

# HOUSING IN NEW HAMPSHIRE 2020

**Russ Thibeault**

*Applied Economic Research*

NHHFA Homeownership Conference  
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**Where**  
Are We?

**Who's**  
Feeling the Pain?



**Where**  
Are We Headed?

**What**  
Can We Do?

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# CHAPTER ONE

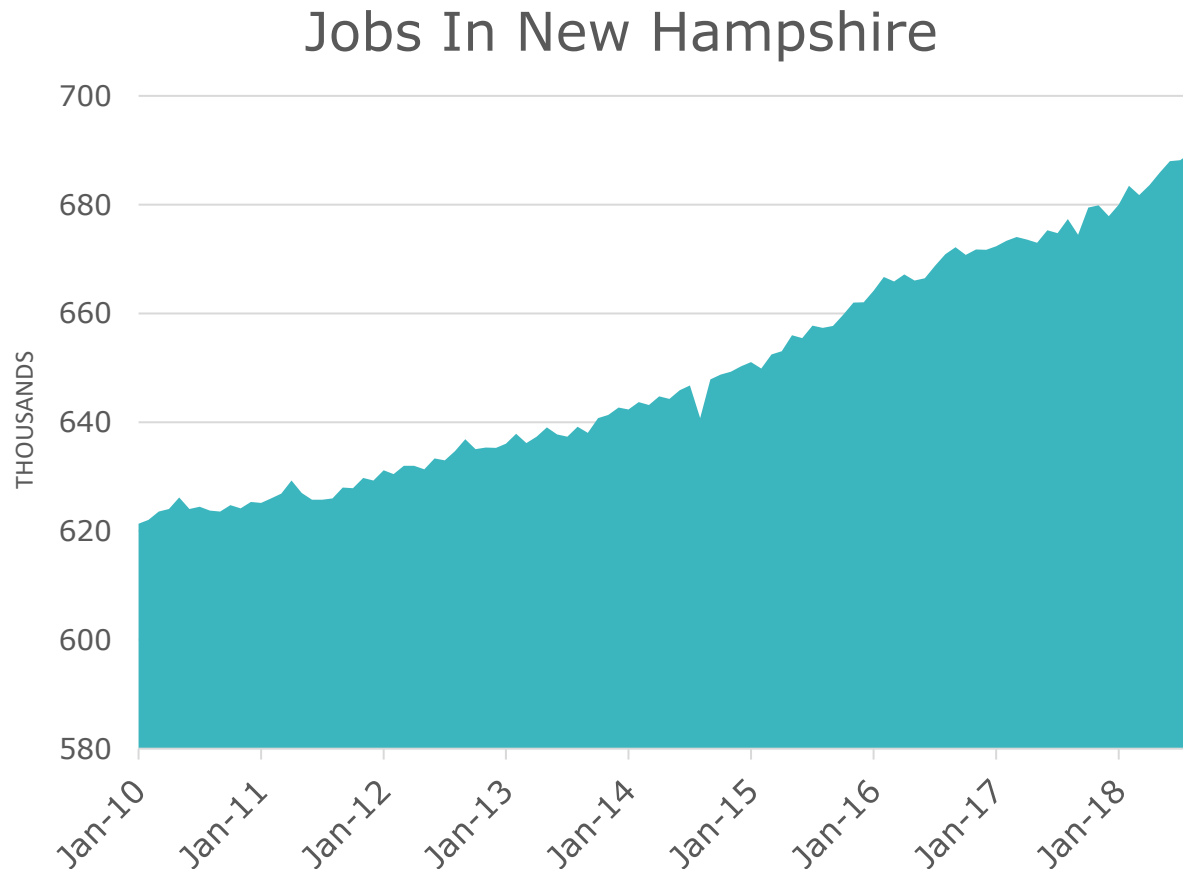
## So What's The Big Problem Here?

*By Nearly All Measures, State's  
Economy is Healthy and Booming,  
Matching or Outperforming U.S.  
Economic Recovery...BUT...*

*We Are Not Building Enough Units to  
Address The Economy and Provide  
Sufficient Housing Choice and  
Affordable Housing*

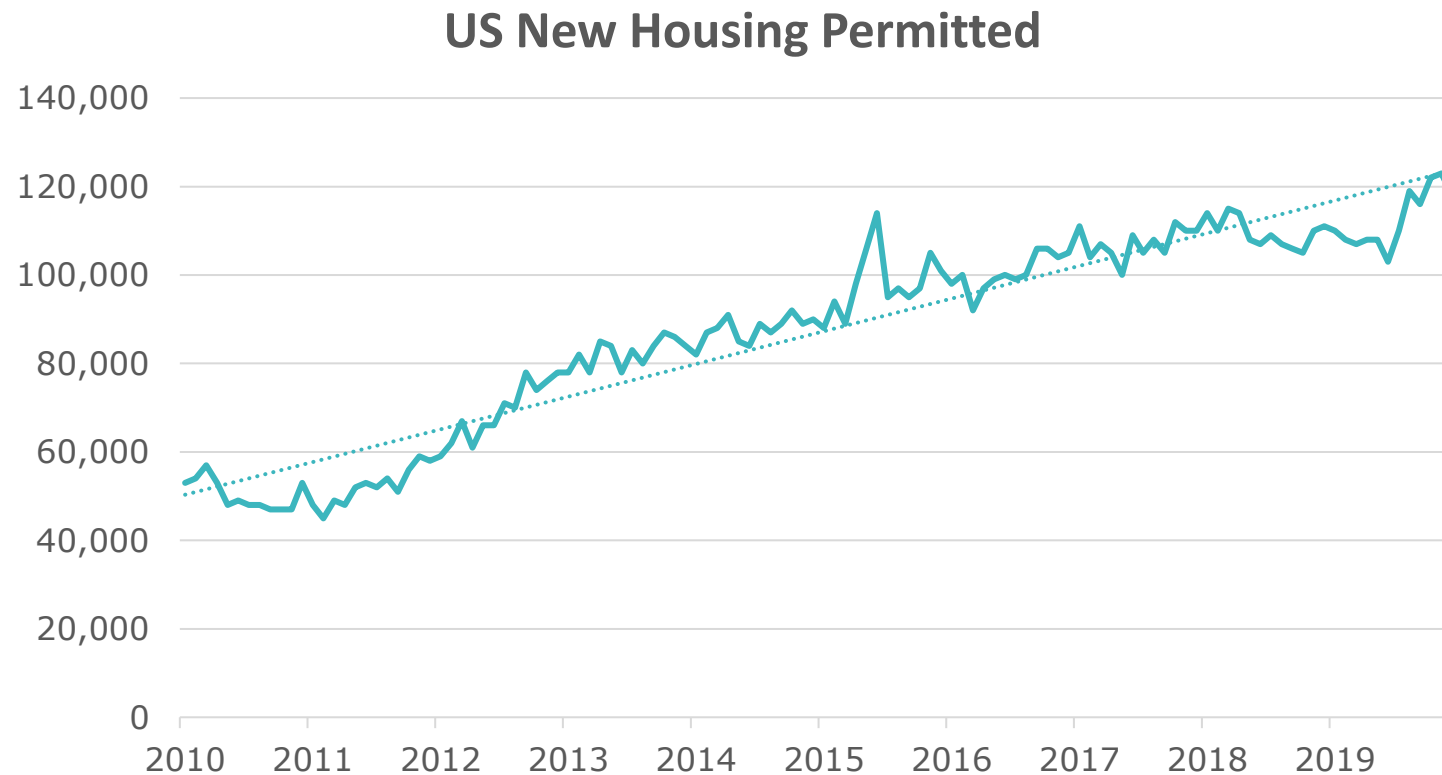
# Like U.S., NH Economy Is Strong

NH Employers Have Added 68,000 Jobs Since 2010 –  
Essentially Lowest Unemployment Rate In The U.S.



# U.S. New Units Permitted Rose

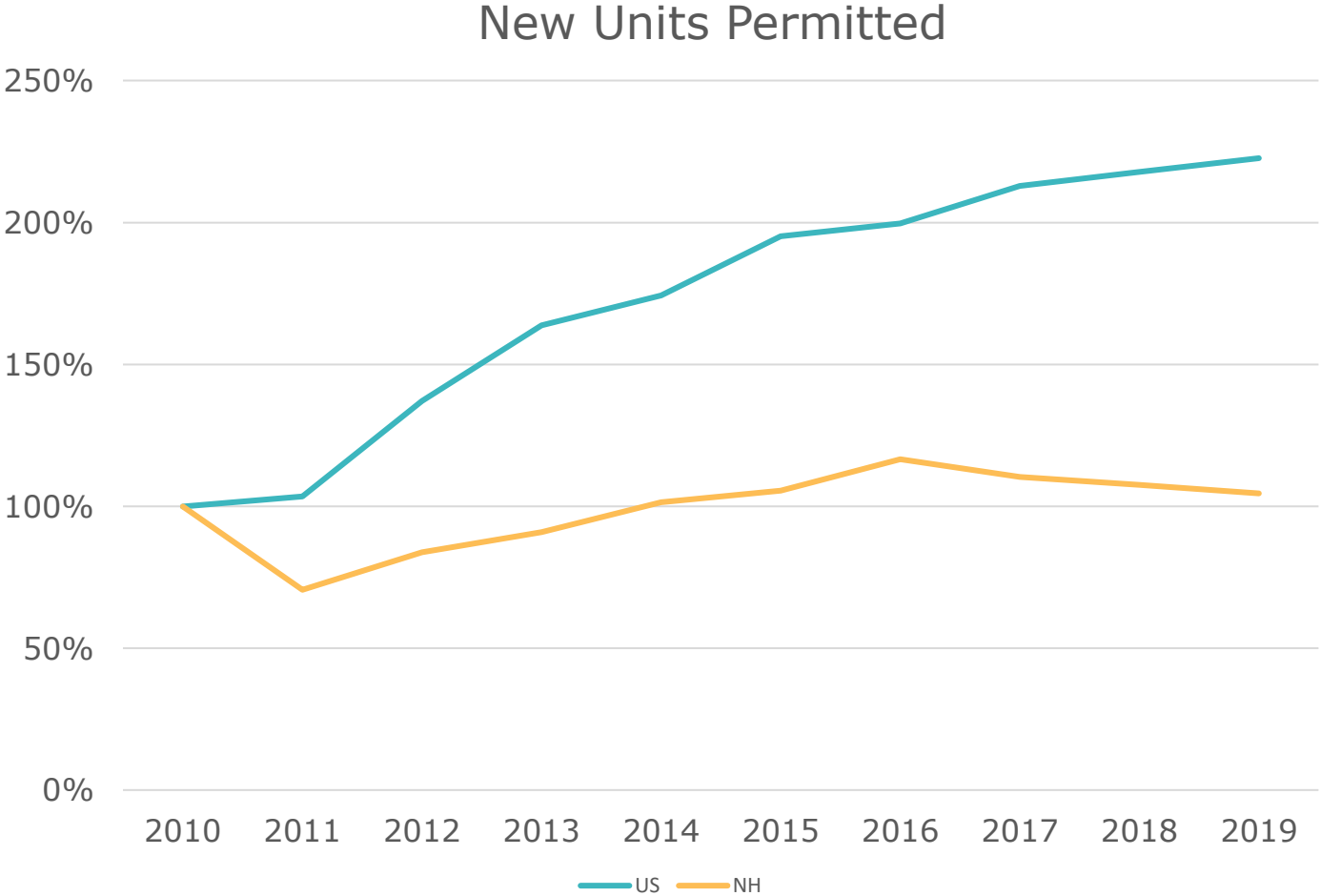
Almost 3-fold Since Economic Recovery Began In 2010



Source: Census Sample Data

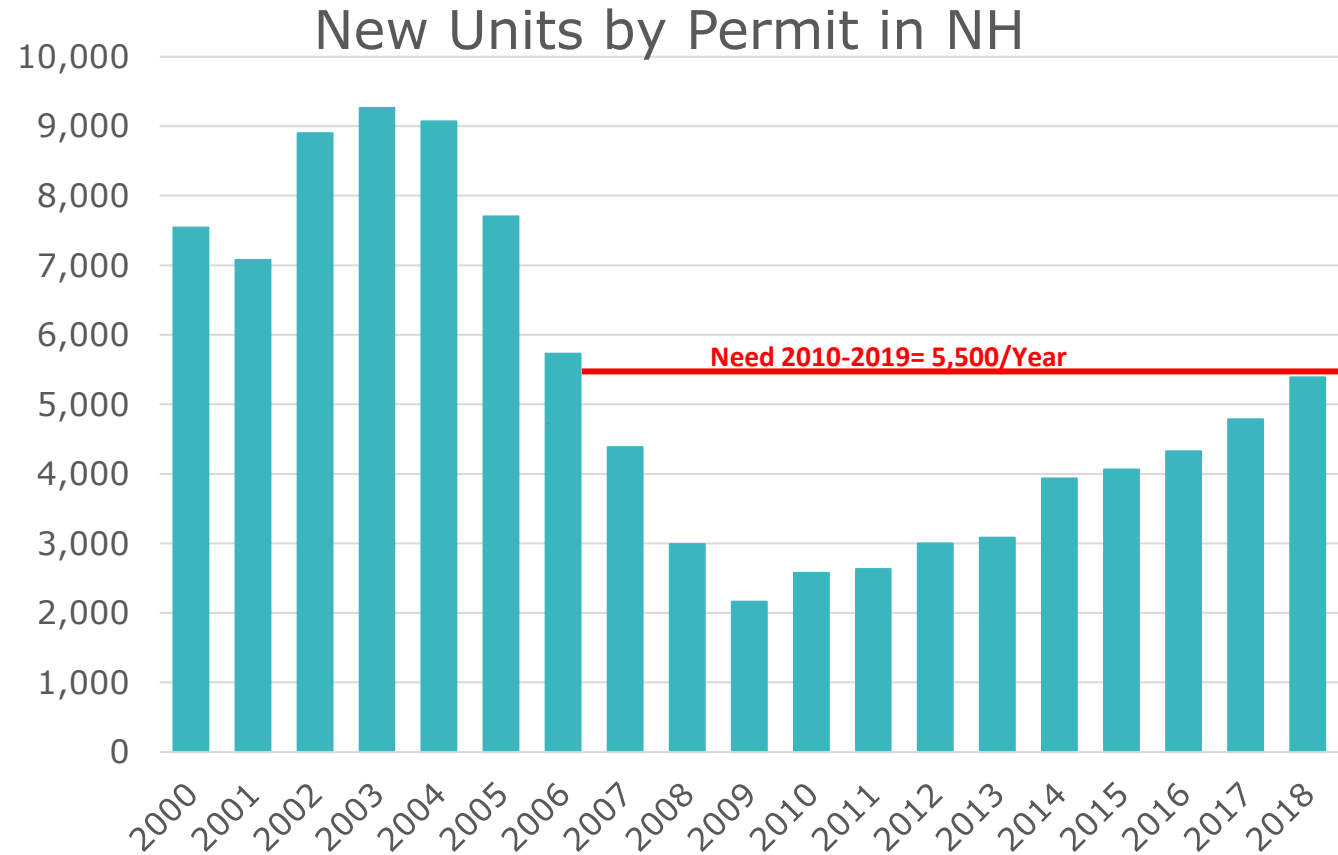
# Pace of New Housing Permitted in NH

## Lags Behind The National Housing Recovery



Source: Census Sample Data

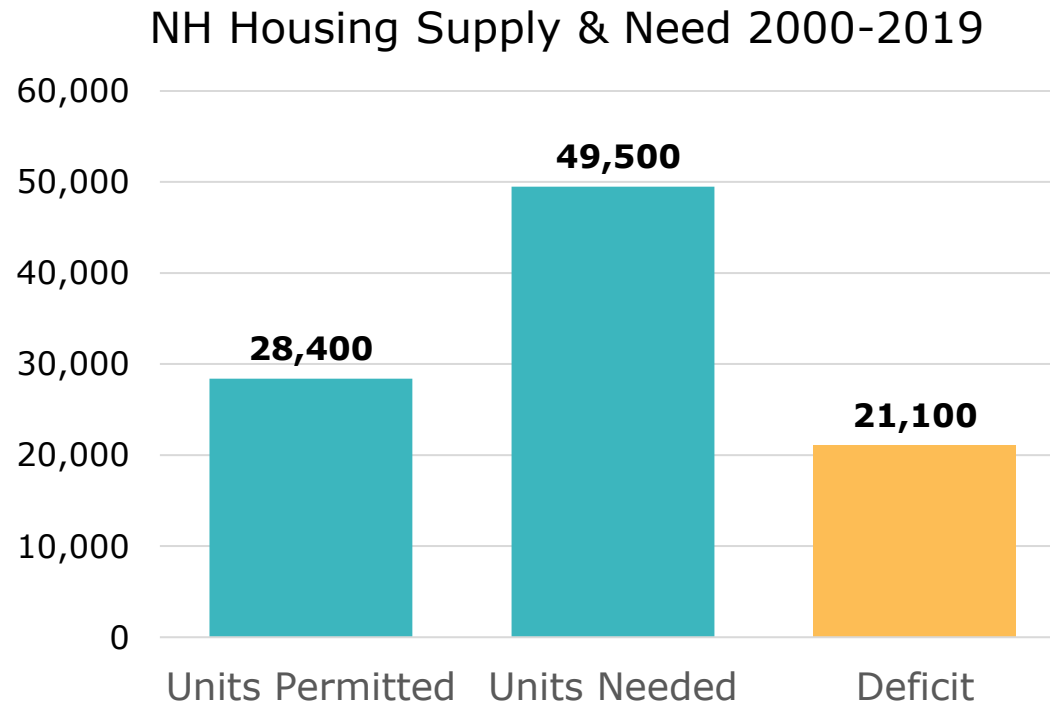
# Number of NH New Units Permitted Rising, But Not Fast Enough Or Strong Enough





# Current Shortfall Is Extreme

- Should have added 5,500+/- units per year **SINCE** 2010 to support job growth and provide reasonable housing choice at somewhat affordable prices
- Instead have averaged about 3,100 units
- Leading to a cumulative deficit of about 21,000 units – about 4 years of production



# CHAPTER TWO

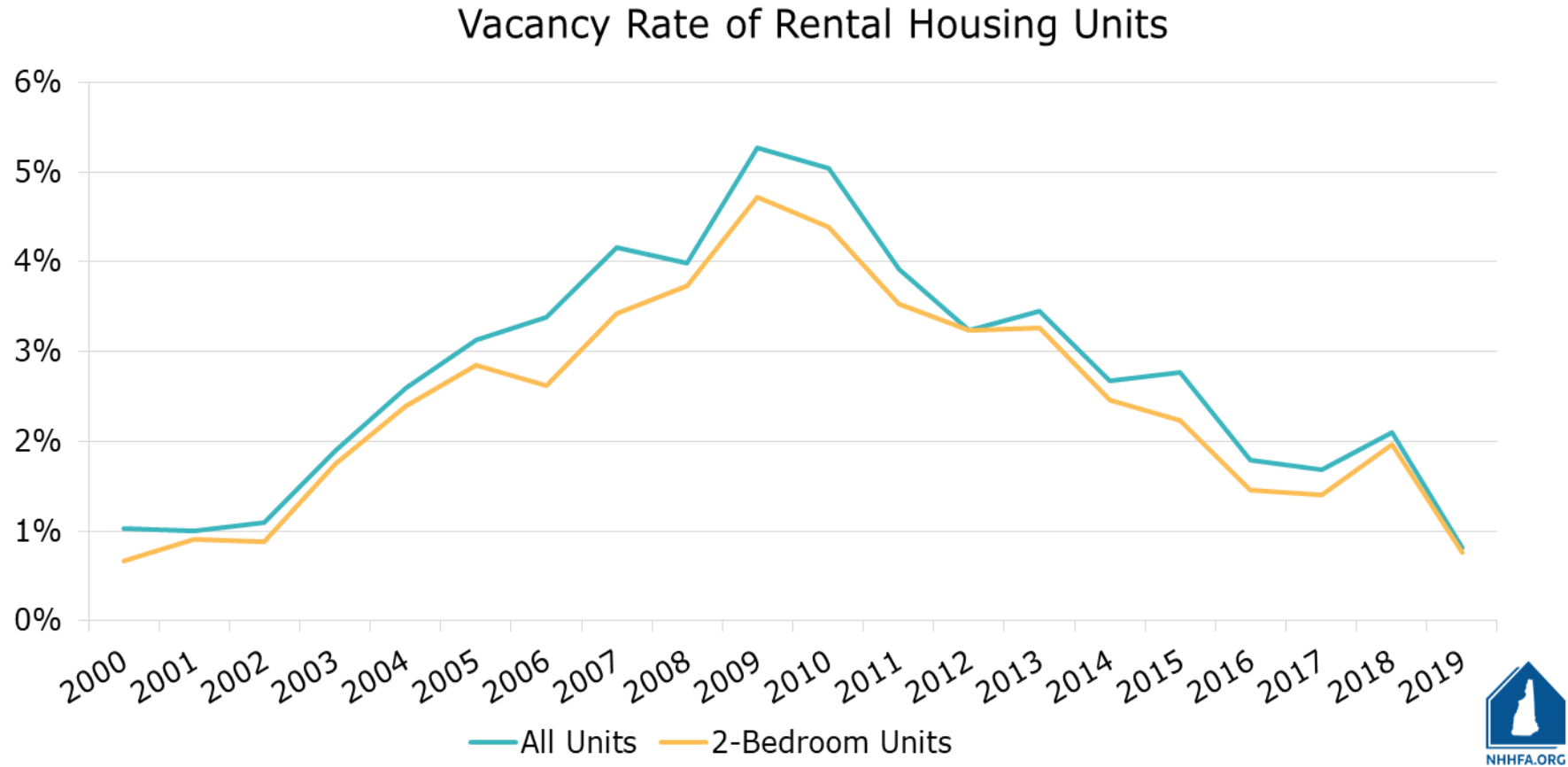
## What Hath This Wrought?

# Impact of the Shortage Is Widespread, But Not Evenly Felt

- Fewer choices and rising costs for renters  
**tend to impact younger cohorts**
- Good for landlords and developers  
**tend to be boomers**
- OK BOOMER!
  - Not enough choices and rising costs for buyers  
**stress-out millennials and entry buyers** but are favorable for sellers – mostly boomers

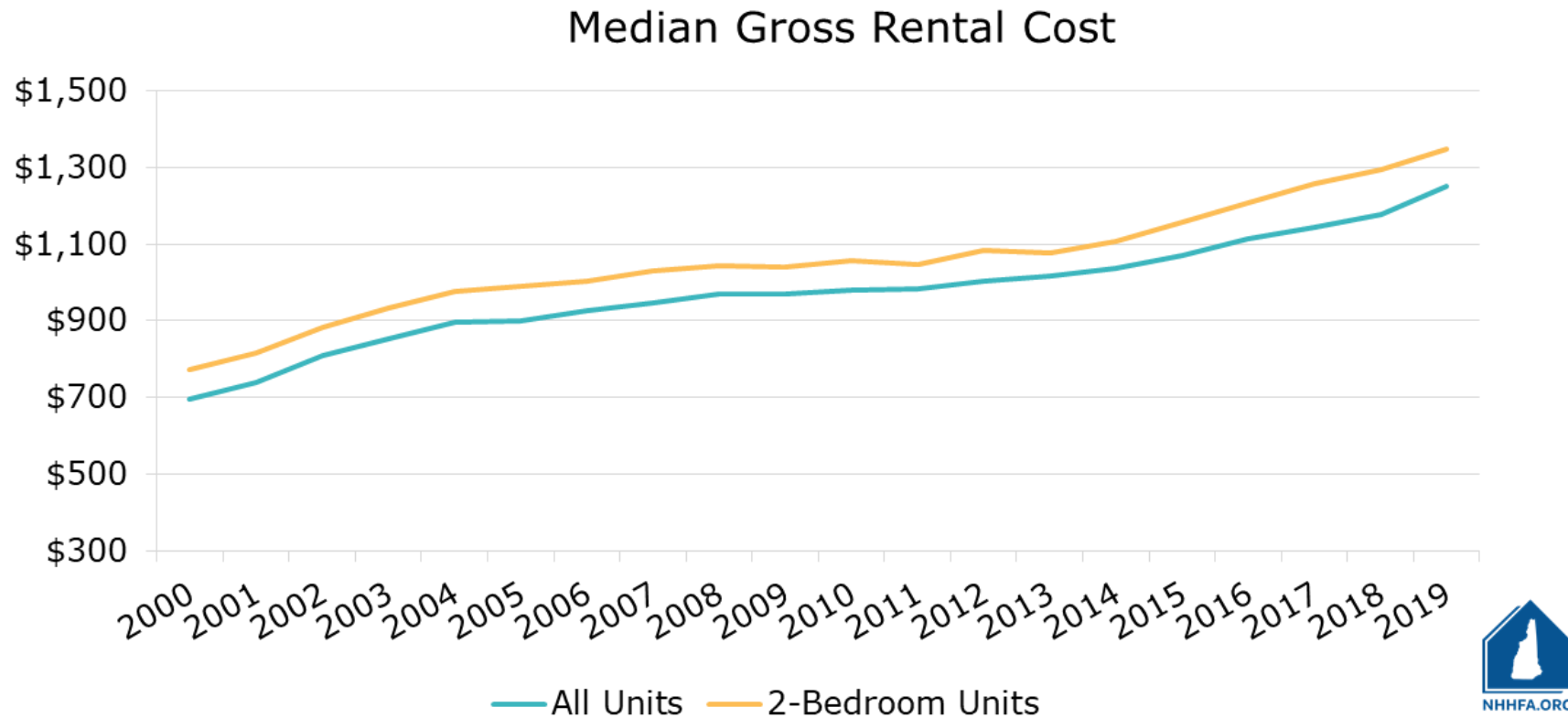
# New Hampshire's Vacancy Is Currently <1%, 20-Year Low

## If the Paint's Dry, It's Rented

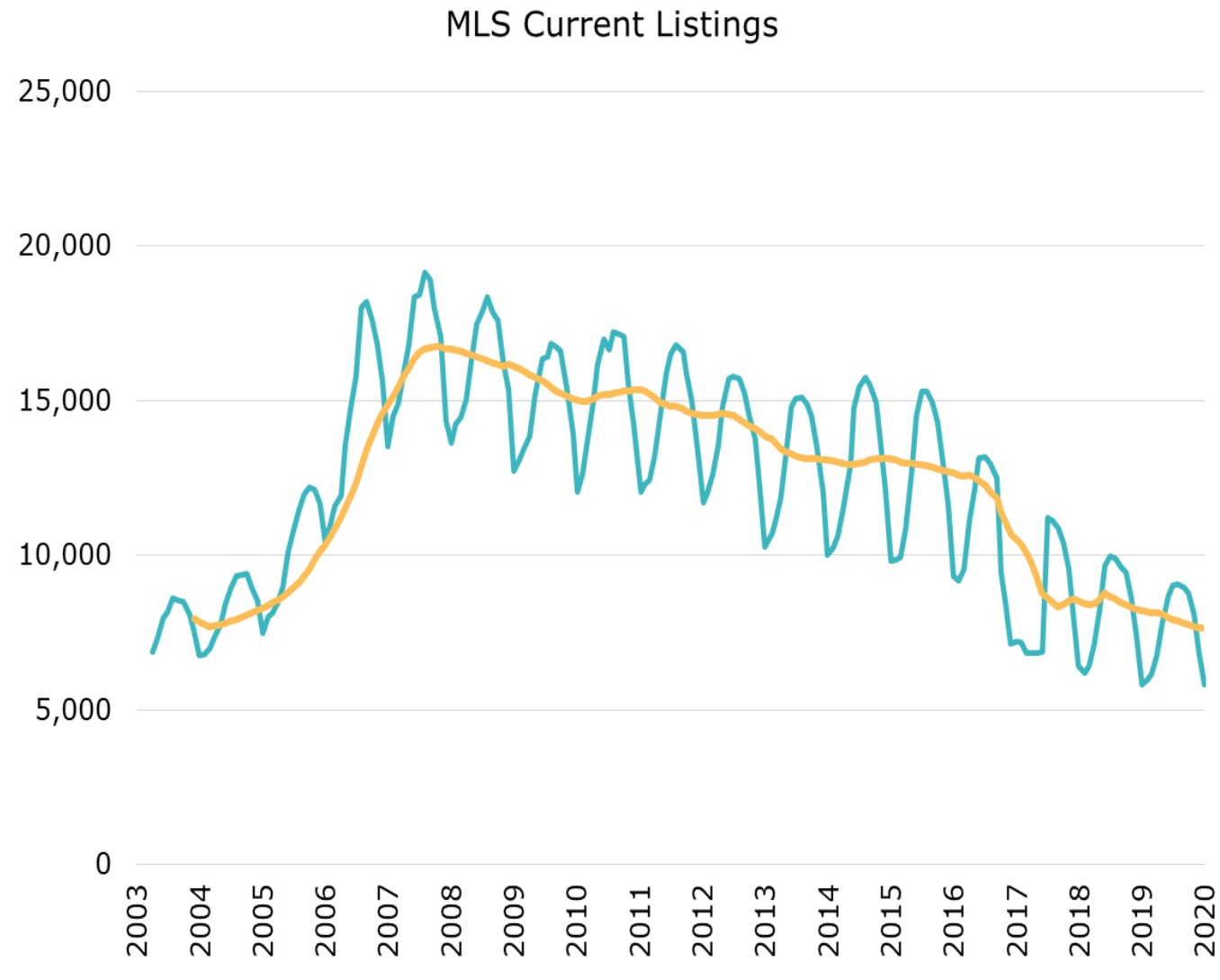


# Rents Never Dipped In Recession

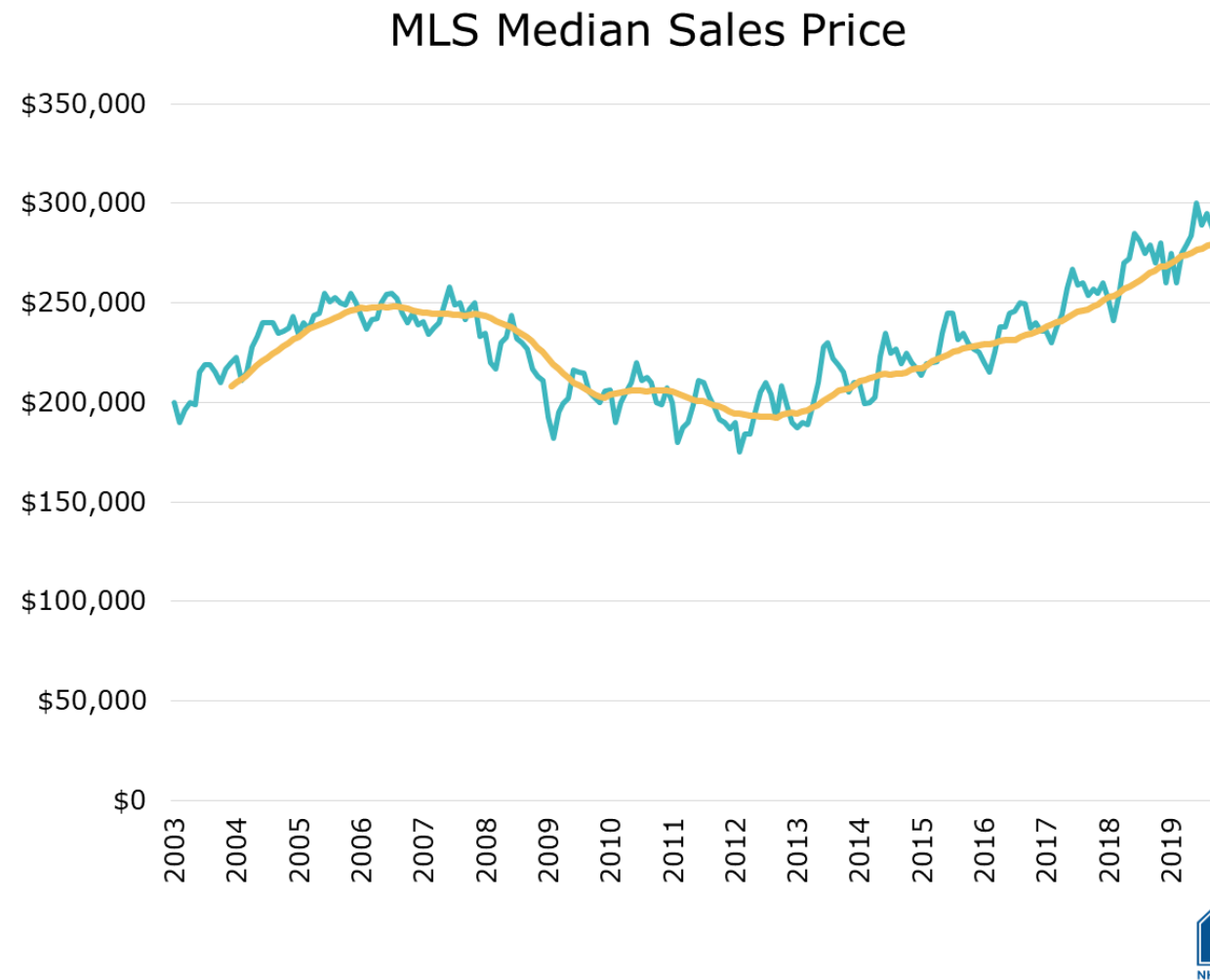
Median Two-Bedroom Now \$1,350, Up 30% Since 2010



# Listings (Choice) At Record Low



# Prices Hit New Peak, Offsetting Impact of Falling Interest Rates



# Buyers Have to Settle For Less

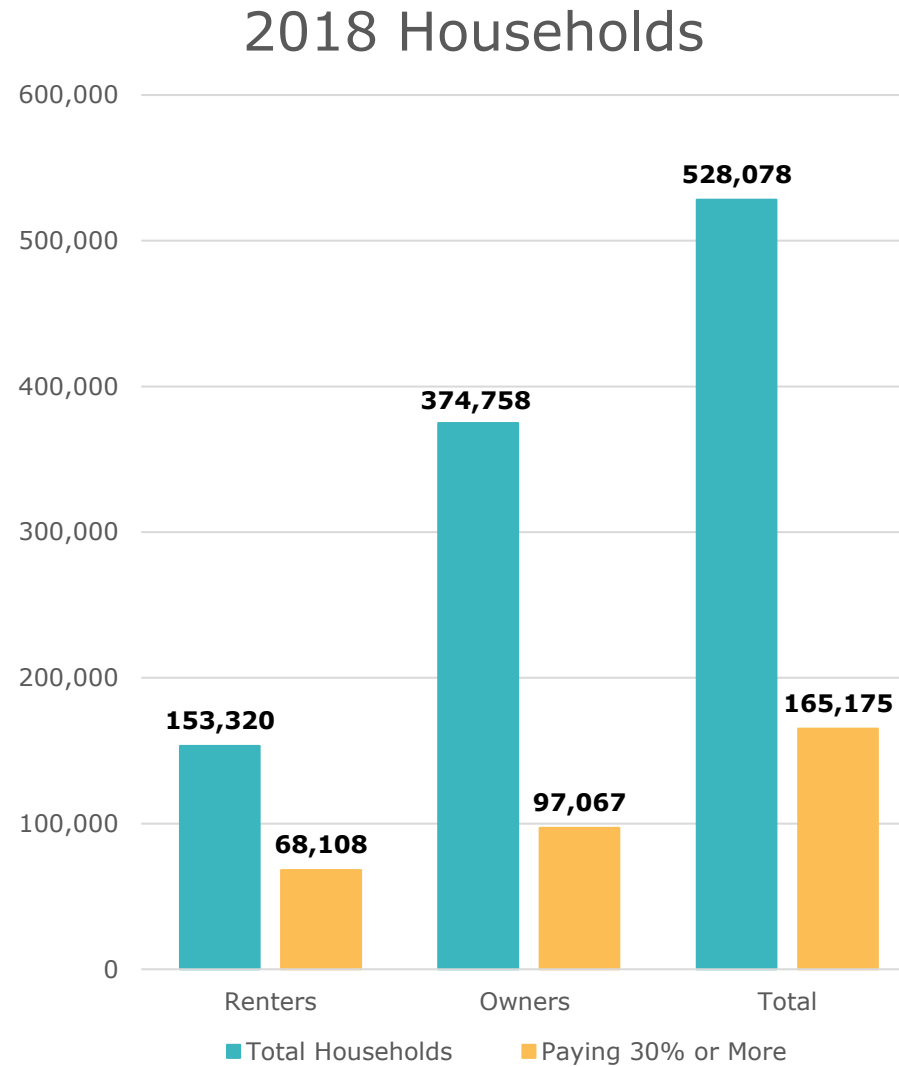




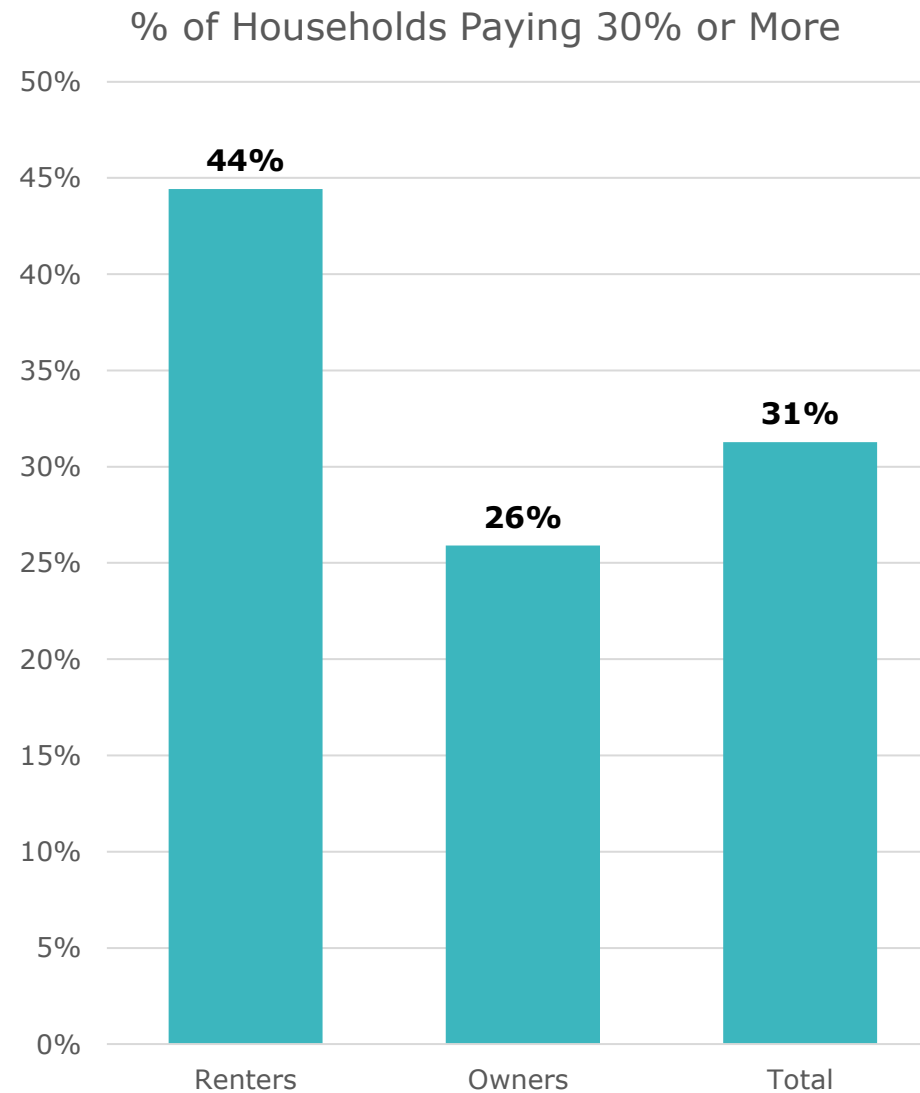
## CHAPTER THREE

# The Consequence: Widespread Cost Squeeze

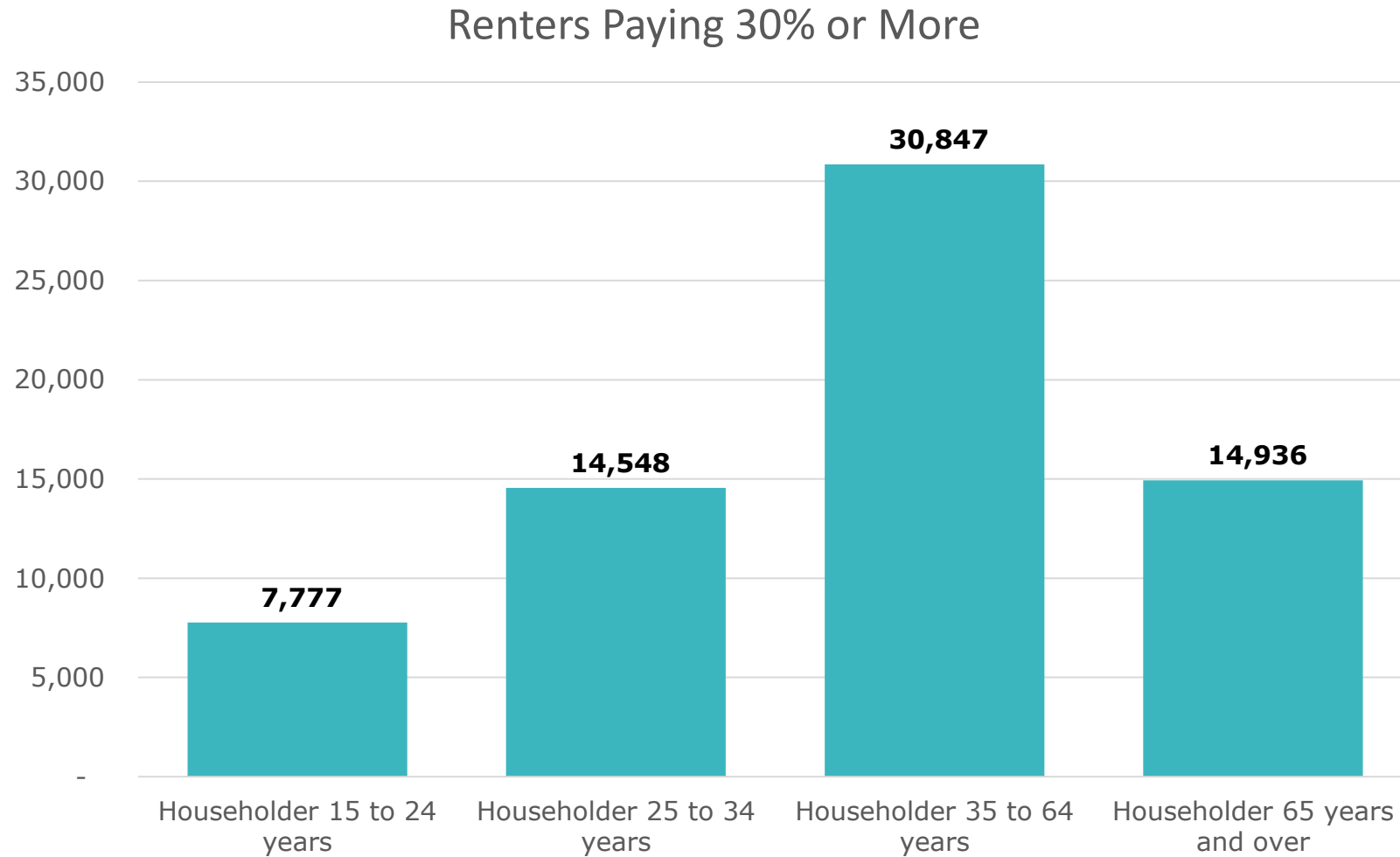
Over **165,000**  
NH households  
of state's total  
of **528,000**  
households are  
**overpaying**



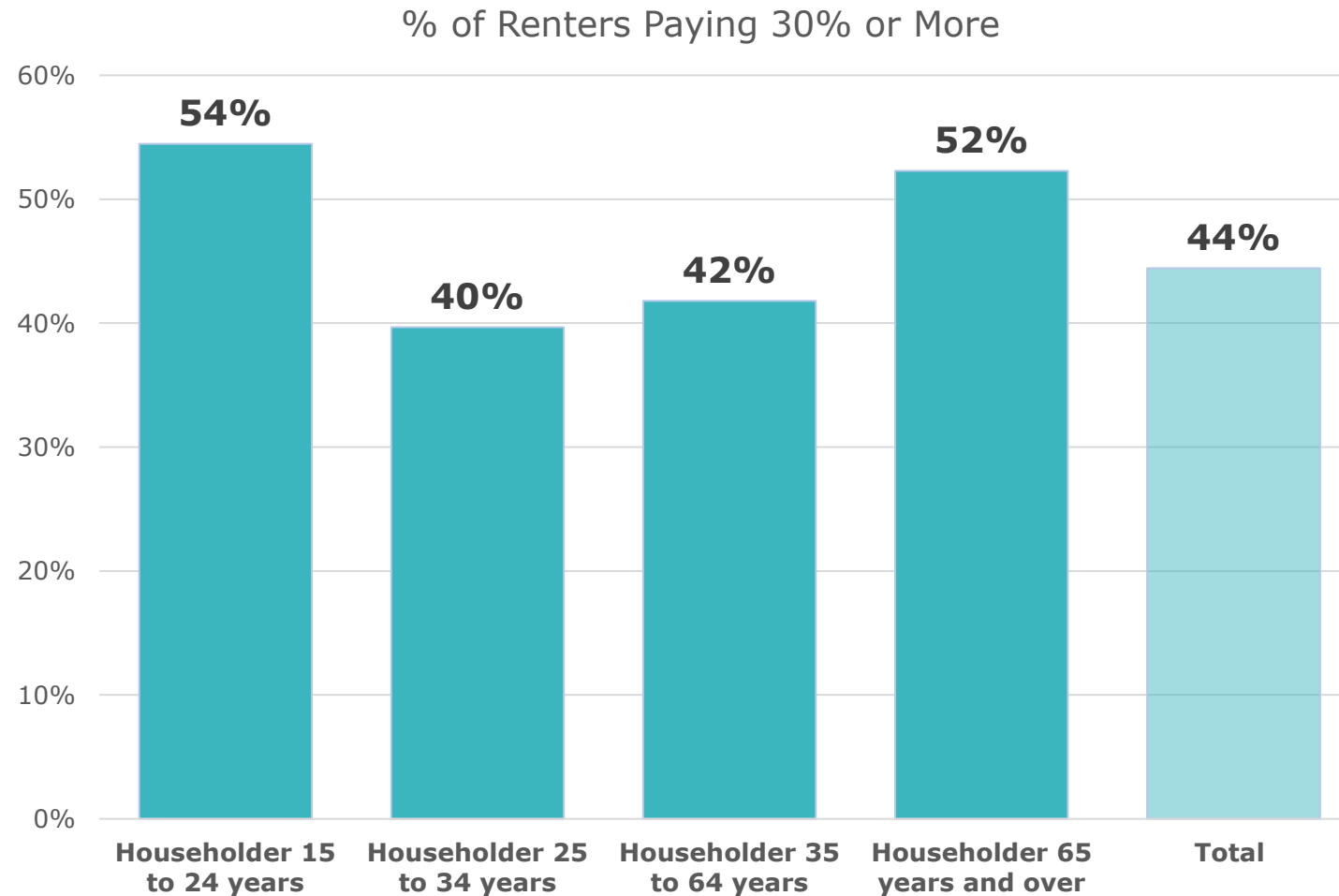
**44% of Renters &  
25% of Owner  
Households  
Pay More Than  
30% of Income  
for Housing**



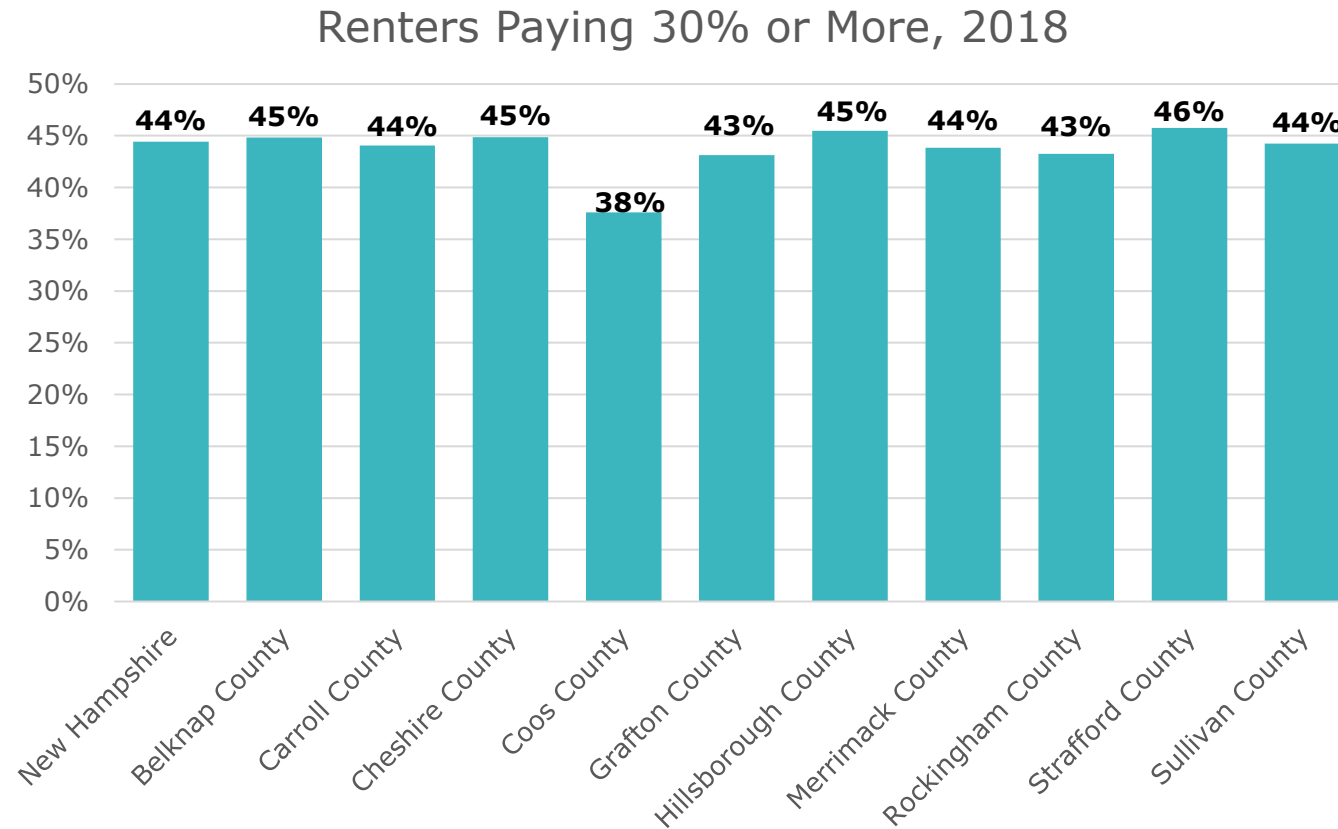
# All Age Groups Feel the Pain



# Overpayment More Acute for the Young & Old, But Not Exclusively So

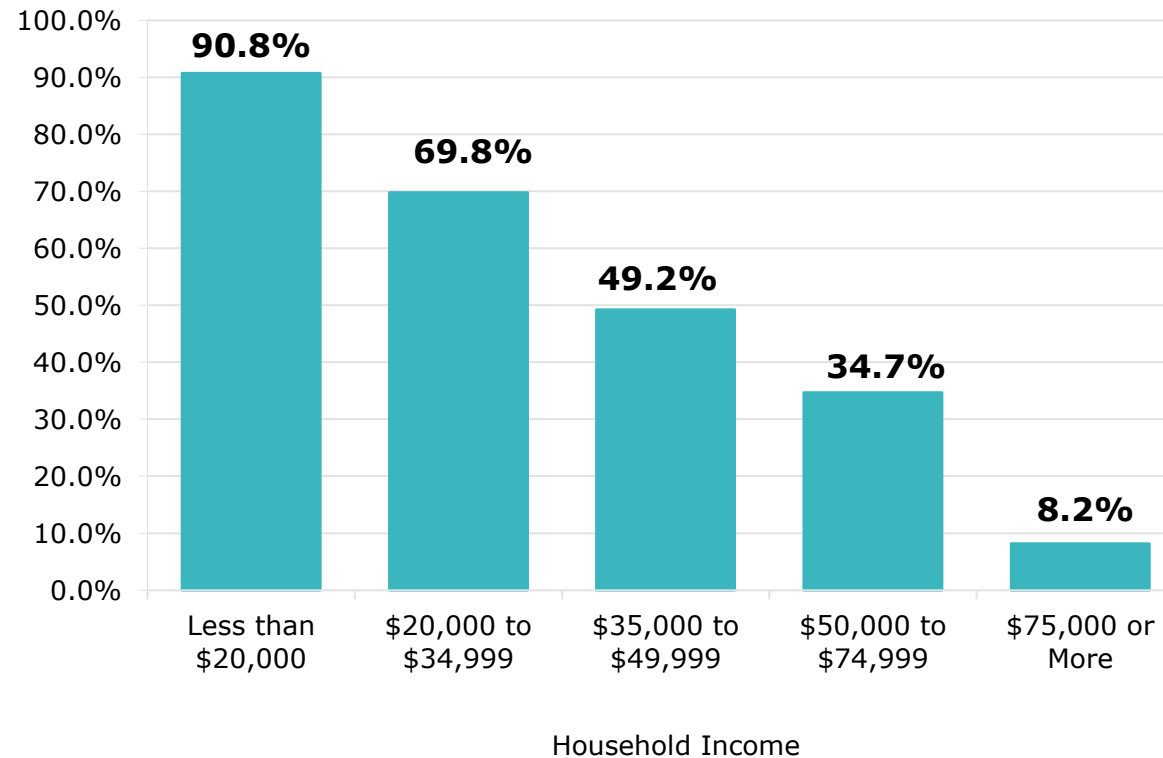


# Doesn't Matter Much Where You Live



# Impact Greatest on Low-Income Owners

Percent of Owner Households with Cost Overpayment above 30% of 2018 Household Income



# Stay Work Play NH Survey

## #1 Issue for ages 21-39

(not taxes, school quality, available jobs, social life, etc.)

Greater Concord... **UNAFFORDABLE HOUSING**

Greater Manchester... **UNAFFORDABLE HOUSING**

Greater Nashua... **UNAFFORDABLE HOUSING**

Lakes Region... **UNAFFORDABLE HOUSING**

Monadnock Region... **HIGH COST OF LIVING**

Mt Washington Valley... **UNAFFORDABLE HOUSING**

North Country... **UNAFFORDABLE HOUSING**

Seacoast... **UNAFFORDABLE HOUSING**

Upper Valley... **HIGH COST OF LIVING**

*Source: New Hampshire Business Review, 2/14/20*



## CHAPTER FOUR

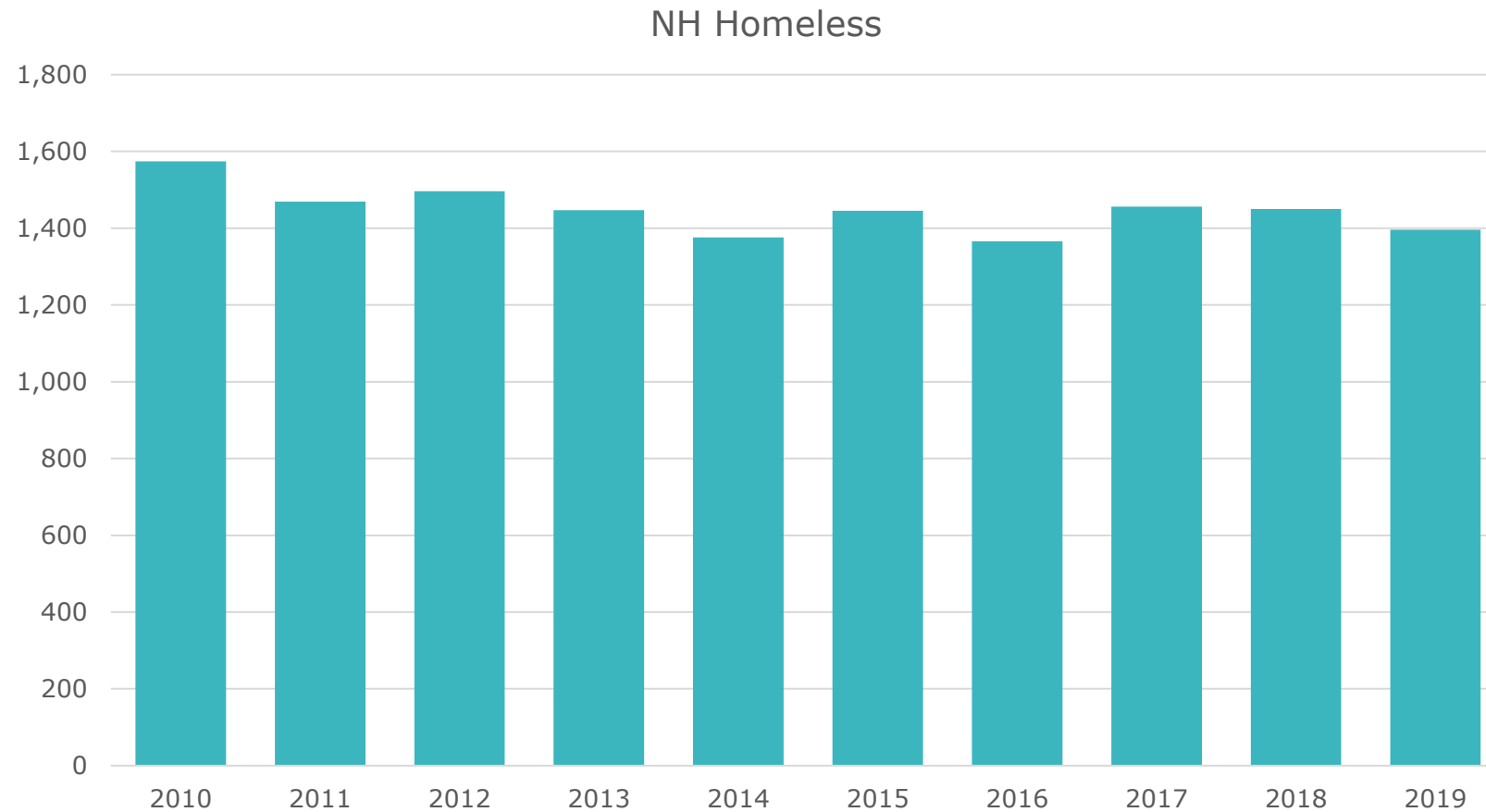
# Housing Triage: There Is A Hierarchy Of Pain

# Level One: Acute Impairment

## Homeless = Most Severe Need



# At Least 1,500 Homeless In NH And No Improvement Yet



Source: HUD, Continuum of Care, Point-In-Time Count = January, Annually

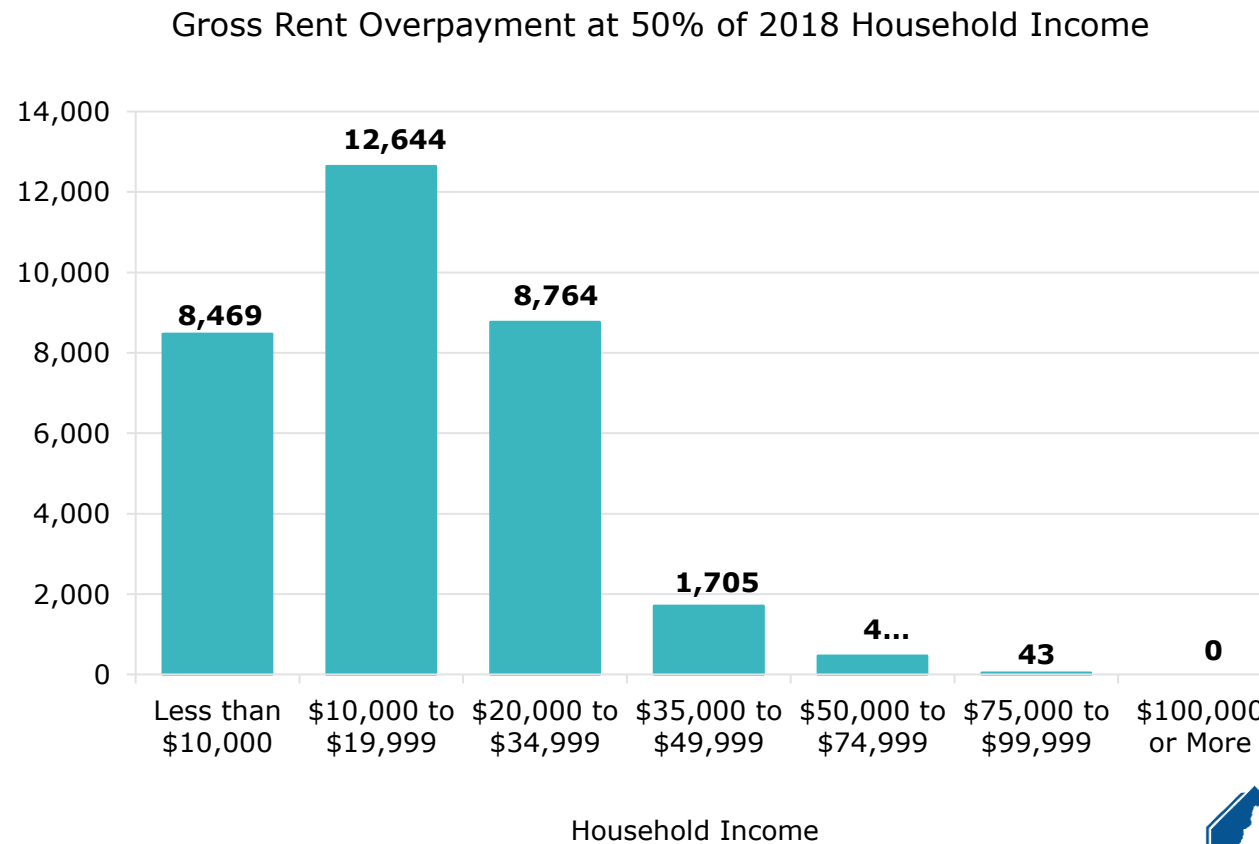
# Level Two: Extreme Impairment

## Paying 50% or More

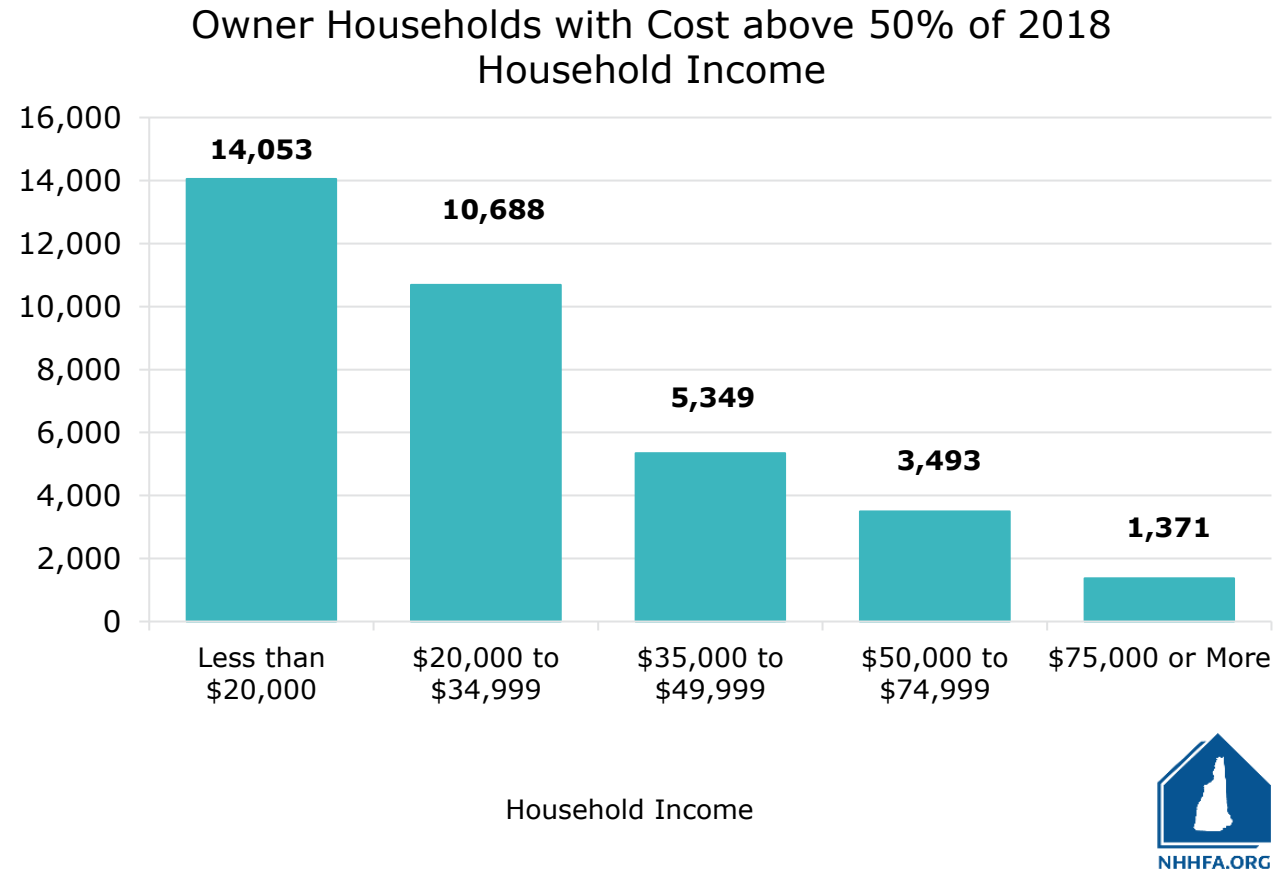


# Burden Falls Heaviest on Those Least Able to Afford It

Almost 30,000 renter households with incomes under \$35,000 pay 50%+ of their income for rent. **At best**, they have \$15,000 left for everything else.



# 35,000 Owners Pay 50% or More for Housing





A white motorhome with yellow and orange stripes is parked in tall grass at night. The motorhome has a door with a small window and a large window on the side. The text "U.S." is visible on the side of the motorhome. The title "RV Living Grows as Latest Consequence of Housing Crisis" is overlaid in large white serif font. Below the title, a subtitle in smaller white sans-serif font reads "Residents complain as streets fill with vehicles serving as homes for people who can't afford rent".

# RV Living Grows as Latest Consequence of Housing Crisis

Residents complain as streets fill with vehicles serving as homes for people who can't afford rent



## CHAPTER FIVE

### So What? Where Does This Take Us?

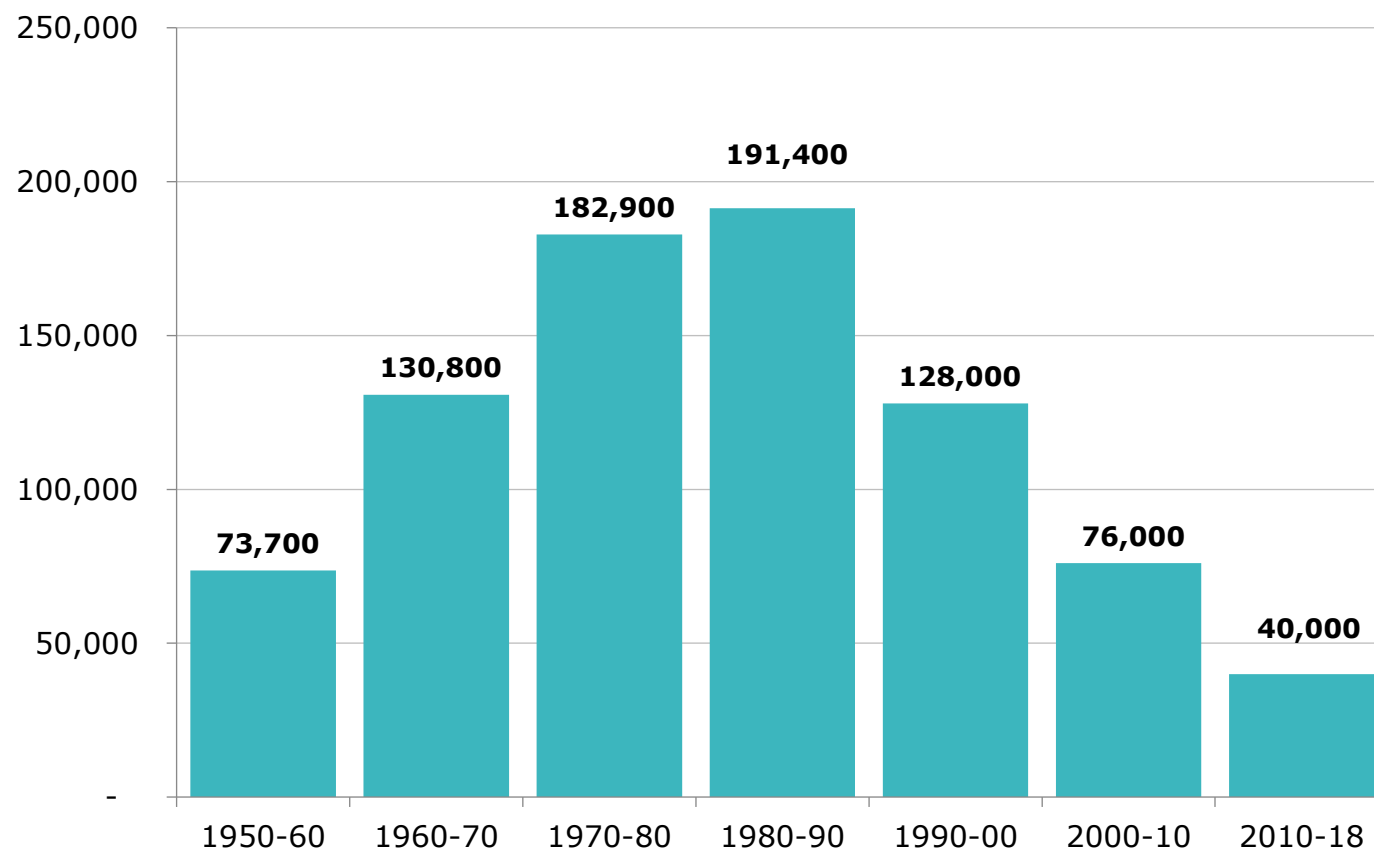




# Housing Shortage Contributing to State's Slower Growth

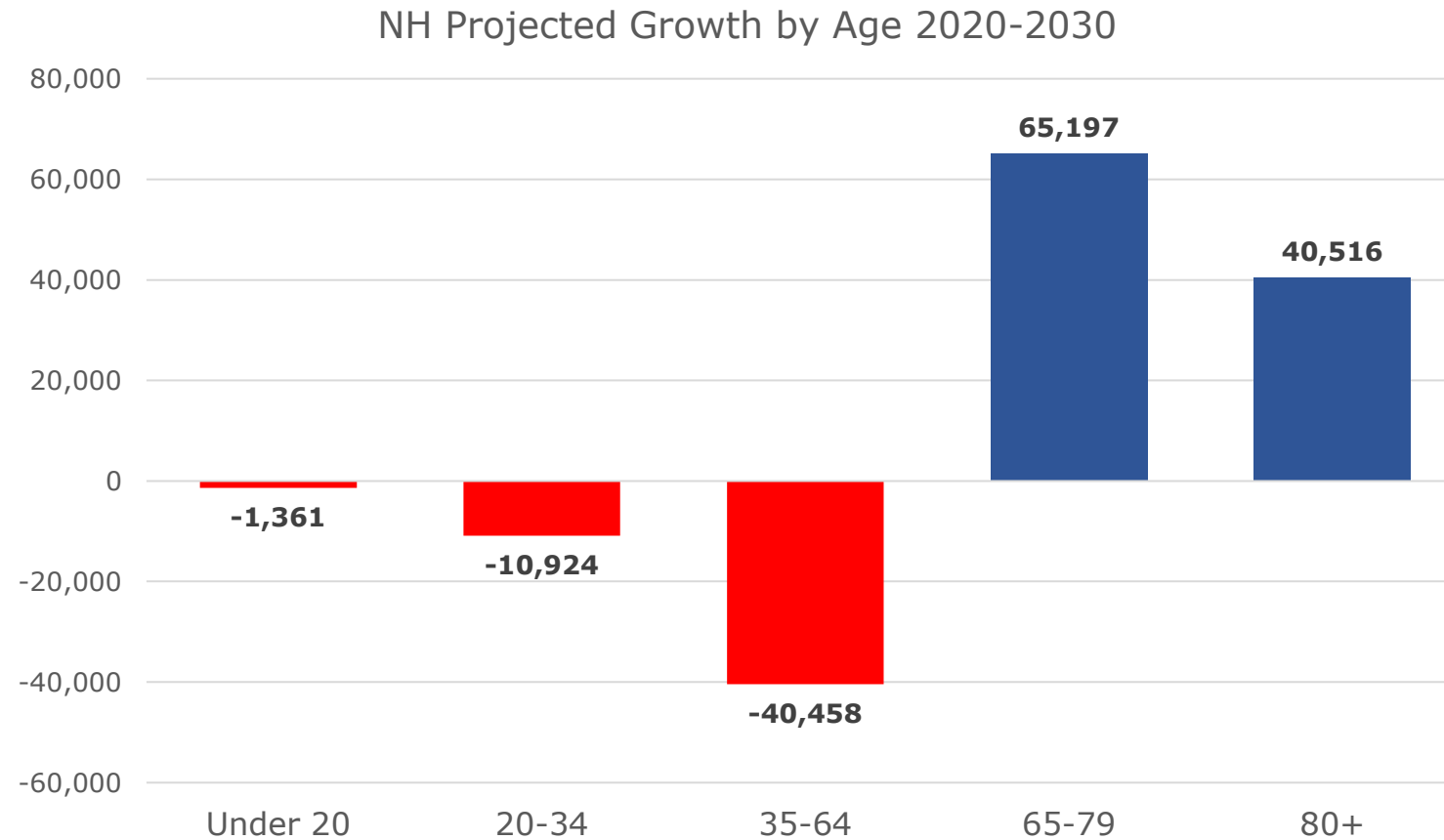
This is Not Your Daddy's Population Growth!

NH Population Change By Decade



# Affordable Housing Shortfall

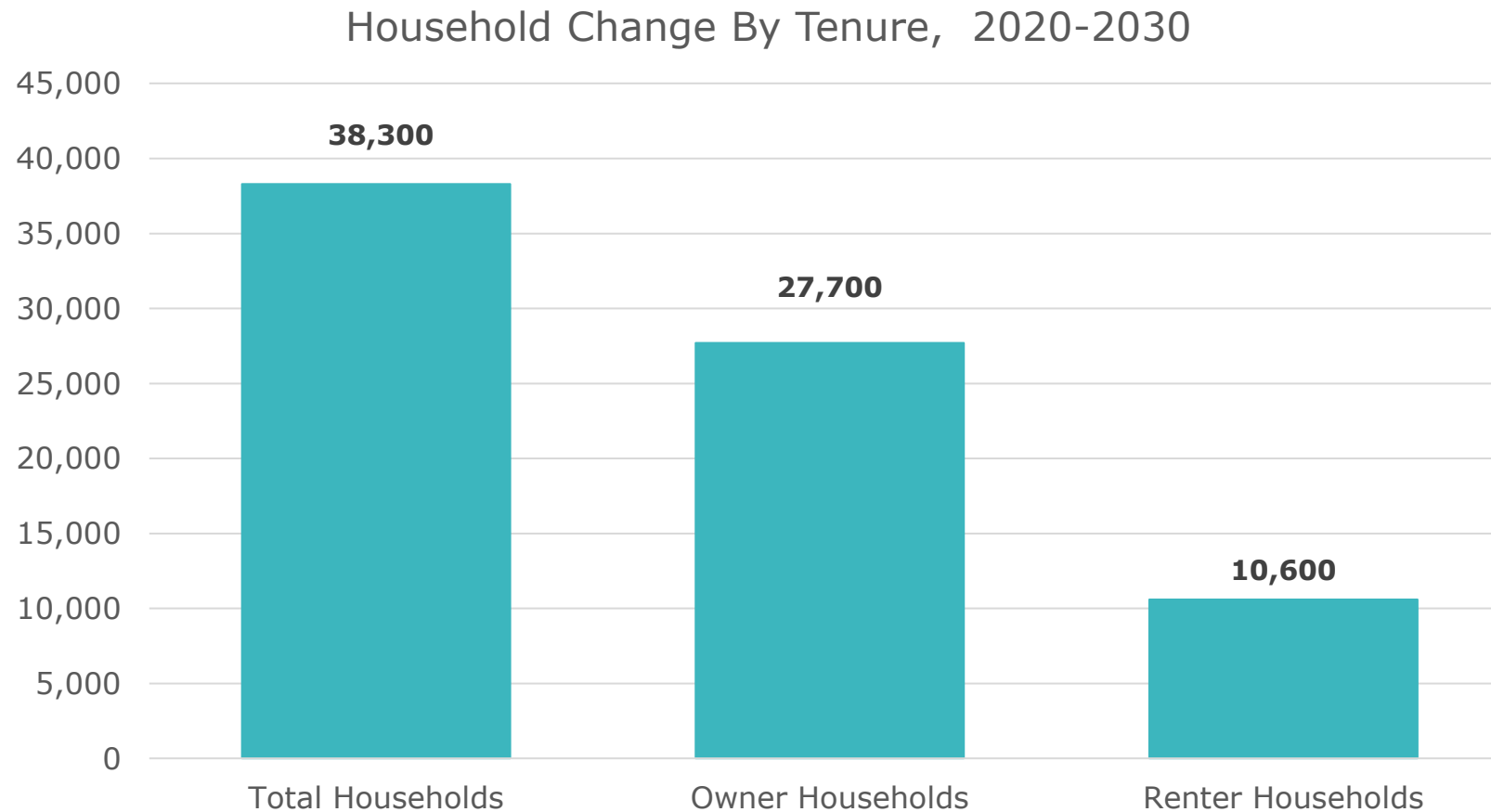
Projected Aging Workforce Will Stymie State's Economic Growth



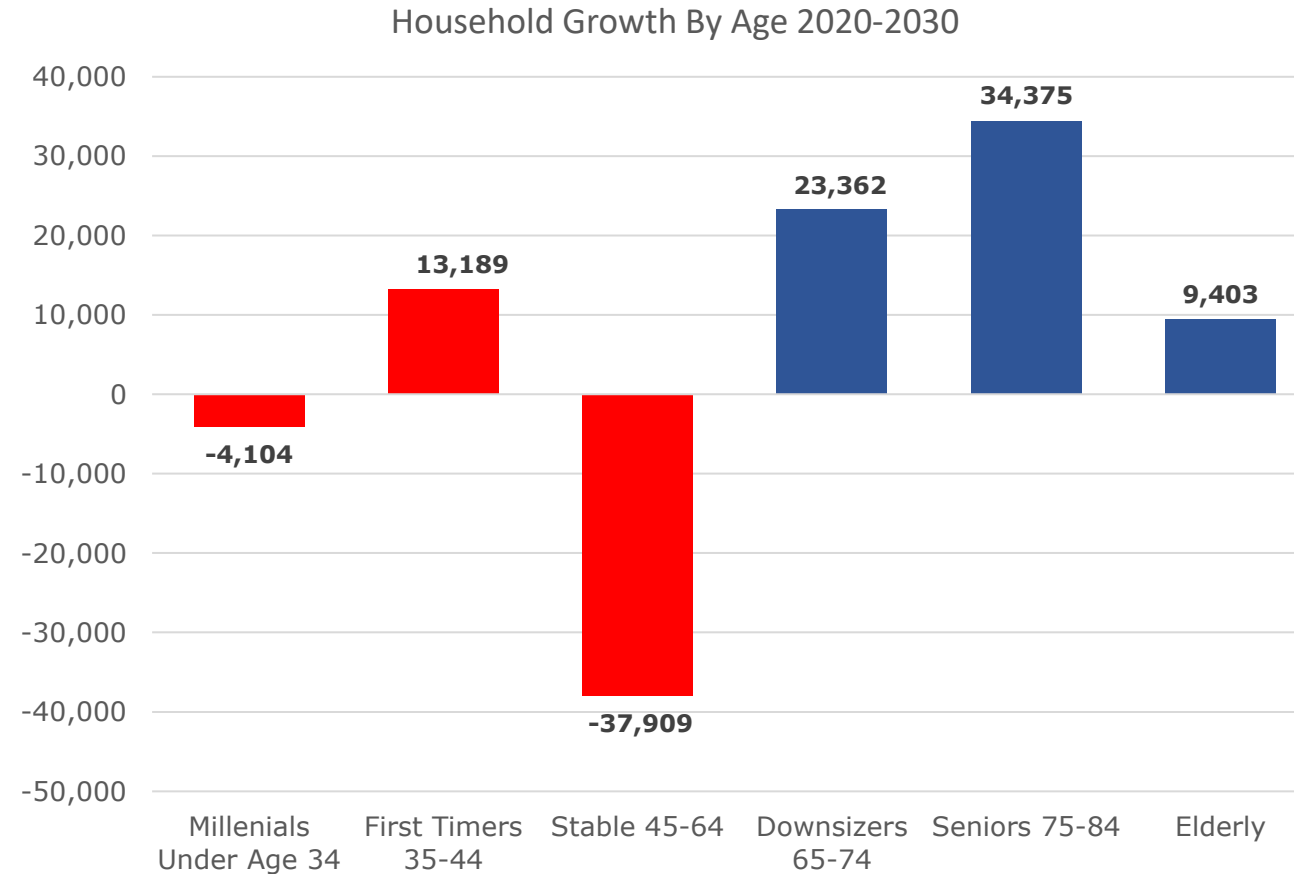
# Will We Repurpose Schools?



# Will Continue Current Tenure Mix Through 2030



# Household Growth Through 2030 Will Favor Smaller Units (+67,000) vs Larger Units (-29,000)



## CHAPTER FIVE

We Need A Diversity Of Housing To  
Accommodate Lifestyle Changes &  
State's Emerging Demographics

“I have lived in a diversity of housing through my lifestyle changes...you could not build any of these in most New Hampshire communities”





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Google Earth









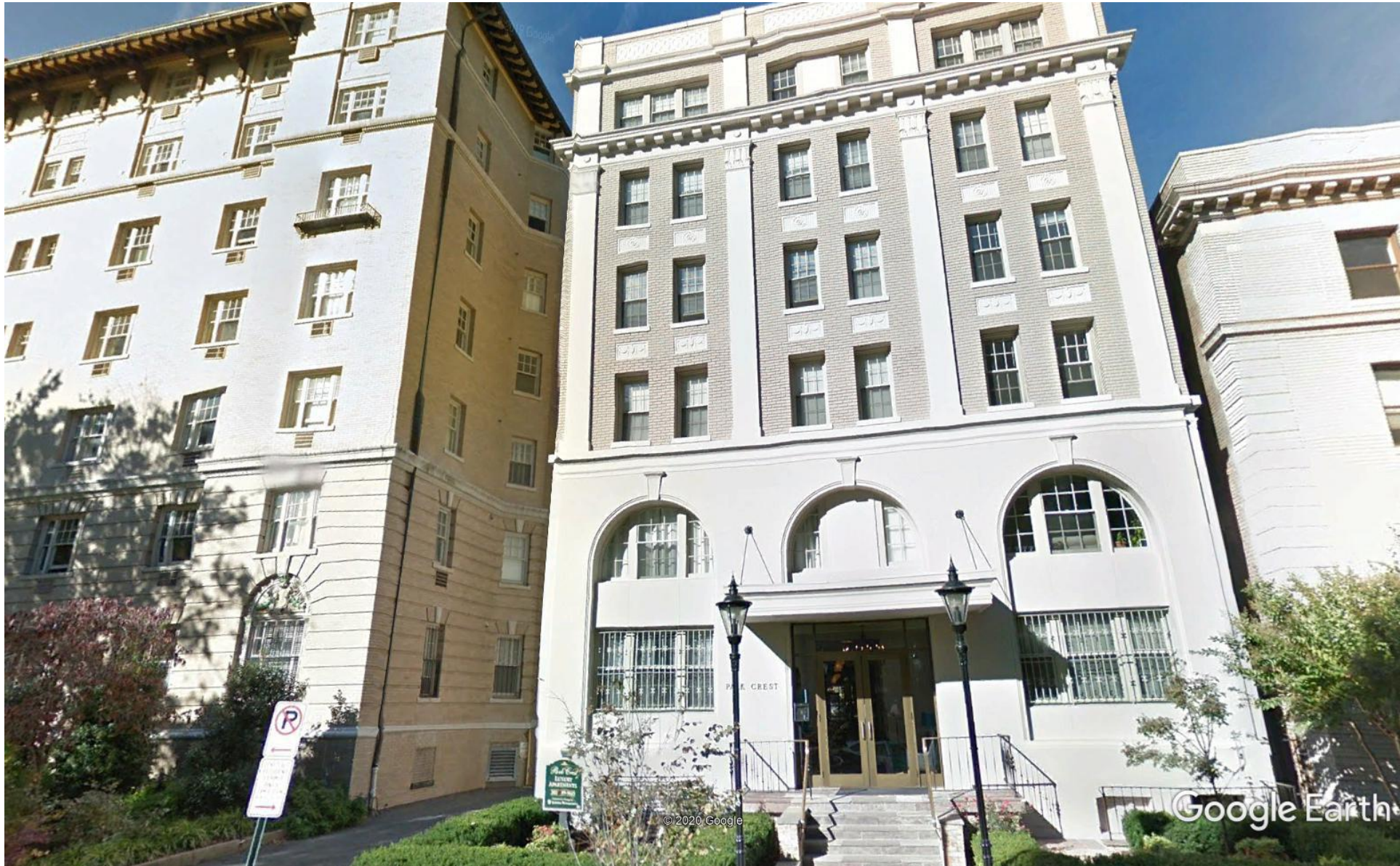
























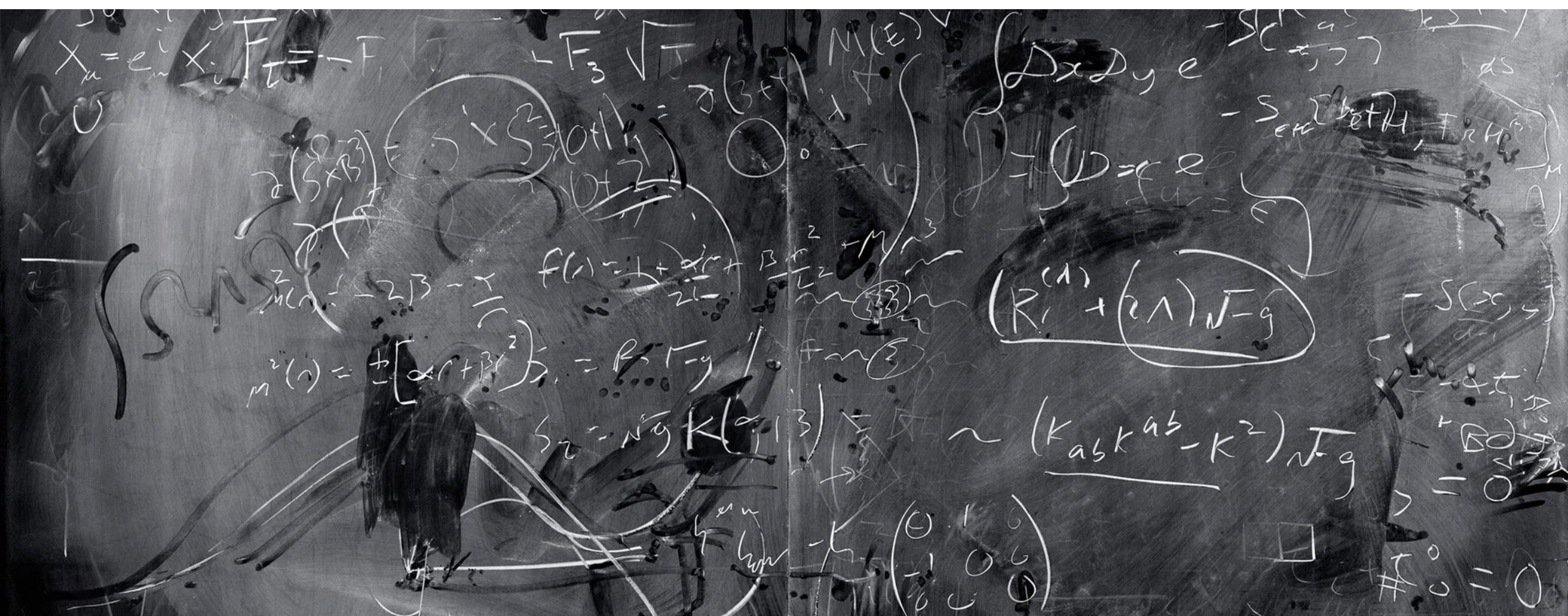


# Chapter Six

## Addressing The Problem

- Current shortage of about 20,000 +/- units
- 165,000 NH households (30% of state's 538,000 ) are paying more than 30% of income for housing
- 60,000+ paying 50% or more of income
- Problems are too severe and too pervasive to think in terms of a “solution” anytime soon
- ***PROBLEMS ARE TOO SEVERE AND PERVASIVE TO NOT BE ADDRESSED***

# It's Not Rocket Science!!!



## FOR LEVEL ONE – ACUTE

### Homeless – 1,500+ households

- Market mechanisms can't touch this issue
- Need integrated hardware (beds) and software (rehab, job training, counseling)

## FOR LEVEL TWO – SEVERE

### Paying 50% or more (60,000 households)

- Market mechanisms can't touch this issue
- Need new units with deep construction and rent subsidy
- Streamline publicly assisted housing construction process to lower construction costs

## FOR LEVEL THREE – SERIOUS

### 30% to 50% (100,000 households)

- Lighten up, dude! If development controls are re-purposed, market can address some of this need
  - Higher density
  - More diversity
  - Workforce Housing statute is working, but not enough communities utilize it
  - Recognize that new housing is a resource, not a burden
  - SAVE OUR SCHOOLS – welcome family housing
  - Implement Housing Appeals Board
  - Address the student loan issue so burdensome to millennials
  - Recruit better paying jobs

In general...  
recognize that  
the market can  
work if not  
artificially  
blocked - housing  
filtering process  
can help





