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# PLANNING FOR NEW HAMPSHIRE'S HOUSING NEEDS: A PRIMER FOR LOCAL OFFICIALS



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Prepared By:  
Upper Valley Lake Sunapee  
Regional Planning Commission  
30 Bank Street  
Lebanon, NH 03766  
603-448-1680  
[www.uvlsrpc.org](http://www.uvlsrpc.org)

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## INTRODUCTION

An adequate supply of housing is critical to maintaining healthy families and a stable economic environment for New Hampshire. This brochure is intended to help local officials gain a better understanding of the problems associated with our housing supply, and how municipalities can work collaboratively towards ensuring safe and affordable housing for all New Hampshire residents.

The growing gap between wages and the cost of housing does not affect just the lower income households. In some areas, households with middle-range incomes also cannot find affordable housing. About 38 percent of NH jobs pay wages of \$10 per hour or less. This implies that in many cases town officials, emergency officials, teachers, health care providers, and others that work in your town cannot afford to live there. The housing crunch hits all segments of our society - the elderly, young families, renters and homeowners.

## WHAT IS AFFORDABLE AND WORKFORCE HOUSING?

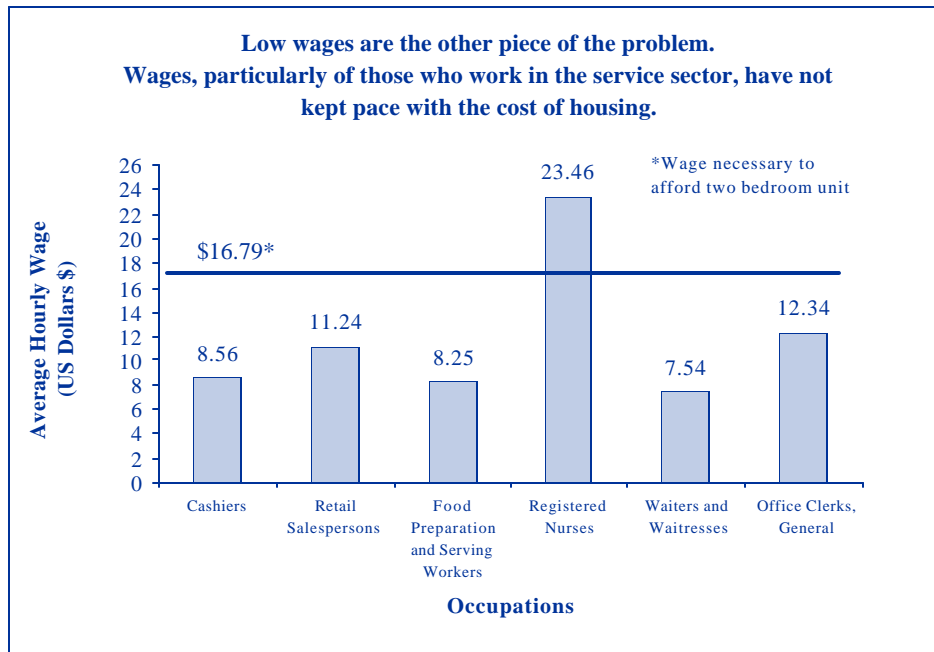
The term “affordable housing” is typically used to refer to housing with covenants or other mechanisms to ensure availability to low and moderate income households. Housing is generally considered to be affordable when it costs an owner or renter no more than 30 percent of their household income, leaving an adequate amount for other necessities. In recent years the shortage of housing has affected affordability for a growing number of middle income working households. The term “workforce housing” has been used to denote this challenge that is primarily related to the inadequate supply of housing. “Workforce housing” embodies a diversity of housing types, including affordable housing, market-rate and mixed income housing.

## THE NEED

Employment growth is exacerbating housing pressures. Housing affordability is not just affecting families in the lowest income groups or those in urban areas. In the Upper Valley region for example, very little housing stock was added over the past decade, while over 10,000 new

jobs were added to the Labor Market Area. As a result of the lack of supply coupled with the increasing demand, home prices have accelerated at a rate of almost triple the growth of household income. Rents have also risen sharply, with an average increase of 10 percent annually in recent years (Upper Valley Housing Needs Analysis, 2002). Statewide housing vacancy rates have decreased from more than eight percent in 1990 to less than two percent in 2002. This has resulted in high home purchase prices and rents which make obtaining housing difficult, especially for low to moderate-income families.

Housing needs are most acute for renter households, which comprise thirty percent of all NH households. In 2000, the New Hampshire Housing Finance Authority estimated that 33 percent of these households paid 30 percent or more of their income on rent. Statewide, 2-bedroom median gross rental costs have increased 26 percent from 2000 to 2004 (NHHFA Rental Cost



Source: NH Occupation Employment and Wages 2004. Housing Wage, National Low Income Housing Coalition, Out of Reach 2004.

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## THE COST OF OWNING A HOME

Home ownership costs are also high. New Hampshire median home prices have increased 66 percent from 2000 to 2004 (NHHFA Purchase Price Database). The median purchase price of all homes in NH was \$237,400 in 2004.<sup>1</sup> It is estimated that 22 percent of NH homeowners were paying 30 percent or more on housing in the year 2000.

## HOUSING PRODUCTION

To correct the existing housing shortage statewide, about 8,200 total units are needed each year for the next decade. Production rates for 2000 and 2001 were about 7,000 each year, which is less than the projected need (NHHFA). If we continue to produce housing at current levels, future job growth could be slowed to only half that of the 1990s.

The lack of housing contributes to difficulties for businesses trying to attract and retain employees, sprawl, commuter towns and less active community participation, and degraded environmental quality.

## OBSTACLES TO HOUSING

Why isn't more housing being built that is affordable to working residents of NH?

- Local opposition, often due to a lack of understanding about how housing and tax structure affects school funding and property taxes
- Limited cooperation among municipalities over an issue with broad regional impacts
- Local regulatory barriers that only allow residential development in the form of single-family houses on large lots

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<sup>1</sup> Based on preliminary 2004 figures.

- Low wages
- Low profit margins for developers
- A lengthy and uncertain permitting process (creating unknown risk)
- Misperception that affordable housing must be large and unattractive, brings increased social problems, and raises taxes

### THE COST OF RENTING IN NEW HAMPSHIRE 2004

	<u>Fair Market Rent</u>	<u>Housing Wage*</u>	<u>Working Minimum Wage \$5.15</u>
1 Bedroom	\$703/month	\$13.52/hour	105 hrs/week
2 Bedroom	\$873/month	\$16.79/hour	130 hrs/week
3 Bedroom	\$1,118/month	\$21.49/hour	167 hrs/week

Source: National Low Income Housing Coalition, "Out of Reach 2004". Based on Housing and Urban Development (HUD) figures and estimates.

Notes: \*"Housing Wage" is the amount a worker needs to earn per

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## SUCCESS STORIES

### **Spencer Square, Lebanon, NH** **A Twin Pines Housing Trust Development**

Two blocks from Lebanon's Colburn Park and the village green, Spencer Square is a downtown revitalization project that was completed in 2001. Its proximity to services and pedestrian-friendly design make this project unique.



Income target: 9 units at or below 60 percent Area Median Income; and 11 units at or below 50 percent Area Median Income

### **Enfield Millhouses, Enfield, NH** **A Twin Pines Housing Trust Development**

Nestled in historic Enfield, three duplex buildings for former mill workers were renovated in 1992 into six roomy apartments.

The income target is at or below 80% of Area Median Income.



### **Anne's Place, Enfield, NH** **A Twin Pines Housing Trust Development**

Built in 2003 and conveniently located on Route 4 in Enfield, Anne's Place consists of 10 service enriched apartments that are targeted toward individuals and families in transition from homelessness or near homelessness to a more stable living situation. Amenities include laundry facilities, fenced-in play area, an on-site maintenance manager and a common meeting room.



The income limitations for eligibility are 50% to 60% of Area Median Income.

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## LAWS AND HOUSING POLICY

- Federal Government Protections

Fair Housing Act: The U.S. Department of Housing and Urban Development (HUD) implements the Fair Housing Act, which protects you against abuse of your housing rights. Housing cannot be denied to anyone because of race, color, national origin, religion, sex, familial status, or handicap. Every American has a right to fair housing.

According to HUD, the Fair Housing Act applies to most housing with the possible exception of “owner-occupied buildings with no more than four units, single-family housing sold or rented without the use of a broker, and housing controlled by organizations and private clubs that limit occupancy to members.”

- New Hampshire’s Housing Policy (RSA 672:1)

Ensure that all citizens of the state benefit from a balanced supply of housing which is affordable to persons and families of low and moderate income. Decent, safe, sanitary and affordable housing serves a vital public need and is in the best interest of communities and the state.

- Tools

New Hampshire enables communities to address housing issues with the following tools:

Master Plan (RSA 674:2)

The mainstay of planning in NH is the Master Plan. The plan should include a housing section which assesses local housing conditions and projects future housing needs of all residents of all levels of income and ages.

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## SAMPLE HOUSING GOALS FOR MASTER PLAN

- Encourage a wide range of housing options to meet different and changing needs of households with children, the elderly, people with disabilities and lower-income households.
- Use land effectively by maintaining traditional human-scale settlement patterns that are not land consumptive.
- Promote mixed-uses by allowing appropriate services, commerce and employment to be intermingled with residential development.
- Encourage communities that are walkable and provide transportation choice to residents of all physical abilities and ages.
- Work with neighboring communities to address regional housing issues.

## SAMPLE HOUSING POLICIES & RECOMMENDATIONS

- Ensure that zoning regulations allow a range of affordable housing opportunities such as multi-family housing, “in-law” apartments, and manufactured homes.
- Zoning and subdivision regulations’ dimensional requirements should be consistent with existing settlement patterns in terms of lot size and coverage, setbacks and road width and design.
- Develop and support zoning that encourages density and mixed uses.
- Allow accessory apartments as part of single-family residences.
- Allow Planned Unit or Cluster Developments which encourage siting housing to preserve natural or recreational resources.
- Collaborate with regional planning commissions and private partners to better understand and address housing needs of local residents.

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## SAMPLE MUNICIPAL ACTIONS FOR ENCOURAGING HOUSING

- Inventory housing stock/assess the need for housing.
- Implement a predictable permit review and approval process.
- Allow conversion of larger homes, old school buildings, and mills to multiple units or “multi-family” dwellings.
- Allow mixed use zoning so that people live close to where they work and shop.
- Implement simple zoning changes, such as going from 4000 sq. ft. zoning to 2000 in the village district.
- Ensure that at least 20 percent of the housing stock is “affordable.” In subdivisions with 50 or more dwelling units, a minimum of 10 percent should be “affordable.”
- Eliminate exclusionary practices such as large lot size minimums in densely settled areas where water and sewer are available.

### INNOVATIVE LAND USE CONTROLS FOR AFFORDABLE HOUSING

The Town of Amherst, New Hampshire has an incentive-based ordinance that provides flexibility in a development’s design. By allowing variations in the dimensional requirements and a density bonus, a wide range of housing units is encouraged. This potentially helps lower the cost of housing units and utilize lots that may otherwise be undevelopable.

More Information:  
Town of Amherst, Planning Department  
2 Main Street, Amherst, NH 03031  
[www.amherstnh.gov](http://www.amherstnh.gov)

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- Partner with local housing trusts.
  - Develop a local affordable housing commission.
  - Maintain and revive traditional settlement patterns that permit and encourage higher densities of development in village areas.
  - Encourage the construction of Habitat for Humanity housing.
  - Identify the infrastructure and services needed to support housing within your community.
  - Review subdivision regulations, building codes and the zoning ordinance periodically to implement housing standards and lower the cost of housing.
  - Support and utilize the professional planning expertise, and other guidance on identifying sources of assistance, available through regional planning commissions.

#### INNOVATIVE LAND USE CONTROLS (RSA 674:21)

Zoning regulates the use, placement, spacing and size of land and buildings. It can either encourage or discourage housing development depending upon the nature of its restrictions.

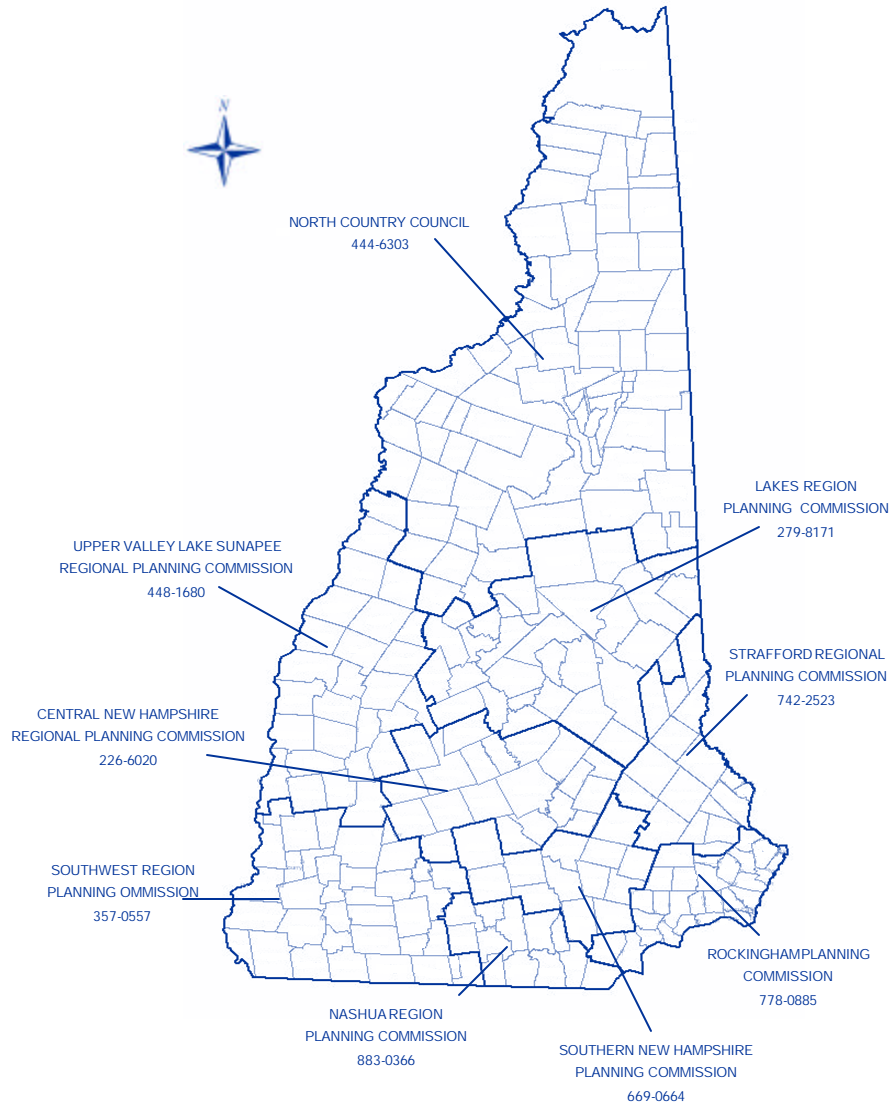
- Transfer of development rights: Direct housing into the village or downtown with a program which redirects housing or other developments from areas where the proposed impacts are considered undesirable to another site chosen on the basis of its suitability.
- Planned unit development: A tract of land developed as a unit under single or unified control, which includes one or more principal buildings or uses. PUDs preserve open space and recreational lands while accommodating development.
- Cluster development: A development design technique that concentrates buildings in specific areas on a site to allow remaining land to be used for recreation, open space or the preservation of historically or environmentally sensitive features. This also has the potential to lower the cost of developing roads and utilities to serve the housing.

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- **Inclusionary zoning:** Inclusionary zoning includes, but is not limited to, density bonuses, growth control exemptions, and a streamlined application process.
  - **Accessory dwelling unit standards:** Allows a second dwelling unit, attached or detached, on the same lot as the permitted principal dwelling unit.
  - **Village plan alternative subdivision:** The goal of this subdivision type is to encourage the preservation of open space whenever possible by encouraging consolidation of land development to permit the efficient layout of less costly roads, utilities, and other public and private infrastructures.
  - **Manufactured Housing:** Stipulates that all communities that have adopted land use regulations shall allow manufactured housing as an allowed use. Of the total land area zoned for residential use, manufactured housing must be permitted on a majority of that land area. There are two options for the development of manufactured housing. First, communities may permit the development of manufactured housing on individual lots. Secondly, communities may encourage the development of manufactured housing in a “park.” The law requires that reasonable densities and expansion potential must be permitted for these types of development.

***Mixed Use-Downtown Exeter***  
*Zoning which encourages mixed land uses may help provide affordable housing options. The Town of Exeter changed its zoning to encourage mixed use in their Downtown. While, ground level space is dedicated to commercial or office uses, upper levels now allow residential development as a principal use. Besides additional housing options this approach helps utilize existing building space and promotes transportation choice by allowing easy walking to goods and services.*

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## NEW HAMPSHIRE REGIONAL PLANNING COMMISSIONS



Upper Valley Lake Sunapee  
Regional Planning Commission

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