

City of Portsmouth
Housing Blue Ribbon Committee
Conference Room A*

MEETING MINUTES

April 10, 2025 at 5:30 p.m.

I. Roll Call

Meeting Called to Order by Planning Manager Peter Stith at 5:30p.m.

Attending: Councilor Beth Moreau, School Board representative Byron Matto, Erik Anderson, Tracy Kozak, Mary Loane, Dagan Migirditch, John O’Leary, Jennifer Stebbins Thomas, Megan Corsetti, Assistant Mayor Joanna Kelley, Councilor John Tabor, Planning and Sustainability Director Peter Britz. Absent: Andrew Samonas

- II. Approval of Minutes (August 8 2024, August 14, 2024, September 19, 2024, October 17, 2024, November 21, 2024, December 5, 2024 January 16, 2025, & February 13, 2025)
- III. Craig Welch – Portsmouth Housing Authority to provide an update on the PHA portfolio, any expansion plans and what properties might accommodate additional housing development.

We set a goal for ourselves of getting 500 units of below market housing as a committee. Thanks for putting the Sherburne School in our hands. We are on schedule to submit our first plan to the technical advisory committee in May and our schedule has us getting a project approved in July which will be perfect. We’ve done a ton of due diligence: all the geotechnical work that’s required of not just the project but of the technical advisory committee, the water and sewer flow tests, environmental reviews, we’re updating the traffic study, the noise study, a full structural evaluation of the school building itself and a specific evaluation of the cupola which needs some serious work in order to preserve that. We’re looking for some grant funding to help with that so a historical study will help determine eligibility for the National Registry [of Historic Places]. In terms of threats in the current funding environment it goes without saying that any construction project in the country sees threats in this current environment plus uncertainty in all aspects of the economy in every region in the United States and even throughout the world. Affordable housing projects are always hard even without what we’re doing now and they require a great deal of persistence and creativity, in this environment even more so. There are potential negative impacts to both market rate and affordable housing around the country from a combination of steep spikes in material cost while cuts in capital subsidy will affect both sides of the ledger. But we are committed to continuing to move forward and the only way we can move these projects forward is to continue to invest in them and be ready to go. We’ve dealt with complexity before and it’s something that’s happening with all affordable housing developers. There’s a tremendous amount of fear and emotion in the marketplace right now but history

proves that kind of stuff does ebb and flow. We remain aspirational about energy efficiency and renewable energy which is really important to us but to achieve the long-term of that that you need to make a lot of upfront investments and so those are the kind of things that are threatened. We believe that the low-income housing tax credit program which is funding all affordable housing units or construction in the United States will be maintained. If that program were to be cut there's one to 2,000 affordable housing projects in the country that will come to a complete halt. We are seeing signs of subcontractors being really eager for work which is a positive sign and wanting to get work into their pipelines, so we do anticipate some aggressive bidding on projects when that time comes.

I want to applaud the City Council for making a really aggressive but thoughtful policy priority to use city-owned land for this kind of thing. It was a courageous decision and the work of this committee has really been outstanding. People were really smart and really thoughtful with their approach on this committee.

When I received this invitation I thought the committee would be well served by hearing from the director of multi-family finance from the New Hampshire Housing Finance Authority Ryan Pope. He wouldn't have been able to accept that invitation for tonight but I encourage you to invite him to give you a big picture scenario of what's happening in affordable housing finance around the country but specifically in New Hampshire and what kind of constraints we're dealing with. He was outstanding as the housing navigator in Portsmouth, enough to be hired for a pretty senior job at New Hampshire Housing Finance Authority.

I do believe that Portsmouth would benefit from revisiting and reframing the role of the PHA within the city. The first sign I saw of a pivot on that was when the City was out walking City-owned land to potentially build more housing, without us receiving an invitation. Given the sort of knowledge and the expertise that we have and our understanding of the marketplace that was a missed opportunity to me and the first sign that our relationship had evolved into something that was not our traditional role as a partner in the city to more like a vendor. I think the committee voting to do a source contract with POAH on your next project is the opposite. Prior to that I think it would be important for us to reframe our relationship so that we would be in charge of that rfp process for finding a joint venture and being a part of whatever you have next in the pipeline for new city-owned property or new projects.

We are laser-focused on Sherburne School that is a really challenging project. We have evaluated a lot of opportunities including helping the city to evaluate opportunities. We're not doing due diligence on other parcels but we're happy to talk to the city about what that would look like and how we would work with you on that. I think we could add some value to that as you know we own 13 properties throughout the city.

We were very prolific developers in our first 14 years between Gosling [Meadows] being built in 1959 and the Margeson Apartments being the last public housing. All of those properties are held in what's called a deed of trust so there's no debt on them. We own them outright but we're

restricted from doing anything with them. We can't sell them or refinance but that is changing now and so we now have an opportunity to gain complete ownership of those properties in a way that will allow us to bring new tax credits and refinance those properties which would open up some opportunities to either redevelop, rehab or even reposition some of our properties.

Right now we are exclusively dependent on rental apartments but there's a strong need for all kinds of housing including more assisted living type housing and we might transition a property into sort of some kind of specialized housing. The biggest property we have is Gosling Meadows on 11 acres of very valuable commercial real estate. We did a charette with the Workforce Housing Coalition many years ago but haven't gone further than doing a survey and starting to consider what might be possible there for a mix of the housing that's already there but also includes some four-story garden style apartments and a mix of market rate or affordable apartments. The infrastructure there is pretty old and so there are some impediments to doing it in phases but mostly there's really there's just not enough capital subsidy and not enough tax credits in New Hampshire to do what would be an \$80 or \$100 million redevelopment project there.

The other properties like Feaster and Margeson are in pretty dense communities. The Woodbury Avenue is a beautiful property and a great place but you could see an opportunity there to reconfigure or add units or even subdivide off some housing lots. Chinberg is doing a big project next door with the Woodbury Manor property of 10 buildings and 40 units between the senior center and Woodbury Avenue. There's a paper street that was never developed and you could combine some senior housing with the senior center.

But if you want to start working on multiple sites in the city at the same time you've got a lot of community engagement and we haven't approached any neighbors or talked about any of the possibilities of doing that.

The city also owns lot 17416 which is in front of the senior center with a small two-bedroom home that was purchased by the city in anticipation of more at the senior center. If you combine that paper street for a zero lot line right up to the senior center and do something with Woodbury Avenue or the Woodbury complex that would be an opportunity to add some units with easy on and off the highway in a residential neighborhood. As one of the first six public housing properties there's a process to go through and we haven't done it yet with any of our properties but nationwide the federal government wants to get out of the public housing business and turn those properties over.

State Street and Pleasant Street are very small and I don't see any ability to add too many units there or at least not that would be commensurate with the kind of effort that it would take when you're looking for opportunities to add the most amount of units with the least amount of impact on neighborhood.

When we bought Wamesit it was completely rebuilt using tax credits back in 2011. The investor who buys those credits is able to take the benefits of those credits and the losses for 10 years and there's another five years of compliance and regulatory stuff that they need to go through – the term 15-year exit – is when the investor or the limited partner gets out of the property and it's fully owned by the general partner [PHA]. So that is 2026 for Wamesit and it has some big maintenance things that you would want to tackle if you want to recapitalize that or reindicate it with tax credits. That would be a location where some four-story garden style apartments phased over time might also be a good opportunity.

I don't see a possibility to add any units to the Connor Cottage but you're studying the possibilities. At Lafayette School you would have to get rid of a playground to add any units there although the 15-year exit is happening on that right now.

Atlantic Heights we always saw as the best opportunity with a really flat, easily accessible piece of land. The 30 units at the former Atlantic Heights School is senior, age restricted housing. One concept that we had a long time ago is to do a land swap with the city. PHA owns half of the portion at Bedford Way, that combined with the city parcel could be a really nice opportunity to expand a senior living use there, multi-family property or something that's similar to what is existing at Atlantic Heights now.

Question from the Committee: on Sherburne, is there a Plan B for the financing mechanism that's tied to the federal government? A. The Plan B that would most likely happen is that we would be delayed a year at the very least and maybe that environment would change.

16 projects in New Hampshire applied to this tax credit program and only five were funded. We're now two for two in the past five years getting those credits but if we didn't get those credits we'd be in the same boat as all those other projects which basically means reapplying next year. It's sort of impossible to have a Plan B without those. The state affordable housing fund is funded directly through a portion up to \$25 million coming from the real estate transfer tax but they still find ways put that money into the General Fund when the budget needs to be cut. Keeping that as the law requires with the real estate transfer tax is a piece of advocacy that we're doing right now with the legislature and the governor.

Q. The properties you can't sell by deed but this is changing now -- can you expand a little bit?

A. This program is called the rental assistance demonstration program. The initial goal was that to keep our properties updated to do major capital improvements we get money through the capital grant program directly from HUD but the reality is we have about \$4 million in exposure on federal grants and the capital grant program has never been funded enough to keep up with the capital needs in the existing housing portfolio. So you can either increase funding for these capital improvements with the 3,000 housing authorities nationwide or you can say "we're not doing that at all anymore but here's the property, congratulations you own it now and you can figure out."

In a place like Portsmouth those properties those properties have a lot of value and so being able to own those outright has an upside. There's Wamesit. There's Ledgewood that at one point had Section 8 housing vouchers associated. Is there a PHA connection to those properties

A. We'd love to own that development and conceptually the city could bond financing or something like that if we were to try to compete.

We've tried to make it against the law to be discriminated against because they have a section 8 voucher but they have every right to say we're just not accepting people with vouchers.

Q. On Atlantic Heights you alluded to the difficulty of the area behind the senior housing. What specifically is difficult about that –easement, topography?

A. Yes. Topography. Not a big slope but we've never done a wetland analysis but it's nothing like the flat field. Nothing's impossible.

Q. How could this committee assist with your being recognized as a partner rather than a vendor?

If there was a desire to enter into some kind of joint venture have the housing authority be tasked with doing an rfp or finding a partner I think that that would be a better deal for the city. We were very close to doing a joint venture with POAH on the Sherburne school and I felt very strongly that this is a city-owned piece of land and PHA should be doing that.

Q. If there are funding delays is Sherburne School going to be able to withstand another year of just standing by or no maintenance just to avoid any more deterioration. You've recognized the cupola. Is that school going to be in reasonable shape to invest what you think is necessary to turn it into housing and is there any plan for you to do any type of work to stop any deterioration?

A. It's important to do some maintenance on that now and make sure that that building is buttoned up as there's water getting in. There's some shingles off the front side but the building is structurally sound.

Q. With regards to the project proposed a few years ago behind Gosling Meadows but the issue there is financing?

A. It's having a having a well-conceived and well-developed plan and then yes the financing.

A. Why should the city make other land available to you when you have land available that you haven't developed. Is it because you knew we were talking about the Sherburne School and several people suggested Gosling for less of an impact on the neighborhood.

A. I would suggest there's a much greater impact than doing something on city-owned land with starting to relocate families.

Overall there is nothing right now that would be available to be developed that's owned by the PHA?

A. The only thing we would be able to do is a redevelopment project that's really small and you end up putting the same amount of effort potentially into 127 unit as you do for a 12 unit project. and i mean that's

Q. The PHA wants to be involved in more projects but is PHA spreading itself too thin? Where do you stand on Lafayette Road?

A. It has not been easy or cheap to be able to do that but I hope to be able to talk about that publicly in the near future.

Q. How many projects can you do at one time but if that's going forward it's using up a significant number of resources.

A. I think the constraint is more about the availability of funding than capacity. We haven't built out a whole development team yet and we can be resourceful hiring architects and engineers and bringing people to the table, being able to direct traffic. It would be a great role for us in the sequencing of that. Service Credit Union has a big project and they were very excited to work with PHA and thought a 2026 or 2027 tax credit application would be a great fit for them but they were really insistent on trying to get a project into this 2025 round and we're not going to work on two simultaneous projects that are competing with each other but POAH would. So you are facing a situation right now where you could have two projects applying for these scarce amount of tax credits both competing against each other in the city of Portsmouth.

Q. What I'm hearing is Gosling has a possibility for garden style apartments but that would have to go in phases just because it's so big and you'd have to demolish and rebuild in phases. And then there's Woodbury Manor which is an interesting one next to the senior center it's low density right now we could potentially attach a little paper street that's sitting there idle. And there's Falkland Way um and your Atlantic Heights property where we've got a chunk there. Have you ever done any kind of master plan of these opportunities to create additional housing units for rent, that prioritizes which are the easiest, which are the fastest off the mark?

A. We penciled out a 10-year, \$250 million plan that would either redevelop existing properties or build new properties. This committee has set some really ambitious goals and if everything were to go really really well we would be producing 500 units of housing here with the PHA.

A. If your goal is to do 500 in two years, permitted not built then the amount of the amount of credits for housing that's funded with low-income housing tax credits: for example the Christ Church project will have \$8 or 9 million in equity to build a \$14 million project so it can stay affordable, we've got another you know \$700,000 from the federal home loan bank to keep it affordable, that's where the scarcity of these tax credits comes into play. We're a 70 year old organization. There's only a third of the projects that are getting funded, that's the reality so we

could have a lot of projects that are in the pipeline. That's why I'd love to have Ryan Pope present so you understand where the constraints are .

III. Public Comment – approved on a motion to move item up.

Jim Smalley – Portsmouth's current zoning is a form of protectionism. The incumbent property owners are the ones who are protected. Portsmouth's zoning is also inflationary with the price of land, home ownership, renting all growing at a rate faster than inflation. Portsmouth's zoning also reduces competition with the supply of housing is artificially intentionally constrained and benefits the incumbent at the expense of the consumer. The city's current zoning is a major driver of the high cost of living so those who don't like their tax bill should fight to change the zoning. I'm just hoping this committee comes back with the list from the Planning Dept. requested by Councilors Cook and Bagley so the community clearly understands what is limiting supply.

Petra Huda, 2a south street -- Monday night the city manager announced that the ground lease was signed with PHA on Sherburne so I do believe it's in the budget for us as taxpayers to maintain the property but do that but when does the ground lease commence and when are the taxpayers off the hook for maintaining that property especially in this financial environment?

IV. Committee Goals for 2025

Request from Councilors Cook and Bagley to start looking at some of the zoning items that we can tackle, that we want to put on that list and that list as targets for this committee going forward for the next few months.

- The information isn't necessarily flowing in the best way in terms of our understanding of the goals like co-living. not that we would be an impediment to changes that would be happening but making sure we're in the information flow and there aren't different list.
- The planning board is starting the master plan that is dictated by RSA as a planning board project but the goal is that we can have impact on any zoning recommendations to bring to the planning board.
- Housing zoning in the gateways as just happened with the GNOD does it make sense to look at some of those other areas off of the gateway that have not been allowed housing, or is it revamping and rezoning some of the single family, or look at area to upzone (put a duplex where a single family home is). Bring changes forward before the master plan is completed to make sure that we're paying attention --maybe even having as part of the packet right a list of ongoing projects or scheduling a joint meeting.
- Because we only meet once a month, things happen within the month that we aren't aware of . for instance Mary spoke at the Council meeting on the process we followed for selecting sites and did a great job but I looked at the agenda and saw Mary speaking for the Committee and I knew nothing about it. Also the City Manager reported she had had a discussion with the condo association up on Granite Street and that they

weren't interested and we should have been notified. Does it make sense when we get more into some of the intense work that we consider increasing the meetings.

- In trying to assess the good work that we've done we really don't have any available properties for developing so for now we ended that chapter and we're moving to the next chapter of the committee.
- Focusing on how are we going to keep people who are currently in any sort of housing in the city in their homes and how can we support individuals who maybe are struggling to costs associated with home maintenance with the housing trust fund or any number of vehicles
- Where we can make the biggest impact without losing individual neighborhoods -- pick a city map and say this area looks like it can work and then flesh it out within the committee and staff for 'gentle density'
- Free Office/Research and turn it to gateway and then look at office/industrial/ research
- Pilot a payment in lieu of taxes or a TIF
- Invite Roseanne [Assessor] to cover the question
- With the current climate the private sector has to come to the rescue -- encourage some way to partner with private developers because they have the capital whereas state and federal funding sources are unpredictable at best
- Figure out from Welfare where emergency funding ends and what type of assistance she can't meet
- Look at the restrictive parking and how that has affected some of the projects and moving it out of zoning and into site plan
- Thinking of all the hotel rooms and winter vacancies along with empty second homes in Portsmouth. Is there any way to capture that. Incentivize property owners to allow people who need housing to use their empty buildings
- Have a work session on the question of zoning impediments and have developers tell us what they see the obstacles to be plus a report on applications denied or had to be modified based on zoning 1:49:04

Adjourned 7:22 pm.

Next meeting May 8, 2025 at 5:30 pm.