

NEW HAMPSHIRE HOUSING NEEDS STUDY

EXECUTIVE SUMMARY

Scope of Study

The New Hampshire Housing Needs Study encompassed a number of components:

- Preparing a detailed analysis of housing trends and housing cost burdens by income level based on U. S. Census data by for the State, Counties, and major PMSAs within New Hampshire;
- Developing an approach to estimating future housing production needs and updates to Census housing needs data that is adaptable to different geographic areas using municipal-level information;
- Reviewing national trends in approaches to regional housing needs analysis and policies on achieving a proportionate distribution of lower income housing within a region; and
- Outlining a framework of content for housing needs assessments that may be used by New Hampshire's regional planning commissions that responds to trends in housing need analysis.

The overall study product comprises a number of reports that include the following:

- New Hampshire Housing Needs Study Technical Report (this document)
- Appendix 1: National Overview of Regional Housing Needs Assessment Practices And Review of NH Regional Housing Needs Assessments
- Appendix 2: Proportionate Distribution of Housing Needs to Municipalities
- Appendix 3: Detailed Housing Needs Model – State, County, and Metro Areas
- Data files of selected housing need indicators

Summary of Findings

General

- This study contains detailed housing need information for New Hampshire, its Counties and metro areas (PMSAs). Housing needs may be defined both in terms of total housing production requirements, and by gaps between what a household can afford for housing and what they actually spend. As of the 2000 Census in New Hampshire, there were 46,636 renter households (33% of all renters) that had a gross rent equal to 30% or more of their gross income. Different cost burden thresholds define different need levels. There were 36,118 renters (25.6% of all renter households) with a gross rent burden of 35% or more of their income in 2000. At an even higher threshold, there were still 20,096 renters in New Hampshire in 2000 spending 50% or more of their income on gross rent.

Cost Burden

- Housing need is generally defined by the relationship between household income and housing costs. Because both the unemployment rate and the rental vacancy rate were considerably higher in the 1990 Census than in 2000, a comparison of changes in housing need is difficult to make. The rental vacancy rate in New Hampshire was 11.8% in 1990 (low housing production need) compared to only 3.5% in 2000 (higher housing production need). Rising incomes during the period allowed the total number of cost-burdened households to remain about the same from 1990 to 2000, while the number of cost-burdened households increased among the low income population.
- Measured at the 30%+ and 35%+ cost burden levels, the total number of households with high cost burdens was essentially the same in 2000 as in 1990. Since the number of households in New Hampshire grew by 15.4 % during this period, the percent of households with a high housing cost burden declined. However, the data also show that the number of cost-burdened households increased among very low income households. Nearly three-quarters of the renters with high cost burdens (about 73%) are householders under the age of 65.
- Affordable housing needs are most acute among renters earning less than 50% of the area median family income. While high cost burdens affected a smaller proportion of households in 2000 than in 1990, the affordability problem appears more concentrated among the lowest income groups in 2000. In 2000, just over 50% of very low income renters had a housing cost burden of 35% or more of income; among all other renters, only 5.2% had this level of cost burden. Similarly, among single family homeowners, 52.3% of the very low income group had a cost burden of 35% or more, compared to only 8.7% among those with incomes above the very low income threshold.

Production

- Net housing growth during the 1990-2000 period was almost entirely composed of growth in homeownership housing. The ownership rate in New Hampshire increased from 68.2% of households in 1990 to 69.7% in 2000. During the 1990s, there was a net increase of 46,807 in occupied or vacant available housing units. Of this total, there was a net increase of only 875 units in the rental housing inventory in the entire state. During the prior decade, there was a net increase of over 102,000 occupied or available units, of which 36,800 units were added to the rental stock. While a large number of vacant rental units were absorbed before additional rental production was supportable, by 2000 there was a significant rental vacancy deficit. Very little rental housing production has occurred in the parts of the state where employment growth has placed the highest demands on the housing market.
- If the NH Office of State Planning population projections for the year 2010 were realized, the state would have average growth of about 6,800 households per year. In order to rectify existing vacancy deficits and maintain an adequate inventory of available units, while also replacing units lost from the inventory from demolition

or disaster, about 8,200 units per year are needed between 2000 and 2010. Of this total, about 2,600 units of rental housing per year would be needed to maintain balanced tenure (owner/renter shares of households) at the 2000 level. To meet the demands of projected employment growth, even higher levels of housing production may be supportable if the relationship between employment, working residents, and workers per household is to be maintained.

Regional Issues

- Integrated housing planning (between the State, the regional planning commissions, and municipalities) is encouraged, but not required by the NH statutes. The statutes do require housing need assessments to be prepared periodically by the regional planning commissions. These assessments offer an important potential linkage between housing development needs and local regulatory practices.
- Regional need assessment has in the past relied heavily on the analysis of the distribution of low income renter households by community. This study provides a possible framework for regional need assessment, and illustrates models that may be used to estimate and update area housing needs, regional housing production estimates, and to evaluate the proportionate distribution of housing within a region. The regional need assessments can bring more attention to overall housing production needs, and to the relationship between housing demand and employment. NHHFA data resources can be used more extensively in the preparation of regional housing need assessments.