Developer Interviews

SRPC staff conducted interviews with developers who have extensive experience developing residential homes in Dover ranging from smaller single-family conversions of existing structures to larger new and redevelopment projects.

Dover’s planning process:

- The process is good. Very fluid and straightforward. There is a predictable path.
- Pre-application meetings with the city are efficient and helpful.
- The TRC is knowledgeable and helpful.

Dover’s regulations:

- Overall clear and straightforward.
- Form Based Code is excellent. Combined with 79-E makes it even better.
- The TDR regulations could be clearer on how and when this can be used. There is always a conversation about the calculations to use.
- TDR is great - many projects would not be feasible without this due to road and other infrastructure costs.
- SFH to Duplex conversion great that that is allowed by right in some districts – likes that the reg says façade must remain looking like a single-family home.
- They are predictable yet allow for creativity and flexibility. Math is the driver for open space subdivisions.
- Gateway zone is good - no setback no frontage – min and max 2 stories

Building process:

- Engineering, legal and inspections all add time to the process. There can be up to 12 weeks turnaround time for building permits, which is hard for smaller developers to manage.

Other considerations:

- Financing is an issue for ADUs – in many cases it makes more sense to do a duplex with a construction loan because it is more difficult to obtain financing for an ADU for an existing dwelling if you can’t condo or sell ADU separately.
- 50% of new-build households ask about ADUs, especially younger people (under-40's). Still too soon to tell if and how folks are using the newer ADU financing packages.
- People want multigenerational housing – people are having fewer children so increases in units does not automatically mean increased school enrollment
- Developers are trending away from commercial statewide – was reactive in the early 2000s to tax base concerns.
- Missing middle housing stock badly needed.
- New regulation about Surety before Building Permit is problematic.

To encourage housing development:

- Incentivizing the construction of ADUs as part of new development would be a way to increase units.
- The TDR Regs could be tweaked to allow more attainable housing by allowing a mix of housing types and mixed density within a single development. Maybe

TDR rates could be paired to types of units or density, or number. Can the calculation be adjusted so you don't have to choose – one site plan calculation and one open space calculation.

- RCM overlay – allow at a smaller scale. For example: Pointe Place RCM overlay – take that and allow for a smaller type of that kind of development– perhaps 2 story mixed use + SFH + townhome
- Look at lot restoration and nonconforming lots to allow more infill development.
- Add more density in areas with water and sewer availability
- Allow for smaller scale houses less than 1400 sf houses
- Reducing impact fees would be important and helpful to encourage development.
- Reduce tax burden from FMR/restricted units
- Look at IT district - reduce lot sizes and allow mixed use and/or residential uses
- 6th Street – should look at to rezone to residential or mixed use
- Revise the commercial first floor requirements from form-based code regs, especially off of Main Street. It is difficult to make the first floor commercially viable and contributes to more vacant commercial space in the city. Either shrink the requirement down or allow it to be used as amenity space for the residential units (workspace, laundry, gym, common areas, etc) City of Claremont regs do not have this commercial component and it works well.

Housing Opportunity Zone Feasibility:

- Would work best in conjunction in areas with expanded water and sewer
- Look at incentivizing conversions and other regulations instead of HOZ. 276 Washington Street – good example of conversion: SFH w barns to 4 units. 4 units should be allowed by right.
- Lean into "maintains appearance of SFH" – prevent segregation of "bulk" attainable housing like a big box with x% of units at FMR or similar
- Pocket Neighborhoods – Court Street is a pocket neighborhood in the R-12 zone – could allow for smaller scale houses
- 900 sq ft homes in Rochester – Lower Street technically not a tiny home
- Willand Pond – Five 12ft wide x 40 ft long houses – not TDR – part of the lot restoration RSA

SRPC Staff also interviewed staff from NH Community Loan Fund

- What is a Community Development Financial Institution (CDFI)?
    - CDFIs can be banks, credit unions, loan funds, microloan funds, or venture capital providers. Expanding economic opportunity in low-income areas by providing access to financial products not normally available to home buyers, investors, and business owners.
    - Opportunity Finance Network is the CDFI trade organization.

- Recommends changes to "systems" (ie. local banking)
    - Banks won't take second position on ADUs
    - ADUs built on lots with primary homes that have a first mortgage is very difficult; owner can't finance the ADU as a separate mortgage
    - City could create loan guarantee program, like USDA (ie. a loss mitigation fund)
    - Lebanon, NH working on pilot program

- Smaller developers = high risk for banks
    - Experienced builder knows the questions to ask, due diligence
    - Permitting process is very complex, FD requires sprinkler
    - Example> in Dover, land use boards move quickly, but building permit can take 12 weeks to receive

- NH state regs being/been changed to allow manufactured homes in SF zones as well as parks and "PRDs"
    - Modular building vs pre-site built housing vs manufactured housing
    - State law defines these (see links above)
    - Limitation for smaller size homes = building code (min 320 SF)

- New style of Freddie Mac home called "CrossMod"
    - A type of manufactured home, designed to be permanent
    - 6-additional codes to meet above manufactured homes
    - Example> Clayton Manufacturer produces Crossmods
    - Cross Mod article on appraising modern manufactured homes and the PDF appraisal guide

- Recommendations for regulatory changes
    - Streamline process for permitting
    - Allow more by-right processes
    - Allow setback encroachment; <20% sends a letter to abutters, if no one complains then permit issued in 30 days
    - Cities should eliminate parking requirements for ADUs

ZONING

***HUD Fair Market Rent Units to be considered a "commercial use".**
Goal: encourage attainable housing in the RCM overlay districts or as the commercial component for open space subdivisions.
Justification: Access to labor is integral to any local commercial activity i.e. manufacturing, construction, and the municipal workforce. Housing is a barrier to attract qualified talent thus limiting potential commercial activity. Its defendable to treat workforce housing as much a commercial use as a manufacturing facility.

***Allow 4 units by right in all zones, similar to the Heritage Zone these structures would need to be designed to look like what is already found in the current zone.**
Goal: Create housing without changing the esthetic of a neighborhood.
Justification: In the R40 zone a property owner could build a 4000sqft home by right on their lot. Or 4 units each with 1000sqft units designed to look like the that 4000sqft house could be built. Resulting in housing 4x the family units without changing the esthetic to the neighborhood. We have seen that large scale 50+ unit apartment buildings fail to be built, while smaller scale developments continue to be constructed. ▪ Note: All lots are allowed to have a primary plus 2 ADU units by right, this far from what we have already.

***Encourage a Mix of Housing Stock in developments through a special exception that allows for 2-3, 4 unit, and multifamily housing in projects of a certain size.**
Goal: Create a mix of housing stock in neighborhoods.
Justification: Banner Drive is an example of how single families and 4 unit buildings can complement each other in the same development. This would allow developers to a way to balance the cost of building attainable housing with the gain from building/selling single families.

Require an affordable component to all TDR applications.
Goal: Limit developers from overusing TDR to their own gain, while also reducing the infrastructure costs through the additional density.
Justification: Encourage developers to build affordable options though the increased density of market rate units. In single family developments this could be done through builders offering homes that have an ADU with a FMR HUD restriction. ▪ Note: Allow developers to restrict existing similar units to FMR HUD in place of market rate units.

Bonus Density for Attainable Units
Bonus density for projects that offer a fair market for sale or for rent option.
Reduce assessed value for FMR units, currently they are assessed as market rate units.

Reduce Lot Sizes and Frontage Requirements
Goal: Promote pocket neighborhoods; creative and walkable neighborhoods that are designed for people not cars.
Justification: Expand the Gateway Zone

REGULATORY

***Use of TDR Funds**
Allow for TDR funds to be used not only to acquire land to conserve but improve the land as well.
Quality, not quantity. Allow for funds to be used for biking paths, fields, parks, ect.

***Permanent Grant Writer**
Goal: Provide opportunities for both non profit and for profit developers to obtain subsidies to build affordable housing.
Justification: Several projects have been approved but never built because the numbers didn't work. Access to and guidance through the complex work of LITCH or similar programs that make the numbers work could provide 10x return to the city.

***Streamline Municipal Dept Reviews and Eliminate Unnecessary Expenses to Development**
Transitioning inspection services from the fire department to the planning department was an excellent decision by management. Donna has been very successful at eliminating inefficiencies and streamlining the building permit process. We used to wait months for a permit to be reviewed, thankfully now a building permit can be received within 30 days from submission.

Currently we are seeing a massive bottleneck in engineering, see a very recent example below.
A project that was approved in January did not receive a sewer discharge permit until mid-April. These unseen delays are unnecessary and create costs that far exceed the currently debated impact fees.

Recommended planning, building, and engineering specific to new developments should be placed under the oversight of the Director of Planning and Community Development, as was done with inspection services. I think this would provide better oversight and control in the process.

TRC meetings should be limited to 2 meetings. The 1st TRC meeting has substance and provides valuable feedback to the development team. The development team addresses concerns in the 2nd meeting, but then additional separate comments are received. This cycle can continue into 3 or 4 meetings. Provide a limit on the number of meetings to force everyone to make efficient use of each other's time and resources. Essentially the project engineer has to design construction ready drawings for each TRC submission thus a project is reengineered 3 times at 3x the expense.

- Note: Even though project engineers get to bill accordingly they complain of this bottleneck. Their capacity for designing projects over the course of a year is almost cut in half resulting in less projects for the planning board to deliberate.
- Note: Majority of comments are preferences and are less to do with regulation.

The engineering department needs to invest in a platform like Civic Access where length of time between submission and review, inspections, and surety bonds are recorded. A system that can be accessed by both property owner and municipality.

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