Choices
2. Leverage Local Resources and Partnerships to Improve and Support Needs of Residents, Nonprofits, Arts and Culture Community
3. Continuously Enhance City Council Best Practices to Deliver a Trusted, Transparent and Responsive Process
4. Consistently Communicate with Community Members and Stakeholders, Respecting Channels of Communication They Prefer and Keeping Them Informed

### B. Housing Policy – 2016-03. In 2016, the City Council adopted a Housing Policy that was readopted annually and most recently in 2022.

The Policy identifies the following key guiding principles:

1. **HOUSING CHOICE AND AFFORDABILITY:** Residential growth in the City should include a range of housing types to address the needs of different household types, lifestyles and income levels.
2. **CHARACTER AND HERITAGE:** New residential development should be sympathetic to the local heritage and character of each area, and should incorporate quality built form and streetscapes, including pedestrian-friendly environments.
3. **HOUSING TARGET AREAS:** The City will identify housing target areas that are suitable for more residential development and will focus studies, detailed zoning changes and development controls to guide future development in each of these areas. Context-sensitive standards which address design will accompany each target area.
4. **INFILL DEVELOPMENT:** Outside housing target areas, the City will promote infill development of residences (and, where appropriate, mixed-uses) within existing neighborhoods by rezoning to promote and allow established, traditional development patterns.

Key Principles should be applied to focus areas including the Urban Core, Corridors, Urban Neighborhoods, and Suburban Neighborhoods. Regulations and process changes should be informed by the principals and address:

1. **DENSITY:** The City will incorporate historical land use patterns and human-scale development principles into local land use regulations (Zoning Ordinance, Site Plan Review Regulation Subdivision Rules and Regulations) and permitting processes, as well as other standards, plans, rules, regulations and programs as appropriate.
2. **PARKING:** The City will review parking requirements in housing target areas and specific neighborhoods, revise land use regulations as appropriate to reduce housing development costs while preventing street congestion, and proactively seek parking infrastructure solutions or shared parking arrangements that can be substituted for individual unit parking requirements.
3. **IMPACT ON AFFORDABILITY:** Recognizing that local land use regulations can have a direct impact on housing development costs, all Boards, Committees, Commissions and Departments should consider the impacts of

their actions on housing affordability within legal guidelines, and should coordinate with each other to the extent possible to provide advice consistent with this Policy.

4. **PERMIT STREAMLINING:** Private investment in the City’s housing stock should be encouraged and the development process be minimally burdensome on individual property owners to comply with City regulations. Minor site or building changes should not necessarily trigger requirements for review by City Boards or Commissions. All Boards, Committees, Commissions and Departments should review local land use regulations and other requirements so that de minimis changes may be approved administratively.

### C. 2025 Master Plan | Theme - Diversity

The Master Plan identifies the following housing goals:

#### **Goal 3.1 Adapt housing stock to accommodate changing demographics.**

- 3.1.1 Develop regulations for accessory dwelling units that promote affordable housing for all income levels and protect neighborhood character.
- 3.1.2 Implement housing rehabilitation programs using CDBG and other funds to improve housing stock.
- 3.1.3 Expand opportunities for home based businesses.

#### **Goal 3.2 Accommodate the Housing Needs of Low and Moderate Income Residents.**

- 3.2.1 Streamline the approval process for affordable housing in order to reduce development costs.
- 3.2.2 Promote the development of mixed-income multifamily housing in appropriate locations with incentive zoning provisions, such as reductions in parking requirement and increased maximum heights.
- 3.2.3 Seek targeted funding to provide for the needs of special populations, including elderly, disabled, and homeless.
- 3.2.4 Provide education and incentives for low to moderate income first-time homebuyers to purchase homes in Portsmouth.
- 3.2.5 Encourage the creation of smaller housing units, such as micro units.
- 3.2.6 Encourage businesses to establish employer-assisted housing programs.
- 3.2.7 Support mixed use redevelopment of suitable Portsmouth Housing Authority properties.

### D. State Regulatory Context

In New Hampshire, Workforce Housing is described defined in state statutes.

*RSA 674:58, IV defines the term “workforce housing” under two different categories: housing for sale and housing for rent. Housing for sale qualifies as “workforce housing” if it is “affordable to a household with an income of no more than 100 percent of the median income for a 4-person household for the metropolitan area or county in which the housing is located as published annually by the United States Department of Housing and Urban Development.” Rentals, in contrast, qualify as “workforce housing” if they are “affordable to a household with an income of no more than 60 percent of the median income for a 3-person household for the metropolitan area or county in which the housing is located as published annually by the United States Department of Housing and Urban Development.”*

<https://www.nhmunipal.org/town-city-article/legal-qa-what-municipalities-need-know-about-%E2%80%9Cworkforce-housing%E2%80%9D>

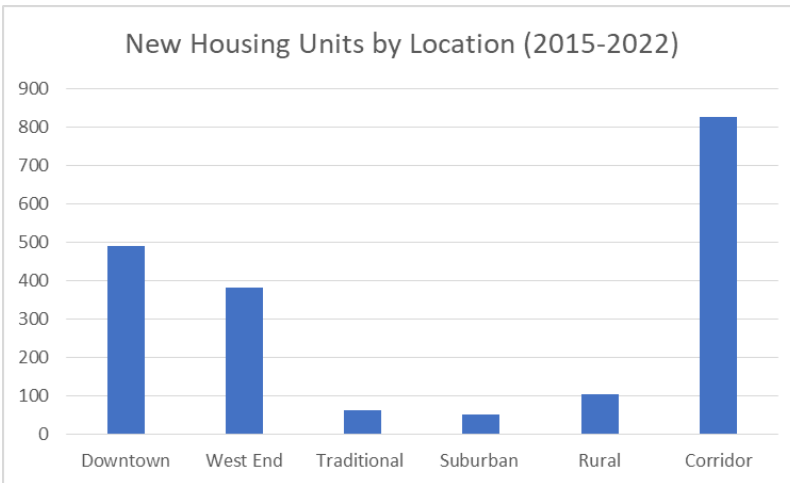
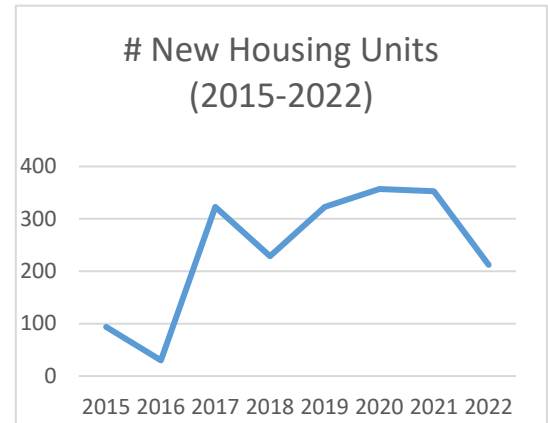
*In Portsmouth, (the Portsmouth-Rochester HUD Metro Fair Market Area), this translates to renters making up to \$57,600 and homeowners making up to \$99,875 (see more info about HUD Fair Market Rents in NH <https://www.nhhfa.org/wp-content/uploads/2021/06/HUD-incomelimits-effective-6.1.2021-1.pdf>).*

### III. Trends and Existing Conditions (Where are we now)

#### A. Development Trends

##### New Growth and Density

- Over the past 71/2 years, the city has approved an average of nearly 250 new housing units.
- After the adoption of Character-Based and Gateway Zoning in 2013-2015 the average number of approved new housing units increased from just over 60 units per year to over 300.
- Predictable application of standards and increased allowed density may account for the rapid increase.
- **Between 2015-2022 nearly 85% (or 1,631) of the approved new housing units were located within moderate- to high-density multi-family housing developments.**



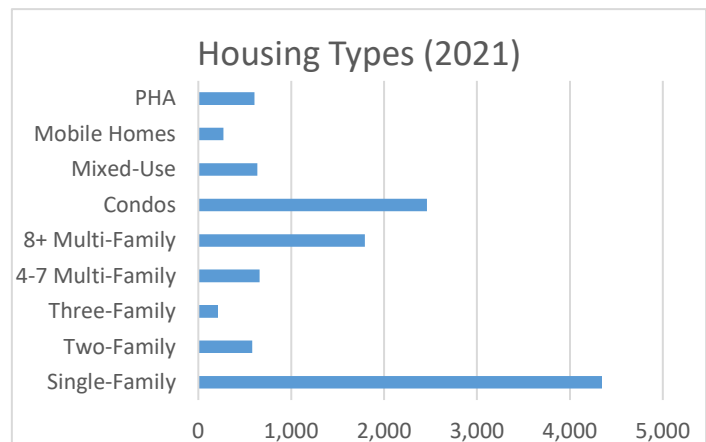
##### Location of New Housing Units

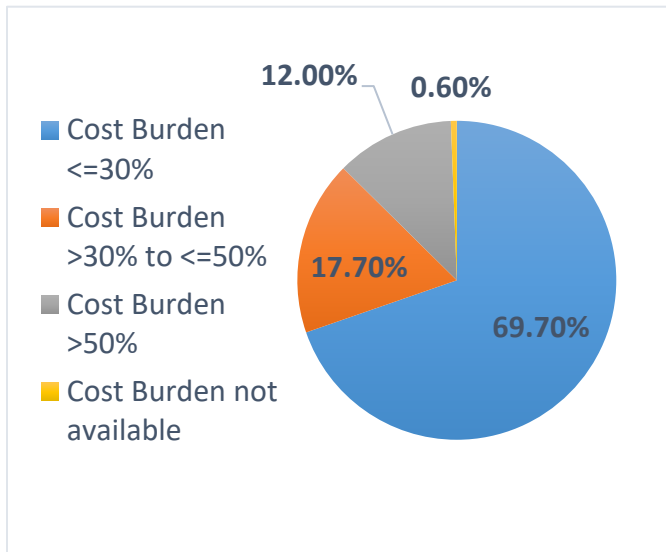
- 85% of all new approved housing units are located within the city’s urban zoning districts where infrastructure and utilities already exist.
- Over 40% (827 units) of the approved new housing units were located along the commercial corridors in the Gateway Zoning Districts.
- The Downtown accounted for just over 25%
- West End included 20% of the approved new housing units
- Only 3% of all new housing units were located within traditional neighborhoods.
- It is important to note that 23% of all new

units were located on previously undeveloped open space within rural areas. These “Greenfield” developments permanently change the land use from undeveloped open space to residential use.

##### 2021 Housing Unit Counts and Types

- Single Family residences and condos comprise 62% of all housing in Portsmouth.
- Multi-family units (3+ units and mixed use) comprise 30% of all housing in Portsmouth.
- Since adoption of the Accessory Dwelling Unit (ADU) Ordinance in 2017, the city has approved 32 accessory dwelling units.
- 44% of all approved ADUs were attached and 41% were garden cottages.





### Cost Burdened Community Summary

A household is said to be cost-burdened when it pays more than 30 percent of its income toward housing expenses. As a more extreme measure, a household is said to be severely cost-burdened when it pay at least 50 percent of its income toward housing expenses.

- Nearly one-third of Portsmouth residents are cost burdened.
- 12% of the residents are paying 50% or more of their income for housing costs.
- The most heavily cost burdened members of the community are renters. 36% of renters pay more 30% or more of their total income for housing compared to 23% of homeowners.
- While the number of cost burdened homeowners has done down over the past eight years (22% to 14%), the number of cost burdened renters has remained steady at about 21%

## IV. Proposed Amendment Work Plan | Will be Considered for Approval by City Council on April 18, 2022

PHASE 1	TOPIC/SUBJECT	CODE SECTION	Objectives	Housing Type Impacted	Housing Policy	Master Plan Goal
Phase 1 Amendments- JUNE 2022	Building Height		Improve regulatory implementation and align with legislative intent. Eliminate ambiguous sections that result in unintended consequences.			
1	Building Height Map	10.5A21B	Add new streets, add building heights for civic and municipal properties and modify building heights. Correct the reference to 10.5A46.	All types within Character Districts	CHARACTER AND HERITAGE; HOUSING TARGET AREAS	Goal 2.1, Actions 2.2.2 and 2.2.3
2	Building Height Standards	10.5A21B	Clarify the standards for corner, through or waterfront lots	All types within Character Districts	CHARACTER AND HERITAGE; HOUSING TARGET AREAS	Goal 2.1, Actions 2.2.2 and 2.2.4
3	Civic Districts	10.5A52.40	Apply the CD4 development standards to civic properties	NA	CHARACTER AND HERITAGE; HOUSING TARGET AREAS	Goal 2.1, Actions 2.2.2 and 2.2.5
4	Definitions	10.153	Add definitions for public places and modify building height to be based on existing versus finished grade.	All types in all locations.	CHARACTER AND HERITAGE; HOUSING TARGET AREAS	Goal 2.1, Actions 2.2.2 and 2.2.6

**Land Use Committee Existing Conditions and Strategy Report**  
**Land Use Committee 4-8-2022 and City Council 4-18-22**

PHASE 2	TOPIC/SUBJECT	CODE SECTION	Objectives	Housing Type Impacted	Housing Policy	Master Plan Goal
<b>Phase 2 Amendments SEPTEMBER 2022</b>	<b>ADUs and Senior Housing Facilities</b>		<b>Remove barriers and expand the number of eligible properties for ADUs and Senior Housing Facilities.</b>			
1	Accessory Dwelling Units/ Garden Cottages	10.814 & 10.815	Remove regulatory barriers to ADU development through inclusion of context-sensitive design standards. Develop criteria allowing ADUs/Garden Cottages as-of-right.	Accessory Dwelling Units/Garden Cottages	HOUSING CHOICE AND AFFORDABILITY; HOUSING TARGET AREAS	<b>Goal 3.1</b> , Actions 3.1.1; <b>Goal 3.2</b> , Actions 3.2.1
2	Assisted Living Facilities	10.44	Allow for Assisted Living Centers in outlying Zoning Districts and allow for Cooperative Housing.	Cooperative / Shared Housing, Congregate Care, Assisted Living, Independent Living, Senior Housing	HOUSING CHOICE AND AFFORDABILITY	<b>Goal 3.1</b> , Actions 3.1.1; <b>Goal 3.2</b> ,

PHASE 3	TOPIC/SUBJECT	CODE SECTION	Objectives	Housing Type Impacted	Housing Policy	Master Plan Goal
<b>Phase 3 Amendments DECEMBER 2022</b>	<b>Incentives for Workforce Housing</b>		<b>Adjust incentives to place a higher emphasis on Workforce Housing.</b>			
1	Character District Zoning - Large Properties	10.5A43.33	Adjust incentive to include Workforce Housing.	Multi-Family (Rental or Ownership)	HOUSING CHOICE AND AFFORDABILITY; HOUSING TARGET AREAS	<b>Goal 3.1</b> , Actions 3.1.1; <b>Goal 3.2</b> , Actions 3.2.1, 3.2.2, 3.2.5
2	Character District Zoning - Large Building Footprints	10.5A46	Modify Building Footprint Allowance to incentivize Workforce housing.	Multi-Family (Rental or Ownership)	HOUSING CHOICE AND AFFORDABILITY; HOUSING TARGET AREAS	<b>Goal 3.1</b> , Actions 3.1.1; <b>Goal 3.2</b> , Actions 3.2.1, 3.2.2, 3.2.5
3	Character District Zoning - Incentive Overlay Districts	10.5A43.46	Modify the Incentive Overlay Districts to incentivize Workforce Housing.	Multi-Family (Rental or Ownership)	HOUSING CHOICE AND AFFORDABILITY; HOUSING TARGET AREAS	<b>Goal 3.1</b> , Actions 3.1.1; <b>Goal 3.2</b> , Actions 3.2.1, 3.2.2, 3.2.5
4	Character District Zoning - Gateway Districts	10.5B	Modify the Gateway Districts to include Workforce Housing	Multi-Family (Rental or Ownership)	HOUSING CHOICE AND AFFORDABILITY; HOUSING TARGET AREAS	<b>Goal 3.1</b> , Actions 3.1.1; <b>Goal 3.2</b> , Actions 3.2.1, 3.2.2, 3.2.5
5	Planned Unit Developments	10.72	Modify CUP to improve outcomes for Workforce Housing	Single, Two- and Multi-Family (Rental or Ownership)	HOUSING CHOICE AND AFFORDABILITY; HOUSING TARGET AREAS	<b>Goal 3.1</b> , Actions 3.1.1; <b>Goal 3.2</b> , Actions 3.2.1, 3.2.2, 3.2.5
6	Off-Street Parking	10.11.110	Modify the off-street parking regulations to improve the balance and equity between the high cost of private and public parking.	Multi-Family (Rental or Ownership)	HOUSING CHOICE AND AFFORDABILITY; HOUSING TARGET AREAS: Parking	<b>Goal 3.1</b> , Actions 3.1.1; <b>Goal 3.2</b> , Actions 3.2.1, 3.2.2, 3.2.5