

MEMORANDUM

To: Mayor Jack Blalock
Portsmouth City Council
City Manager John Bohenko

CC: Housing Committee members (Councilor Spear, Councilor Dwyer, Commissioner Kennedy, Deputy City Manager Colbert Puff, Planning Director Rick Taintor, Planner Jessa Berna)

From: Councilor Perkins, Chair, on behalf of the Housing Committee

Date: 11/16/2016

Re: Housing Committee: Final Recommendations

Portsmouth is quickly becoming a well-known desirable community. In order to maintain future economic growth, the City must continue to compete to attract a highly talented workforce through its desirable features and reasonable cost of living. Our new Master Plan shows a vision for a community with increased vibrancy, authenticity, sustainability and variety. The Housing Committee was charged with taking initial actions to implement these goals by surveying the entirety of Portsmouth to identify the proper areas for zoning changes. These changes enable market forces to create the kind of Portsmouth the residents have chosen.

The cost of housing in Portsmouth has escalated partially due to forces well outside of the City’s control. Households are changing – people are having children later, seeking a carless lifestyle, and seeking to retire somewhere they can maintain mobility. Due to these changes, there is a greater demand for smaller units to accommodate a greater variety of households. While both millennials and baby boomers show a preference for smaller units walking distance from amenities, families with children still show a preference for a suburban home which requires a car. Portsmouth must provide the variety the market is seeking in order to maintain balanced and healthy economic growth. Without changes, the rising housing prices do and will affect a critical asset to Portsmouth’s future: its workforce.

Portsmouth’s workforce is quickly becoming the critical restraint on its economic vitality, and we must maintain workforce growth to keep pace with our growing employer base. Portsmouth benefits tremendously from attracting a vibrant workforce, as in turn the workforce attracts large, tax-paying employers. Currently, there is a limited supply of units that meet the demand of our workforce (studios, 1-bedroom and 2-bedroom apartments), which has driven prices up on many housing types when households cannot find the type of housing units they are seeking.

Zoning changes are the most efficient way to create some relief to rising prices for Portsmouth’s workforce. Zoning changes which allow increased density at appropriate locations incents additional smaller units to meet the specific demand outlined above. These units, sometimes referred to as the “missing middle”, include smaller houses, townhouses, and smaller apartments or condominiums, and could include ownership as well as rental units. Higher density mirrors the historical pattern of development we all love about Portsmouth, is more sustainable and creates vitality. These higher-density areas, as selected by the Housing Committee, can be centers of activity in Portsmouth that serve as draws for the existing residents and for new residents, and can be interconnected by transportation planning.

November 16, 2016

Though the Housing Committee has selected three high-priority changes, there are certainly other sites throughout the City that could be identified as appropriate locations for additional housing.

In addition to zoning changes, the other high priority actions the City can take to address rising housing prices are: (i) to reduce the cost of the development process by streamlining the permitting process at the land use boards and (ii) in appropriate cases, work collaboratively with developers to reduce costs by assuming the responsibility of infrastructure improvements in conjunction with some projects.

The Housing Committee recommends the following priority actions to address the housing challenge in the City of Portsmouth:

1. Refer to City staff drafting of the zoning amendments identified on the chart attached as Exhibit A hereto. Once drafted by staff, these zoning changes will come first to the Planning Board for review, and then to City Council for enactment.
2. Adoption by the City Council of the Housing Policy, attached hereto as Exhibit B.

The Committee seeks a City Council vote to affirm the staff pursuing the recommendations in Exhibit A and adopt the policy in Exhibit B.

CITY OF PORTSMOUTH

CITY COUNCIL POLICY No. 2016-01

HOUSING POLICY

WHEREAS, the goals of the City of Portsmouth, as expressed in its 2025 Master Plan, include encouraging walkable mixed-use development, adapting the housing stock to accommodate changing demographics and accommodating the housing needs of the City’s current and future workforce; and

WHEREAS, the City Council finds that construction of additional housing is critical to the City’s continuing economic and civic vitality by supplying a new generation of workforce, attracting talent and new business, preserving affordability for long term residents to remain in the City, and increasing our resident base to allow for greater variety of participation in our City Boards, Committees, Commissions and Departments; and

WHEREAS, the City Council recognizes that in support of this objective it will be beneficial to provide guidance to City Boards, Committees and Departments as to interpretation of City regulations and ordinances, project approval and review, staff approval of permits and guidance to developers, and other City involvement in the housing process;

NOW THEREFORE, the City Council adopts the following policy (the “Housing Policy” or “this Policy”):

I. VISION

Portsmouth will support a housing stock that addresses greater housing supply and variety, including an adequate supply of workforce and moderate-income housing; reflects and enhances the City’s historical development patterns; provides a human-scale design ¹that allows for vibrancy of civic life; and allows for optimal investment in and use of public infrastructure.

II. CORE COMMITMENT

¹ Human-scale design, in this context, refers to the size and proportions of buildings along a street being tailored to the comfort and usability of people walking nearby.

The City of Portsmouth will promote the design, construction, operation and maintenance of residential development appropriate for a variety of different residents, including the elderly and seniors, families, young professionals, seasonal and service industry workers, and people with disabilities; and will make efforts to ensure that housing costs are affordable to a wide range of income levels.

The City of Portsmouth will approach planning and zoning as an opportunity to expand the housing stock and provide increased variety to address the needs of those who work in Portsmouth and its region.

III. KEY PRINCIPLES

In planning for development and reviewing proposals for new residential developments, the City will apply the following 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.

IV. FOCUS AREAS

In keeping with the 2025 Master Plan, this Policy recognizes that different solutions are appropriate for different types of areas and neighborhoods within the City. Therefore, the application of this Policy will vary accordingly by focus area, as follows:

1. **URBAN CORE:** The Urban Core, consisting of the historic Downtown and the North and West Ends, accommodates apartments, condominiums and affordable housing in existing and new mixed-use buildings.
2. **CORRIDORS:** On the City’s current major corridors—Lafayette Road/Route 1, Woodbury Avenue/Market Street, and (to a lesser extent) the Route 1 Bypass—provide opportunities to integrate new multifamily residential and mixed-use developments into existing commercial environments and create additional centers of activity.
3. **URBAN NEIGHBORHOODS:** The dense walkable neighborhoods close to the Urban Core provide housing in various sizes and tenancy types. The variety of options helps to preserve neighborhood character, provides affordable housing options, and allows for reduced automobile usage due to proximity to the Downtown and West End. New development in these neighborhoods will consist of small-scale infill and “missing middle” redevelopment.
4. **SUBURBAN NEIGHBORHOODS:** Portsmouth’s low-density suburban neighborhoods provide a range of housing stock from luxury to affordable. These neighborhoods are suitable for incremental infill development including accessory dwelling units.

V. LAND USE REGULATIONS AND PERMITTING

To apply Key Principles from this Policy to each focus area and housing target area, the City will consider the following changes to land use regulations and the permitting process:

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 Regulations, 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.

VI. IMPLEMENTATION

The City views this Housing Policy as integral to everyday planning and decision-making practices and processes. To this end:

1. **APPLICATION:** The Planning Department and other relevant departments, agencies or committees shall incorporate this Policy's principles into the City's Master Plan and other appropriate plans, and manuals, checklists, decision trees, rules, regulations, and programs as appropriate, requesting funds through the annual City Budget or City Council when necessary.
2. **REGULATORY AUDIT:** The Planning Department and Department of Public Works shall review the City's Zoning Ordinance, Site Plan Review Regulations, Subdivision Regulations and permitting processes, to ensure that they effectively implement this Policy.
3. **PROFESSIONAL DEVELOPMENT:** When available, the City shall encourage staff professional development and training on best practices in planning, zoning, and principles through attending conferences, classes, seminars and workshops.
4. **COLLABORATION:** The City shall promote project coordination among City departments and agencies in implementing the Housing Policy in order to better use fiscal resources and produce the best results.
5. **MUNICIPAL INVESTMENT AND PUBLIC INFRASTRUCTURE:** The City should support new workforce housing development in designated areas through provision

of capital improvements and services, and proactively submit projects which support these principles to the annual Capital Improvement Plan process.

6. ANNUAL REPORTS: The Planning Department shall make an annual report to the City Council showing progress made in implementing this policy. This policy shall take effect upon passage by the City Council.

VII. PERFORMANCE MEASURES

The Housing Policy should be continuously evaluated for success and opportunities for improvement. This policy encourages the regular evaluation and reporting of progress through the following performance measures:

- Reduction in the affordability gap for rental and ownership units relative to income levels in the housing market area. Reduced applications for variances required to build workforce housing
- Increased density in new residential construction or applications for residential construction
- Reduced processing time for applications/permitting for new housing development

Adopted by the Portsmouth City Council on: _____.

Kelli L. Barnaby, CMC/CNHMC
City Clerk

ATTACHMENT: MASTER PLAN STRATEGIES

The following housing strategies related to the theme of Diversity are identified in the Master Plan:

- 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.
- 3.1.4 Identify locations and conditions under which live/work units can be safely and appropriately allowed.

- 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 requirements and increased maximum heights.
- 3.2.3 Support the activities of housing agencies in the development of affordable housing.
- 3.2.4 Provide 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 for long-term viability.

1. Gateway Zoning District (Lafayette Rd, Route 1 Bypass and Outer Market St.)

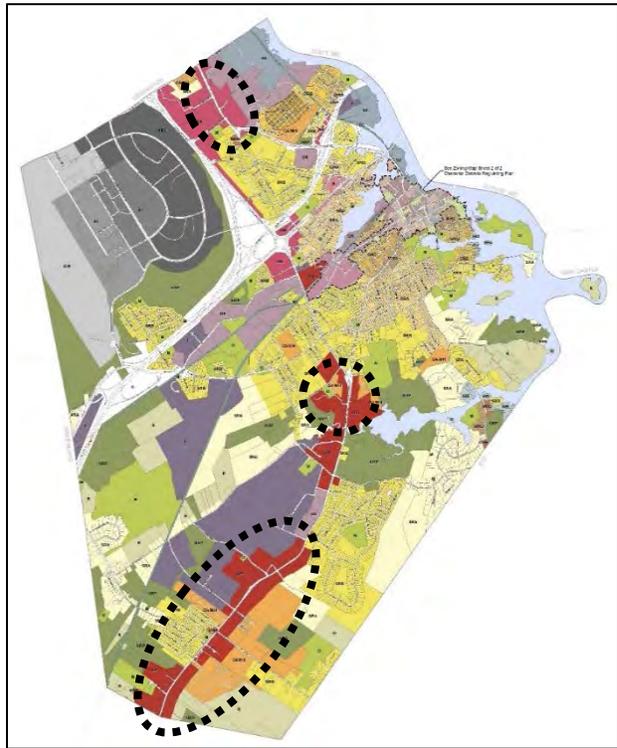
Locations

The Gateway zoning district consists of the existing zones along much of Lafayette Road and several sites along the Route 1 Bypass, and should include Woodbury Avenue from Market Street to Gosling Road, which is currently zoned General Business.

Existing Conditions

The Gateway corridors are characterized by auto-dependent commercial development at various scales and on lots of varying depths. These retail strips are interspersed with various forms of residential development, ranging from single-family subdivisions to manufactured housing parks to apartment and condominium developments, but there is little integration of the commercial and residential uses.

The Gateway Planned Development option, created in 2010, was designed to encourage more efficient use of land through higher-density, mixed-use redevelopment of the larger retail parcels, but to date only one project has taken advantage of this option – Southgate Plaza, where a 94-unit residential building is being added to the existing shopping center.



In addition to the residential component added to Southgate Plaza, new stand-alone residential developments are currently being planned for two sites along the corridors. The former medical office at 150 Route 1 Bypass will be replaced by a 30-unit, senior-oriented multifamily building, and a former office building at 3310 Lafayette Road will be converted into a 25-unit development. It is noteworthy that in both cases the proposed residential uses were not permitted by the zoning in effect, and the Zoning Board of Adjustment granted variances to allow the uses. The fact that these applications are a) being proposed and b) receiving approval is evidence of both the demand for residential development and its appropriateness for these areas.

Development Objectives

In public meetings for the new Master Plan, residents identified the commercial areas alongside existing corridors as places where new housing is desired to transform these areas into more attractive centers of activity. Continuing development or redevelopment of these sites can include the addition of residential uses to existing commercial uses, as is being done at Southgate Plaza, or complete redevelopment of parcels into new residential or mixed-use developments. While a smaller parcel might only be able to support a single-use multifamily development (as is being done in the two projects at 150 Route 1 Bypass and 3510 Lafayette Road), larger sites could include a range of housing choices and commercial uses in a quality human-scaled

environment. These pedestrian-friendly nodes of commercial and residential activity will not only increase the supply of affordable housing, but also make these areas more accessible to the surrounding residential neighborhoods and create attractive destination centers throughout the City.

Zoning Recommendations

- Rezone appropriate sections of Woodbury Avenue from General Business to the Gateway district
- Enhance the existing Gateway zoning to encourage redevelopment in the Gateway district to include residential units, through one or more of the following approaches:
 - Allow multifamily, apartment and condominium development as a principal use in the Gateway district, subject to site design standards
 - Further encourage mixed-use development by requiring mixed use for projects of a certain size, allowing residential use by right with standard zoning requirements, and require projects that are proposed not to be mixed use to obtain a conditional use permit.
 - Provide incentive-based density bonuses for workforce housing throughout this district, similar to the Incentive Overlay Districts in the North End and West End (include affordable housing covenants wherever appropriate).
- Adjust parking requirements and account for shared uses.

Lafayette Road – Wal-Mart / Southgate Plaza



**2017-2023 CIP/
FUTURE
AMENITIES**

- Enhance bicycle and pedestrian travel along entire corridor
- US Route 1 New Sidepath Construction – Phase 1 – Andrew Jarvis to Elwyn (\$1.7 million; FY 20-22)
- US Route 1 Crosswalks and Signals (\$745,000; FY 20)

Lafayette Road – Lafayette Plaza (Fresh Market)



2017-2023 CIP/ FUTURE AMENITIES

- Develop connections to recreational areas (new rec. facility at Community Campus, Rail Trail)
- Potential future connection to Sagamore Creek land and Urban Forestry Center

Outer Woodbury Avenue – Market Basket Plaza



2017-2023 CIP/ FUTURE AMENITIES

- Enhance bicycle and pedestrian travel along Woodbury Avenue
- Gosling Road sidewalks (CDBG)
- Project based infrastructure (sidewalks, street trees, open space/ recreation/ public plazas)

2. Mirona Road

Location

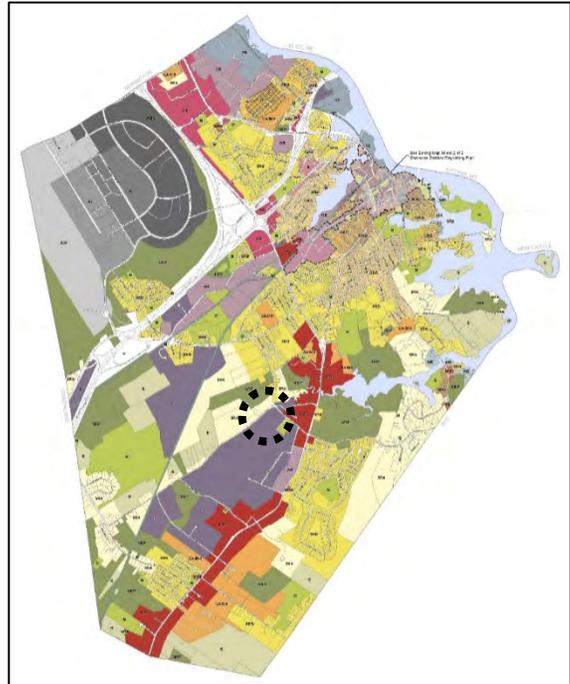
The Mirona Road site is the area zoned Gateway on both side of Mirona Road, between Lafayette Road and the intersection of Peverly Hill Road and Banfield Road. This site is also just south of Sagamore Creek.

Existing Conditions

Mirona Road is currently zoned Gateway and like much of the district is characterized by auto-dependent commercial development. Mirona Road has a much different feel than major commercial corridors such as Lafayette Road because of the narrower street and relatively lower traffic volumes.

Development Objectives

There is an opportunity to create a quality human scale residential development with a mixed-use component that provides a range of housing choices, commercial uses and multi-modal transportation. Redevelopment on the north side of the road could take advantage of access to Sagamore Creek and the adjoining wetlands.



Zoning Recommendations

- Rezone Mirona Road from Gateway to a new district in order to distinguish its character from the rest of the Gateway district.
- Encourage redevelopment to include multifamily residential use, through one or more of the following approaches:
 - Allow multifamily development as a principal use
 - Further encourage mixed-use development (e.g. require mixed use for projects of a certain size; allow use as-of-right with supplemental standards; require non-mixed use projects to obtain a conditional use permit)
 - Provide incentive-based density bonuses for affordable/workforce housing (similar to the Incentive Overlay Districts in the North End and West End – include affordable housing covenants wherever appropriate)
- Adjust parking requirements and account for shared uses

Mirona Road



2017-2023 CIP/ FUTURE AMENITIES

- Project based infrastructure (sidewalks, street trees, open space/ recreation/ public plazas)
- Potential future connection to Sagamore Creek land and Urban Forestry Center



3. Exit 7 Area (CCC Church to Kearsarge Way)

Location

The Exit 7 area is located on either side of I-95 along the north side of Market Street.

Existing Conditions

The area to the east of Exit 7 is currently zoned Single Residence B, but is currently occupied by the CCC Church. Between Kearsarge Way and Exit 7, it is currently zoned General Business, but this area holds several relatively small undeveloped parcels surrounded by paper streets which have not been constructed. Several years ago the property owner obtained approvals to develop a hotel on the site, but those approvals have since expired.

Development Objectives

The area along Market Street on either side of Exit 7 offers a lot of potential to create multi-family housing. The current SRB single family residential zoning along this busy corridor is not appropriate along such a busy corridor, nor is the isolated General Business district, largely along undeveloped paper streets.

Allowing for multi-family housing in this area would serve as a transition between Market Street and the surrounding single family residential area. This is also an opportunity to continue to strengthen the bicycle and pedestrian network along Market Street and create more housing options proximate to the downtown.

Zoning Recommendations

- Rezone to new higher-density residential
- Allow mixed-use
- Incentivize affordable housing with density bonuses (include affordable housing covenants wherever appropriate)
- Reduce parking requirements given proximity to downtown



Market Street – Exit 7



2017-2023 CIP/ FUTURE AMENITIES

- Market Street Gateway Plan (\$2.1 million; FY 18)