

Housing — Deep Dive (Election Lens)

Portsmouth Municipal Election — November 4, 2025

Updated: 2025-10-03 • Est. read: 8–10 min • Data version: v1.0

Purpose and use

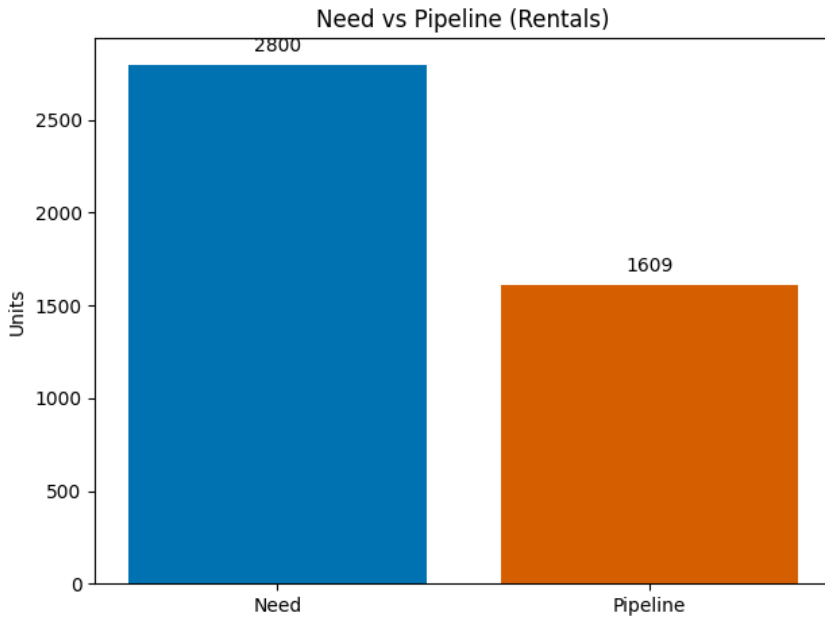
This Deep Dive is for readers who want to go beyond the Backgrounder. It ties local evidence from Portsmouth's housing market to regional and national trends and describes the policy landscape that the next council will navigate. It also proposes measures for tracking progress and outlines options for accelerating production, preserving affordability and improving processes.

Local evidence: market structure and pressure points

The **2022 Portsmouth Housing Market Study** documented extremely low vacancy rates for both owner-occupied and rental housing, with combined vacancy around **1.86 %**, far below the roughly 5 % considered balanced. Housing prices have climbed sharply since 2019, reflecting high demand from higher-income in-movers. HUD data show that **36 % of renter households** and **23 % of owner households** in Portsmouth are cost-burdened—paying more than 30 % of income on housing. The study also notes that much of the housing stock predates 1980, and around **489 subsidised units** could lose federal affordability restrictions by 2030.

Pipeline and timing

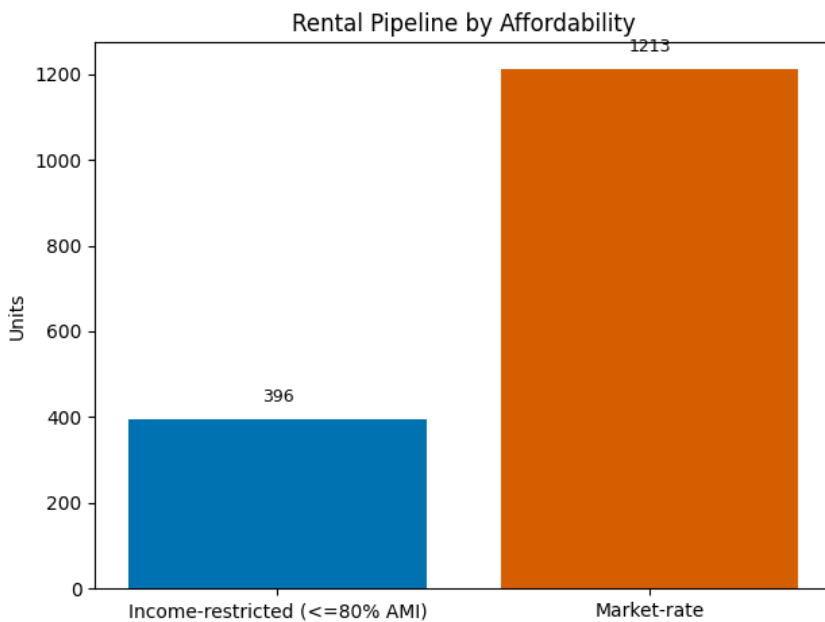
Analysts estimate that Portsmouth needs about **2,800 rental units** by 2030. The current pipeline of **1,609 rental units** is split into **1,213 market-rate** and **396 income-restricted** units. Deliveries of income-restricted rentals begin in 2027 and peak in 2028 before a smaller wave in 2030. Nearly all affordable units are still in the concept or permitting stages, meaning there are few near-term completions. Delays in permitting and financing increase the risk that projects will not move forward.



Need vs. pipeline (rentals)

*Caption: **Need vs. pipeline (rentals).** Compare estimated rental need (~2,800 units) with the pipeline total (~1,609 units) to illustrate the shortfall.*

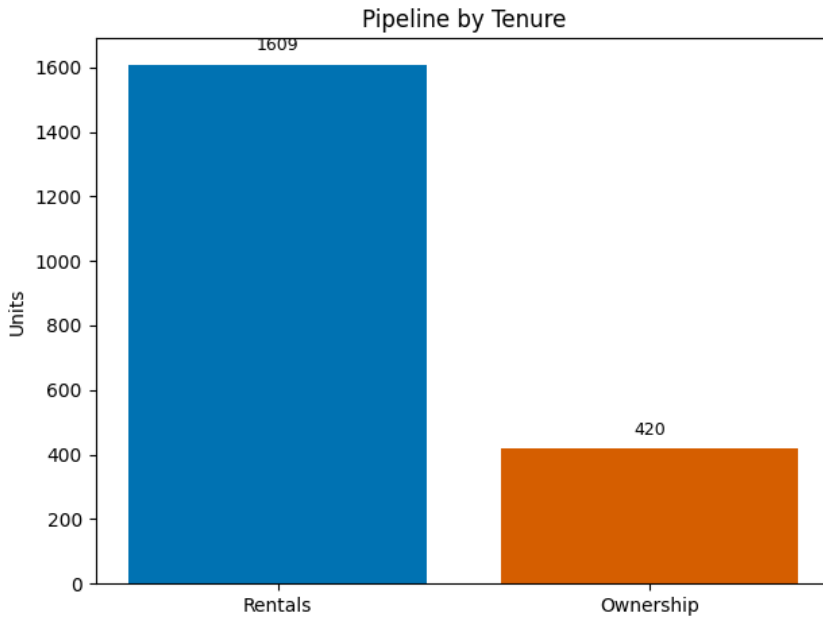
Alt text: Two bars showing units needed versus units in the pipeline.



Rental pipeline by affordability

*Caption: **Rental pipeline by affordability.** Roughly **396** income-restricted rentals versus **1,213** market-rate rentals are in the pipeline.*

Alt text: Two bars showing counts of income-restricted and market-rate rentals.



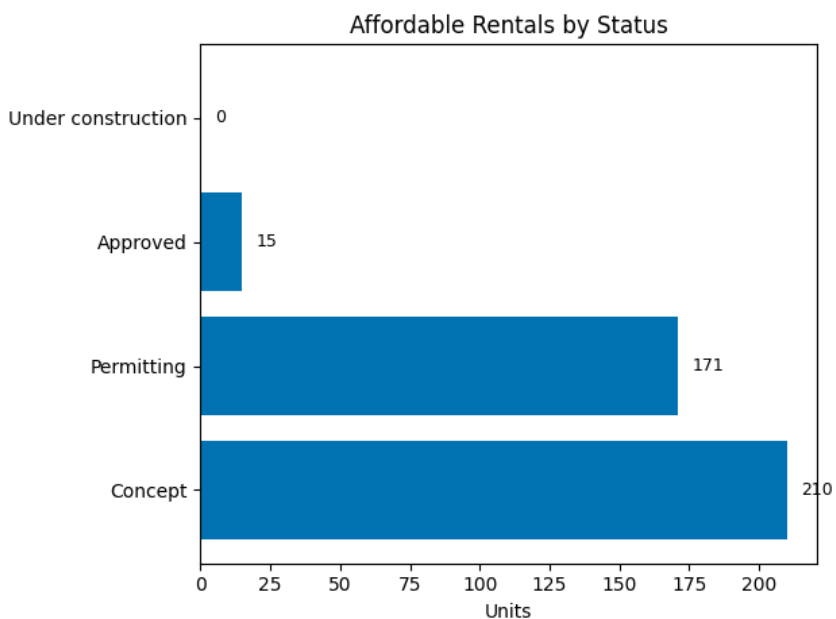
Pipeline by tenure

*Caption: **Pipeline by tenure.** The entire pipeline includes **1,609 rentals** and **420 ownership units**.*

Alt text: Two bars showing rental versus ownership units in the pipeline.

Status mix and bottlenecks

Within the income-restricted pipeline, **210 units** are at the concept stage, **171** in permitting, **15** approved and **0** under construction. This imbalance demonstrates why affordable homes will not be delivered quickly. Streamlining approvals, reducing carrying costs and clarifying standards can help move projects from concept to construction more rapidly.



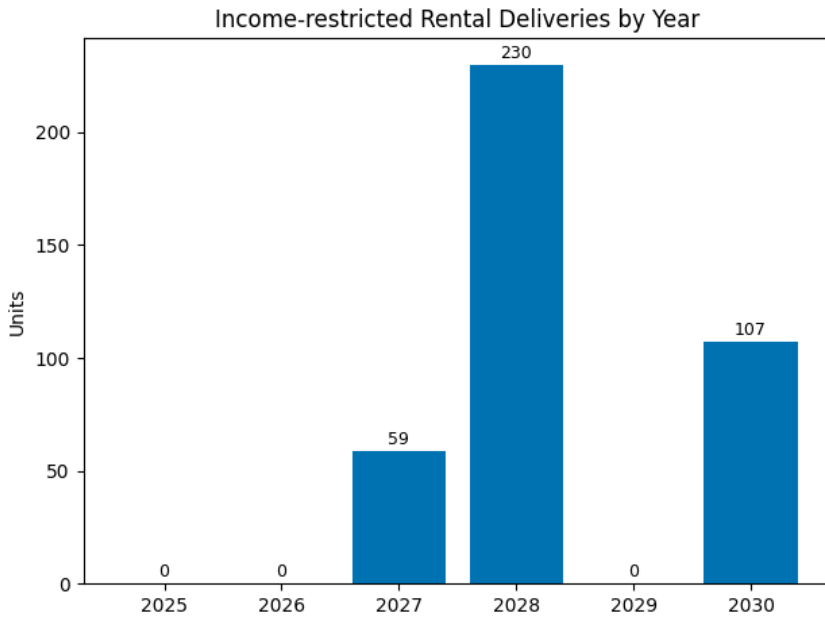
Affordable rentals by status

*Caption: **Affordable rentals by status.** Bar chart showing affordable rentals at each stage (concept, permitting, approved, under construction).*

Alt text: Horizontal bars showing the number of affordable units in each project stage.

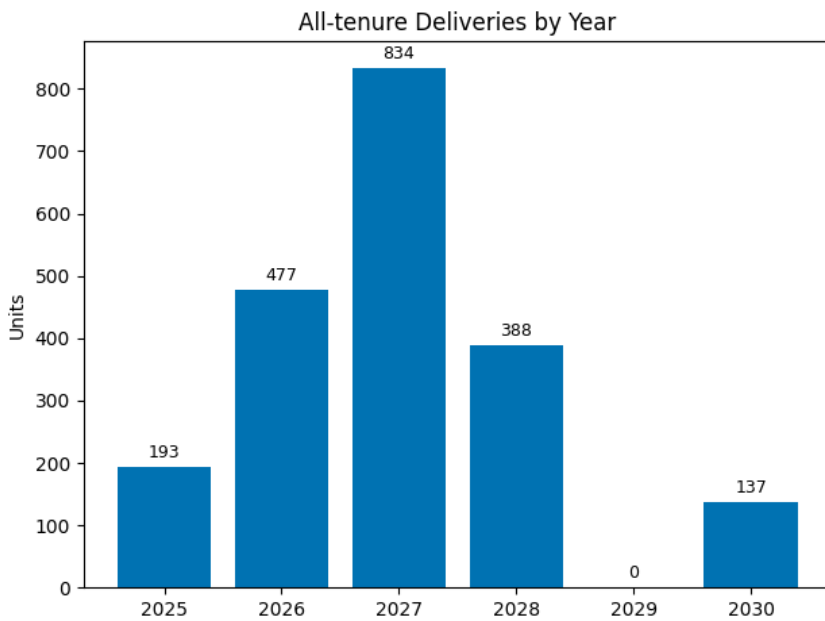
Deliveries by year

The combined pipeline (all tenure) peaks with **834 units** scheduled for 2027, followed by **388 units** in 2028 and **137 units** in 2030. There are no scheduled completions in 2029. Income-restricted rentals appear only in 2027 (59 units), 2028 (230 units) and 2030 (107 units). This timing underscores how policy and process changes enacted in 2026 could affect completions in 2027–2030.



*Caption: **Income-restricted rental deliveries by year.** Affordable rentals appear late in the decade: **59** units in 2027, **230** in 2028, none in 2029 and **107** in 2030.*

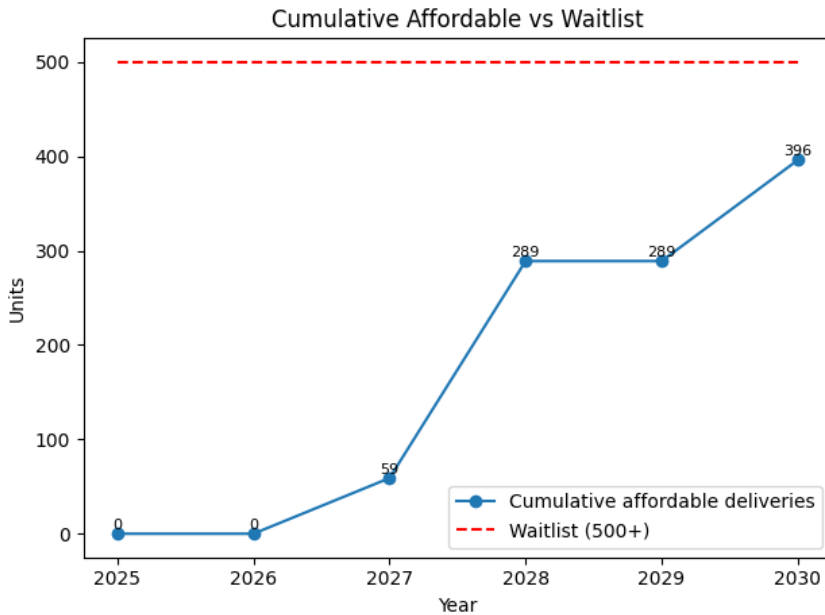
Alt text: Bars showing affordable rental deliveries by year.



All-tenure deliveries by year

*Caption: **All-tenure deliveries by year.** Total housing deliveries (rental and ownership) scheduled by year.*

Alt text: Bars showing all-tenure deliveries by year.



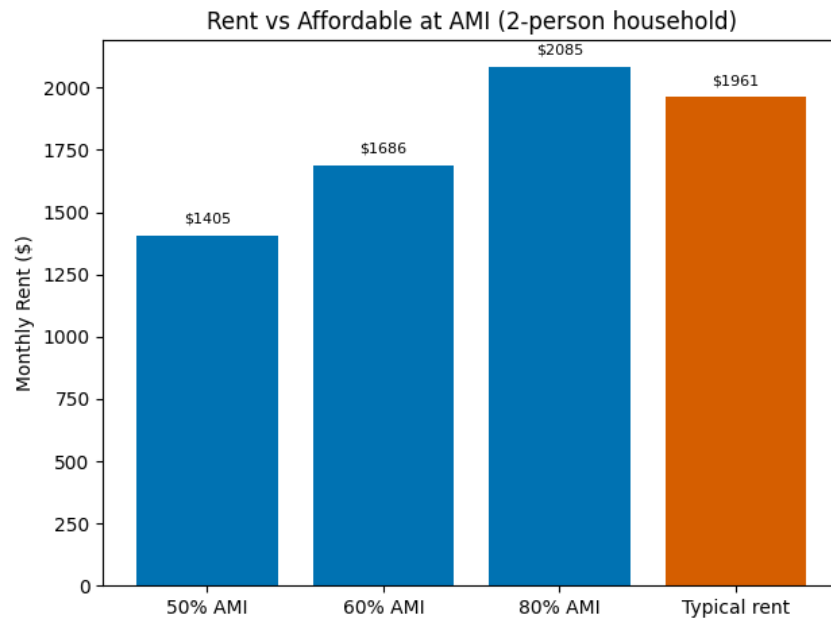
Cumulative affordable vs. waitlist

*Caption: **Cumulative affordable vs. waitlist.** Compare the cumulative number of income-restricted units delivered through 2030 (396 units) with the current waitlist of more than 500 households.*

Alt text: Line graph of cumulative affordable deliveries contrasted with a dashed line showing the waitlist.

Affordability lens: incomes versus rents

Portsmouth is part of the Portsmouth–Rochester HUD Metro Fair Market Rent Area. For a **two-person household**, 50 % AMI corresponds to an income around **\$56,200** in 2025, yielding a 30 % housing cost limit of about **\$1,405 per month**. At 60 % AMI (\$67,440), the limit is **\$1,686**, and at 80 % AMI (\$89,920) it is **\$2,085**. HUD sets the FY2025 fair market rent for a two-bedroom unit at **\$1,961**, indicating that households below 80 % AMI face a gap between what they can afford and typical rents.



*Caption: **Rent vs. affordable at AMI.** Compare maximum affordable monthly rent at 50 %, 60 % and 80 % AMI (two-person household) with HUD’s 2025 two-bedroom fair market rent of \$1,961.*

Alt text: Clustered bars showing affordable rent at different AMI levels versus typical local rent.

Policy landscape: New Hampshire reforms and local actions

Three new state laws shape local choices:

- **HB 577** (effective July 1 2025) expands accessory dwelling units by right, including detached ADUs, and limits local restrictions.
- **SB 284** (effective September 13 2025) caps required parking at **one space per dwelling unit** (with narrow exceptions). Local parking tables and Site Review standards must be updated.
- **HB 631** (effective July 1 2026) requires municipalities to allow **multifamily housing in commercially zoned areas** and expands adaptive-reuse pathways.

The council’s September 24 meeting advanced complementary local actions:

1. **Parking review in Site Review:** Move parking review for residential projects with three or more units into Site Review and draft ordinance changes.
2. **Rezoning:** Convert specified corridors from Industrial/Commercial to **Gateway** and update associated ordinances.
3. **ADU modernisation:** Remove pre-1980 restrictions; allow **accessory dwelling units** by right in General Residence districts; evaluate Rural, SRA and SRB districts.
4. **RSA 79-E adoption:** Draft a hearing path and ordinance language to adopt **RSA 79-E** tax relief for rehabilitation.

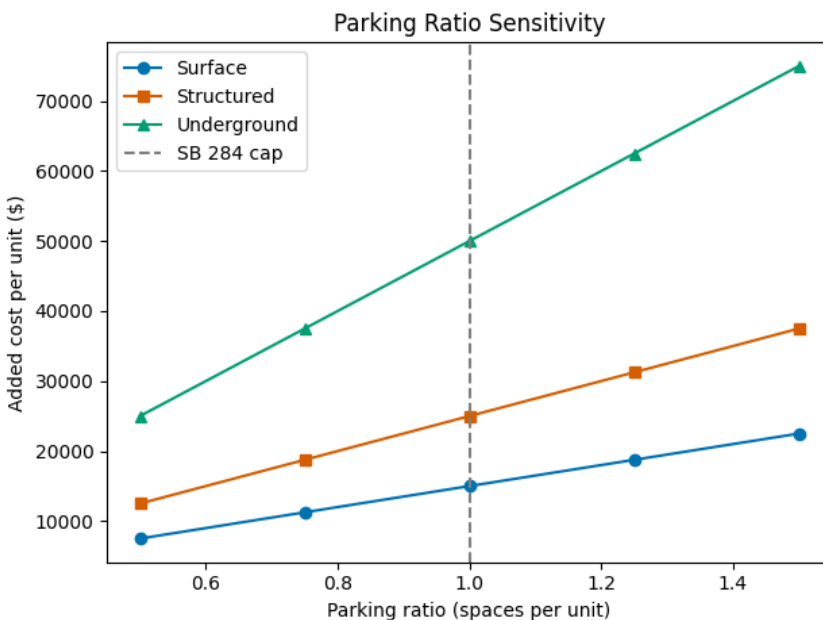
Aligning these local amendments with state mandates will keep Portsmouth compliant while enabling innovation.

Regional and national context

Across New Hampshire, a 2023 statewide assessment estimates the state needs about **60,000 new homes by 2030** and faces a current shortage of more than **23,500 units**. New England neighbours are enacting similar reforms: Massachusetts requires MBTA communities to zone at least one as-of-right multifamily district; Maine's LD 2003 permits one ADU by right and eases small-scale infill; Vermont's Act 47 reduces parking minimums and allows duplexes where single-family homes are allowed. Nationally, estimates of underproduction range from **3.9 million homes** (Up for Growth) to **7.1 million extremely low-income homes** (NLIHC). These figures highlight that Portsmouth's shortages exist within a broader regional and national housing deficit.

Feasibility: understanding costs and levers

Parking requirements are among the most significant local cost levers. A 2024 analysis for Portsmouth's inclusionary zoning work estimated that each surface parking space adds around **\$15,000 per unit**, structured parking adds **\$25,000** and underground parking adds **\$50,000**. Reducing parking ratios or using design standards instead of minimums can decrease project costs and improve feasibility. Other key inputs include land costs (which vary by neighbourhood), construction costs (wood-frame versus steel), soft costs and financing terms.

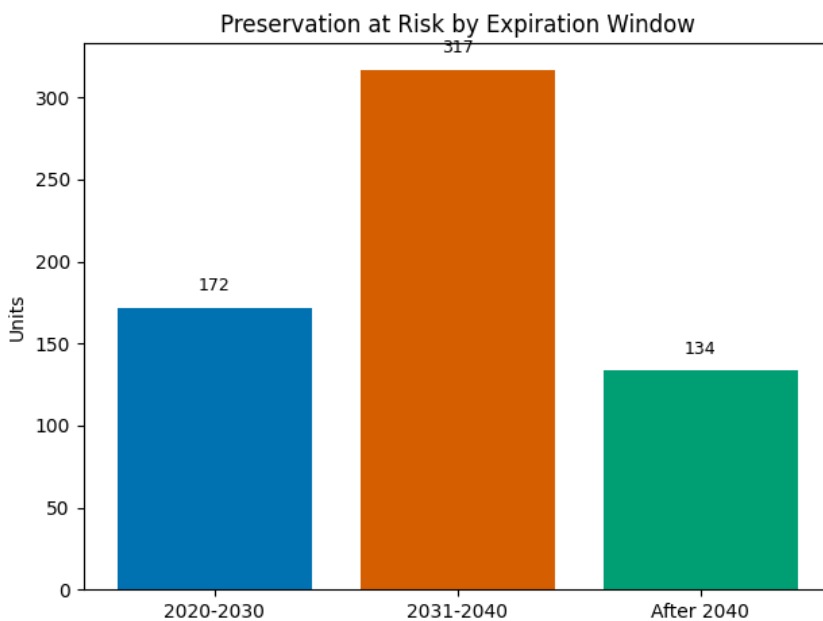


*Caption: **Parking ratio sensitivity.** Illustrate how per-unit costs change as required parking ratios increase, with a dashed line marking New Hampshire's SB 284 cap of 1.0 space per unit.*

Alt text: Lines showing incremental cost per unit at different parking ratios.

Preservation: keeping affordable homes we have

The 2022 housing study lists federally subsidised properties and notes their affordability restrictions expire between 2020 and 2040. If these units are not preserved, the gap will widen. Roughly **172 units** face expiration by 2030, **317 units** in 2031–2040, and another **134 units** afterward. Preservation strategies include extending affordability periods, recapitalising properties or acquiring them for continued affordable use.



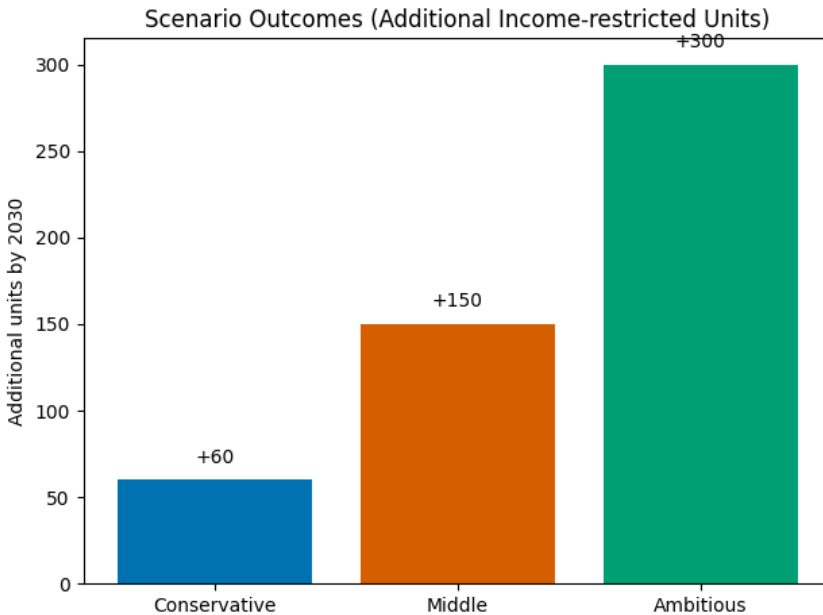
*Caption: **Preservation at risk.** Number of subsidised units at risk of losing affordability in three time windows: 2020–2030 (172 units), 2031–2040 (317 units) and after 2040 (134 units).*

Alt text: Bars representing units expiring in each period.

Scenario testing (illustrative)

This section shows how different policy bundles might unlock additional income-restricted units by 2030. These numbers are illustrative; local leaders should set targets based on resources and political will.

- **Conservative: +60 units** above the baseline of **396 income-restricted units** already expected by 2030.
- **Middle: +150 units** above the baseline.
- **Ambitious: +300 units** above the baseline.



Scenario outcomes

*Caption: **Scenario outcomes.** Compare the additional income-restricted units that could be delivered by 2030 under conservative (+60), middle (+150) and ambitious (+300) scenarios, on top of the baseline of 396 units.*

Alt text: Bars showing additional units under three scenarios.

Action menu for the next council

- **Production – allow and simplify:** Align zoning with HB 631 to allow multifamily uses by right in commercial zones; enable middle-scale housing such as duplexes and quads in areas with sewer service; calibrate form-based standards for predictability.
- **Preservation – don’t lose what you have:** Identify properties with expiring subsidies and pursue recapitalisation or acquisition; pair RSA 79-E tax relief with rehabilitation commitments.
- **Partnerships & incentives:** Target Low Income Housing Tax Credits and other gap financing; use city land, fee reductions and tax exemptions to lower subsidy requirements.
- **Process & friction costs:** Consolidate reviews (parking, design) in Site Review; expand by-right approvals with clear standards; track permit timelines and adjust staffing as needed.

Measuring progress: key indicators

- **Pipeline momentum:** Number of income-restricted units by status (concept, permitting, approved, under construction) and how those numbers change quarter-to-quarter.

- **Time to permit:** Average length of time from application to final approval for projects with three or more units.
- **Delivery schedule:** Rolling six-year forecast of unit completions by tenure and affordability level.
- **Cost indicators:** Actual parking ratios used versus the 1.0 SB 284 ceiling; annual updates of hard and soft costs by subarea.
- **Housing stability:** Vacancy rates; share of cost-burdened households; progress in preserving at-risk units.

Key definitions

- **Accessory Dwelling Unit (ADU):** A smaller secondary residence on the same lot as a principal dwelling. Under HB 577, municipalities must allow one ADU by right, including detached units.
- **RSA 79-E:** New Hampshire's community revitalisation tax relief that allows property-tax abatement for rehabilitation projects that provide public benefits such as upper-storey housing or historic reuse.
- **Extremely Low-Income (ELI):** Households earning $\leq 30\%$ of AMI or below the federal poverty line.
- **Form-based code:** Zoning regulations that emphasise building form and public realm standards rather than land uses, aiming for predictable physical outcomes.

Sources

- **2022 Portsmouth Housing Market Study** (RKG for Portsmouth Housing Authority) — vacancy, cost burden, stock age and preservation risk.
- **Portsmouth Housing updates and pipeline data** — unit counts, statuses and timelines.
- **City council agenda (September 24 2025)** — local zoning recommendations and referrals.
- **State laws:** HB 577 (ADUs), SB 284 (parking), HB 631 (multifamily on commercial land).
- **New Hampshire Housing Needs Assessment (2023)** — statewide housing shortfall.
- **Regional reforms:** Massachusetts MBTA Communities law; Maine LD 2003; Vermont Act 47.
- **National studies:** Up for Growth (housing underproduction); National Low Income Housing Coalition "The Gap" report.