

# PORTSMOUTH STEAM FACTORY PROJECT

*AN ASSESSMENT OF THE RECENTLY APPROVED DESIGN  
REVIEW PLAN, THE ALTERNATIVE CUP PLAN, AND THE  
2019 PROPOSED ZONING AMENDMENTS*



**361 HANOVER STREET, PORTSMOUTH, NH**  
**HAMPSHIRE DEVELOPMENT CORPORATION**

**Sept. 23<sup>rd</sup> 2024**

September 23, 2024

To: Rick Chellman, Chairman of the Portsmouth Planning Board

Re: **An assessment of the recently approved Design Review Plan, Alternative CUP Plan, and the 2019 proposed Zoning Amendments**

Dear Mr. Chellman,

In response to the recent letter submitted to the City Council from residents of Islington Creek, dated August 15<sup>th</sup>, 2024, we offer the following information to clarify our continued efforts to develop a building and site plan that addresses the concerns expressed by Board members and members of the public that participated in the informal review of this project in April and May of this year. To that end, we believe the *Alternative CUP Plan* that we presented to the Board on July 18th, and our pending application for zoning relief to the Downtown Overlay District (DOD) requirements and the permitted Building Types in the CD5, meets the overall goals and objectives outlined in resident's letter to the City Council and the general substance of what we understand was presented in the proposed 2019 amendments. In summary, our response is intended to assess and illustrate how our *Alternative CUP Plan* addresses and meets those shared concerns, goals, and objectives.

In contrast to the recently approved *Design Review Plan* for 361 Hanover Street, the proposed *Alternative CUP Plan* is fundamentally consistent with the stated Board and neighborhood design objectives for smaller buildings, reduced building heights, greater open space, removal of commercial businesses on the ground-floor, and design of a context-sensitive building and site plan that is respectful and consistent with the historic character of the surrounding neighborhood. The proposed *Alternative CUP Plan* is designed to not only address these concerns but to replace the large 57-space surface parking lot along Hanover Street with four (4) detached buildings that will enhance property values, activate the street edge, preserve the street wall, and provide a transition from the large developments along Hill Street and Foundry Place to the existing land use pattern of smaller 19<sup>th</sup> century residential structures along Hanover and Rock Streets.

## **Proposed 2019 Zoning Amendments**

According to the former Planning Director, Juliet Walker's, Memo, in August of 2019, several residents in the Islington Creek neighborhood submitted a set of draft zoning amendments for consideration by the Planning Board.<sup>1</sup> According to the Director Walker's Memo, the Planning Board held a Public Hearing to review the draft amendments. Apparently, at the Public Hearing, the Planning Board received and provided comment and voted to continue the Public Hearing and to refer the amendments to the Planning Department for further review and to requested they provide a formal recommendation.

Subsequently, Director Walker's January 2020 Memo provided the Planning Board with a summary of the amendments. Apparently, the Board voted in January to schedule another public meeting to review the amendments.<sup>2</sup> However, this public meeting was apparently not held due to the pandemic and was

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<sup>1</sup> It is unclear from the Planning Director's memo whether these amendments were properly filed with the City Council in order to be referred to the Planning Board for a Public Hearing or whether the Director was only seeking informal review from the Planning Board.

<sup>2</sup> Other than a comment in the Planning Director's report that suggests making some changes to the underlying character-districts and a reduction in building height, it is difficult to fully understand and assess the substance and

never rescheduled.<sup>3</sup> At that time, it is evident from the high level of permitting activity in the North End in 2019-2020 that several potentially impacted properties were either before the city's land use boards and commissions or they were working to prepare their construction documents to commence construction on their previously approved projects.<sup>4</sup>

## Recent Zoning Amendments Effecting the North End

Although the City adopted no zoning amendments through much of 2019 to 2022 period, in late 2022, the City's Land Use Committee and Planning Board proposed an amendment to the definition of how building height was measured in order to prevent backfilling from artificially elevating the height of new buildings. Once adopted, the building height change had the net effect of lowering the overall height of all new buildings, including in the North End. In 2023, the street-based Building Height Standards Map was amended for several streets in downtown Portsmouth, including but not limited to the recently completed Foundry Place. Although originally proposed to be consistent with the allowed height of 4 stories or 50' already assigned to other properties fronting on Foundry Place, the building height for 361 Hanover Street along Foundry Place was assigned a maximum height of 3 stories or 40' due to citizen concern for a potential 5-story /60' building which could be permitted using the density bonus associated with the North End Incentive Overlay District (NEIOD).<sup>5</sup> The intention of the lower height was to afford the city and public additional time to study and revisit all the *Development Standards* for the North End.

In March of 2023, the definition of a penthouse was amended to encourage pitch-roofed penthouses on the upper level of new buildings.<sup>6</sup> Additionally, other 2023 amendments included new requirements for the NEIOD and the incentives for the redevelopment of large parcels (greater than one acre in lot area). The adopted amendments also included new residential "building types", "community space" types, a

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scope of the revised amendments recommended by the Planning Department as they are not included in the August 15<sup>th</sup>, 2024, letter from residents to the City Council. However, support for reducing the scale and volume of new buildings was recommended in the draft amendments.

<sup>3</sup> It is unclear why, if these amendments were correctly filed with the City Council in advance of the Planning Board hearing, that the hearing was closed in January if subsequent review of the amendments was required. Nor is it clear why the informal review process was not reinitiated after the restrictions of the pandemic were lifted in 2022. Although many amendments were adopted in a variety of zoning changes over 2022-2023, some aspects of the 2019 amendments – like a removal of the DOD requirements from Hanover Street - were not yet fully evaluated.

<sup>4</sup> For example, in February of 2020, new prospective owners of 361 Hanover Street submitted a conceptual design of a mixed-use project for Design Review at the Planning Board. The owners of 89 Foundry Place were also working to finalize their plans for a large 51-unit mixed-use project. The city was also constructing its new 5-story/ 60' municipal parking structure along Foundry Place. Given the ongoing construction projects and pending applications, the prospect of substantially downzoning this area using the lower residential density requirements of the CD4-L1 zoning demanded a careful analysis of impacts on the buildout of this larger neighborhood given the design, land use, and economic goals laid out in the 2014 North End Vision Plan and the 2015 Character-Based Zoning amendments adopted by the City for the North End

<sup>5</sup> Note that 361 Hanover Street also has frontage on Hanover Street and the building height on Hanover Street is limited to 3 stories or 40'.

<sup>6</sup> As discussed during the Design Review process for 361 Hanover St., although the intent of the penthouse amendment was to encourage penthouses to have sloped roofs, it was not evident at the time that the setback and size limitations for penthouses continued to act as significant disincentive as compared to other roof types like mansard or gambrel roofs. Unlike penthouses, mansards and gambrel roof forms have no setbacks from the roof edge nor any gross floor limitations.

In summary, these zoning amendments impacted both the development rights and the building design of many properties in the Downtown Portsmouth, including, 361 Hanover Street. Moreover, these amendments addressed many of the goals and objectives raised in the proposed 2019 zoning amendments. However, some changes, such as eliminating the DOD requirements along Hanover Street or the desire to change the character districts in the North End were not yet studied or formally addressed the issue.<sup>7</sup>

[illegible]

<sup>7</sup> For properties located outside the city's Historic District (like 361 Hanover Street), the community concern about the quality and design character of any proposed buildings remains unaddressed as the Historic District boundary has not been changed and no design review standards are currently required under either the Site Plan Regulations or the Character-Based Zoning.

As presented during the review and approval of the recently approved *Design Review Plan*, after approval of a subdivision of the former Powerhouse Lot (4,717 SF), the remaining property being considered for redevelopment is 38,528 SF in lot area. As shown in figure 1, the property has 188' of frontage along Hanover Street and the lot also abuts city-owned property along Rock Street and Foundry Place. The existing 57-space surface parking lot fronting along Hanover Street is approximately 18,612 SF in lot area whereas, the rear or remaining portion of the site fronting on Foundry Place is approximately 19,916 SF in lot area.

## Neighborhood Context – Building Height, Volume, and Density

The surrounding neighborhood context within the North End is characterized by a mix of land uses, building heights, volumes, and densities. By design, topography, and the adopted zoning requirements, new buildings are intended to step up in intensity and size (footprint, volume, and height) from Foundry Place to Hanover Street. The mixed-use buildings fronting along Foundry Place are typically 5 stories and up to 60' while those fronting along Hill Street are 2-4 stories and up to 50', and those fronting on Hanover Street are typically between 2-3 stories and up to 40' in height. Similarly, the density of residential units (measured in units per acre) is highest along Foundry Place to Hanover Street. Buildings fronting along Foundry Place have typically 80-100+ units per acre whereas those fronting on Hill Street have 30-40 units per acre and those fronting on Hanover Street have 30-35 units per acre.<sup>8</sup> Similarly, most lots along Foundry Place have a building coverage averaging 85% while those on Hill Street are 60%-80% and those located on Hanover Street are 60-85%.<sup>9</sup>

## Existing Zoning

Consistent with the parcel-based Character-Based Zoning District Map adopted in 2015 for the North End, Figure 2 shows the entire property included within a single Character District.<sup>10</sup> The CD5 Character District was designed for the property due to the proximity of the existing structure along the future right of way of Foundry Place and the recommendations of the *North End Vision Plan* for more intensive, high-density, mixed-use development along Foundry Place transitioning to lower density development moving toward Hanover Street. Importantly, the *North End Vision Plan* Identified Foundry Place as an opportunity for the city to construct a multi-story municipal parking facility immediately surrounded with supporting high-density, multi-storied, mixed-use developments.

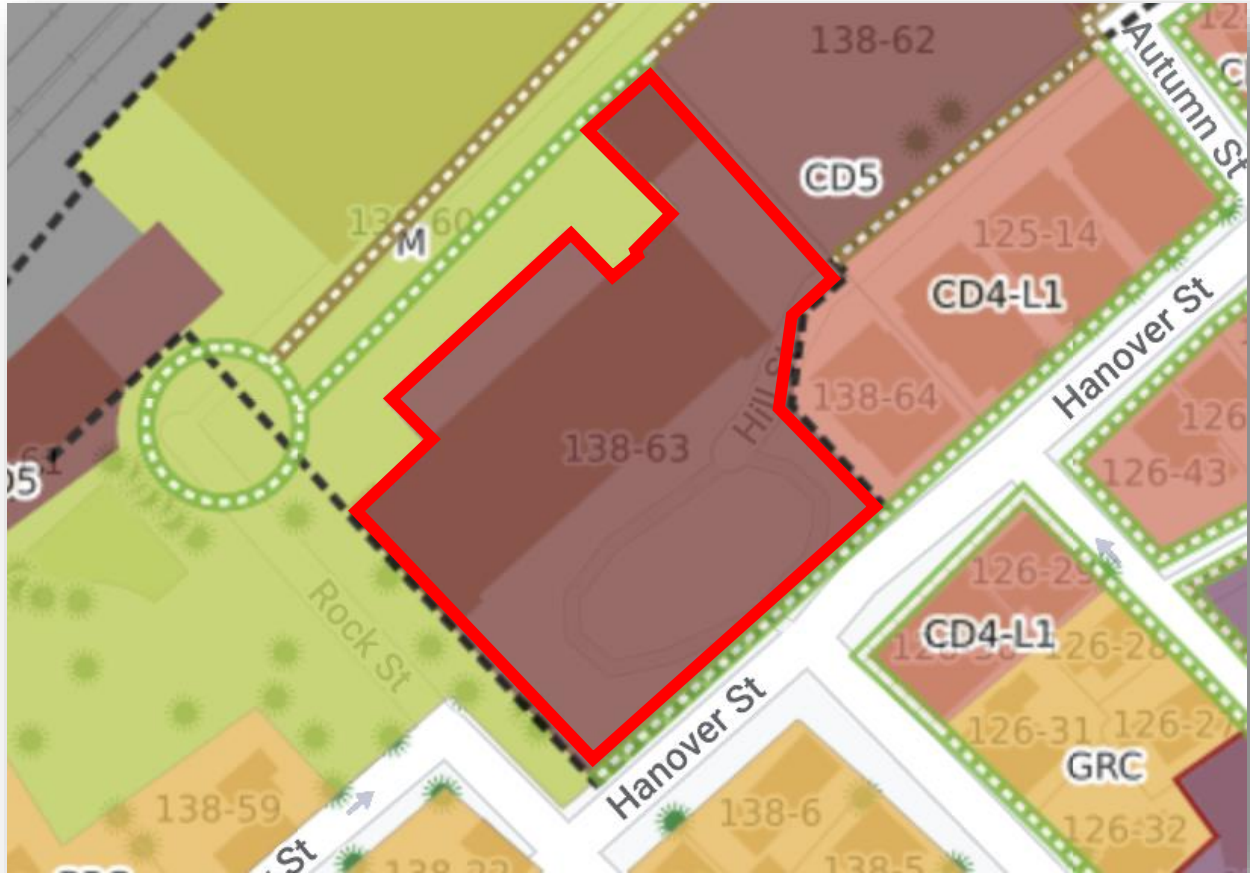
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<sup>8</sup> Note that, unlike the CD4 or CD5 Character Districts, the CD4-L1 requirements only allow for 15 units per acre making nearly all existing lots within the CD4-L1 non-conforming.

<sup>9</sup> Again, the CD4-L1, unlike the CD4 or CD5 Character Districts, limits building coverage to 60% of the lot making most lots within the CD4-L1 non-conforming. Similarly, while the zoning requirements increase the open space on a lot from Foundry Place to Hanover Street nearly all lots within the CD4-L1 are non-conforming for open space.

<sup>10</sup> Also note that at the time of adoption in 2015, Foundry Place was not yet laid out as a right-of-way or constructed, thus, 361 Hanover Street only had frontage on Hanover Street.





**Figure 2 – Existing CD5 Zoning for 361 Hanover Street**

As shown in Figure 2, 361 Hanover Street is also located within the Downtown Overlay District (DOD) and the existing buildings along Foundry Place are also located within the North End Incentive Overlay District (NEIOD). The NEIOD allows for taller buildings in exchange for public benefits like Community Space and Workforce Housing.<sup>11</sup> Figure 2 also shows the *Building Height Standards* for the lot. As of 2023, the standards are defined by the frontage along Foundry Place and Hanover Streets. As shown on Figure 2, the maximum building height of any new building on the lot is limited to 3 stories or 40' (shown as a green line on Figure 2).

## Recently Approved Design Review Plan

Shown in Figures 3 and 4, the recently approved recently approved *Design Review Plan* for 361 Hanover Street proposes a 3 ½ story / 40' mansard building along Hanover Street and a similar roofline design with upward extension on the existing building. As listed in Table 1, the proposed building footprint for the new building on Hanover Street is 11,037 SF and it has a front lot buildout along Hanover Street of 188 feet or 95% of the total street frontage. Given the requirements of the DOD, the ground-floor of all the buildings have commercial uses along the street edge and structured parking on the ground-floor to

<sup>11</sup> In 2023, the Zoning Ordinance was amended to require both Community Space & Workforce Housing in the NEIOD.

The site plan for 138/63 shows two main buildings, A and B, with various annotations and dimensions. Building A is a 2-story brick structure with a new footprint of 14,595 SF. It includes a rear yard of 0' (variance), a proposed building expansion of 3,485 S.F., and a proposed 5' porous walkway of 250 SF. Building B is a 2-story brick structure with a footprint of 11,037 SF. It includes a shared multi-modal way community space of 4,352 SF, a 20' passage, and a 16' cobble band. The plan also shows a historic light (typ.), a proposed porous walk of 100 SF, a 739 SF landscaping area, a 599 SF landscaping area, a double bench, an 18' garage door, a preserve tree, a 5'R (typ.), a concrete retaining wall, a concrete slab/step, a little library box, a proposed 5' brick walkway, a proposed brick area w/ benches, a rock street (public right of way), a fence, a proposed access easement, an expanded curb cut, and a remove 1 parking space. The plan is bounded by Hanover Street to the south and Rock Street to the west. The lot is labeled 138/63 and 138/64. The plan is dated 11/13/13.

<sup>12</sup> Understanding that the development of an *Alternative CUP Plan* would likely involve significant time and expense as well as the need for zoning relief from the Board of Adjustment, the *recently approved Design Review Plan* was submitted for approval to vest or “freeze” the current zoning while we explored alternative designed that would address the shared concerns of getting the building and site design to better “fit” the neighborhood context.



**Figure 4 – Streetscape Rendering along Hanover St. of the Recently Approved Design Review Plan (May 2024)**

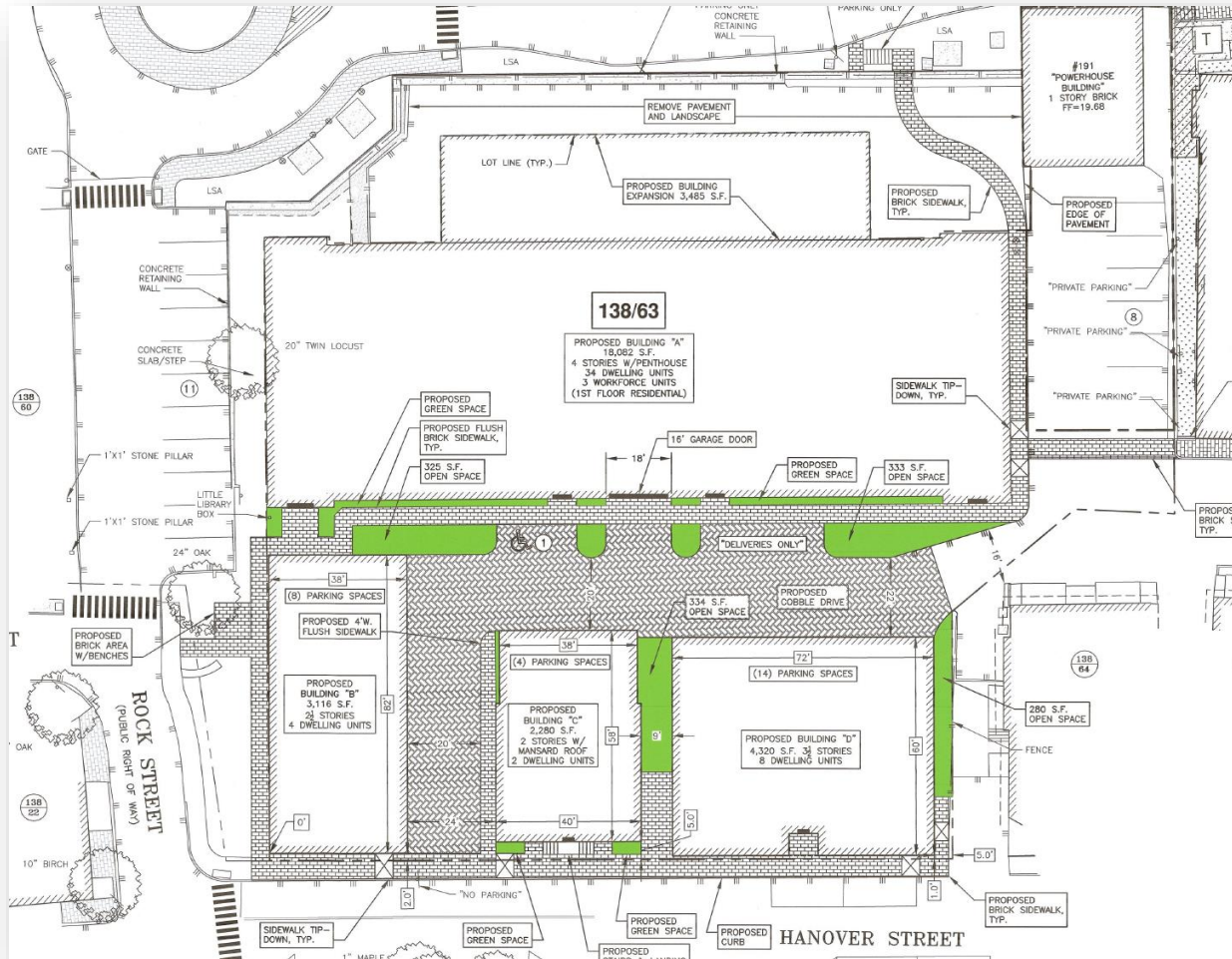
## Alternative CUP Plan

In direct response to Planning Board and public feedback received during the review and approval of the recently approved *Design Review Plan*, on July 18<sup>th</sup>, 2024, an *Alternative CUP Plan* was presented to the Planning Board and public for informal consideration. As shown in Figures 5 & 6, the *Alternative CUP Plan* seeks to address the shared concerns expressed by members of the neighborhood to better reflect the land use patterns and historic architectural character of the surrounding neighborhood through reductions in the building massing, volume, height, scale, and the use of traditional building design principles.



**Figure 5 – Streetscape Rendering along Hanover St. of the Proposed Alternative CUP Plan (July 2024)**





**Figure 6 – A Site Plan of the Proposed Alternative CUP Plan (July 2024)**

As listed in Table 1, in comparison to the recently approved *Design Review Plan*, the *Alternative CUP Plan* reduces the:

- 1) Front lot line buildout by 33 feet or 16%;
- 2) Total building length by 116 feet or 60%;
- 3) Total building coverage by 1,688 SF or 15%;
- 4) Average building height by nearly 3 feet or 8%;
- 5) Total building volume by nearly 12,000 SF or 25%;
- 6) Total building footprints by over 2,300 or 20%.

As illustrated in Figure 5, the architectural style and character of the proposed buildings along Hanover Street is consistent with the historic quality and character of this predominantly 19<sup>th</sup> century neighborhood. Importantly, in comparison to the surrounding neighborhood context along Hanover and Rock Streets, Table 1 also shows how the *Alternative CUP Plan* is consistent with the building footprints, building block lengths, volumes, heights, open spaces, residential density, and the ground-floor uses in the immediate neighborhood. Similar to the reductions in building coverage and volume, the proposed

open space shown on the Alternative CUP Plan is increased by nearly 2.5 times the amount shown on the recently approved *Design Review Plan*.

**Table 1: Approved Recently Approved Design Review Plan & the Alternative CUP Plan - A Comparison of Building Massing, Volume, Height, and Residential Density for the 57-space Surface Parking Lot**

Development Standard	Approved Design Review Plan	Alternative CUP Plan	Hanover St. Neighborhood
Front Lot Line Buildout	178' (95%)	150' (80%)	Hanover St. (75-80%)
Building Block Length	178'	38' – 40' – 72'	26' – 42' – 62'
Building Coverage	11,037 SF (60%)	9,348 SF (50%)	50-80%
Building Height	3 Stories /40' (average of 40')	3 Stories /40' (average of 37')	2 – 3 stories (average of 35')
Building Volume (FAR) <sup>13</sup>	2.35	1.75	1.1-1.5
Building Footprints	11,036 SF	2,740, 2,280, and 4,320 SF	700 – 2,400 SF
Open Space	1,200 SF (6.5%)	4,180 SF (23%)	5- 20%
Residential Dwelling Units	1,550 SF/dwelling unit (28 Units/ Acre)	1,329 SF/dwelling unit (32 Units/ Acre)	1,565 SF/dwelling unit (27 Units / Acre)
Ground Floor Uses	Commercial and Covered Parking	Residential and Covered Parking	Residential and Surface Parking

After assessing the differences between the recently approved *Design Review Plan*, the *Alternative CUP Plan*, and the Hanover Street neighborhood, the *Alternative CUP Plan* represents a building and site plan that is not only consistent with the goals, objectives, and strategies of the 2014 North End Vision Plan but it also addresses the shared concerns expressed during the design review hearing seeking to redeveloping this site at a scale, volume, height, and residential density more consistent with the surrounding neighborhood context.<sup>14</sup>

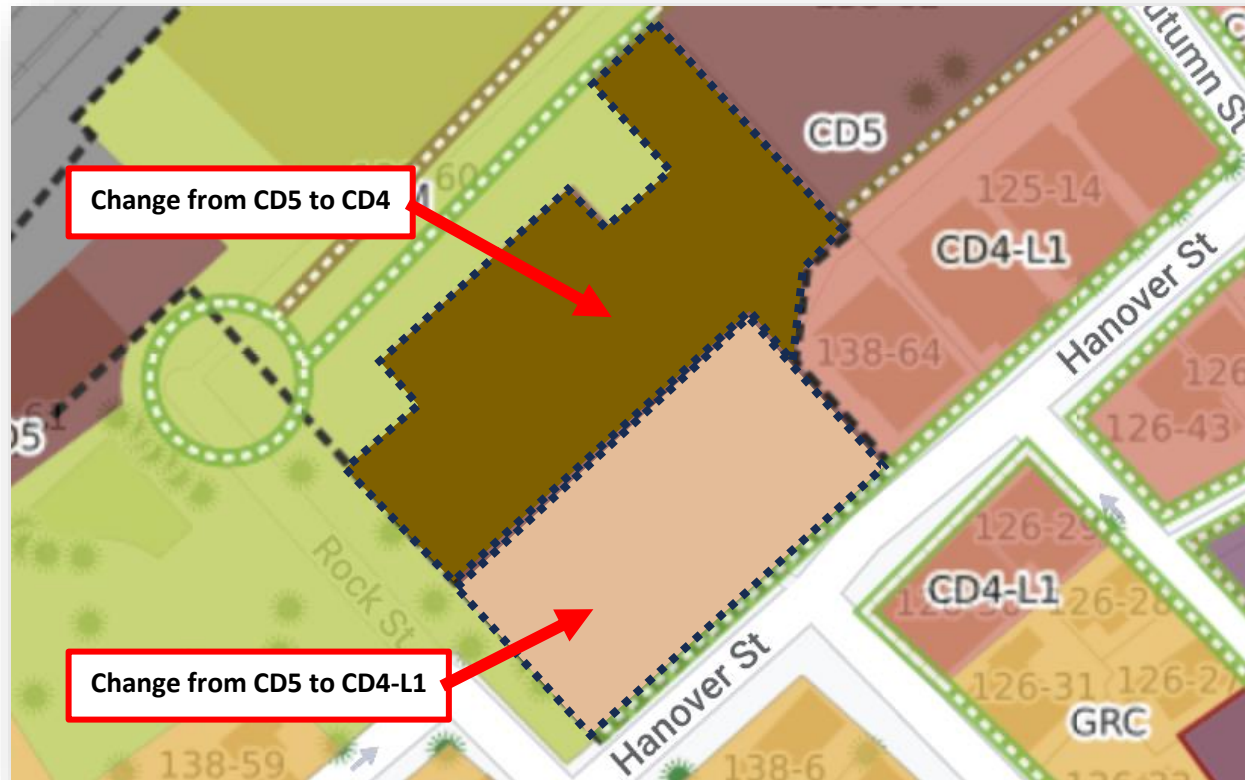
## Comparing the CD4-L1 and CD4 Character Districts with the CD5 Zoning

In review of the proposed 2019 Zoning Amendments outlined in the former Planning Director's August 2019 Memo, the Character District changes requested by residents in 2019 appear to have requested rezoning the rear portion of the property – which includes the existing building fronting on Foundry Place - from CD5 to CD4 and the 57-space surface parking lot portion of the property fronting along Hanover Street changed from CD5 to CD4-L1 (see Figure 7).

Understanding that there are no significant differences in the *Development Standards* between the CD4 and CD5, the primary difference relates to the intensity of land uses permitted under the Zoning Ordinance. As such, other than a reduction in the size of the rear addition to the existing structure, the proposed multi-family residential use shown in *Alternative CUP Plan* essentially conforms with the *Development Standards* and land uses allowed in both the CD5 and CD4 Character Districts.

<sup>13</sup> Floor Area Ratio is a measurement of the volume of the building on the lot where the gross floor area of the building is divided by the lot area. For example, a 10,000 SF (Gross Floor Area) building on a 5,000 SF lot would yield an FAR of 2.0).

<sup>14</sup> As stated earlier, the existing neighborhood context is characterized by the transition within the Character Districts from larger, 5 story mixed-use buildings along Foundry Place and the north side of Hill Street to the lower, 2-3 story, single-use buildings along the south side of Hill Street and Hanover Street.



**Figure 7 – Resident’s Proposed 2019 Character District Amendments to 361 Hanover Street**

In contrast to the rear portion of the property, changing the front portion of the lot (the 57-space surface parking lot) from CD5 to CD4-L1 would substantially impact the program or use of the site as the number of residential dwelling units permitted on the lot would be limited to 3,000 SF of land area per unit (whereas, the CD5 has no such density requirement). Similarly, the maximum building coverage would be reduced from 95% in the CD5 to 60% in the CD4-L1 while the required open space would be increased from 5% in the CD5 to 25% in the CD4-L1. Similarly, the allowed building footprints would be reduced from 20,000 SF in the CD5 to just 2,500 SF in the CD4-L1 (an 87% reduction). Table 2 compares the Alternative CUP Plan with the 2019 proposal to change the zoning to the CD4-L1 Character District.

**Table 2 - Alternative CUP Plan & the 2019 CD4-L1 Zoning Proposal for Hanover St.: A Comparison of Building Massing, Volume, Height, and Residential Density for the 57-space Surface Parking Lot**

Development Standard	Alternative CUP Plan	2019 CD4-L1 Zoning Proposal	Hanover St. Neighborhood
Front Lot Line Buildout	150' (80%)	150' (80%)	Rock St. (60%), Hanover St. (80%)
Building Block Length	38' – 40' – 72' (3 buildings)	38' – 38' – 38' – 38' (4 buildings)	26' – 42' – 62' (range of buildings)
Building Coverage	9,348 SF (50%)	9,424 SF (50%)	50-805%
Building Height	3 Stories /40' (average of 37')	3 Stories / 40' (average of 40')	2 – 3 stories (average of 35')
Building Volume (FAR)	1.75	1.93	1.1-1.5
Building Footprints	2,740, 2,280, and 4,320 SF	2,356 SF (all four buildings)	700 – 2,400 SF
Open Space	4,180 SF (23%)	4,653 SF (25%)	5- 20%
Residential Dwelling Units	1,329 SF/dwelling unit (28 Units/Acre)	3,102 SF/dwelling unit (15 Units/Acre)	1,565 SF/dwelling unit (27 Units/Acre)
Ground Floor Uses	Residential and Covered Parking	Residential and Covered Parking	Residential and Surface Parking

As expected, the recently approved *Design Review Plan*, would not be consistent with most of the CD4-L1 zoning requirements. However, as Table 2 illustrates, the *Alternative CUP Plan* meets nearly all of the CD4-L1 requirements. Thus, other than the 3,000 SF lot area per dwelling unit requirement of the CD4-L1, the *Alternative CUP Plan* is, by design, consistent with most of the CD4-L1 Development Standards. The setbacks and the front lot line maximum of the *Alternative CUP Plan* meet the CD4-L1 requirements as does the building block length, building coverage, façade glazing, roof, building, and facade types. In fact, the average building height for the proposed *Alternative CUP Plan* is actually lower than the maximum height the CD4-L1 would allow.<sup>15</sup>

In summary, other than the reduction in the number of dwelling units in the proposed buildings along Hanover Street (from 14 to 6 units), the *Alternative CUP Plan* is consistent with the density, architectural style, and land use pattern of the surrounding neighborhood.<sup>16</sup> Moreover, as shown in Table 2, the proposed residential density is also consistent with the other existing properties in the surrounding neighborhood along Hanover Street.

## Findings & Summary

Many of the proposed 2019 amendments were adopted well in advance of filing either the recently approved *Design Review Plan* or the proposed *Alternative CUP Plan*. In fact, other than removal of the mandatory ground-floor commercial requirements in the DOD along Hanover Street – a shared objective with broad support - the only substantive issue not addressed from the resident’s August 15<sup>th</sup> letter to the City Council is the potential change of the 57-space surface parking lot from the CD5 Character District to CD4-L1. However, while changing to the CD4-L1 would significantly lower the number of residential dwelling units allowed in the front building(s) it would not necessarily improving the streetscape or resulting in a reduction in building volume, design, height, or placement of the buildings along Hanover Street.<sup>17</sup>

Thus, we believe the proposed buildings and site design shown in the *Alternative CUP Plan* clearly demonstrates that the proposed *Alternative CUP Plan* is well-aligned with the goals and objectives of the *2014 North End Vision Plan*, the existing *Character-Based Zoning*, the intent of the proposed 2019 zoning amendments, and the recently stated comments and concerns of the Planning Board and participating members of the public.<sup>18</sup> Moreover, we believe the proposed *Alternative CUP Plan* illustrates a unique opportunity to redevelop this property – and the unsightly 57-space surface parking lot fronting on

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<sup>15</sup> Although the building footprint of the mansard shown in the *Alternative CUP Plan* is nearly double the maximum footprint allowed in the CD4-L1, the building could be separated into two equal sections with as little as 5 feet of separation between the building sections for fire separation. Such a change would not discernibly change the street wall (or edge) along Hanover Street.

<sup>16</sup> However, it is important to note that any reduction in the overall number of dwelling units may not necessarily result in a smaller overall project design as the dwelling units may be significantly increased in size.

<sup>16</sup> However, it is important to note that any reduction in the overall number of dwelling units may not necessarily result in a smaller overall project design as the dwelling units may be significantly increased in size.

<sup>17</sup> As an example, using the CD4-L1 zoning, up to four (4) structures similar in footprint, height, and volume of the Pearl Street Church (located at 45 Pearl Street) would be permitted on the 57-space surface parking lot fronting along Hanover Street.

<sup>18</sup> Moving forward, if the needed variances are granted for the *Alternative CUP Plan*, the city’s Technical Review Committee will assess the traffic and parking impacts on the surrounding neighborhood, and, if necessary, require adjustments to the parking layout and/or the number of residential dwelling units to mitigate any adverse on- or off-site impacts.



Hanover Street - with a building and site design that is architecturally (and voluntarily) consistent with the surrounding historic character, while also providing covered parking within the buildings for all the required parking for the proposed residential dwelling units, community space in the form of a multi-modal way, and much-needed, workforce housing. Taken together, we believe these substantial public benefits to the city and neighborhood address the primary concerns shared by the Board and members of the surrounding neighborhood.

In closing, we believe the *Alternative CUP Plan* represents, context-sensitive design that provides an incremental but well-balanced, transition from the high-density, mixed-use developments located along Foundry Place and Hill Street to the lower-density neighborhoods along Hanover and Rock Streets. However, in order to make the *Alternative CUP Plan* a viable redevelopment option, it will be imperative for members of the city's land use boards and committees and the surrounding neighbors to actively support the needed zoning relief from the Board of Adjustment to eliminate the DOD requirements and allow residential building types along Hanover Street in order to make this collaborative project design a success for Portsmouth, the North End and the Islington Creek Neighborhood.



**Figure 8 – Context-Sensitive Building and Site Design in the Proposed Alternative CUP Plan (July 2024)**