



ULI TECHNICAL ASSISTANCE PANEL REPORT

KITTERY & BERWICK, MAINE

MAY 14, 17, & 18, 2021



Boston/
New England

URBAN LAND INSTITUTE (ULI)

The Urban Land Institute is a 501(c)(3) nonprofit research and education organization supported by its members. The mission of ULI is to shape the future of the built environment for transformative impact in communities worldwide. Founded in 1936, the Institute has grown to over 45,000 members worldwide, representing the entire spectrum of land use and real estate development disciplines working in private enterprise and public service. ULI membership includes developers, architects, planners, lawyers, bankers, and economic development professionals as well as other related disciplines.

The Boston/New England District Council of ULI serves the six New England states and has nearly 1,400 members. As a preeminent, multidisciplinary real estate forum, ULI Boston/New England facilitates the open exchange of ideas, information, and experience among local and regional leaders and policy makers dedicated to creating better places.

TECHNICAL ASSISTANCE PANELS (TAPs)

The ULI Boston/New England Real Estate Advisory Committee convenes TAPs at the request of public officials and local stakeholders of communities and nonprofit organizations facing complex land use challenges, who benefit from the pro bono recommendations provided by the TAP members.

A TAP consists of a group of diverse professionals with expertise in the issues posed. The Panel spends one to two days visiting and analyzing existing conditions, identifying specific planning and development issues, and formulating realistic and actionable recommendations to move initiatives forward in a way consistent with the applicant’s goals and objectives.

A recent independent study by Rivera Consulting surveyed municipalities that received assistance from the TAP programs and reported a positive impact by the TAP process on communities. Eighty-two percent of participating municipalities said their behavior and approach to municipal planning and economic development strategies were affected; 67% said there were increased municipal investments related to the stated goals and recommendations of their TAP report; and 62% said at least one key developable asset addressed in their TAP report had been redeveloped, consistent with ULI Boston/New England recommendations.

Learn more at: <https://boston.uli.org>

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Executive Summary

The purpose of the TAP was to provide guidance to the Town of Kittery, in partnership with the Southern Maine Planning and Development Commission (SMPDC), as part of an ongoing Joint Land Use Study (JLUS) to develop strategies for the Southern Maine Seacoast region to address the lack of affordable workforce housing needed to support the Portsmouth Naval Shipyard (PNS) and other employers throughout the region.

The Kittery & Berwick Technical Assistance Panel (TAP) employed a continuation of the hybrid model that combines live in-person study area site visits with virtual stakeholder and panel discussions under the direction of the Boston/New England District Council of the Urban Land Institute (ULI). Following the May 14th in-person guided site tour of two study areas in Kittery and one in Berwick, the remainder of the working sessions and the subsequent public presentation took place over the internet, using integrated audio, video and display images.

On May 17th, ULI panelists met with local business and property owners, base personnel, residents and non-profit organizations from the Towns of Kittery and Berwick as well as other interested parties to gain insight into the issues, strengths, and potential solutions for the study areas. Panelists then reconvened via Zoom on May 18th to assess the information and to develop recommendations. The TAP presented its findings and recommendations virtually to the PNS-Kittery JLUS Steering Committee, stakeholders and the general public later that evening via the Town of Kittery Zoom.

ULI and the TAP Process

Provides an overview of the District Council and its Technical Assistance Panels (TAPs) as well as a list of the panel members and stakeholders who took part. The chapter also highlights key elements of the study areas for the TAP, and describes the process undertaken by the panelists and stakeholders to arrive at their recommendations.

Background and History

Gives a brief overview of the issues that the TAP was asked to assess and includes the questions that stakeholders asked the panel to address. Also provides key historic, population and demographic information for each of the towns being considered for redevelopment.

Assets and Opportunities

Identifies the positive aspects of the study areas that will help the Towns and the region to achieve its goals. These include the willingness of the public sector to implement meaningful initiatives to meet their goals; well-located parcels for redevelopment; major employers within the region; and access to multiple transportation modes.

Challenges

Examines the obstacles the Towns and the overall region may experience in meeting the goals of creating workforce housing and mitigating traffic congestion. For development in general, escalating construction costs are a major concern. For Berwick, these challenges include an uncertain future for

retail and mixed-use development; a retail tax disadvantage for new businesses, as New Hampshire has no sales tax and is located just over the bridge from the new development; a lack of parking for new businesses in the downtown; and uncertainty over the future of the Park & Ride. For Kittery, challenges include a lack of certainty with the redevelopment viability of both proposed parcels as well as the absence of a concrete plan for the appropriate mix of housing (including housing types) and commercial space for each of the sites.

Recommendations

Provides detailed redevelopment scenarios for two of the Kittery sites and an analysis of the proposed Berwick site, as well as other policy and development suggestions. The Town of Berwick was encouraged to implement deed-restricted housing for the

new development and for future projects, and to consider constructing an indoor transit hub. Suggestions for the Town of Kittery included updating zoning to increase redevelopment options; making a concerted effort to explore additional regional parking options; and to consider building structured parking on the PNS base.

Funding & Resources

Provides a list of potential funding sources through federal and state agencies, as well as an appendix of articles and papers that could be used for modeling some of the recommended actions.

Final Thoughts

Expands upon key concepts and provides observations outside of the specific scope of the TAP.



TAP Panelists touring the study areas. Source: ULI Boston.

ULI and the TAP Process

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Technical Assistance Panels (TAPs)

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the request of public officials and local stakeholders of communities and nonprofit organizations facing complex land use challenges, who benefit from the pro bono recommendations provided by the TAP members.

A TAP consists of a group of diverse professionals with expertise in the specific issues posed, and typically spends one to two days visiting and analyzing existing conditions, identifying specific planning and development issues, and formulating realistic and actionable recommendations to move initiatives forward in a way that is consistent with the applicant's goals and objectives.

A fee is charged for the advisory service, but the Panel members are not compensated for their time. They are only reimbursed for their out-of-pocket expenses, such as overnight lodging and transportation to attend the TAP. To ensure objectivity, Panel members cannot be involved in matters pending before or be working for the sponsor, and cannot solicit work from the sponsor during the Panel's assignment period.

Panel Members

ULI Boston/New England convened a volunteer panel of experts who represent the range of disciplines necessary to analyze the challenges and opportunities to help the Towns of Berwick and Kittery create workforce housing to support the PNS and other employers in the Southern Maine region, and to explore solutions to mitigating traffic congestion generated by the base. Practice areas included architects, developers, planners, affordable housing specialists. The following is a list of panelists:

Co-Chairs

Jamie Simchik, AICP, Principal, Simchik Planning & Development

Susan Connelly, CEO, Housing Opportunities Unlimited

Berwick Panel

Glenn Burdick, ULI Advisory Board Member

Jeff Levine, AICP, Principal, Levine Planning Strategies

Michael Lozano, Vice President of Development, Trinity Financial

Christopher Ptomey, Executive Director of the ULI Terwilliger Center for Housing

Kittery Panel

Matthew Ciborowski, Senior Planner, Arup

Kendra Halliwell AIA, Associate Principal, ICON Architecture

Jim Heffernan, Partner, Head of Legal and Acquisitions, Navem Partners

Aaron Jodka, Research Director, U.S. Capital Markets, Colliers International

Chris Johns, AIA, NCARB. Founding Partner, ThoughtCraft Architects

Panelists have donated their time.

ULI Staff

Michelle Landers, executive director

TAP Writer: Mike Hoban, Principal, Hoban Communications

Tanya Mitchell, ULI Real Estate Advisory Committee Member, Administrative Support

Stakeholders

The TAP also benefited from the participation of the diverse group of stakeholders: state and municipal officials, local business owners, property owners, non-profits, PNS employees and residents.

The following is a list of stakeholders:

Stephen Cole, Regional Planner, MaineDOT

Deborah Driscoll Davis, Resident, Kittery Housing Committee Member

Dennis Dupuis, Berwick Business Owner, Deb & Duke Monogrammers

Emily Flinkstrom, Executive Director, Fair Tide Housing

Jeremy Kasten, Envision Berwick Chair



TAP Panelists touring the study areas. Source: ULI Boston.

Thomas Lavigne, General Manager, Outlets at Kittery (Avison Young)

Taylor McDonald, PNS JLUS Lead

Chuck Morgan, Economic and Community Development Director, SMPDC

Jim Nimon, Executive Director, Sanford Regional Economic Growth Council

Luke Olehowski, Resident

Caroline Rose, President, Kittery Water District

Paul Schumacher, Executive Director, SMPDC

John Schupp, Principal, Avison Young

Jonathan Smith, President, Great Falls Construction

Julie Smith, Business Development Director, Great Falls Construction

Kevin Sutherland, Director of Business Development, Hardypond Construction

Trevor Thayer, Executive Director, PNS

Rick Vandenberg, Envision Berwick Recreation Master Plan Chair

Troy Williams, Realtor, Keller Williams Coastal Realty, Kittery

Sarah Wrightsman, Executive Director, Workforce Housing Coalition of the Greater Seacoast

Study Area Tour

The Kittery & Berwick TAP was held over the course of three days, May 14th, 17th and 18th, 2021. On the morning of May 14th, separate groups of panelists from ULI Boston/ New England met with representatives from the two towns and were given tours of the prospective development sites – one in Berwick and two in Kittery. It should be noted that it is unusual for a TAP to cover sites in different communities simultaneously, but given the impact that commuting employees of the PSNY are having on surrounding communities, it made sense to look at multiple regional opportunities to begin discussing and addressing these impacts.

On Monday, May 17th, panelists from each team remotely interviewed stakeholders, listed in the previous sub-section, in virtual breakout rooms. That afternoon and the following day, panelists engaged in an intensive virtual charrette to develop recommendations based on the input from the stakeholders as well as the site visits and research conducted prior to the discussions. The following evening, panelists presented their observations and recommendations for the various sites as well



Berwick study area. Source: TAP briefing materials.

as the overall region in a virtual open public forum to the PNS-Kittery JLUS Steering Committee, officials from the Towns, the region and the general public via the Town of Kittery Zoom presentation.

The Town of Kittery, in partnership with the SMPDC, enlisted the services of the TAP to develop strategies for increasing workforce housing for PNS personnel and other employers in Southern Maine. The TAP builds upon the work of the Town of Kittery and Portsmouth Naval Shipyard Joint Land Use Study (JLUS), a collaborative planning effort among the Town of Kittery, SMPDC, regional jurisdictions, the States of Maine and New Hampshire and PNS. The study was completed in January 2020.

Housing prices in the area have steadily escalated in recent years, forcing PNS personnel to live and commute farther away from their place of employment, leading to commutes that can extend to an hour or more. The concentrated influx of traffic during peak travel times (coinciding with shift start and end times) strains the existing roadway network throughout the region, as many workers travel via single-occupancy vehicles. The Town of Kittery is working to create opportunities to expand their supply of workforce housing through amendments to the Town's Land Use and Development Code, and evaluating additional amendments that will mandate the construction of affordable housing units in certain developments.

It is hoped that by providing mixed-use development and expanded housing options, a wider diversity of people, including PNS personnel, could live and work in Kittery and the surrounding towns; reduce traffic congestion both in Kittery and across the region; and support an evolving multi-modal travel system. Below are the questions that were posed to the ULI Boston/New England panelists.

Questions

- What is the feasibility of including workforce housing in the development/ redevelopment of specific parcels that



Kittery study areas. Source: TAP briefing materials.

the study sponsor identifies for mixed-use development?

- What tools may the Town of Kittery and other regional jurisdictions use to improve the integration of transit services into workforce housing developments and increase opportunity for success?
- What strategies, policies, actions, and best practices, including design principles, can the Town of Kittery and other regional jurisdictions pursue to attract investment in workforce housing development?

The process and backgrounds for the Towns of Berwick and Kittery and their respective development sites are detailed on the following pages.

Berwick

The Town of Berwick is focusing its efforts on transforming the site of the former Prime Tanning factory, a combined 11.6 acres located at 20, 29, 34, and 35 Sullivan Street, into a large-scale mixed-use residential/retail property. Great Falls Construction will be developing the project (called The Edge at Berwick), which will provide approximately 160 units of housing and 30 units of commercial to anchor the revitalization of the downtown village while preserving Berwick's rural, small town character.



Berwick Town Hall. Source: TAP Panel.

Town of Berwick Tour

ULI panelists were greeted at the Berwick Town Hall by Town Planner James Bellissimo as well as Tom Wright, Chairman of the Board of Selectmen. After introductions and a briefing, panelists were able to observe the redevelopment site, the former Prime Tanning factory located directly across from the Town Hall. The site had been demolished in phases since 2016, and has been largely cleared. One industrial building, a 19,000 square foot structure known as the “L-Shaped Building”, is scheduled to be repurposed this winter into multiple commercial spaces. The panelists returned to the Town Hall to learn more about the surrounding area, examine renderings and discuss proposed plans for the project with the owner/developer of the site.

Town Background and Study Area

Located at the southern tip of Maine, the rural riverside Town of Berwick has a total area of 37.9 square miles and is bordered by South Berwick, North Berwick, and Lebanon, Maine, and Rochester and Somersworth, New Hampshire to the south. Its downtown is situated on the east side of the Salmon Falls River, and a bridge that carries Routes 9 and 236 from Somersworth connects the two towns.

Berwick was incorporated in 1713 after splitting off from Kittery, and is one of Maine's oldest communities. Originally a much larger town, Berwick ceded land to form the towns of South Berwick in 1814 and North Berwick in 1831. An industrial facility was constructed at the study area site in 1850 and was later used as a tannery. Prime Tanning, a Woburn, MA-

based tannery, was expanding its operations and purchased the property in 1935. The 125,000-square-foot facility eventually grew to 225,000 square feet of production, office, and research and development space as Prime acquired adjacent parcels. The Prime Tanning Mill was an economic engine and the Town's largest taxpayer for decades, employing nearly 800 people at its peak, operating three shifts, seven days a week, during the 1980's and early 1990s. The plant shut down briefly in 2000 before reopening at reduced capacity, but closed its doors for good in 2008 following a series of mergers. The property was foreclosed on by the Town, with an agreement with the lien holder in 2014, which enabled Berwick to access multiple EPA and other brownfield grants to remediate the site. In 2019, the site was purchased by developer Great Falls Construction, which envisions a mixed-use development consisting of residential units and small shops and restaurants designed to revitalize the Town's village center.

In addition to the Town Hall, the village center includes the Police and Fire Stations, boutique retail, and the recently opened (late 2018) brew pub, Corner Point Brewing Company. The neighboring Town of Somersworth provides abundant supporting retail options for Berwick including Market Basket, Walmart, T.J. Maxx and other big box retail stores, with two shopping centers (Somersworth Plaza and Tri-City Plaza) within a three-mile radius of the Berwick downtown.

Population/Demographics

Berwick has seen steady population growth since 1950, and more recently has watched its population swell from 6,353 in 2000, to 7,246 in 2010, to 7,872 (2019 estimate), according to the U.S. Census. The population is 96% White, with a median household income of \$75,164 and a poverty rate of 4.5%. According to Zillow, the typical value of homes in Berwick was \$333,322 in April 2021, with home values increasing 13.5% over the past year. Seventy-three percent of housing in Berwick is single-family residences. There were no apartments listed for rent in a May search of Zillow.

The largest employer for the Town is PNS, but another significant employer is Pratt & Whitney in neighboring North Berwick, which employs approximately 1,500 workers who could also benefit from workforce housing.

Assets & Opportunities

Public Sector Leadership – The Town of Berwick, working in conjunction with the SMPDC and MaineDOT, have already done significant work towards the redevelopment of the Prime Tanning site, which could serve as a template for other towns within the study area to increase workforce housing through mixed-use development, including:

- **Creation of the Village Overlay District** – This waives density standards, allows for a wider range of residential buildings, mandates that 25% of the site is reserved for open space, expands Berwick's downtown and provides connections to the open spaces and adjacent residential neighborhoods. It also eases restrictive parking requirements (number of spaces per unit) that were seen as an impediment to multifamily development.
- **Adoption of Hybrid Form-based Code** – Design standards for the Main Street that will be created on the site include front façade detailing on the three-to-four story mixed-use buildings on Main Street; wider sidewalks; street trees and standardized lighting; outdoor spaces for restaurants and open space for civic activities; greenway connectivity between the downtown, the river and surrounding neighborhoods, and a mandate that power and utilities be placed underground.
- **Partial Site Remediation** – After the closure of Prime Tanning, SMPDC worked with the Town of Berwick to secure Brownfields grants for an initial cleanup of the site. Three additional buildings have since been demolished, which will require additional testing and possible cleanup, and SMPDC recently awarded and closed a loan to Great Falls Construction



Signage for Berwick's public transportation. Source: TAP Panel.

from their EPA-funded Brownfields RLF (revolving loan fund) for environmental remediation.

Exceptional Location – Situated in the center of a classic New England village, with easy access to the Salmon Falls River and nearby supporting retail across the bridge in New Hampshire, the Prime Tanning site is an ideal location for residential mixed-use development.

Experienced Local Developer – Great Falls Construction of Gorham, ME will be the developer/owner of the new development, The Edge at Berwick. Great Falls was selected in part for their work on another mixed-use project, Station Square in Gorham, a 70,000 square foot mixed-use development with 33 apartments and commercial space. Great Falls is a vertically integrated (self-performing) construction entity, which is a plus in a competitive construction labor environment.



Retail and commercial businesses line the streets of downtown. Source: TAP Panel.

Financing – Berwick created a 20-year tax increment finance district (TIF) and a credit enhancement agreement with Great Falls, which estimates it will invest \$50 million into the project.

Park & Ride & Public Transit – Having a Park & Ride site with a public transit stop that brings people to and from the shipyard will also provide potential customers for future retail and commercial uses on the Prime Tanning site.

Challenges

Perceived Issues with Development – Stakeholders expressed concerns regarding increased traffic and on-street parking that may result from the addition of housing units in the downtown; what the future of transit options will look like – particularly the proposed transit hubs; and some apprehension that the project may not deliver housing units in a timely fashion.

Escalating Construction Costs – The cost of construction materials have risen dramatically year-over-year. Skilled labor availability also remains a concern as the economy continues to rebound.

Retail Tax Disadvantage – New Hampshire has no sales tax (versus Maine's 5.5%) and is located just over the bridge, which limits the types of retail options for the developer and the community as Berwick reimagines its downtown.

Viability of Small-Scale Retail – As the world emerges from the pandemic, the retail landscape remains uncertain, and vacant street-level storefronts can detract from the vibrant town center vibe that Berwick is hoping to create.

Long-term Planning for the Area – Stakeholders expressed concerns regarding future development of the area, including what types of buildings will be constructed as the downtown expands, questions about diversity of ownership, and how greatly gentrification will impact affordability.

Future of the Park & Ride – The 2.7-acre Park & Ride lot is located in the downtown, and may be better suited for other uses such as affordable housing. Such a move would require relocating the asset outside of the downtown and providing additional public transit connections for commuters.

Parking Issues – There is no metered parking in the downtown, and business owners indicated that parking spaces directly in front of their businesses are often taken up by employees of other businesses. Town officials say that it is a perception problem, and that there is always a parking spot available within 500 feet of any destination in the downtown.

Recommendations

There are currently no (or very few) market-rate rental apartments available in Berwick, and apartment units in surrounding towns are also in short supply. Area rents are currently aligned with the area median income, so an average salaried shipyard worker could theoretically afford a rental in Berwick if there were any available. However, it should be noted that as the area becomes more vibrant and attractive as Berwick is redeveloped, housing prices will continue to rise if there isn't a



The study site, owned today by the Town of Berwick, was the location of Prime Tannery until the business closed in 2008. Source: TAP Panel.

balance in the production of new housing, and rental housing is traditionally more affordable in terms of meeting workforce housing needs. The other piece of the housing cost puzzle is the cost of production, particularly materials costs. Increased housing costs forces workers to continue to buy homes outside of the economic impact region of job growth, further increasing traffic problems throughout Southern Maine. And as the number of typically low-to-moderate income service

Potential Performa for Expanding Affordable Housing Option

Berwick Affordable	May 18, 2021
Unit Mix	
Total Units	50
LIHTC-Only Units	50
LIHTC type	9%
Sources	
Permanent Loan	\$5,500,000
Low Income Housing Tax Credit	\$16,430,959
Total Sources	\$21,930,959
Uses	
Acquisition (Land & Building)	\$400,000
Total Acquisition	\$400,000
Construction	\$14,569,442
Total Hard Costs	\$15,397,914
Total Soft Costs	\$3,469,014
Total Reserves	\$400,000
Total Development Fees	\$2,264,031
Total Development Cost	\$21,930,959
Overage (Shortfall)	\$0
cost per unit	\$438,619

industry jobs (restaurant/retail) needed to support downtown redevelopment increases, the lack of diversity of housing types (starter homes, rentals, deed restricted) will only exacerbate the issue for the Town and the region.

As proposed, the Edge at Berwick will provide a significant amount of much-needed market-rate rental housing for the Berwick and Southern Maine market. The following recommendations offer additional solutions to help meet the workforce housing needs of a wider scope of incomes throughout the region.

Include/Encourage Deed-Restricted Affordable Housing – The Town should

consider encouraging and incentivizing the construction of units that offer a deeper level of affordability to support low-to-moderate income workers. This can be done either as part of The Edge at Berwick development or at another site in close proximity to the downtown, such as the current site of the Park & Ride. These units could be built by Great Falls with an affordable housing partner at the site, or through the sale of land to a community affordable housing developer that could mandate affordability deed restrictions in perpetuity for the units. This will serve to augment the market rate housing currently planned for the redevelopment site and provide housing for a wider range of incomes.

Mixing restricted with unrestricted rental units helps to ensure the long-term economic viability of the region. A variety of unit mixes is also important - one, two and three bedroom units.

As shown in greater detail in the hypothetical pro forma on the prior page, where 50 units of deed-restricted housing would be constructed, this can be accomplished through the use of Low Income Housing Tax Credits (LIHTC).

*NOTE - During the community presentation, the TAP Committee learned that in order to manage the limited LIHTC resource Maine has MaineHousing uses cost limits on LIHTC deals based on average state costs, not area costs. The panel felt strongly that this approach makes it impossible for York County, with construction costs directly impacted by the Greater Boston marketplace, to compete for credits. Although exceptions are made, this is not a predictable way for communities and developers to plan for production. We would suggest that MaineHousing consider allowing communities or counties that meet certain economic and population density benchmarks use a more reality-based project and unit cost cap. This could possibly be a set-aside for each round, or even-year rounds for those particular community types only. Whatever approach is used, a policy shift to support much needed diversity of housing affordability near job centers and municipal and social support infrastructure would be a win for the entire state.

Indoor Transit Hub – As Berwick proceeds with the redevelopment of the downtown, it is vitally important to incorporate transit solutions early on into the overall development strategy. Given the multiple issues associated with single-occupancy vehicular transportation (traffic congestion, environmental impact, use of land for parking instead of higher purposes), public transit should be viewed as a component of the infrastructure – like water, sewer and utilities. Berwick should consider constructing multimodal transit hubs that incorporate traditional forms of mass transit – in this case buses – with newer innovations like ride-sourcing from companies such as Uber and Lyft. Transit hubs typically feature heated/cooled waiting areas, bathrooms, convenience retail (coffee, snacks, etc.) and secured bicycle parking or bike share vendors as amenities for travelers.

As the population increases in the downtown and the extended residential area beyond, multimodal transit will be necessary to provide “first mile” and “last mile” solutions, where riders can take the bus to their workplace or another stop near their retail or recreation destination, then ride a bicycle, walk or use a ride-sourcing service to take them to their homes or workplace.

										Building 5	Parking	Retail	Residential
LIHTC Only (<60% AMI; Non-PHUs)	# of units	Gross Rent	less Util Allow	Net Rent	Net Revenue								
Studio	5	\$ 871	\$ 40	\$ 831	\$ 4,155					1	14,434	6,000	
1 Bedroom	10	\$ 933	\$ 49	\$ 884	\$ 8,840					2			20,434
2 Bedroom	20	\$ 1,120	\$ 64	\$ 1,056	\$ 21,120					3			20,434
3 Bedroom	15	\$ 1,293	\$ 117	\$ 1,176	\$ 17,640					4			20,434
Total	50				\$ 51,755					Total	14,434	6,000	61,302
Total Units	50				\$ 51,755								
Retail Rents	6,000	sf NNN		\$ 25	\$ 150,000	annual							
Operating Pro Forma													
Total Revenue	Per Unit	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
LIHTC Only (<60% AMI; Non-PHUs)		\$ 621,060	\$ 633,481	\$ 646,151	\$ 659,074	\$ 672,255	\$ 685,700	\$ 699,414	\$ 713,403	\$ 727,671	\$ 742,224		
Market Rate		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
LIHTC & Market-Rate Vacancy Rate @ 5%	(621)	\$ (31,053)	\$ (31,674)	\$ (32,308)	\$ (32,954)	\$ (33,613)	\$ (34,285)	\$ (34,971)	\$ (35,670)	\$ (36,384)	\$ (37,111)		
Retail (NNN)		\$ 150,000	\$ 153,000	\$ 156,060	\$ 159,181	\$ 162,365	\$ 165,612	\$ 168,924	\$ 172,303	\$ 175,749	\$ 179,264		
Retail Vacancy Rate @ 10%		\$ (15,000)	\$ (15,300)	\$ (15,606)	\$ (15,918)	\$ (16,236)	\$ (16,561)	\$ (16,892)	\$ (17,230)	\$ (17,575)	\$ (17,926)		
Effective Gross Income	(621)	\$ 725,007	\$ 739,507	\$ 754,297	\$ 769,383	\$ 784,771	\$ 800,466	\$ 816,476	\$ 832,805	\$ 849,461	\$ 866,450		
Operating Expenses	Per Unit	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Total Expenses	8,000	\$ 400,000	\$ 412,000	\$ 424,360	\$ 437,091	\$ 450,204	\$ 463,710	\$ 477,621	\$ 491,950	\$ 506,708	\$ 521,909		
	-												
Net Operating Income	6,500	\$ 325,007	\$ 327,507	\$ 329,937	\$ 332,292	\$ 334,567	\$ 336,757	\$ 338,855	\$ 340,856	\$ 342,753	\$ 344,541		
Debt Service Payment	5,934	\$ 296,711	\$ 296,711	\$ 296,711	\$ 296,711	\$ 296,711	\$ 296,711	\$ 296,711	\$ 296,711	\$ 296,711	\$ 296,711		
Net Cash Flow	566	\$ 28,296	\$ 30,796	\$ 33,226	\$ 35,581	\$ 37,856	\$ 40,045	\$ 42,143	\$ 44,144	\$ 46,042	\$ 47,830		
DSCR		1.10	1.10	1.11	1.12	1.13	1.13	1.14	1.15	1.16	1.16		



Transit hub in South Portland, ME. Source:



Transit hub in Portland, OR. Source:

Kittery

Town of Kittery Tour

ULI panelists for the Town of Kittery were welcomed at the Town Hall by Director of Planning & Development Adam Causey, Kittery Town Manager Kendra Amaral, and Stephanie Carver of the SMPDC. After introductions and a briefing, panelists and the tour guides drove to the first of the potential development sites, the Water District, located approximately a half-mile mile from the PNS at the intersection of U.S. Route 1 and Walker St. (Route 103). The seven-acre parcel includes a single-story building housing administrative offices for the Water District, as well as Fair Tide, a non-profit transitional housing organization that also operates a thrift store on the property. The building sits at the front of the parcel facing Route 1, on an approximately 40 space asphalt parking lot. Behind the building is a wide open section of the parcel that is used as a staging area for the Water District trucks and equipment. The Kittery Land Trust owns land adjacent to the Water District property, which contains a significant amount of wetlands. Panelists were informed that the Water District is considering relocating, which could allow the site to be re-purposed for housing or mixed-use. However, this would require the identification of a new site for Water District equipment within their existing service area, which given the escalating cost of land in Kittery, may be a difficult task.

A railway line owned by Pan Am Railways runs parallel to Walker St. (Route 103) alongside the property, but panelists were told that trains use the track only a few times per year. Diagonally across the street there is York Urgent Care, a three-story (40 feet, the maximum allowed by current zoning for the district) York Hospital Walk-in Care on Walker St., and the popular restaurant Loco Cocos

Tacos is located across the street from the medical facility. Panelists were also informed that the community is adamant about the property not being developed as a single-use, multi-level parking garage to alleviate the PNS parking issue, but parking would be allowed as a component of a multifamily or mixed-use redevelopment plan.

Panelists and their guides next drove to former Tanger Outlet Center, now Outlets at Kittery I, located on Route 1 and across from The Kittery Trading Post, a popular retail attraction. The 3.25-acre outlet center has a combination of national, regional and local brands, and of the 11 stores, there were three vacancies, including a large (7,000 square foot) standalone former Bass Shoe outlet. The owner, Adco, a New York-based real estate firm, also owns Outlets at Kittery II, located nearby on Route 1, which is comprised of six retail spaces, three of which were vacant at the time of the tour.

There is an 83-key Hampton Inn & Suites by Hilton hotel (with no restaurant) adjacent to the outlet center, positioned on a 4-acre parcel between I-95 and Route 1, with the hotel taking up approximately two acres. The other two acres are currently listed for sale. The sidewalks along Route 1 are narrow and less-than-ideal for pedestrian/bicycle access consistent with a walkable mixed-use center, but Kittery is in the process of developing a Bicycle and Pedestrian Master Plan. Panelists were also informed that there is a middle school within close proximity (less than one mile) to the outlet center. Zoning has been approved to allow for 50-foot building heights and allows for residential development. However, ownership is actively pursuing a retail-only strategy for the site at this point in time.

Town Background and Study Area

Kittery is a seacoast town that is synonymous with its array of retail outlet centers along U.S. Route 1, many of which are owned and operated by the Simon Property Group. Incorporated in 1647, it is the oldest town in the State of Maine and was a key center for trading and shipbuilding. Kittery originally included what are now the towns of Eliot, Berwick, North Berwick and South Berwick. The Portsmouth Naval Shipyard (PNS) was established in Kittery in 1800, and is the nation's oldest continuously serving Navy yard. Located on Seavey Island in southeastern Maine on the Piscataqua River, 50 miles north of Boston, Massachusetts and 50 miles south of Portland, Maine, its primary mission now is the safe overhaul, repair and modernization of the U.S. Navy's nuclear-powered attack submarine fleet.

The PNS has a major impact on the region, contributing more than \$1 billion in 2019 to the Southern Maine economy – a figure that has grown by 54 percent since 2017, according to a report by the Seacoast Shipyard Association. In 2018, the Department of Defense funded a study to identify housing and transportation issues in the region and to provide recommendations to mitigate those issues. The Joint Land Use Study (JLUS, guided by Stantec Consulting), a collaborative planning effort between the Town of Kittery, the Southern Maine Planning and Development Commission (SMPDC) and PNS, was completed in January of 2020.

PNS currently employs approximately 6,400 full-time workers in three around-the-clock shifts, with 5,000 workers commuting to the island for the first shift. Another 1,000 contractors may work on the shipyard throughout the week. There was a time when the number of workers at the base totaled approximately 9,000, and the majority of PNS workers lived within walking distance. In addition, there were virtually no enforced parking restrictions in Kittery, according to stakeholders, with homeowners charging

workers to park on their properties to walk the short distance to work. However, with the escalation in Kittery housing prices – both single family homes and rentals – less than 7% of shipyard workers live in Kittery today. A recent study revealed that the shipyard employs greater numbers of workers from the Maine communities of Berwick, Lebanon and Sanford (nearly 30 miles away), as well as Rochester and Dover, New Hampshire, than Kittery. The large number of commuters creates regional roadway congestion on roads like Route 236 and on many streets throughout Kittery, as many workers opt to travel in single-occupancy vehicles, despite the government-sponsored Transportation Incentive Program (TIP), which reimburses workers taking accredited park and ride shuttle buses.

Population/Demographics

The Town of Kittery has seen modest population growth over the last two decades, from 9,543 in 2000, followed by a slight dip to 9,490 in 2010, to 9,819 (2019 estimate), according to the U.S. Census. The population is 92% White, with a median household income of \$78,451, and a poverty rate of 6.2%. According to Zillow, the typical home value of homes in Kittery was \$470,948 in April 2021, with home values increasing 20.2% over the past year. According to the Maine Association of Realtors, 32% of home sales went to out-of-state buyers last year. Sixty-six percent of housing in Kittery is single-family residences, and there were only four apartments listed for rent in a May Zillow search, with rents ranging from \$1,085 for a one-bedroom to \$3,500 for a three-bedroom.

Kittery Assets and Opportunities

Kittery has many of the ingredients necessary for successful commercial and multifamily development – a prime location, a major employer within the Town, access to multiple transportation modes (major highways, railway infrastructure, bus and shuttle services, and water transport) – and strong government support.



Attractive multi-family residential buildings in the center of town. Source: TAP Panel.



Portions of the Water District site are being used for construction staging. Source: TAP Panel.



The Outlets at Kittery shopping center. Source: TAP Panel.

Location – Kittery is 50 miles north of Boston and 50 miles south of Portland, with access to the harbor and the Piscataqua River. The downtown area, Kittery Foreside, is a classic New England walkable seacoast village, with an array of shops, restaurants, and historic residential and commercial buildings.

Political Will to Achieve Goals – As evidenced by the collaborative efforts of the Town (particularly the Town Manager and Planner), the SMPDC, MaineDOT, and the Department of Defense/PNS, the governmental agencies have a sense of urgency around finding solutions to the affordable housing and traffic issues facing Kittery and Southern Maine.

Large, Developable Sites – In a town where land is at a premium, the sheer size of the parcels at the Water District and the Outlets at Kittery, in close proximity to multiple transit modes and employment centers, makes them ideal candidates for mixed-use development.

Employment Base – The importance of the PNS as an economic engine for Southern Maine cannot be overstated. According to representatives from the shipyard, the employment numbers (roughly around 6,400) are likely to remain stable for the foreseeable future.

Alternative Transport Options – Although much of the shipyard traffic comes via single-occupancy vehicles, PNS has a Transportation Incentive Program (TIP) for workers to reduce traffic congestion and environmental impact. TIP reimburses personnel up to \$270.00 per month for pre-approved commuter mass transit transportation providers such as Rideshare, VRide, COAST Bus and GoMaine, and is currently utilized by more than 900 employees (approximately 14 percent of workers). Locally, there is the COAST bus system, where the newly created (2020) Route 44 runs hourly from the Portsmouth City Hall to Kittery (PNS Gate 1) on weekdays. And with the PNS being on an island, it has the potential to transport shipyard personnel via ferry from downtown Portsmouth.

Challenges

Parcel Readiness/Ownership Issues –

Unlike the Berwick site, which is permitted and nearly ready to begin construction, a lack of certainty exists with the redevelopment viability of both Kittery parcels. The Water District needs to determine where it can store its trucks and equipment, either in Kittery or a surrounding town within its services area (which bylaws allow). Of lesser concern is where the offices could be relocated, although the Town Hall is a possibility, locals are used to paying their water bill in-person at the current location. The owners of the Outlets at Kittery, Adco, are planning to continue with a retail-only strategy, and appear to be averse to mixed-use redevelopment at this time, according to their representatives from Avison Young.

Forming A Vision for Development – Given that the two parcels are still in the “imagining” stage, a number of issues need to be resolved before any planning moves forward. Coming up with a concrete plan for the appropriate mix of housing types and units (number of bedrooms), height and density, transit options and design standards, is premature until those issues are resolved. Another concern would be how much parking can be approved at the nearby Water District site, which could

help to alleviate the bottleneck at the PNS entranceways.

Construction Costs – As with Berwick, the cost of construction labor and materials continues to escalate, and remains a barrier to building affordable housing across the country.

Potentially Competing Interests for Stakeholders – While a number of government agencies and non-profit entities recognized the need for affordable housing and transit solutions and came together to find those solutions, there may be competing interests in terms of prioritizing projects.

Recommendations for the Water District

With Kittery Foreside, the Town’s walkable and trendy downtown in such close proximity, one design consideration for the mixed-use redevelopment at the site would be to emulate the district’s character in terms of its intimate scale and mix of uses. One potential design concept would be to activate the streetscape and increase residential density along State Road, while also establishing a transit connection along Walker St. through a bus and/or train stop (although it is understood that any use of rail would be a longer-term goal) to transport people to the shipyard and downtown Kittery.



Panel sketch of the redeveloped Water District site. Source: TAP Panel



Panel sketch of the redeveloped Water District site. Source: TAP Panel

The redevelopment could be completed in phases, creating a range of uses and housing types. New street connections could connect this site from State Road to Park Avenue, while establishing a larger building on State Road and a smaller community of street-fronting homes adjacent to the existing residential neighborhood. Walking trails may be developed to link pedestrians to the open space wetlands.

The first phase of new construction would include a 4-5 story mixed-use building. Ground floor retail spaces for several shops would open onto a broad tree-lined sidewalk along State Road, and would benefit from foot traffic from residents and commuters. A new multi-level parking structure for up to 200 cars would be screened from view by up to 136 residential units, with the vehicular entrance accessed from the newly created Park Street Extension off State Road. Approximately thirty new three-bedroom condominium townhomes would face onto a loop street, creating a diversity of housing types in the neighborhood. These homes would complement the scale and character

of the adjacent community, featuring front porches, front and rear yards, and parallel-street parking, while transitioning between the existing neighborhood and the new mixed-use building.

Outlets at Kittery Site

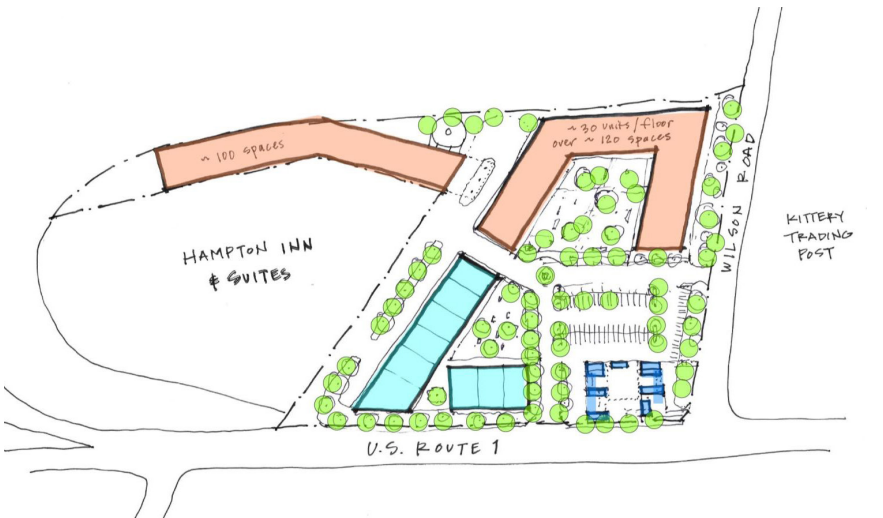
Phase One – With its corner location and relatively aged collection of retail properties, the Outlets at Kittery site is a model candidate for mixed-use redevelopment. The parcel is located on U.S. Route 1 across from the wildly popular Kittery Trading Post and just north of the recently opened (2019) Hampton Inn & Suites. During the site tour, panelists noted a lack of food options at the retail center, and concurred that offering a diverse array of food vendors would be a way to activate the site. One way to accomplish that goal, with minimal investment, would be to establish a recurring food truck festival. In addition to providing creative food items and an additional draw for the outlets, it could also serve as a potential feeder system for food trucks that have developed followings large enough to transition to brick-and-mortar, potentially filling

some of the retail vacancies. Another possible avenue for activating the center would be to use shipping containers in place of brick-and-mortar structures to create a temporary popup retail/food hall experience using a portion of the parking lot at the intersection of Route 1 and Wilson Road. (Dark blue boxes on rendering).

In addition, the unique panhandle shape of the parcel features an underutilized sliver that runs behind the hotel (in pink on rendering) that could be developed as a multi-level Park & Ride, potentially accommodating up to 100 vehicles per level. That portion of the parcel has direct access to Route 1, and is removed from the primary retail area (but within steps of the shops). A Park & Ride may help to mitigate some of the traffic issues associated with commuting to the shipyard while also offering additional parking for the outlets.

Phase Two – Panelists also recommend considering a second, more ambitious vision for Phase II, which would be the redevelopment of the retail center into a mixed-use, residential/retail property. In this scenario, the retail buildings would be moved closer to Route 1, and four stories of multifamily housing would be constructed at the rear of the parcel (in pink, along Wilson Rd. on rendering). The plan also calls for streetscape improvements (widening sidewalks for pedestrians and bicyclists, enhanced landscaping and the addition of greenery throughout the site) as well as additional access points. This would create an active, outdoor space with a variety of uses connected to the retail. In this proposal, the redevelopment would consist of 25,000 square feet of retail and 90 apartments as well as the open space.

Phase Three – In the third phase, the temporary retail/food hall shipping containers would be replaced by brick-and-mortar structures, which would increase the retail component of the development to 40,000 square feet.



Panelists' renderings of the potential phasing of the Outlets mixed-use redevelopment. Source: TAP Panel

Additional Recommendations

In addition to the potential redevelopment solutions proposed by the TAP at the three sites, the panelists also addressed region-wide issues, and provide additional commentary on the individual sites for the short, medium and long term.

Short Term

Identify Affordable Housing Resources – Because the State of Maine does not have requirements or strong incentives to build more affordable housing (as recently as 2019, the rate of production of new affordable housing units was only about 250 units annually, according to the Maine Affordable Housing Coalition) the TAP stakeholders should make a concerted effort to research all available sources of funding available. As noted in the Berwick section above, the current approach to allocating LIHTC is at odds with the population density and affordable housing needs of the state's more populated communities. It is also not

supportive of best planning practices.

Update Zoning – Municipalities throughout the region should assess their zoning to support as-of-right production of multi-family (2 or more units), starter homes (see Westford, MA zoning code) and additional dwelling units (see York, ME or Provincetown, MA zoning code). Communities can also consider overlay districts for more dynamic zoning that will allow for mixed-use development, including retail, residential, office/commercial space. Outdated zoning that impedes the production of affordable housing (such as the requirement of one off-street parking space per bedroom in some municipalities) should be identified and modified.

Water District Relocation – In order to expedite the planning of a mixed-use development at this site, the Town of Kittery and SMPDC should accelerate its efforts to find alternative locations for its administrative offices and its equipment.



Welcome sign for the Outlets at Kittery. Source: TAP Panel

Create Priority Lanes at Shipyard – A good deal of the traffic congestion at the shipyard is generated by the bottleneck created at the two entranceways. PNS should strongly consider creating a priority lane for carpools, vans and buses. The move would create an incentive for single-occupancy vehicle operators to use the various ride-share options to reduce their commute times (up to 30 minutes at gates according to stakeholders).

Improve Streetscapes – Working in conjunction with the MaineDOT, the municipalities should implement streetscape improvements (widening sidewalks and bike paths, adding greenery) at the redevelopment sites to create a safer, more walkable environment. Also, the main roads within Kittery would benefit from bike and pedestrian accommodations as is being discussed in the proposed Bicycle and Pedestrian Master Plan for Kittery.

Encourage and Pursue Transit Partnerships – PNS currently offers an incentive to workers in the form of its Transportation Incentive Program (TIP) to encourage usage of pre-approved commuter mass transit transportation providers (COAST, bus shuttles, GoMaine). Transit Agencies, SMPDC, and Maine DOT should pursue partnerships with other employers to help fund an expansion of their operations and reduce the number of single-occupancy vehicles.

Medium Term

Create Mobility Hubs at Redevelopment Sites – Currently there is a COAST Bus Route 44 stop on Walker St. near the Water District. A more expansive transit hub, one that is nearer to the Water District, could include bicycle racks and possibly connect with the existing but underutilized rail system. The hub would be an important part of a larger public transport system that would benefit the downtown (Forside Kittery is .4 miles from the Water District) as well as the shipyard. A transit hub at the Outlets at Kittery would also help to activate the proposed food truck/popup retail as well as the existing outlets.

Explore Additional Regional Parking Options – PNS and the other TAP stakeholders should increase their efforts to identify additional candidates for Park & Ride facilities near existing transit services, possibly enlisting the services of a brokerage to identify off-market parcels.

Improve Highway Amenities – Panelists noted that there are minimal highway rest areas between Portsmouth, NH and Portland on I-95. The underutilized land that is part of the outlet malls and adjacent to the highway provides an opportunity to provide a service to drivers as well as lure them off the highway to spend some time and money in Kittery.

Long Term Recommendations for the Shipyard

Pursue Sustainable Transit Options – In order to attract and retain younger, skilled employees to replace the retiring segment of the workforce, PNS needs to put more focus on sustainable transportation solutions such as public transit, ride share options and bikes.

Explore Feasibility of Implementing Ferry Service to PNS– Although there would be a number of challenges (construction of docks, acquisition of vessels, security issues) associated with this mode of transport, it is an option worth exploring given the sense of urgency around traffic issues.

Explore Possibilities with Pan Am Rail – The nearly dormant rail system extends from Maine to New York, including a stop at the new, underutilized Foundry Place Garage in Portsmouth, which may offer a parking solution for workers who could then board the train to the base. Initially, The Foundry Place Garage should be considered as a candidate for a Park & Ride.

Build Structured Parking on Base – Currently the parking at PNS has many surface lots. While additional multilevel structured parking would not solve the bottleneck at the gateways, it would increase parking capacity and vehicular movement on the base substantially, though it may also induce parking demand.

Funding and Resources

Below is a list of grants and other programs that may be helpful in providing guidance and/or securing additional funding for infrastructure and affordable housing. Not all may be appropriate.

Brownfields Area-Wide Planning (BFAWP) Program – Helps communities perform the research needed to develop an area-wide plan for brownfields assessment, cleanup, and reuse.

Brownfields Assessment/Site-specific Assessment Grant – Applicants may request up to \$200,000 to assess a site contaminated by hazardous substances, pollutants, and contaminants.

ARPA Funding - The American Rescue Plan provides an opportunity for state and local governments to make strategic investments in long-lived assets.

EDIC Grants

State Tax Increment Finance programs:

- Credit Enhancement
- Infrastructure
- Affordable Housing (provides operating subsidies for developers, as well as additional points for tax credit applications), and federal programs bring long term deed restrictions
- Transit Oriented Development
- Can often be layered
- Have benefits for state revenue sharing

Additional ULI Resources

The Economics of Inclusionary Development
<https://2os2f877tnl1dvtmc3wy0aq1-wpengine.netdna-ssl.com/wp-content/uploads/ULI-Documents/Economics-of-Inclusionary-Zoning.pdf>

Housing in the Evolving American Suburb
<https://americas.uli.org/evolving-u-s-suburbs-continue-shape-residential-demand-development/>

How Smarter Land Use Policies Can Strengthen Local Housing Markets
<https://2os2f877tnl1dvtmc3wy0aq1-wpengine.netdna-ssl.com/wp-content/uploads/ULI-Documents/State-Housing-Policy-Report-2017.pdf>

Final Thoughts

On Zoning – The panel applauds the work done already by SMPDC, Stantec, and the individual municipalities for learning and thinking regionally and acting locally and intentionally. With appropriate zoning changes, there are some real opportunities to align what and how communities are investing in their infrastructure. And it is vital to think of transportation as an integral component of their infrastructure – as important as water, sewer and utilities.

Building a Healthy Community Through Development – In our experience, much of the multifamily development occurring along the East Coast in the last decade has been geared towards young professionals and empty nesters. Conventional thinking has often been that children put a strain on school systems and other resources, but it is important to convey that children need to be part of any discussion in terms of developing a healthy community. Young families with children typically spend disposable income within the community, particularly one that has a well-planned downtown center with amenities like restaurants and experiential retail. Conversely, empty nesters (seniors) often bring additional expenses to communities, primarily related to health care and emergency services. It is important to let the community and the market – rather than politics that discriminate against family-types – dictate what needs to be developed within the community.

Plan Ahead – Zoning is a community's most impactful land use tool. Inclusionary zoning, or mixed-used zoning may not be feasible given the current market conditions, or of interest

for current landowners, but as the market and land ownership changes, it will reflect how the community needs to grow and change reflecting the environmental, economic and demographic realities of today and the future.

The TAP committee was impressed with the local efforts, particularly the beginnings of a more regional thought process and approach to solving housing challenges. In addition, it would be helpful to more clearly define workforce housing. If it can't be defined as a percentage of area median income, then we can't determine the necessary deal structure (including financing needs) to create it. As noted above, Berwick currently has workforce housing. What it lacks is an inventory of rental units which would widen the workforce housing category.

Panelists were also impressed by the real desire by municipal and regional staff to learn and understand all the pieces that come together to make a project successful, as well as the willingness to learn what other communities are doing. An additional helpful resource would be the Massachusetts' Housing Toolbox, which has a number of specific examples that would be applicable to many of the challenges Berwick and Kittery are facing. The site is updated and managed by Mass Housing Partnership. The site and the staff at MHP are a great resource, and can provide strategies and best practices for the creation and preservation of affordable housing, with guides, tools and resources for local boards & committees, planners, municipal staff, developers, and volunteers.



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