



**pacific mills master plan  
dover, new hampshire**

**november 1984**

**prepared by:**

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(Note: The full text of the market analysis is bound as a separate report.)

## **executive summary**

This report presents a plan for the redevelopment of the areas immediately adjacent to Dover's central business district. Dover's downtown has undergone extensive rehabilitation in recent years and the City is now focusing its efforts upon expanding this revitalization program to encompass a larger area.

In particular, the plan suggests ways for integrating the massive Pacific Mills complex with downtown, for taking advantage of the Cocheco River - a major asset which has yet to be capitalized upon, and for better utilizing City owned property in the downtown area.

The plan is an ambitious one, but nonetheless well within Dover's ability to implement if it acts aggressively. One of the keys to the plan is the re-establishment of the City's historic role as an inland harbor. This concept calls for the redevelopment of the Cocheco waterfront and reuse of City owned land into a new retail, office and residential complex.

The plan is firmly based upon the market and proposes only redevelopment efforts for which there is strongly evidenced market support. Taken as a whole, the plan will dramatically change the character of Downtown Dover and strengthen the community in a highly competitive Seacoast market.

The table on the following page summarizes the major public improvements which would be required to carry out the plan. The table lists the costs of these improvements, how they would be phased, and describes a strategy for funding each item.



Table B

FUNDING STRATEGY - PACIFIC MILLS MASTER PLAN

Immediate Phase	Total Cost	FEDERAL			PRIVATE	CITY FUNDS		TAX INCREMENT SPECIAL DISTRICT		
		CDBG (Already Allocated)	CDBG Not Committed	UDAG		HCRS	Private	City Budget	Bonds	Tax Increment
School St. Parking Lot	\$ 285,000	\$285,000								
First St. Parking Improvements	1,500						\$ 1,500			
Engineering Study - Parking Deck	15,300	15,300								
Fill - Portland St. Parking	10,000						10,000			
Engineering Study - Cochecho St. Intersection	7,500		\$ 7,500							
Dredge Cochecho River	160,000	160,000								
Mechanic St./School St. Improvements	458,000		458,000							
Master Plan - City Land	50,000						50,000			
<b>Phase 1</b>										
Parking Deck - First St.	810,000			\$810,000					Possible	Possible
Drainage Improvements - Cochecho St.	50,500						25,250			
Portland Street Improvements	272,000		272,000							
Technical Assistance to Property Owners	10,000		10,000							
Reconstruct Cochecho St. Intersection	75,000		75,000							
Developer's Kit	15,000						15,000			
Screen Planting at Sewer Plant	15,000						15,000			
Reconstruct Cochecho Street (Portland St. to Rogers St.)	185,000		Possible						185,000	
<b>Phase 2</b>										
Parking Garage - Steam Plant Site	4,000,000			Possible						\$1,500,000
Riverfront Park	250,000				\$35,000					215,000
New Public Works Facility	2,455,000									1,205,000
School Bus Maintenance Facility	825,000									825,000
Washington Street Bridge	250,000									250,000
Purchase New Recreation Land	50,000									
Raise Utility Lines Over River	30,000									30,000
<b>Total Cost</b>	<b>\$10,279,800</b>	<b>\$460,300</b>	<b>\$822,500</b>	<b>\$810,000</b>	<b>\$2,325,250</b>	<b>\$116,750</b>	<b>\$3,560,000</b>	<b>\$650,000</b>	<b>\$1,500,000</b>	

\*Total of \$4,000,000 to be expended by private with 75% City lease back.

\*\*From sale of City land



# introduction

## Scope of the study.

In recent years, the City of Dover's central business district has undergone extensive reconstruction. These renewal efforts have focused upon Central Avenue and Main Street, the two principal arteries passing through the downtown, and upon the Upper and Lower Squares. The results have been a total upgrading of the public infrastructure and a dramatic improvement in the appearance and vitality of downtown. The amount of private reinvestment which has occurred since the completion of these public improvements is a testament to the success of the overall concept.

With the completion of these downtown projects, the City's attention is now being focused upon the expansion of economic opportunities in the areas adjacent to the revitalized urban core. Specifically, those areas include the huge Pacific Mills complex, the properties between downtown and the Cocheco River, and land along both sides of the Cocheco near the downtown.

The City determined that the best course of action for approaching the revitalization of these areas was through a coordinated plan for the whole district. At the outset, the City articulated a number of goals which such a plan should address, namely:

That redevelopment should maximize benefits both to the City and to the owners of private property.

That public efforts should be geared toward stimulating private investment.

That the rehabilitation of underutilized buildings and the development of vacant land should be encouraged.

That needed public infrastructure improvements should be identified and carried out in a phased manner.

That the Pacific Mills Complex should be integrated with the surrounding central business district.

That more extensive and diverse use should be made of riverfront properties, capitalizing upon the value of the river as an amenity.

That better use should be made of City owned property within the area.

With these goals as direction, the City solicited proposals from consulting firms for the preparation of a master plan for redevelopment of the area. After reviewing the proposals received, the City selected Rist-Frost Associates of Laconia to carry out the master plan study. Rist-Frost assembled a team with broad experience in similar downtown revitalization studies. Team members and their roles in the project included:

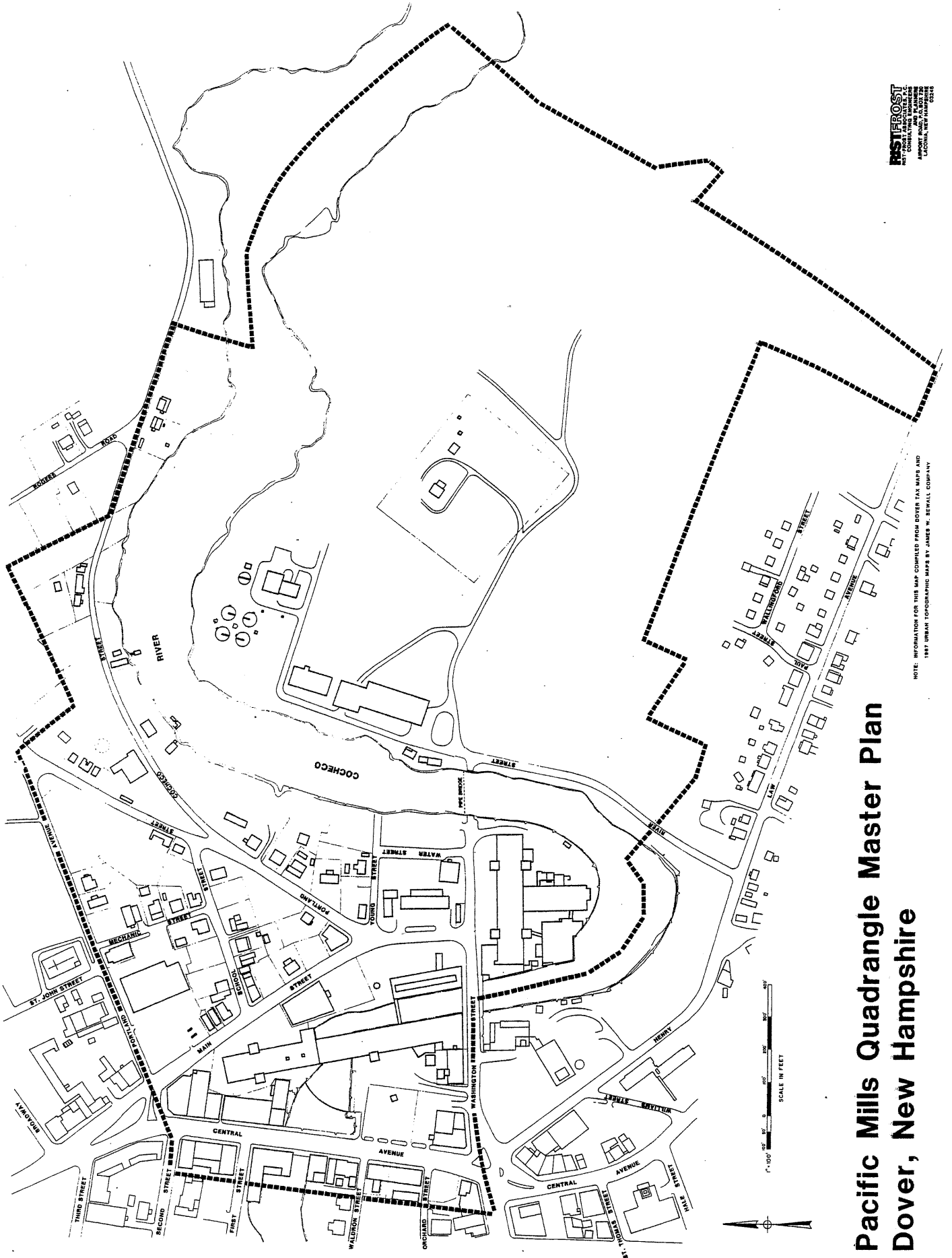
Rist-Frost - physical planning, engineering and project administration;

Applied Economic Research - market analysis, financial feasibility and funding strategies

The Halvorson Company - urban design, landscape architecture and site planning.

The area included in the Master Plan study is shown on Map #1 and is bounded generally as follows:

- on the north by Portland Avenue and Cocheco Street
- on the west by Central Avenue
- on the south by Washington Street
- on the east by City owned land (including the Public Works Complex and Maglaras Park).



# Pacific Mills Quadrangle Master Plan Dover, New Hampshire

NOTE: INFORMATION FOR THIS MAP COMPILED FROM DOVER TAX MAPS AND 1947 URBAN TOPOGRAPHIC MAPS BY JAMES W. REWALL COMPANY

**POSTFROST**  
CONSULTING ENGINEERS  
AND ARCHITECTS  
1000 MARKET STREET  
DOVER, NEW HAMPSHIRE 03820

### Study Methodology.

To insure the greatest opportunity for success and ultimate implementation of the Master Plan, the consultants worked closely throughout the course of the study with City officials and property owners whose land and buildings would ultimately be affected by City actions. This coordination involved frequent contact with the City Planning Department, meetings with the City's Economic Task Force, workshops and presentations to the City Council and discussions with property owners.

The study effort was broken down into several phases. These phases were:

An inventory and analysis of existing conditions was carried out at the beginning of the project. This involved a study of both physical and market conditions and an identification of the opportunities and constraints represented by both.

Alternative development concepts for use of the land within the study area were prepared and discussed with the Economic Task Force. A preferred alternative was chosen for further refinement.

A draft plan was prepared and discussed with the City Council.

A final plan incorporating cost estimates, a phasing plan and a financing strategy was completed. This plan was again publicly presented and discussed with the Council.

Based upon the comments received at the Council work sessions, this final Master Plan report was prepared.

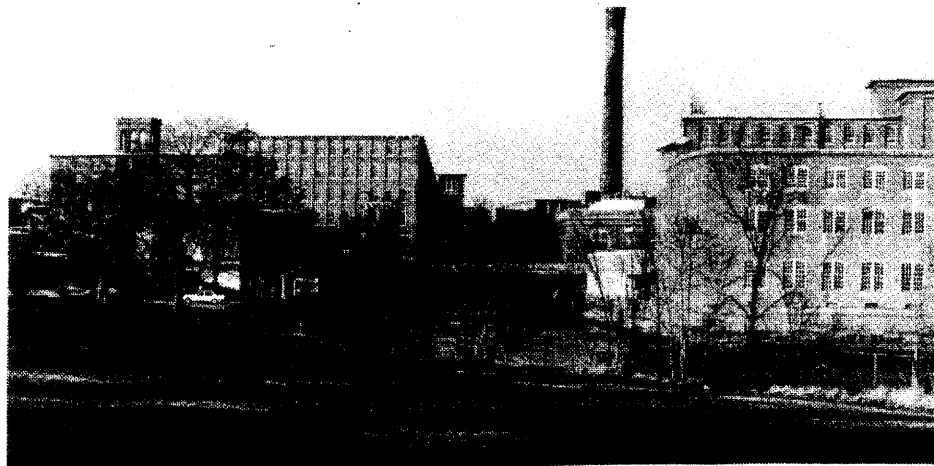
# I. physical plan

## A. inventory and analysis

### 1. existing land use

The present day character and configuration of Dover's central business district is a direct result of the City's past industrial history. The falls of the Cocheco River proved to be a natural location for early industrial development because of the potential for waterpower at that location and the availability of the River as a means of transporting goods and materials.

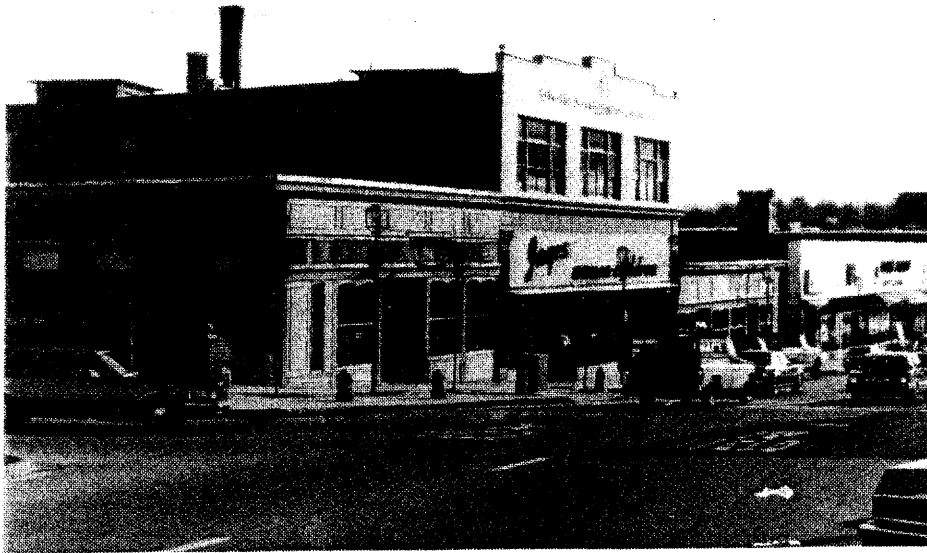
The hub of Dover's early existence was the Cocheco Manufacturing Company, which located at the falls in the early 1800's. A vast manufacturing complex with many support facilities was erected. Much adjacent land was used as housing for mill workers and small areas of commercial activity were established at the northern and southern ends of the mill. While the mill complex remained relatively stable during the 1800's, in the early 1900's strong competition from other regions and cutbacks in the mill's work force eventually led to demolition of a number of the mill's adjacent support buildings. This reduction in mill operations and the consolidation of the physical plant allowed the development of more commercial space along Central Avenue.



Since that time though, the amount of land area available for supporting commercial development has remained relatively unchanged. The introduction of zoning in the 1940's served to stabilize the land use mix downtown, but it also limited the opportunities for expansion. The closing of much of the mill complex in the 1940's was a severe blow to the City as a whole and in particular to downtown. The City subsequently acquired much of the complex for non-payment of taxes and later resold it for private redevelopment. But over the past 30 years a significant portion of the floor space in the complex has remained vacant or very much underutilized.

The existing land use pattern in 1984 is very much a reflection of these past occurrences. This pattern is shown graphically on a large scale map which is on file in the City Planning Department. Some of the major points illustrated on that map are as follows:

As would be expected in a downtown area, there is a wide diversity of land uses. Retail trade and service businesses are concentrated along Central Avenue and Main Street.



**central avenue business area**



A significant amount of residential land use occurs in the School Street, Mechanic Street and Portland Street areas.

Manufacturing is limited to the Pacific Mills and Clarostat buildings.

The Public Works complex and sewage treatment plant are major public land uses adjacent to the downtown.

Much land area is used for vehicular parking. (Although the next portion of this analysis points out that downtown parking is deficient, the existing land use survey shows that a significant amount of land is already devoted to surface parking for automobiles.)

There are several locations where land and buildings are either vacant or underutilized. This is particularly noticeable on the Cocheco waterfront in what is potentially a very desirable location.



**residential area and vacant land - cocheco waterfront**

## 2. parking

The single most important problem in the study area is the lack of adequate parking. The total number of present parking spaces available for the central business district and the peripheral area is inadequate. Any further intensification of use or the redevelopment of vacant parcels will only make that problem more critical. The City must take the initiative in solving this parking problem if private redevelopment efforts are to occur.

The survey and analysis of downtown parking completed for Dover by the firm of Costello, Lomasney & deNapoli in 1983 amply demonstrated that there is both a real and perceived need for more parking. The existing parking supply available to serve the central business district is shown on Table 1. The potential parking demand generated within the boundaries of the study area, calculated by using standard floor area parking ratios, is shown on Table 2.

It is obvious from a comparison of these two tables that, without even taking into account redevelopment opportunities and the new parking demands which would be generated by those opportunities, existing demand exceeds supply. Two things must be kept in mind when making such a comparison, though. The most important point is that the location of parking areas relative to the uses that they are intended to serve is critical. The proximity of parking to their destination is the one thing which shoppers in a downtown area value most highly. Based on numerous parking surveys in small and medium sized cities throughout the United States, the preferred maximum walking distance for short-term parking is approximately 300 feet. Parking areas located further than that distance receive only marginal use. All day (long-term) parking for employees can be located considerably further from the destination at distances of up to 900 feet. The second factor is that parking demand cannot be calculated strictly as a cumulative total. Typically, downtown shoppers visit more than one establishment on each trip and the parking demand for several retail or service facilities can often be met by one parking space.

TABLE 1  
Existing Parking Supply  
Central Business District Portion of  
Pacific Mills Study Area

	<u>Location</u>	<u>Number of spaces</u>
<u>Public</u>	on-street spaces	148
	First St. lot	74
	lot - corner Central and Orchard	15
	lot - between Orchard and Waldron	52
	steam heating plant	<u>36</u>
		325
<u>Private</u>	Strafford Bank	85
	Pacific Mills	47
	Janetos	62
	next to City Concrete	25
	stores - corner Washington and Main	33
	old Court House	21
	miscellaneous - small areas	<u>38</u>
		<u>311</u>
	Total number of spaces	636

Sources: field survey; Costello, Lomasney & deNapoli report

TABLE 2  
Existing Parking Demand  
Central Business District Portion  
of Pacific Mills Study Area

	<u>Building use</u>	<u>Number of parking spaces required</u>
commercial	137,500 sq.ft.	550
office	75,000 sq.ft.	225
residential	35 units	53
industrial	140,000 sq.ft.	<u>280</u>
		1108

sources: field survey; Dover Zoning Ordinance; Dover Assessor's records

The number of parking spaces required by the Pacific Mills will of course be dependent on the way in which the space in the mill building is used. The only parking now specifically available for the mill is the approximately 50 spaces between the building and the Strafford Bank parking lot. With full-scale redevelopment of the mill complex, these spaces will most probably be eliminated since land adjacent to the building will be needed for pedestrian circulation and landscaping. The future parking needs in the Cocheco waterfront area are likewise dependent upon the way in which land is developed. More intensive development will naturally generate a higher parking demand.

Dover's Zoning Ordinance specifies that the standard requirements for providing on-site parking do not apply to the development of parcels in the B-2 and UMUD Districts. As a practical matter, though, additional parking will be essential if redevelopment of the Pacific Mills and adjacent areas in these districts is going to take place. While Dover's zoning standards are a positive and realistic approach to regulating parking in a central business district where it is in many cases physically impossible for a developer to provide the required number of spaces, it does imply that the City accepts responsibility for providing adequate public parking to meet the needs.



**first street parking lot**

### 3. traffic flow

An analysis of traffic flow as it relates to the project study area was also completed. Significant points from that analysis are as follows:

The study area is separated into segments by the major arteries which carry heavy traffic. These are Central Avenue, Washington Street, Main Street, Portland Street and Portland Avenue. Cocheco Street serves a lesser function as a collector street, while the remainder of the roads in the area (School, Mechanic, Young and Water Streets) play a minor role in the overall circulation system.

The continuously heavy traffic volumes on Central Avenue, Washington Street and Main Street create an impediment to easy pedestrian movement to the Pacific Mills Complex which is located in the center of a triangle formed by these three streets. Any reuse plan must take into account this pedestrian circulation problem.

The fact that there is no longer a bridge at the foot of Washington Street makes it much more difficult to gain access to the City owned land on the east side of the river. It also makes access to most parts of the City harder for the Public Works Department.

The intersection of Portland and Cocheco Streets is a dangerous one because of the angle at which the two streets meet, the steepness of the grades and the lack of proper sight distance.

## 4. infrastructure

The status of the public infrastructure (roads, sidewalks, utilities) in the study area was well documented by the City Engineering Department and presented in the Commercial Revitalization District report. The main points made in that report are reiterated here:

A new water line is needed on School and Mechanic Streets. This line should connect the main on Central Avenue with the line on St. John Street.

A fire hydrant is needed at the corner of Mechanic and School Streets.

A larger sized water main is needed to replace the existing main in Portland Street between Main and Cocheco Streets.

New sewer lines are required on School and Mechanic Streets.

Storm drainage improvements are needed on School, Mechanic and Cocheco Streets. (This should include rebuilding and rerouting catch basins.)

Mechanic Street, School Street, Portland Street and Cocheco Street need to be reconstructed. Required as a part of that reconstruction are new curbing, new sidewalks, street tree planting and improved street lighting.

The Cocheco River channel needs to be dredged to make it navigable again. The City is already addressing this infrastructure need.



**existing conditions, school street**

## 5. local development regulations

A review of local controls upon development, and the impact that these factors will have upon redevelopment of the entire district, was completed as part of the analysis phase. Careful study of the City's development regulations indicates that they are in good shape and that very few changes are necessary to facilitate the redevelopment goals that the City has for the area. The steps which have been taken by the City in the last several years to update and amend its development regulations have created an excellent environment and numerous incentives for the redevelopment of private properties in the study area. Among the progressive steps which have been taken are the following:

Creation of the Cochecho Waterfront District. The rezoning of this area from its previous category of industrial to a zoning district which now allows for a variety of uses including housing, commercial and service, opens up many new possibilities for the area.

Amending the Conservation District Requirement as they are applied in the Cochecho Waterfront District. The Conservation District requirements in the Dover Zoning Ordinance place stringent limitations upon any development within 75 feet of a water body. As applied to the area adjacent to the Cochecho, these requirements would have eliminated development from much of the area within the Cochecho Waterfront District. The amendment which allows development to occur within 75 feet of the river by special exception if the development is integrated with the river and takes advantage of the site was a beneficial change to make in the City's regulations.

Creation of the Urban Multiple Use District. The creation of this new district encompassing the Pacific Mills complex allows, as does the Waterfront District, many more opportunities for development. The previous zoning category of industrial limited the reuse possibilities of the Mill complex. Again, this change was a positive one for the City to make.

Extension of the Business-2 District. The City amended its zoning ordinance to include the area between Main Street, Portland Avenue and Portland Street in the B-2 District. This area had previously been zoned for residential use only. The new zoning category will allow for expansion of the retail district and facilitate reinvestment in a deteriorated residential neighborhood.

Establishment of a Commercial Revitalization District (RSA 205). The efforts which led to the designation of the study area as a commercial revitalization district under State statute added another element to the picture favoring redevelopment of the Pacific Mills Quadrangle. Designation of the area as a commercial revitalization district makes certain projects eligible for attractive financing through the use of Industrial Revenue Bonds.

Establishing Eligibility for Dover Industrial Development Authority Financing. The City has made the bonding capacity of the Dover Industrial Development Authority available to aid in financing certain eligible projects within the study area.

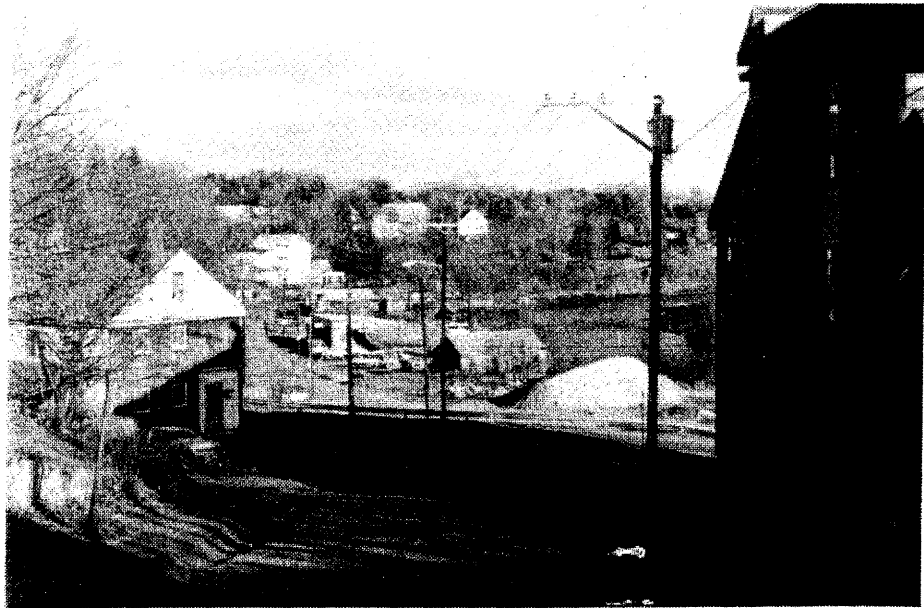
Adoption of a Sign Ordinance. While adoption of a sign ordinance cannot be said to provide the incentives for development that the previously listed items do, it nonetheless is an important component of the overall redevelopment strategy for the area. The sign ordinance will help the City to maintain some control over the aesthetics of the area. This is no small concern in the long-term success of a redevelopment project.

Taken together, the above regulatory changes have created an excellent atmosphere and opened up many new opportunities for development which were previously not possible. Two additional minor changes could help the regulatory picture even further. They are:



The requirement for a 25-foot building setback from the right-of-way for properties in the Cocheco Waterfront District is unrealistic because of the configuration and size of many of the properties in that area. The Planning Board should propose amending the 25-foot figure to a 10-foot setback.

The changes in the Site Plan Review Regulations which the Planning Department has recommended for application in the Cocheco Waterfront District should be adopted. Specifically, the requirements which would preclude placing parking between a principal building and the river and which would require a landscape plan for properties in the district should be incorporated.



**cocheco waterfront from school street**

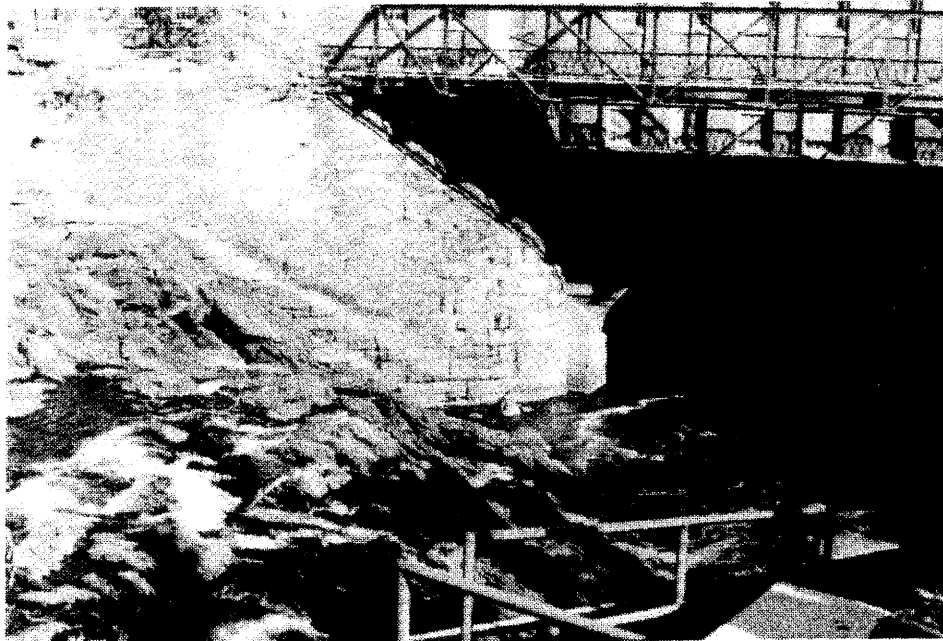
## 6. major opportunities and problems

Several major opportunities for redevelopment and problems which must be overcome are evident from the analysis of existing land use parking, traffic, infrastructure and development regulations which have been described above. These major points are listed below.

### Opportunities.

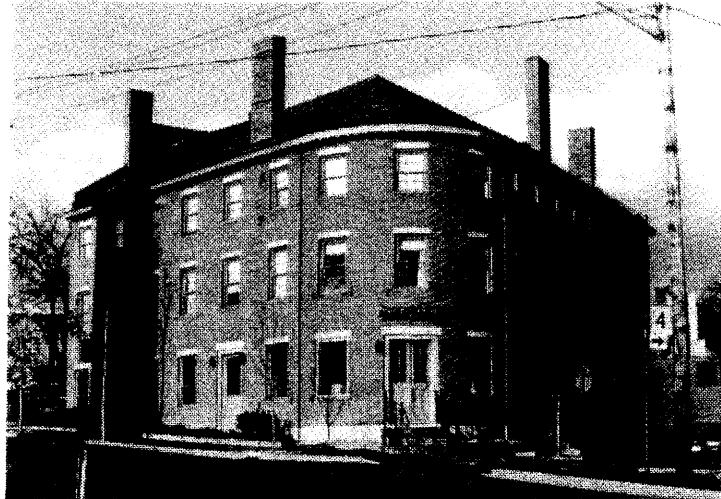
The existence of the Cocheco River right in the center of the downtown is a major amenity and should be utilized to greater advantage.

The Cocheco Falls are a spectacular natural asset. however, because of their orientation relative to the street, many are not aware of their beauty.



**cocheco falls**

**historic building  
main street**



The number of vacant and underutilized buildings (ranging from the 300,000+ square foot Pacific Mills to 1,500 square foot residences) offer a wide variety of investment opportunities.

The undeveloped and vacant land along much of the Cocheco waterfront represents great opportunities for redevelopment.

Numerous historic buildings, including the Pacific Mills complex, related structures, and other downtown buildings are assets.

New streets, sidewalks, street trees and amenities which were part of the City's Upper and Lower Square redevelopment projects have set a very positive tone for redevelopment of adjacent areas.

The large area of open space in City ownership on the far side of the Cocheco offers many possibilities for future use. The higher elevations of this property offer some excellent views of the City and the surrounding area.

There are opportunities for developing park space and a recreation trail system along the river bank.

The currently unused City property between Portland Street and Portland Avenue could be used as a location for parking to support development of the Cocheco waterfront.

## Problems.

The Pacific Mills complex is not integrated physically or visually into the central business district.

The sheer size of the Pacific Mills dominates the entire downtown.

Present parking supply is inadequate and the sites available for creating more downtown parking are very limited.

The fact that there is no bridge across the Cocheco at the foot of Washington Street makes access to City facilities on the other side of the river difficult.

The intersection of Portland and Cocheco Streets is dangerous because of its steepness, lack of sight distance and the acute angle at which the two roads intersect.

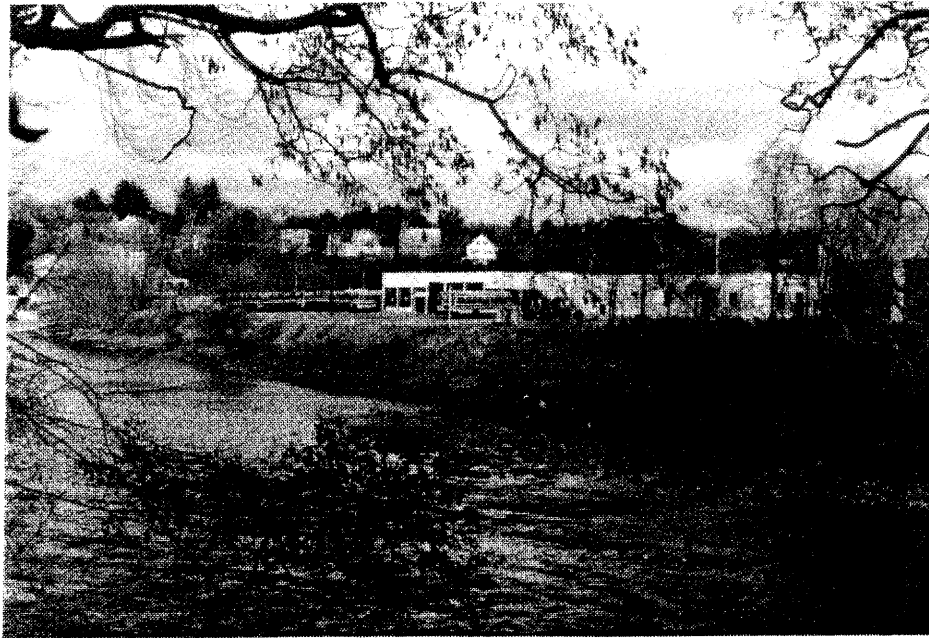
The channel of the Cocheco River is silted in to the point where navigation is very restricted.

The Public Works complex, sewage treatment plant and school bus parking area are visual intrusions on the banks of the Cocheco and detriment to redevelopment of nearby private property.

The existence of the flood plain along the Cocheco will make it necessary to floodproof any buildings constructed within the 100 year flood plain.

The condition of streets and sidewalks is poor on School Street, Mechanic Street, and portions of Portland and Cocheco Streets.

Water, sewer and drainage improvements are needed on School, Mechanic and Cocheco Streets.



**view of public works complex**



**existing conditions, mechanic street**

## **B. master plan recommendations**

The Master Plan prepared for the Pacific Mills area and the adjacent waterfront is based upon the opportunities and problems highlighted in the physical analysis and the market analysis. The plan attempts to resolve those critical problems which were identified and to capitalize upon the opportunities represented by the physical characteristics of the area and by Dover's position in the regional market. The plan is firmly based upon the market and proposes only redevelopment efforts for which there is strongly evidenced market support.

The key elements in the plan are:

the integration of the Pacific Mills into the downtown business district,

the provision of more public parking, and

the re-establishment of Dover as an inland harbor.

This "Inner Harbor" concept calls for the redevelopment of the Cocheco waterfront and reuse of the City-owned land located across the Cocheco River from downtown into a retail, office and residential complex focused around a marina. This concept is aimed at the re-establishment of Dover's historic role as a port town and will enable the development of its singlemost underutilized asset (the Cocheco River and its ocean access). Taken as a whole, the plan will dramatically change the character of downtown Dover and strengthen the community in a highly competitive Seacoast market.

The initial step in the preparation of the Master Plan was the evaluation of a number of alternative development concepts. Alternative concepts were subjected to three feasibility tests:

design - whether the project would physically work given the special characteristics of Dover's downtown;

market - whether there was adequate market support for the concept; and

financial - whether there would be a realistic way to fund implementation.

Those concepts which did not meet the tests were eliminated from further consideration.

Several sketch plans were prepared for discussion with the City Planning Department and the Economic Task Force. These plans were reviewed at work sessions and the best elements of each selected for refinement into the final plan.

A description of the elements which make up the Master Plan appears below. All of these elements are also shown graphically in the Master Plan drawing included in the back of this report.

While the plan represents a coordinated strategy for the entire study area, it can be more easily understood if the recommendations are presented by the four sub-areas which make up the project study area: the Pacific Mills area; the School Street/Mechanic Street area; the Cocheco Waterfront; and the City land on the opposite side of the Cocheco.

## 1. pacific mills area

Market considerations aside, the successful redevelopment of the Pacific Mills is dependent upon two physical factors: the provision of additional parking and the improvement of access to the building. As described in Section A, the demand for additional parking is not related just to the Pacific Mills; lack of adequate parking is a problem experienced by the entire downtown. Any new development, including reuse of Pacific Mills, will generate the demand for yet more parking. Additionally, because of the density at which downtown has been developing, the City can no longer afford the luxury of providing all parking in surface facilities.

The amount of parking needed by the Pacific Mills is dependent upon how the 300,000+ square feet in the building are going to be utilized. The developers' current plans call for a phased project, with the northern end of the building (that portion of the building north of the Cocheco River) being developed first. The plan envisions a mixture of housing, retail and office space being created in the north end of the building. The approximately forty housing units contemplated would create a demand for sixty parking spaces (at one-and-a-half spaces per unit.) 40,000 square feet of retail and office space would generate a parking demand of approximately 120 spaces (at an average of three spaces per 1,000 square feet). The second phase of the project would see the remaining ± 200,000 square feet in the southern end of the building developed into high technology manufacturing/office space. At an average of two spaces per 1,000 square feet of floor area, this development would generate a demand for an additional 400 parking spaces.

Specific recommendations for the Pacific Mills Area aimed at the two goals of providing more parking and improving access to better integrate the building into the downtown are as follows:



Construct a new public parking lot on School Street. The site for this parking lot was identified by the City as a part of its Community Development strategy. The concept is that the City will acquire all the properties fronting on School Street between Main and Mechanic Streets, demolish the existing buildings, (with the exception of the two-story brick house on School Street which will be resold for restoration as housing) and construct a surface parking lot for approximately 80 cars. The lot will be curbed and landscaped and will have a pedestrian connection to Main Street at a point almost opposite the entrance to the north end of the building. This parking lot will help support not only reuse of the north end of the mill, but also existing businesses in the Upper Square and future redevelopment of the School Street/Mechanic Street Area.

Convert parallel parking on First Street to angle parking. Far more vehicles can be parked in a given curb length when the parking spaces are at an angle rather than parallel to the street. Approximately 35 more parking spaces could be accommodated on First Street between Central Avenue and Chestnut Street with angle parking. This would require making First Street one-way west from Central Avenue and repainting the parking spaces on the street.



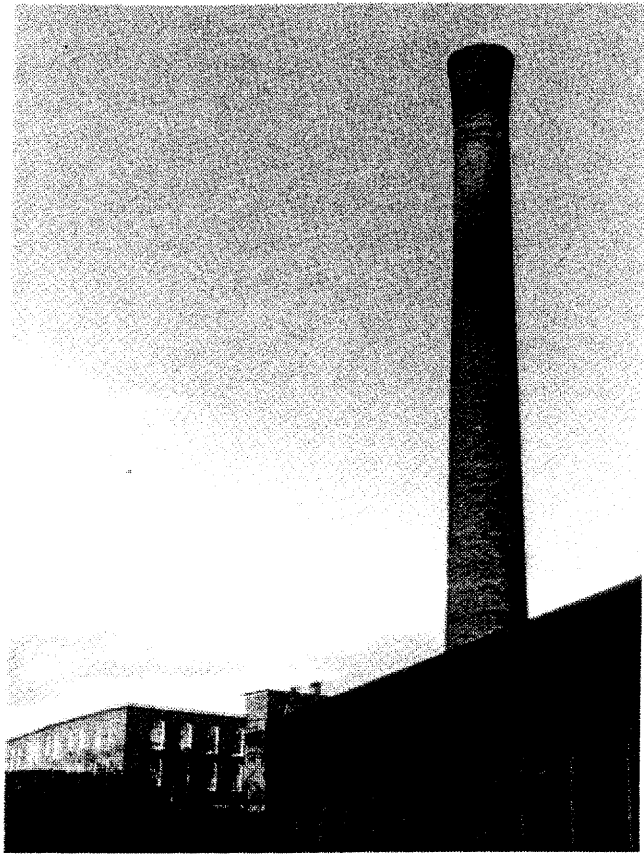
**angle parking, first street**

Conduct an engineering feasibility study for the construction of a parking deck. The first two recommendations above represent only partial solutions to the need for additional downtown parking. More permanent parking will still be needed to support the mill and the remainder of downtown. With this in mind, it is recommended that the City study the engineering feasibility of constructing a parking deck over the present First Street parking lot. A single level parking deck at that location could double the capacity of the parking area by adding another 75 - 80 cars. At the same time as the feasibility study on the First Street lot is being conducted, similar analysis should be made of the site selected for the School Street parking lot to see whether that location could also accommodate at least one above-grade parking level.



**first street parking lot**

## steam heating plant



Construct a parking garage on the site of the steam heating plant. When the City acquired the bulk of the Pacific Mills complex, it subsequently resold all but the steam heating plant. For the past 30 years or so, the City has operated the plant and sold heat to the occupants of the mill buildings. The whole system however, is antiquated and inefficient and the City no longer wishes to operate the facility. It is recommended that the site of the heating plant be utilized for the construction of a multi-level parking structure. A four-level parking structure in that location could accommodate approximately 400 cars, closely matching the parking need for the southern portion of the Pacific Mills building. Direct access to the mill would be possible by a pedestrian bridge crossing the Cocheco. If it is architecturally and structurally possible, consideration should be given to incorporating at least the facade of the building which faces the river into the new structure. The chimney of the heating plant should be retained intact since it is a very prominent landmark and acts as a visual symbol for the entire mill complex.

Re-evaluate the need for a parking structure on the site of the Strafford Bank Parking Lot. The parking study conducted for the City in 1983 identified the Strafford Bank Parking Lot as a prime location for the construction of a parking garage. However, at that point, because of their own parking needs and future expansion plans, the bank Board of Directors declined to have the site considered. Because of its key location, the site should not be eliminated from future consideration as a potential parking garage location. With careful design, it would be possible to incorporate expansion space for the bank as well as new commercial floor space into a parking structure while at the same time providing parking spaces. Once the parking recommendations listed above have been carried out and redevelopment of the mill and other downtown properties have altered the downtown picture, another evaluation should be made of the site and its value.

Integrate the Pacific Mills, both visually and physically, with the downtown business district. It is recommended that the developers of the mill complex take into account a number of considerations when preparing development plans.

To increase visibility from Central Avenue and to make it possible to better capitalize upon the parking facilities on First Street, it is recommended that the building now housing Stuart Shaines and other stores be demolished and a landscaped entrance court for the north end of the mill be constructed. Removal of this building would dramatically improve access to the mill and would create a direct line of sight to the principal entrance at the north end of the building. A corresponding entranceway should be developed on the opposite side of the building, linking Main Street and the School Street parking area with at-grade access to the second floor or the building:

The space on the Central avenue side of the mill immediately adjacent to the building should be treated so that it can function as a pedestrian link, leading shoppers from Central Avenue into the mill area, by the falls, and then back out onto Central Avenue. This would make it possible for the developers to better capitalize upon the view of the falls.

Landscape design elements for all these improvements should be compatible with the design scheme already established by the City improvements in the Upper Square and along Central Avenue.



**north tower, pacific mills**

## 2. school/mechanic street area

The School Street/Mechanic Street area serves by virtue of its location as a transition area between the central business district and the Cocheco waterfront. The area has recently been rezoned by the City from its prior residential classification to the central business district classification. This new zoning category permits a much wider range of uses and greatly enhances the redevelopment opportunities. While the change in zoning categories will help with the redevelopment process, further public action is still necessary. The deteriorated condition of the infrastructure (roads, sidewalks water, sewer) is a detriment to the whole area.

One recommendation already described above will do much to help support reuse of existing buildings in the area. This improvement, of course, is the construction of the parking lot on School Street. The addition of public parking should greatly enhance the rehabilitation and reuse of some of the fine, older buildings in the area. Other recommended improvements for the area include:

Reconstruct School and Mechanic Streets. Both streets need to be fully reconstructed with new curbing and new sidewalks. Improvements to underground utilities should be made at the same time including: new water lines, new sewer lines and new storm drains on both School and Mechanic Streets. Consideration should be given to the use of brick as a sidewalk paving material to tie in with the similar materials already used on sections of Main street. Overhead power lines should be placed underground when the reconstruction is underway and new pedestrian scale streetlights installed. An important element of the reconstruction should also be the planting of street trees along both streets. The design treatment and landscaping on School Street should emphasize the street's role as a connecting point between the Pacific Mills complex and the Cocheco Waterfront.

Provide technical assistance to property owners. Through its Community Development staff, the City should provide technical assistance to property owners, particularly in the rehabilitation of building facades. This effort would be similar to the technical assistance already provided to property owners in the City's other community development target areas.



**school street looking toward the pacific mills**

### 3. cocheco waterfront

Past development along the Cocheco Waterfront was directly related to the river's importance as a transportation link. The fact that the Cocheco connects with the Piscataqua and ultimately the Atlantic Ocean meant that the river could function as a means of transporting goods and materials to Dover via water. However, the river's role as a transportation link has long since ceased. The Cocheco does, though, represent a unique amenity affording ocean access from downtown. Although this amenity remains to be more fully capitalized upon, it is an asset on which to build a more prosperous future for the Waterfront.

The recent rezoning of the area from its previous industrial classification to the multiple use Cocheco Waterfront District has opened up many new possibilities, especially since a significant portion of the land abutting the river is now either vacant or very much underutilized. The new district permits a mixture of uses including housing, retail, service and commercial recreation.

Recommendations aimed at fostering redevelopment of the area are as follows:

Dredge the channel of the Cocheco. As noted above, the Cocheco once functioned as a transportation route. Over the years, however, the depth and width of the channel have been substantially reduced by siltation. Construction of the sewage treatment plant also altered the river channel. The City is now in the process of rectifying this condition and a dredging operation is planned for early 1985. This will help restore the ability of the river to handle recreational boating traffic.



Reconstruct Portland Street. The section of Portland Street between Main Street and School Street should be reconstructed. This reconstruction should include the installation of a new water main, reconstruction of the street itself, installation of new curbs and sidewalks and undergrounding of the overhead power lines. New street lights should be installed and street trees planted.

Reconstruct the Portland Street/Cocheco Street intersection. This intersection is very dangerous because of the angle at which the two streets meet, the steepness of Cocheco Street as it enters the intersection and the lack of proper sight distance. An engineering study of the intersection should be completed to determine the best plan for realignment and the area rebuilt at the same time the section of Portland Street is reconstructed.



**intersection of portland and cocheco streets**

Reconstruct Cocheco Street and make drainage improvements. The section of Cocheco Street between Portland Street and Rogers Road is in very poor condition. The street should be reconstructed at approximately its same width and curbing installed. A part of the reconstruction project should be the installation of storm drainage lines to correct the hillside drainage problem in the area between Portland Street and Cocheco Street. This drainage problem has already proved to be a deterrent to redevelopment of adjacent properties.

Develop a public parking area in the triangle between Portland Street and Portland Avenue. Because of the limited land area of most of the waterfront parcels, parking is a problem. An opportunity exists to help rectify this problem in the City owned parcel of land lying between Portland Street and Portland Avenue. This gully should be filled in as materials are available from City construction projects so that the grade is ultimately raised to the level of Portland Street. This site could accommodate approximately 50 cars. Although its location is not ideal because of its distance from the waterfront and the need to cross a major street, it nonetheless would help support waterfront uses which could not provide the desired number of on-site parking spaces.

Screen the Public Works complex and sewage treatment plant. The view across the river of the Public Works garage, bus parking area and sewage treatment plant are a deterrent to development. Although later recommendations suggest removal or relocation of these facilities, in the interim they should be screened from view. This could be accomplished relatively easily with the construction of an earth berm and evergreen plantings.

Raise or relocate the power lines crossing the Cocheco River. Three power lines cross the Cocheco near the downtown area. Two of these lines are low enough (34' and 41') so that they are an impediment to recreational boating. These two lines should either be raised so that they do not restrict boat traffic or should be rerouted.

Reduce the zoning setback on Cocheco Street. The present setback from the edge of the right-of-way required in the Cocheco Waterfront District is 25'. The fact that the distance between the road and the river is quite narrow makes a 25' setback unrealistic. It is recommended that the setback be reduced to 10'. This would be compatible with the setback of existing buildings along Portland Street and Cocheco Street.

Retain public access to the river. Any redevelopment plans for the waterfront should include provisions for providing access for the general public. Private developers should be encouraged to incorporate provisions for access wherever possible into redevelopment plans. The City should also maintain public access at such points as the end of Young Street.

Encourage private redevelopment of waterfront housing and water-oriented commercial. The vacant and under-utilized land located along the shore of the river affords great potential. The City should work carefully with developers of these parcels in the review of site plans to assure that they are compatible with the overall goals of the plan. New housing should incorporate, wherever possible, on-site parking. The Clarostat Mill complex offers great potential for future mixed-use development. While it is currently successfully operated as an industrial venture, it does hold a prime location at the bend of the river and would make an excellent candidate for a housing/mixed-use redevelopment project.

#### 4. city owned land

The 60-acre tract of land owned by the City of Dover on the east side of the Cocheco represents the most dramatic opportunity to change the role of Dover's downtown in the regional economy. This tract of land close to the heart of downtown holds one of the few chances for a quality, new, water-oriented, mixed-use development at an urban density in the Seacoast region.

The basic concept behind the plan for this area is to create a new inner-harbor development for Dover by making the riverfront land and adjacent tracts available to private enterprise for construction of a marina surrounded by a retail, office and residential complex. While the concept is ambitious, it is not beyond the ability of Dover to implement, particularly since the Seacoast market offers sufficient support to enable strong private participation in the overall development.

Several things will be necessary if this concept is to become a reality. They are:

A detailed development plan for the City property should be prepared. This plan would enable a more thorough analysis of the property than has been possible within the scope of this general planning study. The development plan should include an engineering analysis of the limitations represented by soil conditions and topography, should look at the feasibility of dredging a boat basin, constructing roads and installing necessary utility systems, and should include a specific market analysis of the intended reuse plan. The City should use this development plan to prepare a kit for potential developers, and should should then solicit competitive proposals for purchase of the property.

Change the zoning of the property. The bulk of the property is presently zoned for industrial use. In order to allow the mixed-use development concept envisioned, this zoning should be changed to a category similar to the Cocheco Waterfront District, allowing a variety of uses.

Market riverfront land for development of a marina/mixed-use complex. The area currently occupied by the Public Works facility should be marketed on a competitive basis to developers for the construction of a river oriented mixed-use complex. Dredging of a new boat basin to allow for construction of a marina should be an important component of the project.

Construct a new Public Works garage and school bus facility. Reuse of the waterfront land would be contingent upon the construction of a new Public Works garage and bus facility on another site in the City. The construction cost of these new facilities could be partially offset by the income from the sale of the City land which they now occupy. The City already owns a suitable site on Mast Road where both facilities could be relocated.

Market City land for housing development. The land area on the higher elevations behind the Public Works complex is at present basically undeveloped with the exception of Maglaras Park. The site affords excellent views over the downtown, and while there are some limitations because of steepness of slope and ledge outcrops, much of the land is developable. The combination of its proximity to the center of the City, access to the riverfront, access to recreation land and the views, all combine to make the site a prime candidate for new housing. A second means of access to the area could be provided by the construction of a new road connecting with Henry Law Avenue.

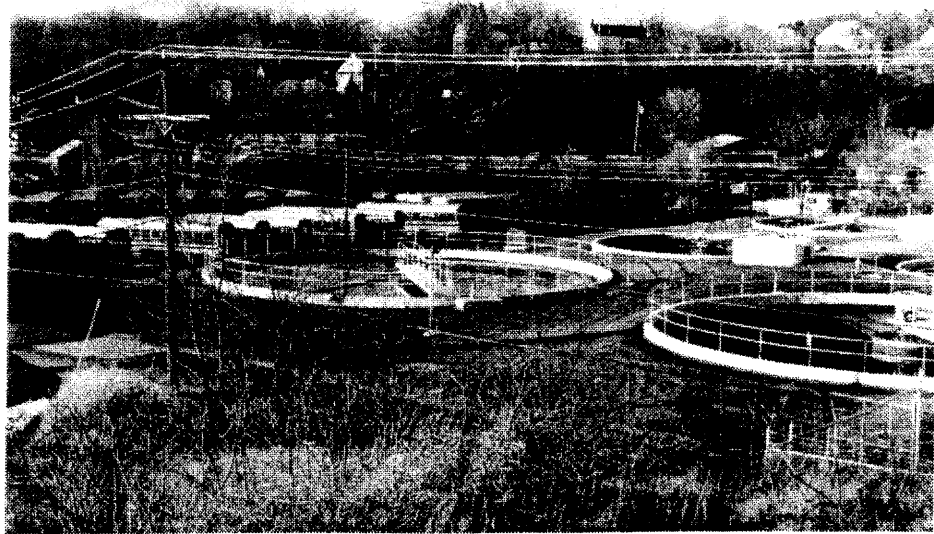
Retain recreation use. Any plan for reuse of the City land should include retention of Maglaras Park in its present location. Although the current site is somewhat isolated, it could form the focal point around which a new housing development could occur.

Construct a new riverfront park. All the citizens of Dover should be able to enjoy the benefits of a newly redeveloped Cocheco Waterfront. To this end, the City should develop some additional park space along the river. In any land sales, the City should retain a strip of land (or an easement) along the waterfront and develop it as a linear park. A trail system following the river could ultimately link Butterfield Gym with Maglaras Park.

Purchase new recreation land. When the City accepted federal funds for the construction of the ballfields at Maglaras Park, one of the conditions placed upon use of those funds was that the land included in the project would be perpetually devoted to recreation. The boundaries of the recreation plan submitted with that application designated some 29 and-a-half acres of City property for recreation use. After the detailed development plan referenced above has been completed, and those lands suitable for development purposes have been identified, the City should request release of the recreation restrictions placed on them. The process of release (or conversion, as it is called) requires application through the New Hampshire Office of Recreation Services and approval by the Regional Director of the National Park Service. The principal condition for conversion is that the City replace any recreation land which would be lost with land of equal value (both in monetary terms and in terms of its usefulness for outdoor recreation.)

Construct a new Washington Street Bridge. The demolition of the Washington Street Bridge has made access to the east side of the Cocheco much more difficult. A new bridge should be constructed at the foot of Washington Street and the approaches to this bridge on both sides of the river improved. This would enhance the development potential of the riverfront land.

Reconstruct the sewage treatment plant. Dover is currently on the State's priority list for funding of the design and construction of a new secondary sewage treatment facility. Ideally, a new treatment facility should be located further downstream on the Cocheco so that it is removed entirely from the downtown area. If design studies show that it is not practical to relocate the plant, reconstruction on the same site should be as compact as possible and should be heavily screened from view.

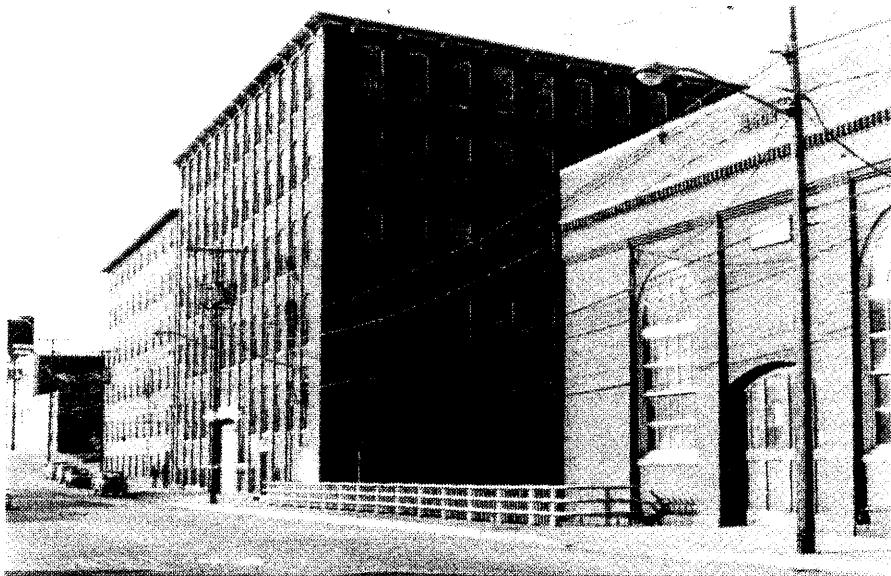


**dover sewage treatment plant**

## C. cost estimates and phasing plan

Cost estimates were developed for all the components of the plan which would be accomplished through public sector action. These cost estimates are intended to be used for planning purposes only and are not the result of detailed engineering design. The costs are based upon estimates of quantities, lengths, dimensions and other data and represent average costs for similar work in New Hampshire in 1984.

The items listed and their associated costs are organized in terms of relative priority. A three-phased implementation strategy is envisioned. This phasing plan is based upon several factors. They include: placing priority upon those actions most important in stimulating private investment; the likelihood of securing funding needed to carry out the plan; and recognition that certain items have already been committed by the City and are ready to go forward. It should be noted that funding is already in place or has been committed for a number of the items that appear on the list below.









PHASE 2 (1988-1990)

		<u>Cost</u>
<u>Construct parking garage on site of steam</u>		
<u>heating plant + 400 cars</u>	\$3,200,000	
contingency	480,000	
engineering	<u>320,000</u>	
		\$4,000,000
<u>Develop riverfront park/recreating trail</u>		
(City side of river)	200,000	
contingency	30,000	
engineering	<u>20,000</u>	
		250,000
<u>Construct new public works facility (40,000 sq.ft. total -</u>		
<u>existing building area is approximately 27,500 sq.ft.)</u>		
vehicle storage 19,200 sq.ft. @ \$35	672,000	
maintenance shop 9,200 sq.ft. @ \$50	460,000	
parts & equipment storage 4,800 sq.ft. @ \$50	240,000	
office space 6,800 sq.ft. @ \$70	476,000	
vehicle lifts, exhaust system	35,000	
site work (parking area, lighting, fuel		
storage etc.)	<u>60,000</u>	
	1,943,000	
contingency	290,000	
engineering	<u>222,000</u>	
		2,455,000
<u>Construct new school bus maintenance facility</u>		
<u>(15,000 sq.ft. total - existing building area is</u>		
<u>approximately 6,000 sq.ft.)</u>		
bus storage 9,000 sq. ft. @ \$35	315,000	
maintenance area 4,200 sq.ft. @ \$50	210,000	
office space 1,800 sq. ft. @ \$70	<u>125,000</u>	
	650,000	
contingency	100,000	
engineering	<u>75,000</u>	
		825,000
(Note: If a majority of bus storage were outside in		
a fenced, paved area, construction costs could be		
reduced by <u>±</u> \$275,000.)		
<u>Construct new Washington St. bridge &amp; approaches</u>		
(25% local share)	200,000	
contingency	30,000	
engineering	<u>20,000</u>	
		250,000

Phase 2 (1988-1990) (continued)

Cost

<u>Purchase new recreation land</u>	\$ 50,000
<u>Raise utility lines crossing Cocheco River</u> (to allow for boating to site of new marina) lump sum	<u>30,000</u>
Total Phase 2	\$7,860,000

Total Costs

Immediate Phase	\$ 987,500
Phase 1	1,432,500
Phase 2	<u>7,860,000</u>
	\$10,280,000

Note: Cost estimates for all construction items not already funded include a 15% contingency and 10% for engineering and design costs.



## D. funding strategy

The funding strategy to implement the proposed Pacific Mills Master Plan has been developed by Applied Economic Research in conjunction with Rist-Frost Associates.

Among the major underlying assumptions are:

That existing federal funding sources, particularly the Community Development Block Grant Program and the Urban Development Action Grant Program will continue to be funded in Washington and Dover will be eligible to receive approximately the same community development funds allocation as it has in the recent past.

That if federal tax policies are altered, the alterations will not be so drastic as to discourage private rehabilitation investment activity.

That recognizing the benefits of the overall \$10.3 million Public Improvement Program, the private sector will join with the city in funding a portion of the proposed improvements through the tax increment, special district and other mechanisms.

It is important to note that the funding strategy is not predicated on new state legislation or new sources of federal funds. The strategy can work with existing funding sources and legislation.

### Funding by Major Source

Table A on the following page summarizes the funding strategy. In round figures, some \$10.3 million is required to implement the strategy. Ap-

proximately two-thirds of this amount will come from sources other than city funds, consisting of federal funds (20%), private funds (23%) and tax districts including both tax increment and special district financing (21%). As such, the strategy envisions a direct allocation of \$2.00 for each dollar the city spends within the district.

Table A

FUNDING SUMMARY BY SOURCE

	<u>Dollars</u>	<u>Percent</u>
Federal	\$2,127,800	20%
Private	2,325,250	23%
City	3,676,750	36%
Tax Districts	<u>2,150,000</u>	<u>21%</u>
Total	\$10,279,800	100%

Table B sets forth the source of funds for each of the major elements in the Master Plan. For the most part, the table is self-explanatory, with the following points worthy of note.

First, the vast majority of the city funds committed to the Plan will not be called upon until Phase 2 of the Plan is implemented. The development of a parking garage on the steam plant site and the development of a new Public Works facility represent approximately three-fourths of the city funds committed to the Plan. As such, the city's role comes at a time when the success of the other major components of the Plan will be self-evident. This means the city is not being called upon to speculate a substantial amount of local funds prior to securing a clear picture of the responsiveness of private investment to the Plan.

Two other aspects of the funding strategy require explanation.

The first of these is the \$1,250,000 in private funds allocated to the new Public Works facility in Phase 2 of the Plan. This money would come from the sale of city owned property across the Cocheco River. The projected sale price per acre is estimated at \$20,000, pending detailed planning and

Table B

FUNDING STRATEGY - PACIFIC MILLS MASTER PLAN

Immediate Phase	Total Cost	FEDERAL				PRIVATE	CITY FUNDS		TAX INCREMENT SPECIAL DISTRICT	
		CDBG (Already Allocated)	CDBG Not Committed	UDAG	HCRS		Private	City Budget	Bonds	Tax Increment
School St. Parking Lot	\$ 285,000	\$285,000								
First St. Parking Improvements	1,500						\$ 1,500			
Engineering Study - Parking Deck	15,300	15,300								
Fill - Portland St. Parking	10,000						10,000			
Engineering Study - Cochecho St. Intersection	7,500		\$ 7,500							
Dredge Cochecho River	160,000	160,000								
Mechanic St./School St. Improvements	458,000		458,000							
Master Plan - City Land	50,000						50,000			
<b>Phase 1</b>										
Parking Deck - First St.	810,000			\$810,000						
Drainage Improvements - Cochecho St.	50,500						25,250		Possible	Possible
Portland Street Improvements	272,000		272,000							
Technical Assistance to Property Owners	10,000		10,000							
Reconstruct Cochecho St. Intersection	75,000		75,000							
Developer's Kit	15,000						15,000			
Screen Planting at Sewer Plant	15,000						15,000			
Reconstruct Cochecho Street (Portland St. to Rogers St.)	185,000		Possible						185,000	
<b>Phase 2</b>										
Parking Garage - Steam Plant Site	4,000,000			Possible		1,000,000*		\$1,500,000		\$1,500,000
Riverfront Park	250,000				\$35,000				215,000	
New Public Works Facility	2,455,000					1,250,000**		1,205,000		
School Bus Maintenance Facility	825,000							825,000		
Washington Street Bridge	250,000								250,000	
Purchase New Recreation Land	50,000					50,000**				
Raise Utility Lines Over River	30,000							30,000		
<b>Total Cost</b>	<b>\$10,279,800</b>	<b>\$460,300</b>	<b>\$822,500</b>	<b>\$810,000</b>	<b>\$35,000</b>	<b>\$2,325,250</b>	<b>\$116,750</b>	<b>\$3,560,000</b>	<b>\$650,000</b>	<b>\$1,500,000</b>

\*Total of \$4,000,000 to be expended by private with 75% City lease back.

\*\*From sale of City land

engineering and appraisal studies of the city land. It is assumed that residential tracts will command a lower than average sale price, while commercial tracts lying close to the river would command a price that is higher than this average.

The last point requiring clarification is the funding of the proposed parking garage. This garage would be located on the steam plant site adjacent to the Pacific Mills. The proposed funding strategy has been designed to reflect the shared benefits the garage would generate. A portion of those benefits would accrue specifically to the owner of the Pacific Mills, considering the location of the proposed garage. Benefits would also accrue to nearby property owners and to the overall Waterfront District.

The funding strategy has been devised to reflect these benefits. Basically, it is proposed that the garage be privately built, presumably by the owner of the Pacific Mills. The garage could then be syndicated with federal depreciation tax benefits accruing to the private investors. If the garage is publicly built, those depreciation benefits are lost.

A second source of funds for the garage is \$1.5 million in Special District funds. These funds would be raised by defining a district and adding a premium to the existing tax rate within the district. This funding device is permitted under state statute. The definition of the district would be such that it reflects the properties including, and other than, the Pacific Mills that are expected to receive particularly strong benefits from the proposed garage. As is true for the owner of the Pacific Mills, a portion of the spaces within the garage would be specifically set aside for the properties within the Special District.

The third source of funds is a general city obligation bond in the amount of \$1.5 million. These funds would be paid back through the city's general fund, reflecting the fact that a portion of the spaces within the garage would be utilized by the public at large working in and visiting the broader downtown district.



As to the financing of the facility, it is recommended that the private sector fund the facility through an industrial revenue bond in the amount \$2.5 million, covering the private costs and the Special District costs. The city would, of course, fund its \$1.5 million in general obligation bonds through the general fund.

#### Pay Back Period

Table C sets forth calculations incorporated into an analysis of the amount of private investment needed for the city to break even on its share of the overall Master Plan public improvement costs. Separate calculations have been developed to demonstrate the costs without the Public Works and school bus facilities. The rationale for this is that these facilities may be needed whether or not the city implements the Master Plan. As can be seen in Table C, the required private investment at the current city tax rate to support the city's investment ranges from \$5.7 million without the Public Works or school bus facility included in the calculations to a maximum of \$12.8 million including all elements set forth in the Master Plan.

Table D sets forth a projected level of new private investment and tax yield considering the results of the market analysis and investments presently under consideration. This table indicates that up to \$34.9 million in new private investment can be expected within the district if the Plan is implemented. This figure exceeds by almost three times, the level of private investment required to support the planned expenditure of just under \$3.7 million in city funds (see Table C). Furthermore, the programmed reinvestment of the Pacific Mills, in and of itself, is adequate to support all of the proposed public improvements in the Master Plan, with the exception of the Public Works facility and school bus facility.

In conclusion, the proposed Plan envisions a total of \$10.3 million to be spent in public improvements resulting in a total of \$35 million in new private investment. From the perspective of the city, its \$3.7 million would be matched on approximately a 10:1 basis by funds other than city funds. The analysis indicates that in view of AER's market analysis of waterfront potentials as well as programmed investments apparently underway, the pay back period for the commitment of city funds is exceptionally short.

Table C  
NEW PRIVATE INVESTMENT NEEDED TO "BREAKEVEN"

	<u>Without Public Works or School Bus Facility</u>	<u>Without School Bus Facility</u>	<u>With Public Works and School Bus</u>
City Cost	\$1,643,750	\$2,848,750	\$ 3,676,750
Annualized Cost @ 10%	\$ 164,500	\$ 285,000	\$ 368,000
Required Investment <sup>1/</sup>	\$5,700,000	\$9,913,000	\$12,800,000

<sup>1/</sup> Computed at effective equalized tax rate of 2.875 percent.

Table D  
PROJECTED NEW INVESTMENT AND TAX YIELD

1. Pacific Mills	\$ 7,000,000
2. Inner Harbor	
Residential (200 units @ \$50,000)	\$10,000,000
Marina	\$ 200,000
Commercial (150,000 s.f. @ \$60)	<u>\$ 9,000,000</u>
Subtotal	\$26,200,000
3. All Other at 33% of Total	\$ 8,650,000
4. Total	\$34,850,000
Tax Yield at 1983 Equalized Rate (\$28.75)	\$ 1,002,000

Source: Applied Economic Research

## E. financing options

### Financing Public Improvements

#### Betterment Assessments

One method of financing public improvements which are made specifically to support certain districts or areas of redevelopment is the use of special assessments or "betterment assessments" which involve an add-on tax rate to support specific improvements in the district. RSA 49-A:77 provides that the City Council has the power to determine that not more than 50 percent of any public improvement shall be defrayed by special assessments upon the property especially benefited. This method of financing may be desirable if there is public opposition to improvements to be made in certain districts with the appearance that public expenditures supported by the entire tax base are being used to benefit the specific property of a small area or of a few specific individuals. Even though it can be argued that the broad base support of specific improvement activities should be supported by all property taxpayers, flexible cost sharing arrangements provided by special assessment can help allay public fears of unfairness in financing public improvements in a downtown area. The method of allocating special assessments would depend upon the city's specific ordinance to that effect, but normally the betterment assessment costs for public improvements are distributed on an acreage or linear street frontage basis to affected properties. In areas having large amounts of tax exempt property, the city becomes responsible for a greater share of the improvement costs. The most difficult part of the operation of any special assessment would be to arrive at a cost sharing allocation which is acceptable both to the majority of private owners to be affected by the additional tax levy and by the general property taxpayers who would support at least 50 percent of the overall costs.

#### Tax Increment Financing

One of the newer methods of financing public improvements is that of the use of "tax increments" as provided in RSA 162-K. Tax increment refers to

the amount of taxes raised in a development district due to the increases in assessed value over the assessed value of the district at the time of its establishment. Increment financing, therefore, "captures" future increases in assessed value which, when taxed at the prevailing local rate, is set aside for retiring debt on certain improvement programs. The basic theory of tax increment financing is that the installation of certain public improvements will leverage private investment which in turn will result in long-term increases in the assessed value of affected property above and beyond that which it would have achieved in the absence of public improvements. The retirement of debt, therefore, incurred to provide certain public improvements which benefit certain properties is then set aside as a separate portion of the tax base which, when its value is enhanced, will generate the tax revenues to retire the debt on public improvements. The tax increment financing approach has been used in Concord.

Cities have several options in the designation of development districts under the tax increment financing legislation. In designating a development district, the city must adopt one of three alternative restrictive options which would also be binding upon future designations of other development districts for tax increment financing. These several options include the following: (1) The total acreage in any one development district cannot exceed 1 percent of the total acreage of the municipality; there is a cumulative limit of 3 percent of the total acreage of the municipality for the sum total of all acreage within development districts for which bonds remain outstanding; or (2) The development district may not exceed 5 percent of the total assessed value of taxable real property within the municipality; there is a cumulative limit on total assessed value of 10 percent of the municipality's tax base for the level of taxable real property within all development districts for which bonds remain outstanding; or (3) The third option merely requires that no development district shall exceed six acres. The city must use care in selecting which option it will choose as its limiting factor for the development of such districts, and should anticipate what future districts may be designated in the coming years before selecting one of these three options.

The development programs which are allowed under tax increment financing are of a very broad range embracing acquisition, construction, development of pedestrian systems, lighting systems and other activities involving construction, improvement, extension or operation of developments that improve physical facilities, quality of life and quality of transportation. The city would first have to develop a tax increment financing plan containing a statement of objectives for improvement of a Development District and must hold a public hearing on the formation of the district. The city must also fully inform County Commissioners, School Boards and School Districts of the potential fiscal and economic implications of the proposed development district. The maintenance and operation of systems and improvements constructed under financing provided by tax increments may also be charged against the development district in which they are located.

Actual financing may be accomplished by the issue of general obligation bonds with 30 year maturity to finance acquisition and betterment of real and personal property needed to carry out the development program together with all relocation costs. A certain level of the tax increment capture, at the discretion of the municipality, is pledged against the payment of the bonds which were issued for the purposes of the redevelopment program.

The city of Concord has used the tax increment financing approach in combination with the Urban Development Action Grant and Community Development funds. In the case of Concord's Eagle Square proposal, the city sought to raise funds from tax increments to pay off \$100,000 in general obligation bonds due over a five year period. The experience of the city was that the actual increments resulting were sufficient to allow the bonds to be retired in one and one-half years. The city is now working on a much larger scale use of tax increment financing. The legislation for tax increments appears to make this a very strong and broad range tool for dealing with multi-faceted challenges of revitalization in a downtown area.

State statutes do call for the formation of an advisory panel to help direct development within the designated district.

## Economic Development Financing

### Urban Development Action Grants

The use of Federal Urban Development Action Grants (UDAGS) is a vehicle for bolstering the financial feasibility of economic development projects. The Urban Development Action Grant can take many forms, provided that at least \$4 of private sector funding is invested for each dollar requested from the UDAG funds. A more desirable competitive ratio is a 6-1 leveraging which, in northern New England, has been less common. The UDAG could be used for public improvements as well as for enhancing the financial feasibility of private sector developments. Another possibility might be to utilize the UDAG as a source of low interest loan funds supporting commercial redevelopment, with paybacks of the funds reinvested in public improvements for streetscape and parking facilities. The UDAG provides one of the more flexible forms of federal financial assistance for urban locations with multiple activities. To date, UDAGS have been funded in Nashua, Berlin, Manchester, Concord and Portsmouth.

### Tax Exempt Financing

The city of Dover has already emerged as a pioneer in the use of tax exempt financing arrangements for downtown revitalization. The Planning Board and City Council have already designated the downtown area as a Commercial Revitalization District, making developers in the District for certain projects eligible for tax exempt industrial revenue bonds. Downtown developers have already taken advantage of this form of financing, provided through the conduit of the Dover Housing Authority. The net result of the use of tax exempt financing is that tax exempt rates may represent four to five points below market conventional rates of financing.

## Housing Finance Options

### NH Housing Finance Authority Tax Exempt Bonds

In a new program operating under the Tax Equity and Fiscal Responsibility Act, the NH Housing Finance Authority is able to issue permanent mortgage financing for mixed income multi-family rental projects. A number of conditions, however, attach to the application of the Authority's tax exempt status to the development of new multi-family housing. First, in most areas of the State, a minimum of 20 percent of the units must be occupied by low income (80 percent of median income or less) tenants. Eighty percent of the units may be occupied by households having incomes of up to 175 percent of median area income. The city of Dover is among the towns and cities of New Hampshire designated as "Target Areas." As such, a Dover developer would only have to provide 15 percent of the units to low income tenants to qualify. There is no Section 8 or other housing subsidy involved other than the advantages of the long term financing at below market rates offered by tax exempt bonds. Therefore, the program provides a form of internal subsidy to a housing project; that is, the higher rents which can be commanded on a majority of the units allow the remainder of units to be offered at below market rents. According to the Authority, in today's market a typical bond financed rate for the permanent mortgage could be expected at 11.5 to 11.75 percent interest. The success of such a financing scheme for a project depends upon a strong housing market in order for mixed income tenancy to succeed. The city of Dover is certainly in an area which could be categorized as a strong housing market in which demand appears to be high enough to support a mixed income project. Other requirements for the use of the Tax Exempt Authority includes the provision that the project must remain as a rental project for at least ten years or one-half the length of the longest bond maturity, and developers must secure their own interim construction financing, later converted to permanent financing under the Authority's mortgage. Furthermore, the consent of the city or town government is required prior to use of Authority financing and a public hearing must be held by the State or the Authority. The

substantial advantage of the program is that it potentially provides 30 year permanent financing for up to 95 percent of the development cost of the project. The NHHFA's first such project will take place in Nashua this year, financed by the Authority's issue of \$22 million for a project of 412 units.

Given the liberal income limits for the market rent units (80-85% of the housing units), this financing option appears to be the best non-conventional vehicle for developing multi-family housing in urban areas with strong housing markets while preserving some level of lower income occupancy. The table below illustrates the maximum income levels which would apply to the low income occupied units and the market rate units if a project were to be done in Dover:

MARKETING PARAMETERS FOR NHHFA MULTI-FAMILY  
PORTSMOUTH-DOVER-ROCHESTER

<u>Lower Income Units</u>			<u>"Market Rate" Units</u>	
<u>Minimum 15% of Project</u>			<u>Maximum 85% of Project</u>	
<u>Max. Household Income</u>			<u>Max. Income or Rent</u>	
1BR	2BR	3BR	<u>175% of Med</u>	<u>Max. Rent by "6X Rule" *</u>
\$18,250	\$22,800	\$25,650	\$49,875	\$692 (incl.util.)

\*An effective upper limit on rent is derived from the NHHFA's statutory limit that in no case can household income exceed six times the annual occupancy cost of the unit (includes utilities).

UDAG Grants

Another possible use of the Urban Development Action Grant is that of reducing the project costs for multi-family housing. Uses of the UDAG can include writing down the project acquisition costs and/or the construction



or permanent financing of the project. Funds used to help finance such projects can then be recaptured for use in public improvements related to the surrounding area. In addition, guidelines for the NHHFA Bond Finance Program indicate that the UDAG may be used in conjunction with the issue of tax exempt bond financing to further aid project feasibility. Generally, Housing Finance Authority tax exempt bonds would be considered a private match against the public funds provided through the UDAG, thus improving the possible leverage. Use of the UDAG itself could include equity funding, direct loans, loan guarantees, lease guarantees and other uses to reduce project costs or to enhance housing affordability.

#### HUD 221(d)(4) and Section 202

The HUD 221(d)(4) Program, according to the U.S. Department of Housing and Urban Development, has not resulted in any new mortgage insurance commitments in New Hampshire for non-subsidized projects over the last four years. While the program remains active on paper, this mortgage insurance program no longer is tied to fixed ceiling of mortgage interest rates. A final interest rate may be negotiated between a private lender participating in the program and the developer. Recent commitments, even with Section 8 rent subsidy funds providing lenders with additional assurances, had mortgage interest rates of approximately 13 percent. The program has financed both family and elderly housing with and without rental subsidies. However, the HUD Manchester Area Office currently considers the program to be relatively costly and unworkable without the benefit of the Section 8 subsidy and without a fixed ceiling on interest rates. Within the city of Dover, the Riverview project downtown was financed under the 221(d)(4) Program with a minor commitment of Section 8 for some units.

The other potential housing finance and subsidy source mentioned is the HUD 202 program which is available exclusively to non-profit sponsors of housing projects for elderly and handicapped persons. The program provides both permanent low interest financing as well as a tandem commitment of Section 8 subsidies for the housing units constructed. This program operates at a very small level today within the Maine, New Hampshire, Vermont area. Last year, approximately 145 units of housing were allocated to the

Manchester Area Office for distribution over the three states. Of this total, only 59 were allocated to the metropolitan areas of the three states. Given this low level of fund availability, HUD has begun to lower the ceiling on the maximum number of units per project in order to arrive at a greater distribution of funds geographically. This means that it is unlikely that a very large metropolitan project could be done under HUD 202, but it is possible. In some cases, it has been possible for non-profit sponsors to act as general partners in such developments, while joining forces with for-profit limited partners to help raise capital through syndication.

#### Housing Development Action Grant

An interim rule has been issued for comment by August 13, 1984 for this new Housing Development Program sponsored by HUD. This new program allows both new construction and substantial rehabilitation and provides a maximum level of allowable assistance of 50 percent of the total development cost. Occupancy requirements include a minimum 20 percent low income occupancy level, with higher priority scores assigned to those achieving high or low occupancy levels. The extent of private dollars leveraged also counts toward the scoring of these grants. HUD has limited the eligibility for the program to certain "distressed areas." Therefore, the eligibility of a particular town and city must either be published by HUD, or a State Housing Finance Authority can apply on behalf of a particular town. If the city or town is not a distressed area, the area must prove a need for such housing which is not being met by the private market. This program is thus far untried and as a new grant program is obviously looking for new or innovative methods of using federal grant funds to reduce development costs to arrive at low to moderate income housing production. Again, there is no long term housing subsidy available other than the initial grant to insure low income occupancy. Should the program continue and demonstrate various uses of federal funds to write down program costs, this could be an option explored by the city for housing development in a target area.

### Rental Rehabilitation Demonstration Grants

The Office of State Planning is currently administering a Rental Rehab Demonstration Grant Program which provides maximum grants for rehabilitation of housing of \$5,000 per unit provided it is matched by an equal amount of private investment. The rents of the improved units under the program cannot exceed the Section 8 Existing Fair Market Rents which apply to the particular area and Section 8 housing assistance certificates will be awarded in tandem with units improved under the program. This program is beginning at a very small scale offering less than 50 units statewide. The maximum grants would probably be too low for rehabilitation of the units in the mill itself to housing, but might possibly be applied to other housing in the study area. Section 8 Fair Market Rents have recently been raised considerably and the program would probably be workable from that standpoint, given the grant subsidy. However, the small amount of funds available, and the nature of conversions and work needed in the study area, probably would not make this a feasible financing alternative. The NHHFA is in the process of developing its own rental rehabilitation financing program.



**housing - school street**

## II. market analysis summary

The following paragraphs summarize the results of an economic and market analysis of the Cochecho Waterfront Area. This analysis was prepared by Applied Economic Research, under contract to Rist-Frost Associates and the city of Dover.

### The Opportunities and Perspective

The Cochecho Waterfront represents one of the Seacoast's prime, underdeveloped real estate opportunities. Among its major assets are:

Dover has consistently shown a willingness to invest in public improvements in the downtown.

Those public improvements are now paying dividends in the form of new private investment. Dover has a significant level of private investment momentum established.

The occupancy rate in existing downtown real estate, particularly first floor retail space, is quite high, measured in comparison to some of Dover's sister cities elsewhere in the State.

The Cochecho River represents a unique amenity affording ocean access from downtown. Although this amenity remains to be fully capitalized on, it is an asset upon which to build a more prosperous future for the Waterfront District.

The regional economy in which Dover actively participates is competitively strong and has recently shown a particular strength in attracting high technology firms, the State's most rapidly growing manufacturing industry.

The Waterfront District offers a wide variety of investment opportunities ranging from the 300,000+ square foot Pacific Mills to 1,500 square foot residences that could be converted to office space. This means the Waterfront District has investment appeal to a wide range of prospective developers.

There is a fairly significant amount of undeveloped land within the Waterfront District.

There is over 50 acres of undeveloped land immediately across the Cochecho River from downtown that could serve to dramatically change Dover's role in the regional economy.

At the same time, it must be recognized that without conscious public

action, many of Dover's potential opportunities will slip away. Among the principal activities Dover must consider, if it is to fully realize its development potentials, are:

The Seacoast economy is an extremely competitive economy characterized by a number of cities actively competing for developer interest.

There is an immediate parking need within the Waterfront District and new development will generate the demand for yet more parking. The development of the District is taking place at a density that can no longer afford the luxury of surface level parking. Further, garage or deck parking cannot be supported efficiently by the private sector without public participation in the financing and operation of new parking.

Although Dover has invested heavily in street improvements along some of the Waterfront District's streets, many of the streets and walks are in comparatively poor condition and require immediate attention if new private investment is to be secured.

What is proposed in this plan is an ambitious undertaking. One of the keys to the plan is the reestablishment of Dover as an inland harbor. This "Inner Harbor" concept calls for the development of the area immediately across the Cocheco River from the developed portions of downtown into a marina, retail, office and residential complex. This development will afford revenues to help support other public improvements, will re-establish Dover's historic role as a port town, will enable the development of its single most underdeveloped asset (the Cocheco River and its ocean access) and will change the character of downtown Dover, making the community competitively strong for quality development.

This concept is ambitious, but it is not beyond the ability of Dover to execute. The Seacoast market offers sufficient support to enable strong, private participation in the overall development concept. The Inner Harbor development concept will make Dover one of the few opportunities for a quality, new, water-oriented mixed use development at an urban density in the Seacoast region. While a confident attitude and a commitment of local monies will undoubtedly be necessary to execute the development concept, if Dover fails to move forward aggressively it will be turning its back on an opportunity that may not surface again.

#### The Regional Context

Dover is clearly a part of the seacoast regional economy and the opportunities available to the Waterfront District have been evaluated within that context. The Portsmouth Metropolitan Area is the most populated metropolitan area in the State of New Hampshire. Its growth has been fueled by strong employment growth in the past, particularly within the non-manufacturing industries which registered a growth of 40 percent between 1970 and 1983. The region has become far less dependent on manufacturing industries, sustaining a decline in manufacturing employment as a result of the

loss of jobs in the shoe and textile industries. Considering both manufacturing and non-manufacturing employment trends, the region has sustained a growth of nearly 10,000 jobs between 1979 and 1983.

It is anticipated that the regional job base will continue to expand, but under a different format. As a result of recent announcements by Data General and Apollo Computers to locate major research and manufacturing facilities in the seacoast region, it is anticipated that manufacturing employment over the next five years will increase (in contrast to past losses). Additionally, the region will continue to sustain growth in its non-manufacturing employment base, although growth during the next five years will be constrained by the likely completion or abandonment of construction at the Seabrook Nuclear Plant which has employed up to 8,000 workers.

On balance, the outlook for the Seacoast region is excellent. It offers a competitively strong labor market, a wide range of choice in housing, excellent educational facilities including both University of New Hampshire and a New Hampshire Vocational Technical College in Portsmouth and cultural amenities that cannot be found elsewhere in the State. On balance, our projection calls for the addition of some 8,900 new jobs between 1984 and 1990, of which about half can be expected within the manufacturing industries and half within the non-manufacturing industries.

#### Industrial Prospects

Dover has traditionally served as a manufacturing center within the Seacoast region. In 1983, Dover had 44 percent of the region's manufacturing jobs, in contrast to its 17 percent of the region's non-manufacturing jobs. This concentration of manufacturing jobs in Dover is a reflection of the city's historic role within the regional economy. As a result of that role, Dover has the labor force and manufacturing plants necessary to support a strong manufacturing base.

With the region's manufacturing employment base expected to grow (in contrast to past losses), with the city well served by the regional transportation system, with the city's good accessibility to the University of New Hampshire and with a continuing full-time industrial development effort, Dover will be able to actively participate in the region's industrial growth.

Historically, Dover has been able to sustain the development of 43,000 square feet of new industrial space annually. This growth has come as a result of the expansion of existing firms in Dover and the attraction of new firms. Between 1975 and 1983, Dover captured 11 of the 76 new manufacturing firms moving into the greater Seacoast region.

Our analysis indicates that the Dover Job Center (consisting of Dover and its immediately surrounding communities) will be able to support a total of 935,000 square feet of new manufacturing space between 1983 and 1990. This does not include new storage and warehouse space requirements.

The Cochecho Waterfront has the ability to participate in this anticipated expansion. The Pacific Mills represent one of New Hampshire's largest undeveloped and underutilized mill complexes. The experience of other

communities clearly points to the ability of older, multi-level mill space to offer competitively strong industrial space.

On balance, considering primarily the opportunity afforded by the Pacific Mills, the Cocheco Waterfront can comfortably accommodate some 20 percent of the anticipated industrial expansion within the region. This converts into a figure of just under 200,000 square feet. In addition, the Cocheco Waterfront area could participate in the storage/warehouse market. This market typically pays lower rates for poorer quality space than manufacturing users. This analysis supports the ability of the Waterfront Area to accommodate approximately 50,000 square feet of warehouse space, for a combined available market of 250,000 square feet of warehouse and manufacturing industrial space.

#### Housing Market Opportunities

A second major role Dover has played in the regional market is its function as a provider of housing, and particularly multi-family housing. Between 1970 and 1980 some 11,250 new households moved into the greater Dover housing market, reflecting a 33 percent growth rate. Our analysis indicates that housing starts during the early 1980s, although battered somewhat by nationally high interest rates, are proceeding at a healthy clip. Dover has been an active participant in the regional market. Between 1970 and 1980 Dover added more households than any other single community in the region. Dover has consistently captured between 12-16 percent of the region's housing construction.

Dover has played a particularly strong role in the region's multi-family housing construction activity. Between 1970 and 1980 Dover captured approximately 22 percent of the region's new rental housing construction, as compared to only 6 percent of the region's new owner occupied units.

This strong role within the rental housing market is explained by:

Dover's proximity to both Pease Air Force Base and the University of New Hampshire, the two largest single generators of demand for rental housing.

Dover has had available utilities and sites to support the development of rental housing.

Rents in Dover have consistently been somewhat lower than those in Portsmouth and Durham, two other significant actors in the rental housing market.

Many surrounding towns lack the facilities and desire to accommodate rental housing.

The Cocheco Waterfront Area has the ability to be an active player in the emerging housing market. The study area offers the opportunity to develop a variety of housing types, resulting from the conversion of existing units to higher quality housing, the development of new housing units in existing underutilized space such as the Pacific Mills and the development of both small scale and large scale complexes of new residential units on either side of the Cocheco River. To date, rehabilitation efforts have been

modest but successful. The Cocheco River offers the prime waterfront amenity (including accessibility to the ocean) that can support a high level of new housing investment. The city has made substantial commitments to upgrade streets and sidewalks in downtown and the early success of smaller projects indicates that the market is willing to pay competitive prices for a downtown Dover location.

On balance, it is our conclusion that between 1985 and 1990 Dover will be able to support the construction of between 285 and 400 units annually, with 60 percent of the units falling into the renter-occupied category.

Assuming strong participation by the city and encouraging the efforts of private developers to capitalize on the opportunities inherent in the Seacoast market, the Cocheco Waterfront Area will be able to support the addition of between 150 and 210 new housing units between 1985 and 1990. The overwhelming majority of these units will, of course, be multi-family units with condominiums assuming a growing proportion of the waterfront residential development activity.

#### Retail and Office Development Opportunities

Dover's retail and office markets have a decidedly different character than its industrial and residential markets. Dover has played, and can continue to play, an active role in the region's industrial and residential markets. Its market for office and retail uses, in contrast, is driven primarily by local needs. Dover does not and (in the next five years at least) cannot expect to capture a disproportionately large share of the region's office or retail development activity.

Within the office market, Dover has been able to sustain the development of about 10,000 square feet of office space per year. During the 1984-1990 period Dover and its surrounding communities will support the development of 129,500 square feet of private office space, of which 30 percent or 39,000 square feet is available to the Waterfront District.

Dover is presently striving to support the development of a massive amount of new retail space in the form of two "super" supermarkets. Dover will support the development of about 200,000 square feet of new retail space during the next five years, of which 28,500 square feet could be in the Waterfront District.