

**Lakes Region Plan 2015-2020**



LAKES REGION PLANNING COMMISSION  
103 Main Street • Humiston Building  
Meredith, NH 03253  
603-279-8171 • [www.lakesrpc.org](http://www.lakesrpc.org)

*(this page left intentionally blank)*

## TABLE OF CONTENTS

I. Executive Summary.....	4
II. Introduction .....	6
<i>Background and Purpose</i> .....	6
<i>Description of the Lakes Region</i> .....	11
<i>The Housing Plan Process</i> .....	11
III. Analysis of Existing Conditions and Trends.....	12
<i>Demographic/ Socioeconomic Trends</i> .....	12
<i>Community of Interest</i> .....	20
<i>Segregation and Concentration of Poverty</i> .....	27
<i>Housing Unit Trends and Characteristics</i> .....	29
<i>Housing Cost and Affordability Factors</i> .....	32
IV. Housing Supply Projections.....	41
V. Affordable and Equitable Housing Opportunities and Barriers .....	42
<i>Introduction</i> .....	42
<i>Distribution of Workforce and Affordable Housing</i> .....	43
<i>Physical Infrastructure</i> .....	47
<i>Fair Housing Issues</i> .....	48
VI. Conclusions and Recommendations .....	50
Appendix A – Overview of Lakes Region Housing, 2004 and 2010.....	52

*(this page left intentionally blank)*

# HOUSING

---

## I. EXECUTIVE SUMMARY

Housing, economic opportunity and population characteristics are closely interrelated.

- The region will continue to experience slow growth. The expectation for slow population growth will have implications for many aspects of life in the Lakes Region such as housing, the local tax base, available labor force, school enrollments and others.
- The demographics of the Lakes Region, an increase in the number of individuals and household over 65 and a decline in the number of households 35 to 55, will change the regional housing mix.
- In the year ending June 30, 2013, population change for Belknap County was negative for both natural increase (births minus deaths) and net migration.
- Some of the drop in the labor force is likely associated with residents leaving, but the majority of the drop in both labor force and employment is due to retirement.
- Overall, a decline in jobs (employment for workers covered by unemployment insurance declined by 2,790 jobs between 2006 and 2012), labor force and population are trends that will affect future housing and economic demand.

Recent shifts in the New Hampshire's demographic and economic trends are impacting the current housing infrastructure and could become a drag on future economic growth and stability. The reasons are multiple: an aging population, shifts in housing preferences among younger generations, a misalignment between housing supply and future demand, and changes in traditional financing paths for homeownership. Major housing trends in the state and region include:

- Overall homeownership demand in New Hampshire is declining.
- New Hampshire's current housing supply is poorly aligned with evolving preferences among different age groups — older people want smaller houses with single floor options.
- Seniors will occupy a growing proportion of the state's housing units — they have different needs — an increase in demand for nursing homes, assisted living facilities, and residential care facilities.
- New construction will likely be limited in a projected era of slower population growth — more emphasis on rehabilitation and modification of existing units to accommodate two or more families, an accessory apartment, et cetera.

Affordability is a continuing challenge in the Lakes Region. About, 32 percent of homeowner households in the Lakes Region earn less than 50 percent of the 2014 median household income for the Lakes Region (\$44,776), compared to 68 percent of renters.

Municipalities and grouping of communities should explore the future demand and need for affordable housing and workforce housing.

The current balance between owner-occupied housing and rental housing will likely change in the future based on demographic changes.

Projected future housing needs in the Lakes Region indicate a total of 2,100 additional housing units will be needed by 2020 to accommodate a projected 2.4 percent increase in population or approximately 210 new housing units annually. Between 2010 to 2013 an average of 207 residential permits have been issued annually in the Lakes Region,

While there appears to be little racially or ethnically segregated areas in the Lakes Region, there are communities with economic distress characteristics.

In the last five years, there have been few cases of discrimination identified in the Lakes Region and those identified are primarily disability issues.

## II. INTRODUCTION

### Background and Purpose

The preparation of a housing plan is a responsibility of a regional planning commission. NH RSA 36:47, II states: “For the purpose of assisting municipalities in complying with RSA 674:2, III(l), each regional planning commission shall compile a regional housing needs assessment, which shall include an assessment of the regional need for housing for persons and families of all levels of income. The regional housing needs assessment shall be updated every 5 years and made available to all municipalities in the planning region.” The Lakes Region Planning Commission (LRPC) prepared Lakes Region Housing Needs Assessments in 2004 and 2010. The LRPC is preparing this Housing Needs Analysis (HNA) and Fair Housing & Equity Assessment (FH&EA) as a component of the Lakes Region Plan.

The 2004 and 2010 Lakes Region Housing Needs Assessments described the affordable and workforce housing needs of the area in the context of regional market trends; the document assisted member communities in exploring their role in meeting regional housing needs. LRPC prepared the region’s first Fair Housing & Equity Assessment. The LRPC updates the regional housing need assessments every five years and provides a copy to all municipalities within the region. The housing section of a local master plan should assess local housing conditions and project future housing needs of residents of all levels of income and ages in the municipality and the region as identified in the regional housing needs assessment. The assessment is a report on existing conditions and does not normally include a vision statement, goals/objectives or recommendations. This report includes the following:



1. Household income of homeowners and renters
2. Housing cost burden by tenure and age
3. Trends in home purchase price and gross rent
4. Housing supply required to meet anticipated growth
5. Workforce housing needs as defined by statute
6. Local government response in enabling workforce housing

Part 1 of the 2010 Housing Needs Assessment explored the extent of housing cost burden in the region as of 2008 and projected total housing production needs for ownership and rental units from 2008-2015. The Assessment explored trends in Lakes Region housing costs and estimated the range in workforce housing and total housing units needed in 2015. The Assessment recognizes that community capacity to support various levels of density and development intensity varies according to the availability of public sewer and water utilities, soil type, distance from jobs and essential services and other factors. But even smaller scale opportunities in the most rural communities such as accessory apartments and duplexes are important contributors to the affordable supply of the region.

Part 2 of the 2010 Assessment discusses the rationale for affordable and workforce housing and provides a framework for communities to evaluate the housing options they offer. Allowing for housing diversity in local regulations encourages more flexibility to achieve affordable housing

development. Experience from past Regional Housing Needs Assessments in 2004 and 2010 demonstrates that opportunities for higher density or more flexible site development must include appropriate covenants to create and preserve affordable or workforce housing. Major assessment findings include:

- In 2009, New Hampshire passed legislation that defines “workforce housing” and which requires each municipality to enable reasonable opportunities to create housing affordable to the workforce;
- The affordability gap in 2008 was far greater than indicated by U.S. Census data for the Lakes Region in 1990 or 2000;
- About 36 percent of homeowners have gross housing costs that consume 30 percent or more of household income;
- Home prices increased much faster than wages or income, while changes in rental costs were more gradual. Both prices and rents have increased faster than average wages;
- In the Lakes Region, about 52 percent of homeowners and 55 percent of renters are estimated to have incomes at or below the statutory workforce income guidelines for each tenure group;
- Housing demand modeling and building permit data indicate that the Lakes Region is not producing enough multifamily or rental housing stock, especially in consideration of an aging population;
- Under NH RSA 58 to 61, each municipality should examine whether land use regulations need to be modified to enable workforce housing creation.

In preparing this new version of the HNA and first FH&EA, LRPC uses data and information from several sources including the 2004 and 2010 Lakes Region Housing Assessments, housing planning documents prepared by the NH Housing Finance Authority, the U.S. Department of Housing and Urban Development, the U.S. Census and the American Community Survey (ACS). The state’s Housing Production Analysis prepared for the NH HFA by a consultant team is particularly noteworthy as it contains information on future housing needs in the state by housing type such as single family, duplex and multifamily housing.

Definitions and Glossary of Housing Terms: Some misunderstanding exists among local officials and the general public regarding housing issues and programs. The following list of housing definitions and terms attempts to clarify the situation.

Affordable Housing: The term affordable housing is typically used to refer to housing with covenants, subsidies, or other mechanisms to ensure availability to low and moderate-income households at a cost that leaves an adequate amount of household income for other necessities. NH RSA 674:58 I states “Affordable means housing with combined rental and utility costs or combined mortgage loan debt services, property taxes and required insurance that do not exceed 30 percent of a household’s gross annual income.”

Area Median Family Income (AMFI): The area median family income divides the distribution of area incomes for a group of two or more people who reside together and who are related by birth, marriage, or adoption into two equal parts: one-half of the family households falling below the median value and one-half above the median.

Assisted Rental Housing Units: Assisted housing developments are housing facilities that provide subsidized or below-market rental housing units for low and very low income households. Assisted housing units are generally classified in three groups: special needs, elderly, and general occupancy or “family” units.

Barrier Free Housing: A general term for housing that is fully accessible (the building and the housing unit) by a person using a wheelchair.

Equalized Assessed Valuation (EAV): An estimate of the full value or market value of taxable real estate, based on adjustments to municipal property valuation adjustments, made by the NH Department of Revenue Administration. Property values by community must be equalized for the purpose of equivalent assessments of county taxes to each municipality.

Fair Market Rent (FMR): Fair market rents are gross rent estimates established by the U.S. Department of Housing and Urban Development. Fair market rents are established based on the dollar amount below which 40 percent of the standard-quality rental housing units are rented within a 15-month period. Public housing units and units less than two years old are not included in fair market rent distributions.

Fair Share: Municipal accommodation of a reasonable proportion of the low to moderate income housing needs of a market area or region. In some states, fair share is a numerical quantity, goal or quota defined by state or regional housing allocation plans. This quantity may be defined by various proportionate distribution factors relative to community share of property wealth, income, total housing units, population, employment or other factors. In New Hampshire, fair share is used in the context of either hosting a supply of workforce housing units, or providing reasonable opportunities for the creation of such housing, without a specific numerical formula for its measurement.

Gross Rent: The cost of rental housing to a tenant including rent paid to the landlord plus any additional cost paid by the tenant for water, sewer, heat, hot water, cooking fuel, and domestic electricity.

Headship: Refers to the ratio of households by age of the head of household to the total population within the same adult age groups. Headship ratios may be used to convert population estimates by age to estimates of the number of households by age using these relationships.

Housing Cost Burden: The percentage of total household income that is spent on gross monthly housing costs. For renters, this includes rent plus any additional utility or fuel costs for heat, hot water, cooking fuel, and electricity. For homeowners, the costs include mortgage principal and interest, property taxes, hazard insurance, and utilities, plus any applicable condominium association fees or site rent within a manufactured housing park. An affordable housing cost burden is generally considered to be not more than 30 percent of a household's gross income. A high housing cost burden is one that exceeds 30 percent of a household's income.

Linkage: Linkage refers to the relationship between commercial development and job creation and the workforce housing demand it generates. In some parts of the United States, development policies and ordinances can require commercial developments to provide a certain number of affordable units to help meet the workforce housing demand generated by expected employment, or

to pay linkage fees based on the relationship between jobs, wage levels of related service workers, and local development costs.

Low Income Housing Tax Credit (LIHTC): A program used to leverage the development or rehabilitation of rental housing serving low income households. In New Hampshire, the New Hampshire Housing Finance Authority administers this program, which awards a share of federal income tax credits to qualifying projects or investors. At least 20 percent of the units in a LIHTC project must be occupied by households earning less than 50 percent of the area median family income (AMFI); or at least 40 percent must be occupied by households earning not more than 60 percent of the AMFI. The remaining units in a development need not be subject to restrictions on income.

Market Rate: Refers to prices or rents that are not subsidized by government programs, and where there are no restrictions on the property that would limit the price or rent from rising or falling according to market demand.

Median Household Income: The median household income divides the distribution of incomes for the occupants of a housing unit that is their usual place of residence into two equal parts: one-half of the households falling below the median value and one-half above the median.

New England City and Town Area (NECTA): Effective in 2003, the federal Office of Management and Budget (OMB) designated certain core based statistical areas in New England as metropolitan or Micropolitan NECTAs. Two of the seven Micropolitan NECTAs are in the Lakes Region: the Laconia Micropolitan NECTA and the Franklin Micropolitan NECTA. These are core based statistical areas with at least one urban cluster that has a population of at least 10,000, but less than 50,000. Each Micropolitan NECTA must also have adjacent cities and towns or groups of cities and towns that have a high degree of social and economic integration with the “core” as measured through commuting ties. In New Hampshire, the NECTAs comprise the statistical labor market geographies for those locations. The US Bureau of Labor Statistics, with input from the Economic and Labor Market Information Bureau of New Hampshire Employment Security, divides the remainder of the state that is not within a metropolitan or Micropolitan NECTA into small Labor Market Areas.

Moderate, Low, and Very Low-Incomes: The US Department of Housing and Urban Development (HUD) provides income limits based on US Census data. Estimates are based on percent of median family income and calculated at three income levels: Moderate-Income (80 percent), Low-Income (50 percent), and Very Low-Income (30 percent). These benchmarks are published annually and are frequently used as income limits applicable to various regions within each state for affordable housing programs.

Private Covered Employment: Non-government employment that is subject to employment compensation insurance payments by the employer. Covered employment generally excludes self-employed persons and fully commissioned salespersons.

Tenure: In the context of housing analysis, a classification of households into two groups: ownership versus rental occupancy.

Universal Design: A broad range of efforts to produces buildings, products and environments that are usable by everyone, not limited to specialized designs for specific age groups or people with disabilities. With increased life expectancy, there is a growing interest in universal design to deal with adaptation of design that serves an aging population, various disability levels, as well as general needs. Curb cuts or sidewalk ramps, essential for people in wheelchairs but used by all, are a common example. Additional examples include cabinets with pull-out shelves, or kitchen counters at several heights to accommodate different tasks and postures.

Workforce Housing: Workforce housing includes a variety of housing types affordable to households deriving their income from local or area employment, most typically referring to working residents and households with incomes at or below the area median family income of a region. In New Hampshire, workforce housing has been more specifically defined in RSA 674:58 to include ownership housing affordable to households with incomes up to 100percent of the HUD area median family income (AMFI), and for rental housing up to 60percent of the AMFI for a household of three persons. Workforce housing options available in the community must include allowances for multifamily structures with five or more units.



## **Description of the Lakes Region**

The Lakes Region is an area of great natural beauty. The abundant mountains, lakes, and pastoral settings provide residents and visitors with scenic views and recreational opportunities. The region is composed of a system of inter-connected waterways. Of the total 818,000 acres in the Lakes Region, 15 percent is covered by surface waters and wetlands (LRPC, 2012). These waterways, natural resources, and corresponding quality of life have been noted as the most important benefit to regional businesses.

Situated between the White Mountains to the north and the more densely populated Merrimack Valley to the south, the Lakes Region serves as an easily accessible destination with an ideal mix of pristine natural resources and modern amenities. While the region's lakes and rivers remain the most sought after resource, the mountains, forests and wetlands of the area serve as an aesthetic and recreational resource and provide important ecosystem services such as habitat for native species and filtration of rainfall and runoff.

Lake Winnepesaukee, New Hampshire's largest lake, has a total surface area of 44,600 acres. Maximum and mean depths are 180 and 43 feet, respectively. The lake is natural but is raised by damming to an elevation of 504 feet. Eighty-three relatively small tributaries draining a watershed of 215,133 acres provide the main water source for the lake.

There are 240 miles of shoreline (this includes the shoreline length of islands over five acres in area) and about 250 islands (the total number of islands is frequently debated, depending on definition of "island"). The shores and many of the islands are developed with numerous dwellings, from cottages to mansions, but some areas between the developments remain forested. The region is heavily dependent on the recreation and tourism industry.

## **The Housing Plan Process**

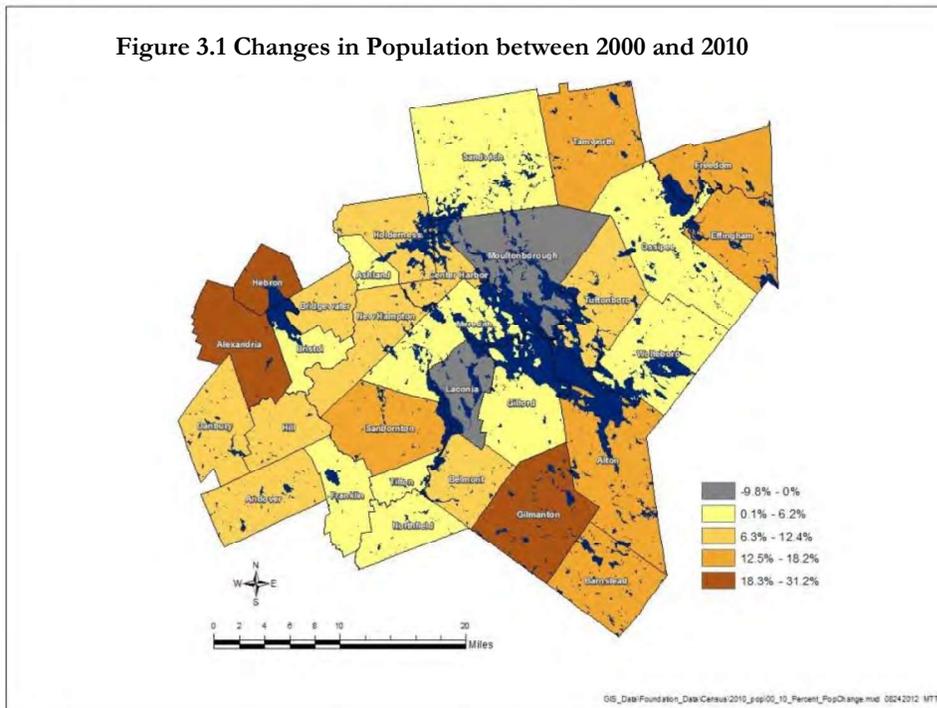
The Housing Needs Assessment includes a review of existing housing conditions such as demographic trends, population, employment, community of interest needs, segregation, concentrated poverty, housing affordability and access to opportunity. The chapter will include a section on housing supply based on the recent work of the NH Housing Finance Authority. A major component involves a section on "Affordable and Equitable Housing Opportunities and Barriers" and sections on recommendations and conclusion.

### III. ANALYSIS OF EXISTING CONDITIONS AND TRENDS

#### A. Demographic/Socioeconomic Trends

##### 1. Total Population

During a 40-year period, the population of the Lakes Region increased by 86 percent from 60,461 in 1970 to 112,735 in 2010. However, from 2000 to 2010, the year-round resident population of the Lakes Region grew much more slowly (5.9 percent) with the addition of 6,307 people. The greatest net population growth occurred mostly in the southeast part of the region, in the towns of Alton (748), Gilmanton (717), Barnstead (707), and Belmont (640). These towns had some of the highest rates of growth as well. The addition of 2,812 people in these four communities accounted for 44.6 percent of the total net population change in the region between 2000 and 2010.



One third of the communities in the Lakes Region grew at a rate slower than the region as a whole (5.9 percent), and 18 communities grew by 8.0 percent or more. While only eight of 30 communities grew at slow to moderate rates of 0.7- 5.0 percent, the flat growth in Franklin and slight declines in Laconia and Moultonborough somewhat offset the rapid growth in the majority of the region.

Since 1990, the population of the region has increased by 22.7 percent with Alton, Freedom, Effingham, Hebron, Barnstead, and Gilmanton all having grown by greater than 44 percent. During the same period, however, the two largest communities in the Lakes Region, Laconia and Franklin, where 26 percent of the region's population resided in 1990, have grown by only 1.3 and 2.1 percent, respectively.

Table 3.1 lists the population of Lakes Region towns, and the percent change relative to previous Census years from 1990 to 2010. The decade of the 1990s experienced 15.8 percent population increase while the decade of the 2000s was 5.9 percent. Both the NH Center for Public Policy and NH Office of Energy and Planning project that future population growth in the state and Lakes Region will be significantly less through the year 2040.

**Table 3.1: Population Change in the Lakes Region, New Hampshire 1990-2010**

	Population			Percent Change		
	1990	2000	2010	1990-2000	2000-2010	1990-2010
<b>Alexandria</b>	1,190	1,329	1,613	11.7%	21.4%	35.5%
<b>Alton</b>	3,286	4,502	5,250	37.0%	16.6%	59.8%
<b>Andover</b>	1,883	2,109	2,371	12.0%	12.4%	25.9%
<b>Ashland</b>	1,915	1,955	2,076	2.1%	6.2%	8.4%
<b>Barnstead</b>	3,100	3,886	4,593	25.4%	18.2%	48.2%
<b>Belmont</b>	5,796	6,716	7,356	15.9%	9.5%	26.9%
<b>Bridgewater</b>	796	974	1,083	22.4%	11.2%	36.1%
<b>Bristol</b>	2,537	3,033	3,054	19.6%	0.7%	20.4%
<b>Center Harbor</b>	996	996	1,096	0.0%	10.0%	10.0%
<b>Danbury</b>	881	1,071	1,164	21.6%	8.7%	32.1%
<b>Effingham</b>	941	1,273	1,465	35.3%	15.1%	55.7%
<b>Franklin</b>	8,304	8,405	8,477	1.2%	0.9%	2.1%
<b>Freedom</b>	935	1,303	1,489	39.4%	14.3%	59.3%
<b>Gilford</b>	5,867	6,803	7,126	16.0%	4.7%	21.5%
<b>Gilmanton</b>	2,609	3,060	3,777	17.3%	23.4%	44.8%
<b>Hebron</b>	386	459	602	18.9%	31.2%	56.0%
<b>Hill</b>	814	992	1,089	21.9%	9.8%	33.8%
<b>Holderness</b>	1,694	1,930	2,108	13.9%	9.2%	24.4%
<b>Laconia</b>	15,743	16,411	15,951	4.2%	-2.8%	1.3%
<b>Meredith</b>	4,837	5,943	6,241	22.9%	5.0%	29.0%
<b>Moultonborough</b>	2,956	4,484	4,044	51.7%	-9.8%	36.8%
<b>New Hampton</b>	1,606	1,950	2,165	21.4%	11.0%	34.8%
<b>Northfield</b>	4,263	4,548	4,829	6.7%	6.2%	13.3%
<b>Ossipee</b>	3,309	4,211	4,345	27.3%	3.2%	31.3%
<b>Sanbornton</b>	2,136	2,581	2,966	20.8%	14.9%	38.9%
<b>Sandwich</b>	1,066	1,286	1,326	20.6%	3.1%	24.4%
<b>Tamworth</b>	2,165	2,510	2,856	15.9%	13.8%	31.9%
<b>Tilton</b>	3,240	3,477	3,567	7.3%	2.6%	10.1%
<b>Tuftonboro</b>	1,842	2,148	2,387	16.6%	11.1%	29.6%
<b>Wolfeboro</b>	4,807	6,083	6,269	26.5%	3.1%	30.4%
<b>Lakes Region</b>	<b>91,900</b>	<b>106,428</b>	<b>112,735</b>	<b>15.8%</b>	<b>5.9%</b>	<b>22.7%</b>
<b>New Hampshire</b>	<b>1,109,252</b>	<b>1,235,783</b>	<b>1,316,470</b>	<b>11.4%</b>	<b>6.5%</b>	<b>18.7%</b>

Source: U.S. Census

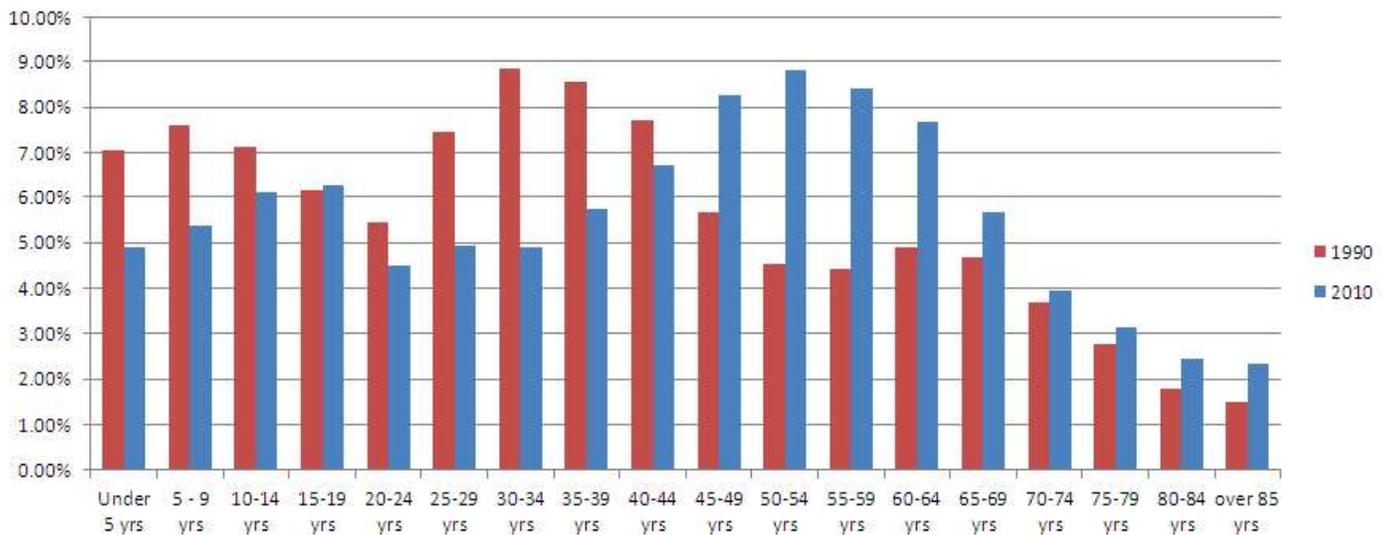
## 2. Population Projections

In cooperation with the nine regional planning commissions, the NH Office of Energy and Planning (OEP) prepared population projections for New Hampshire counties and municipalities in November 2013. This was a challenging multi-year effort due to the changing demographics in the state and the slowdown in economic and population growth. In 2010, the US Census reported a total of 112,735 residents in the Lakes Region and the projections estimated an increase of 277 persons by 2015 for a total of 113,012. This lower projection is in sharp contrast to the history of last 40 years when the population increased by 86 percent from 60,461 in 1970 to 112,735 in 2010. The “baby boom” generation, the in-migration from southern New England states, the favorable New Hampshire tax climate and the overall attractive lifestyle in the Lakes Region contributed to this high level of growth.

For the next 25 years (2015 to 2040), the population projections call for the Lakes Region to grow very slowly in contrast to the past. The projections call for an increase to 123,940 persons in 2040 for a total increase of 10,968 or 9.7 percent over the 25-year period. That represents an annual average increase of about 0.4 percent per year. The population projections have implications for many aspects of life in the Lakes Region such as housing, the local tax base, available labor force, school enrollments and others. It is a significant trend that needs further consideration and monitoring. Please see Figure 3.2 below.

Figure 3.2 demonstrates how the population has changed from younger people in the 20 to 44 age groups to older people in the 45 to 69 age groups in 2010. This shows the aging of the “baby boom” generation. The source of information is the American Community Survey and U.S. Census.

**Figure 3.2**  
**Lakes Region Population Distribution:**  
**1990 vs. 2010**



### 3. Housing Trends

In April 2014, the NH Housing Finance Authority (NHHFA) prepared a report entitled “Big Houses, Small Households: Perceptions, Preferences and Assessment.” Since this analysis has direct applicability to the Lakes Region, the following is provided.

“In the decades before the Great Recession of 2008-09, New Hampshire’s housing market was a major driver in the state’s expanding economy. But with recent shifts in the state’s demographic and economic trends, New Hampshire’s current housing infrastructure could end up becoming a drag on future economic growth and stability. The reasons are multiple: an aging population, shifts in housing preferences among younger generations, a misalignment between housing supply and future demand, and changes in traditional financing paths for homeownership. In the 1970s, 1980s, and 1990s, housing demand was driven by the Baby Boomers moving to New Hampshire. But as we have seen in many policy areas, much of New Hampshire’s housing industry (builders, planners, public officials, etc.) have yet to fully transition away from the mindset of the past, in which consistent rates of high population growth (especially among young families) was the norm. Instead, they need to prepare for a housing model defined by less growth overall, more senior households, fewer young households, financially strained first-time buyers, and changing lending standards.”

Using updated population forecasts, the report projects New Hampshire’s future housing needs, by age group and by type of housing. In addition, numerous focus groups were consulted, representing a broad swath of the state’s people and businesses: builders, lenders, realtors, young professionals, senior groups, regional planners, workforce housing groups, and others. Finally, as a way of assessing the potential impact of New Hampshire’s aging population on the housing market, national analyses of housing needs and preferences among senior populations were reviewed. Among the major findings from this work:

**Overall homeownership demand in New Hampshire is declining.** The reasons for this include the weak economy, lower rates of in-migration, and difficulties in obtaining financing. Among older homeowners, low levels of liquidity continue to pose problems, while high levels of student debt and mediocre wage growth limit home-buying options for younger generations. In the more rural parts of the state this decline in demand has been particularly apparent in communities that are more than two towns removed from major transportation networks. Real estate professionals, in particular, noted significant differences in demand geographically. Moreover, growth in low-wage service jobs and housing costs are described as creating a growing affordability problem, particularly north of Concord.

**New Hampshire’s current housing supply is poorly aligned with evolving preferences among different age groups.** This mismatch exists both for aging Baby Boomers and younger workers. Older residents are likely to seek to “down-size” to smaller living arrangements, yet housing units of 3+ bedrooms far outnumber one- and two-bedroom units in the state. Given the relatively small number of young households in the state, it is unclear whether the larger units built for Boomers during their child-rearing years will draw sufficient interest from buyers in the future.

In addition, younger age groups are, in general, less likely to be homeowners compared to previous generations. In fact, each new group of young people is increasingly less likely to be homeowners. Moreover, financial pressures cause younger generations to gravitate toward more non-conventional

housing solutions, including co-ownership and “doubling up,” and a preference for the flexibility associated with renting.

**Affordability and the New Hampshire advantage.** These factors have an impact on the affordability of housing in New Hampshire, something which may have been a big part of New Hampshire’s attraction to new migrants from higher-priced states over the past four decades. While the median price of homes is more affordable than just a few years ago, this is not necessarily true for first-time buyers, who have traditionally provided important liquidity to the housing market. The home purchases of first-time buyers enabled those who were selling their homes to “move up” or “down-size.” But younger residents now face inferior job prospects and high levels of student debt, and they are delaying marriage, and are unsure of the benefits of homeownership — including the ability to easily resell at a later date.

In addition, the state’s rental market has grown less affordable in recent years. The New Hampshire Housing Finance Authority’s (NHHFA) 2013 rental housing survey indicated that since 2006, the median monthly gross rent rose by 4 percent (in contrast to the 40 percent drop in the monthly mortgage cost) and vacancy rates decreased, meaning renters were paying more, with fewer options from which to choose. This reflects a national pattern for a growing percentage of households in rental housing.

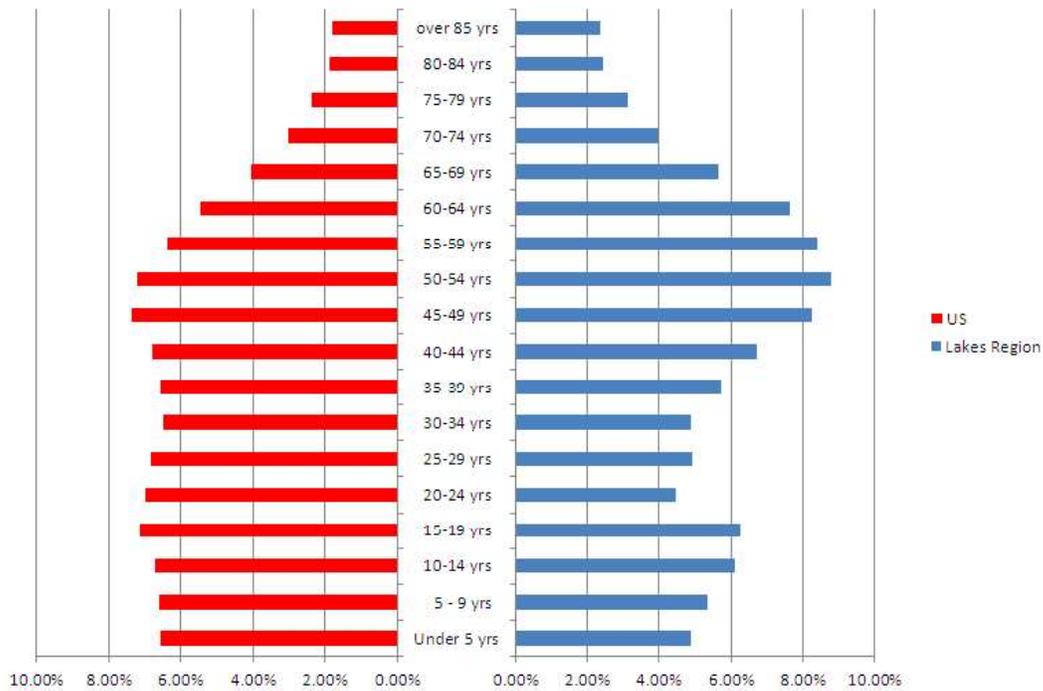
**Seniors Will Occupy a Growing Proportion of the State’s Housing Units.** New Hampshire’s senior population is expected to nearly double between 2010 and 2015, from 178,000 to 323,000 people, a change that is not matched among younger age groups. As a result, seniors will occupy a growing proportion of the state’s housing units, filling one in three units by 2025. The number of senior households in the state, both owners and renters, will nearly double by 2025. While seniors generally want to age in place, this desire is complicated by several factors, including high rates of disability, lower median income and savings, declining caregiver population and other factors. The median income of the state’s senior homeowners is barely half that of the state median, and their home equity has been significantly reduced by the state’s housing downturn.

**New construction will likely be limited in a projected era of slower population growth.** The rehabilitation of the existing housing stock may become more needed, yet much of New Hampshire’s housing regulations, including local planning and zoning ordinances, are not currently geared towards this segment of the market.”

#### 4. Population by Age Group

Figure 3.3 below displays similar information regarding age cohort by five -year increments and compares the United States and the Lakes Region. When compared to the United States, the Lakes Region has fewer persons in the younger cohorts and a larger number of persons older than 50 years.

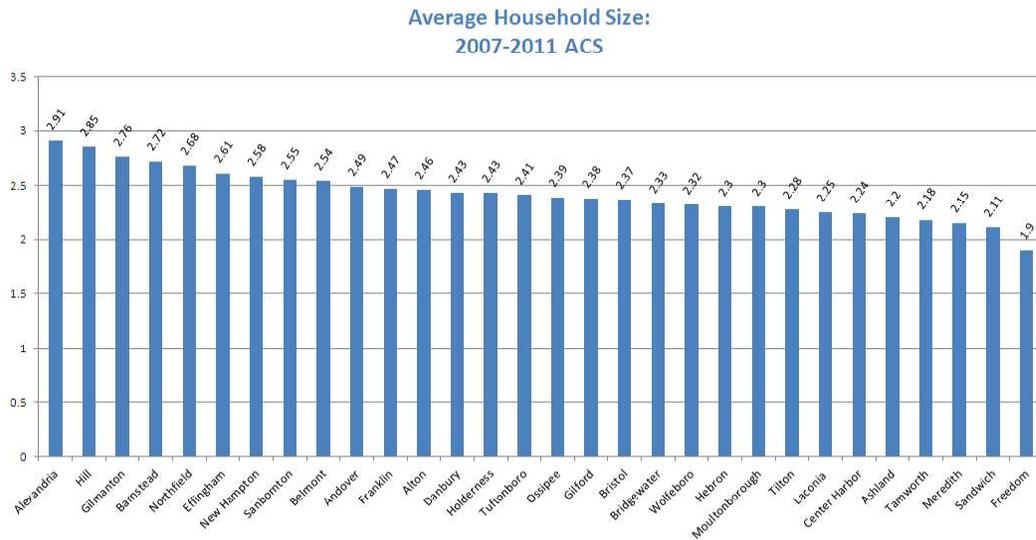
**Figure 3.3**  
**Percent of Total Population within Each Age Cohort:**  
**US vs Lakes Region**



## 5. Total Population in Households

For the past two decades, the average household has declined to about 2.4 persons per household for the Lakes Region. The household size ranges from a high of 2.91 in Alexandria to 2.41 in Tuftonboro as a mid-point and 1.9 in Freedom as the lowest. Figure 3.4 shows the average household size for communities in the Lakes Region.

**Figure 3.4**



## 6. Change in Employment

Table 3.2 includes data on the civilian labor force, employment and unemployment for the Lakes Region Planning Commission area for the years 2002 to 2012. Generally, local municipal employment and unemployment data correspond closely to the Lakes Region data.

For the 12-year period from 2002 to 2013, the unemployment rate in the Lakes Region generally paralleled the unemployment rate for the state of New Hampshire with some minor differences. The region's unemployment rate was lower than the state's from 2002 to 2006 and in 2007 both were the same at 3.5 percent. From 2008 to 2010, the Lakes Region unemployment rate was higher than the state's; in 2011, both the Lakes Region and state had an identical unemployment rate of 5.4 percent. During the 2006 to 2008 period, the Lakes Region labor force peaked at about 61,000 persons and then declined to 59,122 in 2011. Employment also peaked during 2006 to 2008 at about 58,900 persons declining to 55,889 in 2011. Employment rose in 2012 but declined back to 55,748 in 2013, which was slightly more than in 2011, the lowest point in the 12-year period. When considering these two data points, it is likely that the Lakes Region experienced out-migration due to unfavorable economic conditions and opportunities in the region and state, some people stopped seeking employment and thus did not appear in the labor force. The regional employment picture shows more jobs in retail sales and services and less in manufacturing.

Note that from July 1, 2012 to July 1, 2013, the population in Belknap County dropped by 213 persons, the largest decline of any of NH's ten counties. According to the U.S. Census, the population change for Belknap County was related to a decrease in natural growth (births minus

deaths) and net migration. Some of the drop in the labor force is likely associated with residents leaving but the majority of the drop in both labor force and employment is due to retirement. As residents in the area age, many of them retire and are therefore not included in neither the employment count nor the labor force.

Overall, a decline in jobs (covered employment declined by 2,790 jobs between 2006 and 2012), labor force and population are all negative economic trends in terms of future demand. But as the area south of the region starts to expand, there could be an increase in demand due to additional second home owners spending more time in the region. Considering national economic conditions, the Lakes Region and New Hampshire, with the fourth lowest unemployment rate in the United States, have managed the economic situation fairly well. Table 3.2 includes the civilian labor force with employment and unemployment data for the years 2002 to 2012.

**Table 3.2: Labor Force and Unemployment, Lakes Region 2002 to 2013**

<u>Year</u>	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>	<u>NH Rate</u>
2013	58,792	55,748	3,044	5.1%	5.3%
2012	59,646	56,485	3,161	5.2%	5.5%
2011	59,122	55,889	3,233	5.4%	5.4%
2010	59,506	55,695	3,811	6.4%	6.1%
2009	60,948	57,062	3,886	6.3%	6.2%
2008	61,490	59,000	2,484	4.0%	3.9%
2007	61,073	58,886	2,187	3.5%	3.5%
2006	61,053	58,986	2,067	3.3%	3.5%
2005	59,403	57,373	2,030	3.4%	3.6%
2004	59,063	57,063	2,060	3.4%	3.9%
2003	58,997	56,653	2,344	3.9%	4.5%
2002	59,609	57,297	2,312	3.8%	4.5%

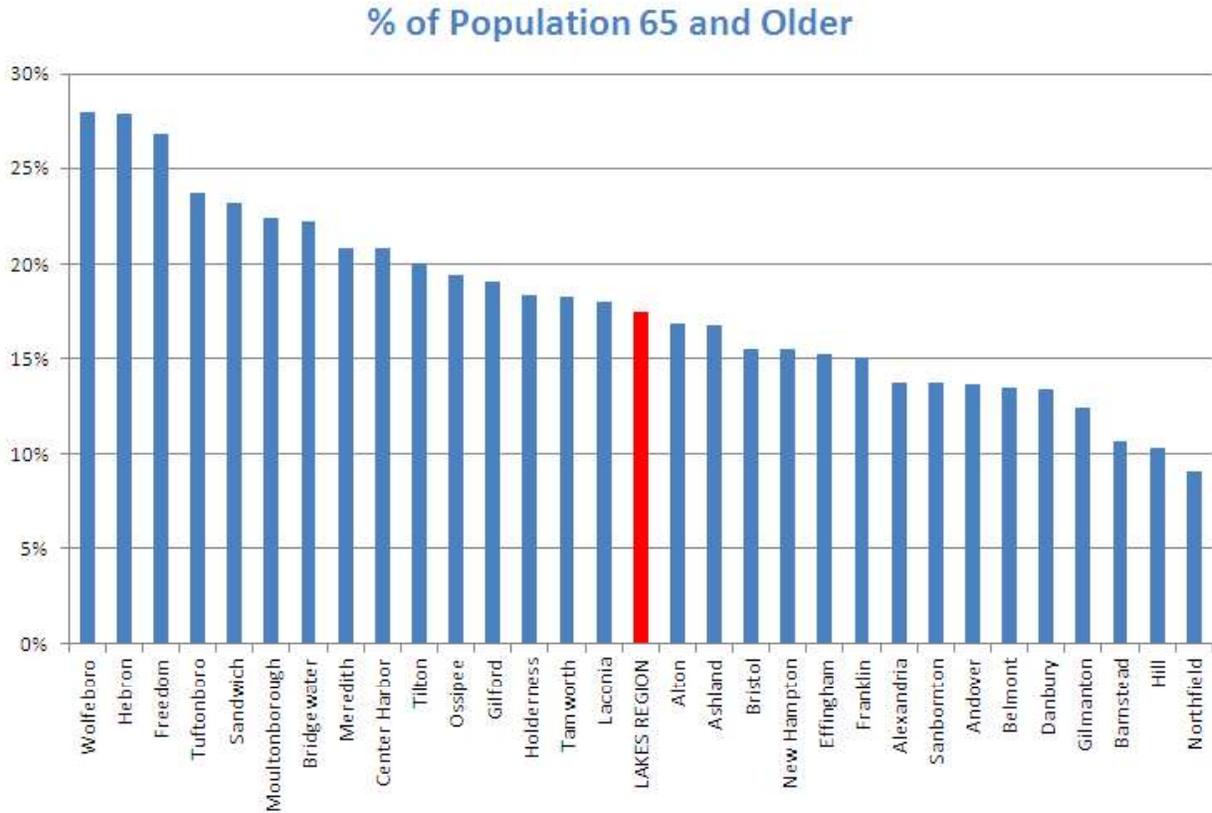
*Source: NHNetwork, NH Economic and Labor Market Information Bureau website, October 2013*

## B. Community of Interest

Groups such as elderly seniors, minorities, single heads of households, persons without a vehicle, persons in poverty and those with limited proficiency in English have lower incomes and often experience difficulty securing safe, decent, and affordable housing.

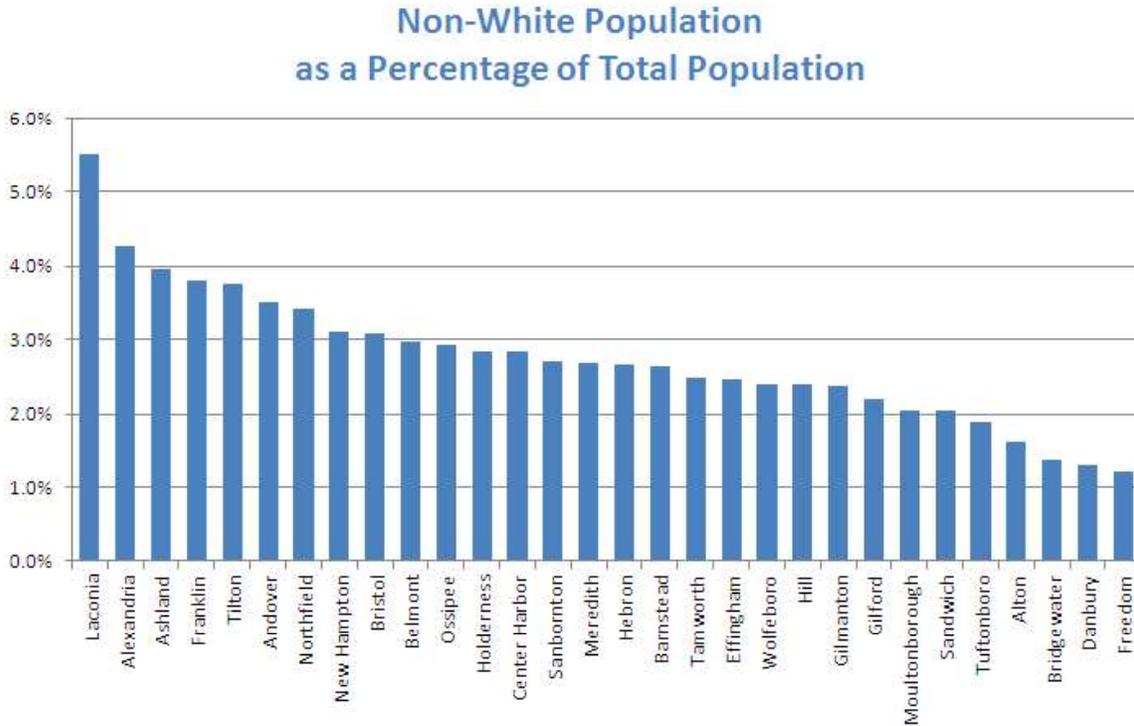
Seniors over 65 years. Figure 3.5 shows the percentage of persons over 65 years in each of the Lakes Region communities. The average in the region is about 17 percent with three towns (Wolfeboro, Hebron and Freedom) exceeding 25 percent. The percentages in the towns of Northfield, Hill and Barnstead are about 10 percent. The median age in the Lakes Region is about 44 years. As noted in the NH HFA report entitled “Big Houses, Small Households: Perceptions, Preferences and Assessment”, those over 65 years who live in larger homes may wish to downsize, but are experiencing difficulty in selling their homes and finding a suitable smaller home.

**Figure 3.5**



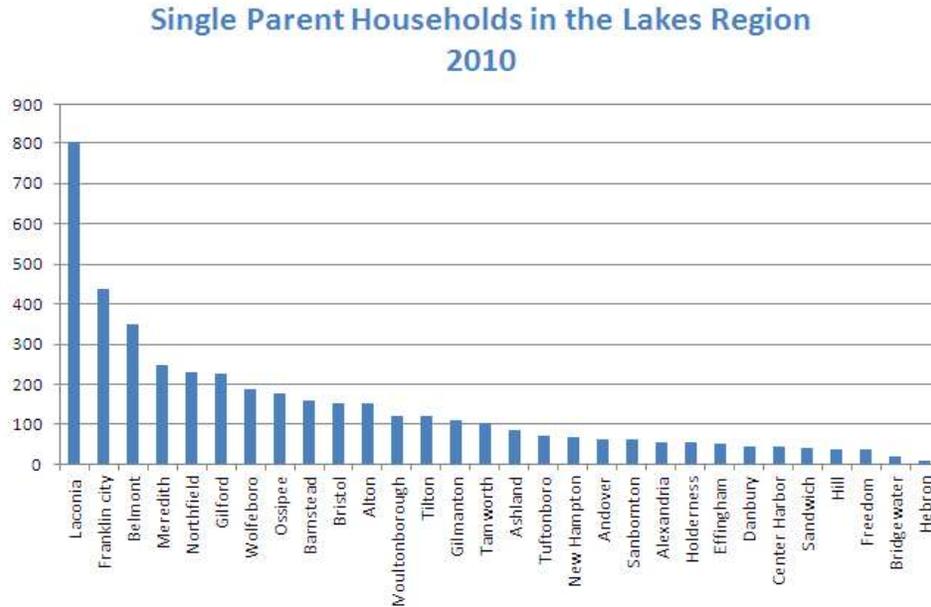
**Minorities:** In 2010, the total population of the Lakes Region was 112,735 persons. Of that amount, 108,257 or 96 percent are white. The 4 percent balance includes Black/African Americans (438), Hispanic/Latino (1,287), Asians (1,022), Native Americans (281) and others. Figure 3.6 below shows the Non-White Population as a percentage of the total population in each municipality. The City of Laconia has the largest percentage of non-white population with 5.5 percent of the population and Freedom has the lowest with 1.2 percent.

**Figure 3.6**

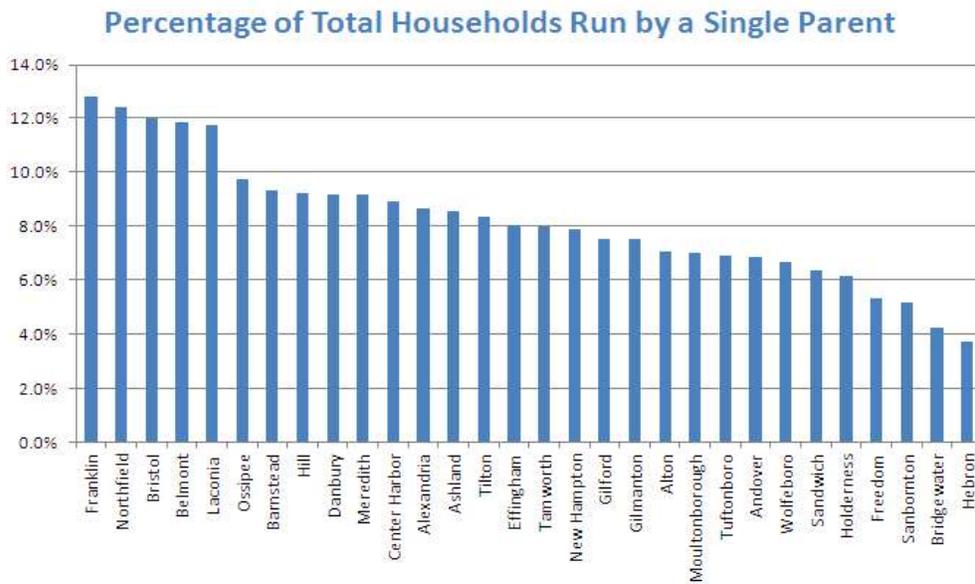


Single parents: Figures 3.7 and 3.8 show the number and percentage of single parent households with children under 18 years of age. In these families, the husband or wife is absent. The City of Laconia has the most single-family parent households with 800, followed by the City of Franklin with about 440 and Belmont with 350.

**Figure 3.7**

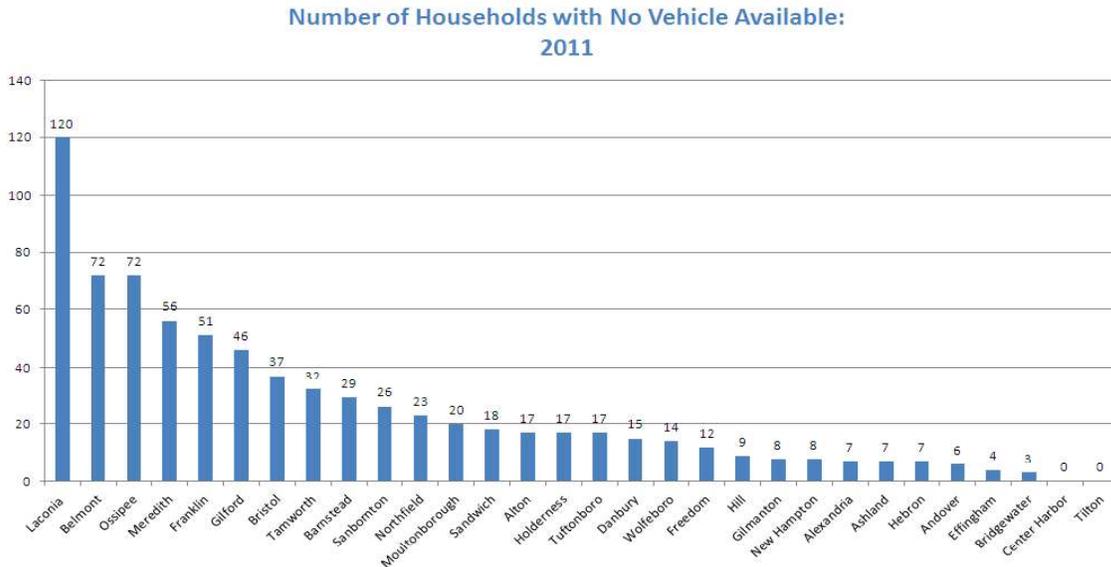


**Figure 3.8**

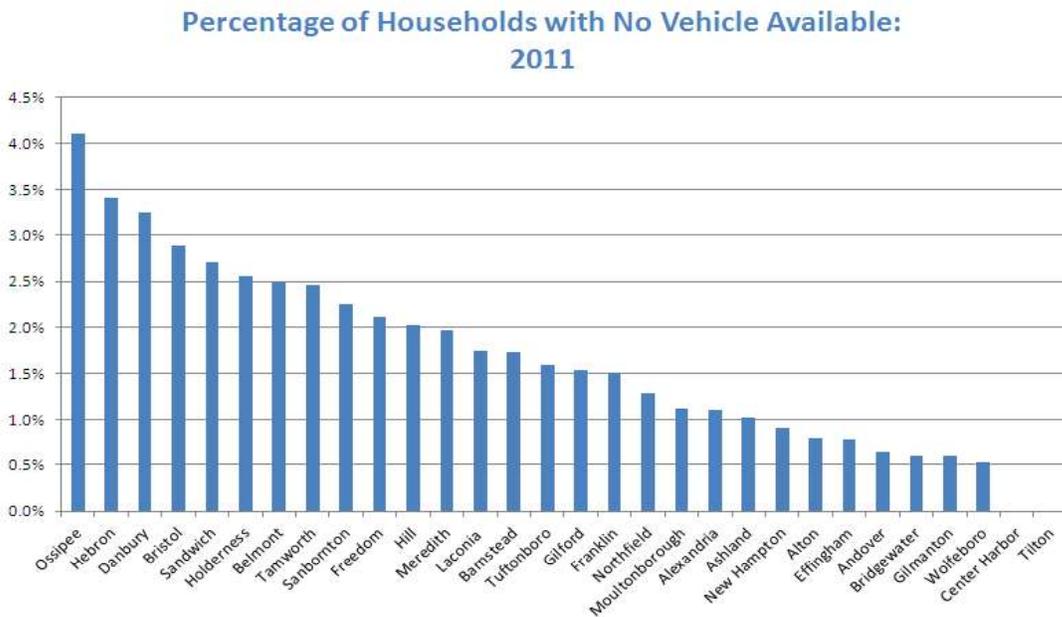


Vehicle availability: As expected in a rural area with limited public transportation, there are few households lacking a vehicle. Laconia, Belmont, Ossipee, Meredith and Franklin have largest number of households without a vehicle, while Ossipee, Hebron and Danbury have the highest percentage of households with no vehicles. There is limited transit service in the more populous communities. See Figures 3.9 and 3.10 below.

**Figure 3.9**



**Figure 3.10**



Poverty: The US Census established a threshold level for poverty for the entire United States. The amount is \$11,720 for one person, \$14,937 for a two-person household, and \$18,284 for a three-person household. Figure 3.11 shows the percentage of population below 150 percent of the poverty level.

**Figure 3.11**

**Percentage of Population Below 150% of the Poverty Level and  
Percentage of Population Below the Poverty Level:  
2005 - 2009 ACS**

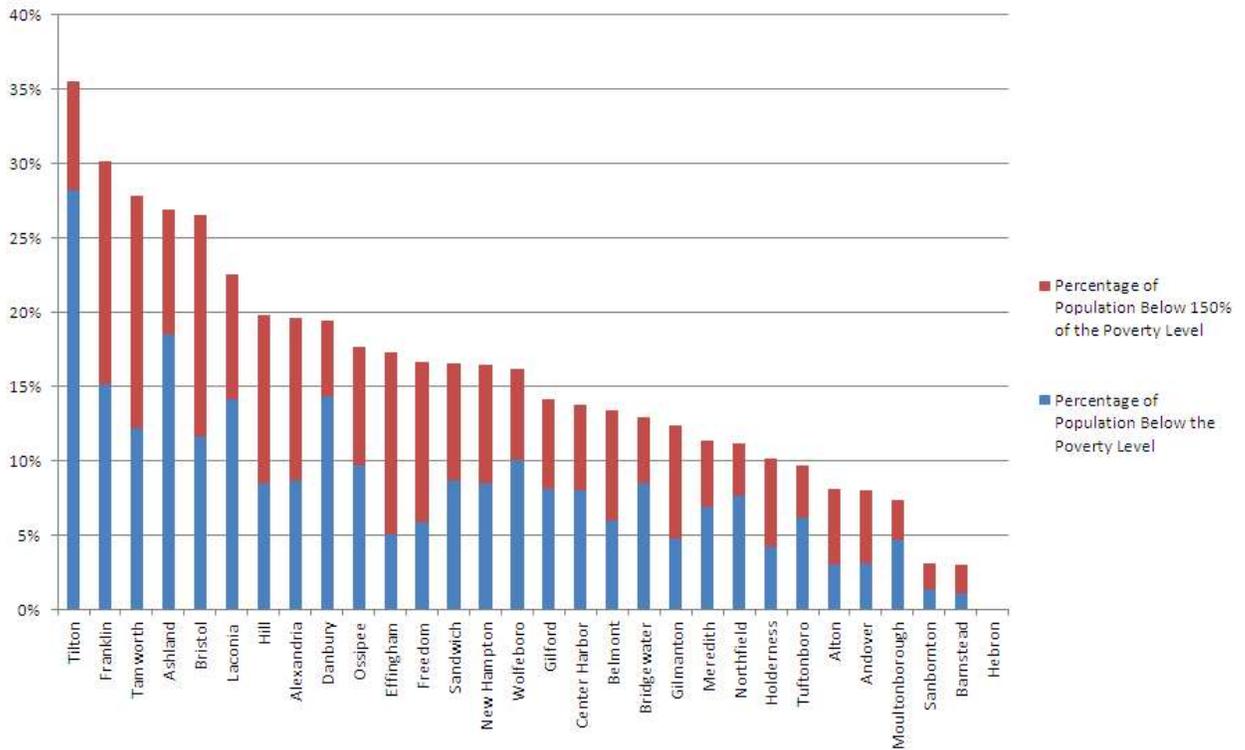
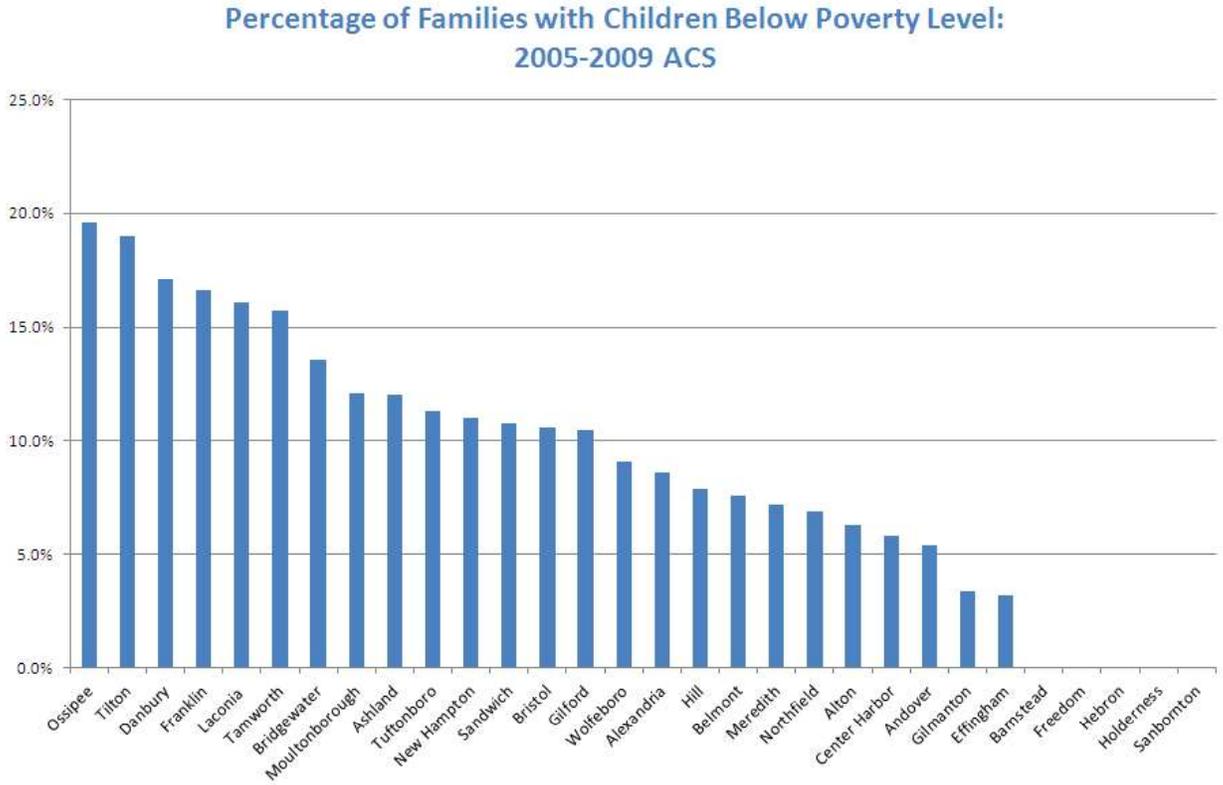


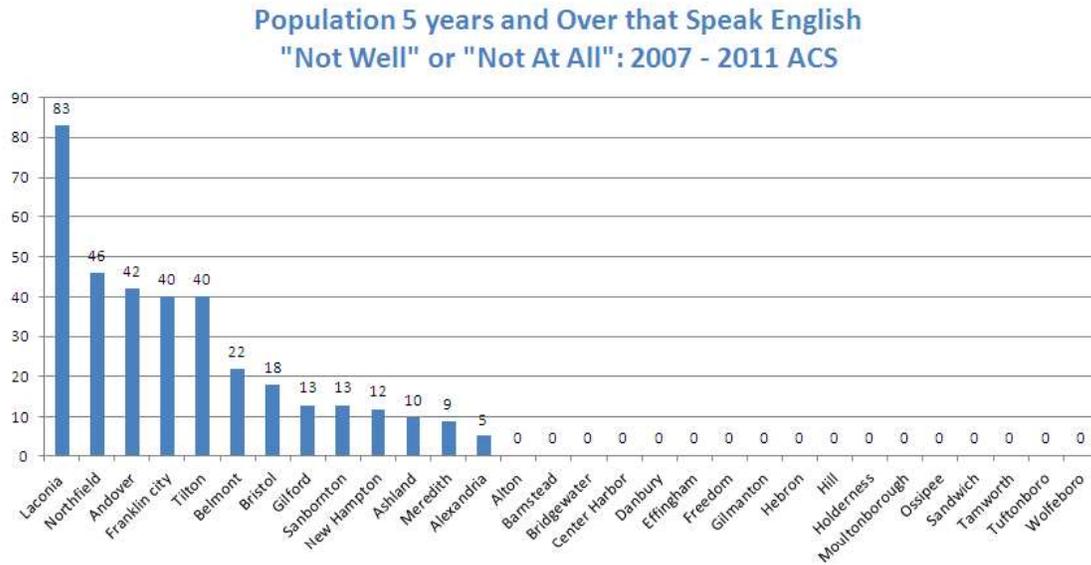
Figure 3.12 shows the percentage of families at or below the poverty level with children. Ossipee, Tilton, Danbury, Franklin and Laconia have the highest percentages.

**Figure 3.12**



**Limited English Proficiency:** Figure 3.13 shows the population over five years who speak English “Not Well” or “Not at All.” Laconia, Northfield, Andover, Franklin and Tilton have the largest number of children in that category.

**Figure 3.13**



Other communities of interest: The following groups have special housing needs that need review and consideration. Interviews with groups provided much of the information.

**Persons with disabilities/physically disabled:** As a general rule, persons with a disability or handicap do not wish to be defined by that disability and wish to function normally in society. With every workforce housing development or government subsidized housing facility, the development includes a number of units that are fully accessible for persons with a disability. The Laconia Area Community Land Trust (LACLT) states there is not a strong demand for these types of units. While the LACLT and other housing developers set these units aside for a period of time, they are not retained indefinitely for disabled persons.

**Low Income Housing:** As noted previously, there is a distinction between affordable housing (very low income persons pay no more than 30 percent of their income for housing) and workforce housing (housing for persons at 100 percent of the Annual Family Median Income (AFMI) for homeownership and 60 percent of the AFMI for rental). Persons living in a workforce housing development are employed. Persons with low and very low incomes are eligible for Housing Choice vouchers (formerly known as Section 8 housing). The US Department of Housing and Urban Development provides assistance for the Housing Choices which are portable. The Laconia Housing Authority and NH Housing Finance Authority administer the Housing Choice vouchers.

The Lakes Region has 1,652 assisted units, with 54 percent of the units located in Laconia (442), Franklin (312) and Meredith (137).

Refugees and Recent Immigrants: A refugee is a person who has fled his or her country of origin or habitual residence because they have suffered or may fear persecution on account of race, religion, nationality, political opinion, or because they are a member of a persecuted social group or because they are fleeing a war. In the Lakes Region, Lutheran Social Services, an official Resettlement Agency, finds housing for new refugees. Housing that is secured is close to local services. The City of Laconia’s Human Relations Committee assists and monitors refugees in making helpful social and employment connections. There are about 100 refugees in Laconia.

An immigrant is a person who comes to the area on their initiative to take up permanent residence for social, family or economic reasons. The Lakes Region immigrant population is about 1,000 persons. They are responsible for their own housing needs.

Veterans: Harbor Homes, New Horizons and other groups assist veterans in finding suitable housing.

Youth: Youth housing issues is a subset of the larger housing affordability issue.

Homeless: The Salvation Army operates the only homeless shelter in the Lakes Region. Located in Laconia, the Carey House is a 30-bed facility. The average occupancy is around 96 percent and has reached 100 percent on several occasions. The Salvation Army believes there is a need for a second homeless shelter in the region.

### C. Segregation and Concentration of Poverty

HUD requested the regional housing chapter include a discussion of segregation and concentration of poverty. The Lakes Region is fairly homogenous and is not nearly as culturally diverse as other parts of the United States and other parts of New Hampshire. The chapter reviewed nationally established thresholds in order to identify areas of concern that affect housing conditions. In order to analyze regional areas of concern, a weighted average was developed for the regional percentage of each of the following criteria:

- Non-white population (3.1%);
- Households with no vehicle (1.6%);
- Population 75 and over (7.9%);
- Households headed by a single parent (9.2%); and
- Population below poverty level (9.3%)

The LRPC staff calculated the standard deviation across the 30 Lakes Region communities for each criterion and 0.8 of one standard deviation was added to the regional average, establishing the concentration threshold for a particular criterion. Table 3.3 below indicates areas where each community exceeds the regional threshold for the various categories. For example, in Alton, the percentage of the population over 75 is 8.09 percent, which exceeds the regional threshold of 8.06 percent. The column at the right of the table totals the number of criteria for which each municipality exceeds the regional threshold. As shown below, the City of Laconia exceeds the regional threshold for all five criteria, Bristol for four of the five, and the communities of Ashland, Franklin, Ossipee and Tilton exceed three of the thresholds. Using data from these sources, the five

communities of Ashland, Bristol, Franklin, Laconia, Tilton and Ossipee would appear to have the largest need for assisted housing.

**Table 3.3**  
Economic and Diversity Characteristics

	%non-white population	% households w/ no vehicle	pop% 75 and over	% single parent households	% population below poverty level	Number Of Factors Indicating Concentrated Areas of Concern
<i>Weighted Average + (0.8)Standard Deviation</i>	3.26%	1.67%	8.06%	9.50%	9.61%	
Alexandria	4.30%					1
Alton			8.09%			1
Andover	3.50%					1
<b>Ashland</b>	<b>3.90%</b>		<b>12.28%</b>		<b>18.50%</b>	<b>3</b>
Barnstead		1.73%				1
Belmont		2.49%		11.87%		2
Bridgewater						0
<b>Bristol</b>		<b>2.89%</b>	<b>9.63%</b>	<b>12.00%</b>	<b>11.60%</b>	<b>4</b>
Center Harbor			10.63%			1
Danbury		3.25%			14.30%	2
Effingham			9.58%			1
<b>Franklin</b>	<b>3.80%</b>			<b>12.80%</b>	<b>15.10%</b>	<b>3</b>
Freedom		2.12%	14.76%			2
Gilford						0
Gilmanton						0
Hebron		3.41%	18.48%			2
Hill		2.02%				1
Holderness		2.55%				1
<b>Laconia</b>	<b>5.50%</b>	<b>1.74%</b>	<b>9.27%</b>	<b>11.73%</b>	<b>14.10%</b>	<b>5</b>
Meredith		1.96%	8.20%			2
Moultonborough						0
New Hampton						0
Northfield	3.40%			12.43%		2
<b>Ossipee</b>		<b>4.11%</b>		<b>9.75%</b>	<b>9.70%</b>	<b>3</b>
Sanbornton		2.25%				1
Sandwich		2.71%	10.63%			2
Tamworth		2.46%			12.20%	2
<b>Tilton</b>	<b>3.80%</b>		<b>11.62%</b>		<b>28.20%</b>	<b>3</b>
Tuftonboro			8.75%			1
Wolfboro			14.57%		10.00%	2

*Source: US Census and the American Community Survey*

The non-white population of the Lakes Region is 3.26 percent; this percentage is the weighted average with standard deviation added of the total population. The City of Laconia has the largest non-white population with 5.5 percent followed by Ashland at 3.9 percent, and Franklin and Tilton at 3.8 percent each. HUD provided the data in Table 3.4 which shows little segregation in the Region's larger communities.

Table 3.4

## Lakes Region Planning Commission

Table 1 - Race/Ethnic Segregation

	Share of Population		Dissimilarity Index	
	Program Participant Area (2000) (1)	Program Participant Area (2010) (2)	Program Participant Area (2000) (3)	Program Participant Area (2010) (4)
Non-White/White	3%	4%	0.21	0.17
Black-African American/White	0%	0%	0.00	0.00
Hispanic/White	1%	1%	0.00	0.19
Asian/White	0%	1%	0.00	0.36
Pacific-Islander/White	0%	0%	0.00	0.00
Native-American/White	0%	0%	0.00	0.00

	Share of Population		Isolation Index	
	Program Participant Area (2000) (1)	Program Participant Area (2010) (2)	Program Participant Area (2000) (5)	Program Participant Area (2010) (6)
Non-White/White	3%	4%	0.01	0.01
Black-African American/White	0%	0%	0.00	0.00
Hispanic/White	1%	1%	0.00	0.00
Asian/White	0%	1%	0.00	0.01
Pacific-Islander/White	0%	0%	0.00	0.00
Native-American/White	0%	0%	0.00	0.00

Notes: Values in column (1) and (2) are the share of racial/ethnic groups in the participant geography in years 2000 and 2010, respectively. Columns (3) and (4) are the dissimilarity index for years 2000 and 2010. The index compares the spatial distribution of the two groups identified in the left-hand column, summarizing neighborhood differences over a larger geography (program participant geography or metro). Higher values of dissimilarity imply higher residential segregation. Column (5) is the isolation index calculated over the program participant geography for the year 2000, column (6) is the same for the year 2010. The isolation index compares average neighborhood minority share for a minority person to the average minority share in the larger geography (program participant geography or metro). Again, higher values imply higher levels of segregation. These index are calculated using block group 100% count data from the 2000 and 2010 Decennial Census SF1.

#### D. Housing Unit Trends and Characteristics

Figure 3.14 shows the total number of residential building permits issued each year during the 21-year period from 1990 through 2011. In 1990, municipalities issued about 480 permits with a peak number of about 1,200 during the 2002 to 2005 period. A sharp decline began in 2006 to 2009 where total residential building permits in the Lakes Region declined to 200. Building permits issued have remained at that level for the last four years.

Figure 3.14

## Total Residential Permits Issued in the Lakes Region: 1990 - 2011

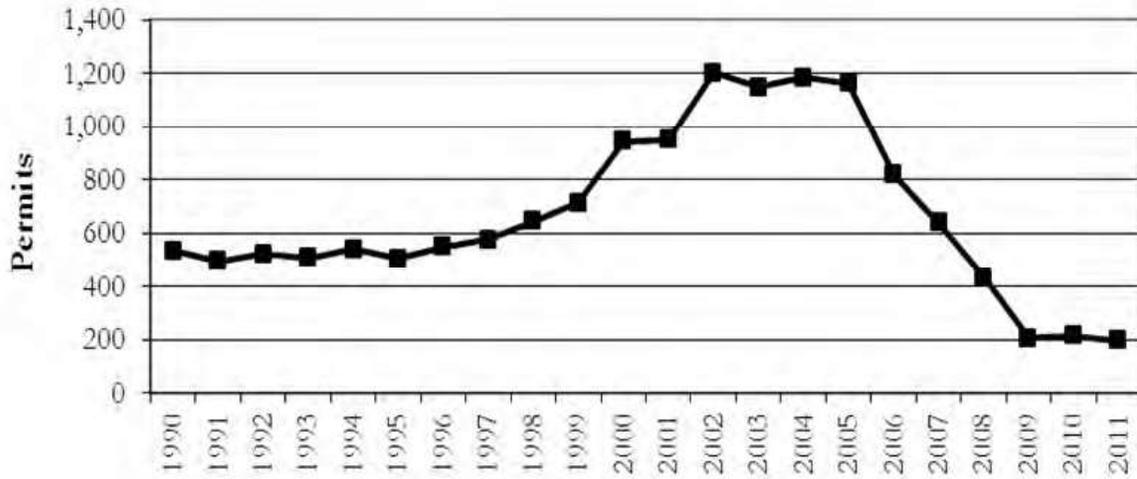
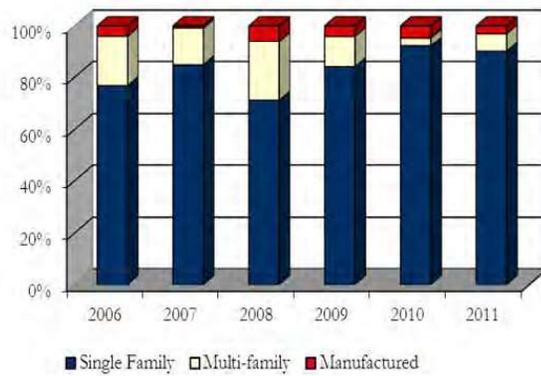


Figure 3.15 shows the type of housing units permitted in the region. As expected, single family homes represent about 85 percent of new housing in 2010 and 2011, followed by multi-family and manufactured housing. The UNH Granite State Future survey indicated a strong preference for single family homes. However, there is a need for additional multi-family housing as younger individuals and families appear to prefer multi-family housing for both mobility and economic reasons.

**Figure 3.15**

### Percent of Housing Types Permitted in the Lakes Region: 2006 - 2011



## E. Housing Cost and Affordability Factors

Within the Lakes Region, applicable HUD income standards are based on the county of residence. For the 2013 base year, the Area Median Family Income (AMFI) standard for homeowners in the Lakes Region was estimated at \$69,700. This also constitutes the maximum income applicable to “workforce housing” for homeowners as of 2013. The maximum workforce income applicable to renters is defined in NH RSA 674:58 at 60% of the AMFI for a household of three persons, or \$43,500 for the Lakes Region.

**Table 3.5**  
**2013 Maximum Workforce Household Income**

County	2012 HUD Income Schedule	
	NH WF Owner Maximum 100% of AMFI	NH WF Renter Maximum 90% - 60% of AMFI
Belknap	\$69,000	\$43,120
Carroll	\$63,900	\$43,120
Grafton	\$69,400	\$43,320
Merrimack	\$79,700	\$49,720
LR Weighted	\$69,700	\$43,500

*Source: U.S. DHUD, and NH HFA 2013*

Figure 3.16 illustrates the potential future economic development challenge associated with a gap between wages and rental housing costs. This graphic is based on two key factors 1) 2013 Housing Wage; and 2) wages for workers in the fastest growing jobs. How these key factors were developed is described below:

- 1) **Housing Wage:** the hourly wage needed to afford the median priced two-bedroom Lakes Region apartment with utilities included is \$19.23. The 2013 Lakes Region Housing Wage of \$19.23 per hour assumes a 40-hour work week (2,080 hours annually) and rent with utilities does not exceed 30 percent of income. The median rental unit in Belknap, Carroll, Grafton, and Merrimack Counties varies between \$964 (Belknap) and \$1,064 (Merrimack). The average for the counties that comprise the Lakes Region is approximately \$1,000 per month. ( $\$40,000$  annual wage \* 30 percent = \$12,000 per year to spend on rent and utilities or \$1,000 per month;  $\$19.23$  per hour \* 2080 hours per year = \$40,000 annual income).
- 2) **Experienced Wage:** the hourly wage earned by experienced workers in the ten employment sectors projected by the Economic Labor Market Information Bureau to create the most jobs during the period 2010–2020. The “experienced wage” is used (instead of an entry-level wage) to illustrate potential challenges for some industries to attract skilled labor that can afford area rental housing. For example, six of the ten fastest growing employment sectors pay skilled workers less than the cost of the Lakes Region median two-bedroom rental unit.

The same calculations can be applied locally or for a labor market to explore rental housing needs.

**Figure 3.16: Lakes Region Housing Wage Compared to Wages for Experienced Workers in Ten Employment Sectors Forecasted to Produce the Most Jobs, 2004 - 2014**

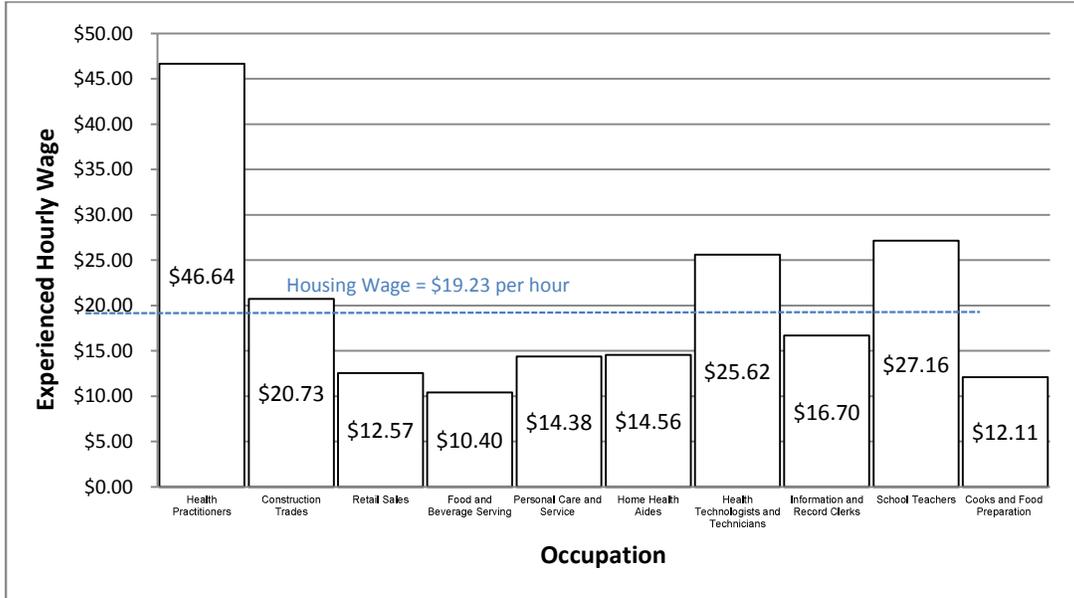
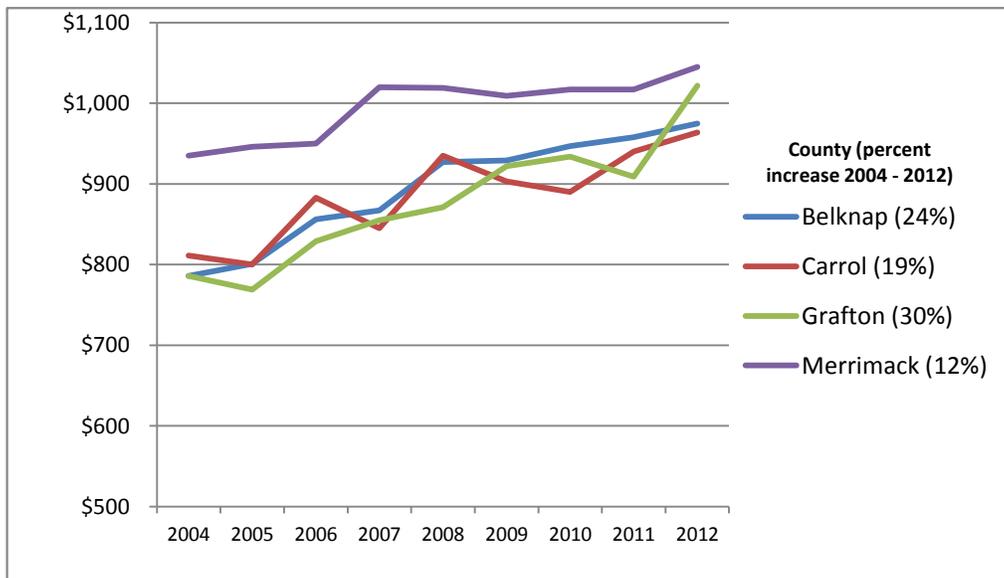


Figure 3.17 illustrates the increase in gross rent for counties that comprise the Lakes Region, where between 2004 to 2014 costs have increased from 12 percent in Merrimack County to as much as 30 percent in Grafton County in an eight year period. The median individual wage in Belknap County is estimated as \$32,966 (average from 2008-2012), below the \$40,000 annual income needed to afford the median two-bedroom rental units.

**Figure 3.17: Gross Rent in Counties that Comprise the Lakes Region 2004-2012**



Based on American Community Survey estimates in 2010 inflation-adjusted dollars, the median household annual income for the Lakes Region is \$55,970. This is considerably lower than estimated median area income for the state of New Hampshire of \$65,249. Figure 3.18 shows the estimated percent of Lakes Region households by the of median area income earned. For example, 32 percent of Lakes Region homeowner households earn \$44,776 or less annually (80 percent or less than the 2014 median household income for the Lakes Region). In comparison, 68 percent of Lakes Region renters earn \$44,776 or less annually.

It is important to note that households include single wage earners. While an individual median wage could not be calculated for the Lakes Region in 2014, if the 2013 individual wage for Belknap County is an indication, this group is especially challenged for housing affordability in the Lakes Region.

**Figure 3.18: 2014 Estimated Percent of Lakes Region Household Earnings as a Percent of Median Area Income (MAI)**

Percent of MAI	Income (less than or equal to)	Homeowners	Renters
		Percent of Lakes Region Households	
30%	\$16,791	7%	28%
50%	\$27,985	16%	46%
60%	\$33,582	21%	55%
80%	\$44,776	32%	68%
100%	\$55,970	42%	77%
120%	\$67,164	52%	83%

Figure 3.19 indicates the estimated percentage of Lakes Region households by wage range and tenure in 2014. While the percentages cannot be added in Figure 3.18, the percentages add to 100 percent in Figure 3.19. For example, the estimated percent of Lakes Region renter households that earn less than \$49,999 annually is 74 percent, the total of percentages for each wage range including and below \$35,000 to \$49,999.

**Figure 3.19: Estimated 2014 Percent of  
Lakes Region Household Incomes by Wage  
Range and Tenure**

**Owner occupied:**

Less than \$5,000	2%
\$5,000 to \$9,999	1%
\$10,000 to \$14,999	3%
\$15,000 to \$19,999	3%
\$20,000 to \$24,999	4%
\$25,000 to \$34,999	10%
\$35,000 to \$49,999	14%
\$50,000 to \$74,999	24%
\$75,000 to \$99,999	16%
\$100,000 to \$149,999	15%
\$150,000 or more	8%

**Renter occupied:**

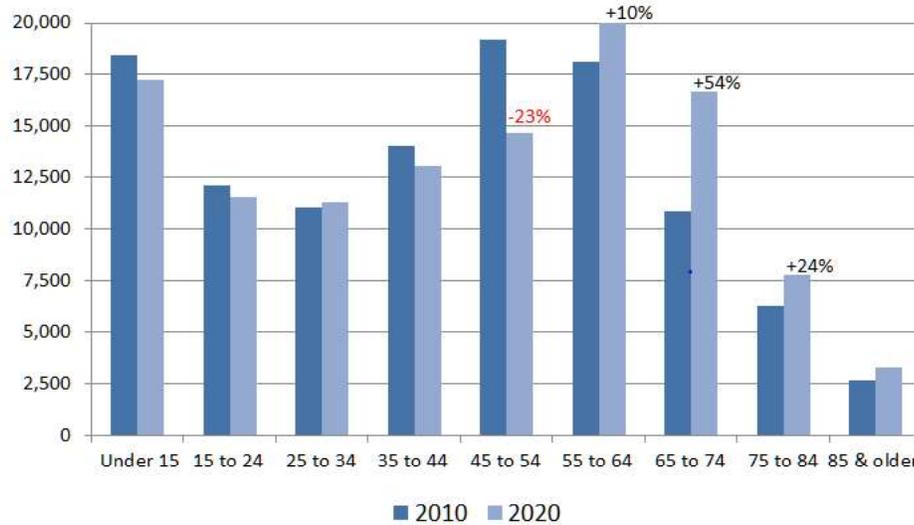
Less than \$5,000	5%
\$5,000 to \$9,999	7%
\$10,000 to \$14,999	13%
\$15,000 to \$19,999	9%
\$20,000 to \$24,999	8%
\$25,000 to \$34,999	15%
\$35,000 to \$49,999	17%
\$50,000 to \$74,999	14%
\$75,000 to \$99,999	6%
\$100,000 to \$149,999	5%
\$150,000 or more	1%

Source: American Community Survey 2006 -2010

Trends affecting housing needs in New Hampshire and Lakes Region:

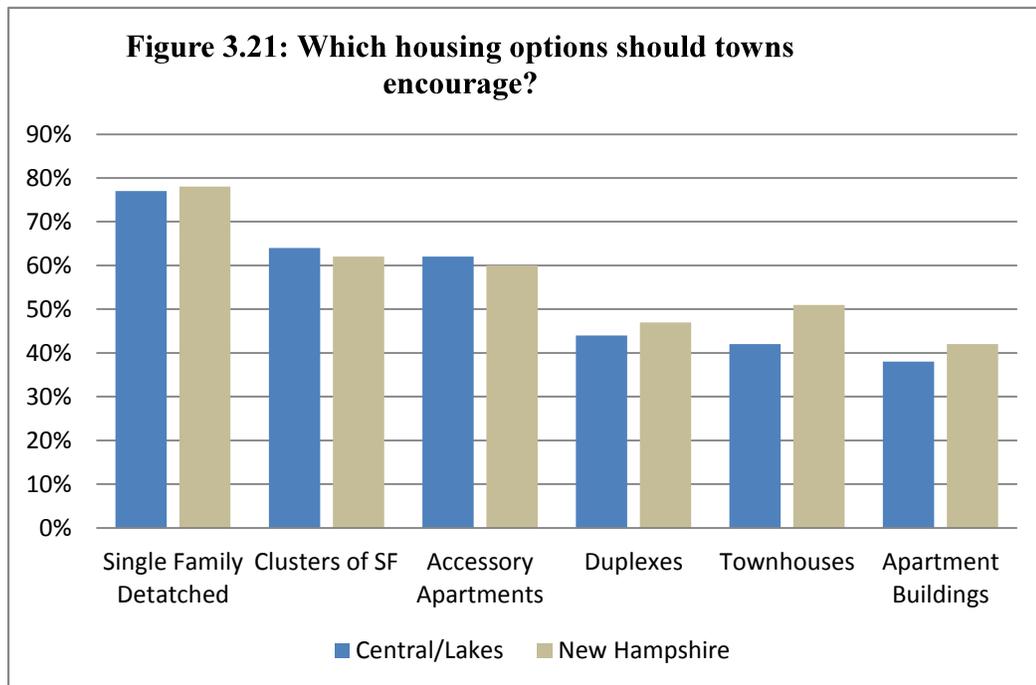
- An aging population equates to more people in the later years of working life and beginning years of retirement. As illustrated in Figure 3.20, household estimates for 2020 indicate the Lakes Region could experience a 54 percent increase in the number of households headed by a resident 65 to 74 years of age, an increase of nearly 6,000 heads of household in this age bracket. This group is more likely to own a home than rent compared to all other age groups. For example in 2010, 86 percent of Lakes Region heads of household between 65-74 years of age owned a home, compared to 80 percent of the 15-24 year old heads of household who rented housing.

**Figure 3.20: Lakes Region Population by Age Group in 2010 and Projections for 2020**



- In consideration of the aging population, there will be an increase in demand for nursing homes, assisted living facilities, and residential care facilities.
- Surveys indicated that 90 percent of persons over age 65 state they would like to stay in their existing place of residence as they age.<sup>1</sup> Otherwise known as “aging in place,” the ability to do so is based on a number of factors including health, ability to make home modifications, and the availability and accessibility of services.
- Based on 2010 Census data, projected future housing needs in the Lakes Region indicate a total of 2,100 additional housing units will be needed by 2020 to accommodate a projected 2.4 percent increase in population or approximately 210 new housing units annually. As a means of comparison, a total of 621 residential permits were issued in the Lakes Region for the period between 2010-2012, or an annual of 207 units permitted each year. The housing permits issued were 86 percent single family, 10 percent multi-family, and approximately 4 percent manufactured.
- The rental vacancy rate in the spring of 2010 was 11.6 percent according to Census data. According to housing professionals, the vacancy is much lower than the 2010 figure today which occurred at a significant downturn in the housing market.
- A leading factor in rental housing demand may be related to job attraction in the region. Where the population is aging and home ownership is the norm for the fastest growing age groups, rental demand will hinge on home ownership opportunities for working age families, the affordability of rental housing in comparison to home purchase and the availability of jobs.
- A well-rounded housing stock consisting of a range of rental and housing pricing is best for economic prosperity. A UNH telephone survey of residents in the Lakes and Central NH areas indicates that respondents are favorable to communities providing opportunities for conventional single-family housing units (see Figure 3.21).

<sup>1</sup> [http://assets.aarp.org/rgcenter/il/beyond\\_50\\_communities.pdf](http://assets.aarp.org/rgcenter/il/beyond_50_communities.pdf)



- Local zoning ordinances and land use practices can significantly impact housing prices. This is especially true where land costs represent a significant portion of housing development costs. To the extent that greater density is practical, housing costs could be reduced.
- Opportunities for accessory apartments and alternative arrangements within single-family homes (in-law apartments, “granny flats” and others) may allow greater opportunity for aging in place.

Source: US Census - FMRs are gross rent estimates. They include the shelter rent plus the cost of all utilities, except telephones. HUD sets FMRs to assure that a sufficient supply of rental housing is available to program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). Public housing units and units less than two years old are excluded.

An important indicator of the strength of the housing market is the median purchase price. As shown on Table 3.6 the median purchase of a home in the Lakes Region significantly increased from 2001 to around the 2005-2006 period, where it peaked at \$215,000 for all homes and \$210,000 for existing homes and \$276,000 for new homes. Since 2007, the median purchase price for all homes declined to \$165,000 for 2012. However, for the first half of 2013, housing prices have increased and the median purchase price for all homes is \$170,000 and \$172,000 for single-family detached homes. According to the NH Housing Finance Authority, the number of foreclosures in 2013 has declined from 2012 and housing prices are increasing throughout the state.

**Table 3.6: Housing Prices, Lakes Region**

Year	All Homes			Existing Homes			New Homes			Single Family Detached			Condominiums		
	Median Purchase Price	Sample Size		Median Purchase Price	Sample Size		Median Purchase Price	Sample Size		Median Purchase Price	Sample Size		Median Purchase Price	Sample Size	
Jan-Jul 2013	\$170,000	547		\$169,000	527		NA	20		\$172,000	502		NA	45	
2012	\$165,000	944		\$162,00	922		NA			\$165,000	862		\$137,000	82	
2011	\$165,000	786		\$162,000	750		#N/A	36		\$166,000	724		\$137,000	62	
2010	\$170,000	873		\$167,600	814		\$201,000	59		\$173,000	789		\$160,000	84	
2009	\$167,000	873		\$162,000	811		\$229,900	62		\$169,900	790		\$141,000	83	
2008	\$209,000	693		\$204,000	616		\$240,000	77		\$210,000	636		\$180,000	57	
2007	\$215,000	959		\$210,000	812		\$246,025	147		\$220,000	847		\$175,000	112	
2006	\$215,000	1214		\$210,000	1040		\$269,500	174		\$222,000	1093		\$165,000	121	
2005	\$215,000	1441		\$205,000	1201		\$276,000	240		\$218,000	1308		\$185,000	133	
2004	\$190,000	1660		\$184,900	1354		\$237,000	306		\$195,000	1465		\$161,000	195	
2003	\$169,900	1552		\$165,000	1317		\$199,900	235		\$170,000	1417		\$150,000	135	
2002	\$143,000	1489		\$139,900	1281		\$165,000	208		\$145,000	1370		\$121,153	119	
2001	\$126,000	1560		\$124,000	1369		\$149,500	191		\$128,000	1421		\$112,000	139	

Source: NH Housing Finance Authority, 2013; note: data on new homes and non-condominiums are not available (N/A) due to a sample size of less than 50.

Figure 3.21

## Median Purchase Price of Primary Homes in the Lakes Region: 1990 - 2013



Source: NH PA-34 Form. Compiled by New Hampshire Housing.

Table 3.7 includes information on gross housing rents in the Lakes Region from 2001 to mid-2013. Gross rent includes the contract rent plus the cost of utilities and fuel. For all housing units, in the last 13 years, the 2013 median gross rent of \$920 increased \$322 or 54 percent. For a three-bedroom unit at \$1,212 per month, during that period, the increase was \$446 or 58 percent. During this period of slow growth, more people are seeking rental opportunities. An affordable rental opportunity is an important factor in maintaining an adequate regional workforce. As a general rule, for an affordable housing unit, a renter should pay not more than 30 percent of his or her pre-tax income for rent. If three-bedroom units rent for \$1,212 per month or \$14,544 per year, the individual or family would need an income of approximately \$48,480 per year for the unit to be considered affordable.

**Table 3.7: Housing Rents, Lakes Region**

Year	All Units		0-Bedroom Units		1-Bedroom Units		2-Bedroom Units		3-Bedroom Units		4+-Bedroom Units	
	Median Gross Rental Cost	Sample Size										
2013	\$920	956	\$645	39	\$753	285	\$953	440	\$1,212	155	\$1,340	37
2012	\$915	1,023	\$585	64	\$728	297	\$945	461	\$1,175	163	\$1,407	38
2011	\$915	929	\$585	32	\$746	281	\$940	418	\$1,170	162	\$1,417	36
2010	\$873	963	\$585	58	\$701	326	\$925	390	\$1,145	163	\$1,336	26
2009	\$867	936	\$585	56	\$722	316	\$911	393	\$1,105	147	\$1,293	24
2008	\$888	849	\$590	49	\$700	263	\$914	371	\$1,131	142	\$1,395	24
2007	\$823	811	\$585	50	\$674	260	\$867	354	\$1,027	123	\$1,278	24
2006	\$793	987	\$575	62	\$650	306	\$857	437	\$1,050	157	\$1,276	25
2005	\$731	856	\$542	53	\$604	296	\$799	369	\$957	122	#N/A	16
2004	\$702	867	\$480	39	\$600	327	\$786	357	\$906	130	#N/A	14
2003	\$668	940	\$472	52	\$561	367	\$733	387	\$866	118	#N/A	16
2002	\$636	859	\$440	49	\$536	318	\$694	369	\$774	105	#N/A	18
2001	\$598	894	\$434	48	\$509	325	\$648	386	\$766	115	\$897	20

Source: NH Housing Finance Authority, 2013

#### IV. HOUSING SUPPLY PROJECTIONS

In early 2014, the NH Housing Finance Authority completed a statewide Housing Production and Needs Assessment Study. This study will inform stakeholders of the new housing needs for home ownership and rental housing by region.

The NH Center for Public Policy Studies prepared Table 3.8 below which shows the projected production of new ownership units and rental units necessary to meet employment growth. The information shows a statewide need for new ownership units in the range of 3,552 and 4,398 units and rental units in the range of 505 to 866. The Lakes Region population is 8.5 percent of the state's population. For a rough estimate, the range of new ownership and rental units in the Lakes Region would be:

Ownership Units: 302 to 374  
 Rental Units: 43 to 74

Table 3.8

<b>NEW HAMPSHIRE - AVERAGE ANNUAL HOUSING PRODUCTION REQUIRED TO MEET GROWTH ASSUMPTIONS</b>			
<b>Production Components by Tenure</b>	<b>1</b>	<b>2</b>	<b>3</b>
	<b>Employment Growth Model 1</b>	<b>Employment Population Average 2</b>	<b>Population Projection Based Model</b>
<b>Ownership Units</b>			
Household growth	5,418	4,581	3,744
Vacancy reserve (1)	-325	-334	-342
Replace units lost to demolition/disaster	150	150	150
<b>Total production</b>	<b>5,243</b>	<b>4,398</b>	<b>3,552</b>
% Of production for vacancy reserve	-6.2%	-7.6%	-9.6%
<b>Rental Units</b>			
Household growth	1,726	1,379	1,032
Vacancy reserve (1)	-630	-644	-659
Replace units lost to demolition/disaster	131	131	131
<b>Total production</b>	<b>1,228</b>	<b>866</b>	<b>505</b>
% Of production for vacancy reserve	-51.3%	-74.4%	-130.5%
<b>Total Units for Year-Round Residents</b>			
Household growth	7,144	5,960	4,776
Vacancy reserve (1)	-955	-978	-1,001
Replace units lost to demolition/disaster	281	281	281
<b>Total production</b>	<b>6,471</b>	<b>5,264</b>	<b>4,057</b>
% Of production for vacancy reserve	-14.8%	-18.6%	-24.7%

## V. AFFORDABLE AND EQUITABLE HOUSING OPPORTUNITIES AND BARRIERS

### A. Introduction

Fair housing is defined as the right of all individuals and families to have equal access to housing. Safe, accessible and healthy housing not only allows residents to live in decent conditions but provides the opportunity to access employment, education and services to engage as full, participating and equal members of their community.

The Fair Housing Act is Title VIII of the Civil Rights Act and became law in 1968. It prohibits discrimination in the sale, rental, and financing of dwellings based on race, color, religion, sex or national origin. Under the federal Fair Housing Act, the following are protected classes: Race, National Origin, Religion, Color, Gender, Familial Status and Disability. Under the New Hampshire Fair Housing Act, it includes all the federally protected classes and Marital Status, Sexual Orientation and Age. The U.S. Congress amended Title VIII and added protection against discrimination based on disability and familial status (presence of a child under the age of 18). The 1988 amendment also included an exemption from familial status discrimination for communities specifically designated for people 55 and older.

Along with prohibiting discrimination in the sale, rental, and financing of housing, the Fair Housing Act also makes illegal any advertisements or statements that indicate a limitation or preference based on the aforementioned protected classes. Further, any attempt to coerce, intimidate, or interfere with someone exercising a fair housing right is prohibited.

People with disabilities are afforded additional protections. A landlord may not:

- Refuse to allow a person with a disability to make reasonable modifications to a dwelling or common use area in order to make it accessible; and
- Refuse to make reasonable accommodations to rules, policies or practices in order to allow a person with a disability to use the housing.

This section will examine the impact of state, local, and regional policies, procedures, and practices on the availability of fair and affordable housing for all people in the county. It also analyzes the impact of private-sector policies and rules. The goal is to identify actions, decisions, policies or omissions that have the effect of restricting housing choice based on one's membership in a protected class as defined by the federal Fair Housing Act or New Hampshire state law.

## B. Distribution of Workforce and Affordable Housing

The terms workforce housing (WFH) and affordable housing are oftentimes used interchangeably and can be confusing. Definitions are included in Section II.

Generally, *affordable housing* is a generic term that refers to housing with covenants, subsidies, or other mechanisms to ensure the availability of such housing for low and moderate-income households at a cost that leaves an adequate amount of household income for other needs. To be considered affordable, the total cost of housing, including principal, interest, taxes and utilities (ownership), or rent and utilities (rental), should be no more than roughly 30 percent of a person's or family's gross income.

As referenced in NH RSA 674:58, *workforce housing* includes a variety of housing types (single family, duplex, apartments, and multi-family) affordable to households with low or moderate-income. These individuals include teachers, municipal employees, retail employees, mechanics, young professionals and others with incomes at or below the area median family income of a region. In New Hampshire, WFH includes homeownership affordable to households with incomes up to 100 percent of the HUD area median family income (AMFI) and rental housing up to 60 percent of the AMFI for a household of three persons.

In the affordable housing field, the Laconia Housing Authority and Laconia Area Community Land Trust are the major players in the Lakes Region.

**Laconia Housing Authority (LHA)** provides subsidized housing opportunities utilizing federal government programs at properties owned and managed by LHA (Sunrise Towers, Blueberry Place, Orchard Hill II, and Northfield Village) and through partnerships (Tavern Inn/Stafford House and Normandin Square) and by the administration of Housing Choice Vouchers (formerly Section 8).

**The Housing Choice Voucher** (formerly Section 8 program) provides assistance for *low-income families* and *very low income families* in the private rental market through housing assistance payments. Voucher holders select a unit from the private rental market (local landlords). Program participants normally pay no more than 30 percent of monthly adjustment income towards rent and utilities. The housing assistance payment subsidizes the balance of the rent to the property owner/landlord.

**Family Self Sufficiency (FSS)** is a HUD program that encourages families who currently have a Housing Choice Voucher to work toward attaining economic independence and self-sufficiency. LHA connects families with agencies, schools and businesses to develop skills and work experience. The LHA manages the following.

The following is an inventory of housing developments sponsored by the LHA.

<b>Table 3.9</b>		
<b>Housing facility</b>	<b>Units</b>	<b>Base funding program</b>
Blueberry Place, Laconia	35	Project Based Section 8
Normandin Apartments, Laconia	60	Low Income Housing Tax Credit
Northfield Village, Northfield	36	Project Based Section 8 / USDA Rural Development
Orchard Hill II, Belmont	32	USDA Rural Development
Tavern Inn/Stafford House, Laconia	50	Low Income Housing Tax Credit
Sunrise Towers	98	HUD Public Housing
Various areas in Laconia	407	Housing Choice Vouchers / Section 8
<b>Total</b>	<b>718 Units</b>	
*All of these properties either pay real estate taxes or payments in lieu of taxes.		

The following is an inventory of housing developments located in Franklin.

<b>Table 3.10</b>		
<b>Housing facility</b>	<b>Units</b>	<b>Base funding program</b>
Bow Glen Transitional Housing	10	Family; Belknap-Merrimack CAP
Cottage Hotel	6	Special Needs; Belknap-Merrimack CAP
Forest Hill	40	Family; Allgeyer Management Services
Franklin Knolls	48	Family; EastPoint Properties
Franklin Plantation	36	Family; THM, Inc.
Franklin Woods	36	Merrimack Heights, Inc.
New Franklin Apartment	36	Elderly; Portsmouth Place Apts. Apartments,
New Franklin Apartments	75	Elderly; Portsmouth Place Apts.
Riverside Housing for the Elderly	40	Elderly; Belknap-Merrimack CAP
<b>Total</b>	<b>327</b>	

The following are other assisted housing developments located in other communities.

<b>Housing facility</b>	<b>Units</b>	<b>Type and Contact information</b>
Prospect View, Alton	26	Elderly; Belknap-Merrimack CAP
Belmont Housing for Elderly, Belmont	40	Elderly; Belknap-Merrimack CAP
Belmont Village Apts., Belmont	30	Family; Sterling Management Inc.
Maple Hill Acres, Belmont	32	Family; Realty Resource Management
Sandy Ledge Housing	11	Family; Belknap-Merrimack CAP
Bretton Woods, Gilford	36	Family; Allgeyer Management Services
Gilford Village Knolls, Gilford	22	Elderly; Stewart Property Mgmt. Co.
Gilford Village Knolls II, Gilford	24	Elderly; Stewart Property Mgmt. Co.
Deer Run Apartments, Meredith	25	Family; Hodges Companies
Hillside Apartments, Meredith	50	Elderly; Hodges Companies
Pinecrest Apartment, Meredith	32	Family; Hodges Companies
Red Gate Lane, Meredith	32	Family; Foxfire Management
Lochmere Meadows, Tilton	28	Family; Hodges Companies
Mill Knoll, Tilton	17	Family; Stewart Property Mgmt. Co.
New Franklin Apartments, Tilton	60	Elderly; Portsmouth Place, LLC
West Wynde Center, Moultonborough	12	Elderly; Stewart Property Mgmt.
Mountain View Apartments, Ossipee	24	Elderly; Stewart Property Mgmt.
Ossipee Village Apartments, Ossipee	24	Family; Stewart Property Mgmt.
Pine Grove Apartments, Ossipee	15	Family; George Zavias
Spokesfield Common, Sandwich	10	Elderly; Stewart Property Mgmt.
Chocorua Woods, Tamworth	15	Special needs; Sonata Housing
Remick Woods, Tamworth	24	Elderly; Stewart Property Mgmt.
Christian Ridge, Wolfeboro	32	Elderly; Hodges Companies
Harriman Hill, Wolfeboro	24	Family; Hodges Companies

<b>Housing facility</b>	<b>Units</b>	<b>Type and Contact information</b>
The Ledges, Wolfeboro	45	Elderly, Hodges Companies
Common Man Commons, Ashland	28	Elderly; Southern NH Services
Highland Apartments, Ashland	24	Elderly; Stewart Property Mgmt.
Ledgewood Estates, Ashland	40	Family; Hodges Companies
Bristol Town Square, Bristol	16	Elderly; Beno Mgmt. Company
Country Manor, Bristol	20	Elderly; Beno Mgmt. Company
<b>Total</b>	<b>788</b>	

### **C. Physical Infrastructure**

Local Land Use Controls: Most municipalities in the region have a full complement of local land use regulations: Zoning Ordinance, Subdivision Regulations, and Site Plan Review Regulations. Local land use regulations require an approach that balances the need for growth while accommodating the growth in an orderly and planned fashion. In some cases, local land use regulations that are overly stringent increase the cost of housing. In particular, large lot zoning increase the development cost of affordable housing and workforce housing. As a general rule, if water and/or sewer service is available, the lot size requirement should normally be in the 20,000 – 30,000 SF range. When sewer and or water is not available, lot sizes could be in the one acre to one and a half acre size depending on soil conditions. When a lot size exceeds two acres or more, the community needs a valid reason for its justification. Some municipalities are considering a reduction in lot size for workforce housing. On a regular basis, communities should review and update their local land use regulations to make sure they accommodate local needs and are defensible.

On occasion, a Planning Board may make a reference to the “number of school age children” that may result from an approved subdivision and the potential impact on the Town’s budget. The number of children has declined in the last 15 years to about 0.8 children per new residential unit. Many School Administrative Units (SAUs) report stable or declining school enrollments.

Transportation: Low income persons have housing needs due to the high cost of housing. Through the community outreach effort, participants identified public transit as a need. Public transit in the Lakes Region is limited.

Economic Development: New opportunities for job creation should be located in or close to the built up area of a community so they employees can walk, bike or have a short commute.

Housing and community development: Housing and community development are closely interrelated. A range of housing and employment opportunities provides for a balanced approach to community development.

#### **D. Fair Housing Issues**

Under the federal Fair Housing Act, the following are protected classes: Race, National Origin, Religion, Color, Gender, Familial Status and Disability. Under the State of New Hampshire's Fair Housing Act, the law includes all the federally protected classes and Marital Status, Sexual Orientation, and Age. In order to determine if there have been allegations, complaints and cases found to have Cause for discrimination regarding housing in the region, the LRPC contacted the following organizations for information:

- NH Commission on Human Rights;
- NH Legal Assistance; and
- U.S. Dept. of Housing & Urban Development, New England Office of Fair Housing and Equal Opportunity.

Contact with these three agencies provided sufficient information to determine the nature of issues regarding housing discrimination in the Lakes Region. All three agencies reviewed their files for the past five years to identify allegations and findings relative to housing discrimination. Please note the information contained in the agencies' files is confidential and can only be shared in a generic manner.

The NH Commission on Human Rights is a state agency established by RSA 354-A for the purpose of eliminating discrimination in employment, public accommodations and the sale or rental of housing or commercial property, because of age, sex, sexual orientation, race, creed, color, marital status, familial status, physical or mental disability or national origin. The commission has the power to receive, investigate and pass upon complaints of illegal discrimination and to engage in research and education designed to promote good will and prevent discrimination.

After a review of their files, the Commission reported that there were no Probable Cause findings in housing for the last five years in the Lakes Region.

New Hampshire Legal Assistance (NHLA) is a HUD-funded Fair Housing Initiatives Programs and provides private enforcement of the fair housing act through education and outreach and direct representation of persons facing housing discrimination. In addition, NHLA provides high quality legal services to vulnerable low-income people, ranging from simple legal information and advice to vigorous and thorough representation in all of New Hampshire's courts and before many of the local, state and federal agencies which play large roles in the lives of low-income people. NHLA receives complaints regarding housing discrimination.

The NHLA reviewed their files for the last five years and reported the following information. Thirteen of the sixteen complaints involved a disability complaint.

<b>Table 3.12</b>		
<b>Location</b>	<b>Number of Complaints</b>	<b>Protected Class</b>
Ashland	Two	Disability: 2
Franklin	Four	Disability: 4; Familial status:1
Freedom	One	Disability: 1
Laconia	Six	Disability: 4; Familial status: 1, Race: 1
Meredith	One	Disability: 1
Tuftonboro	One	Familial Status: 1
Wolfeboro	One	Disability: 1
Total	Sixteen	Disability: 13, Familial status: 2, Race: 1

For confidentially reasons, NHLA did not indicate if the complaint was against a municipality, an individual, a corporation, or an institution or how the particular complaint was resolved.

U. S. Dept. of Housing & Urban Development, New England Office of Fair Housing and Equal Opportunity

HUD’s Office of Fair Housing and Equal Opportunity reviewed their files for the past five years and reported a total of six cases in four communities. HUD determined there was “No Cause” in four cases and two cases were “Conciliated.”

<b>Table 3.13</b>		
<b>Location</b>	<b>Type of Case</b>	<b>Resolution</b>
Ashland	Familial Status: 1	No Cause: 1
Belmont	Disability: 1	Conciliated: 1
Franklin	Race: 1	No Cause: 1
Laconia	Disability: 2, Retaliation: 1	No Cause: 2, Conciliated: 1

HUD did not indicate if the complaint was against a municipality, an individual, a corporation, or an institution or how the particular complaint was resolved.

Based on the above information, discrimination in the Lakes Region is primarily limited to disability issues.

## VI. CONCLUSIONS AND RECOMMENDATIONS

### Conclusions

Housing, economic opportunity, and population characteristics are closely interrelated.

- The region will continue to experience slow growth. In 2010, the US Census reported a total of 112,735 residents in the Lakes Region and recent state population projections estimated an increase of 277 persons by 2015 for a total of 113,012. This projection is in sharp contrast to the history of last 40 years when the population increased by 86 percent from 60,461 in 1970 to 112,735 in 2010. The “baby boom” generation, the in-migration from southern New England states, the favorable New Hampshire tax climate, and the overall attractive lifestyle in the Lakes Region contributed to this high level of growth. The expectation for slow population growth will have implications for many aspects of life in the Lakes Region such as housing, the local tax base, available labor force, school enrollments and others.
- The demographics of the Lakes Region, with an increase in the number of individuals and household over 65 and decline in the number of households 35 to 55, will have a significant effect on the region’s housing supply.
- In the year ending June 30, 2013, population change for Belknap County was negative for both natural increase (births minus deaths) and net migration. Some of the drop in the labor force is likely associated with residents leaving but the majority of the drop in both labor force and employment is due to retirement. As the area’s residents ages, many of them retire and are therefore not included in neither the employment count nor the labor force.
- Overall, a decline in jobs (covered employment declined by 2,790 jobs between 2006 and 2012), labor force, and population are all negative economic trends in terms of future demand. But as the area south of the region starts to expand, there could be an increase in demand due to additional second home owners spending more time in the region.

Recent shifts in the New Hampshire’s demographic and economic trends are impacting the current housing infrastructure and could become a drag on future economic growth and stability. The reasons are multiple: an aging population, shifts in housing preferences among younger generations, a misalignment between housing supply and future demand, and changes in traditional financing paths for homeownership. Major housing trends in the state and region include:

- Overall homeownership demand in New Hampshire is declining;
- New Hampshire’s current housing supply is poorly aligned with evolving preferences among different age groups: older people want smaller houses with first floor options;

- Affordability and the New Hampshire advantage — it is not what it was in the past;
- Seniors will occupy a growing proportion of the state’s housing units — they have different needs — an increase in demand for nursing homes, assisted living facilities, and residential care facilities; and
- New construction will likely be limited in a projected era of slower population growth — more emphasis on rehabilitation and modification of existing units to accommodate two or more families, an accessory apartment, et cetera.

Affordability is a continuing challenge in the Lakes Region. About 32 percent of homeowner households in the Lakes Region earn less than 50 percent of the 2014 median household income for the Lakes Region (\$44,776), compared to 68 percent of renters.

The need for affordable housing and workforce housing is not fully understood.

Balance between owner-occupied housing and rental housing. A key factor in rental housing demand is the number of employment opportunities. Where the population is aging and home ownership is the norm for the fastest growing age groups, rental demand will hinge on home ownership opportunities for working age families, the affordability of rental housing in comparison to home purchase and the availability of jobs.

Projected future housing needs in the Lakes Region indicate a total of 2,100 additional housing units will be needed by 2020 to accommodate a projected 2.4 percent increase in population or approximately 210 new housing units annually. At present, it appears that need is being met. During the three years (2010 to 2012), on average 207 units were permitted each year. The housing permits issued were 86 percent single family, 10 percent multi-family, and approximately 4 percent manufactured housing.

Where there appears to be little racially or ethnically segregated areas in the Lakes Region, there are communities with economic distress characteristics.

There are very few cases of discrimination in the Lakes Region and those identified are primarily disability issues.

## **Recommendations**

The LRPC should assist with the following:

- Identify regional housing needs every five years and inform municipalities of those needs;
- Assist decision makers in understanding current and projected demographic and economic conditions;
- Assist local government in addressing local workforce housing needs.

*(this page left intentionally blank)*

## APPENDIX A

### Overview of Lakes Region Housing, 2004 and 2010

The Lakes Region Planning Commission completed Housing Needs Assessments in 2004 and 2010. The following is the **Executive Summary** for the *Lakes Region Housing Needs Assessment 2010*

The production and preservation of affordable and workforce housing depends on public-private partnerships. These partnerships arise from a shared understanding of housing affordability issues and the relationship between housing and economic development. The purpose of the Lakes Region Housing Needs Assessment is to describe the affordable and workforce housing needs of the area in the context of regional market trends, and to help member communities examine their role in meeting regional housing needs.

#### Changing Data Resources

There has been a significant change in the way income and housing data is collected, which now limits the availability of detailed housing need information by municipality.

- The American Community Survey (ACS) has become the principal source of information on household income and housing cost ratios.
- Relevant statistical data on income and housing cost burden is no longer available from the decennial Census by municipality; ACS data reflects sampling of counties and selected statistical areas. This assessment recognizes a need for transition to those sources.

#### New Workforce Housing Requirements

In 2009, New Hampshire passed legislation that defines “workforce housing” and which may require municipal action for compliance.

- New Hampshire RSA 674:58 to 61 requires each municipality to enable reasonable opportunities to create housing affordable to the workforce.
- Municipalities must also make specific provisions that enable multifamily housing in structures of five or more units.
- This needs assessment presents information for municipalities seeking guidance on how to meet these requirements and provide for a portion of Lakes Region workforce needs.

#### Rental Affordability Gap

Based on ACS data on housing cost and income, the affordability gap in 2008 was far greater than indicated by Census data for the Lakes Region in 1990 or 2000.

- The Census years showed 36 percent (1990) and 31 percent (2000) of renters had gross rental cost of 30 percent or more of their income.
- The ACS sample data suggests that the ratio has become substantially higher (about 43 percent) in 2008. Approximately 5,000 Lakes Region renter households are estimated to have a high housing cost burden as of 2008. Since the ACS has a relatively high margin for error, comparison to historic Census data may be faulty.
- About 80 percent of the renters with these high costs are non-elderly households and 20 percent are 65 or older.

### **Ownership Affordability Gap**

Estimates for the Lakes Region using ACS data for 2008 indicate that about 36 percent of its homeowners have gross housing costs that consume 30 percent or more of household income. This data is not comparable to past Census samples, which represented only a portion of ownership units.

- The 2008 estimates indicate that a high housing cost burden affects about 13,000 Lakes Region homeowners.
- About 76 percent of the homeowners with a high housing cost burden are under age 65 and 24 percent are 65 or older.
- Market data on home price shows that the median purchase price of Lakes Region primary homes increased by over \$100,000 (by about 19 percent per year) during the period 1999 to 2005.
- Since wages during the same period increased by only about 4 percent per year, the affordability gap for homeowners widened. For most occupations, a single wage household is unable to afford the median priced home, and two incomes are generally needed to afford homeownership.

### **Housing Cost Trends**

Home prices increased much faster than wages or income, while changes in rental costs were more gradual. Both prices and rents have increased faster than average wages.

- The median price of a Lakes Region home doubled between 1999 and 2005, then remained relatively stable until 2008. The median sales price then declined by about 20 percent between 2008 and 2009.
- Rental costs have risen steadily but less steeply than home prices since 2000. Lakes Region rental vacancy rates have remained at or below 2 percent from 2008 to 2010.

- While rents have climbed faster than average wages, it is still possible for the average wage worker in the Lakes Region to afford the median rent on a single income. Homeownership will typically require two working household members.
- The cost of homes is driven significantly by the increasing size of single family houses. Average new home size in the U. S. is now over 1,000 square feet larger than the average home constructed in the early 1970s.

### **Affordability to Workforce**

In the Lakes Region, about 52 percent of homeowners and 55 percent of renters are estimated to have incomes at or below the statutory workforce income guidelines for each tenure group. Based on housing costs in 2009, the proportion of homes sold and the percentage of rental units that are affordable to the workforce is reasonably balanced at the regional level, though there are differences by labor market area.

- In 2008 and 2009, homes priced at or below about \$210,000 in the Lakes Region would be affordable to the workforce using the income benchmarks for those years. In 2009, 71 percent of the primary homes sold in the Lakes Region were sold at or below this price. Sales data for the prior year 2008 indicated that about 51 percent of sales were at or below the affordable workforce price.
- Data for newly constructed homes showed that 47 percent of new units were sold at workforce price levels in 2009 compared to 35 percent in 2008. Homeowners who purchased during a period of price escalation may continue to have high housing cost ratios, but the recent decline in prices has opened up a greater share of the ownership inventory to the workforce.
- Rental data for 2009 indicates that about 57 percent of market rate rental units were affordable to workforce renter households (rented for under \$900 per month gross rent).
- In 2010, the median gross rent (market rate) in the Lakes Region was \$879 per month, requiring an annual household income of about \$35,000. This rent is affordable to the average wage worker, but is above the level affordable to entry level employees in the Lakes Region, who earn about \$20,000 per year.
- Both the median home price and the median gross rent in the Lakes Region are affordable at the statutory workforce income benchmark. However, market costs are not necessarily affordable to working households with incomes well below the benchmark.
- The housing affordability gap across the Lakes Region may be measured in thousands of homeowner and renter households. Statistical indicators suggest that the proportion of households with a high housing cost burden

increased significantly between 2000 and 2008. Renter households are likely to continue to strive for homeownership even if it results in a high housing cost burden.

- The absence of rent subsidies to bridge the affordability gap for the lowest income renters means that a significant portion of renters will continue to have a very high housing cost burden.

## **Housing Production**

Housing demand modeling and building permit data indicate that the Lakes Region is not producing enough multifamily or rental housing stock, especially in consideration of an aging population.

- The age groups most heavily dependent on rental and multifamily housing are young workers and the elderly.
- Long term demographic projections indicate that about 25 percent of Lakes Region households are headed by a person age 65 or older, and that this proportion could increase to 49 percent of all households by the year 2030. During this period, the number of households under age 65 will begin to decline in both number and as a percent of total households.
- Housing need projections indicate that in the Lakes Region, about 20 percent of housing construction should be for rental or multifamily housing development. During the 1980s and 1990s, about 23 percent of Lakes Region housing production was in multifamily or attached housing development; from 1990 through 2008 it has represented about 7 percent of the total.
- The high dependency of the region on single family homes may not provide the diversity of housing options needed to support young workers for the Lakes Region service economy or for an aging population with increasing levels of disability.
- An estimated 43 percent of all rental housing occupied by the elderly in the Lakes Region was constructed under an assisted housing program, much of it at a time when there were extensive rent subsidies available. Today, there are fewer production programs or subsidies to support the transition of seniors from ownership to rental housing.

## **The Municipal Response to Regional Needs**

The local response to regional needs can help to reduce the housing affordability gap. Most communities should review their development regulations and consider whether changes are needed to address the new workforce legislation. Some communities will go beyond basic statutory compliance to provide incentives or actively participate in affordable housing creation. A few communities may find that their current housing stock and development

standards already enable them to support a fair share of the region’s workforce housing needs. Municipal officials working on housing issues might start their analysis by asking a few central questions:

- If you were new to the workforce and earned an entry level wage in the Lakes Region, where could you afford to live, and what options are there in your community?
- How far would you need to commute to find a house or apartment you could afford along with your other household and transportation costs?
- How can we build our jobs and economic base if we don’t have enough affordable housing to attract a workforce?
- Where will your aging parents live when they can no longer handle the physical demands and costs of running a single family house?

### **Meeting Basic Statutory Workforce Requirements**

Under NH RSA 58 to 61, each municipality should examine whether land use regulations need to be modified to enable workforce housing creation. Small changes that produce even modest gains in workforce housing can help address regional supply and affordability needs:

- Enable accessory apartments and duplexes within single family zoning districts.
- Allow multifamily housing units within commercial mixed use sites, or within the upper stories of commercial buildings.
- Reexamine zoning limits on street frontage per unit, the maximum number of housing units per structure and maximum structures per lot to create more flexibility to accommodate development other than single-family detached homes.
- Provide opportunities for multifamily or attached housing units in structures with five units or more.
- If the potential to create affordable workforce housing under current regulations is in doubt, a workforce housing overlay district is an option. Such provisions might allow density to be defined using site specific soil-based development capacity measures subject to performance in creating and preserving affordable housing units.

## Developing Incentives and Linkages

To go beyond basic compliance with the workforce statute and encourage permanent affordable housing will require more sophisticated approaches that create and preserve affordable housing.

- The best efforts to increase density to leverage affordable housing can be overwhelmed by market pressure to pursue more profitable development, especially near the waterfront.
- Market prices and rents will rise to whatever level the market will bear. Therefore, home prices or rent levels of affordable housing units in a development must be limited by the conditions of financing programs or by specific affordability covenants attached to the property deed.
- Recent declines in home prices may present an opportunity to acquire homes at a low cost and preserve them as affordable units.
- Affordability covenants used in association with new inclusionary housing developments may also be applied to less expensive housing purchased from the existing stock.
- Lasting affordability could be created within an inventory of protected affordable homes in scattered locations. A non-profit organization could acquire and improve selected properties and attach affordability covenants prior to resale to workforce buyers.
- In some states, *mandatory* inclusionary housing provisions may be applied to new residential development, or linkage ordinances require commercial developments to provide or contribute to the workforce housing demand it generates. This approach has worked in resort-oriented communities, but its success is owed to a mandated process.
- In New Hampshire, inclusionary housing provisions must provide voluntary incentives. There is no specific legislation allowing mandatory inclusion or linkage approaches, but voluntary incentives based on similar principles could be explored.