

DOVER MASTER PLAN

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MARKET ANALYSIS

SUMMARY REPORT

January, 1988

MARKET ANALYSIS AND GROWTH PROJECTIONS:

DOVER MASTER PLAN

This report summarizes the results of an analysis prepared by Applied Economic Research, Inc. under contract to the city of Dover's Planning Department. The purposes of this analysis are:

To identify the major economic forces structuring Dover's growth.

To research Dover's recent economic and development trends.

To project future economic activity through 1995 at both the region and city level.

To project the city's land use requirements.

To recommend policies that would help the city balance its growth in view of regional opportunities and local constraints.

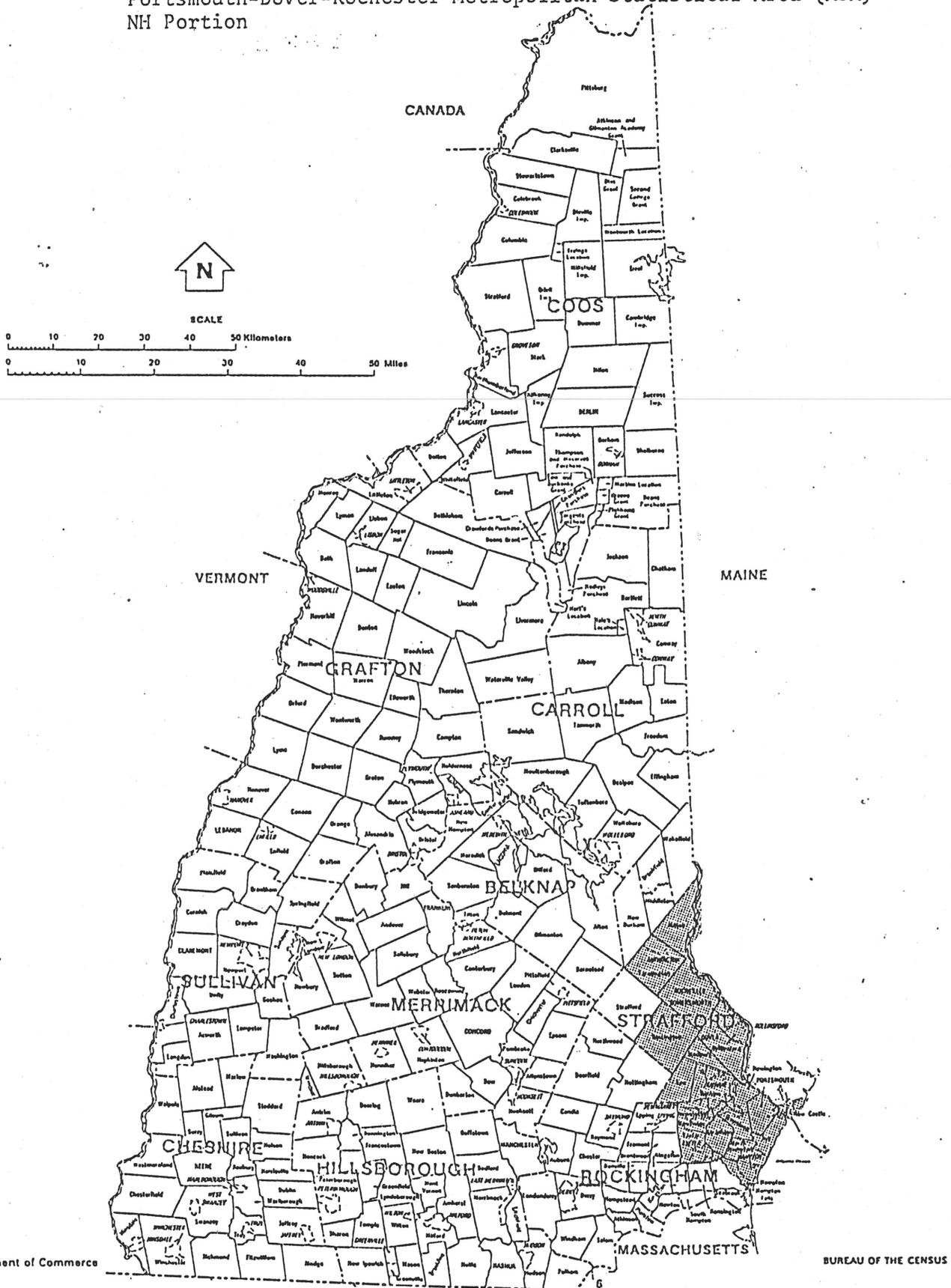
While accepting full responsibility for this analysis and the recommendations, Applied Economic Research wishes to express its appreciation to the Task Force which met periodically throughout the study process. Drawing from the ranks of both city officials and concerned citizens, the Task Force provided both insight and guidance to the Consultant. The consultant also wishes to acknowledge the assistance provided by the Dover Planning Department staff throughout the study effort.

Recent Development Trends

Development trends and projections of future development activity have been analyzed within the context of the Seacoast region defined to consist of the New Hampshire portion of the Rochester-Dover-Portsmouth metropolitan area (see Figure 1). In contrast to other metropolitan areas in northern New England, this area is characterized by a high degree of economic interdependence among its communities. This interdependence is reflected in the high level of commuting and the significant transfer of retail sales among the region's communities. This interdependence reinforces the importance of analyzing Dover's recent trends and its future opportunities within its regional market setting. As communities within the region have adapted to specialized roles (for example Newington's role as a retail center), this interdependence has intensified and Dover's future development opportunities and pressures will continue to be heavily influenced by the performance of its regional economy.

Map 1. Market Area

Portsmouth-Dover-Rochester Metropolitan Statistical Area (MSA)  
NH Portion



U.S. Department of Commerce

BUREAU OF THE CENSUS

Table 1 summarizes recent growth trends in Dover and the seacoast region. Measured across all major growth indicators, the seacoast regional economy has been expanding at a rapid rate:

Its population is currently estimated to be just under 170,000, in contrast to 149,000 in 1980 and 128,000 as recently as 1970.

The regional economy currently supports a total of nearly 79,000 jobs, reflecting an increase of 15,500 since 1980.

The region's retail sales currently stand at well over \$2 billion, reflecting a growth in excess of \$1.5 billion since 1972.

Since 1980 almost 13,000 new housing units have been authorized by building permit, a 20 percent increase in the region's housing stock.

The only exception to this strong regional growth has been within the manufacturing industries. Regional manufacturing employment has declined from 20,500 in 1980 to 17,500, a 15 percent drop. This loss of manufacturing jobs is primarily the result of declines in employment in the region's old line industries, especially the shoe industry. Furthermore, this loss parallels manufacturing employment declines experienced in the state of New Hampshire (since 1984) and a long term decline in manufacturing employment in the nation. Were it not for the loss of old line manufacturing jobs, the region would have experienced an increase in manufacturing employment as a result of the expansion of existing firms and attraction of new firms within the high tech industries.

Dover has been a major participant in this strong regional economy:

Between 1980 and 1987, Dover captured 17 percent of the region's population growth. This is a significantly higher share than occurred during the 1970s (7%) or the 1960s (10%).

Dover's percentage increase in population between 1980 and 1987 was 16 percent, significantly higher than its percentage increase during the 1970s (7%) or the 1960s (9%).

Between 1980 and 1987, the city authorized almost 2,000 new housing units. This represents 15.5 percent of the 12,800 units authorized in the region during this same period. The city's share of regional activity has varied from a low of 8 percent to a high of 23 percent since 1980.

TABLE 1 MAJOR ECONOMIC AND DEVELOPMENT GROWTH INDICATORS, DOVER AND SEACOAST REGION  
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POPULATION

	1960	1970	1980	1987	CHANGE		PERCENT CHANGE			
					1960-70	1970-80	1980-87	1960-70	1970-80	1980-87
Dover	19,130	20,850	22,400	26,100	1,720	1,550	3,700	9.0%	7.4%	16.5%
Seacoast Region	110,900	127,700	148,900	169,900	16,800	21,200	21,000	15.1%	16.6%	14.1%
Dover's Share of Region	17.2%	16.3%	15.0%	15.4%	10.2%	7.3%	17.6%			

Source: US Bureau of the Census and State of NH (1985 estimates)

HOUSING UNITS AUTHORIZED BY PERMIT

	1980	1981	1982	1983	1984	1985	1986	1987	Total
									1980-87
Dover	139	63	51	234	207	431	319	675	1,980
Seacoast Region	717	485	603	1,382	1,414	2,659	3,297	2,972	12,812
Dover's Share of Region	19.4%	13.0%	8.5%	16.9%	14.6%	16.2%	9.7%	22.7%	15.5%

Source: New Hampshire Office of State Planning  
and U.S. Dept. of Commerce  
1987 Estimated by Applied Economic Research

COVERED EMPLOYMENT

	1980	1981	1982	1983	1984	1985	CHANGE 1980-1985	
							Number	Percent
<b>MANUFACTURING</b>								
Dover	3,904	3,638	3,497	3,394	3,806	3,870	( 34)	( .9%)
Seacoast Region	20,567	19,621	18,529	17,765	18,354	17,549	( 3,018)	( 14.7%)
Dover's Share of Region	19.0%	18.5%	18.9%	19.1%	20.7%	22.1%		
<b>NONMANUFACTURING</b>								
Dover	4,928	5,058	5,129	5,494	6,218	6,925	1,997	40.5%
Seacoast Region	31,297	33,019	33,386	36,035	40,005	43,509	12,212	39.0%
Dover's Share of Region	15.7%	15.3%	15.4%	15.2%	15.5%	15.9%	16.4%	
<b>GOVERNMENT</b>								
Dover	2,618	2,820	2,739	2,771	2,748	2,823	205	7.8%
Seacoast Region	11,500	11,720	11,900	12,124	12,553	12,874	1,374	11.9%
Dover's Share of Region	22.8%	24.1%	23.0%	22.9%	21.9%	21.9%	14.9%	
<b>TOTAL COVERED EMPLOYMENT</b>								
Dover	11,450	11,516	11,365	11,659	12,772	13,618	2,168	18.9%
Seacoast Region	63,364	64,360	63,815	65,924	70,912	73,932	10,568	16.7%
Dover's Share of Region	18.1%	17.9%	17.8%	17.7%	18.0%	18.4%	20.5%	

Source: NH Office of Employment Security and Applied Economic Research

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Both the city and the region sustained a loss of manufacturing employment between 1980 and 1985, but the city's decline (less than 1%) was much less significant than the region's (15%).

The city is a manufacturing employment center for the region, with 22 percent of the region's manufacturing employment.

Non-manufacturing employment in both the city and the region has been increasing rapidly and at about the same rate (40%).

The city's share of the region's non-manufacturing and government employment has been essentially identical to its share of regional population growth.

This analysis of economic trends in the city and the region has revealed several other observations. First, the city has experienced an erosion of its role as a retail center, particularly for shoppers goods type merchandise (items typically purchased in a department store). In 1972, the city captured 20 percent of regional shoppers goods sales. As a result of a substantial increase in the inventory of shoppers goods space, especially in Newington, the city now captures less than 10 percent.

The strong employment growth experienced by the region, combined with higher personal income, has resulted in sharply higher housing prices, raising a number of important housing affordability issues. According to Multiple Listing Service data, during the first six months of 1987, Dover's average single family unit sold for \$135,000. Whereas the City's housing prices were once significantly lower than the regional average, Dover prices and rents are now almost identical to those in the overall Seacoast region.

It is important to note that the city is a major provider of subsidized housing for the region. While it is true that subsidized units typically gravitate toward larger communities like Dover, it is also true that Dover is currently providing at least its fair share of regional low income housing needs.

#### Growth Projections

Projections of regional and Dover City growth have been prepared to identify the level of development activity Dover faces through 1995. The basic technique to project future city activity was to recognize that Dover's development opportunities and constraints will be heavily influenced by the Seacoast regional economy. Although Dover can influence its share of regional activity, the high degree of interdependence between Dover and the region will continue to shape the city's development climate.

The view of this analysis is that strong growth will continue to

characterize the Seacoast economy:

The region will add over 21,500 new jobs between 1987 and 1995. Average annual regional employment growth is expected to be 2,700, in contrast to the 2,200 experienced between 1980 and 1987. (Table 2) As a result of this strong employment growth and continued appeal to Massachusetts commuters, the region's population will rise from its current 170,000 to 200,000 by 1995, an average annual growth of 3,750 in contrast to the recent 3,000 per year. (Table 3)

This population growth will continue to require a high level of housing activity. During the next eight years the region will need an average of almost 2,000 new housing units yearly, in contrast to 1,500 units per year between 1980 and 1987. (Table 3)

Two growth scenarios have been developed to indicate the range of future development the city faces. The first scenario assumes a continuation of recent trends--modified to allow for upcoming events such as the recently announced Liberty Mutual development. The second scenario assumes that Dover's share of regional development activity will rise. This second scenario is intended to provide an upper view of the City's potential growth.

Tables 2 and 3 summarize the regional and city projections. Figure 2 graphically illustrates the city's share of regional activity under the Current Trends (low) and Increased Share (high) scenarios. Under the terms of these projections between 1987 and 1995:

The city will add between 675 and 1,030 jobs per year in capturing 25 percent (Current Trends) to 38 percent (Increased Share) of the region's job growth.

Under the Current Trends scenario, the city's population will increase from its current 26,100 to 31,700. On the high end, the city's population could rise to 36,000 under the Increased Share scenario. (Table 3)

The city will add between 300 (Current Trends) and 500 (Increased Share) new housing units per year, in contrast to the 250 units per year added between 1980 and 1987. (Table 3)

The Dover Planning Office has converted these growth projections into land requirements to guide the Master Plan process.

#### Objectives and Recommendations

The overriding economic and housing objective for Dover to pursue

TABLE 2 EMPLOYMENT PROJECTIONS, SEACOAST REGION AND DOVER

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EMPLOYMENT

	1980	1987	Average Annual Change		
			1995	1980-1987	1987-1995
<b>MANUFACTURING</b>					
Dover: Current Trends	3,900	3,900	4,650		94
Dover: Increased Share	3,900	3,900	4,850		119
Seacoast Region	20,550	17,550	21,750	( 429)	525
Dover Share: Current Trends	19.0%	22.2%	21.4%		17.9%
Dover Share: Increased Share	19.0%	22.2%	22.3%		22.6%
<b>NONMANUFACTURING</b>					
Dover: Current Trends	4,950	7,750	12,100	400	544
Dover: Increased Share	4,950	7,750	14,600	400	856
Seacoast Region	31,300	48,400	63,100	2,443	1,838
Dover Share: Current Trends	15.8%	16.0%	19.2%	16.4%	29.6%
Dover Share: Increased Share	15.8%	16.0%	23.1%	16.4%	46.6%
<b>GOVERNMENT</b>					
Dover: Current Trends	2,600	2,900	3,200	43	38
Dover: Increased Share	2,600	2,900	3,350	43	56
Seacoast Region	11,500	12,850	15,550	193	338
Dover Share: Current Trends	22.6%	22.6%	20.6%	22.2%	11.1%
Dover Share: Increased Share	22.6%	22.6%	21.5%	22.2%	16.7%
<b>TOTAL</b>					
Dover: Current Trends	11,450	14,550	19,950	443	675
Dover: Increased Share	11,450	14,550	22,800	443	1,031
Seacoast Region	63,350	78,800	100,400	2,207	2,700
Dover Share: Current Trends	18.1%	18.5%	19.9%	20.1%	25.0%
Dover Share: Increased Share	18.1%	18.5%	22.7%	20.1%	38.2%

TABLE 3 POPULATION AND HOUSING PROJECTIONS, SEACOAST REGION AND DOVER

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POPULATION

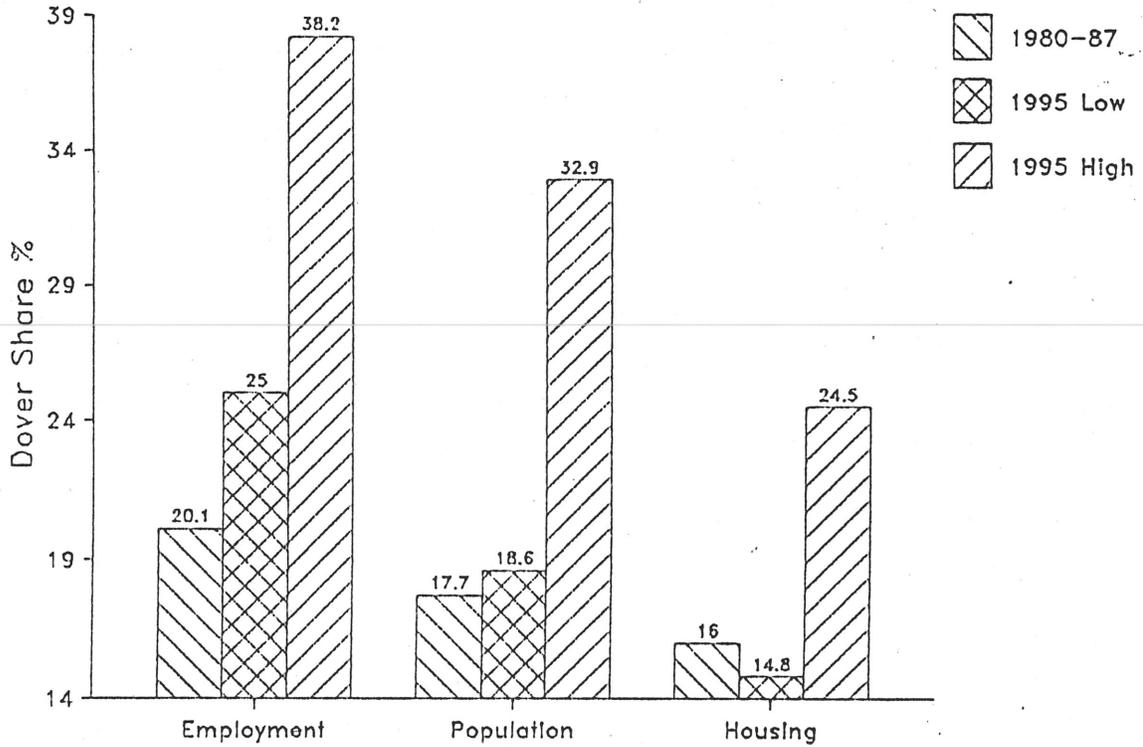
	1980	1987	1995	AVERAGE ANNUAL CHANGE	
				1980-87	1987-95
Dover:Current Trends	22,400	26,100	31,700	529	700
Dover: Increased Share	22,400	26,100	36,000	529	1,238
Seacoast Region	148,950	169,900	200,000	2,993	3,763
Dover Share: Current Trends	15.0%	15.4%	15.9%	17.7%	18.6%
Dover Share: Increased Share	15.0%	15.4%	18.0%	17.7%	32.9%

HOUSING UNITS

	1980	1987	1995	AVERAGE ANNUAL CHANGE	
				1980-87	1987-95
<b>OWNERSHIP UNITS:</b>					
<b>Single Family</b>					
Dover: Current Trends	3,500	4,050	4,900	79	106
Dover: Increased Share	3,500	4,050	5,150	79	138
<b>Condominiums:</b>					
Dover Current Trends	950	1,300	1,900	50	75
Dover Increased Share	950	1,300	3,000	50	213
<b>Total Ownership Units</b>					
Dover Current Trends	4,450	5,350	6,800	129	181
Dover Increased Share	4,450	5,350	8,150	129	350
Seacoast Region	32,400	39,150	50,500	964	1,419
Dover Share: Current Trends	13.7%	13.7%	13.5%	13.3%	12.8%
Dover Share: Increased Share	13.7%	13.7%	16.1%	13.3%	24.7%
<b>Rental Units</b>					
Dover Current Trends	4,250	5,050	5,950	114	113
Dover Increased Share	4,250	5,050	6,150	114	138
Seacoast Region	20,900	24,750	29,300	550	569
Dover Share: Current Trends	20.3%	20.4%	20.3%	20.8%	19.8%
Dover Share: Increased Share	20.3%	20.4%	21.0%	20.8%	24.2%
<b>Total Housing Units</b>					
Dover Current Trends	8,700	10,400	12,750	243	294
Dover Increased Share	8,700	10,400	14,300	243	488
Seacoast Region	53,300	63,900	79,800	1,514	1,988
Dover Share: Current Trends	16.3%	16.3%	16.0%	16.0%	14.8%
Dover Share: Increased Share	16.3%	16.3%	17.9%	16.0%	24.5%

FIGURE 2

# DOVER SHARE OF SEACOAST MARKET GROWTH



during the coming years is to balance its growth and development. Operationally, "Balanced Growth" in Dover means pursuing six objectives:

Objective 1: Assume fair share of regional housing activity.

Objective 2: Assume a regionally prominent role in industrial development.

Objective 3: Diversify downtown Dover.

Objective 4: Restore Cocheco waterfront.

Objective 5: Strengthen retail performance.

Each of these objectives is described in detail in the following paragraphs.

#### Objective 1: Assume Fair Share of Regional Housing Activity

Projections call for the addition of almost 16,000 new housing units in the region during the next eight years. This figure represents 1.5 times the number of housing units currently in the city of Dover. Dover's recent experience indicates that it is a favored location for regional housing development. The city currently has over 2,000 acres of vacant land, close to sewer and water, zoned for residential purposes. Without some policy to guide residential development, both the Master Plan and the city will be set adrift. In several landmark decisions, the New Hampshire courts have established that communities have a responsibility to assume a fair share of regional housing activity. Furthermore, as a diverse city, Dover needs residential development to support a growing industrial and commercial, non-residential tax base.

Dover has historically captured about 15 percent of the region's new housing units. This share holds true for the 1980-1987 period. Also, Dover currently houses about 15 percent of the region's population.

It is concluded that Dover's fair share of regional housing activity is best reflected in this 15 percent share. It is recommended that during the balance of the Master Plan process, including land use/zoning considerations, the planning of the city's infrastructure, and transportation planning be built around Dover capturing about 15 percent of regional housing activity.

This 15 percent of regional activity would have the city of Dover experiencing an increase of 2,400 housing units over its current base of 10,400 units between 1987 and 1995. In turn, these additional units would find the city's population growing from its current 26,100 to a figure of 31,700 during the projection period.

To implement this recommendation, the city will have to monitor the permitting process within the region. If the city's development activity exceeds 15 percent of regional activity, the city should consider incorporating slow-down provisions into its development regu-

lations that would result in an approximate 15 percent share of regional activity.

### Affordable Housing

With an average single family home price in excess of \$130,000 and with rents approaching \$600 per month for two bedroom units, affordable housing is emerging as a major issue in Dover, in the seacoast region and in the State of New Hampshire. It is estimated that there are currently about 1,300 low income Dover households paying more than 50 percent of their income for rent (1,000 households) or home ownership (300 households). This means that about 13 percent of Dover's households need affordable housing. Unless relief is provided by either the marketplace or government action, a shortage of affordable housing will constrain future employment growth in the region and the state.

Dover has historically met its fair share of the region's low and moderate income housing needs. With 15 percent of the region's population, the city accommodates 30 percent of the region's assisted housing. Its active role in the region's rental market, the inventory of units managed by the Dover Housing Authority and its inventory of older housing units have made it possible for the city to equitably address regional low and moderate income housing needs.

It is far more difficult today to continue to meet those needs than has been the case in the past. There are virtually no federal subsidized housing programs capable of freeing up new and existing inventory for the needs of low and moderate income households. As a result of the region's strong economic performance, the region's housing inventory has faced substantial pressures which have caused home prices and rents to rise faster than incomes. In view of these observations, the following recommendations are made:

As the Master Plan progresses, consideration should be given to establishing an affordable housing zone. The zone could be a floating zone which would be invoked by special exception, if the site meets specified criteria as to size, setbacks, utilities, etc. If authorized by special exception, a developer would be granted a 20 percent density bonus and relaxation of certain subdivision requirements, if at least 20 percent of the units were set aside for the needs of low and moderate income households. Deed restrictions should limit future price appreciation for those low/mod units.

Manufactured home parks, which are currently authorized only in the R-40 zone by special exception, should be permitted by right in at least one zone, with appropriate setback and density provisions, and should be permitted by special exception in a wider range of residential zones within the city.

The city, possibly acting in conjunction with the Dover Housing Authority, should encourage developers to participate more actively in the New Hampshire Housing Finance Authority's single family mortgage assistance program.

The city should encourage and support regional solutions to the affordable housing issue. Although both Portsmouth and Rochester have active housing authorities, many of the region's smaller communities are not addressing low and moderate income housing needs.

Dover's current inventory of assisted units is in balance with needs, as reflected in relatively short waiting lists for elderly and family units. The city should support the Dover Housing Authority's efforts to maintain this balance in the future through bonding, development incentives and other appropriate measures.

A number of communities in other states have responded to the need for affordable housing by requiring that developers set aside a percentage of new units (usually 10 percent) for low and moderate income households. This approach has not been tested in New Hampshire. This mandatory approach should be considered in larger planned unit developments in Dover, where it could be integrated into the diversity of housing types typically incorporated into a planned unit development. Restrictions that would keep the units available for low and moderate income households would be necessary.

A non-profit housing corporation could broaden the range of resources available to address Dover's low and moderate income households. A non-profit housing corporation can move quicker than public agencies and can operate with fewer constraints than either a municipality or a housing authority. A non-profit corporation can have access to sources of debt and equity from private sources that are not available to public agencies. They have more freedom to accept donations of land or money from private and public sources. They are more able to hold property for the long-term with fewer financial constraints than for-profit firms. It is recommended that the non-profit device be established in Dover, drawing on the expertise of the city, the Housing Authority, the development community and the citizenry.

The city occasionally finds itself with excess land, acquired for purposes no longer appropriate. Some of these sites may be appropriate for affordable housing. Because rising land costs are one of the major impediments to new affordable housing, this land is a major resource that could address Dover's affordable housing needs. These sites could be channeled to either the Dover Housing Authority or a newly formed non-profit housing corporation with restrictions to insure the development of desired affordable units.

## High End Housing

It is important that Dover continue to play a role in the region's high end housing market. The city's Dover Point area has the rural feeling, regional accessibility, and water frontage necessary to support a reasonable inventory of higher priced single family homes. In addition to preserving this area for continued single family home development, the city should give thought to instituting planned unit development provisions as it revamps its zoning ordinance. Experience in other communities has shown that planned unit developments, which can provide for a diversity of housing types and the preservation of community open space, can efficiently provide high-end housing needed to maintain a balance in the city's housing inventory.

## Objective 2: Prominent Industrial Role

As noted in the preceding paragraphs, one of the distinguishing characteristics of Dover is that it is a regional employment center. A strong role in the regional employment market tends to diversify the city's tax base and provide nearby employment opportunities for city residents.

It is paramount to the city's long-term economic diversity that it set aside an adequate supply of industrially zoned land. In the face of strong regional housing pressures, the city has lost some prime industrial land to small, low-density residential subdivisions. This residential development could have occurred on other parcels in the city, but the eroding supply of industrial land cannot be replaced.

Currently the city has less than 300 acres of vacant, industrially and commercially zoned land served by (or reasonably close to) sewer and water. This inventory is not adequate to accommodate anticipated demand. At our projected level of absorption, this inventory will last less than five years. Consequently, the city's future role as an employment center is jeopardized.

It is recommended that the city consider a rezoning of land on either side of Columbus Avenue that is currently zoned R-20 and R-40. This land is reasonably close to the Spaulding Turnpike, can efficiently be served by sewer and water and is relatively flat. Its only drawback is that portions of the land are wet. It is recommended that as the Master Plan progresses, the land use component of the plan investigate soil conditions in this area more carefully to determine the appropriateness of a rezoning to industrial uses. This area is located adjacent to other non-residential sites and, unlike other potential industrial areas in the city, has not experienced a significant encroachment of residential activity.

Zoning more land for industrial purposes, in and of itself, will not guarantee immediate availability. In some cases, the city will have to extend utilities. In other cases, immediately placing that land on the market may not fit the owner's investment objectives. Consequently, we recommend that the Dover Industrial Development Authority (DIDA), with appropriate assistance from the city, acquire an industrial tract with some 50-100 acres, making that tract immediately

available and actively promoted. For a number of years, DIDA has had an inventory of industrial sites, but has recently exhausted that inventory.

### Objective 3: Diversify Downtown Dover

Downtown Dover is an important source of employment and non-residential tax base to the city. Moreover, a healthy downtown is important to the city's progressive and prosperous image.

As a result of both public and private investments during the past decade, downtown Dover's investment climate is relatively healthy. Its streets and walks have been revamped to contemporary standards and most of its buildings have been tastefully rehabilitated. Although upper floor vacancy is characteristically low, first floor occupancy is healthy.

Downtown retailers nonetheless face special challenges. In the highly mobile seacoast economy, shoppers have been drawn away from downtown to the massive and convenient concentrations of retail space in Newington, Portsmouth and Kittery. Residents of Dover and surrounding communities are no longer a captive market for downtown retailers. These same forces are restructuring downtown retailing across the nation. A reversal, in which downtown can once again capture the lion's share of its resident market, is not on the practical horizon. Instead, downtown must draw its strength from new sources. If the investment climate in downtown Dover is to be made stronger, then new sources of support must be sought.

In a market sense, Dover must take steps to diversify the base of support for downtown merchants and building owners. This means that downtown Dover must be thought of as a diverse residential, employment, and retail center. New office industrial workers and residents in downtown will serve two purposes: (1) filling upper floor space that is underutilized; (2) providing a captive market for downtown retailers. In short, the city should not shy away from, but rather encourage, investments that increase the number of residential units and the amount of office space in downtown.

Achieving this will, in turn, require a solution to the much discussed parking issues in downtown. The Wilbur Smith study, underway, will help to insure that the city's current parking inventory is managed to its maximum potential. It is likely that more intense use of downtown's building inventory, including the Pacific Mills and the upper floors of many downtown buildings, will require more parking, conveniently located.

It is recommended that the city consider establishing a special taxing district in downtown for purposes of acquiring sites and developing additional parking. A special district would enable the city to surcharge tax rates to offset the capital cost of new parking. It is recommended that parking fees be adequate to offset operating expenses. The experience in other New Hampshire communities has been that parking fees cannot, in and of themselves, amortize capital costs and operating costs.

Traffic is also frequently cited as a problem in downtown. A traffic analysis is anticipated as a subsequent step in the Master Plan process. That traffic analysis will necessarily deal with downtown's traffic issues.

The management and promotion of downtown is currently directed by a subcommittee of the Chamber of Commerce. There is no full time staff available and, as is characteristic of such efforts, the effectiveness of the effort tends to rise and fall on the commitment of volunteers. If downtown Dover is to stage effective promotions and is to recruit new occupants, a stronger organization with full time staff will be needed.

It is recommended that a downtown strategy be established and a strong, well-funded management and promotional organization be instituted. The organization should be funded by contributions from property owners, merchants and downtown organizations. Ideally, the organization could be funded in conjunction with the downtown special district via an add-on to the property tax rate within the district. It is not clear whether funding for this purpose is enabled by existing state legislation.

#### Objective 4: Restore Cocheco Waterfront

This objective is closely related to strengthening downtown Dover's investment climate.

An important and attractive facet of Dover's history has been lost. That is, like Portsmouth and Newburyport, Dover was once a seaport city, with the Cocheco River providing access to Great Bay and the Atlantic Ocean. Today, only one small marina on the edge of downtown serves to continue Dover's ties to the sea.

Along the entire seaboard, communities have capitalized on a potent combination of water, boats, retailing, residential units and office space. Newburyport, Kennebunkport, Ogunquit and Portsmouth provide close-at-hand examples of successful adaptive reuse and new investment drawn by waterfront locations.

Dover has a strong opportunity to attract an appealing mix of shops, offices and residential units along its downtown Cocheco waterfront. The land currently occupied by its public works garage and by the soon to be abandoned sewerage treatment plant, affords a unique opportunity to craft an inviting mix of marina, retail, office and residential space. In doing so, it would draw an important entertainment component to the downtown scene, place excess public lands on the local tax roll and recapture the flavor of the city's historic past. In the process, the city would gain a new public works facility, most probably at the expense of the site's private developer.

It is recommended that the city immediately begin drafting a development strategy for the public lands adjacent to the Cocheco River in downtown. That strategy should:

Inventory the land the city can make available to a private developer.

Develop a conceptual Master Plan for the development of the site to incorporate marina, retail, office and residential uses, along with the necessary supporting parking, etc. The Master Plan must preserve public access to the waterfront throughout the development.

Support a rezoning, most probably to the Cocheco Waterfront District (CWD) zone, that would enable a multi-use development on the site.

Identify an alternative location for the public works garage.

Resolve potentially significant access problems.

Address sewer, water, and other utility issues (including the power lines which cross the Cocheco River downstream from downtown).

Appraise the market value of the land to be offered.

Prepare a developer's kit outlining the specifics of the proposal and the city's expectations of developers.

Solicit developer responses to this kit via regional and national media exposure.

Review developer responses and make a recommendation as to an appropriate developer, after consideration of the viability of the plan, innovative design considerations and the financial strengths/experience of the firm.

It is recommended that a Cocheco Waterfront Task Force be formed by the Dover City Council to oversee this strategy with representation drawn from:

The City Council;

City staff, including the city manager, planning director, director of DIDA, public works director;

Representatives from the Planning Board;

Citizen representatives.

It is recommended further that the City Council fund the Task Force adequately to accomplish its objective of drafting an appropriate development plan and selecting a development entity. Costs could be

recovered through the sale of the land.

#### Objective 5: Strengthen Retail Performance

With the exception of the grocery store component, which has seen a significant increase in the city's inventory of space since 1980, Dover's retail performance has not kept pace with market area growth. We estimate that currently Dover residents spend 60 percent of their shoppers goods (apparel, gifts, furniture, etc.) dollars outside Dover. This represents a significant increase since 1980, when residents spent only 35 percent of their shoppers goods dollars outside the city. These dollars flowing out of the city decrease the profitability of existing merchants, reduce Dover's non-residential tax base and cause Dover residents to drive further to meet their shoppers goods needs.

The dynamic growth expected both regionally and in the city will support a significant increase in the region's inventory of retail space during the coming years. It is certain that new shoppers goods space will be added to the region's inventory on a continuing basis over the next eight years. It is not at all clear, however, that Dover will be able to secure a balanced, fair share of that activity.

Our analysis shows that capturing a modestly higher proportion of the shoppers goods spending of residents of Dover and its surrounding communities can support a significant increase in retail space. If the capture rate of Dover's primary and secondary market areas were increased to a figure that is 5 percent higher than the current capture rate (an increase from a 40% to 45% capture of Dover resident expenditures, for example), Dover would be able to support an additional 200,000 square feet of shoppers goods space between 1985 and 1995. There is a large community shopping center of some 250,000-350,000 square feet that will locate in Dover, Rochester or Somersworth sometime during the next several years.

It is not unusual for communities to discourage the development of new shopping centers, particularly if the shopping center will pull support from downtown merchants. A different environment exists in the Dover/seacoast area. As noted above, downtown merchants already must compete with a strong concentration of retail space in shopping centers outside the city. The relatively high occupancy rate for first floor retail space in downtown Dover indicates that the city's merchants have adapted well to an extremely competitive market environment. Those merchants are drawing a growing proportion of their support from market segments that are relatively isolated from new shopping centers. Furthermore, if the city were to discourage the location of a shopping center within its boundaries, market demand would support that center in an adjacent community. If this were to occur, Dover's role as a retail community would be further eroded, possibly to the greater detriment of downtown merchants.

The city should take steps to frame an environment in which a large community center can locate within the city's boundaries. Toward this end it is recommended that the city seek additional land to be zoned "B-3," the city's principal zone that is conducive to the development

of a large shopping center. In the course of this analysis, the most promising site for an expansion of the B-3 inventory is extending the existing B-3 zone west of Exit 9 along the Sixth Street Extension, westerly along Sixth street. This would result in minimal disruptions to the city's traffic patterns and appears to be a viable site for additional commercial space.

Secondly, it is recommended that the range of permitted uses within the B-3 zone be amended to eliminate multi-family dwellings, which can now be authorized by special exception. Multiple family dwellings can locate in a number of city zones and there is a possibility that if this provision remains in the ordinance, the city's small inventory of B-3 sites could be lost to multi-family residential development.

#### Analysis of Study Areas

In framing the above recommendations, six study areas were investigated from the perspective of establishing their ability to meet the above cited economic/housing development objectives. Applied Economic Research viewed these six study areas from the perspective of their economic and market potentials. Rist-Frost Associates studied three of these study areas more intensively, examining their physical characteristics, the availability of utilities and transportation issues. The findings of this analysis with respect to these six study areas are discussed in the following paragraphs. There is some overlap between these observations and the recommendations set forth in the preceding paragraphs.

#### Study Area 1: Exit 9 at Sixth Street

Exit 9 is emerging as an important development node for the city. The anticipated development of the Liberty Mutual site, which would be served by this interchange, will significantly increase its significance to the city during the coming years. Virtually all of the city's vacant B-3 zoned land is located at this interchange.

Rist-Frost Associates has analyzed soils within the interchange. The soil data indicate that some of the land in the westerly quadrant of this interchange, north of the Sixth Street Extension, falls into the wet soils categories. In general, however, the land can be adapted to a wide range of uses.

Sewer service will be extended into the general neighborhood as a result of the Liberty Mutual development program. This will significantly increase the development opportunities within this study area.

The B-3 zoned land on the westerly side of the Sixth Street Connector represents the city's major opportunity to accommodate a shopping center. It is conceivable that this interchange could also support the development of a hotel and office space. It is important that the city not allow subdivision of the prime Sixth Street Connector frontage into smaller lots. The state's granting of only one access from the westerly side of the Sixth Street Connector should help to preclude the development of fast foods restaurants which would erode the significance of this important site should the city seek to

accommodate a large shopping center, but the city should consider imposing a minimum lot size of three acres in the zone as additional protection.

It is recommended that the B-3 zone be extended along the northerly side of Sixth Street to the terminus of the existing I-1 zone. This land is currently zoned R-40 and has the ability to support more intense commercial uses, which would benefit the city's tax base.

Study Area 2: Intersection of Columbus Avenue, Upper Factory Road and Tolend Road

Study Area 2 centers on the intersection of Columbus Avenue, upper Factory Road, and Tolend Road. The westerly side of this study area is currently zoned R-40 and the easterly side is currently zoned R-20.

It is recommended that as the Master Plan process progresses, this area be carefully investigated for rezoning to industrial uses. The area is effectively sandwiched between the city's ETP zone and its I-1 zones. Utilities can be extended to the site. Rist Frost Associates' analysis indicates that there are some wet soils scattered in this area. The topography is favorable to the requirements of industrial users.

Study Area 3: Dover Point

This study area consists of Dover Point. Currently this study area is accommodating the city's most expensive new housing. It is recommended that this role be preserved in the future. The study area is expected to accommodate the expanded sewerage treatment plant program to be developed during the next five years. This will increase the pressure for this area to accommodate higher density residential development. To some degree, the market may well dictate continued use of this study area as a place for high-end housing. In any event, the current large lot size has worked effectively in combination with Dover Point's amenities to carve this favorable niche in the regional housing market. That niche should be continued.

Sub-Area 4: Bellamy River

A significant portion of this sub-area has been acquired by a developer active in the seacoast market. This sub-area, with frontage along the Bellamy River, represents one of Dover's prime residential development parcels. The area includes attractive natural habitat areas along the Bellamy River. The development of this parcel could significantly alter Dover's residential patterns during the coming years.

As noted in Rist-Frost Associates' analysis of county soil data, there is a substantial amount of wetland associated with this parcel. Another complicating development factor is that an intense development of this sub-area could carry with it substantial traffic impacts.

This parcel appears to be particularly well-suited to a planned unit development concept with a diversity of housing types clustered on its

sub-areas with better soils. Currently, the city does not have a planned-unit development provision in the ordinance. It is recommended that such a provision be framed as a revision to the city's zoning ordinance and that the planned unit development provisions be drafted in such a way that they are appropriate to the Bellamy River sub-area.

It would be advantageous to the city to encourage the acquisition of some of the wetlands adjacent to the river. This represents the last significant natural habitat of its type in the city.

#### Sub-Area 5: Downtown Dover

AER's observations on downtown Dover and its investment climate have been discussed above. In addition to the traditional downtown center, this sub-area includes peripheral areas that have some of the city's older housing stock. These peripheral areas have been the focus of the city's Community Development Block Grant funding and it is recommended that the city continue to focus its Community Development Block Grant funds on these peripheral residential neighborhoods.

Dover's Community Development Block Grant program has successfully rehabilitated what was formerly the most deteriorated housing in the sub-area. Today, there is still physical deterioration on scattered sites on the fringe of downtown. It is recommended that the Community Development Block Grant program focus on those scattered units with an ongoing rehabilitation loan and grant effort. In doing so, it is recommended that the city's Community Development Block Grant program be encouraged to pursue rehabilitation activities aggressively within the expanded area delineated on Figure 3.

#### Sub Area 6: Cocheco Waterfront

This sub-area embraces the existing sewerage treatment plant and public works sites along with adjacent lands overlooking the Cocheco River. This sub-area's development opportunities are substantial and very important to the future economic development of the city. Our recommendations with respect to this sub-area have been discussed in the previous section of this analysis.

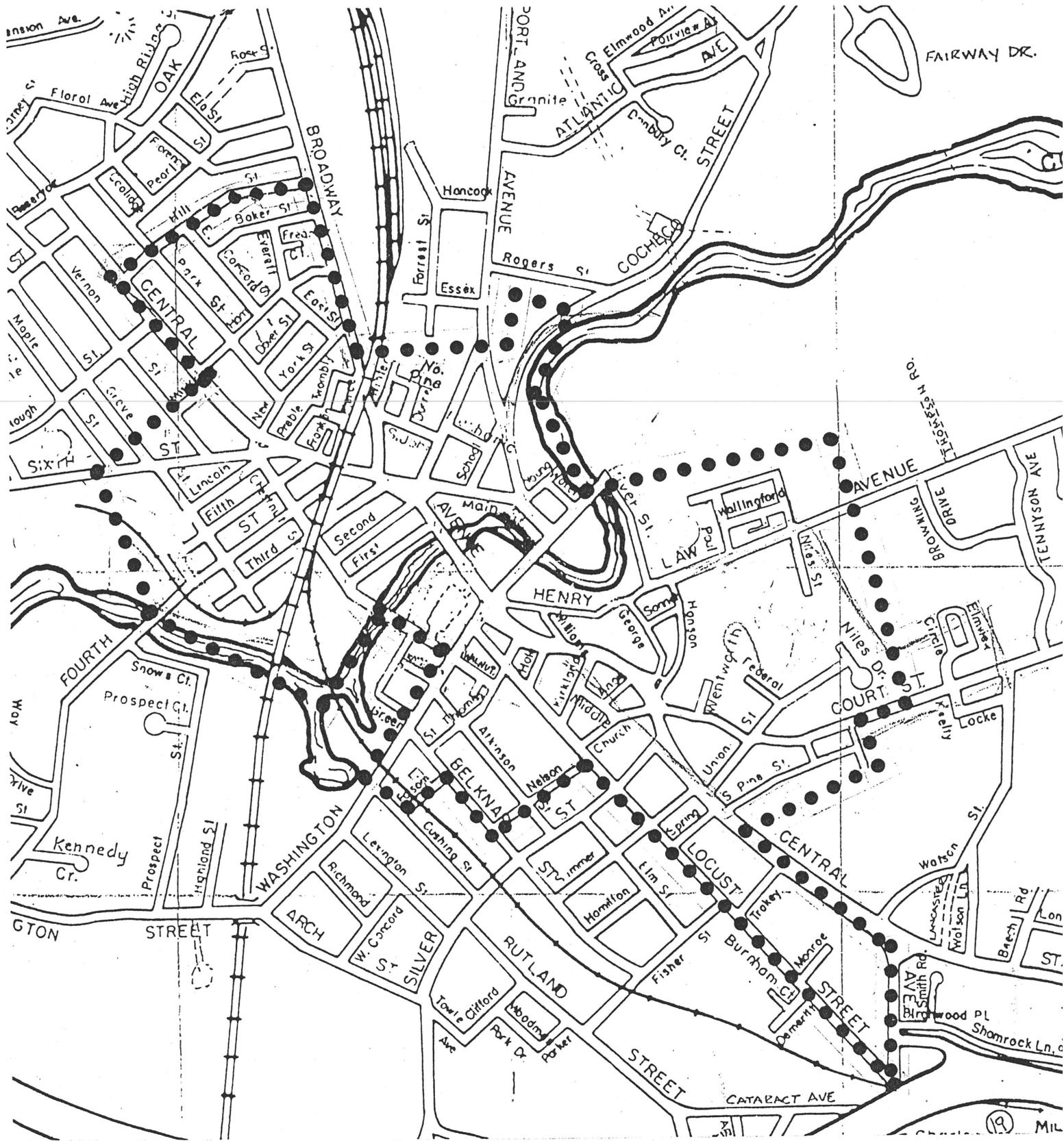


FIGURE 3: COMMUNITY DEVELOPMENT BLOCK GRANT  
TARGET NEIGHBORHOOD