

FINAL

**LEBANON CITY COUNCIL
WORK SESSION
MINUTES**

Wednesday, January 26, 2022, 6:00 p.m.

Council Chambers, City Hall or

Remote Via Microsoft Teams: LebanonNH.gov/Live

MEMBERS PRESENT: Mayor Tim McNamara, Assistant Mayor Clifton Below, Erling Heistad, Karen Liot Hill, George Sykes, Devin Wilkie, Douglas Whittlesey, and Jim Winny (Remote)

MEMBERS ABSENT: Karen Zook

STAFF PRESENT: City Manager Shaun Mulholland, Deputy City Manager Paula Maville, City Clerk Kristin Kenniston, Director of Planning & Development David Brooks, Finance Director Vicki Lee, Human Services Director Lynne Goodwin

1. CALL TO ORDER – Mayor McNamara called the meeting to order at 6:00 PM.

2. PLEDGE OF ALLEGANCE: Assistant Mayor Below led the Council in the pledge.

This meeting was conducted in person, virtually by Microsoft Teams, and by phone. If, for some reason, there are technical issues with the virtual meeting or the phone component, the meeting will continue because in person meetings are required by state statute.

3. HOUSING IN LEBANON

A. What is the City of Lebanon's role in the development of housing in Lebanon?

This is the second meeting over the past year that is dedicated to housing. The pivotal question is: What is the City of Lebanon's role in the development of housing in Lebanon? The Council will be investigating all the reasonable opportunities and at some point will be having a community discussion.

Mr. David Brooks, Planning & Development Director, gave a presentation and shared screenshots on housing statistics and affordability issues, which were incorporated into the staff memo for this meeting. His memo and screenshots are provided below as a reference for this discussion:

Starting in January 2022, the City Council will hold several workshops to discuss housing policies for the City. During the first such workshop scheduled for January 26th, the main focus of discussion among the City Councilors should be "What is the City's role in the development of housing in Lebanon?" For example, the City may choose to simply *enable* housing through zoning and development regulations and allow the market to dictate what gets built and where. Alternatively, the City Council could choose to take a more active role to *facilitate*, *incentivize*, *subsidize*, and/or become a *partner* in the development of housing in the city.

The Planning and Development Department has prepared the following summary of reports and information for the City Council to review in preparation for the upcoming series of special work sessions. Most of these references and links have been provided to the City Council previously, including as part of the housing and affordability discussion held in July 2021, except that where appropriate, links have been provided to updated reports and data that have been released since last summer.

- Chapter 7 of the City's 2012 Master Plan is devoted to [Housing](#) and outlines the community's vision, priorities, and challenges as well as a variety of potential strategies and actions. The existing Vision and Purpose statement reads:

"The City of Lebanon shall actively foster a diverse range of housing opportunities and choices for current and prospective residents, and will strive to promote the development of diverse, sustainable neighborhoods that reflect Lebanon's "small town" character and distinctiveness. The City of Lebanon shall encourage a range of housing options for all segments of the population. New housing development should contribute positively to existing neighborhoods and create safe and desirable new neighborhoods consistent with the other planning goals of the City as expressed in this Master Plan."

- Chapter 1 of the Master Plan is the [Introduction](#), which summarizes the "Principles for a Sustainable Community", adopted by the City Council on February 18, 2009, and highlights the consistent support among residents for [smart growth principles](#) as one of the core concepts on which the Master Plan is based. The Planning and Development Department also provided a [presentation of smart growth concepts](#) to a joint meeting of the Economic Development Commission and Downtown TIF Advisory Board on January 27, 2021. (Note: the smart growth presentation starts approximately 7:15 minutes into the video.)

- Housing is also discussed in several other chapters of the Master Plan including [Land Use](#) (Ch. 2), [Economic Development](#) (Ch. 6), and the [Lebanon](#) and [West Lebanon](#) Central Business District chapters (Ch. 3 and 4).

- In April 2021, the Upper Valley Lake Sunapee Regional Planning Commission (UVLSRPC) released the [Keys to the Valley](#) report in partnership with the Two Rivers-Ottawquechee and Mount Ascutney Regional Commissions. The Keys to the Valley report supersedes the previous 2012 Housing Needs Analysis prepared by UVLSRPC and documents the housing needs of the greater Upper Valley on both sides of the river. The report also provides a variety of information, tools, and resources for communities to utilize in addressing their housing challenges.

- In its [2021 Residential Rental Cost Survey Report](#), New Hampshire Housing Finance Authority (NHHFA) provides a snapshot of the residential rental market across the State. The report indicates that the median monthly gross rental cost for a two-bedroom unit in Grafton County has increased by nearly 12% just in the last year and by nearly 29% since 2016. NHHFA estimates that less than 11% of all two-bedroom units in Grafton County are priced at or below the affordable rental rate for the median renter household income.

- NHHFA has also released its [Housing Market Snapshot](#) as of December 2021, which provides an overview of the residential ownership market across the State.

- On July 19, 2021, the City Council held a special meeting to discuss housing and affordability issues. The Planning and Development Department prepared an [informational memo](#) in advance of the meeting and also provided a [presentation](#) to establish a baseline of information and statistics on recent development, regulatory actions taken, and potential strategies for the future.

- Vital Communities worked with many of the towns and cities within its service area to count the number and types of homes constructed between 2010 and 2019. [How](#) the count was conducted and the [results](#) overall and town-by-town are available through their website. Vital Communities also maintains a wealth of [information and resources](#) related to housing in the Upper Valley.

Mr. Brooks' presentation included a running spreadsheet which tracked significant residential subdivisions and developments approved or proposed since 2005, but it was too large to incorporate into the minutes. The Lebanon Housing Pipeline spreadsheet was last updated on 12/14/2021 and is not *readily available on the City's website*.

Depending on what policy position(s) the City Council chooses to take, it may be appropriate to consider amending the Vision and Purpose statements of the Housing Chapter of the Master Plan as part of the review and update of the entire document. In addition, the Planning and Development Department and

City Manager can then begin to prepare a menu of tools and techniques that the City could utilize to achieve its goals for consideration by the City Council during subsequent workshops.

Mr. Brooks said the question is: What do phrases like “actively foster; strive to promote; and shall encourage” mean in terms of policy? There are a range of options. In terms of enabled housing, this is just making sure it is permitted in Zoning Districts. The following screenshots were discussed and explained by Mr. Brooks.



Housing Policy In Lebanon

Information and Resources Previously Provided:

- 2012 Master Plan
 - Housing (Ch.7), Introduction (Ch.1), Land Use (Ch.2), Economic Development (Ch.6), Lebanon CBD (Ch.3), West Lebanon CBD (Ch.4)
- Smart Growth Principles Summary and Presentation
- “Keys to the Valley” Regional Housing Needs Analysis
- NHHFA Data
 - 2021 Residential Rental Cost Survey Report
 - 2021 Housing Market Snapshot

Lebanon Master Plan – Housing (Ch. 7)

Vision & Purpose Statement (7|A):

“The City of Lebanon shall actively foster a diverse range of housing opportunities and choices for current and prospective residents, and will strive to promote the development of diverse, sustainable neighborhoods that reflect Lebanon’s “small-town” character and distinctiveness.

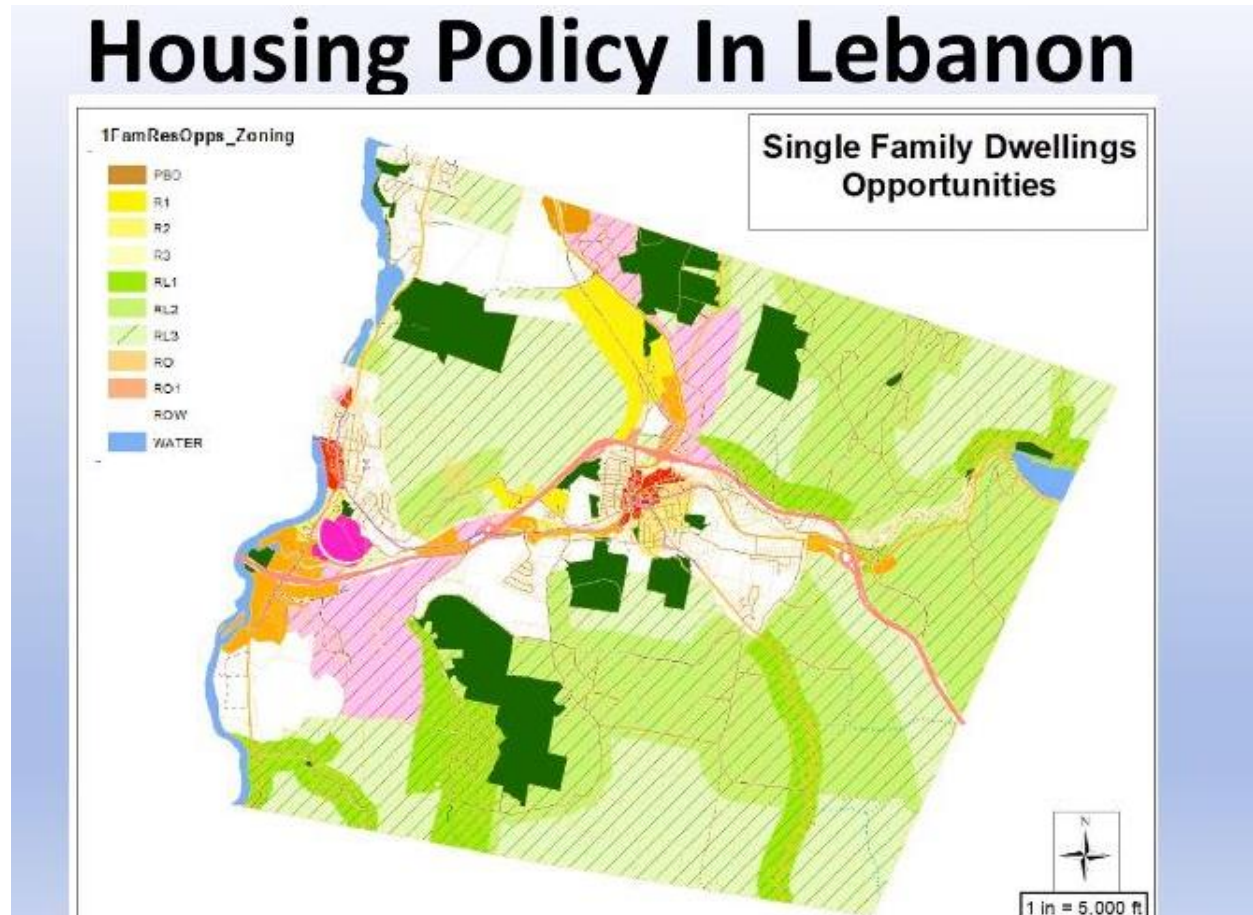
The City of Lebanon shall encourage a range of housing options for all segments of the population. New housing development should contribute positively to existing neighborhoods and create safe and desirable new neighborhoods consistent with the other planning goals of the City as expressed in this Master Plan.”

- Enable Housing
- Facilitate Housing
- Incentivize Housing
- Subsidize Housing
- Partner with Developers

Enable Housing:

- Ensure that the Zoning Ordinance permits housing to be constructed, but otherwise allow the market to dictate what gets built, when, and where.

On the map below, all the colored areas are zones that allow single family residents to be built, which is 80% or more of the City. The areas that are striped, are areas where development can take place through a Special Exception Use. Multi-family dwellings are permitted in the CBD (Central Building Districts/Lebanon Downtown/General Commercial/ PD Districts, RL-1 and, depending on the size of the project, it can also be allowed in the R-2/R-0/R-01 Districts. It can also be allowed by Special Exception or Conditional Use in some of our Industrial Districts.



Facilitate Housing:

- Consider City ownership and maintenance responsibility for roads and utilities, especially for permanently affordable housing. [MP 7.1.S7]

In facilitating housing, the City does not take on roads, sewer, or storm drainage, all of which add costs to the housing for those individual homeowners. This becomes the Homeowners' Association dues and adds costs to those types of multi-residential projects.

Incentivize Housing:

- Community Revitalization Tax Relief Incentive (79-E) Program
 - Housing Opportunity Zones (RSA 79-E:4-c)
 - Residential Property Revitalization Zones (RSA 79-E:4-b)

Mr. Brooks noted new legislation will take effect on April 1, 2022 which will provide an opportunity for the City to create housing opportunity/residential property revitalization zones outside of the downtown areas. The Planning Department is already looking into this new housing incentive, and will be asking the Council to take deliberate action to create/establish the guidelines for those zones.

Incentivize Housing:

- Density Bonus provisions

SECTION 507 BONUSES FOR CERTAIN PLANNED DEVELOPMENT						
PUD's and manufactured home parks and subdivisions may receive an increased density bonus pursuant to Table 507.1 and the provisions of this section.						
507.1 Increased Density Bonuses.						
Maximum Amount of Bonus Available						
Type of Development	For Use of Technique	For Sensitivity to Environment	For Creating Affordable Housing	For Reducing Fiscal Impact	For Energy Efficient Design	For Renewable Energy Facilities
PURD or PRec	12%	----	----	----		
MH Park (or subdivision)	NONE	----	----	----		
Subdivision	NONE	----	----	----		

The chart above is not filled out and there are blanks. We should really consider putting some criteria numbers in these blanks for the Planning Board to consider in order to provide incentives for the kinds of things we want to see happen. Mr. Brooks spoke about the City of Nashua who recently incorporated Density Bonuses provisions into its zoning in conjunction with an inclusion area zoning requirement where there is a mandatory percentage of any sizable project that must meet certain affordability requirements. Like Nashua, Lebanon would need to move away from its current practice of maximizing allowed density in our downtown and nonresidential zones and basically allow people to build as much as a site can accommodate with the understanding that water, sewer, landscaping, and parking need to be provided. This is something that will need to be looked at further.

Subsidize Housing:

- Provide incentives for the private development of affordable/workforce housing, e.g. fee exemptions and/or density bonuses where appropriate for rental units as well as owner occupied homes. [MP 7.1.S11]

Partner in the Development of Housing:

- 20 Spencer Street
- Explore ways to cooperate with the Lebanon Housing Authority and other agencies to use City-owned land and explore opportunities to allow City land for low to moderate-income housing. [MP 7.1.S17]

The bottom line, as has already been stated, is: What should the City's role be in developing housing?

- Enable Housing
- Facilitate Housing
- Incentivize Housing
- Subsidize Housing
- Partner with Developers

Mayor McNamara, Mr. Brooks, and Councilor Whittlesey participated in a webinar with the NH Housing Finance Authority, which brought out the fact that if you look at housing nationally, developers are great at doing single family detached housing on individual lots because they make money on these projects. Developers are also very good on developing larger apartment blocks (100-300 units). What developers are not as good with is often referred to as "the missing middle" (i.e., townhouses, duplexes, triplexes, smaller apartment buildings, and cluster cottage communities). The reasons for this are: 1) These projects do not tend to be as profitable for developers, and 2) Zoning has evolved over the last 70-80 years to steer away from these types of communities and move toward the mega subdivisions or large apartment blocks. Ironically, in many cases, the things that people like and value about their communities and neighborhoods cannot be replicated with existed zoning anymore.

From the Mayor's perspective, Lebanon's market seems to be doing a pretty good job of building big apartment complexes and conventional subdivisions. What we do not see is housing in the middle and explained his reasons. His worry for Lebanon is that we see a predominance of only one type of housing being built, and that is large apartment complexes. His other concern was not having a range of housing where someone can move to Lebanon and feel like they can stay throughout their career and beyond. The challenge is what can we do, as a City, to help promote that range of housing we need for a healthy economy and community, and where is the market failing us?

Summarization of the Council's discussions/suggestions:

Councilor Whittlesey: He spoke about the need to look at the whole spectrum of solutions and have a range of options by creating an entire tool kit in a rational, logical fashion that steers the development growth of the City in a way where we can preserve, maintain, and keep the critical quality factors, while also allowing for the growth of more affordable housing. We also need to look at our zoning, tax abatement strategies/subsidies/funding solutions and partner with developers to reduce their costs of development.

Councilor Sykes: He spoke about using the toolbox approach, noting that we should be looking at models that encompass all those different types of policy as presented in Mr. Brooks' presentation.

Assistant Mayor Below: He questioned why Lebanon does not have more townhouses, noting we do not have a lot of infill opportunities because of our topography. He also spoke about climate change and what Lebanon needs to do to be a sustainable net zero community within the next 30 years. Net zero housing does complicate the affordability issue because it is more expensive, but while it does take more capital, it can potentially zero out energy costs by the fact that you do not have a long-term expenditure and spoke about the same amount of money being spent over the years by using propane, fuel oil, and electricity. These are things the City does not collect property tax revenues on. What we could do locally is look at a building fee structure that accounts for the incremental cost of high efficiency developments and not charge for Building Permit Fees. We can also look at property taxes at the legislative level; what could potentially be done with commercial and existing properties; the Urban Renewal Funds; and continuing to build a partnership with the Lebanon Housing Authority.

Councilor Liot Hill: She spoke about Mr. Brooks' presentation and wanted to focus on what the City's role would be for any of these five (5) areas (i.e., what has been done; what can we think about doing; and what is the City ready to facilitate?). Her thoughts were;

- 1) Housing and affordability are constant issues, but they do not have the same issues and spoke about the range of housing and housing costs for people at all kinds of income levels.
- 2) The need to think about all types of housing; what the market is/is not doing; and, where the City can be involved (i.e., townhouses, rowhouses, etc. are not happening in Lebanon).
- 3) The need to be sensitive and thoughtful in how we approach this discussion because Lebanon residents are very sensitive/traumatized by change, noting what happened along Route 12A and Route 120.
- 4) There is a huge divide in the City regarding renters and those who are homeowners. The Council needs to watch out for their biases between these two groups and explained her reasons.
- 5) Discussed her thoughts on energy efficiency and climate change.
- 6) Discussed her thoughts regarding connecting with the Lebanon Housing Authority to advance housing policy.

In summary, Councilor Liot Hill would like the Council to explore the structure that Mr. Brooks laid out (i.e., creating a toolbox; enabling, facilitating, incentivizing, subsidizing, and partnering) and then brainstorming what kinds of tools we might be able to put into these 5 areas.

Councilor Wilkie: He concurred with most of the comments made by other Councilors. There is a need to focus on an issue that affects 100% of the City, around 50% of which are not homeowners. One concern he had was the concept of the missing middle and did not feel discussions took price into account, noting there is difference between housing and housing affordability. He sees many of Lebanon's developments that are not affordable to the workforce. One of the things we need to focus on is what is it we can/should be providing to best fill the gaps in the resources and capabilities of the market and of our constituents for each different type of project to make sure what we have fits in with the character of Lebanon as we have/want it to be. He also spoke about downtown walkable communities, and an increase in sustainable access to public transportation.

Councilor Heistad: He applauded everything said and spoke about how threatening change can be. We need to come up with a way where we have truly affordable housing and a place where people can walk and get to work. The City needs to make available housing at all income levels. He was also concerned about the future and how the City would deal with the traffic; parking; services (i.e., sewer, water,

landfill); and the safety/security of our water supply because the Mascoma River is the City's only water supply.

Councilor Winny: He spoke about the missing middle, noting that in his work as a social worker, one of the most common issues he runs into is people who need affordable housing for those who have lower wage jobs/lower income levels, or who are struggling with addiction or various health issues that may make it hard for them to work.

Councilor Sykes: He spoke about the connection regarding housing/transportation, noting the need to have a strong/good public transit system. While Advance Transit does an amazing job, they do not operate late at night or on Saturdays/Sundays. He also spoke about affordable housing and the need for workforce housing and how rental housing can also build a sense of community and belonging.

The Council continued discussions on the following:

- How many 1-2 acre sites were available within the existing areas in Lebanon that are served by municipal water/sewer. (There are about 80).
- How increasing the density and decreasing the size of the homes you can get to a price point that is less than what you would pay for rent/purchase of a single family home on a larger lot. These smaller projects tend to gravitate toward local developers who typically have a different level of engagement with the community and who can still make a profit.
- Lebanon's infill sites that can accommodate building a Cottage Cluster/duplex/triplex, etc.; how do we create zoning that will incentivize the creation of these types of housing; and, reaching out to the public in a way that does not feel threatening to them regarding this type of housing.
- Having the City do a potential demonstration project.
- Regionalization: The need to have other communities in our area take on their fair share of housing. Lebanon cannot do it all.
- How Keene, NH is dealing with regionalization in their area.
- How, if the City is going to recommend spending municipal funds in support of housing, the City should do something that provides maximum leverage. (Another category to discuss.)
- The economic effect of addressing housing.
- Energy affordability and how the City should leverage funding to encourage people to retrofit their properties to become energy efficient.
- ADU's (Accessory Dwelling Units): Why more of these are not being built and connecting with people who have/have not built them.
- State Property Taxes.
- Lower income housing/Section 8 Income Vouchers: What can the City do to help subsidize lower income housing?

Mayor McNamara opened the floor to the public and the following came forth:

Dan Nash (Lebanon resident): He spoke about the need for zoning relief; allowing for the separation of uses in zoning; household expenses (i.e., cars); the potential unintended consequences of zoning changes; and, reducing the carbon footprint by reducing the amount of vehicle usage.

Matthew Hall (Ward 3/Planning Board member): He spoke about what the future would look like with Lebanon's infrastructure in the future (roads/schools/police/fire); the need for more single family homes; and, how dense should it be for single family homes in Lebanon.

Cori Hirai (Ward 1/Planning Board Member): She spoke about her reason (allergy to cats) and would like to see more zoning for duplexes. She also spoke about how difficult it was to know what to do and where to get information about adding a septic system to an ADU.

Ms. Lynne Goodwin (Human Resources Director), Mr. Brooks, Assistant Mayor Below, and Councilor Whittlesey discussed Section 8 Housing Vouchers and the residents in the City who cannot find rental units to utilize those vouchers because the rent far exceeds what's allowed; the options to incentivize landlords to bring down rental costs to subsidize these vouchers for an extended period of time (2-3 yrs. with a one-time payment); the Lebanon Housing Authority's regulations governing these vouchers; if there might be a potential real estate tax incentive for a property owner who accepts these vouchers; and, having Lebanon do their own study on what can be done to change voucher regulations based on Grafton County rent data only.

Mr. Chet Clem (Owner of Lyme Properties): He spoke about identifying the financial realities of development in Lebanon; how Lebanon's free market cannot deliver new construction for affordable housing (cost of land, price per sq ft), etc.; how zoning is not available for the missing middle; and how the zoning language is confusing and difficult to understand. He would like to work with the City to figure out how to accomplish housing affordability/energy efficiency, noting he would be willing and able to work with small contractors to achieve the City's goals.

For the next meeting, Mayor McNamara suggested staff take the comments made by the Council, identify the major themes, and then drill down into some individual proposals that they can bring back to the Council for their review.

The Council discussed and clarified what they would like to review at the next meeting as follows:

- Identify the central problems we are trying to address and then come up with a plan.
- More information on a demonstration project.
- What people's experiences have been with ADUs (positive/negative).
- Section 8 Vouchers and how the City can work with landlords to incentivize them to accept these vouchers.
- Regional Involvement: Mayor McNamara will follow up with Keene, NH's mayor.
- Clear vision of what we want, such as barriers and what is Lebanon's missing housing needs.
- How the Council can leverage Boards (i.e., LEAC-energy efficiency; DEI Commission concerning equity issues in housing) to help with this initiative.
- Flushing out what are the missing price/types of housing in the City.
- Start to develop a Housing Policy.
- Section 8 Housing: Developing a necessary stop gap measure for vouchers until a solution can be found.

City Manager Shaun Mulholland explained the process city staff is trying to follow and spoke about the policies that would need to be done by them, noting the time/resources it would take to achieve the Council's goals. He suggested the Council review the components presented by Mr. Brooks and tell staff where they would be appropriate and under what circumstances they should be used at the next meeting.

A draft agenda (short-term/long term) will be drafted by City Staff and will be given to the Council for their review.

Next meeting was discussed and is yet to be determined.

The meeting was adjourned at 8:10 PM.

***Respectfully submitted,
Dona E. Gibson
Recording Secretary***