

City of Keene
New Hampshire

AD HOC HOUSING STABILITY COMMITTEE
MEETING MINUTES

Wednesday, July 6, 2022

3:00 PM

Council Chambers

Members Present:

Mayor George S. Hansel, Chair
Councilor Bryan Lake
Natalie Darcy, Human Services Manager
Jennifer Seher
Stacie Pickford
Joshua Meehan (online)
Craig Henderson

Staff Present:

Elizabeth Dragon, City Manager
Rebecca Landry, Communications &
Marketing Director/Assistant City Manager
Med Kopczynski, Economic Development
Director
John Rogers, Health & Code Enforcement
Manager
Evan Clements, Planner

Members Not Present:

Jennifer Alexander
Steven Bragdon
Doug Iosu

1) Call to Order and Roll Call

Chair Hansel called the meeting to order at 3:02 AM. Josh Meehan, not counting towards quorum, joined by zoom from home and is alone.

2) Approval of Minutes- June 1, 2022

Motion by Councilor Lake to approve the minutes, second by Natalie Darcy. No discussion of minutes, roll call adoption passed unanimously.

Mayor Hansel wanted to note that the City received quite a few notecards thanking the committee for the work they are doing. PDF of scanned notecards to be included in July minutes.

Mayor Hansel said first few meetings were laying the foundation and the plan for September meeting is to lay out concrete recommendations. With that, Mayor Hansel turned it over to Med Kopczynski to lead the discussion on City Code.

3) **City Code Related to Accessory Dwelling Units**

Med Kopczynski stated in 2017, the city started Build Better Together out of the Master Plan. The work plan for that was essentially to take a look at City regulations, Planning Board regulations and reorganize them to make it easier for people to know what the rules of the road are. For example, if one looked at subject of parking, there were 18 different places in the code of ordinances that you had to search through to be able to figure out the rules and regulations. Part of the purpose of that group was creating a unified development code that made it easier for the general public to understand and access the Code.

Spent a lot of time looking at uses, scope, requirements for parking, and everything attendant to downtown itself. What used to be Central Business, is now primarily called Downtown Core. The group fully recognized at that time that the next series of reviews would be the actual housing districts (High, Medium, PGR, Rural, etc.) and also looking at other areas where they might promote change and utilization especially around housing.

Mr. Kopczynski also represented New Hampshire Municipal Association on the Building Code Review Board. All these subjects are wide open and being discussed around the state currently. One effort recently completed was to add Multi-Family to the Commerce District (Hannaford is Commerce District). Right now, apartment buildings would not have been permitted. They are in the process of changing the Code to now allow that and will also be filing changes to Rural District. The group is also about to issue an RFP to look at actual housing structure.

As the group moves forward looking at other districts and what is needed to change requirements of other districts including parking requirements, how many units on each property, etc. we know we need background and expertise to do that. Prior to attending this committee, Mr. Kopczynski reviewed past agenda and minutes and knows the committee has questions, but figured he would set the stage a bit as to what the City is doing at the moment. The City anticipates quite a bite of change provided they are successful in changing the Code and that those changes will allow for more housing. Unfortunately, there is not a lot of developable land in the city of Keene. Most is very challenged by wetlands, lack of services, etc. So the task is having to work better with current infrastructure to see what is possible. Some of conversations in this committee were around accessory dwelling units (ADU's). They are also taking a look at ADU's in detail and Evan Clements, Planner, has been assigned that task.

Planner Evan Clements spoke and said he looked at regulatory and market challenges for both attached and detached dwelling units and where opportunities might be available to encourage this type of development. From a regulatory standpoint, the City of Keene is ahead of the curve. Exeter, Manchester, Portsmouth and Rochester all require some kind of approval from land use board, either conditional use permit from Planning or special exception from Zoning Board. City of Keene allows ADU's by right as long as you meet requirements.

Stacie asked about specifics of requirements. Evan stated requirements are no more than 2 bedrooms in size, square footage minimum is 400 square feet and cannot exceed 800 square feet. Staff are talking about removing the 400 square feet minimum and a couple of design requirements (2 parking spaces, ADU has to have City water/sewer or septic approved by State that meets loading requirements, and some additional building things). Some towns are more specific about design. Keene is not so specific to that.

Stacie Pickford asked if ADU's affected property value. Mr. Clements responded that marketability increases, but not necessarily the property value. Numbers are not representative of market value, they are an average based on multiple factors. For example, last year, finished livable space was \$130/square foot. This year, it is up to \$150/square foot and that is for new stick built construction.

Mr. Clements responded to a question from Michelle Chalice (public attendee) regarding new versus established cost. Conversion can actually be more expensive than new to bring it up to code. If you are converting non-living space to living space, it can actually be more expensive to bring it up to livable.

When asked, Chair Hansel clarified that it would mean you could not convert a detached garage.

Stacie Pickard asked if 79E would apply in that type of situation. Chair Hansel clarified that 79E is enabled by the State to give tax relief for a period of time in the incremental value. The increase in value can be abated for a time and 79E is specific to the downtown area as it was created as part of the downtown revitalization.

Med Kopczynski added that with 79E there are very specific requirements to grant the tax relief. Not everything you put on paper as an improvement is able to be written off as a tax credit. For example, if one was to renovate a building and put solar on the building, the solar has nothing to do with tax relief. Mr. Kopczynski clarified that where Mr. Clements was leading the conversation was around costing. Mr. Kopczynski works with developers regularly and says the big issue with housing in the state is around the cost. Tax relief can provide some benefit, but does not necessarily relieve the cost. Two big costing factors are cost of money and what they call the funding stack along with the cost of construction itself. In his mind, the best bang for the buck is going to be multi-family housing. There are single-family, two-family and off to the side, the ADU's. In downtown, there is quite a bit of available potential, but the city just does not have the land. Mr. Kopczynski asked Mr. Clements to further elaborate on the funding.

Mr. Clements discussed how the financing part is challenging in part because of lack of history. For example, if one wanted to put an in-law suite in and wanted to rent it out for additional income, he/she could not go to traditional financing because there is no history of that funding or proof of income. There are different mechanisms like HELOC (Home Equity Line of Credit), cash-out refinancing, construction loan, etc. The latter seem to be the most efficient monetarily speaking where someone could budget out the project to include the dwelling project. There has

been some movement to get lenders to make it easier for individuals to take out loans to do ADUs, such as making estimates of potential rental income rather than requiring verifiable proof. As it stands now, it is really on property owners to have cash on hand or consider home refinance or second mortgage (which is not feasible given interest rates right now). It behooves the person to have the money on hand already.

Something that staff is looking at is shotgun housing or backyard cottages that are detached ADU's that are allowed in other zoning districts and have reduced setbacks for side and rear. Seattle, Washington has had a lot of success with this form of ADU's. They even have a guidebook where they even get into architectural aspects. Many west coast cities just do not have land so this provides alternatives. Mr. Kopczynski pointed out that in the city of Keene, they are out of easy land to develop so this provides some alternatives. Options being looked at are things like oversized lots in Medium Density Zone, if someone has 12,000 square feet for their lot, they could do a 400 or 600 square foot cottage house be it by right, special use permit, planning board, etc. Currently, Keene has something in those districts that allow additional dwellings if a property owner has a lot of additional square footage. City of Keene would be considering looking at lowering that barrier.

Chair Hansel asked if cottage house is different than tiny house. Mr. Clements responded that in regards to tiny houses, the 2018 IRC (International Residence Code) has an appendix Q, which provides additional guidance to make tiny homes more feasible. Things like rooftop egress window, steeper staircase, etc. That appendix defines a tiny home as 400 square feet or less. He stated a tiny home is an ADU, but an ADU is not necessarily a tiny home.

Mr. Kopczynski said what often trips this is the discussion of ADU's. The term trips people up as it has essentially eliminated single-family units in city limits. The City of Keene is talking beyond ADU's and looking more at density and one of the most efficient things the City could do in using existing infrastructure (sewer, water) is increasing the density of our available properties - being able to look at and determine what mechanisms can be used to increase density and number of units that are available and what would be the simplest way to do that.

Chair Hansel summarized that multifamily options are going to provide the biggest bang for buck and that is where the City is focusing. Below that, there are creative opportunities that could utilize existing housing stock, but will not be able to get as much out of that for the dollar as would be possible for the new apartment style developments.

Craig Henderson said it has been years since he did the numbers but believes that for every \$100,000 mortgage, it is a roughly \$1,000 mortgage payment which is still not affordable housing for the people who need it.

Med Kopczynski added that housing discussion is not about one section of housing. Housing at all levels is scarce. If anyone has looked at buying, it is rather expensive. If it is new, it is even harder to come by and there is not an abundance of anything right now no matter how much

money one is able or willing to spend right now. The City of Keene is trying to increase the possibility of adding more units, but notes that a wide variety is needed to have a healthy housing stock. Subsidized and workforce housing is critical because we recognize that lack of such types of housing is dangerous for our local economy. If businesses leave because they cannot find housing appropriate for their employees, that creates a cascade effect. The City is working to make sure they are fostering things that help to sustain the local economy.

Chair Hansel asked if any other questions.

Josh Meehan, of Keene Housing Authority, wanted to echo what Mr. Kopczynski said. For Keene Housing (KHA), which is technically workforce or elderly, they look at five or six funding sources to get something done all of which have their own rules, requirements etc. KHA has the same constraints that Mr. Kopczynski was talking about with regards to the funding stack and cost of materials are a challenge for them as well. Looking at Zoning is going to be a powerful lever.

Natalie Darcy, Human Services Manager, asked whether the City has had any requests from homeowners to build ADU's. John Rogers said Keene added ADU in 2004-2005 and there were roughly a handful that went in between 2004-2005 and 2017, when they opened it up to low-density areas. Even with the amendment that simplified the Land Code to be by right, the City has only had a handful in the last four years. Part of this is that it is not cheap if built out by scratch. Mostly, the ADU's seen in City of Keene are someone putting an addition on their existing house.

It was asked if there is a public information piece here in that there is not an awareness that this is an option for homeowners nor is it simple to find this information out. Many people came forward during a separate meeting and she heard many saying they would convert their garage if they knew how and what was allowed. The education and clarification piece could be used by the City to encourage residents in the direction the City wants to go with regards to affordability and desire. Chair Hansel said potential recommendations is a good one to hold on to and a topic to review in the future.

Stacie Pickford mentioned liking the momentum of the tiny homes and cottage homes, but noted that it provides a solution, it also seems to be a lot of work to be had. She questioned what happens in the meantime to the people who are homeless? Would it be feasible to do a temporary campground? Could land be donated for such purposes?

Chair Hansel said it could come into the Zoning conversations and Med Kopczynski added that it could come into multiple areas. Mr. Kopczynski previously sat on a National Fire Protection Association committee. They started looking at what was needed long term to make tiny homes something that protected people, were livable, viable, etc. The home and garden version of a tiny home that comes to mind is not necessarily what is needed or feasible.

Mr. Kopczynski distributed a copy of the white paper they wrote and published that points all of that out. What grew from that paper was an understanding that the people who did building and fire codes needed to make some adjustments. Mr. Kopczynski referred to Mr. Clements' earlier reference to Appendix Q. He noted they recently advocated for and had legislature adopt Appendix Q. This is a document in building code that outlines what it takes to make a safe, comfortable tiny home. Tiny homes on wheels are considered a motor vehicle. There is no regulatory environment for that and no way to ensure it is safe. That is why they have created these sort of regulations recognizing that there is importance to the people on the national level.

Chair Hansel asked if there were any other direct questions.

Natalie Darcy asked about the landlord tenant laws. Mr. Kopczynski responded that they are not connected.

In regards to what Evan said about 400-800 square foot ADU size, it was asked if there thought or movement to make the size different and questioned whether those size restrictions were a limiting factor? Is there a benefit to make it smaller?

Even Clements stated the State RSA states that an ADU cannot exceed 750 square feet. Locally, it can be made bigger if you want. The City can set the minimum, which is currently 400 square feet. The ordinance has historically always been at 400 square feet, but he noted that there is potential to remove the 400 square feet, but the Building Code is going to dictate size. As for larger, once you get over 1000 square feet, you are looking at building a house and price difference is drastic.

Stacie Pickford asked about the cabins in the area off Washington Street and Route 12 and what would that be compared to in this conversation. Med Kopczynski responded the cabins were originally motor hotels and were built outside current code (likely late 1940s-1950s). The closest analogue to that is something like what is being considered in the rural district. He used the term cluster housing and stated the City is looking at allowing quite a bit of clustering. One could potentially take a piece of rural land because of topography, but use the density factor of the land to calculate the number of units and can increase that by keeping it green, making it for workforce. Evan Clements added they are most analogous to tiny homes because they are not accessory to another larger structure.

Mayor Hansel stated in actual practical reality of how many of these can fit in Keene that the reality is that these are going to be limited and multifamily is going to be the way to go. He believes in the 80/20 rules where 80% of the problem is solved with big apartment style buildings, 20% will be tiny homes.

Chair Hansel opened it up to public comments.

Michelle Chalice, 25 Beech Street, asked and wanted to ensure the documents be available online, which it was clarified that they would be. Ms. Chalice said she had not heard the issue of walkability or the issue of proximity to services, places of employment, groceries having been discussed. She hopes the discussion of zoning will take that into account as that is a large obstacle for many of those in the workforce, elderly and low income populations who are in need of housing. During Monadnock Food Co-op development, the site plan went through site approval process, and part of that process included a building between the roadway and parking lot. It was an extremely narrow apartment building that was meant for single occupancy. She is hoping potential zoning changes would allow for more of these housing opportunities for quality of life aspects for those who are homeless or for workforce housing. Rural options are great, but do not address the locality and access to services. She added, we do have spaces in town for those types of creative aspects and it will take thinking outside of the box, but they are there.

John Rogers responded that the downtown core would allow for that to occur and no changes would be necessary. The downtown core does not have a density factor - just height and overall square footage factors. Surrounding districts already have density factors and are pretty low. The City can certainly look at them, but they already allow for multiple family housing and ADU's.

Mr. Kopczyński suggested looking at the entire market and if one was to look carefully at Land Development Code, there is plenty of opportunity on paper for that to occur, it would take getting people to do it.

David Chandler, resident of Langdon place, speaking on behalf of the MIP (Monadnock Interfaith Project) group wants to thank the committee all for the intensive and good work on working to address homelessness and housing. He added, we know that the job is not easy with a multiplicity of topics, challenges. They encouraged the group to continue to explore these creative ideas. He noted that Ms. Landry had mentioned cards coming in the mail. His group had collected some more from various houses of worship and asked if they could submit these additional ones. Chair Hansel reassured that they would be included in the minutes and available for the general public once approved by the Committee.

Mr. Chandler added that MIP would like to encourage continuing the idea and discussion of a downtown port-a-potty and some of the easy steps. They would love to see this committee focus on the smaller bites first as they think there is more bang for the buck in those.

Robert Williams, City Councilor, thinks the City needs all kinds of housing including large apartment buildings and tiny homes. While it is a great idea to build apartment buildings in shopping centers, he adds that housing could also be added above in the unused airspace. When talking about bang for the buck, thought should be put towards costs in addition to housing. As Michelle Chalice pointed out, an ADU in a rural area comes with the requirement that the person who lives there has a car, etc. This is not really an option for most of those in need. Need to think about ways to get housing closer where public transportation is available or transportation is simply not needed. Converting carriage houses and garages are a way to get density but also

spread about a bit within the city. In addition to what the rules are, identification of some creative ways to finance this or help homeowners finance this and possibly even be able to incentivize it is also necessary.

Reverend Michael Hall of Keene Unitarian Universalist Church asked if there were ways that the committee could regionalize some of the efforts discussed. Some places that have more land could be used for larger buildings. While having people come into the city for certain things is wanted, is there a way to create partnerships out of smaller political districts and have conversations around including transportation, ways to get people to services, groceries.

Chair Hansel asked if any other public comments. With no other public comments, Chair Hansel closed.

4) **Future Agenda Topics**

Nothing noted.

5) **Next Meeting: Wednesday, August 3, 2022-8:00 AM**

6) **Adjournment**

There being no further business, Chair Hansel adjourned the meeting at 4:06 PM.

Respectfully submitted by,
Amanda Trask, Minute Taker

Reviewed and edited by,
Rebecca Landry, Assistant City Manager, Communications and Marketing Director