

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 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. Minutes approved for 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 provided an update on the PHA portfolio, expansion plans and what properties might accommodate additional housing development.

a. Sherburne School

- On schedule to submit first plan to TAC in May and get project approved in July
- Completed due diligence already: all the geotechnical work that's required, water and sewer flow tests, environmental reviews, updating the traffic and noise studies, full structural evaluation of the school building
- Evaluation of the cupola which needs some serious work for preservation. Looking for grant funding and need a historical study will help determine eligibility for the National Registry [of Historic Places].

b. Funding environment threats

- All construction project in the country seeing threats in this current environment plus uncertainty in all aspects of the economy. Steep spikes in material cost plus cuts in capital subsidy
- Affordable housing projects are always hard but committed to continuing to move forward and to continue to invest in them and be ready to go. 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

- 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.
 - Subcontractors are eager for work and want to get work into their pipelines, so we do anticipate some aggressive bidding on projects when that time comes.
- c. Revisiting and reframing the role of the PHA within the city.
- City was out walking City- owned land for more housing, without inviting PHA
 - PHA knowledge and expertise, understanding of the marketplace makes that a missed opportunity
 - Committee vote to do a sole source contract with POAH on your next project also an issue. Prior to that, important for PHA to reframe relationship to be in charge of the RFP process for finding a joint venture and being a part of whatever is next in the pipeline for new city- owned property or new projects.
- d. Other opportunities
- Not doing due diligence on other parcels but we're happy to talk to the city about what that would look like
 - 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 deed of trust. PHA owns but was restricted from selling or refinancing. Now has an opportunity to gain complete ownership of those properties to bring new tax credits and refinance them to redevelop, rehab or even reposition them. Currently dependent on rental apartments but there's a strong need for all kinds of housing including more assisted living type housing.
 - The biggest property we have is **Gosling Meadows** on 11 acres of very valuable commercial real estate. Had a Workforce Housing Coalition charette 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 housing that includes some four-story garden style apartments and a mix of market rate or affordable apartments. Infrastructure there is old which would mean impediments to doing it in phases but biggest impediment is not enough capital subsidy/tax credits in New Hampshire to do what would be an \$80 or \$100 million redevelopment project there.
 - **Feaster and Margeson** are in pretty dense communities.
 - **Woodbury Avenue** offers an opportunity to reconfigure or add units or even subdivide off some housing lots. Chinberg is doing 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. Needs community engagement. The city also owns lot # 17416 adjacent to senior center with a small two-bedroom home

that was purchased by the city in anticipation of more at the senior center. Could add some units with easy on and off the highway in a residential neighborhood.

- **State Street and Pleasant Street** are very small – no ability to add too many units there.
- Bought **Wamesit** and rebuilt using tax credits back in 2011. The investor who buys those credits has 10 years to use them plus five years of compliance and regulatory stuff – adds up to the “15-year exit” when the investor gets out and it's fully owned by the general partner. That's 2026 for Wamesit. Project has big maintenance things to tackle if you want to recapitalize but maybe four-story garden style apartments phased over time might also be a good opportunity.
- No possibility to add any units to the **Connor Cottage**.
- At **Lafayette School** 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** is 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 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 expand a senior living use there, multi-family property or something that's similar to what is existing at Atlantic Heights now.

Q. On Sherburne, is there a Plan B if the Federal financing doesn't come through?

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. PHA/Sherburne was one of 5 projects funded for tax credits out of 16 applications in New Hampshire. It would be impossible to have a Plan B without those. The state affordable housing fund is funded directly through the real estate transfer tax but sometimes gets moved to 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."

Q. In a place like Portsmouth 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.

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. Topography. It's not a big slope but we've never done a wetland analysis but it's nothing like the flat field.

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

If there was a desire for some kind of joint venture, for the City task PHA with doing an RFP process or finding a partner I think that that would be a better deal for the city.

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?

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 was the issue there financing?

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

Q. 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.

Q. 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 units as you do for a 12 unit project.

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?

A. The constraint is more the availability of funding than capacity. We haven't built out a whole development team yet but we can be resourceful bringing people to the table. Service Credit Union has a big project, were excited to work with PHA and we thought a 2026 or 2027 tax credit application would work well. But they wanted to get into this 2025 round where PHA would have been competing with our other project. But POAH agreed to it, so now two Portsmouth projects are applying for tax credits, competing with each other.

Q. What I'm hearing is possibilities for Gosling, Woodbury Manor, Falklands Way and Atlantic Heights. 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. PHA penciled out a 10-year, \$250 million plan that would either redevelop existing properties or build new properties. If your goal is to do 500 units with PHA in two years, permitted not built, the constraint is number of projects funded with low-income housing tax credits. Ryan Pope present so you understand where the constraints are.

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

Jim Smallley – Portsmouth's current zoning is a form of protectionism, protecting incumbent property owners. 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 intentionally constrained and benefiting the incumbent at the expense of the consumer. Those who don't like their tax bill should fight to change the zoning.

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. 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 as targets for this committee to review.

- The information flow to understand goals like co-living. Need to make sure everyone is working with the same, most current information. Because we meet only once a month we aren't current and are not always notified of relevant new information. Does it make sense to consider increasing the meetings.

- The Planning Board is starting the Master Plan – how we can have impact on any zoning recommendations to bring to the planning board. Maybe schedule a joint meeting.
- Does it make sense to look at other areas outside the gateway for GNOD type guidelines.
- Focus on how are we going to keep people in their homes and support individuals struggling with costs associated with home maintenance through the Housing Trust Fund or other vehicles. Ask Welfare where emergency funding ends and what type of assistance she can't meet
- Where can make the biggest impact without losing individual neighborhoods -- pick a city map and to find what areas might work for 'gentle density'
- Pilot a payment in lieu of taxes or a TIF. Invite Roseanne [Assessor] to cover the question
- Partner with private developers on housing because they have the capital whereas state and federal funding sources are unpredictable at best
- How has restrictive parking zoning affected some of the projects
- Empty hotel rooms and second homes in winter: any way to 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.

Adjourned 7:22 pm.

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