NEW HAMPSHIRE HOUSING

Market Update

April 2019

NHHFA.org

About New Hampshire Housing Finance Authority

- **Mission:** help create housing which is affordable to low- and moderate-income people, and support state's real estate economy and related economic health

- Established in 1981 by state legislature as self-sustaining public benefit corporation (not a state agency)
- Governed by 9-member Board of Directors appointed by Governor and Council

NEW HAMPSHIRE HOUSING

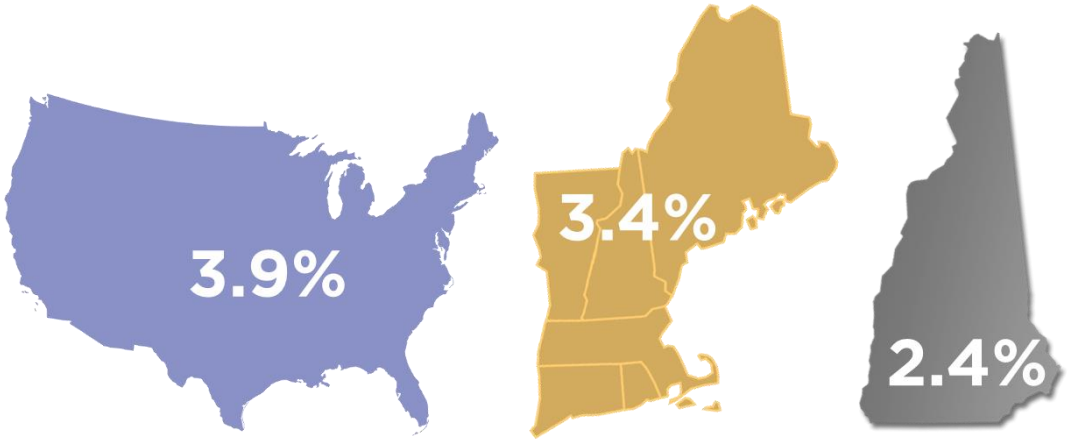
NHHFA Program Areas and Activities

- **Homeownership Program**
  - Loans and related assistance for low and moderate income buyers
  - Approximately 2,000 households / year
  - $350 million
- **Direct Rental Assistance**
  - Very low-income households (tenant-based and project-based assistance)
  - 9,000 households
  - $80+ million / year
- **Multi-Family Housing Development**
  - Finance construction/rehabilitation of new or existing multi-family rental/special needs housing
  - 400 properties
  - 15,000+ units
  - Approximately $200 million / year in new investment
  - Funding sources include state-funded Affordable Housing Fund (AHF)

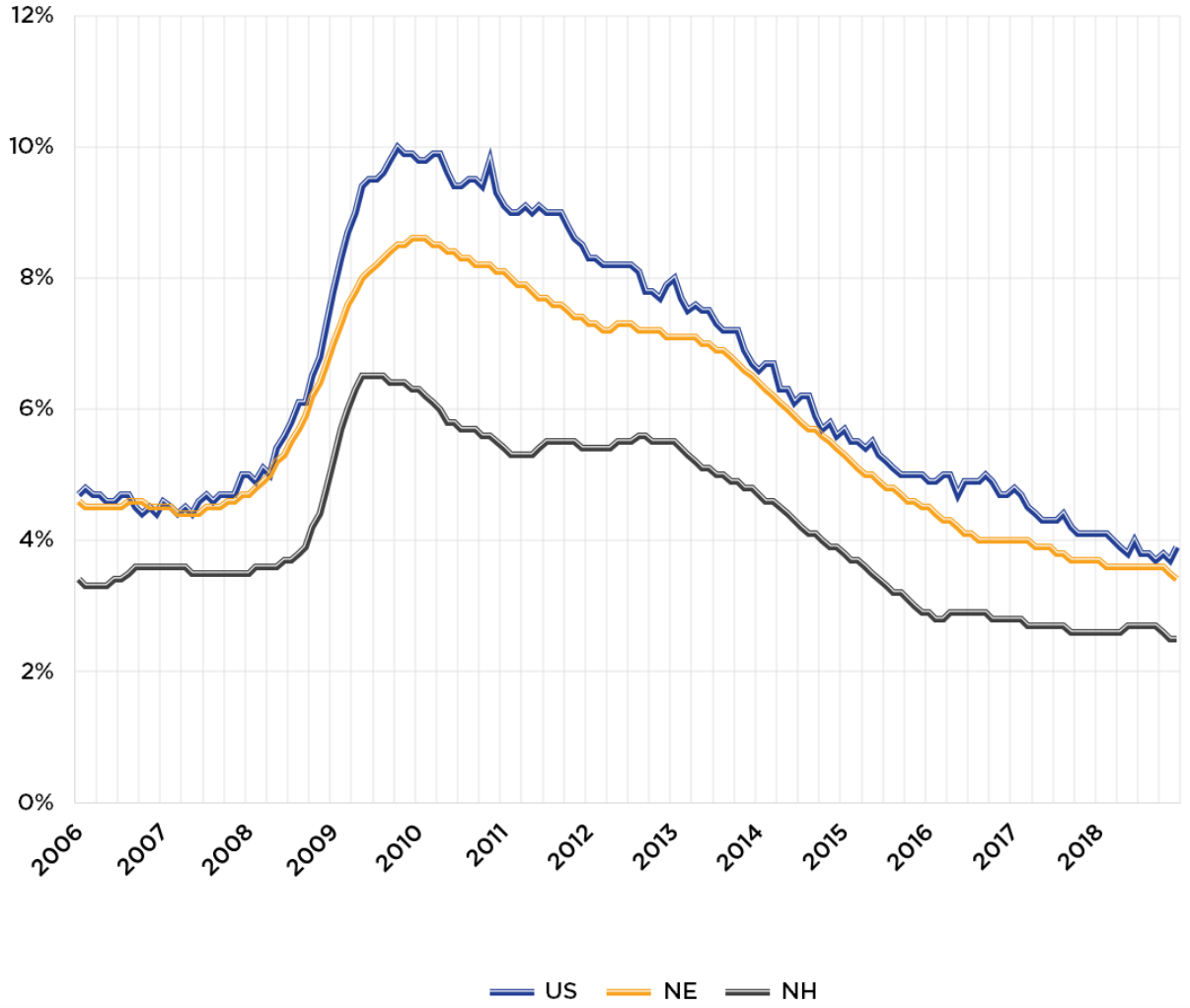
NHHFA Program Areas and Activities

- **Advocacy and Education**
  - New Hampshire Housing actively promotes the need for an adequate and balanced supply of housing in the state
  - Support for local organizations/efforts (Technical Assistance/mini-grants)
- **Primary Housing Data Resource in New Hampshire**
  - Staff perform a survey of rental costs annually, develop the Biennial Housing Plan, and the State's Consolidated Plan (for HUD funding)
  - Conduct studies (school enrollment, construction costs, economic impact, tenant characteristics)
  - Gather and analyze demographic and housing data to determine market trends and needs
  - Make data available on Authority's website: www.nhhfa.org

Lowest in the Country Unemployment



An unemployment rate of 3% or less is typically considered full employment. New Hampshire's unemployment rate has been below 3% for 43 straight months.



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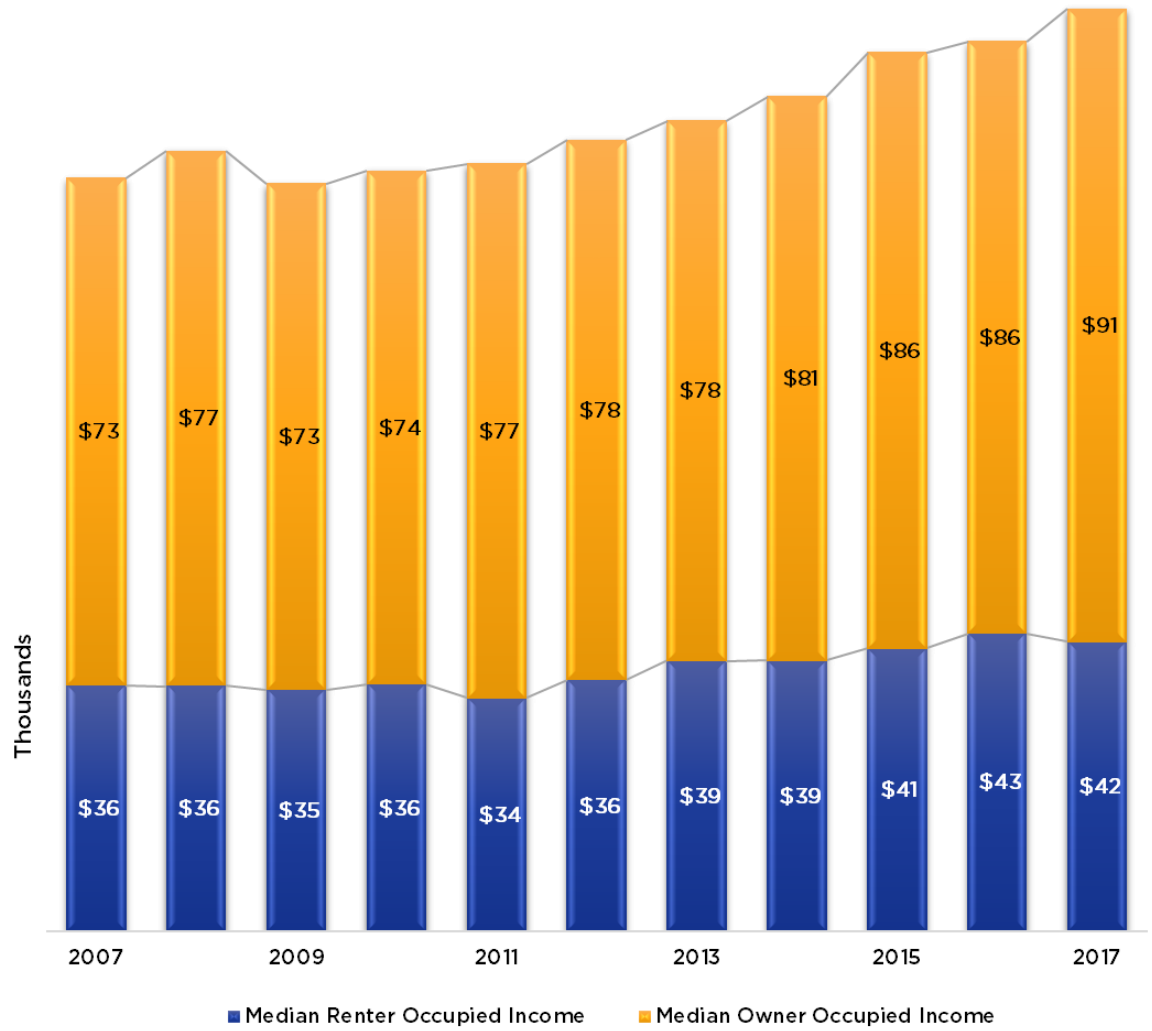
Household Income Increasing



Household income has been increasing since 2009. The median renter occupied income has increased more slowly, when adjusted for inflation, since 2012.

Reasons for renter income increase:

- Good economy with full employment
- Higher income households remaining renters
  - Potential buyers are staying in rentals
    - Short supply of for-sale homes
    - Student debt
    - Inability to save for a down payment.
  - Some older wealthier households are downsizing

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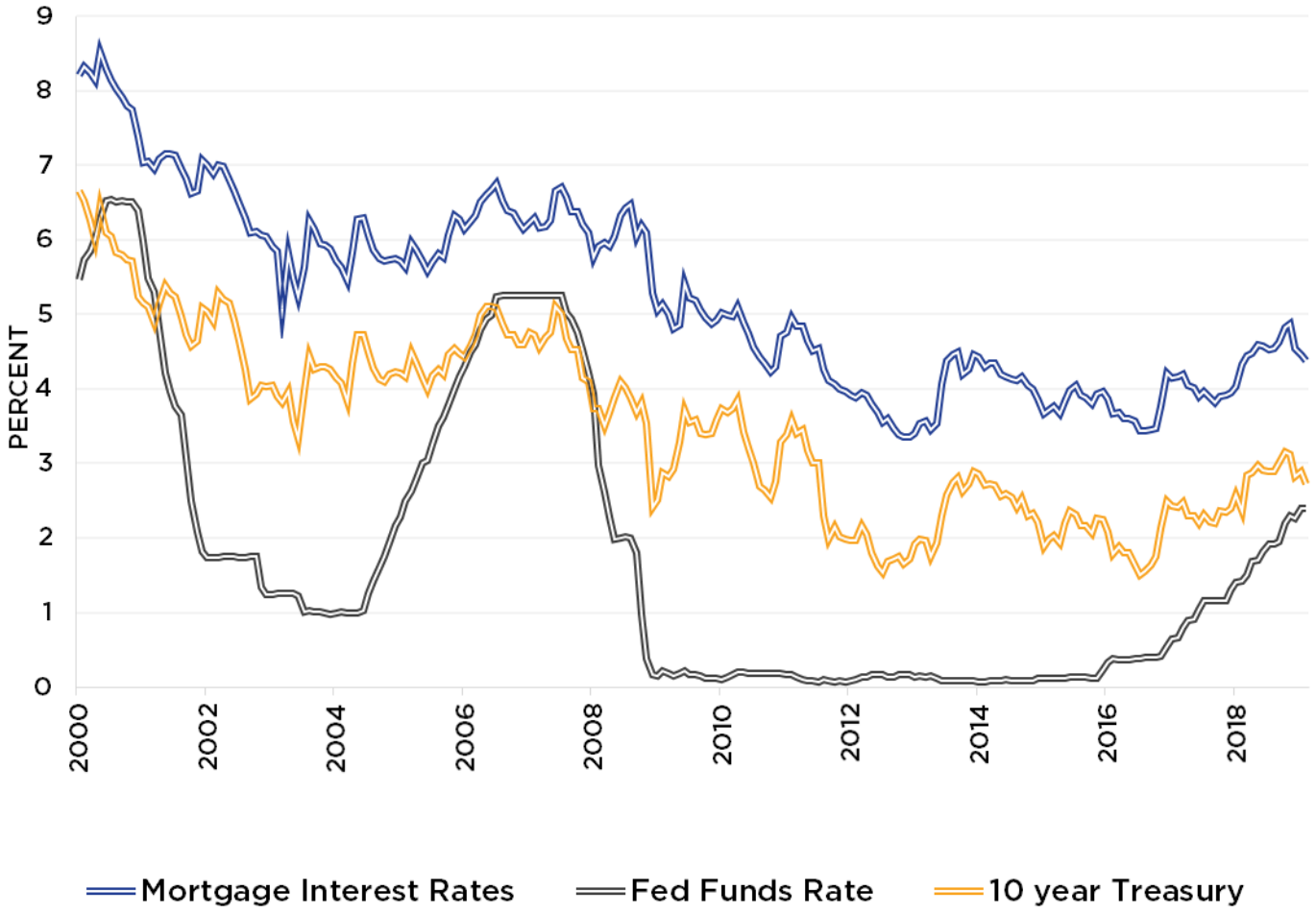
Interest Rates Higher But Leveling (for now)



In 2018, the average mortgage interest rate was 4.53%. Annual average mortgage rates have increased each of the last four years.

Mortgage interest rates peaked in November 2018 and declined the next two months.

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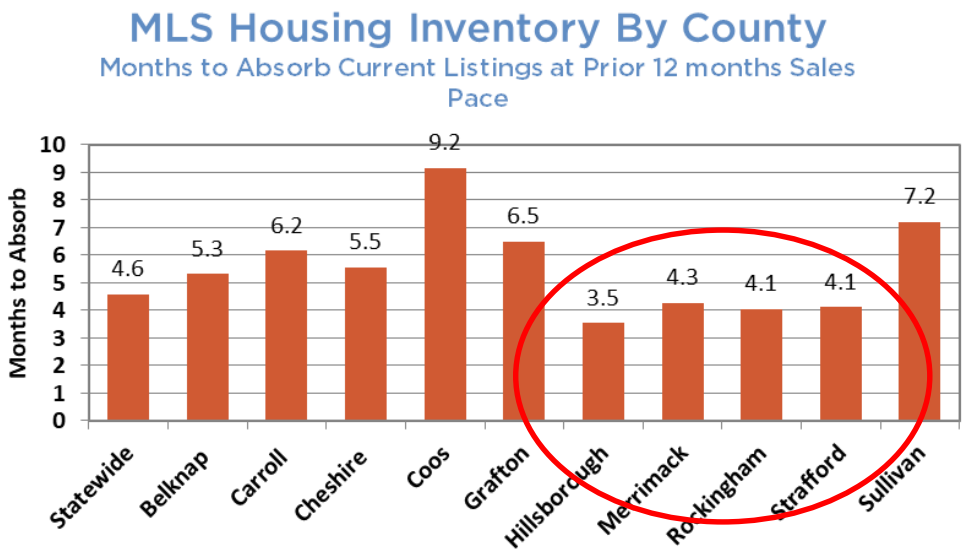
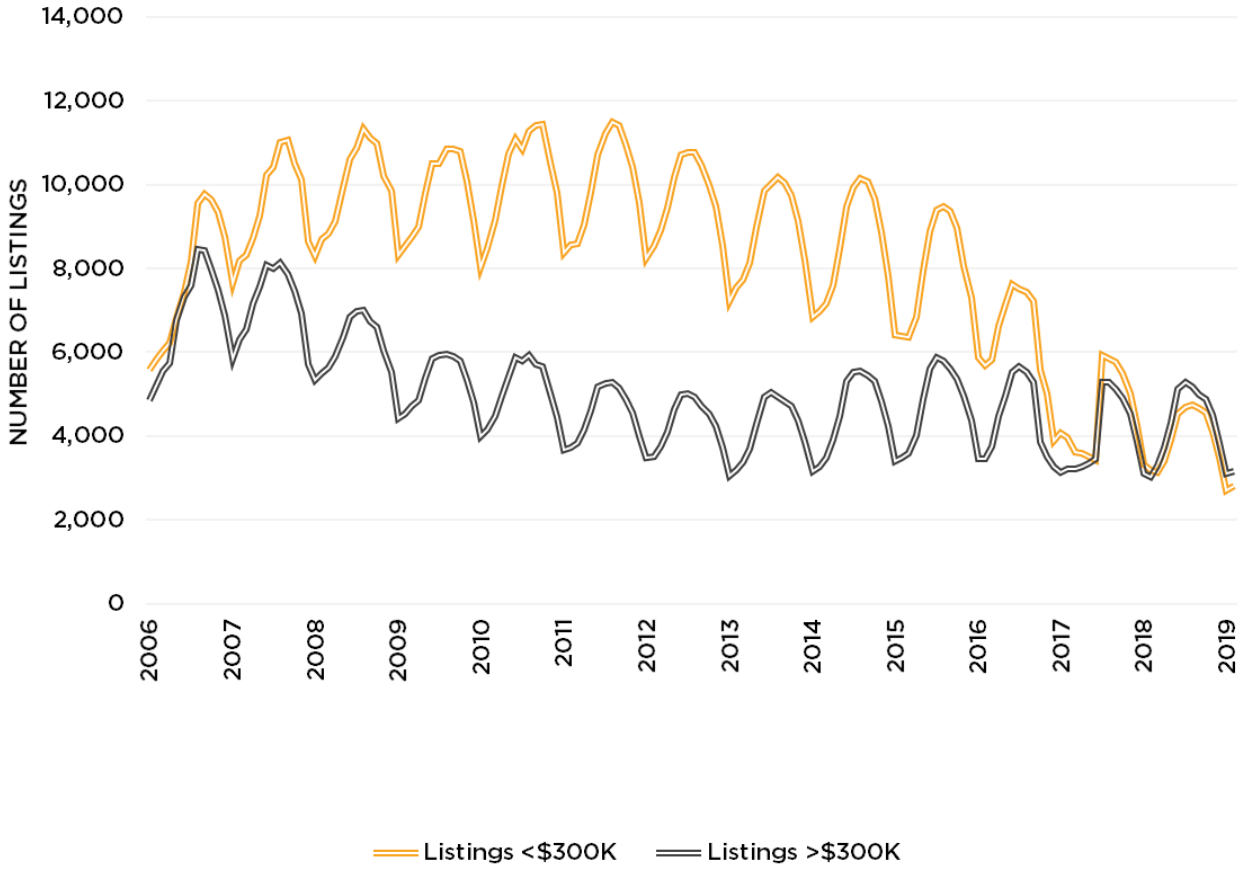
For-Sale Inventory has Dropped



Between 2010 and 2018 the listings for homes less than $300,000 have dropped over 63% while homes above $300,000 have decreased by less than 13%.



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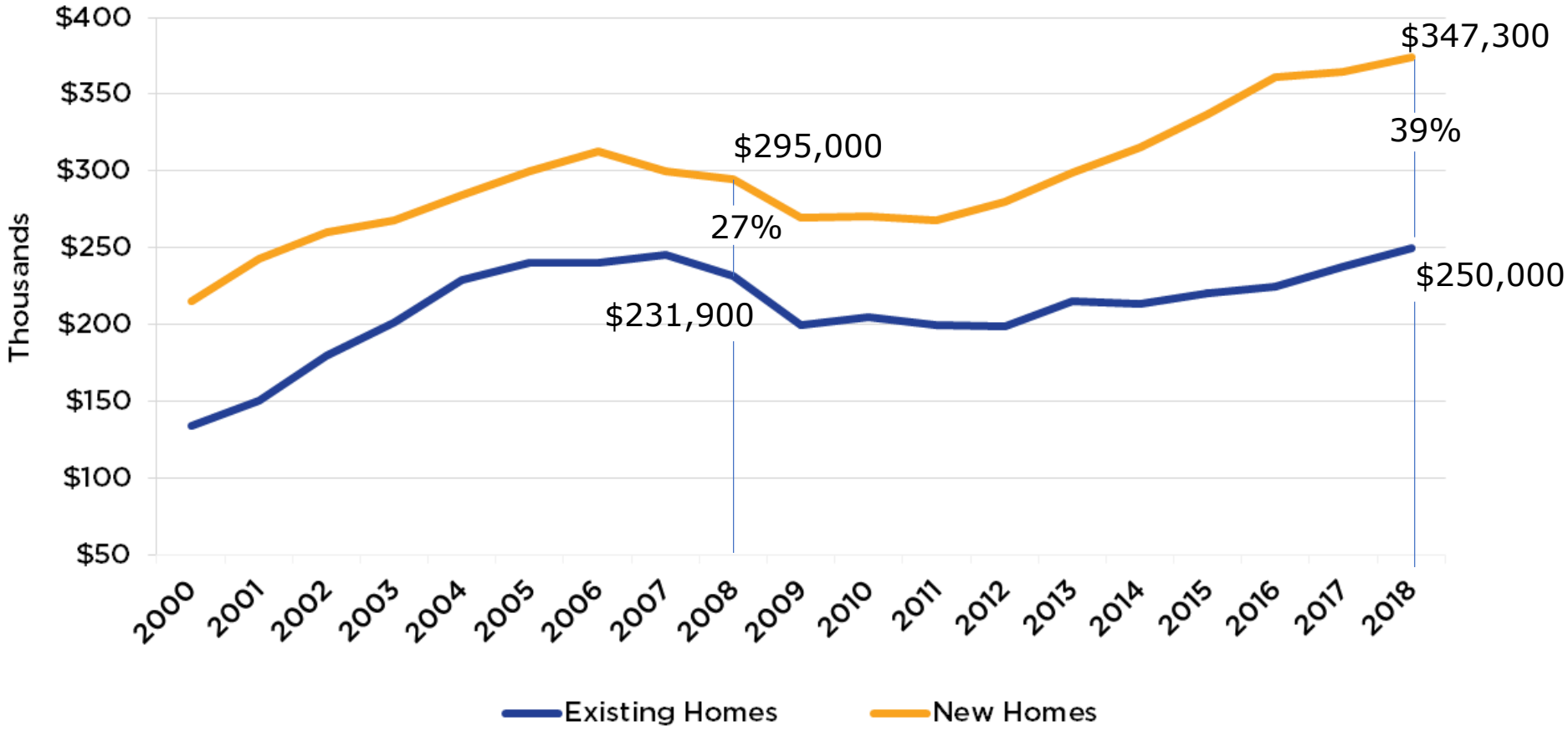
Home Values are Appreciating

The median purchase price of a home in 2018 was $254,000.

The volume of sales was 22,483 units.

Source: The Warren Group



New homes only accounted for 3% home all home sales, down from 13% in 2008.

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Starter Home Blues

	Median Renter Income	Starter Home Price	Percent of Renter Income Needed to Afford Starter Home	Percent of Homes Currently Listed at Starter Home Pricing
Belknap County	$ 35,838	$ 180,800	123%	17%
Carroll County	$ 36,345	$ 205,000	128%	24%
Cheshire County	$ 33,453	$ 130,400	111%	12%
Coos County	$ 25,633	$ 70,900	74%	8%
Grafton County	$ 35,642	$ 120,000	85%	9%
Hillsborough County	$44,730	$ 221,000	127%	22%
Merrimack County	$ 38,726	$ 211,560	145%	23%
Rockingham County	$48,704	$ 287,950	145%	18%
Strafford County	$40,973	$ 210,000	137%	22%
Sullivan County	$ 35,343	$ 155,300	118%	24%

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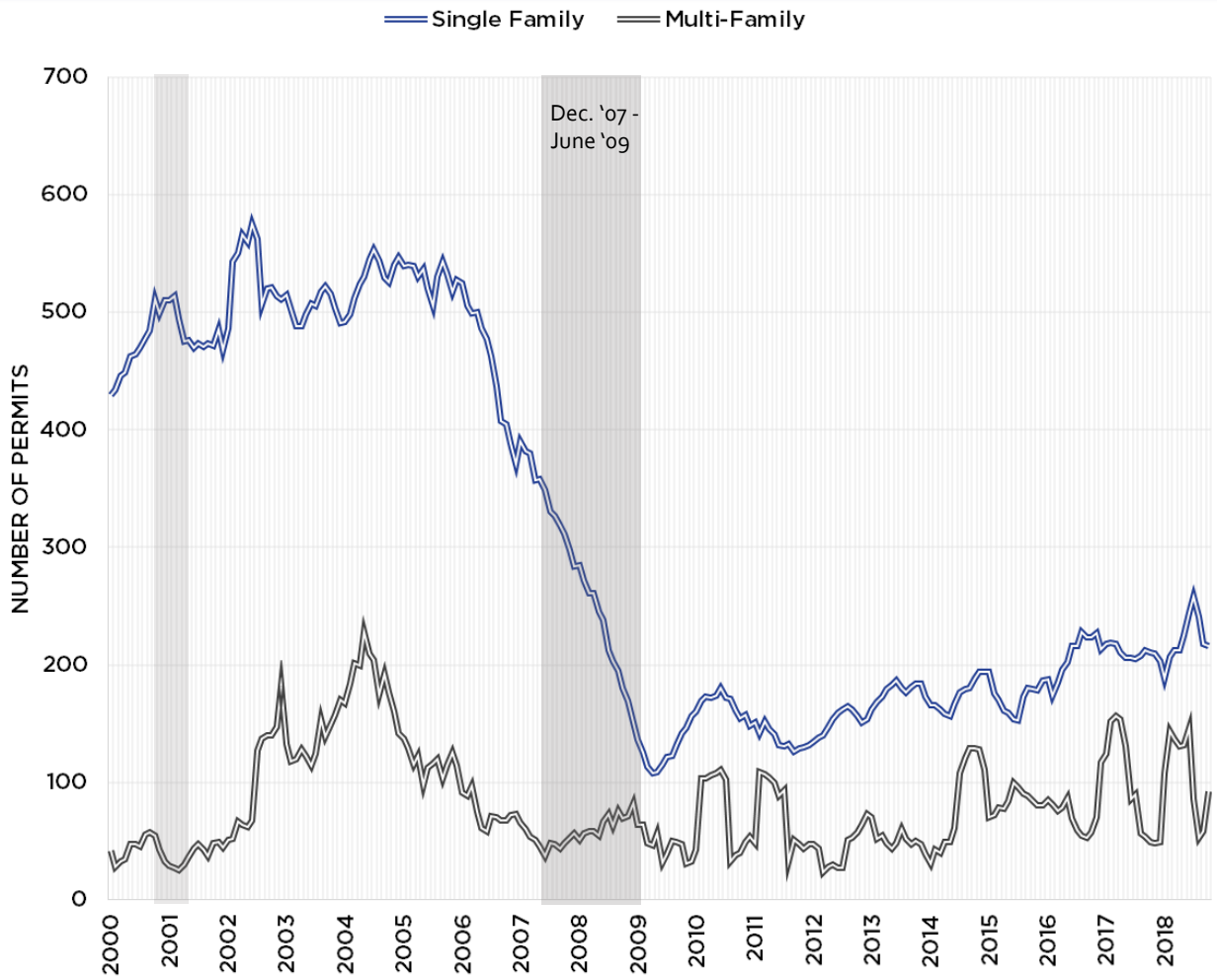
Permits are Down from Pre-Recession



Average Annual SF Permits
1990 to 2007 = 4,718
2008 to 2018 = 2,080

Average Annual MF Permits
1990 to 2007 = 791
2008 to 2018 = 827

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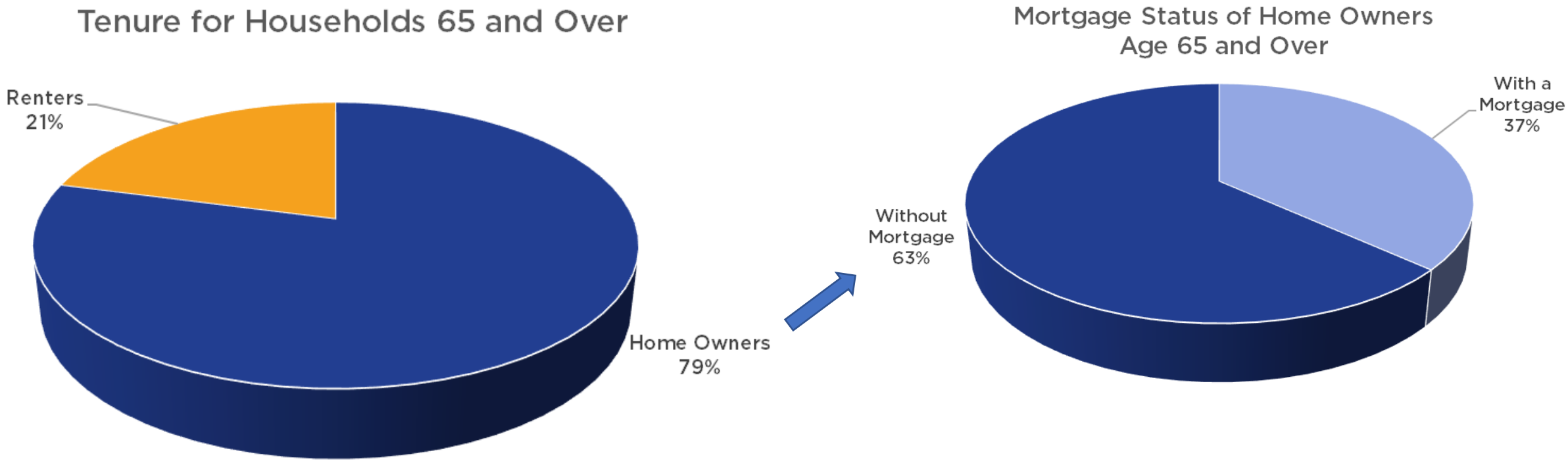
Elder Equity



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Student Debt High

New England Student Loan Debt				
	Percent Graduates with Debt	National Rank	Average Debt	National Rank
NH	74%	1	$ 34,415	4
RI	64%	6	$ 32,250	3
VT	60%	15	$ 30,065	16
MA	59%	17	$ 32,005	7
CT	57%	24	$ 38,510	1
ME	56%	28	$ 31,364	10

Inhibits home purchases, holds some in rentals and encourages migration to urban centers where wages are higher.

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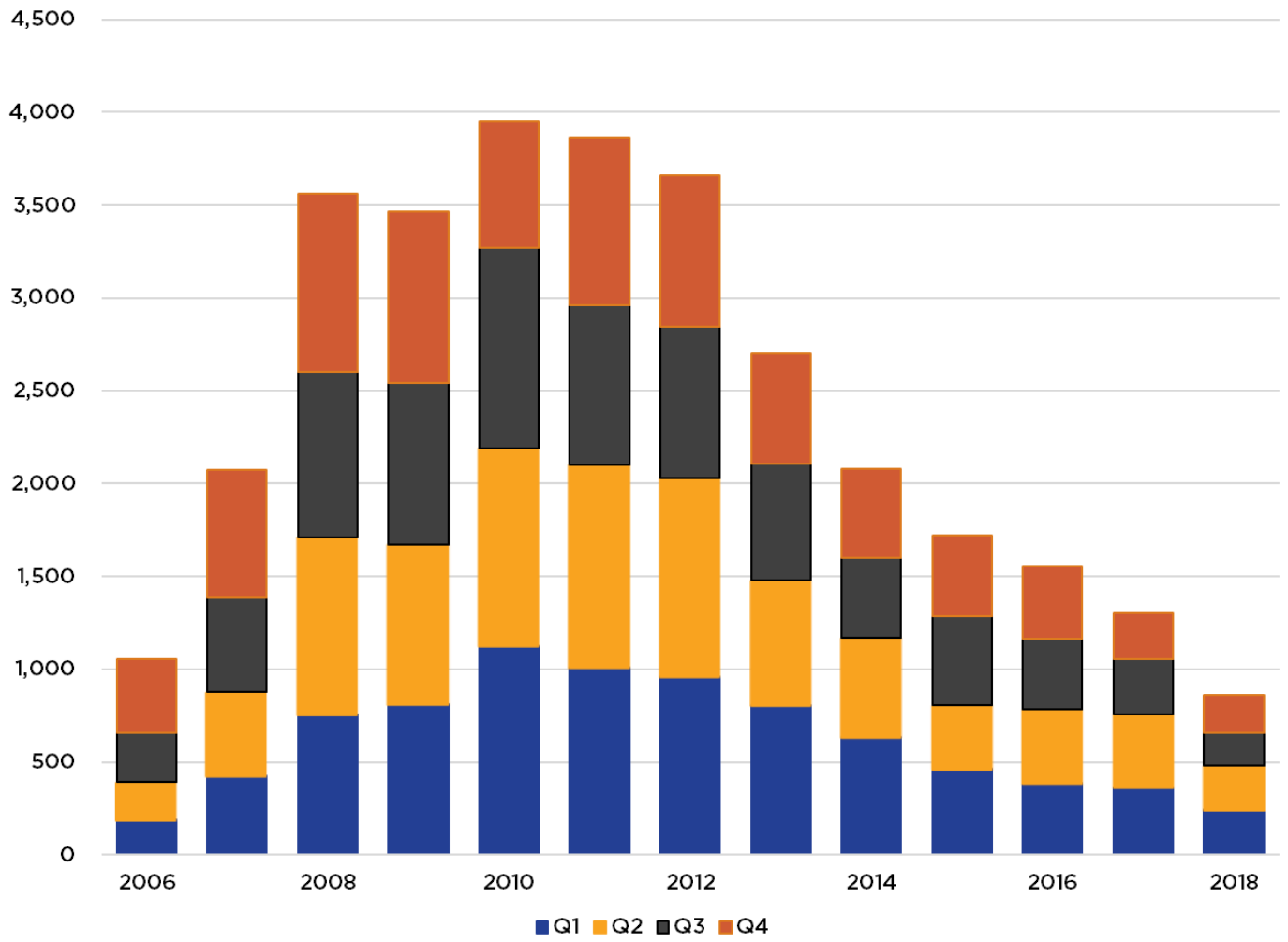
Foreclosures are Down



Ended 2018 with 860. On their way to 700 in 2019.

NEW HAMPSHIRE HOUSING

New Hampshire Has A Serious Housing Shortage

Applied Economic Research

- State employers have added 70,000 jobs since 2010 through December 2018;
- The state's labor force, however, has only increased by 28,000, during this same period;

- A current housing shortage is a major factor in the State's labor shortage and a burden to its households, especially millennials:
- The rental vacancy rate is 2%, versus a normal rate of 4-5%;
- The inventory of available for-sale units is the lowest in a decade;
- The pace of new housing construction is sub-par relative to historic rates;

New Hampshire Has A Serious Housing Shortage

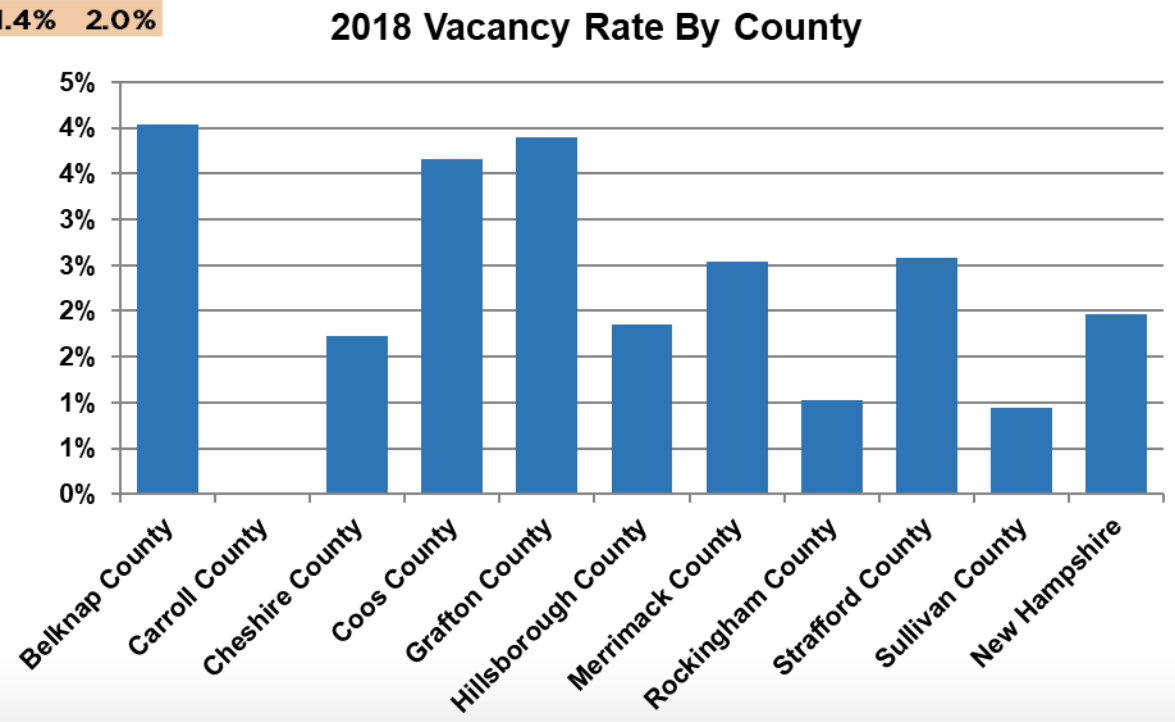
Applied Economic Research

- Restoring the current housing market to normal vacancy levels (to provide reasonable housing choice to owners and renters) would require an additional 3,000-4,000 total housing units, including about 2,300 ownership units;
- If the state had 15K to 20K more occupied units, the labor force would be larger, absorbing jobs and bringing the unemployment rate back to a level that has been prevalent in years past (4-5%).
- By comparison the State has been adding only 3,500 +/- units per year.

Vacancy Rates Low

Vacancy Rate for 2-Bedroom Units											
Area	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Belknap County	3.5%	6.8%	6.4%	8.9%	3.3%	7.5%	5.3%	1.2%	4.9%	4.6%	4.0%
Carroll County	11.0%	7.8%	9.7%	11.3%	5.1%	3.1%	3.6%	3.9%	1.4%	0.0%	*N/A
Cheshire County	3.5%	4.3%	7.4%	6.4%	7.1%	2.5%	3.7%	3.2%	4.5%	1.0%	1.7%
Coos County	7.7%	6.3%	10.6%	15.2%	12.6%	9.5%	7.9%	9.2%	6.9%	10.7%	3.7%
Grafton County	2.0%	6.8%	7.0%	7.6%	7.5%	3.0%	3.9%	2.7%	3.0%	3.0%	3.9%
Hillsborough County	4.6%	4.9%	3.8%	2.2%	2.2%	2.6%	2.1%	2.3%	0.9%	1.2%	1.8%
Merrimack County	3.0%	5.6%	4.9%	4.8%	2.7%	3.3%	2.5%	1.7%	1.2%	1.1%	2.5%
Rockingham County	3.1%	3.2%	3.0%	2.7%	3.2%	3.4%	2.1%	1.9%	1.0%	1.1%	1.0%
Strafford County	2.4%	4.5%	5.7%	3.3%	3.6%	4.9%	2.1%	2.3%	1.4%	1.2%	2.6%
Sullivan County	3.4%	5.9%	6.4%	5.7%	7.4%	7.3%	5.8%	2.7%	6.4%	2.2%	0.9%
New Hampshire	3.7%	4.7%	4.4%	3.5%	3.2%	3.3%	2.5%	2.2%	1.5%	1.4%	2.0%

*SAMPLE TOO SMALL



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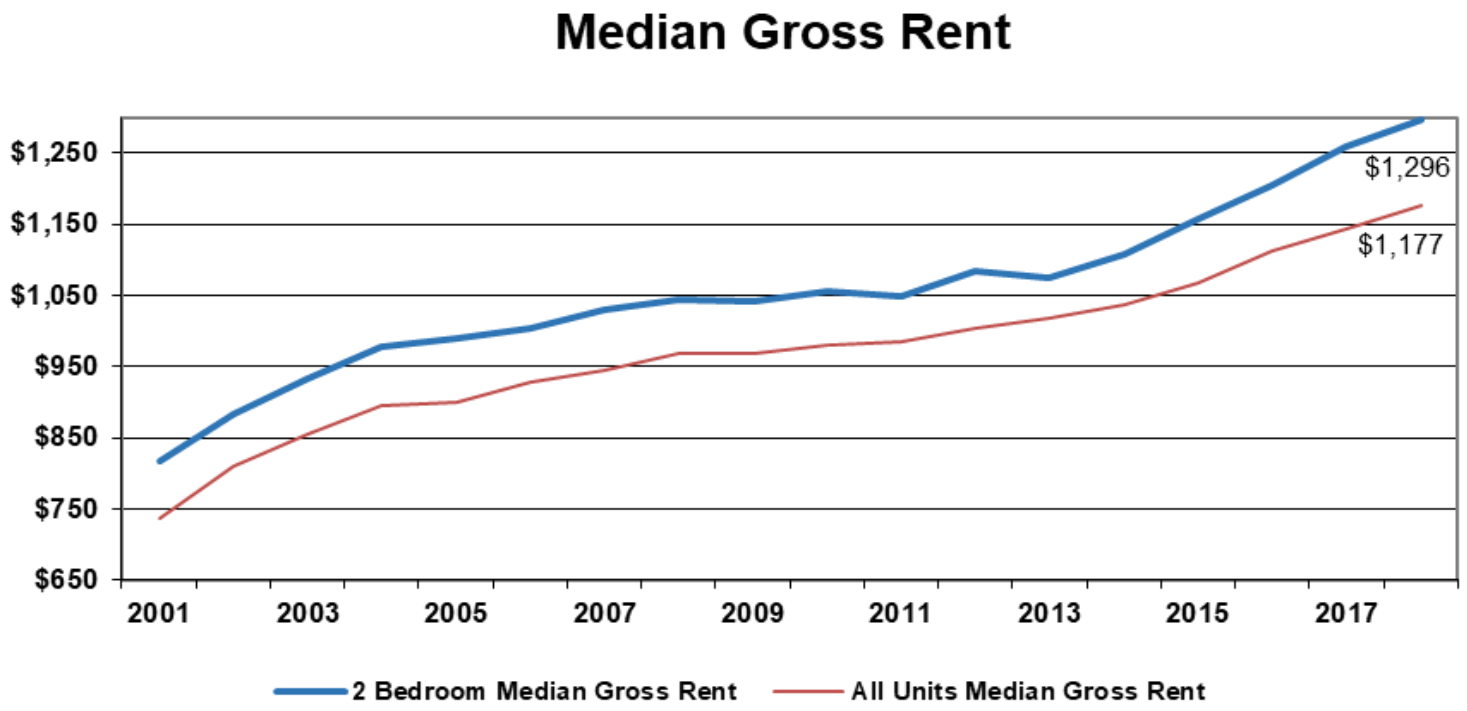
Rents Increased, But...



2018 GROSS RENT	Sample Size	Rent Range	Median
0-Bedroom	339	$350 - $2,217	$751
1-Bedroom	2,864	$390 - $3,139	$978
2-Bedroom	4,645	$300 - $3,288	$1,296
3-Bedroom	907	$265 - $4,375	$1,424
4+ Bedrooms	207	$700 - $3,985	$1,579
All Bedrooms	8,962	$265 - $4,375	$1,177

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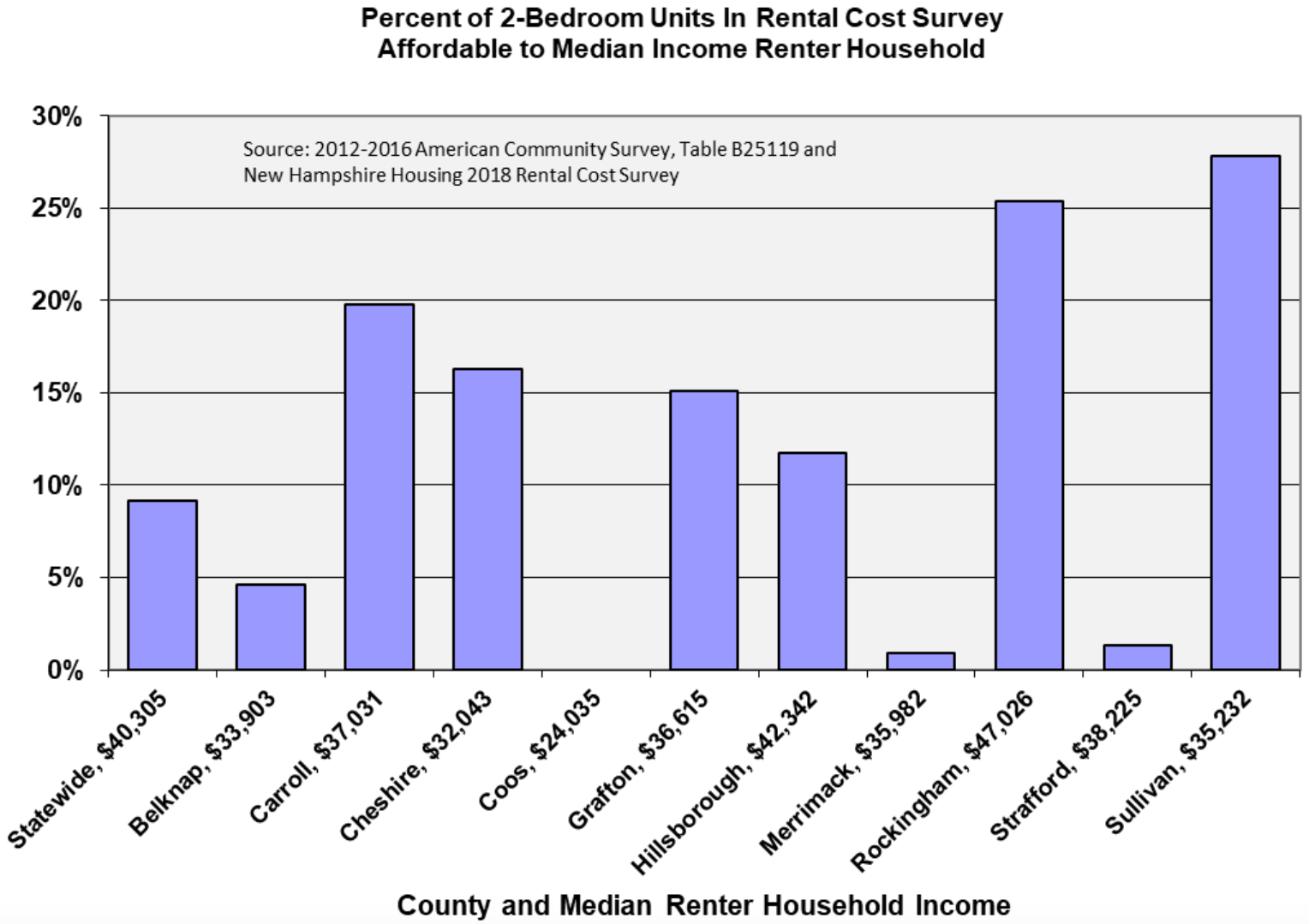
Affordable Units Scarce



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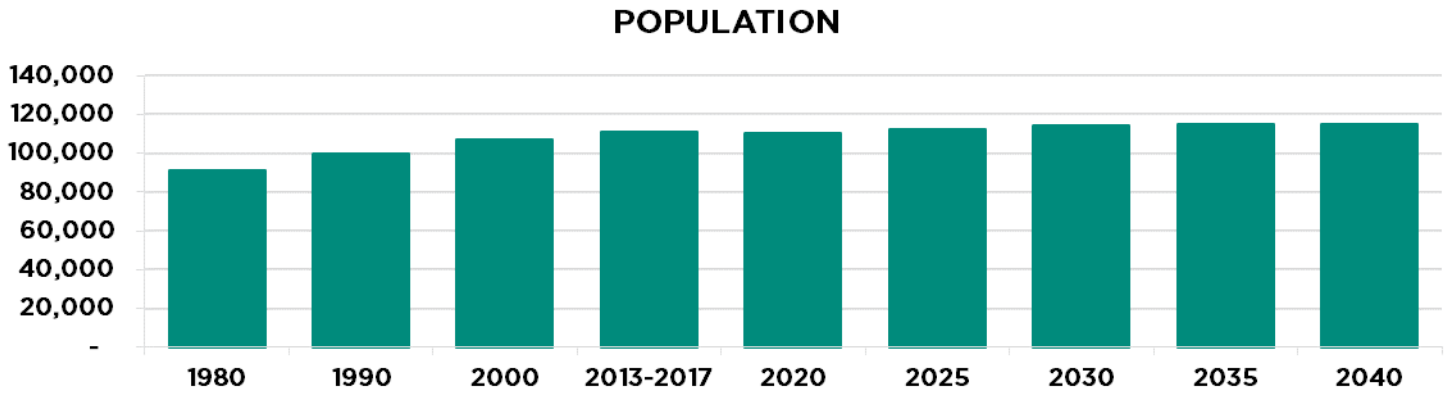
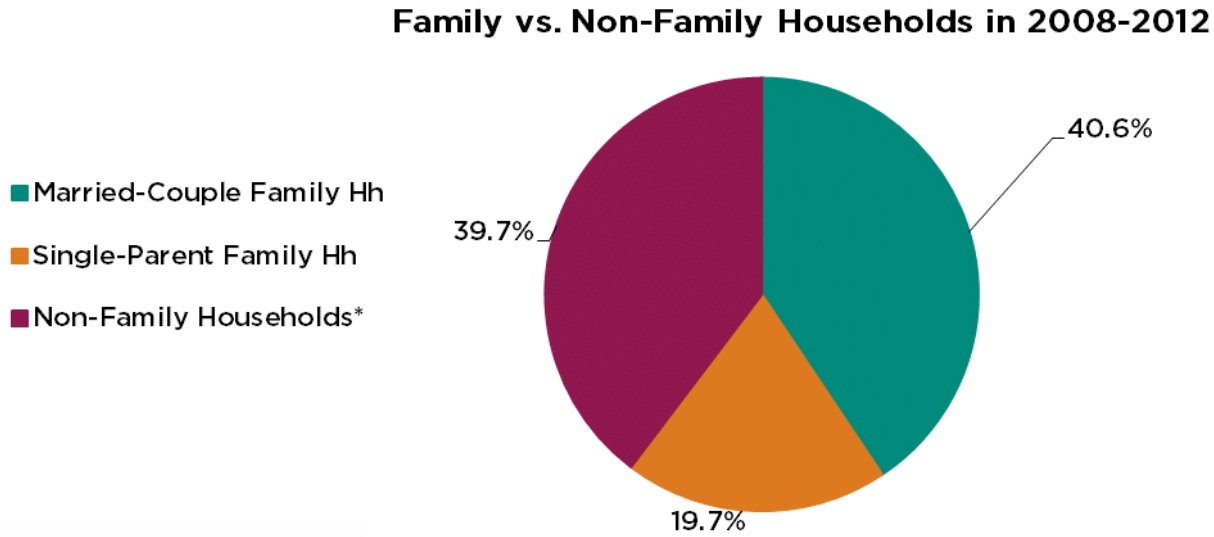
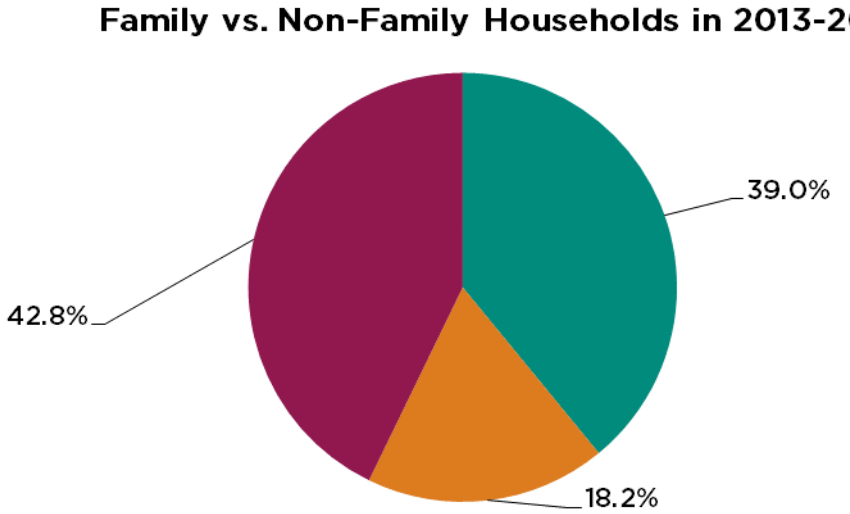
Population Characteristics



Stabilized at 110,000.
Slight growth to 115,000 by 2035





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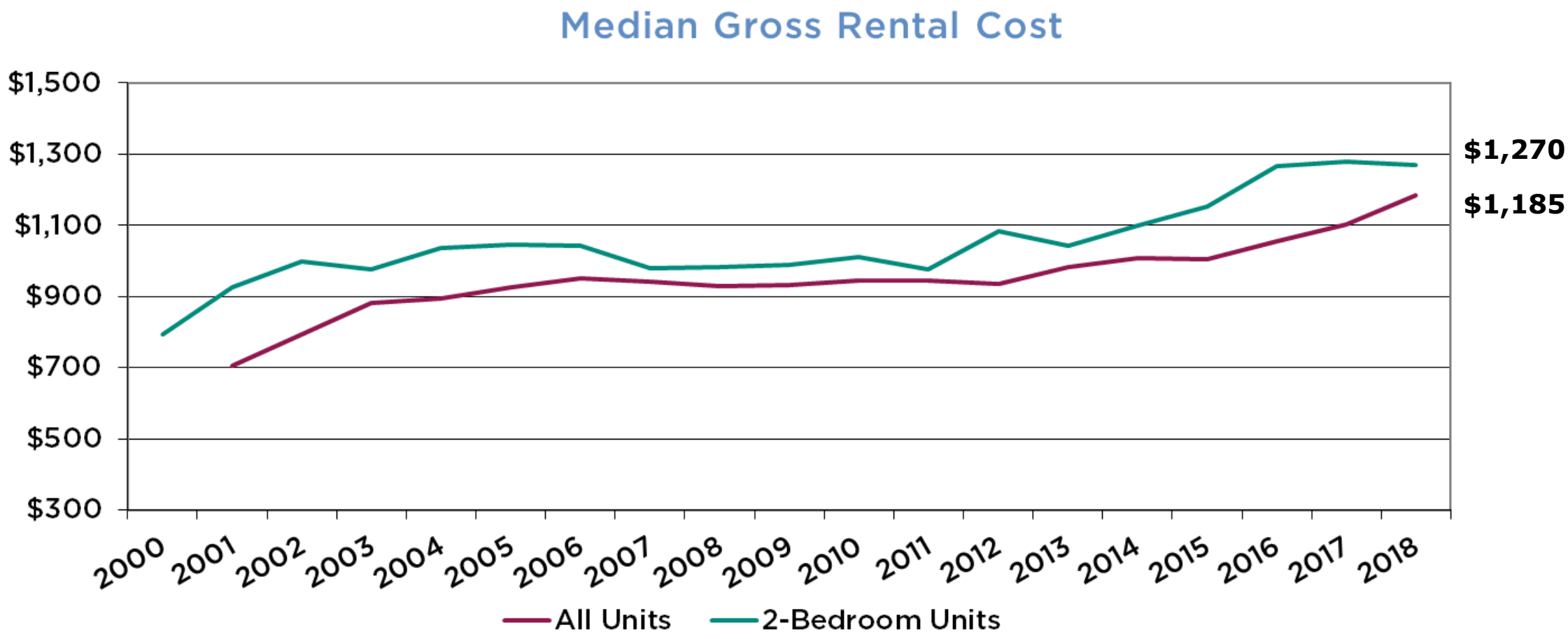
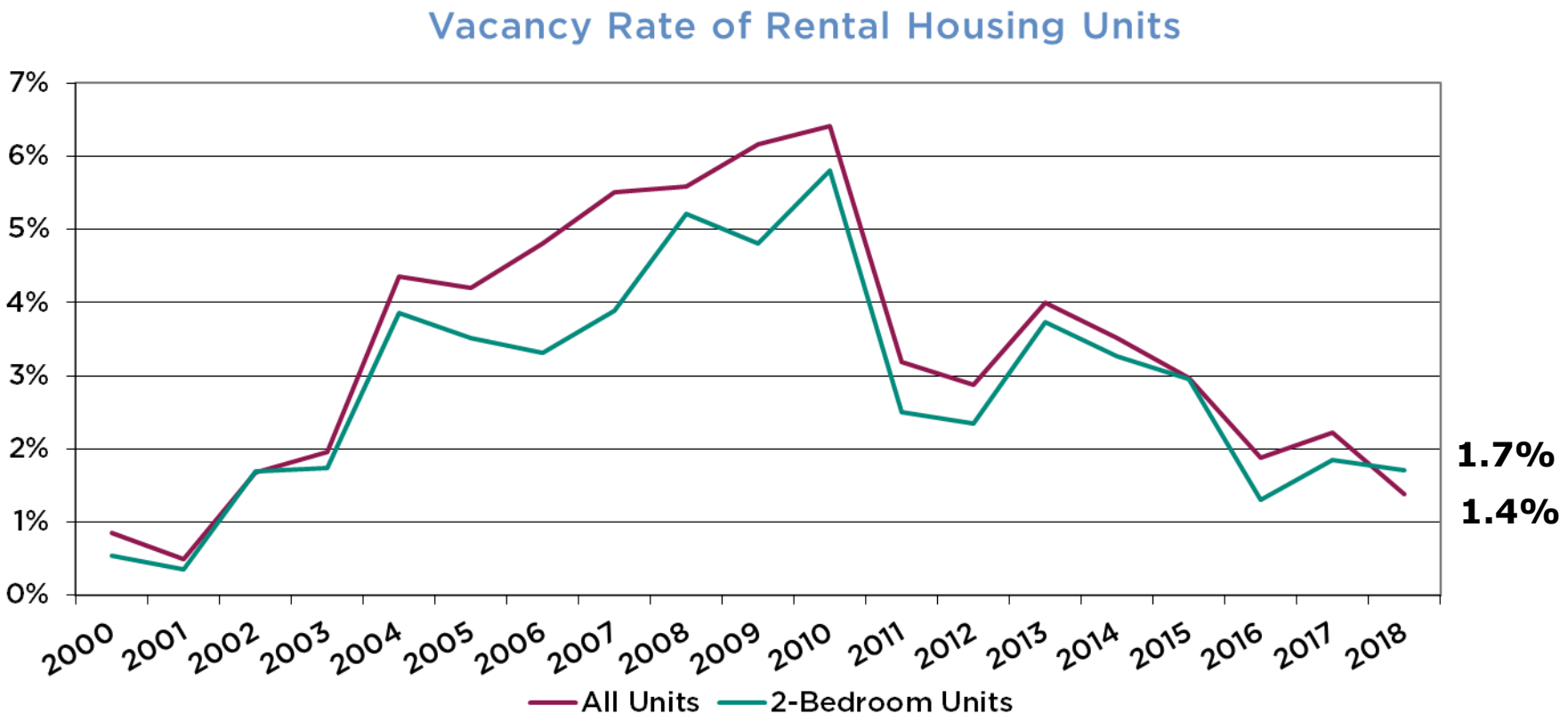
Rental Costs



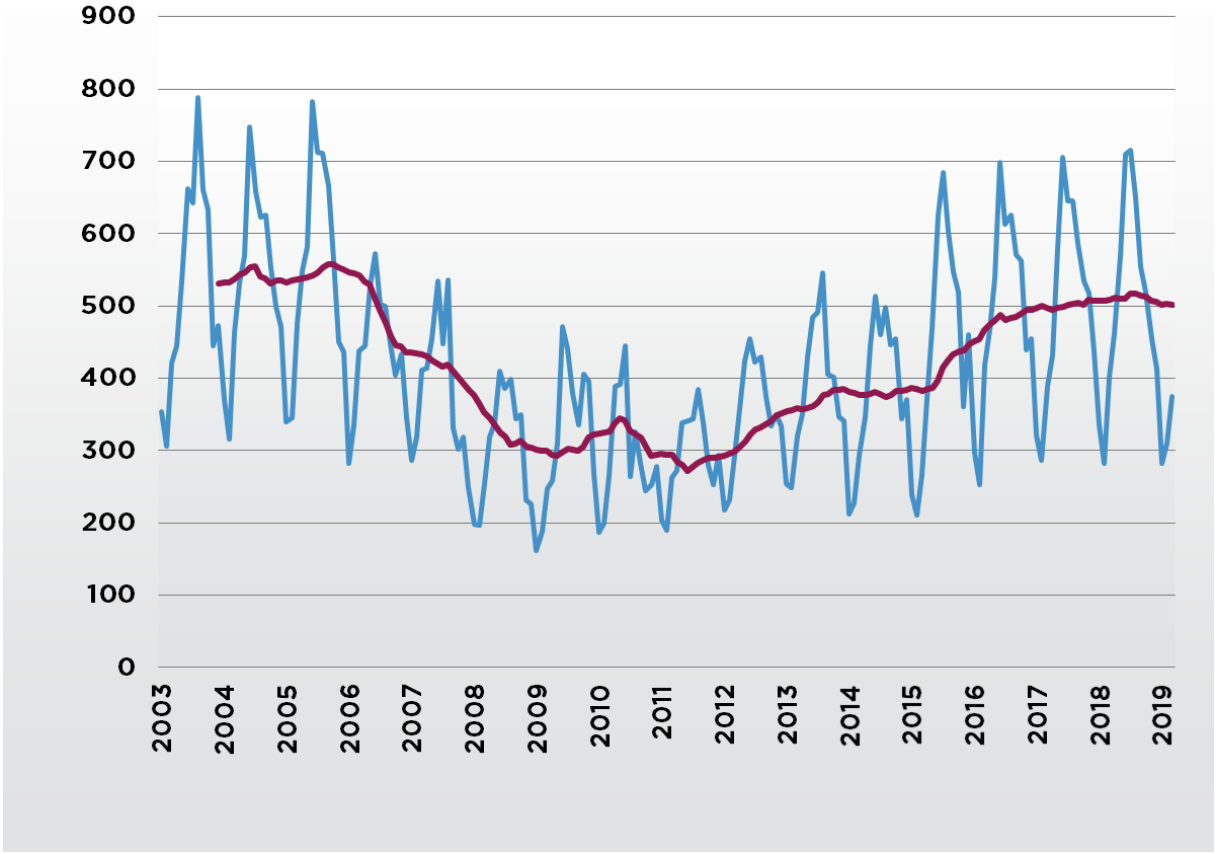
Vacancy Rate



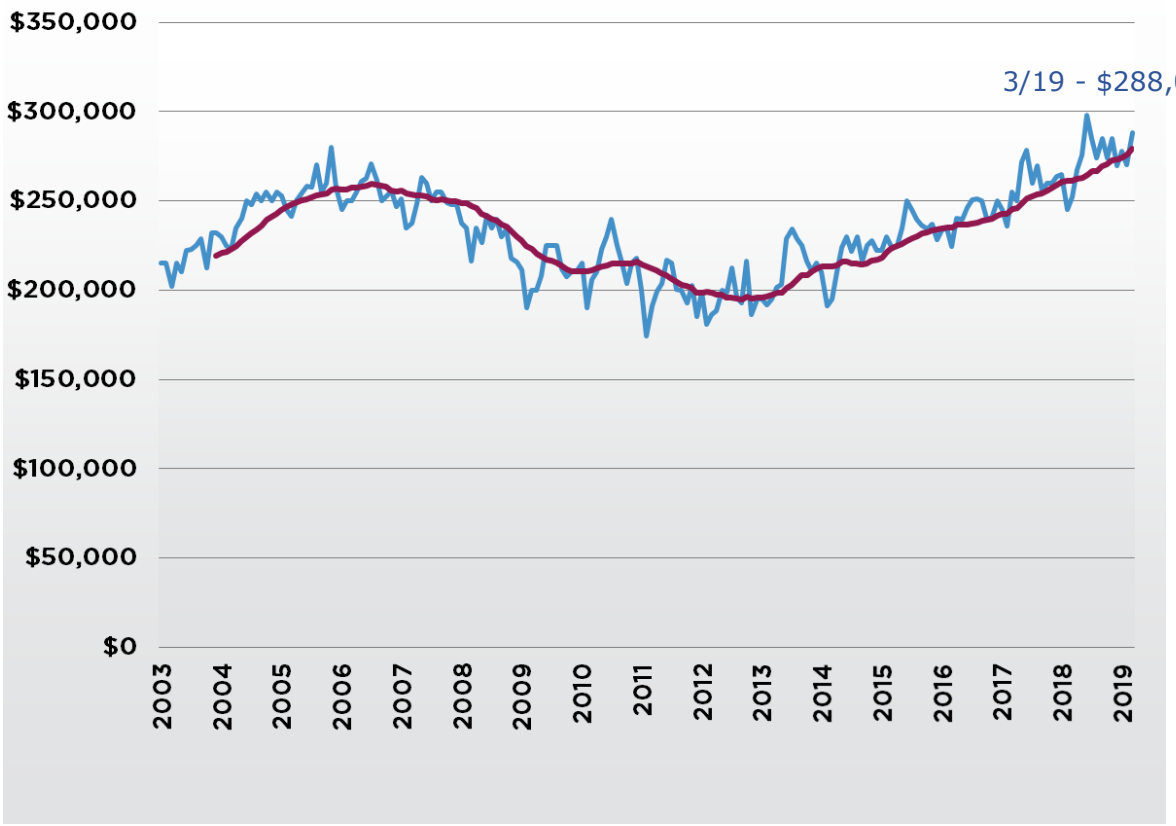
Sales

Hillsborough County

MLS Closed Sales



MLS Median Sales Price



Based on information from the Northern New England Real Estate Network for towns in New Hampshire, compiled by New Hampshire Housing.

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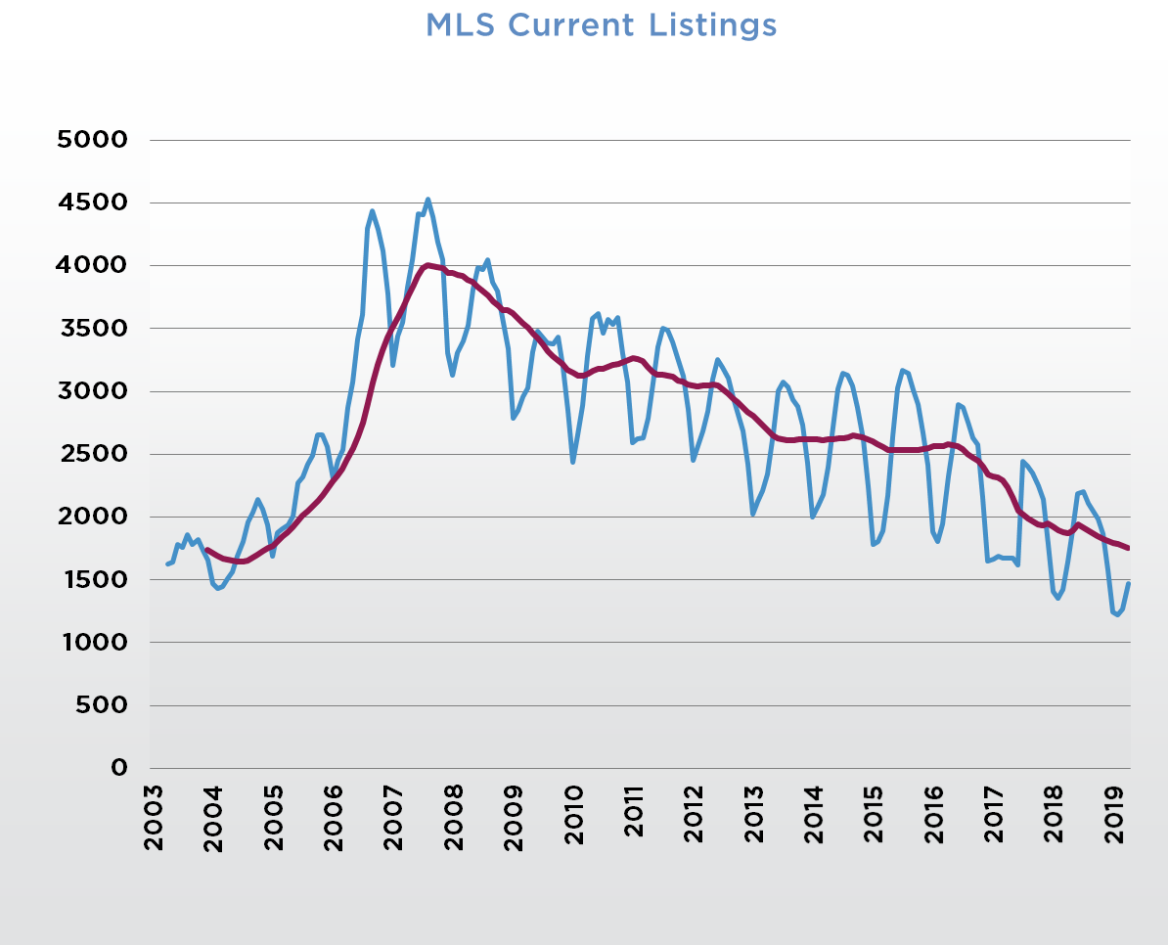
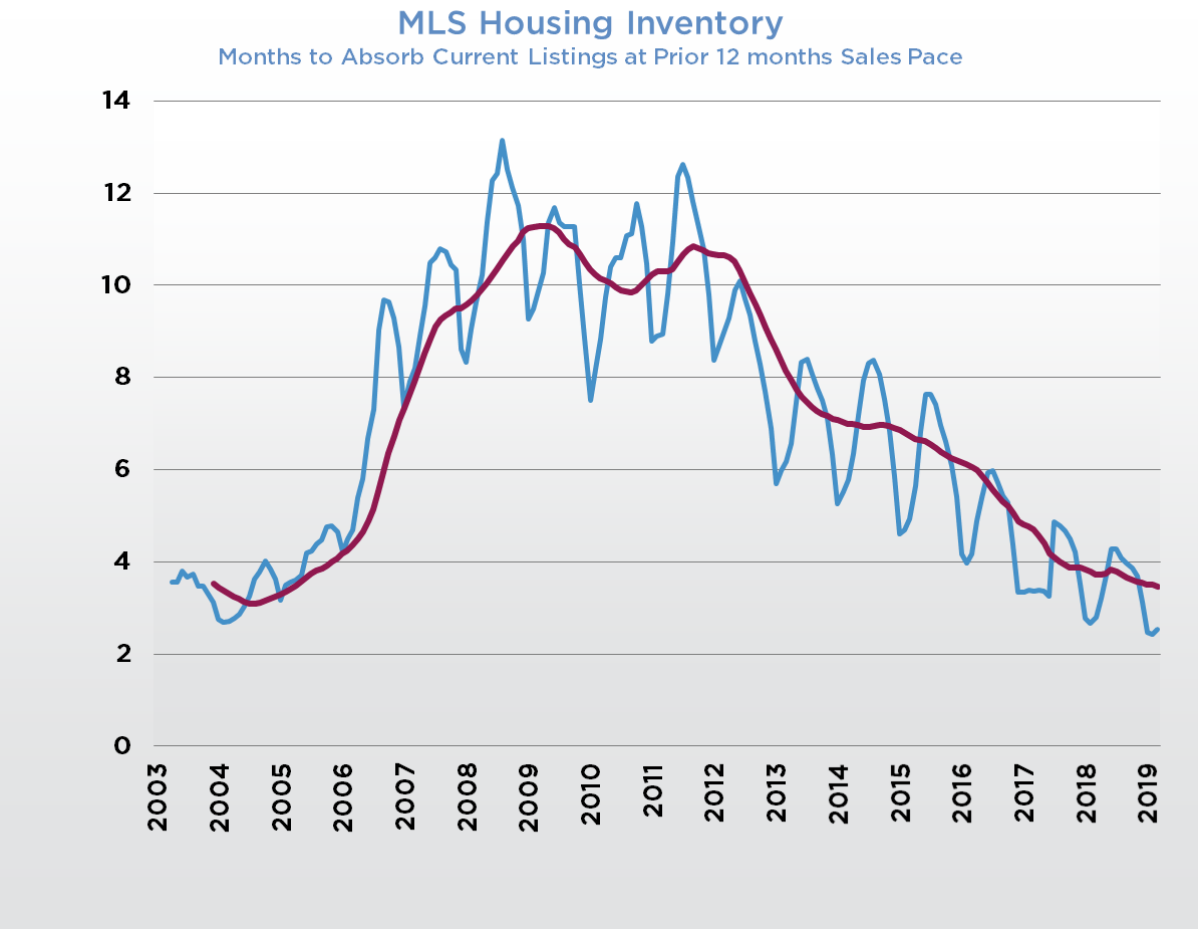
Inventory

Hillsborough County





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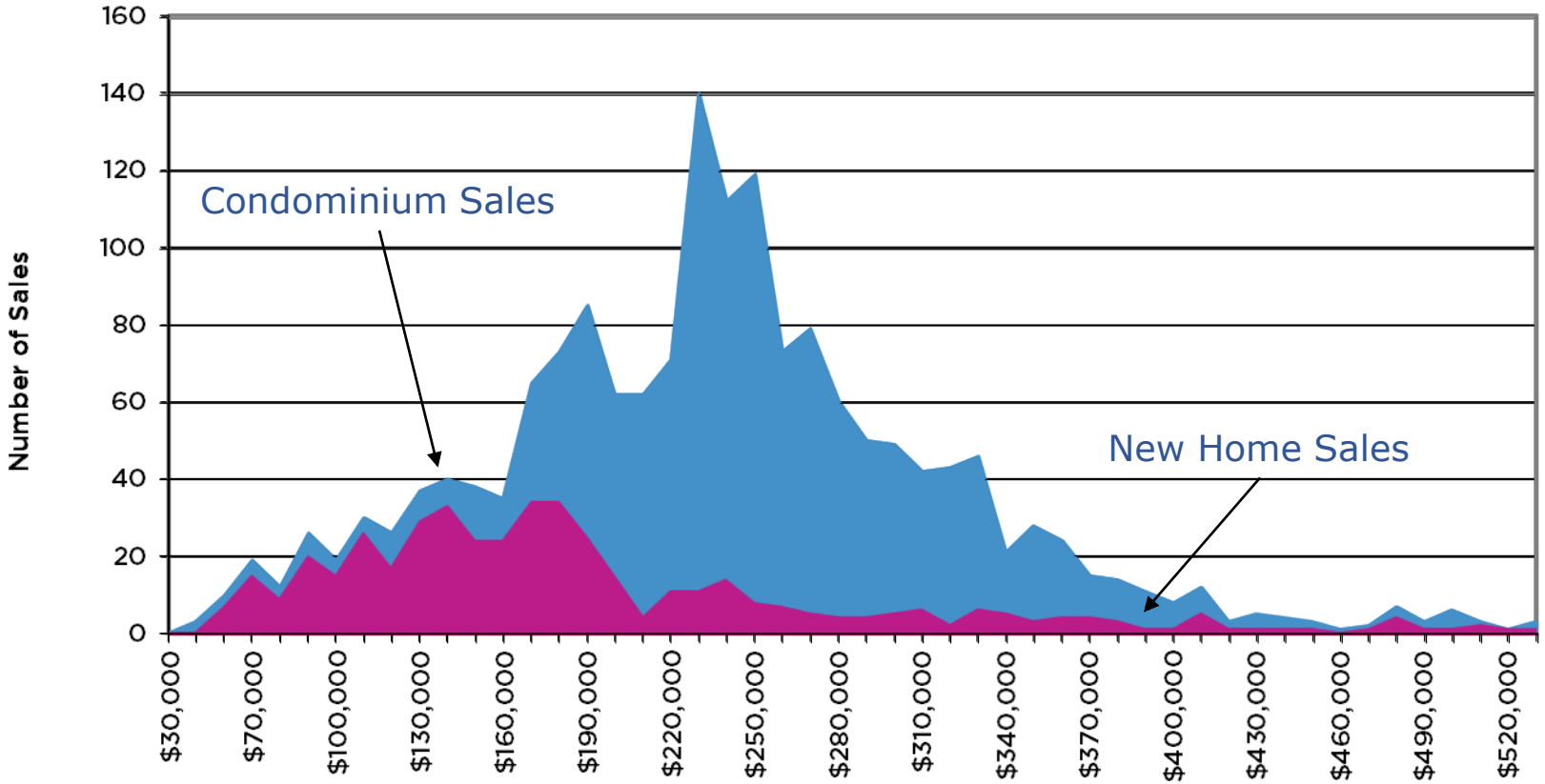
Sales Frequency 2018

City of Manchester



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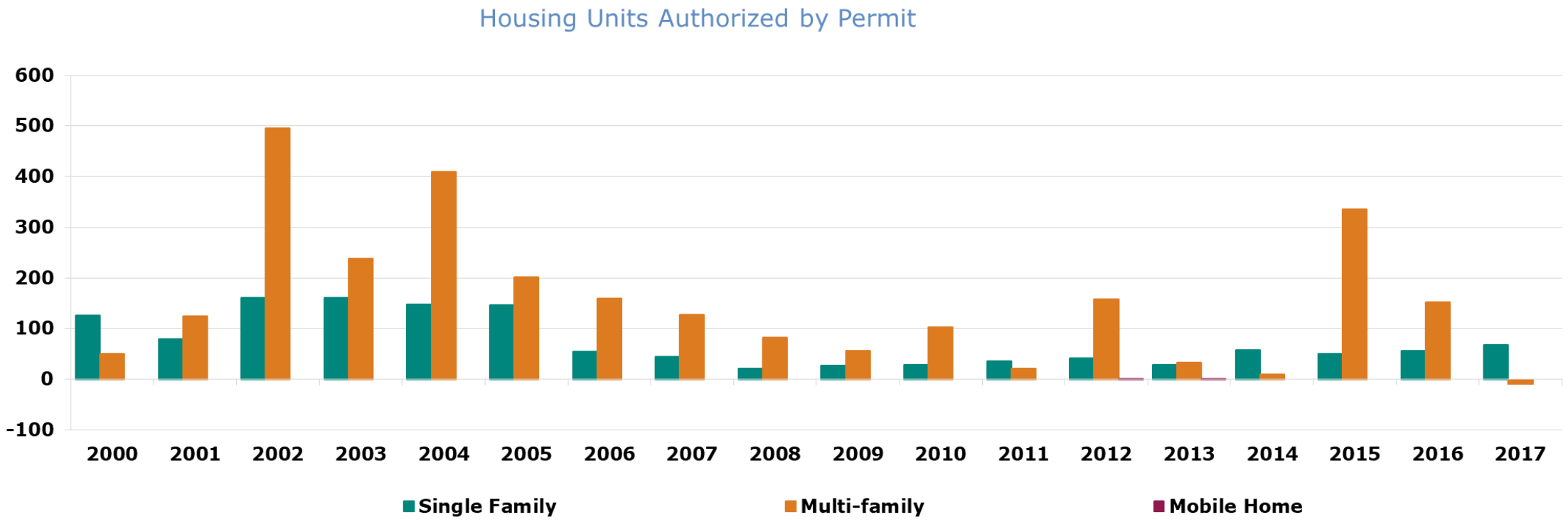
Building Permits



Source: - NH Office of Strategic Initiatives

2019 Legislative Session

Key Housing-Related Bills

- **Housing Appeals Board**

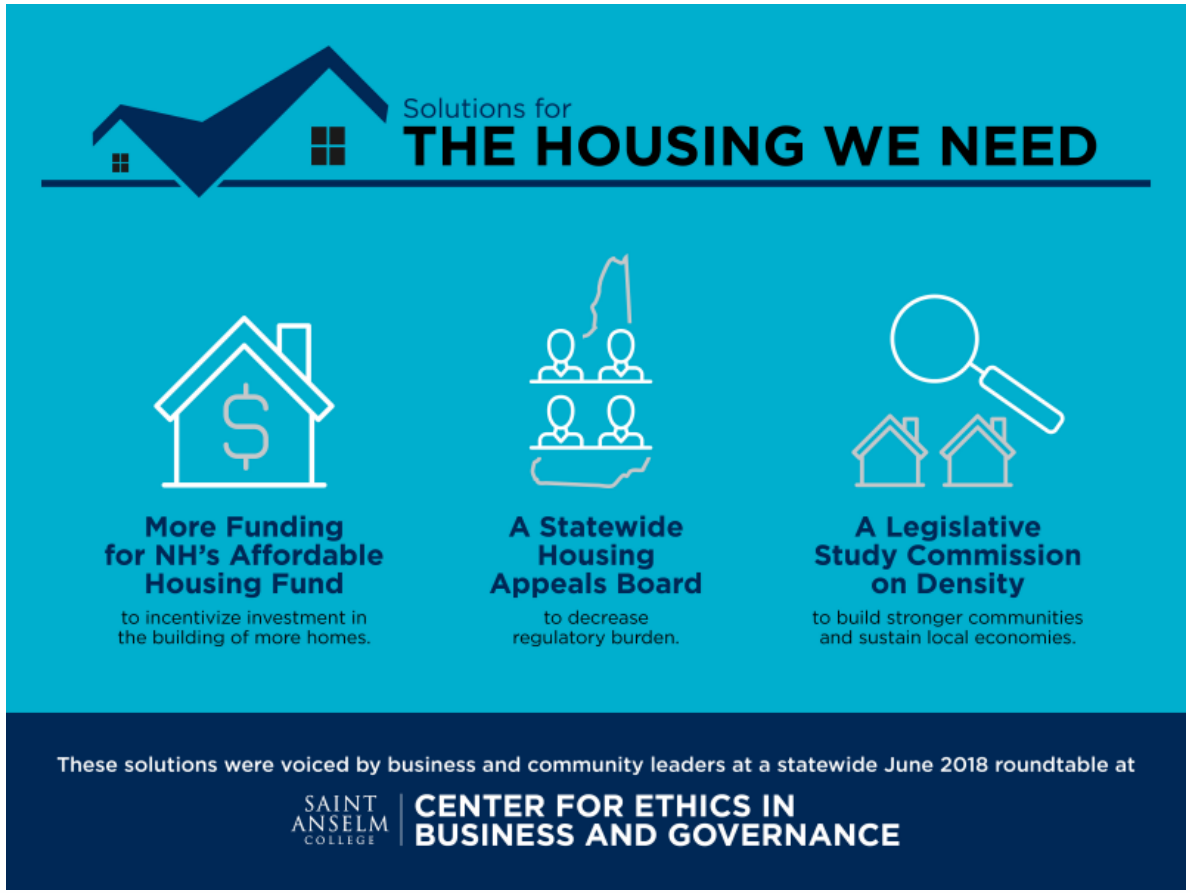
  (SB 306; Senator Giuda)

- **Affordable Housing Fund**

  (SB 15 Senator Bradley)

- **Density Study**

  (SB43; Senator Fuller Clark)



2019 Legislative Session

Key Housing-Related Bills

- **Housing Appeals Board**

  (SB 306; Senator Giuda)

- **Affordable Housing Fund**

  (SB 15 Senator Bradley)

  HB 2
  $5M

  SB 15
  $10M
  $5M from RE Transfer Tax Annually

- **Density Study**

  (SB43; Senator Fuller Clark)

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