

DRAFT

**Durham Economic Development Committee
Monday June 28, 2010
Durham Town Hall – Council Chambers
MINUTES
7:00 PM**

MEMBERS PRESENT: Susan Fuller; Chris Mueller; Richard England; Thomas Elliott; James Lawson; Ute Luxem

MEMBERS ABSENT: Doug Clark

OTHERS PRESENT: Todd Selig; James Campbell; Yusi Wang Turell

I. Call to Order

Chair Elliott called the meeting to order at 7:06 PM

II. Approval of the Agenda

Mr. England MOVED to approve the Agenda. Mueller SECONDED the motion.

Mr. Elliott noted that on Item 7 he wanted to have a document to review, but that it was not completed. He said that the half hour would be used productively.

The agenda PASSED unanimously 4-0.

III Public Comment

Mr. Elliott opened the meeting to public comment. Paul Berton inquired if public comment would be allowed during the meeting, and Mr. Elliott stated it would be allowed. Mr. Berton indicated he would hold his comments until later.

IV Approval of the minutes

April 26, 2010

Mr. England MOVED to accept the minutes. Mr. Mueller SECONDED the motion and it passed unanimously.

May 24, 2010

Mr. Mueller MOVED to accept the minutes. Ms. Fuller SECONDED the motion.

Mr. England and Ms. Fuller abstained from voting because they were not present at the meeting. Attendee “Larson” was corrected to “Lawson” in the minutes.

Approval of the revised minutes passed 2-0.

V Use of Electronic Workspace for Committee Work

Mr. Elliott noted that Ms. Wang Turell started using a Google page for document sharing, and that the EDC should generally be using such a tool. Mr. Elliott is setting up a sharing tool, and said information on the tool will be emailed. Mr. Elliott asked that the tool be used for both posterity and public transparency and sharing. He asked that links, articles or pdfs be shared so that an on-line library could be built.

Mr. Elliott said it was important to note that EDC members could not discuss or have an active conversation on issues via email. It was OK to have an email one-to-many in order to share information, but the “reply-all” discussion is contrary to the right-to-know laws. The EDC could only have discussions about issues at EDC meetings. Mr. Elliott advised outside conversations between two or three members were fine, but that if it went beyond that then it could be a violation of the right to know laws. Mr. Elliott said that the electronic workspace would not be used as an email exchange, but simply as a file exchange.

Ms. Wang Turell said that the Google page had been a great way to make sure the most updated files are available for the Business Visitation and Retention project, such as the list of businesses in Durham.

VI Roundtable

Mr. Elliott said there was interest in the Master Plan, and asked Jim Campbell to discuss the Master Plan Steering Committee

Mr. Campbell noted that Mr. England was appointed as the EDC representative several months back. There is a grant through the UNH Cooperative Extension, and the extension will help with forming the Steering Committee and coordinating the visioning sessions to get the master plan kicked off and started. At the same time, the selected consultant will start discussions with the Steering Committee. After the visioning session, the consultant would take the information from those sessions and start to amend the chapters that the Town is looking to amend. He said some of the committees, such as the Energy Committee, have created their own draft, and Mr. Campbell noted that there had not previously been an Energy Chapter so the draft will be helpful to the consultant. Some of the other chapters will be written by the consultant or in conjunction with the Planning Board since the Master Plan is a Planning Board document. Everything will be going through the Planning Board, but he said the EDC will be kept in the loop and will be part of the process.

Mr. Campbell said he has a list of people he was contacting for the Steering Committee, but that one of the challenges was people are taking vacations in July, and he does not want it perceived as something being kicked off without full participation. Mr. Campbell plans to form the committee and meet with the UNH Cooperative Extension, and set the dates for inviting the public in for the visioning sessions. He expects to have the committee formed by mid to late July, and then the Steering Committee will help map out the remaining months.

Ms. Luxem asked if the areas of the Master Plan that needed to be updated were highlighted, possibly in a word document. Mr. Campbell said it should be updated, and an update list had previously been created when the use of a consultant was discussed. The chapters were Chapter 3 - Downtown Commercial Core chapter; Chapter 4 – Environment and Culture, Chapter 8 - Tax stabilization, which Mr. Campbell said is basically the Economic Development Chapter, and Chapter 9 – Land Development regulations. Mr. Campbell said the Parks and Recreation Committee is working to update their chapter, which can be put into this Master Plan update so that the consultant can focus time on other chapters.

Ms. Luxem asked Mr. Campbell who would be taking a closer look at the Tax Stabilization Chapter within the EDC or its subcommittees. Mr. Campbell said that would likely be the EDC and the Planning Board once the visualizing sessions are completed and they talk about what we are looking for.

Mr. Elliott asked if it had to be called the “Tax Stabilization” chapter or if it could be called the Economic Development Chapter. Mr. Campbell said it could be called the Economic Development chapter. Mr. Elliott said it is a conversation for another time, but that we should be thinking about it.

Mr. Elliott asked Committee members for other updates.

Ms. Fuller said that several months ago Mr. Campbell applied for an Inclusionary Zoning Implementation Program grant, and that Durham was one of nine towns to receive a grant. Durham is working with a local independent contractor, Jack Mettee, to help develop a plan. Ms. Fuller advised that the state has implemented a new law, RSA 674:58-61 that states a town must have provisions for workforce housing. Mr. Mettee will be helping, and the committee consists of Lee Ann Parks of RE/MAX representing the realtor community, Ms. Fuller as the Planning Board Representative, Mr. England is the EDC representative. Ms. Fuller believes Eric Chinburg will be joining as a local builder representative. Jay Gooze is the Town Council representative. Mr. Campbell noted that Doug Banks will be on the committee as the UNH representative, and that they were looking for a citizen representative.

Mr. England noted that this is the start of a process, and the consultant will start by doing an inventory of the housing stock to identify affordable housing, and that the issue is fundamentally one of affordability. Mr. England noted that if a town or city does not put in place regulations that allow for affordable housing, then developers can go to court and

nudge a town in that direction legally. This process foresees the need to change the zoning so that the town is in compliance. Mr. England believes from the point of economic development it is interesting because it raises issues as to whether employees of local business or employees of the town can live in Durham, and that if you build affordable housing then you will likely need higher densities. He said higher densities have implications to town infrastructure for services like water and sewer. Mr. England said he believes it is an important process that they are starting.

Mr. Campbell said the meetings are public, and Ms. Fuller advised that the next meeting was August 6, 2010 at 9AM.

Paul Berton asked if the workforce housing movement could be the conversion of existing housing stock or if it had to be new construction. Mr. Campbell said he believes it can be conversions.

Mr. Campbell advised that they had received a request to attend an upcoming meeting on July 1, 2010 with the Northern New England Passenger Rail Authority. UNH will be sending two attendees, and Mr. Elliott can not attend. Mr. Campbell said the meeting was in Portland and they were looking for an EDC member to go with John Carol from Durham.

Mr. Elliot requested that Mr. Campbell provide an update on zoning changes.

Mr. Campbell said that zoning changes to allow single family and duplex homes in the ORLI district and single family homes in the MUDOR district was scheduled for public hearing at the last Town Council meeting, and was continued to July 12, 2010. He noted there will be more opportunity to hear from the public on the change.

Mr. Campbell said zoning changes in the mixed used of four story buildings that had been initiated by the EDC will likely have the first reading at the July 12, 2010 Town Council Meeting.

Mr. Campbell advised the planning board has discussed amending 175-55(e) of the zoning ordinance dealing with minimum contiguous lot area. Mr. Campbell read the ordinance, and explained that it was hard to subdivide large acreage, which was not the intent. He said the Planning Board also sent to the Conservation Committee the calculation of useable area used to calculate conservation subdivisions.

Mr. Campbell said storm water regulations will also be going to the Planning Board public hearing on July 14, 2010. It will be laying out what is required for storm water management for plans coming before the planning board. Recent approvals have been more restrictive than the requirements that are now being considered.

Mr. Elliot requested and update on developments from Mr. Campbell.

Mr. Campbell said he would focus on the larger development. He advised CWC Proprieties owns Stat's Place at the corner of Pettee Brook Lane and Madbury Road, and their plan for mixed use with commercial on the first floor and two floors of residential was approved by the Planning Board.

Mr. Campbell said the public hearing has begun for Ionian Proprieties' redevelopment of the Don Thompson building next to the Pettee Brook parking lot. They are developing a four story building. The first floor is commercial and the second is commercial with two ADA fully accessible apartments accessed via Rosemary Lane. They received a variance, and have two additional floors of apartments. The public hearing has been continued to July 28, 2010.

Todd Selig commented on the Ionian Properties project. Mr. Selig said the town, in an effort to stimulate economic development downtown, has sold to Ionian Properties a small parcel to the rear of the property that will allow for four additional apartments to be part of the project, and will have a positive environmental benefit because pavement will be transformed into a catchment area for storm and rain water. There will also be a walking path to connect the Pettee Brook parking lot to Rosemary Lane.

Mr. Selig also provided an update on Sigma Beta. He advised there was an application under RSA 79E for the project. The Town Council has held a public hearing with generally positive feedback, and for time considerations the council will deliberate at the next Town Council meeting on July 12, 2010. Mr. Elliott asked what the outcome will be if the application is accepted. Mr. Selig said what is likely to happen, if approved, is that the taxes will be stabilized and capped for five years where they were prior to the improvements. After that time, the full value of the improvements would be taxed. Mr. Selig said this hopefully gives a property owner incentive to develop property by providing five to nine years of tax relief, depending on the circumstances, to help with getting cash flow where it needed to be for the development. Mr. Elliott asked if the program was available to other downtown businesses, and Mr. Selig clarified it is available to other businesses in the Downtown Central Core including downtown Main Street, the Professional Office District up Madbury Road, and the Church Hill and the Courthouse Districts.

Mr. Elliott said he is aware of initial conversations regarding the future contract with Comcast. He asked Mr. Selig if the EDC would be involved in discussions regarding future broadband.

Mr. Selig said the cable franchise renewal process is lengthy, and Durham is presently in a 12 year agreement. The current franchise agreement extends through 2012, and the discussion on a renewal agreement typically starts two or two and a half years prior to expiration. There is no urgency to get this done, but Mr. Selig explained that Durham has initiated the process by opening and closing an ascertainment hearing with the Town Council, which preserves the Town of Durham's rights under FCC's rules and regulations. The DCAT subcommittee has met with an attorney representing Durham on the Cable Franchise. A questionnaire is being developed for Comcast so that compliance

with the current franchise agreement can be ascertained from their perspective. The town is also completing a questionnaire. Mr. Selig expects to reach out to the school district, Durham Business Association, EDC and town operational departments to get input on how Comcast is performing and what different groups want to see. Mr. Elliott asked when the EDC should expect a request to be involved, and Mr. Selig said it would probably be requested in the September timeframe.

Mr. Campbell also advised that the Planning Board has accepted an application from the Federal Savings Bank for a two lane drive through that will be located at the second plaza building. The public hearing will be at the next Planning Board meeting. The Planning Board has also accepted an amended site plan and conditional use application regarding Bryant Property's building on Mast Road. The original plan called for the removal of the house in the front, but they would like to now keep the house.

Looking ahead, Mr. Campbell said there is a conditional use application for the TC farm stand to do modifications to the farm stand and bring in a mobile kitchen.

Ms. Luxem asked about what happened to the Mexican Restaurant. Mr. Campbell said he talked with the property manager at the plaza who said it was still being worked on, but if things were not worked out by the end of this month then the project was done. Mr. Elliott said that he believe the principals were still seeking financing, which is not easy for a restaurant.

Mr. Selig said he would be circulating an article about college towns and capital cities being more resilient in a depressed economic market than other communities across the country. They have gathered some initial census findings from the 2010 census which bears that fact out.

Mr. Elliott asked Mr. Selig if there was anything to report on the Grange Hall, and Mr. Selig said there was not.

Ms. Wang Turell said during a trip to Princeton University she took the opportunity to meet with the University Director of Community and Regional Affairs. Although significantly different, there are similarities with Durham and UNH. She noted that some Market Analysis proposals listed Princeton as a possible comparison town. Ms. Wang Turell said she learned the Princeton Master Plan specifically states that the University should not buy property in the downtown block, and that the bulk of downtown is managed by one major developer. She said the Director preferred to work with businesses and the local chamber of commerce, and let market forces run their course. The Director focused less on the town council and elected officials because they needed to posture for constituents. The Director provided an example that the university recently outsourced their bookstore. Ms. Wang Turell said Princeton excels at commercialization, but incubators are in neighboring towns. The Director recommended focusing on areas of overlap between the university strategic plan and areas of town interest such as sustainability, arts, farmers markets and athletics. The Director's request to the community was not to harp on what is on the tax rolls, but to meet their university where

there strategic goals lie. The Director emphasized that town vitality was critical to Princeton University's competitiveness, and that Princeton University has put out a publication on the impact of the university quantifying how the community and university overlap.

Paul Berton asked if Ms. Wang Turell hoped to take what she learned at Princeton and bring it to the University of New Hampshire. Wang Turell said the basic answer is yes, but to take what is appropriate. For example, she said most Princeton students live on campus.

Mr. Berton said he found that interesting, and that although he is not a retailer in town he said that retail on campus has expanded to 30,000 square feet in an environment where retail is not booming in town. He states that eight more retail venues have opened since the University's past commitment not to expand retail on campus when the hotel was being considered. He said he hopes that someone goes to T-Hall and helps find the happy median between the University and town. He noted there are 19 places to buy coffee on campus versus seven downtown. He also noted that the UNH bookstore on has 7,500 square feet, but less than one quarter is for actual text book sales and the rest is a gift store. Mr. Berton said you can buy sushi at three different locations on campus.

VII 2010 EDC Strategic Plan

Mr. Elliott explained that he hoped to have circulated a draft of the 2010 EDC Strategic Plan. He struggled bring it together because of a number of factors, and he thought it was premature to come forward with this document. He suggested that the time be reallocated to other items on the agenda.

VIII Subcommittees

Development Projects – Mr. England stated that there was nothing to report.

Business Recruitment – Mr. Mueller reported that there were 12 responses to the Market Analysis RFP. A meeting was held to review proposals and select vendors to move to next phase of the selection process. The proposal selected were from the Economic Development Research Group, Development Concepts, Arnet Development Group, and AEComm out of New York. Mr. Mueller explained that the next phase will be interviews with the vendors. He said he hopes that by the end of July to have finished the interviews and to make a recommendation. Mr. Campbell clarified that that depending on cost it may need to be approved by the Town Council. Mr. Elliott asked when the signed contract is expected, and Mr. Mueller said he hoped by September 1st. Mr. Mueller said the town may have a good work product by the first of the year.

Ms. Luxem asked Mr. Mueller if Bartram & Cochran were on the short list, and Mr. Mueller advised it was not. Ms. Luxem asked what kept Bartram & Cochran off of the short list. Mr. Mueller said they were not on the short list and did not rise to the top. Ms. Luxem noted that there was a limited budget, and the companies on the short list are

more expensive. She asked if the town had the money. Mr. Elliott said that was probably not the issue, and that this was the beginning of a negotiation. Ms. Luxem said she doubted we could negotiate it by 50%, and noted that Bartram & Cochran was bear bones and that the subcommittee should be looking at something that provides more than an essay. She asked what the components were to measure each proposal. Mr. Lawson said he was concerned about data sources and methodologies, and that he had a higher degree of confidence in the data and methodology of the selected vendors. Mr. Lawson said he saw a clear difference between the selected vendors and Bartram & Cochran, and that he was not confident in their proposal.

Ms. Fuller said that she read some proposals, and her most salient comfort point with the selected vendors, which she would have selected, was that the principals were local with the ability to get knowledge about our market from both reliable data sources and from being part of the community or state.

Ms. Wang Turell said she agreed with Mr. Lawson's assessment of the quantitative aspects, and added that the Bartram & Cochran proposal was very punchy and bulleted, and that was a problem because they regurgitated the RFP. She noted that other proposals were a little more thoughtful in their approach.

Mr. Mueller noted that price was not the sole evaluation criteria, and that what Durham was getting for its money had to be considered.

Mr. Elliot asked Mr. Selig for his thoughts. Mr. Selig said that although the field had been narrowed to four nothing precludes the Town from going back to other responses after meeting with the four selected vendors.

Mr. Elliott asked Mr. Mueller what we can work on in the absence of the Market Analysis. Mr. Mueller said that the EDC developed a SWAT analysis during last summer and fall. The SWAT analysis was reformatted, and Mr. Mueller suggested that the focus be on weaknesses. He said there are two phases. One is to identify what can be worked on and recommended that we go through the SWAT analysis in more detail at the next meeting. The tool used to develop the SWAT was from the International Economic Development Council and there planning book. The indicators were reviewed.

Mr. Lawson suggested looking for more opportunities to bring groups into the meeting to educate the EDC and community. Mr. Elliot said it reminded him that they were planning to do a joint Durham Business Association meeting regarding 79E. Mr. Selig said he believes the DBA is looking for some dates that work for the presenters. Ms. Wang-Turell suggested asking the Green Alliance and the Energy Committee to discuss any incentives they know about for residential or business improvements, and to reach out to the Whittemore School to see if various centers such as the Center for Venture Research can provide an overview of what they offered. Mr. Elliott asked EDC members to send him an email by the following Wednesday for outside organization to speak. He said he was worried about spending an hour on it, but if it was at the scale that allowed the rest of the work to get done then it would be fine.

Mr. Selig asked to make some comments on the SWAT analysis. He said that the SWAT analysis will be very helpful to the consultant selected for the Market Analysis, and that it would give a good sense of the EDC's work and our sense of Durham. He said the RSA-79E and ERZ opportunity will also be helpful, and that we need to think about the pluses and cons of that. On the downside, he said some residents may question whether a 5 year tax exemption should be granted to downtown properties. On the plus side, he said it was one of the strongest tools we have to encourage economic development downtown. He said it was something needed to talk about as a community to decide what we are comfortable with.

Mr. Selig said he agreed with Ms. Wang Turell's observations about Princeton, and said that finding areas where the University's mission, goals and aspirations intersect with those of the town are important, and it is in those areas where there's the best opportunity for cooperation. He said that UNH has a profound impact on Durham, and that if we can find ways to link up with them then it could have a powerful impact on our downtown, such as bringing a bookstore downtown or other opportunities like that.

Mr. Selig said that although economic development is not always thought about in this way, for many homeowners that are investing in their homes it was education that brought them to Durham and the quality of the Oyster River Cooperative School District. Mr. Selig said he believes it is in the best interest of the community to make sure that the school system is as good as can be. He said this is what is bringing a lot of people here, and that people don't always mind paying the higher taxes if the market remains strong when they sell their home, and people buy knowing we have a good school system.

Mr. Selig said the pink elephant in the room regarding quality of life at this point and time is the impact of student housing in our residential neighborhoods, particularly around the downtown core. He said this is an area of economic weakness or possibly a reality that we should to talk and think about.

Mr. Selig noted the EDC work to collect and summarize small business assistance programs, and suggested that it be provided to downtown business during the business visitation program. He noted that there may be additional opportunities to work with the Durham Business Association, and that the DBA has a part time executive director that can work with downtown business owners to encourage them to reinvest in their properties. He asked that the EDC think about how to strengthen that relationship. He noted that the DBA office had been moved to the town hall.

Mr. Selig referenced the Mexican restaurant, and asked if we should be reaching out to Ocean Bank, as our local bank, to see if we can convince Ocean that they should be working with us to promote investment in Durham.

Ms. Luxem suggested that the list of businesses created for the visitation program be categorized based on the type of the business and placed on the town's website so that it could be a resource.

Ms. Luxem said she found it interesting that EDC looks at rental housing as a form of economic development, when it is certainly a form of tax development and strengthens the tax base here in Durham. Ms. Luxem said that when she looks at economic development she is looking for job creation and business sustainability. She said rental housing should not be underestimated in a university town, but that it doesn't really create jobs. She asked where the focus was in the town. She said town businesses other than the University are basically retail with low to moderate incomes. There are limited jobs with the income required to live in Durham. The jobs she would like to see for residents not affiliated with UNH are in Dover, Rochester and Portsmouth.

Mr. Elliott asked Mr. Mueller how the Market Survey weights housing and particularly student housing as part of understanding the market. Mr. Mueller said because Durham is a university town it is part of the analysis. Mr. Lawson said it was important to understand how student housing impacted businesses in Durham.

Mr. England said he thought student housing is part of economic development because of tax stabilization. He noted that it would be good to create high wage jobs in Durham, but that may not be realistic. He said that Durham is a university "factory" town and that it's also a bedroom community. He noted that many people move here because of the Oyster River schools. He said that economic development in Durham may not necessarily be creating jobs in Durham, and he would be happy if the seacoast economy was booming, and Durham had good schools, municipals services and affordable housing. He said it's not whether rental housing should be part of a strategy but how it is implemented, and that rental housing has moved in a direction that is disruptive to single family residential areas.

Mr. Elliott asked EDC members if they felt that rental housing got in the way our success downtown.

Ms. Fuller said absolutely not based on what the planning board has approved. She said there were two buildings approved that will bring in new commercial space in addition to the student housing, and the Planning Board is working on the third. She said it is part of our town for many reasons, and noted that the university is increasing enrollments but is not increasing housing. She said that is an opportunity for local landlords. She said local landlords don't create the number of jobs we might like, but they are creating some jobs and creating a very good product. Mr. Elliott asked if she meant the new buildings, and Ms. Fuller answered yes.

Ms. Luxem said she looked at student housing as a separate entity rather than economic development. She said housing should be something that the planning board is dealing with while the EDC should be more focused on the business side.

Ms. Wang Turell said the EDC needed to look at how student housing intersects with the EDC mission. She said there were questions that still need to be teased out including whether companies would locate adjacent to or below student housing which is important

for the downtown strategy. She said it was important for the town to have a consistent message for how the town is supporting the vision for the downtown and commercial core because it effects investment by current and future owners. She said that Paul Berton and the DLA had information on how the university had increased housing.

Mr. Campbell said he understood Ms. Luxem, and liked the idea that it was more of an increase in the tax base, which is a good thing, but it doesn't create jobs or create a wage where people can live in Durham.

Ms. Selig said from his perspective that student housing is both tax stabilization and economic development. He noted that many people live in Durham and work somewhere else unless they work at the university. He said as Mr. England noted, Durham is a suburb of Dover, Rochester, Portsmouth and Boston and people commute daily. He said we have some real obstacles in Durham. Land costs are high because property is desirable, which is a good thing. He said zoning is strict and that we have made a decision that we would not compromise ourselves in the search of tax dollars, and that the taxes are high. He said companies weigh whether to build in the Durham Business Park or rent in Portsmouth at Pease or in Dover at the former Goss. It's less expensive to go elsewhere unless there is something that compels them to be in Durham. Mr. Selig said student housing makes business creation more likely by stabilizing the tax base by broadening it, it creates more shoppers for the downtown, although they are not be spending big dollars. He said that student housing creates the economic engine above that allows commercial activity to take place below.

Mr. Selig said that a concern he has is that the ideal envisioned by the 2000 Master Plan, and 2004 and 2006 zoning is one floor of commercial and two floors of housing; or two floors of commercial and two floors of housing. He said that this may be inadequate to provide enough of an economic incentive, and that you need to have the three floors of housing above in order have the one floor of retail in the current economic climate. He said he hoped we could move to the requirement of two commercial floors in the future with sufficient commercial activity in Durham, but for now if we want to see significant investment then we need three floors of housing with the first floor being commercial space.

Mr. Selig said the town has gone in different directions regarding housing in the past. Between 2000 and 2004, Durham made a strong pitch to the university that they should move all housing on campus. At that point in time, the university housed 48% of students on campus, and since that time they have increased the number of beds, in part due to the Durham's request, and they are getting close to 60%. He said the university is not planning to do more than 60%. He noted that the university's adding beds created issues for some landlords when students started living on campus that would have lived off campus otherwise. There was a shift in the council in 2004 and 2005, and housing was not viewed as a negative to be pushed onto campus, but rather as a positive economic driver. He said there are different views on where the housing should be, but that there was agreement it should not be in our traditional residential neighborhoods, however, economic forces are driving that now. Part of the view in the 2004 and 2005 time frame

was to have student housing in the west end of town where it wouldn't bother neighborhoods. He said during the interim from 2004 to present there were challenges with water and sewer capacity that the town has tried to address over time. There was not a strong market for investing in that part of the town until 2007 and 2008 when there started to be significant investment in property, and since that time Durham has had national student housing companies investigating Durham. He said they seem to believe there is still a strong market. Mr. Selig said he thinks their first preference is downtown, but noted there are not a lot of downtown properties for sale or the prices are too high. So at this time, Durham is seeing development outside of town like Rivers Edge on Old Concord Turnpike with 96 beds, Perry Bryant's green project on Mast Road with 124 beds, and interest in McNeil's property out Mast Road, and companies looking out on Technology Drive with Capstone being one of them along with several other companies. Mr. Selig noted that there is a lot going on, but that the part of town struggling the most is the single family non-owner occupied properties located in the traditional neighborhoods. He said we are having difficulty stemming that tide, and that we have the three unrelated person regulation, but that is difficult and inefficient to enforce. He said we have seen single family home values drop into a price range where investors will convert them into rentals. Mr. Selig said he believes the economics will help correct some of the challenges we are facing in the single family neighborhoods provided there is additional desirable housing stock in the price range that students want.

Mr. England asked whether there's affordable housing for faculty. He said a generation ago there was a large portion of the faculty that lived in Durham, but today a high percent of the junior faculty can not afford to live in Durham which contributes to congestion. He thought it would be good if a higher percentage of faculty lived in town, and thought one or two bedroom condominiums might be ideal for an assistant professor to buy. He noted that recent additions to the housing stock are not affordable.

Ms. Fuller said that hopefully the IZIP grant will help us figure it out.

Mr. Elliott said he believes that the town leadership is unclear about how it views student housing, and a consistent policy and message is needed from the town leadership on the roll of student housing. He said that how we go about arriving at that needs to be thoughtfully researched, fact based and with a minimum amount of friction between the various communities.

Mr. Berton said there has been an epidemic of student rentals in the neighborhoods due to lack of enforcement and cheap money. He said we have turned the tide in enforcement, and made progress in the last six months. He said downtown Portsmouth redevelopment can not survive based on retail, and it takes the same mix. He said there is no new redevelopment in downtown Portsmouth that doesn't involve a housing component. He said a successful downtown development will take the same mix of residential and commercial uses as in Portsmouth, and that the healthiest mix will be a downtown that meets the needs of students and non-students. He said that we need to remember that the students are only with us for seven and a half months, and to run those businesses without the students for four and a half months is very tough.

Mr. Berton presented tax maps showing existing projects, projects being discussed with Mr. Campbell and what he described as a wish list of redevelopments. He said what he is showing on the map represents 400 additional beds and significant retail and office. He said he views the ORLI district as research and development and good paying jobs. He said keeping the focus of student housing downtown will fuel the redevelopment downtown. He said it will not happen without the mix, and will help alleviate additional neighborhood problems. He said these are the points brought forward to the Town Council. He said he wanted to take the foot off the accelerator of rezoning the ORLI district and giving the company from Texas or Alabama or wherever they are from the green light to put student housing out there. He said he wanted to get everyone in the same room to put together a plan – some kind of plan for controlled housing development in the downtown core.

Mr. Lawson noted that Mr. Berton said the plans he highlighted showed 400 additional beds. Mr. Lawson asked Mr. Berton how many beds he estimated were in the Durham supply in the categories of apartments or dormitories.

Mr. Berton said that professionally managed members of the Durham Landlord Association account for between 2,000 and 2,500 beds, but that he couldn't account for unmanaged properties like those in people's basements.

Mr. Lawson asked what Mr. Berton's estimate was of the demand for off-campus housing from UNH.

Mr. Berton said he assumed there were about 7,500 beds on campus and with a student body of 11,800 there was about 5,000, but that there were a number of students that commute from home and that number was not known.

Mr. Lawson said it he thought it was that number plus 1,200 full time graduate students. Mr. Lawson asked if he was correct in saying that Durham capacity addresses about 50% of the student market.

Mr. Berton said yes, but noted that was for the professionally managed housing. He said the other component that has changed in the last two or three years with our new economy is the property tax increase that strengthened the Dover and Newmarket markets, and caused student to look in those surrounding communities that are quite a bit cheaper.

Mr. Lawson said that there are about 5,700 students out looking for off campus beds that are both graduate and undergraduate students. He said that half of the students not living on campus live in Durham and half go to other markets. He said that even with an expansion of 400 beds, nearly half will go out of town for their housing. He asked if was primarily the pricing or whether students are looking for something that is not available in Durham.

Mr. Berton said it a lot of it was price and the new economy, and a slightly different product that his community was responding to which individual bedroom. He noted that as he had said before the Town Council, Mr. Murphy's and Mr. Crape's project and the new projects in town are forcing him to do a better job with his properties. He said that right now he is offering no shared bedrooms, which is what the market is demanding.

Mr. David Arthur introduced himself as an owner of Varsity Place, and said he had preliminary discussions with the town planner regarding a proposal for his Main Street properties. He has owned them for the last three years, and since purchasing the properties has anticipated taking the properties down and building something new. He has looked at renovating the buildings and determined that over time the structural integrity of the buildings are in a state such that renovation does not make sense. He is in the planning stages of coming to the Planning Board with a project proposal of \$10-12 million. The exact size of the building has not been scoped out yet, but it could be fifty to sixty units of new rental housing primarily for students, but he is also looking at the possibility of married student housing. There could be between 150 and 250 beds on the site, which is an acre of property. In addition, he anticipates 10,000 to 20,000 square feet of retail depending on negotiations with the town and interest from potential rentals, with 75 to 125 parking spaces. Mr. Arthur said they own about 500 spaces in town, and only rent about 350 spaces.

Mr. Arthur said one of the things that concern him is the potential rezoning of the ORLI and MUDOR districts, and bringing in an additional 600 to 800 beds by Capstone. He said he has spoken to his financing sources, and they are aware of this project because Capstone goes after the same financing that he would. He said it would probably price him out of any kind of potential development. If that were to happen, it would probably put a hold on the project for 3-5 years until Capstone was absorbed, and he doesn't know how long the buildings will last because they are at the end of their tether. He supports what Mr. Berton said, and believes that student housing is the driver for downtown retail and commercial development. He said professionally managed properties have security, and he employs eight people in town, and none are minimum wage. He said he attracts quality people because of the wages he pays. He said he is responsive to town requests that come up. On a personal note, he said they are happy with the students at UNH and 99% of the students are good. Overall, he said they have had a good experience.

Mr. Arthur said that their occupancy when they took over the property was 100%, and then were 95% occupied the following year. Currently they are at about the same place as last year with 85% at opening and 100% by the end of the year. If you look at it over a annualized basis, he said it was well below 92%. He said people are going outside of Durham, and with 90% occupancy there are 250 students not spending downtown. He said with market conditions and the tax situations that they have had to increase their rental price, and there are cheaper rentals.

Ms. Fuller asked if the financing sources would be willing to fund other types of housing mixed in with student housing and commercial space.

Mr. Arthur asked if she was speaking about workforce housing, and Ms. Fuller answered yes. Mr. Arthur said that by law they need to rent to anyone. He said they had not modeled it that way, but that depending on the source it was a possibility.

Mr. Elliot asked if there are 600-800 new beds on the west edge and Mr. Arthur's properties on Main Street were on the downslide, what type of incentives would he be looking for to develop something other than student housing, such as graduate student and faculty housing, or condominiums or office space and the other types of activities that some want to see in the downtown.

Mr. Arthur said the current tax incentives will help tremendously, although the tax burden overall is onerous. He said the problem is that when they bought the property it was at the top of the market, and they are hampered by a value associated with the three parcels and the financing. Mr. Elliot asked if a medical building was a possibility, and Mr. Arthur said he has spoken with brokers in the market, and there have been a couple of office buildings built in Dover and the surrounding area, but that hospitals are not looking for additional space.

Mr. Elliot asked if Varsity Place was hesitating to go in a non-student housing direction because it is fundamentally different than their current business.

Mr. Arthur said the primary goal when they started the company was to invest in student real estate, although it's been hard to make it work in Durham. Student housing is still the best use of the property.

Mr. Elliott asked about faculty/graduate housing or condos.

Mr. Arthur said he didn't believe he could get that financed. Most of the programs are the federal programs because there is an oversupply.

Mr. Selig said regarding mixing different type of housing, traditional or workforce housing works because you have adults living with adults. If you mix adults in the affordable housing with students it can create discord like seen in the neighborhoods.

Mr. Jay Gooze of Meadow Road said he is the Town Council representative for the IZIP committee, and said there are ways to do workforce housing. Deed restrictions can keep properties owner occupied. He said he would like to see a workforce housing zone around the future library, where there are currently bad rentals on Madbury road. He noted bad in the sense of there being problems with the police. He said he believes there are two hundred students living in the neighborhoods that shouldn't be there. He said we are going after some based on the ordinances, but we need enabling legislation at the state level to allow inspections. He noted that homes with 5 or 6 students may not be causing problems, but they are taking residents out of the professionally managed apartments. His last item was a request from his wife, asking that a hardware store be put into one of the retail spaces.

Mr. Selig said that the Durham does not have a rental registry, but that the town went through the tax list to identify properties that did not have a Durham mailing address. They identified 180 such properties. He said he is making the assumption that those are student rentals, and even if some are not, there are other student rentals with Durham mailing addresses that were not included. He noted that if you assume three students per property, he believes there are between 500 and 1,000 students living in the neighborhoods in single family properties.

Mr. Berton asked if there could be tax incentives to make those houses workforce housing.

Mr. Selig said that is the workforce housing for Durham from his perspective. He said we need to find a way to get students out of them so they can revert back to that desirable use.

Mr. Berton asked if the EDC was ready to recommend to the council that they take their foot off the Capstone accelerator.

Mr. Elliott said he did not think so. He noted that the EDC had not been asked to comment on the zoning change, and that the zoning change did not come from the EDC.

Mr. Berton said that he was not asking the EDC for a yeah or nay, but asked if the EDC would recommend taking a deep breath. He said we had talked about studies and getting people into a room. He said he thought it would be devastating to the downtown redevelopment.

Mr. Elliott said that members of the committee could make a motion, and it could be voted on. No motion was made.

Ms. Wang Turell provided an update on the business retention and visitation program. She said the subcommittee met twice and would be launching visits this week. She said they set the ambitious goal of visiting 110 of the 125 business on the list by the end of September, which she said will fit well with the Market Analysis Study. She reviewed the volunteer packet that was available on Google groups, that includes instructions and handouts that are to be left with the interviewee. She reviewed the survey page, and said at the last subcommittee meeting they decided to use an issue survey to collect quantitative data, which could not be done with the interview. The survey will be done during the interview and either taken by the interviewer or returned to Mr. Campbell's office. She said that she wanted colleague input in two areas.

Mr. Lawson provided an update on the Pettee Brook Lane pilot. He said that they were on course to implement the changes on July 1st, and that the changes have been communicated to business downtown. He said his focus after July 1st would be to collect as much data as possible on the pilot.

Mr. Campbell said that they have just received the speed counts from Strafford County, and that they would conduct more speed counts during the pilot and, if the pilot continued, in the fall after the students returned.

Mr. Selig said that the Town had worked hard to notify people about the Pettee Brook trial, and that Mr. Elliott put together a good letter to notify businesses. Mr. Selig said that are prepared for the best, but also prepared for the worst, and was curious about the future feedback the town would receive.

Mr. Selig said Chief Kurz is preparing his three year report on downtown parking. He said that the report will explain where spaces are located, how they are managed and the revenue that comes from them. The report also talks about the goals for the parking. He said he believes there is sufficient information that warrants revisiting how parking is addressed in the downtown core. He said that after reviewing the report, we should be meeting with the subcommittee on parking.

Mr. Elliott asked if Mr. Lawson had put together a parking sub-committee yet. Mr. Lawson said he had not at this point, and Mr. Elliott said he had identified individuals that may be able to help.

Mr. Elliott said the Farmers Market is underway, and it has been a success. The only negative feedback provided is regarding it closing it too early. He said Main Street Mondays is a project being worked on with the DBA with particularly good support from the Durham Market Place.

Mr. Selig said he had heard feedback about both opening the farmer's market earlier and keeping it open later.

Mr. Elliot said that the five winners for the Green Launching Pad winners were announced in May, and that one of the winners, Revolution Energy, are locating in an office space in Durham, and that they are using UNH student resources.

Mr. Elliot asked to discuss the next meeting that overlaps with the Town Council meeting on July 26th. He asked if it was time to have a joint Town Council meeting to discuss the strategic plan, and invite the Planning Board.

Mr. Selig asked for feedback at the last Town Council meeting on a joint meeting, and said they would talk more at the upcoming Town Council agenda setting meeting.

Mr. Mueller asked what the desired outcomes from the meeting. Mr. Elliott said his idea was a subcommittee that would set a direction based on the B. Dennis report.

Ms. Fuller said the Planning Board had not gone through the document, and said she was concerned about asking the Planning Board to attend the meeting only a week and half in advance.

Mr. Selig said his thought was similar to Mr. Mueller, and wasn't sure about the meeting's intended outcome at this point. He said the B. Dennis report effort brought stakeholders together – residents and businesses – those people that were interested in participating. He said the report does a good job consolidating the general themes in Durham today about the downtown core. He said the B. Dennis people are proponents of form based zoning, and Mr. Selig said he was not confident Durham was ready for that or if it was the right approach for Durham. He said that with the exception of form based zoning, B. Dennis has gotten it right about what we would like to see. He said it might be as simple as a conversation about whether we are happy with the report, or identifying what we don't like. He said we could adopt the concept of the report with the exception of things that are not liked.

Mr. Campbell noted that an implementation strategy is included in the final report.

Ms. Fuller asked Mr. Elliott and Mr. Campbell if they thought the process should start with the Planning Board first, and then make the recommendation with the Planning Board's approval to the Town Council.

Mr. Elliott said he didn't know if the Planning Board alone was the only place this should happen. He said there was much economic development.

Mr. Selig said there were several goals to this strategic planning effort. He said it was never intended to stop the clock on all planning that was taking place in Durham. He said it was intended to give us a sense of what is happening today and whether there were some short term things that could be adjusted while going into the Master Planning process. He said the second goal was to identify the long term vision for the central core while going through that process, which could then be rolled into the Master Planning process. He noted that the chapters identified in the Master Plan revolve around the central core in addition to Tax Stabilization and the gateways. He said that from the start they were very focused on the Planning Board to make sure they were comfortable with the consultant and comfortable with RFP. He said that the Master Plan is a Planning Board Document. He said that he hoped to be able to use some of the B. Dennis team on a tight leash for deliverables since they are most knowledgeable about our town. He said Durham now has a report that provides new ways of looking at old problems, and some immediate things we can implement. He suggested that the task for the meeting might be to have people go through the document and identify things they do not like. He suggested that the EDC, Planning Board, and Town Council might meet after that point.

Mr. Elliott asked if meeting on July 26th was premature. Mr. Selig said he did not know at this point and would need more time.

Mr. Mueller said he thought the EDC should first meet as a committee to discuss the report.

Mr. Selig said that people should not think nothing has happened because the Town Council, Planning Board, and EDC have not endorsed the report. He said the B. Dennis

report was the driver behind the Pettee Brook Lane changes and two way traffic on Quad Way. He said we are going to be discussing how we address parking downtown and looking at inverting how we charge for parking which is a result of the B. Dennis report. He said we are looking at possible structured parking locations, and that the town is moving forward collaboratively with the University on a feasibility study on C lot structured parking, fire station and housing project. That project is being driven by the B. Dennis report.

Mr. England said he was glad to hear that, but thought a process was needed to come up with a list of things that could be done to implement the vision. He recommended identifying the things that could be done to make the vision happen at little or no expense in the short and intermediate term to realize that vision.

Mr. Selig said that if the EDC and Planning Board were discussing the report in July, then the Town Council discussion could happen in August.

The EDC decided to meet in the historic courthouse on July 26th to discuss the plan.

The meeting was adjourned at 10:21 PM